AGORA SA

AGORA GROUP

Consolidated financial statements

as at 31 December 2020 and for the year ended thereon

March 18, 2021

CONTENTS

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

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2020

	Note	31 December 2020	31 December 2019
Assets			
Non-current assets:			
Intangible assets	3	422,900	441,047
Property, plant and equipment	4	401,157	458,559
Right-of-use assets	5	659,372	590,351
Long-term financial assets	6	522	783
Investments in equity accounted investees	7	149,549	154,127
Receivables and prepayments	8	8,416	2,530
Deferred tax assets	16	41,682	17,144
		1,683,598	**1,664,541**
Current assets:			
Inventories	9	15,235	21,308
Accounts receivable and prepayments	10	165,374	230,095
Income tax receivable		1,159	1,436
Short-term securities and other financial assets	11	77	9,656
Cash and cash equivalents	12	138,355	61,065
		320,200	**323,560**
Non-current assets held for sale	4	14,500	4,344
		334,700	**327,904**
Total assets		**2,018,298**	**1,992,445**

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 2020 (CONTINUED)

	Note	31 December 2020	31 December 2019
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	627,169	737,470
		820,942	**931,243**
Non-controlling interest		**11,381**	**20,932**
Total equity		**832,323**	**952,175**
Non-current liabilities:			
Deferred tax liabilities	16	6,132	6,514
Long-term borrowings	15	687,292	558,666
Other financial liabilities	17	34,548	53,354
Retirement severance provision	18	2,855	3,316
Provisions	19	286	829
Accruals and other liabilities	20	7,164	5,500
Contract liabilities	21	1,507	98
		739,784	**628,277**
Current liabilities:			
Retirement severance provision	18	242	277
Trade and other payables	20	244,770	264,126
Income tax liabilities		919	889
Short-term borrowings	15	180,691	127,730
Other financial liabilities	17	-	1,760
Provisions	19	3,388	3,361
Contract liabilities	21	16,181	13,850
		446,191	**411,993**
Total equity and liabilities		**2,018,298**	**1,992,445**

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

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020	2019
Revenue	22	836,459	1,249,663
Cost of sales	23	(648,537)	(842,438)
Gross profit		**187,922**	**407,225**
Selling expenses	23	(156,461)	(222,474)
Administrative expenses	23	(135,131)	(153,911)
Other operating income	24	39,220	12,768
Other operating expenses	25	(49,296)	(15,634)
Impairment losses for receivables - net	25	2,038	(3,296)
Operating profit/(loss)		**(111,708)**	**24,678**
Finance income	29	13,273	12,867
Finance cost	30	(61,696)	(28,187)
Share of results of equity accounted investees		7,431	4,716
Profit/(loss) before income taxes		**(152,700)**	**14,074**
Income tax expense	31	22,461	(8,068)
Net profit/(loss) for the period		**(130,239)**	**6,006**
Attributable to:			
Equity holders of the parent		(117,193)	3,538
Non-controlling interest		(13,046)	2,468
		(130,239)	**6,006**
Basic/diluted earnings per share (in PLN)	32	**(2.52)**	**0.08**

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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 2020

	2020	2019
Net profit/(loss) for the period	**(130,239)**	**6,006**
Other comprehensive income/(loss):		
Items that will not be reclassified to profit or loss		
Actuarial gains/(losses) on defined benefit plans	746	(164)
Income tax effect	(142)	31
	604	(133)
Other comprehensive income/(loss) for the period	**604**	**(133)**
Total comprehensive income for the period	**(129,635)**	**5,873**
Attributable to:		
Shareholders of the parent	(116,579)	3,398
Non-controlling interests	(13,056)	2,475
	(129,635)	**5,873**

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(all amounts in PLN thousands unless otherwise indicated)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Equity attributable to equity holders of the parent					
	Share capital	Share premium	Retained earnings and other reserves	**Total**	**Non-controlling interest**	**Total equity**
Twelve months ended 31 December 2020						
As at 31 December 2019	**46,581**	**147,192**	**737,470**	**931,243**	**20,932**	**952,175**
Total comprehensive income for the period						
Net loss for the period	-	-	(117,193)	(117,193)	(13,046)	(130,239)
Other comprehensive income	-	-	614	614	(10)	604
Total comprehensive income for the period	**-**	**-**	**(116,579)**	**(116,579)**	**(13,056)**	**(129,635)**
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Equity-settled share-based payments (note 28)	-	-	-	-	465	465
Dividends of subsidiaries	-	-	-	-	(98)	(98)
Total contributions by and distributions to owners	**-**	**-**	**-**	**-**	**367**	**367**
Changes in ownership interests in subsidiaries						
Acquisition of non-controlling interests	-	-	(1,051)	(1,051)	(879)	(1,930)
Expiration of put option liability (note 35)	-	-	9,248	9,248	-	9,248
Additional contribution of non-controlling shareholders	-	-	(1,918)	(1,918)	1,935	17
Disposal of a subsidiary (note 33)	-	-	-	-	2,081	2,081
Other	-	-	(1)	(1)	1	-
Total changes in ownership interests in subsidiaries	**-**	**-**	**6,278**	**6,278**	**3,138**	**9,416**
Total transactions with owners	-	-	6,278	6,278	3,505	9,783
As at 31 December 2020	**46,581**	**147,192**	**627,169**	**820,942**	**11,381**	**832,323**

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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 2020 (CONTINUED)

	Equity attributable to equity holders of the parent					
	Share capital	Share premium	Retained earnings	**Total**	**Non-controlling interest**	**Total equity**
Twelve months ended 31 December 2019						
As at 31 December 2018, audited	**46,581**	**147,192**	**781,237**	**975,010**	**21,149**	**996,159**
Total comprehensive income for the period						
Net profit for the period	-	-	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	-	-	-	-	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 subsidiary	-	-	-	-	1,692	1,692
Recognition of put option granted to non-controlling interests	-	-	(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, audited	**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 CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020	2019
Cash flows from operating activities			
Profit/(loss) before income taxes		**(152,700)**	**14,074**
Adjustments for:			
Share of results of equity accounted investees		(7,431)	(4,716)
Depreciation and amortisation	23	162,989	158,037
Foreign exchange (gain) /loss		37,534	(3,952)
Interest, net		20,277	22,083
Loss on investing activities		22,990	6,252
Decrease in inventories		6,073	14,484
(Increase) / decrease in receivables		57,530	(4,376)
(Decrease) / increase in payables		(5,585)	23,664
(Decrease) / increase in provisions		(255)	858
(Decrease) / increase in contract liabilities		3,755	(448)
Remeasurement of put options	35	(11,318)	4,287
(Gain) on remeasurement of shares in subsidiary		-	(7,019)
Equity-settled share-based payments	28	465	625
Other adjustments		-	(165)
Cash generated from operations		**134,324**	**223,688**
Income taxes paid		(2,450)	(18,205)
Net cash from operating activities		**131,874**	**205,483**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment and intangibles		25,632	40,912
Disposal of subsidiaries, associates and jointly controlled entities (net of cash disposed of)		3,377	-
Dividends received		12,000	7,222
Loan repayment received		201	187
Interest received		23	174
Disposal of short-term securities		24,283	139,404
Other inflows (1)		2,800	8,000
Purchase of property, plant and equipment and intangibles		(66,583)	(111,424)
Acquisition of subsidiary (net of cash acquired), associates and jointly controlled entities	33	(7,180)	(159,141)
Acquisition of short-term securities		(15,000)	(25,000)
Loans granted		-	(835)
Other outflows (2)		(4,000)	-
Net cash used in investing activities		**(24,447)**	**(100,501)**

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

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

	Note	2020	2019
Cash flows from financing activities			
Proceeds from borrowings		46,464	99,759
Other inflows		17	-
Acquisition of non-controlling interest		(1,868)	(8,108)
Dividends paid to equity holders of the parent		-	(23,290)
Dividends paid to non-controlling shareholders		(98)	(4,828)
Repayment of borrowings		(15,173)	(45,960)
Payment of lease liabilities		(39,887)	(72,364)
Interest paid		(19,592)	(22,129)
Net cash used in financing activities		**(30,137)**	**(76,920)**
Net increase in cash and cash equivalents		**77,290**	**28,062**
Cash and cash equivalents			
At start of period		61,065	33,003
At end of period		138,355	61,065

(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.

(2) Other outflows relate to cash deposit paid in by company AMS Serwis Sp. z o.o. to bank BNP Paribas Bank Polska S.A. The cash deposit is a collateral of loan facility granted to company Helios S.A.

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 2020 AND FOR THE YEAR ENDED THEREON

1. GENERAL INFORMATION

(a) Core business activity

Agora S.A. with its registered seat in Warsaw, Czerska 8/10 street ("the Company") principally conducts publishing activity (including *Gazeta Wyborcza*, magazines, periodicals and books) and carries out internet and radio activity. Additionally, the 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 Step Inside Sp. z o.o.

As at 31 December 2020 the Agora Group ("the Group") comprised: the parent company Agora S.A. and 19 subsidiaries. Additionally, the Group held shares in jointly controlled entity: Instytut Badan Outdooru IBO Sp. z o.o. and in associates: ROI Hunter a.s. and Eurozet Sp. z o.o.

The Group carries out activity in all major cities of Poland.

There was no change in name of reporting entity from the end of the preceding reporting period.

(b) Registered Office

Czerska 8/10 Street
00-732 Warsaw, Poland

(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	till 28 September 2020

(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
Maciej Wisniewski	Member	for the whole year
Tomasz Karusewicz	Member	for the whole year

(g) Information about the financial statements

The consolidated financial statements were authorised for issue by the Management Board on 18 March 2021.

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 (aa).

(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. Additional information concerning the impact of Covid-19 pandemic on Group business activities is disclosed in note 40.

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 2019, except for the changes described below.

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

1) Definition of Material (Amendments to IAS 1 *and* IAS 8)*;*
2) Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS *7);*
3) Definition of a Business (Amendments to IFRS 3*);*
4) Covid 19-Related Rent Concessions (Amendments to IFRS 16).

The application of the amendments in points 1)-3) had no significant impact on the consolidated financial statements. The Group did not apply the amendments to IFRS 16 in terms of accounting for rent concessions.

In cash flow statement the Group made the adjustment in operating activities by presenting depreciation of property, plant and equipment, amortisation of intangible assets and depreciation of right-of-use assets, in one line item „Depreciation and amortisation". Comparative data were restated accordingly.

(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	1 - 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.

Intangible assets, except for goodwill and 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).

Intangibles (including mainly acquired concessions, licences and software) 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 as follows:

Concessions	2 - 20 years
Licences, software and others	2 - 15 years
Internally generated intangible assets	2 - 5 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 and employee remuneration

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.

Moreover, in 2020 the Group received employee remuneration subsidy that was recognized in the other operating income (see details in note 24).

(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 cinemas and depends on inflows from sales of cinema tickets, while 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 in cinemas 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) 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.

(x) 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.

(y) 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.

(z) 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.

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

The Group did not early apply 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 IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments*, IFRS 7 *Financial Instruments: Disclosures*, IFRS 4 *Insurance Contracts* and IFRS 16 *Leases: Interest Rate Benchmark Reform – Phase 2* (effective for annual periods beginning on January 1, 2021)

The objective of the Amendments is to assist entities with providing useful information to users of financial statements and to support preparers in applying IFRS Standards when changes are made to contractual cash flows or hedging relationships, as a result of the transition from an IBOR benchmark rate to alternative benchmark rates, in the context of the ongoing risk-free rate reform. The amendments provide practical expedient for particular changes to contractual cash flows and provide a relief from specific hedge accounting requirements.

The Group does not expect that the amendments will have impact on the consolidated financial statements.

2) Amendments to IFRS 4 *Insurance Contracts* (effective for annual periods beginning on January 1, 2021)

The amendments extend the expiry date for the temporary exemption from IFRS 9 *Financial Instruments* by two years to annual periods beginning on or after 1 January 2023 to align with the effective date of IFRS 17 *Insurance Contracts* which replaces IFRS 4 *Insurance Contracts*.

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

Standards and interpretations awaiting on endorsement by the European Union:

1) Amendments to IFRS 3 *Business Combinations*, IAS 16 *Property, Plant and Equipment*, IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, Annual Improvements 2018-2020 (effective for annual periods beginning on January 1, 2022)

The package of amendments includes three narrow scope amendments to standards:

- update a reference in IFRS 3 *Business Combinations* to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations,
- prohibit an entity from deducting from the cost of property plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead an entity will recognize such sales proceeds and related cost in profit or loss,
- specify which costs an entity includes when assessing whether a contract will be loss-making.

The package also includes the annual improvements including changes that clarify the wording or correct minor consequences, oversights or conflicts between requirements in IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 9 *Financial Instruments*, IAS 41 *Agriculture* and the Illustrative Examples accompanying IFRS 16 *Leases*.

The Group does not expect that the amendments will have impact on the consolidated financial statements.

2) IFRS 17 *Insurance Contracts* (effective for annual periods beginning on January 1, 2023), including amendments to IFRS 17

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.

3) Amendments to IAS 1 *Presentation of Financial Statements* (effective for annual periods beginning on 1 January 2023)

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	Concessions, patents and licences	Other	Internally generated intangible assets	Total
Cost as at 1 January 2020	**45,715**	**407,730**	**249,136**	**48,806**	**38,589**	**789,976**
Additions	-	-	12,681	1,563	12,041	26,285
Acquisitions	-	-	8,728	1,220	-	9,948
Transfer from assets under construction	-	-	3,953	343	-	4,296
Internal development	-	-	-	-	12,041	12,041
Disposals	-	(3,556)	(14,110)	(1,645)	(1,868)	(21,179)
Sale	-	-	(4,058)	(1,237)	(1,685)	(6,980)
Liquidation	-	(3,556)	(9,915)	(12)	(183)	(13,666)
Sale of subsidiary (note 33)	-	-	(83)	(396)	-	(479)
Other	-	-	(54)	-	-	(54)
Cost as at 31 December 2020	**45,715**	**404,174**	**247,707**	**48,724**	**48,762**	**795,082**

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

3. INTANGIBLE ASSETS – CONT.

	Magazine titles	Goodwill	Concessions, patents and licences	Other	Internally generated intangible assets	Total
Amortisation and impairment losses as at 1 January 2020	**36,440**	**87,465**	**168,629**	**41,912**	**14,483**	**348,929**
Amortisation charge for the period	-	-	19,441	2,689	9,382	31,512
Impairment losses (note 40)	-	2,461	9,095	376	1,135	13,067
Sale	-	-	(3,925)	(1,237)	(664)	(5,826)
Liquidation	-	(3,556)	(10,092)	-	(1,319)	(14,967)
Sale of subsidiary (note 33)	-	-	(83)	(396)	-	(479)
Other	-	-	(54)	-	-	(54)
Amortisation and impairment losses as at 31 December 2020	**36,440**	**86,370**	**183,011**	**43,344**	**23,017**	**372,182**
Carrying amounts						
As at 1 January 2020	**9,275**	**320,265**	**80,507**	**6,894**	**24,106**	**441,047**
As at 31 December 2020	**9,275**	**317,804**	**64,696**	**5,380**	**25,745**	**422,900**

As at the balance sheet date, 31 December 2020, Concessions, patents and licences category included mainly concessions related to advertising activities in the Outdoor segment (PLN 33,413 thousand), radio concessions (PLN 6,812 thousand) and software licenses (PLN 24,369 thousand).

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

3. INTANGIBLE ASSETS – CONT.

	Magazine titles	Goodwill	Concessions, patents and licences	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	-	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	Concessions, patents and licences	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	-	-	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**

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)

4. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Plant, machinery and equipment	Vehicles	Other	Assets under construction	Total
Cost as at 1 January 2020	**25,014**	**552,166**	**787,660**	**6,046**	**203,117**	**54,896**	**1,628,899**
Additions	-	16,888	19,927	264	10,141	46,370	93,590
Acquisitions	-	156	5,200	120	510	45,167	51,153
Transfer from assets under construction	-	16,729	13,395	22	9,598	-	39,744
Purchase of leased assets	-	-	1,332	122	-	-	1,454
Other	-	3	-	-	33	1,203	1,239
Disposals	(257)	(45,837)	(332,599)	(1,828)	(14,869)	(67,623)	(463,013)
Sale	(257)	(1,156)	(308,217)	(1,828)	(426)	(16,389)	(328,273)
Liquidation	-	(2,912)	(11,872)	-	(13,798)	(6,160)	(34,742)
Sold with the sale of a subsidiary (note 33)	-	(5,610)	(313)	-	(637)	(107)	(6,667)
Transfer from assets under construction	-	-	-	-	-	(44,040)	(44,040)
Reclassification to non-current assets held for sale (note 4b)	-	(36,159)	(12,197)	-	(8)	-	(48,364)
Other	-	-	-	-	-	(927)	(927)
Cost as at 31 December 2020	**24,757**	**523,217**	**474,988**	**4,482**	**198,389**	**33,643**	**1,259,476**

(all amounts in PLN thousands unless otherwise indicated)

4. PROPERTY, PLANT AND EQUIPMENT – CONT.

	Land	Buildings	Plant, machinery and equipment	Vehicles	Other	Assets under construction	Total
Depreciation and impairment losses as at 1 January 2020	**-**	**272,769**	**719,999**	**4,654**	**168,766**	**4,152**	**1,170,340**
Depreciation charge for the period	-	21,186	21,154	550	8,798	-	51,688
Impairment losses (note 40)	-	12,948	333	-	1,211	6,934	21,426
Reversal of impairment losses	-	-	-	-	-	(351)	(351)
Sale	-	(1,156)	(307,594)	(1,673)	(418)	-	(310,841)
Liquidation	-	(2,762)	(11,864)	-	(13,165)	(5,006)	(32,797)
Sold with the sale of a subsidiary (note 33)	-	(5,610)	(313)	-	(637)	(107)	(6,667)
Reclassification to non-current assets held for sale (note 4b)	-	(23,352)	(11,938)	-	(8)	-	(35,298)
Purchase of leased assets	-	-	731	88	-	-	819
Depreciation and impairment losses as at 31 December 2020	**-**	**274,023**	**410,508**	**3,619**	**164,547**	**5,622**	**858,319**
Carrying amounts							
As at 1 January 2020	**25,014**	**279,397**	**67,661**	**1,392**	**34,351**	**50,744**	**458,559**
As at 31 December 2020	**24,757**	**249,194**	**64,480**	**863**	**33,842**	**28,021**	**401,157**

(all amounts in PLN thousands unless otherwise indicated)

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 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	-	-	-	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**

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 are pledged as security for loan facility concerning Agora S.A. as well as bank loans concerning Helios S.A.

No.	Assets	Net book value at 31 December 2020
1	Land	10,496
2	Buildings	118,492
3	Plant, machinery and equipment	4,130
4	Other fixed assets	459
		133,577

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

As at 31 December 2020 non-current assets with the carrying amount of PLN 14,500 were presented as held for sale and included perpetual usufruct of land and ownership title to buildings located at Krzywa street in Pila. The information about operating segments presented in note 22 includes above mentioned assets in the reconciliation items.

As at 31 December 2020 Group took active steps to sell the above assets. The Company's Management Board expected to complete the sale in less than 12 months from the balance sheet date. The Group recognized impairment loss on the above assets in the amount of PLN 4,373 thousand in order to adjust their value to expected sale price.

On January, 29 2021 r. Agora S.A. concluded preliminary agreement and on March 4, 2021 concluded a promised agreement for the sale of the abovementioned assets. Detailed information on the preliminary sale agreement were disclosed in note 42.

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.

Sale of the property located at Daniszewska street in Warsaw

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

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

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

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

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

Additionally, on June 19, 2020 Agora S.A. sold an undeveloped plot of land at Daniszewska street in Warsaw, obtaining a sale price of PLN 0.7 million and a profit on the transaction of PLN 0.4 million.

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 1 January 2020	**107,548**	**482,501**	**72,012**	**1,686**	**24,264**	**688,011**
Additions	25,320	160,929	6,779	1,652	956	195,636
Increases due to leases *	25,320	160,929	6,763	1,652	956	195,620
Reclassifications	-	-	16	-	-	16
Disposals	(15,637)	(31,259)	(4,175)	(252)	(581)	(51,904)
Sold with the sale of a subsidiary (note 33)	-	(9,144)	-	(112)	-	(9,256)
Reclassifications	-	-	-	-	(16)	(16)
Decreases due to leases	(12,503)	(22,115)	(2,843)	(18)	(565)	(38,044)
Purchase of leased assets	-	-	(1,332)	(122)	-	(1,454)
Reclassification to non-current assets held for sale (note 4b)	(3,134)	-	-	-	-	(3,134)
Cost as at 31 December 2020	**117,231**	**612,171**	**74,616**	**3,086**	**24,639**	**831,743**

** increases due to leases in 2020 resulted mainly from the modifications of existing lease agreements due to revision of rates and extension of lease periods.*

(all amounts in PLN thousands unless otherwise indicated)

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 1 January 2020	**19,551**	**54,990**	**15,198**	**673**	**7,248**	**97,660**
Depreciation charge for the period	14,578	52,847	8,357	690	3,317	79,789
Impairment losses (note 40)	-	1,770	1,755	-	287	3,812
Liquidation	-	(33)	-	-	-	(33)
Sold with the sale of a subsidiary (note 33)	-	(2,290)	-	(70)	-	(2,360)
Decreases due to leases	(3,019)	(269)	(604)	-	(86)	(3,978)
Purchase of leased assets	-	-	(731)	(88)	-	(819)
Reclassification to non-current assets held for sale (note 4b)	(1,700)	-	-	-	-	(1,700)
Depreciation and impairment losses as at 31 December 2020	**29,410**	**107,015**	**23,975**	**1,205**	**10,766**	**172,371**
Carrying amounts						
As at 1 January 2020	**87,997**	**427,511**	**56,814**	**1,013**	**17,016**	**590,351**
As at 31 December 2020	**87,821**	**505,156**	**50,641**	**1,881**	**13,873**	**659,372**

(all amounts in PLN thousands unless otherwise indicated)

5. RIGHT-OF-USE ASSETS – CONT.

	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)

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 12 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 69 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.
The right of perpetual usufruct of land in the amount of PLN 23,999 thousand is pledged as security for loan facility described in note 15 (value excluding the impact of IFRS 16 amounts to PLN 4,102 thousand).

(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.

	2020	2019
Balance as at beginning of the period	**783**	**379**
Shares	83	83
Loans granted	462	296
Additional paid-in capital	238	-
Additions	**-**	**1,214**
Loans granted	-	976
- grant of loans	-	976
Additional paid-in capital	-	238
- payments of paid-in capital	-	238
Disposals	**(261)**	**(810)**
Loans granted	(261)	(810)
- repayment of loans	(100)	(146)
- fair value adjustments	(50)	(600)
- reclassifications	(111)	(64)
Balance as at end of the period	**522**	**783**
Shares	83	83
Loans granted	201	462
Additional paid-in capital	238	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 2020, 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.

As at 31 December 2019 the loan balance includes also a loan granted to an associate Hash.fm Sp. z o.o. in the amount of PLN 800 thousand covered with an impairment write-off in amount of PLN 600 thousand. In 2020 the part of the loan was repaid, the remaining part that was covered by write-off was cancelled.

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

7. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2020	2019
Investments in associates	149,338	153,120
Investments in joint ventures	211	1,007
Total investments in equity accounted investees	**149,549**	**154,127**

Balance as at beginning of the period	**154,127**	**11,295**
Additions	7,431	151,432
Acquisition of shares in a company	-	138,065
Share in net profits	7,431	4,716
Share capital increase	-	8,651
Disposals	(12,009)	(8,600)
Impairment loss	-	(507)
Reclassification to subsidiaries at the acquisition date	-	(871)
Sale of shares	(9)	-
Dividends received	(12,000)	(7,222)
Balance as at end of the period	**149,549**	**154,127**

Financial information about associates is presented in note 38.

8. RECEIVABLES AND PREPAYMENTS

	31 December 2020	31 December 2019
Prepayments	3,154	978
Other	5,262	1,552
Total accounts receivable and prepayments	**8,416**	**2,530**

In 2020 the company AMS Serwis Sp. z o.o. provided the bank with cash deposits as a cash collateral securing the bank loan granted to Helios S.A. As at 31 December 2020 the deposit receivable amounted to PLN 4.0 million and is presented within other long-term receivables. The deposit will be kept until December 23, 2022.

9. INVENTORIES

	31 December 2020	31 December 2019
Raw materials and consumables	7,308	10,242
Work in progress	4,451	4,513
Finished goods	1,788	3,407
Goods for resale	1,688	3,146
	15,235	**21,308**
Impairment losses recognised	10,975	10,928
Total inventories, gross	**26,210**	**32,236**

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

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

The cost of inventories recognised as an expense amounted to PLN 64,527 thousand (2019: PLN 113,792 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 2020 increase of impairment losses in the amount of PLN 5,398 thousand, decrease of impairment losses in the amount of PLN 5,090 thousand, in 2019 increase of impairment losses in the amount of PLN 3,372 thousand, decrease of impairment losses in the amount of PLN 2,495 thousand).

10. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	31 December 2020	31 December 2019
Trade receivables	120,865	179,305
Taxes, social security and similar	22,653	18,115
Prepayments	7,556	8,783
Other	14,300	23,892
	165,374	**230,095**
Impairment losses recognised (1)	10,623	34,037
Total accounts receivable and prepayments, gross	**175,997**	**264,132**

(1) The amount includes allowance for receivables from Ruch S.A. created in 2018 in the amount of PLN 20,292 thousand, which are burdened with a probability of being uncollectible and fully covered under the accelerated arrangement procedure. In 2020, allowance for receivables from Ruch S.A in connection with the repayment of part of receivables was reversed in the amount of PLN 3,181 thousand and the remaining part of the allowance of PLN 17,111 thousand was used as a result of the implementation of the arrangement procedure.

Other receivables include mainly loans granted to employees from the Group’s social fund in the amount of PLN 9,767 thousand (31 December 2019: PLN 12,238 thousand). Loans are granted for periods up to 7 years and are repayable in monthly instalments. Loans granted bear a fixed interest rate that amounts to 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. Cash deposit was returned to AMS S.A. in 2020.

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

	31 December 2020		
	Gross value	Impairment losses	Net value
Current receivables	99,589	172	99,417
Overdue receivables within 1 month	15,320	50	15,270
Overdue receivables between 1 and 3 months	4,768	82	4,686
Overdue receivables between 3 and 6 months	837	68	769
Overdue receivables between 6 months and 1 year	1,070	771	299
Overdue receivables more than 1 year	9,904	9,480	424
	131,488	**10,623**	**120,865**

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

	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**

Changes in impairment losses on accounts receivable

	2020	2019
Balance as at beginning of the period	**34,037**	**33,381**
Additions	2,793	4,641
Reversals	(4,831)	(1,345)
Used impairment losses	(21,376)	(2,640)
Balance as at end of the period	**10,623**	**34,037**

11. SHORT-TERM SECURITIES AND OTHER FINANCIAL ASSETS

	31 December 2020	31 December 2019
Certificates in investment funds	1	9,582
Loans granted	76	74
	77	**9,656**

12. CASH AND CASH EQUIVALENTS

	31 December 2020	31 December 2019
Cash at bank and in hand	105,058	35,286
Short-term bank deposits	33,248	24,645
Cash in transit	35	1,101
Other	14	33
	138,355	**61,065**

Cash and cash equivalents includes the amount of PLN 5,356 thousand representing cash held on behalf of the Group's social fund (31 December 2019: PLN 4,649 thousand) and cash held in the VAT account in amount of PLN 1,249 thousand (31 December 2019: PLN 1,898 thousand).

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

13. SHARE CAPITAL

Registered share capital as at 31 December, 2020

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.

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 25, 2020, the net profit of Agora S.A. for the financial year 2019 in the amount of PLN 20,115 thousand General Meeting of Shareholders hereby decided to allocate to the Company's supplementary capital.

15. LONG-TERM AND SHORT-TERM BORROWINGS

	31 December 2020	31 December 2019
Long term bank loans	51,647	71,085
Lease liabilities	635,645	487,581
Total long term borrowings	**687,292**	**558,666**
of which: Lease liabilities resulting from the application of IFRS 16	*591,947*	*436,764*
Short term bank loans	86,370	35,687
Lease liabilities	94,321	92,043
Total short term borrowings	**180,691**	**127,730**
of which: Lease liabilities resulting from the application of IFRS 16	*75,677*	*77,160*

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

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

On 29 March 2020, the Management Board of Agora S.A., with reference to the report 6/2019 of 11 March 2019 on the commencement of negotiations with a consortium of banks in order to obtain a loan, among others, for financing or refinancing acquisition expenses and investment projects of the Agora Group, in line with the business strategy for

2018-2022, as well as to finance working capital and general corporate goals, informs that due to the pandemic of the coronavirus, these negotiations are suspended until the end of it.

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

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

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

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

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

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

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

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

Moreover, in June 2020, the subsidiaries: AMS S.A. and Helios S.A. concluded agreements with the banks financing them to suspend some of the banks' existing requirements to maintain financial ratios in order to reflect the current financial situation of these companies caused by the influence of the Covid-19 epidemic.

On September 24, 2020, the Management Board of Agora S.A. informed that on September 24, 2020, the Company concluded an overdraft agreement for PLN 65.0 million ("Overdraft Agreement") and Annex No. 7 to the Credit Limit Agreement of May 25, 2017 ("Annex No. 7").

Pursuant to the signed Overdraft Agreement and Annex No. 7, and after meeting the conditions for establishing legal security for the repayment of the loan and meeting other requirements usually applied when granting loans of a comparable amount, the Company will have an available overdraft facility up to a total amount of PLN 100.0 million. ("Credit"). The financing conditions granted under the Overdraft Agreement and Annex 7 are identical. The funds from the credit facility can be used to finance Agora's day-to-day operations, including replacement and development investments, excluding refinancing of other debt.

The funds under the Overdraft Agreement are available till September 22, 2022, and under Annex No. 7 till September 28, 2022.

The collaterals for the financing granted are typical for these agreements and, in accordance with the provisions of the Overdraft Agreement and Annex No. 7 include i.a. a declaration of voluntary submission to enforcement by the Company, a contractual mortgage established for the benefit of the Bank on real estate located in Warsaw at 8/10 Czerska Street, on the real estate of which the Company has the right of perpetual usufruct and the ownership of the building located thereon, transfer of rights under the insurance policy on the above real estate, pledge on shares / stocks of subsidiaries and a guarantee of Bank Gospodarstwa Krajowego under the PLG FGP portfolio guarantee line secured with a blank bill of exchange covering 80% of the overdraft facility amount.

The margin on overdraft facilities was set at a constant level not deviating from the market standards and reflects the financial position of the Company as well as collaterals provided to the Banks, while the margin on non-revolving loans granted under the agreement of May 25, 2017 depends on the Company's debt ratio in relation to EBITDA topped up by received dividends.

The amount of the fee under BGK's guarantee was in line with the standard values adopted by BGK and reflects the assessment of Agora's financial standing. In addition, during the financing period, the Company is required to maintain at an agreed level the financial ratios relating to investment expenditure, turnover of receivables, receivables write-offs, impairment losses on property, plant and equipment, investments and intangible assets, as well as EBITDA increased by received dividends.

In addition, the Company is obliged, inter alia, to obtain the Bank's consent to pay dividends, implement the share buyback program, make acquisitions, sell shares in subsidiaries or incur additional financial liabilities by the Company and its selected subsidiaries. Nor can it encumber its fixed assets.

The value of the financing granted may be reduced if the Company does not receive the forecasted dividends and at the same time fails to achieve the forecasted EBITDA result increased by the dividends received. The Bank may also decide not to pay the funds under the Overdraft in the event of a change in control over the Company.

The credit bears interest at the WIBOR rate for one-month deposits in PLN increased by the Bank's margin. In the event of a breach of the contract, the Bank may, inter alia, increase the margin, and in the event of overdue debt, it will charge the Company with interest increased by the Bank's margin. In addition, the Agreement does not contain provisions on contractual penalties.

On September 24, 2020 the Management Board of Agora S.A. informed that on September 24, 2020 it acquired information that its subsidiary company Helios S.A. concluded overdraft credit agreement with BNP Paribas Bank Polska S.A. with its registered office in Warsaw ("BNP";) and discloses delayed information on (i) agreement on preliminary conditions for financing Helios S.A. and (ii) conclusion of revolving loan agreement with Santander Bank Polska S.A. based in Warsaw ("Santander") (jointly "Banks") on August 31, 2020 with a repayment guarantee of 80% of the loan by Bank Gospodarstwa Krajowego ("BGK").

The total value of the above loans with a BGK guarantee is PLN 40.0 million, i.e. PLN 20.0 million from each of the Banks.

At the same time, the Banks declared their readiness to return to talks on the second tranche of financing - for another PLN 40.0 million - after assessing the financial results of Helios S.A. for the third quarter of 2020 and the economic situation in Poland.

Pursuant to the agreements signed with the Banks for an overdraft and revolving loan and after meeting the conditions for establishing collaterals for the repayment of both loans and meeting other requirements usually applied when granting loans of a comparable amount, Helios has a credit ("Credit") up to the amount of PLN 40.0 million.

The obtained funds may be used to finance the current business activities of Helios S.A., including replacement and development expenditure, excluding refinancing of other debt.

The financing under the loan agreement with BNP in the amount of PLN 20.0 million will be available for 24 months from the date of signing the agreement.

Collaterals for the funding granted by BNP include, inter alia, a cash deposit and a guarantee of Bank Gospodarstwa Krajowego as part of the PLG FGP portfolio guarantee line, secured with a promissory note, covering 80% of the loan amount.

During the financing period, Helios is obliged to transfer the servicing of current accounts to BNP and maintain at the level agreed with BNP both the amount of sales revenues flowing to the BNP current account and the amount of the agreed maximum debt. In the event of failure to meet any of these conditions, the Bank has the right to increase the loan margin by 1/4 retroactively. The increased margin will apply from the first to the last day of the calendar quarter in which the turnover obligation is not met by Helios. Helios is also obliged to maintain the EBITDA result at the level agreed with BNP. Additionally, Helios, without prior consent of BNP, may not pay dividends, nor encumber or consent to the encumbrance of its assets.

In the case of the agreement signed with Santander on August 31, 2020, the condition for the release of the credit in the amount of PLN 20.0 million was the submission of a promissory note by the company, entry of the loan and BGK guarantee in the register of liquidity guarantees, and a declaration of submission to enforcement. The condition precedent for the release of financing is confirmation of signing and meeting the conditions for receiving financing from BNP. The loan can be used until August 25, 2022, and the repayment date is August 26, 2022.

During the financing period, Helios is obliged to ensure Santander the ability to monitor the company's financial liquidity, as well as ensure the inflow of cash to the account maintained by Santander at the agreed level. Helios is obliged to maintain the level of EBITDA and capital expenditure at the agreed level, and may not dispose of and encumber the company's fixed assets, incur financial liabilities other than the agreed ones, and pay dividends. In the event that Helios breaches the financing conditions, the amount of the loan margin may change.

At the same time, during the financing period, the method of exercising control over Helios should not change, nor should the rights of Agora Holding Sp. z o.o. as a shareholder of Agora S.A. change.

Both loans bear WIBOR rate for one-month deposits in PLN increased by the margin of the Banks. The BGK guarantee fee is in line with the standard values adopted by BGK and reflects the assessment of Helios S.A.'s financial standing. The Agreement does not contain other provisions on contractual penalties.

On October 9, 2020, a subsidiary of Agora S.A. - AMS Serwis sp. z o.o. signed with BNP Paribas Bank Polska S.A. with its registered office in Warsaw Agreement for the acquisition of an amount as security (deposit) for the amount of PLN 4 million. The funds are collateral for the loan granted by BNP Paribas Bank Polska S.A. the company Helios S.A. The deposit has been submitted and will be kept until December 23, 2022.

On October 15, 2020, agreements were concluded between Agora S.A. and DNB Bank Polska S.A. based in Warsaw:

1. a registered and financial pledge agreement on the shares of Agora S.A. in the subsidiary Yieldbird sp.z o.o. with its registered office in Warsaw (number of pledged shares: 891 shares, all belonging to Agora S.A., with a nominal value of PLN 50.00 each)
2. agreement for a registered and financial pledge on the shares of Agora S.A. in a subsidiary AMS S.A. in Warsaw (number of pledged shares: 200,025 series A preference shares, numbers 000001-200025, 2,299,975 series B ordinary shares, numbers 0000001-2299975, 1,000,000 series C ordinary shares, numbers 0000001-1000000, 716,867 shares ordinary series D shares, numbers 000001-716867, 681,818 series E ordinary shares, numbers 000001-681818, the total number of pledged shares is 4,898,685 shares. All AMS SA shares mentioned in the preceding sentence belong to Agora SA and their nominal value is 2.00 PLN each)

The above contracts secure the following claims:

1. Credit Limit Agreement, as amended, No. 1661/001/2017 of May 25, 2017 (maximum amount and currency of the Bank's debt capital: PLN 135,000,000.00);
2. Overdraft Agreement No. 1735/119/2020 of September 24, 2020, as amended, the maximum amount and currency of the Bank's debt capital: PLN 65,000,000.00).

On November 27, 2020 AMS S.A. signed annex to overdraft agreement dated 2017 with mBank S.A. which decreased the maximum amount of overdraft from PLN 8 million to PLN 1 million and extended the availability of overdraft till November 29, 2021.

On 23 December 2020 Helios S.A. concluded another overdraft agreement with BNP Paribas Bank Polska S.A. with its seat in Warsaw ("BNP") and another revolving loan agreement with Santander Bank Polska S.A. with its seat in Warsaw ("Santander") (jointly "Banks") with a repayment guarantee of 80.0% of the loan by Bank Gospodarstwa Krajowego ("BGK").

The total value of the above loans with a BGK guarantee is PLN 40.0 million, i.e. PLN 20.0 million from each of the Banks.

According to the information provided in the regulatory filing no. 35/2020 of 24 September 2020, the parties, after assessing the financial results of Helios S.A. for the third quarter of 2020 and the economic situation in Poland, agreed to launch a second tranche of financing - for another PLN 40.0 million - for Helios S.A.

Pursuant to the overdraft and revolving loan agreements signed on 23 December 2020 with the Banks and after meeting the conditions for establishing legal security for the repayment of both loans and meeting other requirements usually applied when granting loans of a comparable amount, Helios has additional credit facility ("Loan") of up to PLN 40.0 million.

The funds obtained may be used to finance the current business activities of Helios S.A., including replacement and development expenditure, excluding refinancing of other debt.

The terms of financing itself and launching of financing, as well as establishing of securities for loans and Helios' obligations during the term of the agreements are similar to those agreed with the first tranche of financing, about which the Company informed in the regulatory filing no. 35/2020 of 24 September 2020.

The period of using the financing from the second tranche of financing was set with both Banks at 24 months from the date of signing the agreements. The loan is to be repaid within 24 months from the date of signing the contract.

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

(all amounts in PLN thousands unless otherwise indicated)

Creditor	Amount of agreement		Outstanding				Interest	Repayment schedule according to agreement	Collaterals	Other
	31 December 2020	31 December 2019	31 December 2020		31 December 2019					
			Long term	Short term	Long term	Short term				
Credits										
DNB Bank Polska S. A.	135,000	135,000	43,682	33,430	60,272	27,280	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 (two instalments from 2020 moved to the end of the repayment period); 2nd tranche quarterly 12 instalments from April 1, 2020 to January 2, 2023 (first two instalments moved to the end of the repayment period); credit facility in the current account - may be used by September 28, 2022.	Mortgages on properties in Warsaw (including perpetual usufruct and buildings located on them), pledge on insurance policies, Guarantee from Bank Gospodarstwa Krajowego granted under the portfolio guarantee line PLG FGP, blank promissory note to the Bank Gospodarstwa Krajowego, financial and registered pledge on shares in Yieldbird Sp. z o.o., financial and registered pledge on shares of AMS S.A., The guarantee granted by Grupa Radiowa Agory Sp. z o.o. together with a declaration of execution under Article 777 par. 1 point 5. Code of Civil procedure, statement by Agora S.A. on the establishment of the enforcement order in accordance with Article 777 par. 1 point 5. The Code of Civil procedure.	credit line granted to Agora S.A. (divided into parts: non-renewable credit and ready to use credit facility in the current account)

(all amounts in PLN thousands unless otherwise indicated)

Creditor	Amount of agreement		Outstanding				Interest	Repayment schedule according to agreement	Collaterals	Other
	31 December 2020	31 December 2019	31 December 2020		31 December 2019					
			Long term	Short term	Long term	Short term				
DNB Bank Polska S. A.	65,000	-	-	-	-	-	WIBOR 1M + bank margin	Credit facility in the current account - may be used by September 22, 2022.	Mortgages on properties in Warsaw (including perpetual usufruct and buildings located on them), pledge on insurance policies, Guarantee from Bank Gospodarstwa Krajowego granted under the portfolio guarantee line PLG FGP, blank promissory note to the Bank Gospodarstwa Krajowego, financial and registered pledge on shares in Yieldbird Sp. z o.o., financial and registered pledge on shares of AMS S.A., The guarantee granted by Grupa Radiowa Agory Sp. z o.o. together with a declaration of execution under Article 777 par. 1 point 5. Code of Civil procedure, statement by Agora S.A. on the establishment of the enforcement order in accordance with Article 777 par. 1 point 5. The Code of Civil procedure.	credit facility in the current account
Santander Bank Polska S.A.	22,720	22,720	1,916	1,000	2,416	2,140	1M WIBOR + bank margin	monthly instalments until May 30, 2023	Mortgage on properties in Bialystok, Radom, Sosnowiec and Opole, pledge on insurance policy, blank promissory note, patronage declaration from Agora S.A	investment credit granted to Helios S.A.
Santander Bank Polska S.A.	23,000	-	-	20,841	-	-	1M WIBOR + bank margin	repayment in one instalment in December 2021	Blank promissory note, joint mortgage on properties in Bialystok, Radom, Opole, Sosnowiec, pledge on insurance policy, contractual mortgage, registered pledge, patronage declaration, statement on voluntary submission to enforcement, subordination agreement of debt	credit facility in the current account granted to Helios S.A.

(all amounts in PLN thousands unless otherwise indicated)

Creditor	Amount of agreement		Outstanding				Interest	Repayment schedule according to agreement	Collaterals	Other
	31 December 2020	31 December 2019	31 December 2020		31 December 2019					
			Long term	Short term	Long term	Short term				
Santander Bank Polska S.A.	40,000*	-	-	13,500	-	-	1M WIBOR + bank margin	repayment of limit in the amount of PLN 20 million in one instalment in August 2022; repayment of limit in the amount of PLN 20 million in one instalment in December 2022	Liquidity guarantee by PLG FGP, financial pledge, pledge on current accounts, patronage declaration, statement on voluntary submission to enforcement	revolving credit granted to Helios S.A.
BNP Paribas Bank Polska S.A.	58,200	58,200	6,049	5,416	8,388	6,163	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.	1,500	1,500	-	60	9	104	1M WIBOR + bank margin	monthly instalments until June 31, 2021	mortgage on property in Opole, registered pledge on cinema equipment, pledge on insurance policies, 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.

(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 2020	31 December 2019	31 December 2020		31 December 2019					
			Long term	Short term	Long term	Short term				
BNP Paribas Bank Polska S.A.	5,000	-	-	2,556	-	-	1M WIBOR + bank margin	credit facility in the current account until September 2021	Mortgage on property in Opole, pledge on insurance policy, joint mortgage on properties in Bialystok, Radom, Sosnowiec, pledge on receivables from a contract, pledge on receivables from agreement, blank promissory note issued by Helios S.A. and Step Inside Sp. z o.o.	credit facility in the current account granted to Helios S.A.
BNP Paribas Bank Polska S.A.	40,000*	-	-	9,567	-	-	1 M WIBOR + bank margin	repayment of limit in the amount of PLN 20 million to September 2022; repayment of limit in the amount of PLN 20 million to December 2022	Blank promissory note, bank guarantee or cash deposit from one of entities from Agora Group, guarantee of granting credit facility provided by BGK	credit facility in the current account granted to Helios S.A.
mBank SA	1,000	8,000	-	-	-	-	WIBOR ON+ bank margin	credit facility in the current account until November 29, 2021	Statement on voluntary submission to enforcement, financial pledge on bank account of AMS S.A.	credit facility in the current account AMS S.A.

**in the above amount of agreement the second tranche of financing in the amount of PLN 20.0 million is included under the agreements concluded on December 23,2020 and it was launched after balance sheet date after meeting all requirements of launching under concluded agreements.*

(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% (2019: 19% and 9%). The tax rate of 9% (for a small CIT taxpayer) applies to subsidiaries IM 40 Sp. z o.o., Optimizers Sp. z o.o., Plan A Sp. z o.o., Piano Group Sp. z o.o. and Next Script Sp. z o.o. (in 2019 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.)

Deferred tax assets

	As at 1 January 2020	Recognised in the income statement	Recognised in other comprehensive income	Related to disposal of a subsidiary	As at 31 December 2020
Accruals	**17,836**	4,157	-	(144)	**21,849**
Financial assets and liabilities	**2**	(2)	-	-	**-**
F/X differences	**16**	(15)	-	-	**1**
Interests liabilities	**130**	558	-	-	**688**
Liabilities for rebates, returns and deferred income	**9,371**	(1,019)	-	-	**8,352**
Provisions	**1,201**	(96)	(142)	-	**963**
Accelerated depreciation and amortisation	**2,235**	1,404	-	-	**3,639**
Impairment losses for inventories	**2,231**	(146)	-	-	**2,085**
Impairment losses for accounts receivable	**838**	(131)	-	-	**707**
Tax losses	**834**	71	-	-	**905**
Lease	**232**	14,166	-	(213)	**14,185**
	34,926	**18,947**	**(142)**	**(357)**	**53,374**

Deferred tax liabilities

	As at 1 January 2020	Recognised in the income statement	Recognised in other comprehensive income	Related to disposal of a subsidiary	As at 31 December 2020
Accelerated depreciation and amortisation	**23,041**	(6,006)	-	(151)	**16,884**
Financial assets and liabilities	**48**	(47)	-	-	**1**
F/x differences	**1**	29	-	-	**30**
Interest receivables	**29**	(27)	-	-	**2**
Lease	**660**	(660)	-	-	**-**
Other	**517**	390	-	-	**907**
	24,296	**(6,321)**	**-**	**(151)**	**17,824**

(all amounts in PLN thousands unless otherwise indicated)

Deferred tax asset

	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**
Liabilities for rebates, returns and deferred income	**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

Accelerated depreciation and amortisation	**25,174**	(2,735)	-	602	**23,041**
Financial assets and liabilities	**66**	(18)	-	-	**48**
F/x differences	**2**	(1)	-	-	**1**
Interests liabilities	**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 assets and liabilities	Before offsetting	Offsetting	31 December 2020 Carrying amount
Assets	53,374	(11,692)	41,682
Liabilities	17,824	(11,692)	6,132

Deferred tax assets and liabilities	Before offsetting	Offsetting	31 December 2019 Carrying amount
Assets	34,926	(17,782)	17,144
Liabilities	24,296	(17,782)	6,514

Deferred tax assets recognized in 2020 relate mainly to deductible temporary differences that are expected to be realized during periods in which the Group expects to obtain sufficient taxable profits for their realization.

Unrecognised tax assets

The Group did not recognise certain deferred tax assets concerning some unused tax losses and part of deductible temporary differences due to uncertainty about the availability of sufficient future tax profits within the next five years when these losses can be carried forward or within periods when realization of temporary differences is expected.

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 2020	31 December 2019	Expiry date
Unused tax losses	179,869	164,665	up to 2026*
Other deductible temporary differences	6,248	16,670	unlimited

** taking into account the 4-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. (currently Plan D 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 1, 2018, and each subsequent tax year will overlap with the calendar year. The agreement shall be in force till December 31, 2020.

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

The extension of the period of operation of the tax capital group

On November 12, 2020 the Management Board of Agora S.A. adopted a resolution on the intention to extend the period of operation of the tax capital group ("PGK"), which will include Agora S.A. and the following subsidiaries: Grupa Radiowa Agory Sp. z o.o., Agora TC Sp. z o.o., Plan D Sp. z o.o., Helios S.A., AMS S.A., Yieldbird Sp. z o.o. and Plan D Sp. z o.o., and on signing an agreement to extend the period of operation of the PGK.

The extension of the PGK operation period is planned until 31 December 2021. It was associated with a number of formal requirements, including collecting a number of corporate approvals and submitting an application for registration of the extension of the operation period of the tax capital group by the Head of a relevant Tax Office.

On December, 10 2020 the Management Board of Agora S.A. received the decision dated 8 December 2020 issued by the Head of the Second Mazovian Tax Office in Warsaw on the registration of the agreement to extend the period of operation of the Agora Tax Capital Group ("PGK"), which includes Agora S.A. and the following subsidiaries: Grupa Radiowa Agory Sp. z o.o., Agora TC Sp. z o.o., Plan D Sp. z o.o., Helios S.A., AMS S.A., Yieldbird Sp. z o.o. and Plan A Sp. z o.o.

In the agreement to extend the period of operation of the tax capital group, Agora S.A. was indicated as a company representing PGK in the scope of obligations under the Corporate Income Tax Act and the provisions of the Tax Ordinance. The agreement on extending the period of operation of the PGK was concluded for the period until 31 December 2021.

17. OTHER FINANCIAL LIABILITIES

	2020	2019
Long term		
Put option liabilities	34,548	53,354
	34,548	**53,354**
Short term		
Put option liability	-	1,760
	-	**1,760**

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

As at December 31, 2020, its value amounted to:
- for non-controlling shareholders of Helios S.A. PLN 28,454 thousand (31 December 2019: PLN 37,371 thousand),
- for non-controlling shareholders of Goldenline Sp. z o.o.: PLN - (31 December 2019: 1,760 thousand),
- for non-controlling shareholders of Piano Group Sp. z o.o.: PLN 941 thousand (31 December 2019: 9,360 thousand),
- for non-controlling shareholders of HRlink Sp. z o.o.: PLN 5,153 thousand (31 December 2019: 6,623 thousand).

Additional information on changes in put option liabilities is disclosed in note 35 point 3.

18. RETIREMENT SEVERANCE PROVISION

According to the Polish employment regulations, employees have the right to the retirement severances payments. The amount provided as at December 31, 2020 amounted to PLN 3,097 thousand (31 December 2019: PLN 3,593 thousand), including long-term retirement severance provision of PLN 2,855 thousand (31 December 2019: PLN 3,316 thousand).

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

19. PROVISIONS

	Provision for restructuring	Provision for restructuring of advertising panels	Provision for guarantees	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 2020	**1,385**	**-**	**-**	**1,484**	**231**	**-**	**90**	**1,000**	**4,190**
Additions	1,429	876	853	792	-	300	80	1,300	5,630
Set up of provisions	1,429	876	853	792	-	300	80	1,300	5,630
Disposals	(1,927)	(456)	-	(1,392)	(231)	(75)	(90)	(1,975)	(6,146)
Provisions used during the period	(1,686)	(456)	-	(1,160)	-	(75)	-	-	(3,377)
Unused provisions reversed	(241)	-	-	(232)	(231)	-	(90)	(1,975)	(2,769)
As at 31 December 2020	**887**	**420**	**853**	**884**	**-**	**225**	**80**	**325**	**3,674**
Long term portion	**286**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**286**
Short term portion	**601**	**420**	**853**	**884**	**-**	**225**	**80**	**325**	**3,388**

(i) Provision for restructuring

Provision for restructuring relates mainly to the cost of group lay-offs connected with the restructuring of Print segment conducted in 2018-2019. As at 31 December 2020 the total provision outstanding for usage amounted to PLN 887 thousand.

Voluntary leave program in Goldenline Sp. z o.o.

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

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

(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 2020 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 2,565 thousand (as at December 31, 2019: PLN 1,844 thousand), in cases when the Management Board estimates the probability of loss for less than 50%. Such disputes are contingent liabilities.

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

20. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

Non-current	31 December 2020	31 December 2019
Non-current accruals	**240**	**1,928**
- related to incentive plans	240	1,928
Other non-current liabilities	**6,924**	**3,572**
- related to purchase of non-current assets	1,334	724
- other	5,590	2,848
Accruals and other liabilities	**7,164**	**5,500**

Current	31 December 2020	31 December 2019
Trade payables	33,426	63,081
Other taxes and social security	42,148	17,948
Current accruals, including:	89,801	87,444
- employee benefits (remuneration, vacation pay, bonuses)	*26,117*	*30,831*
- accrual for costs	*63,684*	*56,613*
Rebates liability	35,900	39,413
Returns liability	5,853	6,522
Liability due to acquisition of shares	-	8,360
Other	22,356	24,031
Social Fund	15,286	17,327
Trade and other payables	**244,770**	**264,126**

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. In 2020 the Group benefitted from the possibility of deferring payments of tax liabilities and social security contributions implemented under anti-crisis law.

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 2020	31 December 2019
Non-current		
Prepayments for subscriptions	48	98
Prepayments for film's licences	1,459	-
Non-current contract liabilities	**1,507**	**98**
Current		
Prepayments for advertising services	3,091	2,306
Prepayments for subscriptions	4,800	4,177
Prepayments for film's licences	1,329	273
Sale of coupons to cinemas	6,867	7,074
Other contract liabilities	94	20
Current contract liabilities	**16,181**	**13,850**

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

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

	Non-current	Current	Total
As at 1 January 2020	**98**	**13,850**	**13,948**
Increase from prepayments received	1,507	16,083	17,590
Decrease from recognised revenue	-	(13,850)	(13,850)
Reclassification	(98)	98	-
As at 31 December 2020	**1,507**	**16,181**	**17,688**

	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	-	39	39
Reclassification	(450)	450	-
As at 31 December 2019	**98**	**13,850**	**13,948**

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 about which separate financial information is available, that is evaluated regularly by the chief operating decision maker in the process of decision making regarding allocation of resources and assessing the performance of the Group.

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

The Group'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. as well as the activities of Foodio Concepts Sp. z o.o. (till May 31, 2020), Step Inside Sp. z o.o. and Agora`s Publishing House,

2) the *Press* segment includes the Group's activities related to publishing of the daily *Gazeta Wyborcza* (including digital subscriptions), special editions of *Gazeta Wyborcza* magazines as well as publishing of the periodicals, as well as the printing activities (in printing plant in Warsaw that provides printing services mainly for *Gazeta Wyborcza)*,

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 (mainly in terms of advertising services) within the Agora's Internet department as well as the activities of companies: Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o., on June 9, 2020, Domiporta enterprise was sold, see note 33), Yieldbird Sp. z o.o., GoldenLine Sp. z o.o. and HRlink Sp. z o.o. (since September 1, 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, including operating profit or loss excluding the impact of IFRS 16.

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 2020 and 31 December 2020 relate to HRlink Sp. z o.o. (until September 1, 2019), Instytut Badan Outdooru Sp. z o.o., Hash.fm Sp. z o.o. (till February 27, 2020), ROI Hunter a.s. 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.

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 2020							
	Movies and books	Press	Outdoor	Internet	Radio	Total segments	Reconciling positions	Total Group
Revenues from external customers	236,777	190,400	111,592	211,328	82,924	833,021	3,438	836,459
Intersegment revenues (2)	3,955	6,743	2,884	2,540	4,769	20,891	(20,891)	-
Total revenues	**240,732**	**197,143**	**114,476**	**213,868**	**87,693**	**853,912**	**(17,453)**	**836,459**
Total operating cost (1), (2), (3)	**(329,001)**	**(171,498)**	**(133,693)**	**(190,259)**	**(78,335)**	**(902,786)**	**(45,381)**	**(948,167)**
Operating profit / (loss) (1)	**(88,269)**	**25,645**	**(19,217)**	**23,609**	**9,358**	**(48,874)**	**(62,834)**	**(111,708)**
Total operating cost (excl. IFRS 16) (1), (2), (3)	***(309,514)***	***(171,500)***	***(134,053)***	***(190,259)***	***(78,277)***	***(883,603)***	***(45,992)***	***(929,595)***
Operating profit / (loss) (excl. IFRS 16) (1)	***(68,782)***	***25,643***	***(19,577)***	***23,609***	***9,416***	***(29,691)***	***(63,445)***	***(93,136)***
Net finance income and cost							(48,423)	(48,423)
Share of results of equity accounted investees	-	-	140	688	6,603	7,431	-	7,431
Income tax							22,461	22,461
Net loss								**(130,239)**

(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 72,921 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)

(a) Operating segment information, continued

	Twelve months ended 31 December 2020							
	Movies and books	Press	Outdoor	Internet	Radio	Total segments	Reconciling positions	Total Group
Operating depreciation and amortisation	(85,956)	(6,431)	(35,567)	(8,835)	(7,235)	(144,024)	(17,837)	(161,861)
Operating depreciation and amortisation (excl. IFRS 16)	*(36,766)*	*(6,385)*	*(21,154)*	*(8,835)*	*(4,363)*	*(77,503)*	*(17,655)*	*(95,158)*
Amortisation recognised on consolidation (1)	(517)	-	-	(865)	-	(1,382)	254	(1,128)
Impairment losses	(14,059)	(393)	(9,127)	(13,192)	(775)	(37,546)	(4,909)	(42,455)
including non-current assets	*(13,251)*	-	*(7,485)*	*(12,660)*	-	*(33,396)*	*(4,909)*	*(38,305)*
Reversals of impairment losses	44	3,621	903	373	221	5,162	20	5,182
including non-current assets	-	-	*351*	-	-	*351*	-	*351*
Equity-settled share-based payments	-	-	-	(465)	-	(465)	-	(465)
Cost of restructuring (2)	-	-	-	(1,429)	-	(1,429)	-	(1,429)
Capital expenditure	34,918	5,598	8,999	10,486	2,502	62,503	3,769	66,272

	As at 31 December 2020							
	Movies and books	Press	Outdoor	Internet	Radio	Total segments	Reconciling positions (3)	Total Group
Property, plant and equipment and intangible assets	232,814	88,110	249,984	34,742	81,141	686,791	150,332	837,123
Right-of-use assets	554,912	18	62,645	58	15,056	632,689	28,117	660,806
Investments in associates and joint ventures accounted for by the equity method	-	-	211	17,799	131,539	149,549	-	149,549

(1) is not presented in operating result of the Group's segments;
(2) cost of restructuring in Internet segment in the second quarter of 2020;
(3) reconciling positions include mainly Company's headquarters (PLN 89,717 thousand) 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 2019							
	Movies and books	Press	Outdoor	Internet	Radio	Total segments	Reconciling positions	Total Group
Revenues from external customers	504,453	244,845	181,116	206,047	107,803	1,244,264	5,399	1,249,663
Intersegment revenues (2)	17,024	9,882	3,138	2,952	5,252	38,248	(38,248)	-
Total revenues	**521,477**	**254,727**	**184,254**	**208,999**	**113,055**	**1,282,512**	**(32,849)**	**1,249,663**
Total operating cost (1), (2), (3)	**(478,505)**	**(260,124)**	**(153,446)**	**(194,706)**	**(98,674)**	**(1,185,455)**	**(39,530)**	**(1,224,985)**
Operating profit / (loss) (1)	**42,972**	**(5,397)**	**30,808**	**14,293**	**14,381**	**97,057**	**(72,379)**	**24,678**
Total operating cost (excl. IFRS 16) (1), (2), (3)	***(483,974)***	***(260,154)***	***(154,276)***	***(194,706)***	***(98,879)***	***(1,191,989)***	***(40,299)***	***(1,232,288)***
Operating profit / (loss) (excl. IFRS 16) (1)	***37,503***	***(5,427)***	***29,978***	***14,293***	***14,176***	***90,523***	***(73,148)***	***17,375***
Net finance income and cost							(15,320)	(15,320)
Share of results of equity accounted investees	-	-	71	(2,313)	6,958	4,716	-	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 costs of office space in the Company`s headquarters, which are allocated to segments), the Management Board, 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	Press	Outdoor	Internet	Radio	Total segments	Reconciling positions	Total Group
Operating depreciation and amortisation	(85,229)	(7,562)	(31,323)	(7,253)	(7,032)	(138,399)	(17,046)	(155,445)
Operating depreciation and amortisation (excl. IFRS 16)	*(33,670)*	*(7,537)*	*(19,456)*	*(7,253)*	*(4,288)*	*(72,204)*	*(17,671)*	*(89,875)*
Amortisation recognised on consolidation (1)	(517)	-	-	(2,448)	-	(2,965)	254	(2,711)
Impairment losses	(475)	(1,100)	(1,654)	(8,498)	(653)	(12,380)	(841)	(13,221)
including non-current assets	-	-	*(226)*	*(7,388)*	-	*(7,614)*	-	*(7,614)*
Reversals of impairment losses	122	646	239	261	172	1,440	-	1,440
including non-current assets	-	-	*94*	-	-	*94*	-	*94*
Equity-settled share-based payments	305	-	-	(930)	-	(625)	-	(625)
Cost of restructuring (2)	-	(4,923)	-	-	-	(4,923)	(710)	(5,633)
Capital expenditure	73,255	10,794	15,705	12,534	2,443	114,731	7,716	122,447

	As at 31 December 2019							
	Movies and books	Press	Outdoor	Internet	Radio	Total segments	Reconciling positions (3)	Total Group
Property, plant and equipment and intangible assets	241,981	86,621	276,431	46,538	94,474	746,045	157,905	903,950
Right-of-use assets	484,921	89	61,148	-	14,612	560,770	29,581	590,351
Investments in associates and joint ventures accounted for by the equity method	-	-	71	17,120	136,936	154,127	-	154,127

(1) is not presented in operating result of the Group's segments;
(2) cost of restructuring (including group lay-offs) in Print segment and support divisions in the first quarter of 2019;
(3) *reconciling positions include mainly Company's headquarters (94,600 thousand), buildings of printing plants in which printing activities have been discontinued 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. 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

(b) Operating segment information, continued

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

	Twelve months ended 31 December 2020							
	Movies and books	**Press**	**Outdoor**	**Internet**	**Radio**	**Total segments**	**Reconciling positions**	**Total Group**
Advertising revenue	11,952	58,778	110,475	203,951	83,180	468,336	(16,170)	452,166
Ticket sales	84,592	-	-	-	60	84,652	(74)	84,578
Copy sales	29,381	104,815	-	101	-	134,297	(521)	133,776
Concession sales in cinemas	37,172	-	-	-	-	37,172	-	37,172
Printing services	-	28,635	-	-	-	28,635	-	28,635
Film distribution and production sales	34,110	-	-	-	-	34,110	-	34,110
Other	43,525	4,915	4,001	9,816	4,453	66,710	(688)	66,022
Total sales by category	**240,732**	**197,143**	**114,476**	**213,868**	**87,693**	**853,912**	**(17,453)**	**836,459**

	Twelve months ended 31 December 2019							
	Movies and books	**Press**	**Outdoor**	**Internet**	**Radio**	**Total segments**	**Reconciling positions**	**Total Group**
Advertising revenue	39,150	84,787	180,548	198,412	107,108	610,005	(30,313)	579,692
Ticket sales	258,081	-	-	-	321	258,402	(411)	257,991
Copy sales	33,184	109,708	-	55	-	142,947	(3,721)	139,226
Concession sales in cinemas	111,021	-	-	-	-	111,021	(29)	110,992
Printing services	-	47,188	-	-	-	47,188	-	47,188
Film distribution and production sales	39,131	-	-	-	-	39,131	(1)	39,130
Other	40,910	13,044	3,706	10,532	5,626	73,818	1,626	75,444
Total sales by category	**521,477**	**254,727**	**184,254**	**208,999**	**113,055**	**1,282,512**	**(32,849)**	**1,249,663**

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

Revenue includes barter sales of PLN 17,304 thousand (2019: PLN 41,311 thousand).

In Movies and Books segment other revenue include among other revenues from catering business and sales of external publications.

Revenues from advertising services, film distribution in cinemas and from selling the digital access to internet services of *Gazeta Wyborcza* represent revenue recognised over time, because advertising campaigns, film distribution in cinemas 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

	2020	2019
Depreciation of property, plant and equipment (note 4)	51,688	51,147
Amortisation of intangibles (note 3)	31,512	28,609
Amortisation of right-of-use assets (note 5)	79,789	78,281
Raw materials, energy and consumables (1)	95,338	141,783
Advertising and promotion costs	40,692	77,453
Expense relating to short-term leases	27,596	34,772
Expense relating to leases of low-value assets (that are not short-term leases)	340	239
Expense relating to variable lease payments	1,692	5,547
Taxes and similar charges	7,727	7,099
Other external services rendered (1)	337,023	451,657
Staff costs (note 26) (1)	266,539	342,573
Total expenses by nature	**939,936**	**1,219,160**
Change in the balance of products	274	(191)
Cost of production for in-house use	(81)	(146)
Total operating expenses	**940,129**	**1,218,823**
Selling expenses	(156,461)	(222,474)
Administrative expenses	(135,131)	(153,911)
Cost of sales	**648,537**	**842,438**

(1) in 2020, the Group changed the presentation of the production cost of books of Publishing House division, comparative data were restated accordingly.

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. Due to restrictions imposed on cinema activity because of covid-19 pandemic, expenses relating to variable lease payments do not have significant influence on consolidated financial statements.

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

24. OTHER OPERATING INCOME

	2020	2019
Gain on disposal of non-financial non-current assets (1)	7,928	1,575
Grants received	16,453	3,801
Reversal of provision for restructuring	20	-
Reversal of impairment losses for non-financial non-current assets	351	94
Reversal of provisions	1,272	502
Donations received	1,452	2,399
Liabilities written off	730	750
Profit from decrease of lease scope	2,873	193
Other (2)	8,141	3,454
	39,220	**12,768**

(1) In 2020 gain on disposal of non-financial non-current assets includes mainly gain on sale of property at Daniszewska in Warsaw (additional information in note 4b).

(2) In 2020 item other includes gain on disposal of a subsidiary Foodio Concepts Sp. z o.o. in the amount of PLN 1,023 thousand and gain on sale of enterprise Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.) in the amount of PLN 3,633 thousand.

Inflow of funds from the Guaranteed Employee Benefits Fund to the Group

In 2020 selected companies of Agora Group submitted a request to receive employee remuneration subsidy from the Voivodship Labor Office in Warsaw from the Guaranteed Employee Benefits Fund.

Receiving of the subsidy was connected with the obligation to submit documents necessary for its settlement within 30 days from the day of obtaining the last tranche of payment.

The total amount of co-financing from the Guaranteed Employee Benefits Fund received by the Group in the period of twelve months ended 31 December 2020 amounted to PLN 13.3 million (including Agora S.A. PLN 8.1 million) and was recognized in the other operating income of the Group.

25. OTHER OPERATING EXPENSE

	2020	2019
Impairment losses recognised for non-financial non-current assets (note 3, 4, 5)	38,305	7,614
Donations	2,809	828
Provisions recognised	2,901	1,290
Liquidation of fixed assets including dismantling panels	1,437	2,343
Other	3,844	3,559
	49,296	**15,634**

Impairment losses recognised for receivables - net		
Impairment losses recognised for receivables (note 10)	2,793	4,641
Reversal of impairment losses for receivables	(4,831)	(1,345)
	(2,038)	**3,296**

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

26. STAFF COSTS

	2020	2019
Wages and salaries (1)	223,781	288,383
Social security costs	42,758	54,190
	266,539	**342,573**
Average number of employees	**2,136**	**2,579**

(1) in 2020, the Group changed the presentation of the production cost of books of Publishing House division, comparative data were restated accordingly.

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

Procedure of a temporary reduction in the cost of remuneration in the Agora Group

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

From April 15 to October 15, 2020, by a decision of the Management Board of Agora S.A. the salaries of Agora Group employees were reduced by 20.0%. The larger scale of the reductions covered the Management Board and Supervisory Board of the Company. Savings due to the reduction of salaries and benefits for employees and regular associates will amount to approximately PLN 28.6 million.

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

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:

	2020	base salary (2)	variable component	other benefits
Management Board				
Bartosz Hojka	687	683	-	4
Tomasz Jagiello	205	205	-	-
Agnieszka Sadowska	513	510	-	3
Grzegorz Kania (1)	438	435	-	3
Anna Krynska - Godlewska	514	510	-	4
	2,357	**2,343**	**-**	**14**

	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**

(1) Grzegorz Kania was the member of the Company's Management Board until September 28, 2020.
(2) Significant decrease in remuneration paid to members of the Management Board of Agora S.A. is due to a reduction of the basic salary by 30.0% for a period of six months (April 15 to October 15, 2020), and also of the suspension of the payment of bonuses for 2019.

Tomasz Jagiello received also remuneration as the President of the Management Board of Helios S.A. in the amount of PLN 297 thousand (in 2019: in the amount of PLN 356 thousand). His base salary was reduced on the same terms as for all employees of Helios S.A. 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 19.

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

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

Supervisory Board	2020	2019
Andrzej Szlezak	130	126
Wanda Rapaczynski	86	84
Tomasz Sielicki	86	84
Dariusz Formela	86	84
Andrzej Dobosz (1)	-	32
Maciej Wisniewski	86	84
Tomasz Karusewicz (2)	86	52
	560	**546**

(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

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 2020, the value of potential reward from the fulfilment of the EBITDA target includes the premium reserve included in the balance sheet at the end of 2019 based on the level of achievement of the EBITDA target in 2019. As at 31 December 2020, the Group did not recognise a reserve for potential reward from the fulfilment of the EBITDA target in 2020 due to the failure to reach the EBITDA result to pay the incentive plan element.

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 2020, the estimated Average Share Price in IQ of Next Year was below the Target of Share Price Increase and the accrual for this component of the Incentive Plan was not recognised in the balance sheet. On the basis of a Resolution of the Supervisory Board in the third quarter of 2020, the Group recognized the provision for the share price component of the Incentive Plan for 2019 after considering the impact of the outbreak of the Covid-19 pandemic on the dynamics of the changes of stock indices in the first quarter of 2020.

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

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

	2020	2019
Income statement – increase of staff cost*	(1,355)	(1,494)
Income statement - deferred income tax	257	284
Liabilities - accruals - as at the end of the period	2,849	1,494
Deferred tax asset - as at the end of the period	541	284

* *the total amount of the cost presented in 2020 includes the cost of the share price component for 2019.*

The cost of the Incentive Plan concerning the Management Board of Agora S.A.:

	2020	2019
Bartosz Hojka	415	430
Tomasz Jagiello	235	266
Agnieszka Sadowska	235	266
Anna Krynska - Godlewska	235	266
Grzegorz Kania	235	266
	1,355	**1,494**

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

The eligible employees of subsidiary Yieldbird Sp. z o.o. participate in an equity-settled incentive programs. On the basis of the plan, the eligible employees received or have rights to receive shares in these companies. The fair value of the shares determined at the grant date is recognised in staff costs over the vesting period with a corresponding increase in equity.

The 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.

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.

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

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

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

	2020	2019
Income statement – staff costs	(465)	(625)
Equity - non-controlling interest	465	625

29. FINANCE INCOME

	2020	2019
Interests on loans and similar items	29	44
Other interest and income from short-term financial assets	438	1,818
Gain on sale of non-current financial assets (1)	226	-
Reversal of impairment losses for financial assets	70	133
F/x gains	-	3,664
Valuation of put option (note 35)	11,318	-
Profit from valuation of shares of acquired subsidiary	-	7,019
Other (2)	1,192	189
	13,273	**12,867**

(1) Gain on sale of non-current financial assets entirely relates to disposal of shares in the company Hash.fm Sp. z o.o.
(2) In 2020 amount includes financial income recognised as a result of decrease in value of liability for the acquisition of shares in Piano Group Sp. z o.o. in the amount of PLN 1,180 thousand (note 33)

30. FINANCE COST

	2020	2019
Interest on loans payable and similar items	3,995	4,515
Lease interest	16,306	17,751
Other interest (1)	3,712	520
Loss on sale of financial assets	302	-
Impairment loss on financial assets (2)	63	1,114
Valuation of put options	-	4,287
F/x losses	37,318	-
	61,696	**28,187**

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

(1) In 2020 the amount includes interest on the provision created in Helios S.A. for the fee for previous years for ZAPA (Związek Autorów i Producentów Audiowizualnych) in the amount of PLN 3,247 thousand

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

Foreign exchange losses result from negative foreign exchange differences arising due to valuation of lease liabilities under IFRS 16. Value of these negative exchange differences amounted to PLN 37,540 thousand.

31. INCOME TAXES

Income tax recognised in the consolidated income statement

	2020	2019
Current tax expense		
Current year	(3,052)	(14,911)
Adjustments for prior periods	245	997
	(2,807)	**(13,914)**
Deferred tax expense		
Origination and reversal of temporary differences	22,148	5,999
Utilization of tax loss	(105)	(268)
Origination of tax loss	215	281
The amount of benefit from a previously unrecognised tax loss	5	345
The amount of benefit from a temporary difference of a prior period	3,050	-
The adjustment of deferred tax related to tax losses	(45)	(511)
	25,268	5,846
Total tax expense recognised in the income statement	**22,461**	**(8,068)**

Income tax expense recognised in other comprehensive income

Tax expense recognised in other comprehensive income

	2020	2019
Actuarial gains/(losses) on defined benefit plans	(142)	31
Total tax expense recognised in other comprehensive income	**(142)**	**31**

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

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

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:

	2020	2019
Profit/(loss) before tax	**(152,700)**	**14,074**
Tax calculated at a rate of 19% (2019: 19%)	**29,013**	**(2,674)**
Tax effect of:		
Share of results of equity accounted investees	1,412	896
Profit from valuation of shares of acquired subsidiary	-	1,334
Gain on sale of subsidiaries	458	-
Other non-taxable revenues	2,979	697
Other non-deductible expenses	(4,684)	(3,527)
Impairment loss recognised for goodwill	(468)	-
Temporary differences for which deferred tax was not recognised	(254)	(276)
Utilisation of tax losses for which deferred tax was not recognised	-	153
Tax losses for which deferred tax was not recognised	(9,177)	(6,368)
Recognition of deferred tax on tax losses from previous periods	5	345
Recognition of deferred tax for temporary differences from previous period	3,050	-
Other	127	1,352
Tax calculated at an effective rate of 14,7% (2019: 57,3%)	**22,461**	**(8,068)**

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 2020 (2019: 46,580,831).

Weighted average number of shares	2020	2019
At the beginning of the period	**46,580,831**	46,580,831
At the end of the period	**46,580,831**	**46,580,831**

There are no dilutive factors.

33. BUSINESS COMBINATIONS

Changes in Goldenline sp. z o.o.

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. As a result of the above transaction Agora S.A. held 300 shares in Goldenline Sp. z o.o. representing 100 of its share capital and giving rights to 300 votes representing 100% of the voting rights at the shareholders' meeting of Goldenline Sp. z o.o. At the same time, under a signed agreement, put option liability in the amount of PLN 1,760 thousand granted to the non-controlling shareholder of Goldenline Sp. z o.o. expired.

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

On September 16, 2020, the Extraordinary General Meeting of Goldenline Sp. z o.o. adopted a resolution to increase the company's share capital from PLN 400,000 PLN. up to PLN 3,221 thousand by creating 2,821 new shares with a nominal value of PLN 1,000 each. The newly created shares were acquired by the sole shareholder of the company, i.e. Agora S.A. in exchange for a cash contribution of PLN 2,821 thousand.

Changes in Step Inside Sp. z o.o.

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.

Merger of Agora S.A. and Agora Poligrafia Sp. z o.o.

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-Poligrafia shall not draw up management reports justifying the merger and shall not subject the Merger Plan to an audit by the auditor in respect of its correctness and reliability.

Together with current report, Agora made public the contents of the Merger Plan drawn up on the basis of Articles 499 and 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).

On June 25, 2020, the Ordinary General Meeting of Agora S.A. adopted a resolution to merge Agora S.A. and Agora Poligrafia Sp. z o.o. by transferring all assets of Agora Poligrafia Sp. z o.o. for Agora S.A. and agreed to the Merger Plan.

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 is a natural consequence of the changes described above. Its purpose is 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 it will reduce the costs of managing the Acquired company's assets.

On July 14, 2020, The Extraordinary Shareholders Meeting of Agora Poligrafia Sp. z o.o. adopted a resolution to merge Agora Poligrafia Sp. z o.o. ("Acquired Company") with Agora S.A. ("Acquiring Company") by transferring all assets of the Acquired Company to the Acquiring Company and consented to the merger on the terms and conditions set out in the agreed merger plan.

On October 1, 2020, the District Court for Capital City of Warsaw in Warsaw, registered the merger of Agora with Agora Poligrafia Sp. z o.o. ("Agora-Poligrafia") pursuant to Art. 492 § 1 point 1 of the Commercial Companies Code, by transferring all assets of Agora-Poligrafia to Agora. The Company remained the sole shareholder of Agora-Poligrafia and thus the merger was carried out in a simplified manner pursuant to Art. 516 § 6 of the Commercial Companies Code, without increasing Agora's share capital and without changing its statute.

Basing on Art. 494 § 1 of the Commercial Companies Code, Agora entered into all the rights and obligations of Agora-Poligrafia on 1 October 2020 ("The date of the merger"), and in accordance with art. 493 § 1 and 2 of the Commercial Companies Code, Agora-Poligrafia was dissolved on the date of the merger without liquidation proceedings and removed from the Register of Entrepreneurs of the National Court Register.

- **Sale of shares of an associate Hash.fm Sp. z o.o.**

On February 27, 2020, Agora S.A. concluded a sales agreement of 4,499 shares in associated company Hash.fm Sp.o.o with a nominal value of PLN 50.00 (fifty zlotys) each and with a total nominal value of PLN 224,950.00 (two hundred twenty four thousand nine hundred and fifty zlotys) to the other partner of this company for the amount of PLN 155 thousand. After this transaction Agora S.A. held 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.

On August 5, 2020 Agora S.A. concluded an agreement for the sale of 1 share in Hash.fm Sp. z o.o. with a nominal value of PLN 50.00 (fifty zlotys) to a third party. Currently Agora S.A. does not have any share in Hash.fm Sp. z o.o.

Profit from disposal of shares of the company amounted to PLN 225,6 thousand and was recognized in the Group's financial income.

- **Sale of shares in subsidiary Foodio Concepts Sp. z o.o.**

On June 2, 2020, The Management Board of Agora S.A. with reference to the report no. 19/2020 of 30 April 2020 regarding the submission of a bankruptcy petition by a subsidiary and the commencement of negotiations regarding the sale of its shares, informs about acquiring today information on the conclusion of negotiations and execution of share sales agreement by the subsidiary of Helios SA for the sale of all shares in Foodio Concepts Sp. z o.o. with its registered office in Łódź, which is part of the Helios group ("Foodio Concepts") to the company 5m Square Sp. z o.o. based in Warsaw, which is an external investor interested in continuing the food business of Foodio Concepts.

At the same time, Helios S.A. on June 2, 2020 terminated the investment agreement concluded on 6 March 2018 with Piotr Grajewski and Piotr Komór on a joint investment in Foodio Concepts, of which the Company informed in its current report no. 10/2018 of 6 March 2018.

Information on the net liabilities sold and the company's gain on disposal is presented in the table below:

	PLN thousand
	Carrying value as at disposal date
Assets	
Right-of-use assets	(6,896)
Deferred tax assets	(207)
Accounts receivable and prepayments	(645)
Cash and cash equivalents	(298)
	(8,046)
Liabilities	
Long-term borrowings	6,108
Deferred revenues and accruals	128
Trade and other payables	2,913
Short-term borrowings	1,999
Deferred revenues and accruals	2
	11,150
Net liabilities disposed of	**3,104**
Cash consideration received	-
Non-controlling interests	(2,081)
Gain on disposal of subsidiary*	**1,023**
Provision resulting from sureties granted to Foodio Concepts	(833)
Total impact of the disposal of Foodio Concepts for Agora Group	**190**

* *included in other operating income of the Agora Group*

After the sale of shares in Foodio Concepts, subsidiary Helios S.A. recognized a provision to cover possible future liabilities resulting from sureties granted to Foodio Concepts regarding rent guarantees. The amount of the provision as at June 30, 2020 was PLN 833 thousand. As a result, the total impact of the disposal of Foodio Concepts for the Agora Group in the second quarter of 2020 was PLN 190 thousand.

Sell of Domiporta enterprise

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

At the same time, the Management Board of Agora informed that due to the negative impact of the COVID-19 pandemic on Domiporta's financial results and the achievable selling price of Domiporta, it has been decided to revaluate its shares in Domiporta. As a result, Agora Group wrote down the value of assets related to Domiporta's activity in the amount of PLN 12,660 thousand. The recognized write-offs were charged to results of the Agora Group in the first quarter of 2020.

As a consequence of announced information, an entity not personally or capital related to the company came forward to Domiporta, interested in the purchase of an organized set of tangible and intangible assets described above, and as a result on May 20, 2020 the Management Board of Agora S.A. announced that Domiporta also started negotiations with this entity, which ended with the signing of a contract for the sale of the enterprise on June 9, 2020.

On June 9, 2020, The Management Board of Agora S.A. informed that on June 9, 2020 Agora S.A. has received information on the conclusion of negotiations and execution by the subsidiary Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.) the sale contract of Domiporta Sp. z o.o. enterprise within the meaning of art. 55[1] of the Civil Code constituting an organized set of tangible and intangible assets intended for conducting business activities of Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.), in particular, among others running an online classifieds website called Domiporta.pl, enabling the placement and viewing of real estate listings, available on the internet domain www.domiporta.pl, ("the Enterprise") for the company Auto Centrum Sp. z o.o. based in Krosno. The transfer of ownership of the Enterprise took place on the day of conclusion of the contract of sale of the Enterprise.

Information on the net liabilities sold and the gain on sales of the Enterprise is presented in the table below:

	PLN thousand
	Carrying value as at disposal date
Assets	
Long-term accounts receivable and prepayments	(14)
Short-term accounts receivable and prepayments	(645)
Cash and cash equivalents	(5)
	(664)
Liabilities	
Retirement severance provision	13
Trade and other payables	679
Contract liabilities	10
	702
Net assets disposed of	**38**
Cash consideration received	3,595
Gain on sale of the enterprise*	**3,633**

* *included in other operating income of the Agora Group*

Acquisition of additional shares in Piano Group

On June 23, 2020, The Management Board of Agora S.A. in relation to current report no. 21/2019, no. 22/2019 and no. 3/2020 informed that on June 23, 2020, a subsidiary company - AMS S.A. ("AMS") concluded with three natural persons (two sellers and a guarantor) ("Seller") an agreement based on which AMS and the Seller agreed the final purchase price for the majority stake of 60.0% shares in Piano Group Sp. z o. o. acquired by AMS under a share purchase agreement of 15 July 2019. Additionally, pursuant to the above agreement, the parties changed the terms of the shareholders' agreement of 15 July 2019 in that way that the put option liabilities of PLN 7,488 thousand expired. At the same time, AMS acquired shares in Piano Group Sp. z o.o., representing a total of 32.0% of the share capital of Piano Group Sp. z o.o. and entitling to 32.0% of votes at the company's shareholders' meeting. All other shares of Piano Group Sp. z o.o. were covered by the option to purchase (call option) and at the same time the option to sell (put option) to AMS after the approval of the financial statements of Piano Group Sp. z o.o. for the financial year 2023.

The total purchase price of 60.0% of shares in Piano Group Sp. z o.o. amounted to PLN 13.7 million, of which an advance of PLN 6.5 million was paid by AMS on the day of signing the contract from 15 July 2019.

Under the agreement concluded today, the total price for the acquisition of 92.0% of shares in Piano Group Sp. z o.o. amounted to PLN 15.6 million, which includes the advance payment made on 15 July 2019 in the amount of PLN 6.5 million.

As of the date of acquisition the Piano Group was a 100% shareholder of Benefit Multimedia Sp. z o.o. SKA and the sole shareholder of Benefit Multimedia Sp. z o.o. being the sole general partner of Benefit Multimedia Sp. z o.o. SKA. Benefit Multimedia Sp. z o.o. SKA operates in the field of providing services on the DOOH (digital out-of-home) market in the field of indoor advertising, broadcasting and selling advertising content, installing screens and using video / TV infrastructure to broadcast video content.

The acquisition of the shares is a long-term investment of the Agora 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 DOOH market.

As a result of the above transaction, the Agora Group recognized financial income in the amount of PLN 1,180 thousand as a result of decrease in liability for the acquisition of shares in Piano Group Sp. z o.o. recognized at the end of 2019 and settle this liability by executing payment in the amount of PLN 7,180 thousand.

In addition, the Group revalued the liability under the put option granted to non-controlling shareholders of Piano Group Sp. z o.o., the carrying amount of which as at December 31, 2020 was PLN 941 thousand.

- **The merger of Piano Group companies**

On October 2, 2020, announced the merger plan between the companies: Piano Group sp. z o.o., Benefit Multimedia sp. z o.o. and Benefit Multimedia sp. z o.o. sp. k. a.

The planned merger will be attended by: Piano Group sp. z o.o. with its registered seat in Warsaw (hereinafter: the Acquiring Company) and Benefit Multimedia sp. z o.o. with its registered seat in Warsaw (hereinafter: the Acquired Company 1) and Benefit Multimedia sp. z o.o. sp. k-a with its registered seat in Warsaw (hereinafter: the Acquired Company 2). All companies participating in the merger belong to the same capital group.

The Acquiring Company is the only shareholder of the Acquired Company 1 and the only shareholder of the Acquired Company 2; The Acquired Company 1 is, in turn, the only general partner of the Acquired Company 2.

On December 17, 2020, the District Court for the Capital City of Warsaw in Warsaw, registered the merger of Piano Group Sp. z o.o. with Benefit Multimedia Sp. z o.o. and Benefit Multimedia Sp. z o.o. sp. k.a. pursuant to art. 492 § 1 point 1 of the Commercial Companies Code, i.e. by transferring all assets of Benefit Multimedia Sp. z o.o and Benefit Multimedia Sp. z o.o. sp. k.a. for the company Piano Group Sp.z o.o. (merger by acquisition in accordance with Art. 492 § 1 point 1 of the Commercial Companies Code); without increasing the share capital of the Acquiring Company.

This entry resulted in the legal dissolution of the Acquired Company 1 and the Acquired Company 2 without conducting liquidation proceedings and deleting these companies from the register of entrepreneurs. As a result of the merger, the Acquiring Company, pursuant to Art. 494 of the Code of Commercial Companies, it assumed all the rights and obligations of both acquired companies.

- **Changes in Yieldbird Sp. z o.o.**

On September 21, 2020, the Extraordinary General Meeting of Yieldbird Sp. z o.o. adopted a resolution to increase the company's share capital from the amount of PLN 47,550.00 to the amount of PLN 48,350.00, i.e. by PLN 800.00 by creating 16 new, equal and indivisible shares with a nominal value of PLN 50.00 each. The newly created shares were acquired by two natural persons. Each took up 8 shares in return for a cash contribution of PLN 400. The above change was registered by the District Court for the capital city of Warsaw in Warsaw on December 10, 2020.

Call for repurchase of shares in associate 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 publication of these consolidated financial statements, the squeeze-out and share buyback procedures have not been completed.

Eurozet Sp. z o.o. - proceedings of UOKiK

On November 10, 2020, the Management Board of Agora S.A., informed that on 10 November 2020, as part of the next stage of the procedure, the Company received a letter from the President of the Office of Competition and Consumer Protection ("UOKiK") presenting the reservations of the President of UOKiK regarding the concentration control proceedings instigated upon Agora's request in connection with takeover of Eurozet Sp. z o.o. by Agora S.A.

In the letter in question, the President of UOKiK presented doubts concerning certain markets on which both the Company and Eurozet Sp. z o.o. operate, indicating that the planned concentration, due to the potential change in the market structure, may lead to disturbances in the functioning of competition.

Further information on the procedure are disclosed in note 42.

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

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 one of customers of the Group (Google Ireland Ltd) exceeded 10% of the total revenue of the Group in 2020. Revenue from sale to this customer in 2020 amounted to PLN 128,817 thousand and was disclosed in Internet and Radio segments.

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.

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 or bank deposits.

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, 2020, the Group maintains a credit facilities in DNB Bank Polska S. A., Santander Bank Polska S.A., BNP Paribas Bank Polska S.A. oraz mBank 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. Intra-group balances and transactions related to cash pooling agreement are eliminated in the consolidated financial statements. As at 31 December 2020 the value of available and unused loan limits is disclosed in note 40.

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 5,621 thousand as at balance sheet date (31 December 2019: PLN 5,643 thousand), mainly in EURO (PLN 3,774 thousand) and USD (PLN 1,837 thousand).

Accounts receivable in foreign currency amounted to PLN 8,179 thousand as at balance sheet date (31 December 2019: PLN 7,798 thousand), principally in EURO (PLN 2,997 thousand) and USD (PLN 5,054 thousand).

Liabilities requiring settlement in foreign currency amounted to PLN 549,400 thousand as at balance sheet date (31 December 2019: PLN 403,995 thousand), payable principally in EURO (PLN 548,629 thousand) and USD (PLN 741 thousand).

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 2020, 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 2020, 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 500 thousand (as at December 31, 2019: net loss/profit of PLN 898 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 2020, assuming the appreciation/depreciation of Polish zloty by 5%, the fair value of financial instruments that will fluctuate, is estimated to impact the net profit/loss in the amount of PLN 21,696 thousand (as at December 31, 2019: PLN the net profit/loss in the amount of 15,815 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 for shareholders. 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, bank loans requirements 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	2020: PLN 1 thousand 2019: PLN 9,582 thousand	2020: PLN 33,248 thousand 2019: PLN 24,645 thousand	2020: PLN 277 thousand 2019: PLN 536 thousand	2020: PLN 138,017 thousand 2019: PLN 106,772 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	As at 31 December 2019: pledge on shares belonging to the shareholder of Hash.fm Sp. z o.o.	Collaterals are described in note 15

	Short-term financial assets	Bank deposits	Loans granted	Bank loans received
n) Other conditions	None	None	None	Financial ratios; EBITDA plus dividends, maximum amount of investment expenditures, turnover ratio of receivables, total bad debt write-offs, total of impairment losses on tangible fixed assets, investments and intangible assets. 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.

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

2) Detailed information on financial instruments

	2020	2019
Interest income on financial assets		
Bank deposits	283	233
Short-term financial assets (investment certificates)	-	1,407
Loans granted	29	44
Other	15	164
Impairment losses recognised for financial assets		
Loans granted	(63)	(608)
Interest and commissions expense on financial liabilities		
Bank loans	(3,995)	(4,515)
Lease liabilities	(16,306)	(17,751)
Other	(183)	(123)

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 2020	Level 1	Level 2	Level 3
Certificates in investment funds	1	-	1	-
Financial assets measured at fair value	**1**	**-**	**1**	**-**
Put option liabilities	34,548	-	-	34,548
Financial liabilities measured at fair value	**34,548**	**-**	**-**	**34,548**

	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**

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

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 2020	As at 31 December 2019
Opening balance	**55,114**	**34,844**
Additions resulting from initial recognition	-	15,983
Expiration of put option recognised in equity (1)	(9,248)	-
Remeasurement recognised in profit or loss , incl.:	(11,318)	4,287
- finance income (2)	*11,318*	-
- finance cost	-	*(4,287)*
Closing balance	**34,548**	**55,114**

(1) relates to the expiration of the put option for the non-controlling shareholder of Goldenline Sp. z o.o. under the Annex of 20 January 2020 and the expiration of the put option for the non-controlling shareholder of Piano Group Sp. z o.o. under the Agreement of 23 June 2020 (see note 33);

(2) concerns the change in the valuation of put options for non-controlling shareholders of Helios S.A., Piano Group Sp. z o.o. and HRlink Sp. z o.o.

In case of Helios S.A. options, the estimated value of liability depends mainly on the estimated operational result EBIT for two financial years preceding the agreed dates of exercising the option (for part of the option, EBIT for years 2018 and 2019 applies) and discount rate adopted for valuation.

In case of HRlink Sp. z o.o. options, the future price of acquiring the shares will depend on the value of company EBITDA and the level and structure of revenues in the financial year preceding the exercising of the put option.

Key assumptions that are most significant to the fair value measurement of financial instruments in Level 3 of the fair value hierarchy include Helios put options parameters, i.e. estimated level of the operating result EBIT 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 1,517 thousand, while an increase of the discount rate by 1pp, would cause a decrease of the liability by c.a. PLN 1,127 thousand.

On December 31, 2020 Agora S.A. agreed with key managers of the subsidiary Helios S.A. who are also minority shareholders of Helios S.A. ("Managers") the change of the basic terms of the currently applicable call and put options relating to their shares in Helios S.A., i.a. in terms of: postponement of the possibility of the Managers to call on the Company to purchase the shares of Helios S.A. held by them (put option) in such a way that by the end of the second quarter of 2024 the put option will cover a maximum of 20% of the Managers' shares, and postponement the Company's right to call upon Managers to sell the Helios S.A. shares held by them (call option), so that the call option can be exercised from January 1, 2025 at the earliest. In addition, the buyout price for 51% of the shares acquired under the put option would be determined based on the results of Helios S.A. for the 2018 and 2019 financial years. The agreed changes of terms were taken into account in option valuation as at the balance sheet date.

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

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 2020					
	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	140,536	25,788	62,436	29,028	23,284	-
Lease liabilities	858,342	47,556	48,835	91,508	240,045	430,398
including: Lease liabilities resulting from the application of IFRS 16	*790,684*	*36,956*	*38,547*	*75,855*	*209,447*	*429,879*
Trade payables	33,426	33,426	-	-	-	-
Put option liabilities*	44,330	-	-	2,683	26,103	15,544
Liabilities related to purchase of non-current assets	18,824	16,953	290	542	399	640
Total	**1,095,458**	**123,723**	**111,561**	**123,761**	**289,831**	**446,582**

** for put options related to shares of Helios S.A. liquidity periods were determined 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 and accepted changes in option agreements as at 31 December 2020 (additional information about put option valuation is disclosed in note 35 point 3) .*

	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						
Liability due to acquisition of shares						
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**

** 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.*

Additional information on liquidity risk management is disclosed in note 34. The value of available and unused loan limits as at 31 December 2020 is disclosed in note 40.

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

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 2019	Capital	Interests and commissions	Recognition of assets under lease	Interests and commissions accrued	Disposed on disposal of a subsidiary	F/X differences	Reducing the scope of the agreements	As at 31 December 2020
Bank loans	106,772	31,291	(4,967)	-	4,921	-	-	-	138,017
Lease liabilities	579,624	(39,887)	(14,524)	176,599	16,306	(8,107)	37,534	(17,579)	729,966

		Cash flows		Non-cash changes					
	As at 31 December 2018	Capital	Interests and commissions	Recognition of assets 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

* Amount includes also initial recognition of lease liabilities as at 1 January 2019 in the amount of PLN 458,220 thousand

36. CONTRACTUAL INVESTMENT COMMITMENTS

Contractual investment commitments related to property, plant and equipment existing at the balance sheet date amounted to PLN 13,779 thousand (31 December 2019: PLN 18,469 thousand) and to intangible assets amounted to PLN 659 thousand (31 December 2019: 733 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

As of 31 December 2020, the Group had contingencies to third parties as presented below:

Benefiting party	Debtor	Valid till	Amount As at 31 December 2020	Amount As at 31 December 2019	Scope of collateral
Guarantees provided by Agora S.A.					
Bank Pekao S.A.	Agora's employees	16 Jun 2021	18	89	loans for the purchase of photographic equipment

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 1,073 thousand in 2020 and PLN 654 thousand in 2019.

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. As at the date of these consolidated financial statements the tax procedure is pending.

(all amounts in PLN thousands unless otherwise indicated)

38. GROUP COMPANIES

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

		31 December 2020							
		% of shares held (effectively)	Assets		Liabilities		Revenue	Net result	Other comprehensive income
	Companies consolidated (1)		Non-current	Current	Non-current	Current			
1	AMS S.A., Warsaw	100.0%	223,374	56,660	48,103	61,983	113,275	(17,264)	(62)
2	IM 40 Sp. z o.o., Warsaw (2)	72.0%	589	2,537	228	252	2,670	715	-
3	Grupa Radiowa Agory Sp. z o.o. (GRA) Sp. z o.o., Warsaw	100.0%	70,768	17,418	12,896	9,284	46,728	7,254	74
4	AMS Serwis Sp. z o.o. (formerly Adpol Sp. z o.o.), Warsaw (3), (6)	100.0%	14,663	43,834	1,000	4,609	13,388	204	2
5	Inforadio Sp. z o.o., Warsaw (2)	66.1%	2,597	6,477	1,106	2,087	11,723	1,387	36
6	Agora TC Sp. z o.o., Warsaw	100.0%	248	1,922	37	464	4,690	922	1
7	Doradztwo Mediowe Sp. z o.o., Warsaw (2)	100.0%	2,117	26,055	163	18,381	84,812	3,586	12
8	Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.), Warsaw (10)	100.0%	3	3,094	-	43	3,743	1,086	-
9	Helios S.A., Lodz	91.4%	752,527	15,137	548,261	185,300	139,419	(127,419)	(28)
10	Next Film Sp. z o.o., Warsaw (4)	91.4%	7,375	13,084	1,343	9,326	42,994	733	-
11	Yieldbird Sp. z o.o., Warsaw (11)	92.1%	7,026	36,409	248	20,904	150,438	10,475	1
12	Next Script Sp. z o.o., Warsaw (4),(5)	75.9%	6	431	-	26	-	(7)	-
13	Optimizers Sp. z o.o., Warsaw (3)	100.0%	49	129	-	121	-	(43)	-
14	Goldenline Sp. z o.o., Szczecin (7)	100.0%	360	227	2	651	2,562	(990)	19
15	Plan A Sp. z o.o., Warsaw	100.0%	-	24	-	3	-	(11)	-
16	Agora Finanse Sp. z o.o., Warsaw	100.0%	-	222	-	-	-	(31)	-
17	Step Inside Sp. z o.o. (4), (8)	82.3%	30,457	3,372	16,880	8,770	17,025	(5,486)	-
18	Piano Group Sp. z o.o., Warsaw (3), (9)	92.0%	327	1,040	-	488	2,817	(1,877)	-
19	HRlink Sp. z o.o., Szczecin	79.8%	1,958	1,008	-	636	7,089	(432)	-
20	Foodio Concepts Sp. z o.o., Lodz (4), (12)	-	-	-	-	-	2,344	(9,797)	-

(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) change of the company`s business name from Adpol Sp. z o.o. to AMS Serwis Sp. z o.o. on April 1, 2020;
(7) acquisition of additional shares in Goldenline Sp. z o.o. on January 20, 2020;
(8) the accession of minority shareholders to the company Step Inside Sp. z o.o. on January 31, 2020;
(9) acquisition of additional shares in Piano Group Sp. z o.o. on June 23, 2020; data of Piano Group Sp. z o.o. include data of companies Benefit Multimedia SKA and Benefit Multimedia Sp. z o.o. in connection with their merger with Piano Group Sp. z o.o. on December 17, 2020;
(10) change of the company`s business name from Domiporta Sp. z o.o. to Plan D Sp. z o.o. on July 17, 2020;
(11) the accession of minority shareholders to the company Yieldbird Sp. z o.o. on September 21, 2020;
(12) disposal of shares in the company Foodio Concepts Sp. z o.o. on June 2, 2020, the data from the profit and loss account shall include data till the date of loss of control.

(all amounts in PLN thousands unless otherwise indicated)

38. GROUP COMPANIES, CONTINUED

	Companies consolidated (1)	% of shares held (effectively)	31 December 2019 Assets Non-current	Assets Current	Liabilities Non-current	Liabilities Current	Revenue	Net result	Other comprehensive income
1	Agora Poligrafia Sp. z o.o., Warsaw	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	AMS Serwis Sp. z o.o. (formerly 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	Plan D Sp. z o.o. (formerly 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., Łódź (4)	82.3%	17,673	1,929	8,312	11,912	9,314	(9,034)	-
19	Step Inside Sp. z o.o., Lodz (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.(dawniej 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

38. GROUP COMPANIES, CONTINUED

Joint ventures and associates accounted for using the equity method (1)		31 December 2020							
			Assets		Liabilities				
		% of shares held (effectively)	Non-current	Current	Non-current	Current	Revenue	Net result	Other comprehensive income
1	Instytut Badan Outdooru IBO Sp. z o.o., Warsaw (2)	50.0%	8	851	-	170	935	280	-
2	ROI Hunter a.s., Brno	23.9%	12,874	17,747	2,724	2,966	29,694	3,259	-
3	Eurozet sp. z o.o., Warsaw (3)	40.0%	309,779	74,658	67,303	43,915	176,147	16,507	-
4	Hash.fm Sp. z o.o., Warsaw (4)	-	-	-	-	-	224	(184)	-

Joint ventures and associates accounted for using the equity method (1)		31 December 2019							
			Assets		Liabilities				
		% of shares held (effectively)	Non-current	Current	Non-current	Current	Revenue	Net result	Other comprehensive income
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 (5)	23.9%	16,408	10,450	4,512	2,757	20,913	(10,928)	-
4	Eurozet Sp. z o.o., Warsaw (6)	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 (7)	46.2%	-	-	-	-	4,919	(293)	-

(1) the presented data are after consolidation adjustments;

(2) indirectly through AMS S.A.;

(3) the presented balance sheet and profit and loss account data include 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 11,679 thousand was taken into account.

(4) disposal of shares in the company on February 27, 2020 and August 5, 2020, the data from the profit and loss account shall include data for the period from January 1, 2020 till February 27, 2020;

(5) acquisition of shares on June 17, 2019;

(6) 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.

(7) shares in the company and the data from the profit and loss account shall include data till the date of acquisition of control of the company.

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38. GROUP COMPANIES, CONTINUED

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

31 December 2020					
Company	% of shares held by non-controlling shares as at 31 December 2020	Accumulated amount of non-controlling shares as at 31 December 2020	Net profit/(loss) allocated to non-controlling shares in 2020	Other comprehensive income allocated to non-controlling shares in 2020	Dividends paid to non-controlling shareholders in 2020
IM 40 Sp. z o.o.	28.0%	741	200	-	(98)
Inforadio Sp. z o.o.	33.9%	1,976	470	(12)	-
Helios S.A.	8.6%	2,357	(10,943)	2	-
Next Film Sp. z o.o.	8.6%	68	63	-	-
Yieldbird Sp. z o.o.	7.9%	3,739	750	-	-
Next Script Sp. z o.o.	24.1%	97	(2)	-	-
Foodio Concepts Sp. z o.o. (1)	-	-	(1,976)	-	-
Step Inside Sp. z o.o.	17.7%	1,448	(972)	-	-
Piano Group Sp. z o.o.	8.0%	29	(470)	-	-
HRlink Sp. z o.o.	20.2%	926	(166)	-	-
Total		**11,381**	**(13,046)**	**(10)**	**(98)**

(1) disposal of shares in the company Foodio Concepts Sp. z o.o. on June 2, 2020, the data from the profit and loss account shall include data till the date of loss of control.

31 December 2019					
Company	% of shares held by non-controlling shares as at 31 December 2019	Accumulated amount of non-controlling shares as at 31 December 2019	Net profit/(loss) allocated to non-controlling shares in 2019	Other comprehensive income allocated to non-controlling shares 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.	20.2%	1,092	(45)	-	-
Total		**20,932**	**2,468**	**7**	**4,793**

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

(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 2020	31 December 2019
The change in the equity attributable to owners of the parent resulting from:		
- acquisition of additional shares from non-controlling shareholders (1)	(1,051)	(7,007)
- subscription for shares by non-controlling shareholders (2)	(1,918)	(885)
- put options granted to non-controlling shareholders	-	(15,983)
- expiration of put option liability (3) (note 35)	9,248	-
- other	(1)	-
Net impact on the equity attributable to owners of the parent	**6,278**	**(23,875)**

(1) The change relates to the effect of accounting for the acquisition of shares from non-controlling shareholders of Goldenline Sp. z o.o. and Piano Group Sp. z o.o. in 2020 r and Yieldbird Sp. z o.o. in 2019;
(2) related to the effect of accounting for additional contribution of non-controlling shareholders of Step Inside Sp. z o.o. and Yieldbird Sp. z o.o.
(3) relates to expiration of put options granted to non-controlling shareholders of Goldenline Sp. z o.o. and expiration of put options granted to non-controlling shareholders of Piano Group Sp. z o.o.

39. RELATED-PARTY TRANSACTIONS

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

	31 December 2020	31 December 2019
Joint ventures		
Shares	211	71
Associates		
Shares	149,338	154,056
Non-current loans granted	-	200
Trade receivables	-	112
Trade liabilities	37	57
Major shareholder		
Trade receivables	1	4
Other liabilities	210	276
Management Board of the Company		
Receivables	-	1
Put option liabilities (1)	23,856	31,473
Management Boards of group companies		
Receivables	8	38
Put option liabilities (1)	9,723	13,244
Other liabilities	8	26

(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:

	2020	2019
Joint ventures		
Sales	-	9
Purchases	(102)	(200)
Associates		
Sales	27	142
Purchases	(173)	(499)
Other operating income	-	2
Dividend income (1)	12,000	7,222
Interests on loans granted	5	25
Major shareholder		
Sales	24	26
Other operating revenues	1,145	2,250
Management Board of the Company		
Sales	4	3
Other operating income	20	-
Finance income - remeasurment of put options (2)	7,617	-
Finance costs - remeasurment of put options (2)	-	(3,481)
Management Boards of group companies		
Sales	4	5
Finance income - remeasurment of put options (2)	3,521	-
Finance costs - remeasurment of put options (2)	-	(561)

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

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.

40. ACCOUNTING ESTIMATES AND JUDGMENTS

Impact of the COVID-19 pandemic on the Agora Group

The COVID-19 pandemic and the measures of the government administration undertaken to limit the further spread of the virus will have an adverse impact on the financial performance of Agora and its subsidiaries in the entire 2021. Despite material challenges related to the operation in the market environment burdened with the negative effects of the pandemic, the Management Board of the Company does not recognise any significant uncertainty resulting from these circumstances that may cast significant doubt on the Company's and the Agora Group's ability to continue as a going concern.

The outbreak of the COVID-19 pandemic made governments around the world undertake actions with significant impact on the economic development of each jurisdiction, caused by restrictions aimed at stopping further spread of the virus. The development of the pandemic and further measures to be implemented by the Polish government in order to fight the pandemic are unknown to the Company. Their duration and scale may significantly affect the Company's analyses and estimates, in particular with regard to the value of the advertising market, the number of tickets sold in cinemas, and concession sales, as well as the revenue from copy sales. As the Group has never experienced an administrative prohibition on the operation of selected businesses, it is difficult for it to prepare reliable estimates in this respect. Those uncertainty factors, as described above, can have a material impact on the increase of liquidity gap and on the possibilities to acquire necessary further financing, thus compelling the Company to look for other ways to secure Agora Group's financial liquidity. At that, it is not possible to foresee at this point what methods would prove the most adequate to the future development of COVID-19 pandemics and subsequent administrative decisions and actions to be taken in the future. The Company's Management Board carefully monitors the flow of receivables in order to secure the Group's financial liquidity, undertaking actions to secure the Group's liquidity in the foreseeable future. However, the effect of these actions depends to a large extent on the pace of economic recovery following the corona crisis. The scale of generated revenues may pose a major risk for Agora Group's liquidity, in particular if the prolonging duration of the pandemics leads to re-suspension of operations of certain economy sectors, as opposed to actions which would permit adjusting the functioning of respective sectors to the prolonging period of pandemic reality.

Agora also decided to optimise the portfolio of its investment projects, focusing – during this difficult time – on ensuring the safety of the Group's key assets. As a result, Plan D Sp. z o.o. (formerly known as Domiporta Sp. z o.o.) and Foodio Concepts Sp. z o.o. were sold, while the business of GoldenLine Sp. z o.o. was limited.

Both Agora and all the companies of the Group have taken a number of measures aimed at minimizing the losses caused by the COVID-19 pandemic, ensuring the Group's financial security and the Group's rapid return to the growth path as regards both revenues and operating results. Most of the cost categories and investment expenditures were reduced which contributed to a decrease in the amount of operating expenses in the Group in 2020 by PLN 276.8 million as compared to 2019, despite the one-off events, which burdened the results of the Group with the cost of PLN 28.7 million. Agora's Management Board decided to reduce the remuneration of the Agora Group's employees by 20.0% in the period from 15 April until 15 October 2020. Larger reductions applied to the Company's Management and Supervisory Boards. According to the Company's estimates, savings from the reduction of staff costs amounted to approx. PLN 29.0 million in the Agora Group.

2021, due to the long-term effects of the pandemic, uncertainty as to the further development of the situation and limited predictability in the conduct of business, will be full of challenges for the Group's undertakings. From March 20 to April 9, 2021, the entire country was again subject to severe epidemic restrictions, which again closed many sectors of the economy. The Group's companies will spend 2021 running limited business operations, under a specific sanitary regime with more or less severe conditions, depending on the speed of vaccination, number of new cases and the gaining of social immunity to this type of virus. This is a beginning of a transition period, where most businesses in Poland will be forced to adjust their operations to the functioning under pandemics, as it is impossible to say when will the pandemics end. In Agora Group, this applies in particular to two business lines - Helios cinema chain and AMS, which operates in the outdoor advertising segment.

As the vaccination program proceeds and new medications become available on the market, the coronavirus' impact on the Group's operations and financial results should become less and less appreciable each quarter. We cannot rule out, however, than the pandemics and its effects will continue to have major impact on businesses in Poland throughout 2021. Most factors, which affected and may affect Agora Group's results in the future, remain completely beyond Agora's control. This is because those factors depend, inter alia, on actions taken by the authorities, in particular with respect to adjusting the implemented restrictions in such a way as to permit Polish business to operate under prolonging pandemics - this is a key element for the speed of restoration of various economy sectors to full operational capacity and the growth of GDP in Poland.

In 2020, the decrease in the value of the Group's revenue was affected by two main factors: the administrative closure of cinemas from 12 March until 5 June 2020 and from 7 November 2020 until 12 February 2021, and a 9.0% decrease of the value of advertising expenditure in Poland as a result of the outbreak of the pandemic and the related uncertainty as to further developments. Those two factors had a significant impact on the results of the Agora Group, as the proceeds from the cinema activity and the sale of advertising services constitute its most important sources of revenue. The segments of the advertising market which were most strongly affected by the reduction of advertising expenditure, were cinema, outdoor and press. The market segment least impacted by the decrease in advertising expenditure, was Internet – its value grew in 2020. At the same time, it is worth noticing that when economy was being unfrozen, all of the Group's business, also cinema and outdoor (which were the most affected by restrictions on business operations) showed the capacity to quickly return to larger-scale operations and improve operating results, as was clearly visible in the third quarter of 2020 when some restrictions on their operations were lifted.

Helios cinemas were closed for 168 days in 2020. Helios chain was closed between 12 March and 2 July 2020 and again from 7 November 2020. For this reason Helios cinema network was deprived of ability to generate any revenues in those periods, while outside those periods it recorded significantly reduced revenues due to implemented restrictions (no repertoire, limit on ticket sale). It is also worth noting that under the regulations, Helios took advantage of the exemption from paying rents for cinema space in shopping malls from March 12 to June 5, 2020 and from November 7, 2020 to February 12, 2021. Having financial liquidity in mind, in 2020 the Management Board of Helios S.A. renegotiated the rents in all shopping malls where the chain cinemas operate, before their opening on 3 July 2020, and implemented new rules concerning the expense approval procedure. These actions helped reduce Helios' cost base in 2020. Due to adverse effects of the pandemics outbreak, the Group reviewed its catering assets and decided to write-off Foodio Concepts Sp. z o.o. assets and well as to sell its shares, while focusing on the development of a more prospective (in Agora's opinion) project in this area under the name Pasibus, which gets good results, despite the pandemics, due to the take-away sale.

In early 2021, Helios cinema network has also started negotiating with shopping malls' owners to adjust rent rates to the cinemas' limited capacity to generate revenues when their operations are being "unfrozen". However, it is difficult to say at this point what will be the outcome of those negotiations or to determine the date and speed of opening the respective cinemas in 2021 when they are conditionally started. As there is no predictability to the Polish government's decisions concerning restrictions on business operations, and there is no new titles available, in particular foreign movies, it is not possible to estimate what the cinema attendance will look like in 2021. If multi-screen cinemas are opened in the first half of 2021, this year's attendance should be slightly higher than in 2020.

Among the Group's segments, it was the Outdoor Advertising that was the most affected by the limitation of advertising expenses by business in reaction to adverse effects of the pandemics. Revenues in this segment shrank by 37.9% as compared to 2019. The main reason why advertisers reduced their expenses on outdoor campaigns consisted in the restrictions related to population mobility, as this limited the contact with the advertisement message, and in suspension of marketing activities by those economy sectors, which were deprived of ability to run their business. Due to the significant decrease in the value of the outdoor market caused by the COVID-19 pandemic, the Management Board decided to write down part of assets of AMS Group in the amount of PLN 7.1 million. The write-down applies to the outdoor media which, due to the predicted medium-term development of the outdoor market, could not be used to the extent enabling the attainment of their previous book value. It needs to be stressed that when business can resume operations, they quickly return to outdoor media, which give them the opportunity to reach mass recipients. However, as the Outdoor Chamber of Commerce states, it may take approximately 3 years to build back the value of outdoor advertising market to 2019 level. AMS puts more emphasis now on the development of the digital part of its business, as this part suffered less in the course of the pandemics. DOOH media, to be offered to a greater extent than before, will appear in those buildings which must remain operational also during the pandemics.

The outbreak of the COVID-19 pandemic has also deepened the negative trends in the press advertising market, forcing some publishers to close their least promising press titles. Agora too decided to stop publishing some periodicals, while focusing on its flagship title - *Gazeta Wyborcza* daily, which is published in soft and hard copy. Due to the pandemic and lower number of published press titles, the press advertising revenues of the Press segment decreased by 30.7% as compared to 2019. In spite of that, thanks to the saving measures and restructuring of the printing activities, carried out in 2019, we managed to improve the operating results of the segment both at EBIT and EBITDA levels. It is also worth noticing that the number of digital subscriptions of *Gazeta Wyborcza* has increased significantly, reaching nearly 260 thousand at the end of December 2020; also revenues from this form of content sale grew and this contributed to a major increase in the share of the daily's digital income in its total revenues up to approx. 36.0%.

Large drops in advertising spending took place in radio stations, it especially concerned smaller market players. For this reason, the value of revenues from radio advertising in the Radio segment of Agora Group decreased by 15.2% yoy. However, thanks to the undertaken savings measures, it was possible to minimize the losses incurred by the segment due to the drop of revenues. It is worth noting that radio very quickly began to rebuild its value at the time of easing of sanitary restrictions, thanks to which radio advertising is one of the most stable segments of the advertising market in terms of its share.

During the pandemic, the medium least affected by its negative effects was the internet. The value of advertising inflows in the Internet segment of the Agora Group increased by 4.9% as compared to the 2019. The higher revenue, combined with saving measures, resulted in an improvement in the operating results of this business. At the same time, Agora's Management Board, having analyzed the financial standing and development prospects in the post-pandemic reality, decided not to continue some of the Group's Internet projects. For this reason, restructuring and sale of the part of enterprise Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.) was performed and employment was restructured and business downsized in GoldenLine. This is to guarantee that the focus is on development of the Group's biggest online assets.

In order to ensure financial liquidity, the Company and its subsidiary Helios S.A. secured additional funding to prevent a future liquidity gap should the pandemic not improve. As at the balance sheet date, Agora S.A. was granted and fully available working capital loan of PLN 100 million to finance operating activities. Whereas Helios S.A. was granted working capital loans in the amount of PLN 108 million, of which PLN 68 million were available as at the balance sheet date (out of which PLN 21.5 million remained unused as at 31 December 2020). The remaining loans in the amount of PLN 40 million were available in early 2021 after the fulfilment of the conditions for launching of the loans specified in the agreements with BNP Paribas and Santander banks.

The loans were launched in early 2021. The Management Board of Agora also decided to recommend to the Supervisory Board and the General Meeting not to pay the dividend for 2020. This decision results from high uncertainty related to the further development of the pandemic situation and its affect on the operations as well as financial results of the Agora and the Group. In May 2020, the Management Board of Agora S.A. informed that due to the outbreak of the COVID-19 pandemic and its long-term consequences for the Polish economy and the Agora Group, it will not be possible to achieve the financial goals set out in the Agora Group Strategy for 2018-2022 by the end of 2022, although the directions of the Group's development set out in the Strategy, were upheld. After the end of the crisis caused by the pandemic and the stabilization of the economic situation, the Management Board of the Company will review the development plans of the Agora Group, its business portfolio and the new market environment, and on this basis will review the directions of further development of the capital group.

Based on the available market data, the Company estimates that the value of the advertising market in Poland in 2021 will increase compared to 2020 by approximately 4.0-7.0% yoy. The company expects that the first quarter of 2021 will bring a further decline in advertising spending compared to the first quarter of 2020, which was still only slightly affected by the negative effects of the outbreak of the pandemic. The process of rebuilding the value of the advertising market should be visible already from the second quarter of 2021. In the Company's opinion, the only market segment in which the value of advertising spending will shrink throughout 2021 will be press in the traditional, paper form. Other segments of the advertising market will begin rebuilding their value.

The Group expects that following the opening of cinemas, the increases in the value of advertising expenditure in the segment of the advertising market may reach approximately 19.0%-22.0%. The pace of growth will be influenced by the date of the resumption of operations by large cinema chains. The increase in spending on outdoor advertising may amount to ca. 5.0% -9.0%. In press the value of advertising spending may decline by approximately 14.0%-17.0%. Advertising expenditure on television may be higher by approximately 5.0%-8.0%, and on radio and internet by 6.0%-9.0%.

At the same time, due to the fact that it is difficult to predict further development of the pandemic situation and its economic effects, the above assumptions may be biased and their accuracy is much lower than in periods of greater predictability. Considering the above, it is also difficult to predict at what rate the advertising market will return to the pre-pandemic value and how its structure will develop. This process may take at least 2-3 years.

Taking into account the pace of recovery of the advertising market value and the uncertainty as to the timing of the return to operations of individual sectors of the economy (in particular cinemas), the Management Board of Agora estimates that in the entire 2021, the Agora Group's revenues may be slightly higher than in 2020. Agora Group undertook also in 2020 significant austerity measures. In 2021, the Agora Group will continue to operate in a tightened cost discipline, especially in those businesses that cannot return to full operating activities. At the same time, Agora's Management Board will have a flexible approach to the investment policy in the areas where results will be rebuilt faster. In 2020, the first quarter was a period of normal operating activities not yet affected by the effects of the pandemic. In 2021, the effects of the pandemic will accompany business activities throughout the year. For this reason, the Management Board of Agora estimates that in 2021 the Agora Group will record an operating loss at the EBIT level. However, it should be lower than that recorded in 2020.

Taking into account the financing available to the Group and the savings measures taken, in the opinion of the Management Board of the Company, it is reasonable to assume that the Company and the Group will continue as a going concern, despite the uncertainty related to the development of the pandemic.

Tests for impairment losses on assets

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 and intangibles with indefinite useful life (magazine titles). In order to determine their recoverable amounts the value in use for the relevant cash generating units was determined on the basis of long-term cash flow projections.

The 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. In 2020 Covid-19 pandemics is an additional factor having impact on economic situation in Poland and in the world. Polish economy is also 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 three key assumptions, which have the most significant impact on the estimated recoverable amount of the assets:

1) the average growth rate of revenue during the period of detailed forecast,
2) the applied real long-term growth rate after the period covered by the forecast in the residual period and,
3) applied pre-tax discount rate.

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

Basic information about the method applied is summarized below:

	Goodwill related to activities in HRLink Sp. z o.o. - Internet	**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 2020	PLN 11,121 thousand	PLN 9,275 thousand	PLN 63,667 thousand	PLN 159,757 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, historical profitability of individual segments, available market data and experience, including also the impact of Covid described widely in note 40.					
Detailed forecast period	5 years	5 years	5 years	5 years	5 years	5 years
Years:	The average growth rate of revenue during forecast for the years					
2021-2025	35%	3%	8%	12%	32%	6%
	Discount rate for the years (pre-tax)					
2021-2025	8.0%	5.9%	5.4%	6.1%	6.7%	7.3%
	The applied real long-term growth rate after the period covered by the forecast					
	0.5%	0.0%	0.5%	0.5%	0.5%	(2.1%)

	The discount and growth rates applied as at the end of previous year					
	Discount rate for the years (pre-tax)					
2020-2024	n/a	5.8%	5.1%	5.6%	6.5%	6.0%
	The applied real long-term growth rate after the period covered by the forecast					
	0.5%	0.0%	0.5%	0.5%	0.5%	(2.1%)*

* *The applied growth rate reflects the decreasing trend in revenue from sale of printed press, in future this rate will improve along with the increase of digital revenue from subscriptions and advertising in the view of the Group*
In 2020 in result of annual tests for impairment losses, that were carried out in respect of goodwill and rights related to activities in particular magazine titles presented in table above, no impairment loss was recognized.

Below the information on impairment loss on non-currents assets (other than goodwill and rights related to activities in particular magazine titles) recognised during 2020 is disclosed:

Due to the negative impact of the Covid-19 pandemic on Domiporta's financial results and the achievable selling price of Domiporta, the Management Board of Agora decided to revaluate assets in Domiporta in the first quarter of 2020. As a result, Agora Group wrote-off the value of fixed assets related to Domiporta's activity in the amount of PLN 12,660 thousand (including the impairment of goodwill in the amount of PLN 2,461 thousand). The recognized write-offs were charged to other operating expenses of the Agora Group in the first quarter of 2020 (additional information on the sale of enterprise of Domiporta are presented in note 33).

Moreover, on 30 April 2020 the Management Board of an indirect subsidiary of Agora S.A. - Foodio Concepts Sp. z o.o. with its registered office in Łódź, which is a part of the Helios group ("Foodio Concepts"), adopted a resolution to file a petition for bankruptcy of Foodio Concepts. The financial situation of the company has deteriorated significantly due to the outbreak of a pandemic, which prevented the company from conducting business activities and taking any corrective actions, therefore, after analyzing the company's economic prospects, the Management Board of Foodio Concepts adopted a resolution on filing for bankruptcy. At the same time the negotiations on disposal of shares in the company started.

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

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

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

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

On June 2, 2020, the Management Board of Agora S.A. announced that it had received information on the conclusion of negotiations and the conclusion by the subsidiary Helios S.A. sale agreement for all shares in Foodio Concepts Sp. z o.o. for the benefit of 5m Square Sp. z o.o. with its seat in Warsaw (settlement of disposal is presented in note 33).

In addition, in the second quarter of 2020, due to significant declines in the value of outdoor advertising expenses caused by the COVID-19 pandemic, the Management Board decided to review the whole portfolio of panels in the outdoor segment and write off the value of some of them (mainly the dismantled panels), which due to the expected growth in the medium term outdoor advertising market, they cannot be used to the extent that it would allow them to recover their book value. The final value of this impairment loss net on fixed assets in the outdoor segment as at the end of 2020 amounted to PLN 7,134 thousand.

The Group also wrote off a part of the value of the property connected with downsized printing activity in Pila and Tychy in the total amount of PLN 4,909 thousand. In case of the property in Pila, as at 31 December 2020 Group took active steps to sell the above assets. The Company's Management Board expected to complete the sale in less than 12 months from the balance sheet date. As a result the Group recognised impairment loss on the above assets in the amount of PLN 4,373 thousand in order to adjust their value to expected sale price. The remaining part of the impairment loss in the amount of PLN 536 thousand was related to property in Tychy and was based on valuation conducted by independent real estate expert.

In the fourth quarter Helios S.A., as a result of profitability analysis of particular cinemas, recognised impairment loss on property, plant and equipment and right-of-use assets in two cinemas in the total amount of PLN 4.2 million.

The total value of impairment losses on non-financial non-current assets in Group recognised during financial year amounted to PLN 37,954 thousand (including creation of PLN 38,305 thousand and reversal of PLN 351 thousand). Additional information on impairment losses divided into category of assets is disclosed in note 3, 4, 5, and divided into operating segments in note 22.

In 2019, impairment losses were recognised 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 recognise impairment loss on the value of the user database recognized in the balance sheet, as the estimated recoverable amount exceeded its carrying amount.

In 2019, the Group also recognised 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.

- **Other**

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(f).

41. SELECTED CONSOLIDATED FINANCIAL DATA TOGETHER WITH TRANSLATION INTO EURO

	PLN thousand		EURO thousand	
	2020	2019	2020	2019
Revenue	836,459	1,249,663	186,952	290,498
Operating profit/(loss)	(111,708)	24,678	(24,967)	5,737
Profit/(loss) before income taxes	(152,700)	14,074	(34,129)	3,272
Net profit/(loss) for the period attributable to equity holders of the parent	(117,193)	3,538	(26,193)	822
Net cash from operating activities	131,874	205,483	29,474	47,767
Net cash used in investing activities	(24,447)	(100,501)	(5,464)	(23,363)
Net cash used in financing activities	(30,137)	(76,920)	(6,736)	(17,881)
Net increase in cash and cash equivalents	77,290	28,062	17,275	6,523
Total assets	2,018,298	1,992,445	437,353	467,875
Non-current liabilities	739,784	628,277	160,307	147,535
Current liabilities	446,191	411,993	96,687	96,746
Equity attributable to equity holders of the parent	820,942	931,243	177,893	218,679
Share capital	46,581	46,581	10,094	10,938
Weighted average number of shares	46,580,831	46,580,831	46,580,831	46,580,831
Earnings per share (in PLN / in EURO)	(2.52)	0.08	(0.56)	0.02
Book value per share (in PLN / in EURO)	17.62	19.99	3.82	4.69

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 2020 (for 2019) using the arithmetic average of exchange rates published by NBP and ruling on the last day of each month for four quarters. For the 2020 EURO 1 = PLN 4.4742 (EURO 1 = 4.3018 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 2020 – EURO 1 = 4.6148 PLN; as at 31 December 2019 – EURO 1 = 4.2585 PLN.

42. EVENTS AFTER THE BALANCE SHEET DATE

- **Proceedings of UOKiK regarding Eurozet Sp. z o.o.**

On January 7, 2021, Agora S.A. learned from the official website uokik.gov.pl about issuing a decision of the President of the Office of Competition and Consumer Protection ("President of UOKiK") to prohibit the concentration consisting of taking control by the Company over Eurozet Sp. z o.o.

The company disagrees with the merits of the decision of the President of UOKiK. In the opinion of the Company, the decision was issued in breach of anti-monopoly regulations and administrative proceedings. Additionally, the decision does not take into account the evidence, in particular the economic analyses presented by the Company.

Therefore, Agora will take all actions provided for by law in this matter. The decision of the President of UOKiK is not yet final and the Company will appeal against the decision to the Court of Competition and Consumer Protection within one month from the date of its delivery.

On February 8,2021, Agora S.A. filed to the District Court in Warsaw – the Competition and Consumers Protection Court - an appeal against the decision of the President of the Office of Competition and Consumer Protection ("President of UOKiK"), issued on 7 January 2021, prohibiting Agora taking control over Eurozet Sp. z o.o.

In the opinion of the Company, supported by the opinions of experts in the field of economy, competition law and the radio market attached to the appeal, the decision issued by the President of the Office of Competition and Consumer Protection raises serious concerns as to its factual correctness, therefore the Company requests its amendment by issuing a decision consenting to the concentration of Agora and Eurozet.

First of all, the President of the Office of Competition and Consumer Protection violated substantive law by issuing a decision without proving that the concentration will significantly restrict competition, which is a prerequisite for blocking the transaction. Instead, for the purpose of the decision prohibiting the concentration, a theory of harm was created based on the theory of the 'quasi-duopoly' unknown in the law of competition and economics, suggesting the tacit coordination of the merged entity (Agora and Eurozet) with the market leader, RMF FM group. In the opinion of the Company, the decision was based on assumptions and hypotheses regarding what may happen on the market after the concentration, while according to the law, in order to prohibit the concentration the antitrust authority must prove, on the basis of the conducted economic analysis that, in certain market circumstances, the concentration will significantly restrict competition. Series of detailed economic analyses prepared by renowned specialists and presented to the President of UOKiK have shown that the concentration will not lead to a significant infringement of competition, therefore, in the opinion of the Company, the President of UOKiK should, in accordance with the law, authorize it.

In connection with the above circumstances, the Company appealed to the District Court in Warsaw, requesting the court to issue a reformative ruling which will allow the concentration to be carried out without any further conditions. In the opinion of the Management Board the evidence gathered in the case clearly indicates that all the conditions for issuing such a decision are met.

- **Sale of shares in the company Goldenline Sp. z o.o.**

On January 28, 2021, Agora S.A. ('the Seller') concluded a sales agreement of shares with HRlink Sp. z o.o ('the Buyer') concerning the sale of all the shares in the company Goldenline sp. z o.o.. Agora S.A. has transferred to the Buyer 3,321 shares of nominal value PLN 1 thousand each and total nominal value of PLN 3,221 thousand constituting a total of 100% of Goldenline Sp. z o.o. share capital. Currently Agora S.A. does not have any share in Goldenline Sp. z o.o.

- **Sale of property in Pila**

On January 29, 2021 the Management Board of Agora S.A. informed that on January, 29 2021 the Company concluded a preliminary agreement for the sale of the perpetual usufruct right to a developed real estate with a total area of 7.46 ha, including the ownership title to buildings constituting an object of ownership separate from the land, located in Pila at ul. Krzywa 35, for which the District Court in Pila, VI Division of Land Registry, keeps a land and mortgage register with the number PO1I/00009141/0 ("Property").
The decision to sell the Property results from the fact that after the restructuring of the printing activity and the phasing out of printing plant in Pila in the second half of 2019 (about which Agora informed in regulatory filings No. 5/2019 of 5

March 2019 and No. 7/2019 of 25 March 2019) The Company does not effectively use the area of the Property for operating activities.

The estimated total value of the Property amounts to PLN 14.5 million net and its sale will not affect the operating result of the Agora Group in 2021, as the selling price of the Property is, as a general rule, in line with its book value. The transaction will be visible in the Group's cash flows and will result in a decrease in the value of the Group's fixed assets in the future.

On March 4, 2021 Agora S.A. concluded a promised agreement on sale of the property described above.

- **Recommendation of the Management Board of Agora S.A. to withhold the payment of dividend for 2020**

On March 17, 2021 the Management Board of Agora S.A. adopted a resolution on the submission of a motion to the Annual General Meeting of Shareholders to withhold the payment of dividend for 2020.

The above departure from the dividend policy announced on 14 February 2005, is related to the economic uncertainty and the further impact of the COVID-19 pandemic and its effects on the operating activities and financial results of both Agora and the Agora Group, which is difficult to estimate.

In the circumstances of such high uncertainty, the Management Board of Agora considered it justified to keep the financial resources in the Company and recommend not to pay dividends for 2020 in order to strengthen the financial position of the Group.

The above decision received a positive opinion from the members of the Supervisory Board.

Warsaw, March 18, 2021

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 ……………………………………………..

Signature of the person responsible for keeping the accounting records

Ewa Kuzio – Chief Accountant ………………………………………………..

Signatures submitted electronically.