AGORA GROUP

Report for

3q 2019

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AGORA GROUP

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) OF THE GROUP'S RESULTS FOR THE THIRD QUARTER OF 2019

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Unless indicated otherwise, all data presented herein represent the period of January – September 2019, while comparisons refer to the same period of 2018. All data sources are presented in part IV of this MD&A. A new IFRS 16 standard has been in force since 2019, which influenced the presentation of selected categories of the income statement and balance sheet. In this document the data were presented both with the impact of IFRS 16 on the Group's results and without it.

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

- Starting from the third quarter of 2019, the Company has ceased to present printing activity as a separate operating segment due to reorganization in the second quarter of 2019 and considerable downsizing of this business line after discontinuing the operation of two out of three printing plants. Considering the current scale of orders for printing in coldset technology in Poland, the Agora Group's printing activities could not function as a separate operating segment from *Gazeta Wyborcza*, for which it mainly provides printing services. Revenue from printing activity is presented under the Press segment, which is the main recipient of printing services in the Group, and the comparable data has been converted appropriately.
- In the third quarter of 2019, the Agora Group (the "Group", "Agora") generated PLN 293.3 million in revenue. It presented an increase by 13.3% in relation to the same period in 2018, mainly driven by an increase in revenue in the Movies and Books segment, Internet, Outdoor and Radio segments. The revenues from the first segment increased by as much as 28.6% yoy, to PLN 122.6 million. This increase was mainly due to higher revenue from ticket sales, which rose by 14.2% yoy to PLN 62.9 million as well as higher revenue from concession sales, which improved by 35.1% yoy to PLN 28.5 million. An improvement was also observed in other revenue lines in this segment: the film business, Agora's Publishing House and advertising sales in cinemas. Revenue dynamics were also positively affected by the sales from the food business. The increase in revenue in the Internet segment, by 21.1% yoy to PLN 48.2 million, is primarily attributable to higher sales generated by Yieldbird. An increase in the sales of the Outdoor segment by 12.9% yoy to PLN 42.1 million was driven by higher advertising revenues and acquisition of Piano Group Sp. z o.o. The sales of the Radio segment were also higher by 12.8% yoy, amounting to PLN 25.6 million, due to higher revenues from sales of air time in own stations and sales of brokerage services for Helios cinema network compared to the third quarter of 2018. In the third quarter of 2019, only the Press segment recorded a decrease in revenue – by 9.6% yoy. This decline resulted primarily from lower revenues from printing activity for external customers and lower advertising sales.

- In the first three quarters of 2019, the Group generated PLN 871.5 million in revenue. It presented an increase by 9.6% in relation to the same period of 2018, mainly driven by an increase in the revenues in the Movies and Books, Outdoor as well as Internet segments. The revenue of the Movies and Books segment increased by 31.1% yoy and amounted to PLN 364.6 million. It was primarily driven by higher inflows from the film activity of NEXT FILM, which amounted to PLN 37.1 million. Another major factor driving the increase in revenue in this segment was higher revenue from ticket sales, which rose by 14.5% yoy to PLN 179.0 million. Concession sales improved significantly by 31.2% yoy to PLN 77.3 million as well, due to better cinema attendance among other factors. An improvement was also observed in other revenue lines in this segment: the proceeds of Agora's Publishing House and advertising sales in cinemas. The segment's revenue dynamics were also positively affected by sales of the food business. An increase in the revenues from the Outdoor segment by 6.8% yoy to PLN 128.7 million was driven by a higher-than-market growth rate of advertising proceeds of the company and acquisition of Piano Group Sp. z o.o. The increase in revenue in the Internet segment, by 6.2% yoy to PLN 134.3 million, is primarily attributable to higher proceeds of Yieldbird. Lower proceeds were recorded in the Press and the Radio segments. In the first three quarters of 2019, the revenues of the Press segment decreased by 9.4% yoy to PLN 190.6 million. The main reasons for these decreases included a drop in proceeds from sales of printing services to external customers by 24.3% yoy and a drop in proceeds from sales of advertising in the segment by 15.5% yoy. It should be noted that in the discussed period, the copy sales of *Gazeta Wyborcza* increased by 8.4% yoy to PLN 72.0 million — both from the paper edition of the newspaper and subscriptions to Wyborcza.pl. The inflows of the Radio segment were lower, by 3.0% yoy amounting to PLN 75.6 million, mainly due to lower yoy sales of air time in own radio stations as well as in the third party radio stations.

- In the third quarter of 2019, the Group's operating expenses excluding IFRS 16 increased by 9.2% yoy and amounted to PLN 287.1 million. The operating cost increased the most in the Movies and Books segment – by 27.1% yoy to PLN 112.0 million. This growth was mainly attributable to higher costs of external services, staff costs as well as the cost of materials, energy and value of goods and materials sold. These line items increased mainly due to development activities — increased cinema attendance, number of cinemas and growing scale of the food business. Another segment in which operating expenses excluding IFRS 16 increased yoy was Internet. In the third quarter of 2019, the operating expenses of the Internet segment increased by 25.3% yoy to PLN 44.6 million. This increase was driven by higher costs of external services related to fees for advertising space in third party websites, mostly in Yieldbird, which were related to higher advertising revenues, and higher depreciation costs. In the third quarter of 2019, the operating cost of the Radio segment excluding IFRS 16 increased by 10.5% yoy to PLN 23.1 million. This increase was mainly attributable to higher yoy promotion and marketing costs related to the promotion of brands of the Radio TOK FM and Radio Pogoda, as well as higher staff costs. In the third quarter of 2019, the operating expenses of the Outdoor segment excluding IFRS 16 increased by 5.4% yoy to PLN 37.1 million. The costs that had decisive impact on the increase of these expenses were, among others, the costs of Piano Group Sp. z o.o., the owner of the MoveTV platform, and costs of implementing the results of the Outdoor Track study. Expenditure related to development of outdoor business was also higher, which had an influence, among others, on increased costs of system maintenance cost, campaign execution costs and staff costs. Promotion and marketing costs were also higher yoy. In the third quarter of 2019, the Press segment reduced the operating expenses by 12.2% yoy to PLN 63.9 million. The decrease was mainly due to the lower costs of materials, energy, goods and printing services in connection with lower volume of orders from external clients, lower printing volume of the published titles, as well as lower staff costs related to reduced full-time employment.

- In the first three quarters of 2019, the Group's operating expenses excluding IFRS 16 increased by 8.4% yoy and amounted to PLN 877.2 million. This growth was driven, among others, by a PLN 5.6 million restructuring provision created in the first quarter of 2019 related mainly to the downsizing of the printing business. In the corresponding period of 2018, the restructuring provision charged to the Group's results amounted to PLN 3.6 million. In this period, the Group also recorded profit from sales of real estates in the amount of PLN 13.9 million. Between January and September 2019, the segment in which the operating expenses went up the most was the Movies and Books, with an increase of 29.5% yoy to PLN 342.1 million, primarily due to higher costs of external services, staff costs, as well as costs of materials, energy and the value of goods and materials sold. These cost categories increased mainly due to development activities — increased number of tickets sold, increased number of cinemas and growing scale of the food and film business. Operating expenses excluding IFRS 16 increased also in the Internet segment. In the first three quarters of 2019, the operating expenses of the Internet segment increased by 9.3% yoy to PLN 124.4 million. This increase was driven by higher costs of external services related to fees for advertising space in third party websites, mostly in Yieldbird, which were related to higher advertising revenues, and higher depreciation costs. The operating costs of the Outdoor segment excluding IFRS 16 increased by 6.1% yoy to PLN 110.7 million. One of the factors driving the increase in this amount was consolidation of the costs of the MoveTV platform. Additionally, the development of business in this segment had an influence on the increased level of expenses, translating into higher costs of system maintenance, higher staff costs and costs of campaign execution. Promotion and marketing costs were also higher yoy. In the Radio segment, the operating expenses excluding IFRS 16 in the first three quarters of 2019 increased by 0.7% yoy and amounted to PLN 68.5 million, mainly due to higher promotion and marketing costs and staff costs. In turn, costs of external services in this segment decreased significantly yoy. A sharp decline in operating expenses in the discussed period of 2019 — by 14.4% yoy, to PLN 202.6 million — was recorded in the Press segment. It should be noted that in the corresponding period of 2018, the operating expenses of the segment were burdened with a write-down of receivables from RUCH S.A. and restructuring costs in the total amount of PLN 19.9 million, which impacts the comparability of data. Additionally, the costs of materials, energy, goods and printing services were reduced in the segment in connection with lower printing volume of own titles, as well as those of external customers, and lower staff costs related to reduced full-time employment.

- In the third quarter of 2019, excluding IFRS 16, the Group generated profit at the EBITDA level in the amount of PLN 27.8 million, while in the first three quarters of 2019, the Group's EBITDA excluding IFRS 16 amounted to PLN 60.3 million. In the first three quarters of 2019, the Group recorded loss at the EBIT level excluding IFRS 16 in the amount of PLN 5.7 million in spite of profit at EBIT level excluding IFRS 16 in the amount of PLN 6.2 million in the third quarter of 2019 alone. In the third quarter of 2019, the Group's net profit excluding IFRS 16 stood at PLN 7.5 million. In the first three quarters of 2019, the Group's net loss excluding IFRS 16 was PLN 2.6 million.
- The Group's operating expenses presented according to IFRS 16 stood at PLN 285.0 million in the third quarter of 2019 and PLN 871.9 million in the first three quarters of 2019. The Group's EBITDA presented according to IFRS 16 was PLN 47.4 million in the period from July to September 2019 and PLN 115.4 million in the period from January to September 2019. The Group recorded profit at the EBIT level in the third quarter of 2019 in the amount of PLN 8.3 million and loss at the EBIT level in the amount of PLN 0.4 million in the first three quarters of 2019. The net loss amounted to PLN 3.1 million in the third quarter of 2019 and PLN 13.1 million in the first three quarters of 2019. Exchange differences resulting from application of IFRS 16 had a negative effect on the Group's net result presented according to IFRS 16.
- It is also noteworthy that the profit from the sale of shares in Stopklatka S.A., in the amount of PLN 26.7 million, had a significant impact on the Group's net result for the first three quarters of 2018. On the other hand, in 2019, Agora started to consolidate the share in profit of Eurozet. In the third quarter of 2019, it was PLN 0.5 million, and in the period from February to September 2019 — PLN 4.6 million. The Company acquired a 40% stake in Eurozet on 20 February 2019 for PLN 137.2 million. Additionally, in connection with purchase of the majority share in Online Technologies HR Sp. z o.o., Agora revalued the shares previously held in the acquired company in the amount of PLN 7.0 million, which had positive impact on its net result.
- As a result of IFRS 16 coming into force, the Group changed the method of recognizing operating leases in the income statement and the balance sheet. This resulted in recognizing a new asset on the balance sheet– the right-of-use the underlying leased asset, as well as a corresponding new balance sheet liability representing the obligation to make lease payments. Right-of-use assets under long term leases are subject to depreciation, while interest is calculated on liabilities. Based on analysis carried out, the Group classified a significant portion of long-term operating leases, in particular those involving perpetual usufruct of land, locations of outdoor advertising media in the Outdoor segment, locations of radio transmitters in the Radio segment, locations of Helios network cinemas, as well as locations of restaurants in the Movies and Books segment as leases within the meaning of IFRS 16. As a result, the value of assets and liabilities in the balance sheet increased, and so did the depreciation costs and interest costs in the income statement, while rental costs decreased. In consequence, the Group recorded an increase in depreciation and interest costs and a parallel decline in the cost of external services, which rental fees had been recognised before. These changes had a positive effect on the Group's operating result. Relevant details along with a quantified effect on individual line items of the income statement and balance sheet are presented in Note 2 to the condensed consolidated interim financial statements for the first three quarters of 2019.

- As at 30 September of 2019, the Group's cash and short-term financial assets amounted to PLN 64.1 million, which comprised PLN 36.4 million in cash and cash equivalents (cash in hand and at bank and bank deposits) and PLN 27.7 million invested in short-term securities.
- As at the end of September 2019, the Group's loans and leases amounted to PLN 699.8 million (including lease liabilities under IFRS 16 of PLN 508.2 million).

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

1. EXTERNAL FACTORS

1.1. Advertising market [3]

According to the Agora S.A. estimates ("Company", "Agora"), based on public data sources, in the third quarter of 2019, total advertising spending in Poland amounted to over PLN 2.1 billion and increased by over 6.0% yoy.

Tab. 1

	3Q 2017	4Q 2017	1Q 2018	2Q 2018	3Q 2018	4Q 2018	1Q 2019	2Q 2019	3Q 2019
% change yoy in ad market value	1.5%	5.5%	8.5%	9.0%	7.0%	4.5%	(0.5%)	2.0%	6.0%

In the third quarter of 2019 advertisers increased advertising expenditure in all advertising segments despite press. The advertising expenses grew fastest in outdoor, radio and Internet. The data relating to the changes in the value of advertising expenditure in particular media segments are presented in the table below:

Tab. 2

Total advertising expenditure	Television	Internet	Radio	Outdoor	Magazines	Dailies	Cinema
6.0%	2.0%	12.0%	11.5%	12.5%	(6.5%)	(9.0%)	9.0%

The share of particular media segment in total advertising expenditure, in the third quarter of 2019, is presented in the table below:

Tab. 3

Advertising spendings, in total	Television	Internet	Radio	Outdoor	Magazines	Dailies	Cinema
100.0%	41.5%	37.5%	7.0%	6.5%	4.0%	2.0%	1.5%

In the first three quarters of 2019, total advertising spending in Poland amounted to ca PLN 6.9 billion and increased by over 2.5% yoy. At that time, advertisers limited their expenditure in press, radio and TV. The growth of advertising expenditure was visible in Internet, cinema and outdoor. The data relating to the changes in the value of advertising expenditure in particular media segments are presented in the table below:

Tab. 4

Total advertising expenditure	Television	Internet	Radio	Outdoor	Magazines	Dailies	Cinema
2.5%	(0.5%)	9.0%	(0.5%)	3.5%	(7.5%)	(10.5%)	7.5%

The share of particular media segment in total advertising expenditure, in the first three quarters of 2019, is presented in the table below:

Tab. 5

Advertising spendings, in total	Television	Internet	Radio	Outdoor	Magazines	Dailies	Cinema
100.0%	44.5%	36.0%	6.5%	6.0%	4.0%	1.5%	1.5%

1.2. Copy sales of dailies [4]

In the third quarter of 2019, the total paid circulation of dailies decreased by 9.5% yoy and in the first three quarters of 2019 by 10.5% yoy. In both periods under discussion the largest decrease was observed in regional dailies.

1.3. Cinema admissions [10]

In the third quarter of 2019, the number of tickets sold in Polish cinemas increased by 4.5% yoy and amounted to over 14.6 million.

In the first three quarters of 2019, the number of tickets sold in Polish cinemas increased by 5.6% yoy to 43.1 million.

In both periods discussed, the dynamics of the increase in the number of tickets sold in Helios cinemas was significantly higher than that on the market and - in terms consistent with the methodology of data presentation by Boxoffice.pl - amounted to 12.6% in the third quarter of 2019 and 15.8% in the period of January - September 2019.

2. INTERNAL FACTORS

2.1. Revenue

Tab. 6

in million PLN	**3Q 2019**	**% share**	**3Q 2018**	**% share**	***% change yoy***
Total sales (1)	**293.3**	***100.0%***	**258.8**	***100.0%***	***13.3%***
Advertising revenue	134.1	*45.7%*	122.3	*47.3%*	*9.6%*
Ticket sales	63.0	*21.5%*	55.0	*21.3%*	*14.5%*
Copy sales	31.4	*10.7%*	29.4	*11.4%*	*6.8%*
Concession sales in cinemas	28.5	*9.7%*	21.1	*8.2%*	*35.1%*
Printing services	11.2	*3.8%*	16.4	*6.3%*	*(31.7%)*
Revenues from film activities	4.4	*1.5%*	1.7	*0.6%*	*158.8%*
Other	20.7	*7.1%*	12.9	*4.9%*	*60.5%*

in million PLN	**1-3Q 2019**	**% share**	**1-3Q 2018**	**% share**	***% change yoy***
Total sales (1)	**871.5**	***100.0%***	**795.1**	***100.0%***	***9.6%***
Advertising revenue	391.8	*45.0%*	389.3	*49.0%*	*0.6%*
Ticket sales	179.0	*20.5%*	156.2	*19.6%*	*14.6%*
Copy sales	101.3	*11.6%*	94.9	*11.9%*	*6.7%*
Concession sales in cinemas	77.3	*8.9%*	58.9	*7.4%*	*31.2%*
Printing services	36.7	*4.2%*	48.5	*6.1%*	*(24.3%)*
Revenues from film activities	35.1	*4.0%*	8.0	*1.0%*	*338.8%*
Other	50.3	*5.8%*	39.3	*5.0%*	*28.0%*

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

In the third quarter of 2019, **the Group's total revenue** amounted to PLN 293.3 million and increased by 13.3% yoy.

In the second quarter of 2019, Agora Group's **advertising revenue** increased by 9.6% yoy and amounted to PLN 134.1 million. It increased in most of the Group's operating segments. Its strongest growth — by 24.0% yoy to PLN 42.9 million — was recorded in the Internet segment, mostly owing to the significantly higher revenue of Yieldbird company. Dynamic increase of advertising revenues — by 12.5% yoy to PLN 41.5 million — was also reported in the Outdoor segment, mainly due to revenue from advertising campaigns executed on Premium Citylight and Digital panels, as well as consolidation of revenue from the MoveTV platform. Radio segment's advertising revenues were higher by 11.6% yoy and amounted to PLN 21.2 million. It was mainly due to higher revenue from sales of air time in own radio stations and sales of advertising brokerage services for Helios cinemas. The Movies and Books segment also saw a growth in advertising revenue by 17.9% yoy to PLN 9.2 million. The only segment in which advertising revenue was lower than in the third quarter of 2018 was Press, where it declined by 14.3% yoy to PLN 20.4 million. The dynamics of revenues from the sale of advertising services in this area were affected not only by market trends, but also by the decision to discontinue some press titles. In early 2018, the Company sold its publishing rights to

Swiat Motocykli to a company founded by a member of the editorial team, and in the following months decided to discontinue the publication of *Cztery Katy*, *Ladny Dom*, *Dziecko* and *Niezbednik ogrodnika* magazines.

In the third quarter of 2019, **revenues from tickets sold in the Helios cinema chain** increased by 14.5% yoy to PLN 63.0 million. In the period under review, more than 3.4 million tickets were purchased in Helios cinemas, i.e. 20.5% more than in the third quarter of 2018. According to Boxoffice.pl data, in the third quarter of 2019, the overall number of cinema tickets sold in Polish cinemas amounted to over 14.6 million and increased by 4.5% *[10]*. However, according to the methodology for presenting data by Boxoffice.pl, the number of tickets sold in the Helios cinema network in the period from July to September 2019 increased by 12.6% yoy *[10]*.

In period from July to September 2019, **the copy sales revenue** amounted to PLN 31.4 million and increased by 6.8% yoy. The main increase was mostly driven by higher sales revenues of Agora's Publishing House and improved sales of *Gazeta Wyborcza* — both digital subscription to Wyborcza.pl and the paper edition of the daily.

Revenue from the sales of printing services of the Agora Group amounted to PLN 11.2 million in the third quarter of 2019 and decreased by 31.7% yoy. It resulted mainly from the restructuring of Agora Group printing business which resulted in closing two out of three Group's printing plants and lower volume of orders, in particular in coldset technology.

Cinema concession sales increased by 35.1% yoy to PLN 28.5 million. It was mainly due to higher yoy cinema attendance in the third quarter of 2019 and higher average prices for products at bars.

Film activity generated revenues of PLN 4.4 million, which presented a considerable increase compared to the corresponding period of 2018. That was due to, among other factors, more new titles distributed in cinemas. In the third quarter of 2019, NEXT FILM released two Polish productions — a crime comedy *Na bank sie uda* and a historical drama *Pilsudski*.

The revenue from other sales amounted to PLN 20.7 million and increased by 60.5% compared to the third quarter of 2018. The increase in this value was mainly driven by revenues from the Group's food business.

In the first three quarters of 2019, **the Group's total revenue** amounted to PLN 871.5 million, growing by 9.6% yoy.

In the first three quarters of 2019, **the advertising revenue** of the Agora Group amounted to PLN 391.8 million and increased by 0.6% compared to the analogous period of 2018. A fall in this category of proceeds was recorded in the Press and the Radio segments. The drop by 15.5% yoy in advertising revenue in the Press segment to PLN 62.2 million resulted from the condition of the press advertising market and the discontinuation of selected press titles. The advertising revenue of the Radio segment decreased by 6.5% yoy to PLN 61.6 million, among others due to the situation in the radio advertising market. The highest increase in advertising revenue, on the other hand, by 8.2% yoy to PLN 119.2 million, was recorded in the Internet segment. Advertising revenue in the Outdoor segment increased by 6.4% yoy to PLN 126.9 million, while in the Movies and Books segment — they went up by 13.6% yoy to PLN 22.5 million in connection with higher cinema attendance.

In the first three quarters of 2019, **revenues from tickets sold in the Helios cinema network** increased by 14.6% yoy to PLN 179.0 million. In the period under review, nearly 9.7 million tickets were purchased in Helios cinemas, i.e. 18.5% more than in the analogous period of 2018. During this time, the number of tickets sold to cinemas in Poland amounted to more than 43.1 million and increased by 5.6% yoy *[10]*. According to the methodology for presenting data by Boxoffice.pl, the number of tickets sold in the Helios cinema network increased by 15.8% yoy during this time *[10]*.

In the first three quarters of 2019, **the copy sales revenues** amounted to PLN 101.3 million and increased by 6.7% yoy. The factors behind this included: improved revenue from sales of the publications of Agora's Publishing House, Wyborcza.pl subscriptions and the *Gazeta Wyborcza* paper edition despite a continuing downward trend in copy sales of printed press, as well as discontinuation of some press titles.

Cinema concession sales increased by 31.2% yoy to PLN 77.3 million, mostly owing to higher cinema attendance and higher average product prices at bars.

In the first three quarters of 2019, **revenue from the sales of printing services** in the Group amounted to PLN 36.7 million (down by 24.3% yoy). This was mainly due to a lower volume of orders, especially in the coldset technology, and the gradual downsizing of the Group's printing business. At the end of June 2019, two out of three printing houses of the Agora Group ceased to operate and revenue from printing activity is presented under the Press segment.

In the period from January to September 2019, the Group generated record-breaking **revenues from the movie business** of PLN 35.1 million. In the first quarter of 2019, NEXT FILM — a Helios group company — released 3 movie productions. These included *MiszMasz czyli Kogel Mogel 3* and *Cale szczescie*. One of the most popular movies was also *Underdog*. NEXT FILM was the movie's co-producer and distributor. In the second quarter of 2019, *Slodki koniec dnia*, distributed by NEXT FILM, had its silver screen debut. In the third quarter of 2019, thanks to the company, a crime comedy *Na bank sie uda* and a historical drama *Pilsudski* were released in cinemas.

The revenue from other sales amounted to PLN 50.3 million and increased by 28.0% yoy. It was mainly due to revenues from the Group's food business.

2.2. Operating cost

Tab. 7

in million PLN	**3Q 2019**	**% share**	**3Q 2018**	**% share**	***% change yoy***
Operating cost net, including:	**(285.0)**	***100.0%***	**(262.9)**	***100.0%***	***8.4%***
Operating cost net excl. IFRS 16 (1), including:	*(287.1)*	*100.0%*	*(262.9)*	*100.0%*	*9.2%*
External services	(105.3)	*36.9%*	(102.4)	*39.0%*	*2.8%*
External services excl. IFRS 16 (1)	*(124.6)*	*43.4%*	*(102.4)*	*39.0%*	*21.7%*
Staff cost	(78.8)	*27.6%*	(76.8)	*29.2%*	*2.6%*
Raw materials, energy and consumables	(35.1)	*12.3%*	(37.8)	*14.4%*	*(7.1%)*
D&A	(39.1)	*13.7%*	(21.1)	*8.0%*	*85.3%*
D&A excl. IFRS 16 (1)	*(21.6)*	*7.5%*	*(21.1)*	*8.0%*	*2.4%*
Promotion and marketing	(19.1)	*6.7%*	(15.2)	*5.8%*	*25.7%*

in million PLN	**1-3Q 2019**	**% share**	**1-3Q 2018**	**% share**	**% change yoy**
Operating cost net, including:	**(871.9)**	**100.0%**	**(808.9)**	**100.0%**	**7.8%**
Operating cost net excl. IFRS 16 (1), including:	*(877.2)*	*100%*	*(808.9)*	*100.0%*	*8.4%*
External services	(311.1)	35.7%	(311.4)	38.5%	(0.1%)
External services excl. IFRS 16 (1)	*(365.4)*	*41.7%*	*(311.4)*	*38.5%*	*17.3%*
Staff cost	(247.2)	28.4%	(241.4)	29.8%	2.4%
Raw materials, energy and consumables	(113.5)	13.0%	(110.8)	13.7%	2.4%
D&A	(115.8)	13.3%	(64.9)	8.0%	78.4%
D&A excl. IFRS 16 (1)	*(66.0)*	*7.5%*	*(64.9)*	*8.0%*	*1.7%*
Promotion and marketing	(49.8)	5.7%	(44.3)	5.5%	12.4%
Cost of restructuring (2)	(5.6)	0.6%	(3.6)	0.4%	55.6%

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

(2) cost of restructuring (including group lay-offs) in Print segment and Agora's support divisions in the first quarter of 2019; in 2018 includes costs related to group lay-offs executed in Print segment in the first quarter of 2018 and costs of restructuring in Magazines division in the second quarter of 2018;

In the third quarter of 2019, the **net operating expenses** of the Agora Group excluding IFRS 16 increased by 9.2% to PLN 287.1 million. They increased in the Movies and Books, Internet, Radio and Outdoor segments. On the other hand, operating expenses were lower in the Press segment, which also included the restructured printing activity of the Agora Group starting from the third quarter of 2019.

The largest cost item was **costs of external services excluding IFRS 16**, which increased by 21.7% yoy to PLN 124.6 million. This cost item increased considerably in the Movies and Books segment due to higher rental costs of cinemas, fees for film copies and costs involved in the food and movie business. The Internet segment recorded a considerable increase in the costs of external services, by 52.0% to PLN 26.3 million, resulting from higher expenditure for lease of advertising space, mainly by Yieldbird. Costs of external services were also higher in the Outdoor and Radio segments.

Staff costs stood at PLN 78.8 million and increased by 2.6% yoy. The sharpest increase was recorded in the Movies and Books segment, in connection with development of the Helios cinema network and food business, while a decline was seen in the remaining operating segments of the Agora Group, primarily in connection with lower headcount yoy.

The Group's headcount at the end of September 2019 amounted to 2,514 full time employees and decreased by 229 FTEs compared to the end of September 2018. This reduction resulted mainly from a lower headcount in the restructured printing business and press business, as well as in the Internet segment and supporting divisions. Meanwhile, staffing increased in the Movies and Books segment. The Group offers various incentive plans for its employees (for example: cash motivation plans, incentive plans in sales departments, incentive schemes for Board Members and key managers, etc.), the cost of which is charged to the Group's staff costs item.

The yoy decrease in the **cost of materials and energy consumed and the value of goods and materials sold** was mainly related to downsizing of the Group's printing business following closing of two out of three printing houses. This cost category, however, increased in the Movies and Books segment in connection with higher revenues from concession sales, development of the food business and reprints of popular books.

Costs of depreciation and amortisation excluding IFRS 16 increased by 2.4% yoy to PLN 21.6 million. The sharpest increase was recorded in the Internet and the Movies and Books segments. The increase in the former was driven mainly by investments in IT infrastructure upgrades, allowing for development of advertising products and improvement of Gazeta.pl website visibility in search results of the most popular search engines in the Internet segment, and in the latter — by increase in the number of Helios cinemas and development of the food business.

The Group's **promotion and marketing costs excluding IFRS 16** amounted to PLN 19.1 million and were 25.7% higher than in the third quarter of 2018. They increased in the Movies and Books segment, Radio, Press, and Outdoor segments, but declined in the Internet segment.

The net operating expenses of the Group in the third quarter of 2019 reported according to IFRS 16 amounted to PLN 285.0 million.

In the first three quarters of 2019, the Group's **net operating expenses excluding IFRS 16** increased by 8.4% yoy to PLN 877.2 million.

It is worthy of note that their yoy comparability was affected by a number of events. In the first half of 2018, a write off of receivables with the risk of uncollectibility in the amount of PLN 16.3 million was recognised and a restructuring provision of PLN 3.6 million was established. On the other hand, the Group's operating expenses in the first half of 2018 were pressed down by PLN 13.9 million in proceeds from the disposal of the Company's real property in Gdansk and in Warsaw recorded in the first quarter of 2018. Total negative impact of those events on the Group's operating results was PLN 6.0 million.

The increase in the Group's operating expenses between January and September 2019 was driven by higher operating expenses in the Movies and Books, Internet, Outdoor and Radio segments. Their growth was also affected by the provision relating primarily to the restructuring of the Group's printing activity in the amount of PLN 5.6 million. However, they were lower in the Press segment, mainly due to cost cuts in most cost categories.

In the first three quarters of 2019, **costs of external services excluding IFRS 16** increased by 17.3% yoy to PLN 365.4 million. The increase in this cost item was driven by the Movies and Books, Internet and Outdoor segments. In the first of the segments, the increase was attributable primarily to higher costs related to film operations, rental costs of Helios cinemas, fees for film copies and costs involved in the development of food business. In the second segment, operating expenses were pushed up by higher lease costs of advertising space for Yieldbird and was related to higher advertising revenues. The increased costs of external services in the Outdoor segment resulted from higher system maintenance costs. On the other hand, the lower costs of external services in the Press segment were an effect of a reduced volume of paper copies, i.a. due to discontinuation of some titles, and in the Radio segment — due to lower costs of purchase of air time in third party radio stations.

In the first three quarters of 2019, **staff costs** increased by 2.4% yoy to PLN 247.2 million. The strongest growth was visible in the Movies and Books segment, due to the higher number of cinemas and development of the food business. This cost category was also higher in the Radio and Outdoor segments. However, it decreased in the Press and Internet segments. This cost category was also affected by the restructuring provision associated with downscaling of the printing business.

The costs of materials and energy and the value of goods and materials sold increased in the first three quarters of 2019 by 2.4% yoy to PLN 113.5 million, mainly as a result of an increase in this cost item in the Movies and Books segment and in the Outdoor segment, with a significant reduction in the Press segment in connection with discontinuation of the activity of two printing houses.

Costs of depreciation and amortisation excluding IFRS 16 increased by 1.7% yoy to PLN 66.0 million. The sharpest increase was recorded in the Movies and Books segment as well as in the Internet segment. The increase in the former one was driven by a larger number of Helios cinemas and in the latter one — by investments in IT infrastructure upgrades, allowing for development of advertising products and improvement of visibility of Gazeta.pl in search results of the most popular search engines. A slight increase in costs of depreciation and amortisation was also recorded in Radio and Press. In contrast, this cost item was lower in the Outdoor segment.

Promotion and marketing costs increased slightly in the period under review, amounting to PLN 49.8 million. They were higher in the Movies and Books, Radio and Outdoor segments. They were reduced in the Internet segment, while in the Press segment — they were at a level comparable to the analogous period of 2018.

Net operating expenses of the Group presented in accordance with IFRS 16 in the first three quarters of 2019 amounted to PLN 871.9 million.

3. PROSPECTS

3.1. Revenue

3.1.1. Advertising market[3]

In the third quarter of 2019, the advertising market in Poland increased by over 6.0% yoy. This growth dynamics was better than expected by the Company. Advertisers spent over PLN 2.1 billion yoy to promote their products and services. In the first three quarters of 2019, the total amount of expenditure on advertising increased by over 2.5% and amounted to ca PLN 6.9 billion.

Having analysed available data on advertising market and observed market trends, the Company decided not to modify its estimates regarding the growth dynamics of advertising market segments and total expenditure on advertising in Poland in 2019. Currently the Company estimates that advertising market expenditure in 2019 shall grow in the range from 1.5-3.5% yoy. The data on estimated changes in the dynamics of particular media segments are presented in the table below:

Tab. 8

Total advertising expenditure	Television	Internet	Magazines	Radio	Outdoor	Dailies	Cinema
1.5 – 3.5%	0.5-2.5%	5-8%	(10%)-(8%)	1-3%	2-4%	(13%)-(11%)	3-5%

3.1.2. Copy sales

In the last quarter of 2019, negative trends relating to copy sales of dailies and magazines shall continue, although the dynamics of drop shall not be higher yoy. It’s worth to notice that the decisions to cease publication of selected titles undertook by Agora will affect the comparability of copy sales data. In the beginning of 2018 Agora also sold rights to publish *Swiat Motocykli* to the company established by an employee of an editorial team. The above decisions affected the level of revenues in the Magazines division. In the second quarter of 2018, the Company decided to discontinue publication of consecutive four titles since October 2018. In 2018 Agora decided to write-off receivables from RUCH S.A. This write-off burdened the results of Press segment in the second quarter and in the first half of 2018. Further problems of this partner and other press distributors may adversely affect the level of Company’s revenues from copy sales of press publications in the printed version. The Company is continuously developing its offer of digital content. As at the end of September 2019, the number of digital subscriptions of *Gazeta Wyborcza* reached 200 thousand. In the Company’s opinion, such activities, together with other factors, should stabilise the Press segment’s financial results in the long term.
In the first three quarters of 2019 revenues from copy sales in Press segment increased by 3.6% yoy, mainly as a result of 8.4% yoy growth *of Gazeta Wyborcza*’s revenues from copy sales which amounted to PLN 80.8 million.

3.1.3. Ticket sales

The most significant factors affecting attendance in Polish cinemas are: the repertoire as well as weather conditions, wealth of Polish people and distance from the nearest cinema location. According to the available data, the number of tickets sold in Polish cinemas in the first three quarters of 2019 amounted to over 43.1 million, which means growth by 5.6% yoy *[10]*. Taking into account information about the repertoire for the coming months, the Company is of the opinion that in 2019 cinema market attendance rates should be higher than those reported in 2018.

3.1.4. Revenues from film activities

In the first three quarters of 2019, revenues from the Agora Group's film activity amounted to PLN 35.1 million and were significantly higher than in the corresponding period of 2018. In the fourth quarter of 2019, the cinemas will still screen the film Pilsudski, which premiered on September 13, 2019 In October, NEXT FILM introduced to the cinemas film production entitled *Ikar. Legenda Mietka Koszta*. Starting from November 8, 2019, *Ukryta gra* movie will be displayed on the big screen, and at the end of November 2019 NEXT FILM will also introduce a unique documentary about the band Kult entitled *Kult - film* to Polish cinemas.

In the fourth quarter of 2018, NEXT FILM distributed a smaller number of film productions. Therefore, in the Company's opinion, revenues from the Agora Group's film activities will be higher both in the fourth quarter 2019 as well as throughout 2019.
At the same time, the Company underlines that revenues from film activities are project-related and depend on the popularity of individual projects. They are subject to high volatility, especially in the short term, and therefore may periodically disrupt Agora Group results.

3.1.5 Revenue from printing activities

In the first three quarters of 2019, revenues from the printing activity of the Agora Group decreased by 24.3% yoy to PLN 36.7 million. Agora restructured the printing activity and closed two out of three printing plants due to the constantly decreasing demand for coldset printing services. Given the limited scale of the Group's printing activity and the situation on both the printed press and printing services market, the Group's revenues from this activity will be lower both in the fourth quarter and in the whole 2019.

3.2. Operating cost

Total, comparable operating costs, excl. IFRS 16, in 2019 will be higher yoy. The main reason for that is expected growth of inter alia, external services cost, staff cost, promotion and marketing cost as well as amortization and depreciation.

3.2.1. Costs of external services excl. IFRS 16

The cost of external services recorded in consecutive quarter of 2019 will largely depend on level of demand for advertising space in third party services — in particular in the Internet segment, costs of film copy purchase related directly to the level of revenue from ticket sales and the EUR/PLN exchange rate. In addition, the increase in this cost item will be affected by opening of a new cinema and food facilities, as well as by execution of other development projects.

3.2.2. Staff cost

According to the Company's estimates, in 2019 staff costs will be higher yoy. This cost category will grow in the Movies and Books segment, mainly due to development of Helios cinema network and opening of new cinema facilities, as well as another change in minimum hourly wage. In the first quarter of 2019, Agora executed group lay-offs mainly in the Print business, which burdened financial results of the Group with PLN 5.6 million. It will decrease the staff cost in this area of activity in the consecutive quarter of 2019, however it will contribute to the growth of this cost item in the whole 2019. Lower yoy staff cost should be expected in Press and Internet segments.

3.2.3. Promotion and marketing cost

In the first three quarters of 2019 the Group's promotion and marketing cost increased by 12.4% yoy to PLN 49,8 million. The Agora Group is planning to implement another development activities, with which promotional activities are related. The dynamics of changes in individual media, the number of launched development projects, as well as market activities of the Group's competitors may affect the level of these expenses. Considering the above factors, the Company estimates that in 2019 this cost item will increase yoy.

3.2.4. Cost of raw materials and energy

In the first three quarters of 2019, the cost of energy in Agora Group grew by 6.5% yoy, inter alia due to the growth of energy prices. So far, the Group's Print segment had the largest impact on this cost item, especially the cost of production materials, the volume of production and the EUR/PLN exchange rate. The Company estimates that due to scaling down the printing business of the Group as well as reduction in volume of printed titles, the value of this cost item related to printing business will be significantly lower yoy. The growth of this cost item is expected in Movies and Books (due to the development of cinema network and food business).

III. FINANCIAL RESULTS

1. THE AGORA GROUP

The condensed interim consolidated financial statements of the Agora Group for the third quarter of 2019 includes: Agora S.A. and 23 subsidiaries, which operate principally in the internet, cinema, radio, gastronomy and outdoor segments. Additionally, as at 30 September 2019 the Group held shares in jointly controlled entity Instytut Badan Outdooru IBO Sp. z o.o., as well as in associated companies Hash.fm Sp. z o.o, ROI Hunter a.s. and Eurozet Sp. z o.o.

A detailed list of companies of the Agora Group is presented in note 11 and the changes in the composition of the Group are described in note 12 to the condensed interim consolidated financial statements. The selected financial data together with translation into EURO are presented in note 18 to the condensed interim consolidated financial statements.

2. PROFIT AND LOSS ACCOUNT OF THE AGORA GROUP

Tab. 9

in PLN million	**3Q 2019**	**3Q 2018**	*% change yoy*	**1-3Q 2019**	**1-3Q 2018**	*% change yoy*
Total sales (1)	**293.3**	**258.8**	***13.3%***	**871.5**	**795.1**	***9.6%***
Advertising revenue	134.1	122.3	*9.6%*	391.8	389.3	*0.6%*
Ticket sales	63.0	55.0	*14.5%*	179.0	156.2	*14.6%*
Copy sales	31.4	29.4	*6.8%*	101.3	94.9	*6.7%*
Concession sales in cinemas	28.5	21.1	*35.1%*	77.3	58.9	*31.2%*
Printing services	11.2	16.4	*(31.7%)*	36.7	48.5	*(24.3%)*
Revenues from film activities	4.4	1.7	*158.8%*	35.1	8.0	*338.8%*
Other	20.7	12.9	*60.5%*	50.3	39.3	*28.0%*
Operating cost net, including:	**(285.0)**	**(262.9)**	***8.4%***	**(871.9)**	**(808.9)**	***7.8%***
External services	(105.3)	(102.4)	*2.8%*	(311.1)	(311.4)	*(0.1%)*
Staff cost	(78.8)	(76.8)	*2.6%*	(247.2)	(241.4)	*2.4%*
Raw materials, energy and consumables	(35.1)	(37.8)	*(7.1%)*	(113.5)	(110.8)	*2.4%*
D&A	(39.1)	(21.1)	*85.3%*	(115.8)	(64.9)	*78.4%*
Promotion and marketing	(19.1)	(15.2)	*25.7%*	(49.8)	(44.3)	*12.4%*
Cost of restructuring (2)	-	-	-	(5.6)	(3.6)	*55.6%*
Gain on sale of property (3)	-	-	-	-	13.9	-
Operating result - EBIT	**8.3**	**(4.1)**	**-**	**(0.4)**	**(13.8)**	***97.1%***
Operating result - EBIT excl. IFRS 16 (4)	*6.2*	*(4.1)*	-	*(5.7)*	*(13.8)*	*58.7%*
Finance cost, net, incl.:	**(9.7)**	**(0.4)**	***(2,325.0%)***	**(14.6)**	**25.8**	**-**
Income from short-term investment	0.4	0.7	*(42.9%)*	1.6	1.8	*(11.1%)*
Costs related to bank loans and leasing	(5.9)	(0.9)	*555.6%*	(16.1)	(2.5)	*544.0%*
including interest costs related to IFRS 16	*(4.1)*	-	-	*(11.6)*	-	-
Foreign exchange (losses) / gains	(10.8)	(0.2)	*5,300.0%*	(6.6)	0.1	-
including interest costs related to IFRS 16	*(11.0)*	-	-	*(6.6)*	-	-
Gain on sale of shares (5)	-	-	-	-	26.7	-
Remeasurement of equity interest at the acquisition date (6)	7.0	-	-	7.0	-	-

in PLN million	**3Q 2019**	**3Q 2018**	*% change yoy*	**1-3Q 2019**	**1-3Q 2018**	*% change yoy*
Share of results of equity accounted investees	**(0.4)**	**0.1**	**-**	**2.4**	**(0.6)**	**-**
Profit/(loss) before income tax	**(1.8)**	**(4.4)**	***59.1%***	**(12.6)**	**11.4**	**-**
Income tax	(1.3)	1.6	-	(0.5)	(4.3)	*(88.4%)*
Net profit/(loss) for the period	**(3.1)**	**(2.8)**	***(10.7%)***	**(13.1)**	**7.1**	**-**
Net profit/(loss) for the period excl. IFRS 16 (4)	*7.5*	*(2.8)*	-	*(2.6)*	*7.1*	-
Attributable to:						
Equity holders of the parent	(2.9)	(3.7)	*21.6%*	(14.2)	4.8	-
Non - controlling interest	(0.2)	0.9	-	1.1	2.3	*(52.2%)*
EBIT margin (EBIT/Sales)	*2.8%*	*(1.6%)*	*4.4pp*	*(0.0%)*	*(1.7%)*	*1.7pp*
EBIT margin excl. IFRS 16 (4)	*2.1%*	*(1.6%)*	*3.7pp*	*(0.7%)*	*(1.7%)*	*1.0pp*
EBITDA (7)	**47.4**	**17.0**	***178.8%***	**115.4**	**50.9**	***126.7%***
EBITDA margin (EBITDA/Sales)	*16.2%*	*6.6%*	*9.6pp*	*13.2%*	*6.4%*	*6.8pp*
EBITDA excl. IFRS 16 (4)	*27.8*	*17.0*	*63.5%*	*60.3*	*50.9*	*18.5%*
EBITDA margin excl. IFRS 16 (4)	*9.5%*	*6.6%*	*2.9pp*	*6.9%*	*6.4%*	*0.5pkt%*

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

(2) includes costs of restructuring (including group lay-offs) in Print segment and in Agora's support divisions in the first quarter of 2019; in 2018 includes costs related to group lay-offs executed in Print segment in the first quarter of 2018 and costs of restructuring in Magazines division in the second quarter of 2018;

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

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

(5) relates to gain on sale of shares in Stopklatka S.A. in the second quarter of 2018.;

(6) remeasurement of equity interest at the acquisition date is related to the acquisition of Online Technologies HR Sp. z o.o. in the third quarter of 2019;

(7) the performance measure "EBITDA" is defined as EBIT increased by depreciation and amortization and impairment losses of property, plant and equipment and intangible assets. Detailed information on definitions of financial ratios are presented in the Notes to part IV of this MD&A.

2.1. Financial results presented according to major segments of the Agora Group for the first three quarters of 2019 [1]

Major products and services, as well as operating revenue and cost of the Agora Group are presented in detail in part IV of this MD&A ("Operating review – major segments of the Agora Group").

Tab. 10

in PLN million	**Movies and Books**	**Press**	**Outdoor**	**Internet**	**Radio**	**Reconciling positions (3)**	**Total (consoli-dated) 1-3Q 2019**
Total sales (1)	**364.6**	**190.6**	**128.7**	**134.3**	**75.6**	**(22.3)**	**871.5**
% share	41.8%	21.9%	14.8%	15.4%	8.7%	(2.6%)	100.0%
Operating cost net (1)	**(338.0)**	**(202.6)**	**(110.2)**	**(124.4)**	**(68.3)**	**(28.4)**	**(871.9)**
Operating cost net excl. IFRS 16 (1)	***(342.1)***	***(202.6)***	***(110.7)***	***(124.4)***	***(68.5)***	***(28.9)***	***(877.2)***
EBIT	**26.6**	**(12.0)**	**18.5**	**9.9**	**7.3**	**(50.7)**	**(0.4)**
EBIT excl. IFRS 16	***22.5***	***(12.0)***	***18.0***	***9.9***	***7.1***	***(51.2)***	***(5.7)***
Finance cost, net							(14.6)
Share of results of equity accounted investees							2.4
Income tax							(0.5)
Net loss for the period							**(13.1)**
Attributable to:							
Equity holders of the parent							(14.2)
Non-controlling interest							1.1
EBITDA	**89.2**	**(5.6)**	**40.8**	**15.0**	**12.6**	**(36.6)**	**115.4**
EBITDA excl. IFRS 16	***46.7***	***(5.6)***	***32.5***	***15.0***	***10.3***	***(38.6)***	***60.3***
CAPEX (2)	(47.1)	(7.9)	(8.2)	(8.4)	(1.0)	(6.0)	(78.6)

(1) the amounts do not include revenues and total cost of cross-promotion of Agora's different media if such promotion is executed without prior reservation between segments of the Agora Group; the direct variable cost of campaigns carried out on advertising panels is the only cost that is included above; it is allocated from the Outdoor segment to other segments;

(2) based on invoices booked in the period, the amount in the Movies and Books segment includes also PLN 23.1 million of property, plant and equipment in finance lease;

(3) reconciling positions show data not included in particular segments, i.a.: other revenues and costs of Agora's supporting divisions (centralized IT, administrative, finance and HR functions, etc., excluding costs of office space in the Company`s headquarters, which are allocated to segments), the Management Board of Agora S.A., Agora TC Sp. z o.o. and Agora Finanse Sp. z o.o., intercompany eliminations and other matching adjustments, which reconcile the data presented in the management reports to the consolidated financials of the Agora Group.

2.2. Finance cost, net

Net financial activities of the Group for the first three quarters of 2019 were influenced mainly by cost of interests related to lease liabilities recognised under IFRS 16 in the amount of PLN 11.6 million and negative foreign exchange differences related to lease liabilities in the amount of PLN 6.6 million. Significant impact on the increase of finance income had the remeasurement of equity interest at the acquisition date related to the acquisition of Online Technologies HR Sp. z o.o. in the third quarter of 2019 in the amount of PLN 7.0 million. Moreover, the Group recognised interest income on bank deposits and cost of commissions and interest on bank loans and finance lease liabilities.

3. BALANCE SHEET OF THE AGORA GROUP

Tab. 11

in PLN million	**30-09-2019**	**30-06-2019**	*% change to 30-06-2019*	**31-12-2018**	*% change to 31-12-2018*
Non-current assets	**1,646.1**	**1,604.6**	**2.6%**	**981.3**	**67.7%**
share in balance sheet total	*85.0%*	*82.7%*	*2.3pp*	*70.1%*	*14.9pp*
Current assets	**291.4**	**335.1**	**(13.0%)**	**418.5**	**(30.4%)**
share in balance sheet total	*15.0%*	*17.3%*	*(2.3pp)*	*29.9%*	*(14.9pp)*
					-
TOTAL ASSETS	**1,937.5**	**1,939.7**	**(0.1%)**	**1,399.8**	**38.4%**
Equity holders of the parent	**918.2**	**939.6**	**(2.3%)**	**975.0**	**(5.8%)**
share in balance sheet total	*47.4%*	*48.4%*	*(1.0pp)*	*69.7%*	*(22.3pp)*
Non-controlling interest	**20.3**	**19.7**	**3.0%**	**21.1**	**(3.8%)**
share in balance sheet total	*1.0%*	*1.0%*	-	*1.5%*	*(0.5pp)*
Non-current liabilities and provisions	**620.6**	**586.2**	**5.9%**	**115.0**	**439.7%**
share in balance sheet total	*32.0%*	*30.2%*	*1.8pp*	*8.2%*	*23.8pp*
Current liabilities and provisions	**378.4**	**394.2**	**(4.0%)**	**288.7**	**31.1%**
share in balance sheet total	*19.6%*	*20.4%*	*(0.8pp)*	*20.6%*	*(1.0pp)*
TOTAL LIABILITIES AND EQUITY	**1,937.5**	**1,939.7**	**(0.1%)**	**1,399.8**	**38.4%**

3.1. Non-current assets

The increase in non-current assets, versus 31 December 2018 results mainly from the recognition of the new right-of-use assets in accordance with IFRS 16 in the amount of PLN 498.5 million (including property, plant and equipment in finance lease reclassified from property, plant and equipment to right-of-use assets, the total carrying amount of right-of-use assets as at 30 September 2019 amounted to PLN 571.0 million) and increase in investment in associates accounted for the equity method (including the acquisition of 40.0% shares in Eurozet Sp. z o.o., which purchase price with transaction costs amounted to PLN 137.2 million and additional acquisition of shares in ROI Hunter a.s., which purchase price amounted to PLN 9.5 million).

The increase in non-current assets, versus 30 June 2019 results mainly from the increase of the right-of-use assets in connection with the recognition of new lease agreements and the increase of intangible assets due to accounting for the acquisition of the subsidiaries of Piano Group Sp. z o.o. and Online Technologies HR Sp. z o.o. (including recognition of goodwill in the total amount of PLN 16.8 million). At the same time the investment in equity-accounted investees decreased due to settlement of dividend received from Eurozet Sp. z o.o. in the amount of PLN 7.2 million. In the discussed period, the Group also incurred capital expenditure on property, plant and equipment and intangible assets, which to some extent were compensated by depreciation charges for assets.

3.2. Current assets

The decrease in current assets, versus 31 December 2018 and 30 June 2019, stems mainly from the decrease in short-term financial assets, trade receivables and inventories.

3.3. Non-current liabilities and provisions

The increase in non-current liabilities and provisions compared to 31 December 2018, stems mainly from the increase in long-term bank loans (including the transfer of loan tranche in the first quarter of 2019 by Agora S.A. in the amount of PLN 75.0 million due to the purchase of shares in Eurozet Sp z o. o.), an increase in lease liabilities due to recognition of the new lease liabilities resulting from future payments regarding right-of-use assets in accordance with IFRS 16 (additional information concerning the value of loans and leases as at 30 September 2019 is presented in note 3 to the condensed interim consolidated financial statements). Moreover, the increase of non-current liabilities resulted from the recognition of put option liabilities granted to non-controlling shareholders of Piano Group Sp. z o.o. and Online Technologies HR Sp. z o.o. in the total amount of PLN 11.5 million.

The increase in non-current liabilities and provisions compared to 30 June 2019, stems mainly from the increase of lease liabilities due to recognition of the new lease liabilities and put option liabilities. Meanwhile, non-current liabilities from bank loans decreased in connection with their reclassification to current liabilities.

3.4. Current liabilities and provisions

The increase in current liabilities and provisions, versus 31 December 2018, stems mainly from the increase in lease liabilities related to recognition of the lease liabilities in accordance with IFRS 16 and increase in short-term bank loans.

The decrease in current liabilities and provisions, versus 30 June 2019, stems mainly from the decrease in dividend liabilities.

4. CASH FLOW STATEMENT OF THE AGORA GROUP

Tab. 12

in PLN million	**3Q 2019**	**3Q 2018**	*% change yoy*	**1-3Q 2019**	**1-3Q 2018**	*% change yoy*
Net cash from operating activities	43.4	20.0	*117.0%*	132.2	43.7	*202.5%*
Net cash from operating activities (excl. IFRS 16)	*24.4*	*20.0*	*22.0%*	*77.7*	*43.7*	*77.8%*
Net cash from investment activities	8.0	(19.3)	-	(104.2)	(6.6)	*1,478.8%*
Net cash from financing activities	(56.9)	(17.4)	*227.0%*	(24.5)	(30.3)	*(19.1%)*
Net cash from financing activities (excl. IFRS 16)	*(37.9)*	*(17.4)*	*117.8%*	*30.0*	*(30.3)*	-
Total movement of cash and cash equivalents	**(5.5)**	**(16.7)**	***(67.1%)***	**3.5**	**6.8**	***(48.5%)***
Cash and cash equivalents at the end of period	**36.4**	**26.1**	***39.5%***	**36.4**	**26.1**	***39.5%***

As at 30 September 2019, the Group had PLN 64.1 million in cash and cash equivalents and short-term securities which include cash and cash equivalents in the amount of PLN 36.4 million (cash on hand and bank deposits) and PLN 27.7 million invested in short-term securities.

In the first three quarters of 2019, Agora S.A. has not been engaged in any currency options or any other derivatives used for speculative purposes.

On 20 February 2019, Agora used the available credit facility in the amount of PLN 75 million due to the transaction of purchase of shares in Eurozet Sp. z o.o., which shall be repaid in 12 quarterly instalments starting from April 2020.

On 29 August 2019 Agora S.A. signed Annex no. 4 to the Credit Limit Agreement ("Agreement") with DNB Bank Polska S.A. signed on 25 May 2017, according to which the Company was provided with a credit facility in the amount of PLN 35.0 million, which may be used until 27 December 2019 on the same principles as specified in the Agreement. The signing of Annex no. 4 is related to negotiations initiated by the Company with a consortium of banks regarding obtaining financing for the Agora Group. The leading bank in the consortium of banks with which the Company negotiated was DNB Bank Polska Spolka Akcyjna.

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

4.1. Operating activities

The cash flows from operating activities, in the first three quarters of 2019, were higher comparing to the level recorded in the comparative period of the prior year. A significant impact on a higher level of operating activities has the transfer of rental payments under lease agreements recognised in the balance sheet in accordance with IFRS 16 to the financing activities.

4.2. Investment activities

Negative net cashflows from investing activities, in the first three quarters of 2019, result mainly from expenditure on the purchase of shares in associates: Eurozet Sp. z o.o, ROI Hunter a.s. and subsidiaries: Piano Group Sp. z o.o. and Online Technologies HR Sp. z o.o. as well as expenditure on property, plant and equipment and intangible assets. Those outflows were, to some extent, compensated by net inflows from disposal of short-term securities and proceeds from sale of property, plant and equipment.

4.3. Financing activities

Negative net cashflows from financing activities in the first three quarters of 2019, stems mainly from the expenditure on repayment of loan and lease liabilities (including the payment of lease liabilities recognised under IFRS 16) and payment of dividend. The above inflows were to some extent, compensated by loans inflows (including the transfer of loan tranche by Agora S.A. in the amount of PLN 75.0 million in connection with the acquisition of shares in Eurozet Sp. z o. o.).

5. SELECTED FINANCIAL RATIOS [5]

Tab.13

	3Q 2019	3Q 2018	*% change yoy*	1-3Q 2019	1-3Q 2018	*% change yoy*
Profitability ratios (1)						
Net profit margin	2.3%	(1.4%)	*3.7pp*	(0.5%)	0.6%	*(1.1pp)*
Gross profit margin	30.2%	28.8%	*1.4pp*	29.0%	29.2%	*(0.2pp)*
Return on equity	2.9%	(1.5%)	*4.4pp*	(0.6%)	0.7%	*(1.3pp)*
Efficiency ratios						
Inventory turnover	11 days	16 days	*(31.3%)*	13 days	17 days	*(23.5%)*
Debtors days	57 days	63 days	*(9.5%)*	61 days	61 days	-
Creditors days	31 days	30 days	*3.3%*	30 days	31 days	*(3.2%)*
Liquidity ratio (1)						
Current ratio	1.0	1.4	*(28.6%)*	1.0	1.4	*(28.6%)*
Financing ratios (1)						
Gearing ratio (2)	8.9%	-	-	8.9%	-	-
Interest cover	3.9	(5.7)	-	(1.4)	(6.8)	*(79.4%)*
Free cash flow interest cover	3.4	10.6	*(67.9%)*	4.5	(0.6)	-

1) financial ratios excluding impact of IFRS 16;

2) as at 30 September 2018 the Group had net cash position.

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

IV. OPERATING REVIEW - MAJOR SEGMENTS OF THE AGORA GROUP

IV.A. MOVIES AND BOOKS [1]

The Movies and Books segment includes the pro-forma consolidated financials of Helios S.A., NEXT FILM Sp. z o.o., Next Script Sp. z.o.o. and Foodio Concepts Sp. z o.o. and Step Inside Sp. z o.o. which form the Helios group, and Agora's Publishing House.

Tab. 14

in PLN million	3Q 2019	3Q 2018	*% change yoy*	1-3Q 2019	1-3Q 2018	*% change yoy*
Total sales, including :	**122.6**	**95.3**	***28.6%***	**364.6**	**278.1**	***31.1%***
Tickets sales	62.9	55.1	*14.2%*	179.0	156.4	*14.5%*
Concession sales	28.5	21.1	*35.1%*	77.3	58.9	*31.2%*
Advertising revenue (1)	9.2	7.8	*17.9%*	22.5	19.8	*13.6%*
Revenues from film activities (1),(2),(6)	5.0	1.7	*194.1%*	37.1	8.8	*321.6%*
Revenues from Publishing House	9.0	7.7	*16.9%*	32.6	28.0	*16.4%*
Total operating cost, including (5),(6):	**(110.4)**	**(88.1)**	***25.3%***	**(338.0)**	**(264.1)**	***28.0%***
Total operating cost without IFRS 16 (5),(6)	***(112.0)***	***(88.1)***	***27.1%***	***(342.1)***	***(264.1)***	***29.5%***
External services (3),(6)	(39.4)	(44.3)	*(11.1%)*	(128.9)	(130.1)	*(0.9%)*
External services without IFRS 16 (3),(6)	*(54.0)*	*(44.3)*	*21.9%*	*(171.4)*	*(130.1)*	*31.7%*
Staff cost (3)	(17.7)	(12.5)	*41.6%*	(51.7)	(38.6)	*33.9%*
Raw materials, energy and consumables (3)	(13.4)	(8.4)	*59.5%*	(35.5)	(24.7)	*43.7%*
D&A (3)	(21.0)	(7.6)	*176.3%*	(62.3)	(22.2)	*180.6%*
D&A without IFRS 16 (3)	*(8.0)*	*(7.6)*	*5.3%*	*(23.9)*	*(22.2)*	*7.7%*
Promotion and marketing (1), (3)	(7.8)	(4.6)	*69.6%*	(20.7)	(13.7)	*51.1%*
Costs related to Publishing House (4), (5)	(8.4)	(8.2)	*2.4%*	(31.2)	(27.6)	*13.0%*
EBIT	**12.2**	**7.2**	***69.4%***	**26.6**	**14.0**	***90.0%***
EBIT margin	*10.0%*	*7.6%*	*2.4pp*	*7.3%*	*5.0%*	*2.3pp*
EBIT without IFRS 16	***10.6***	***7.2***	***47.2%***	***22.5***	***14.0***	***60.7%***
EBIT margin without IFRS 16	*8.6%*	*7.6%*	*1.0pp*	*6.2%*	*5.0%*	*1.2pp*
EBITDA (4)	**33.3**	**14.9**	***123.5%***	**89.2**	**36.8**	***142.4%***
EBITDA margin	*27.2%*	*15.6%*	*11.6pp*	*24.5%*	*13.2%*	*11.3pp*
EBITDA without IFRS 16 (4)	***18.7***	***14.9***	***25.5%***	***46.7***	***36.8***	***26.9%***
EBITDA margin without IFRS 16	*15.3%*	*15.6%*	*(0.3pp)*	*12.8%*	*13.2%*	*(0.4pp)*

(1) the amounts do not include revenues and total cost of cross-promotion of Agora's different media (only the direct variable cost of campaigns carried out on advertising panels) if such a promotion was executed without prior reservation;

(2) the amounts comprise mainly the revenues from co-production and distribution of films;

(3) the amounts do not include costs related to Publishing House division;

(4) the amounts include D&A cost in Publishing House division, which in the period from January to September of 2019 amounted to PLN 0.3 million, and PLN 0.1 million in the third quarter of 2019 (in the comparable period of 2018 it amounted to PLN 0.6 million and PLN 0.1 million, respectively);

(5) the data include allocated costs of office space occupied by the Agora Publishing House;

(6) *mutual revenues within the Helios group have been eliminated from film revenues and costs of external services: between Helios S.A. and NEXT FILM Sp. z o.o.*

In the third quarter of 2019, the result of the Movies and Books segment at the EBIT level (excluding IFRS 16) was higher by 47.2% yoy and amounted to PLN 10.6 million. The segment's EBITDA (excluding IFRS 16) also increased – by 25.5% yoy to PLN 18.7 million. Activities performed by the majority of the businesses in the segment had a positive effect on the results. The segment's results were adversely affected only by the food business developed by Foodio Concepts. This was primarily due to the fact that in the current, initial, phase of this project's development, the costs associated with launching consecutive restaurants exceed the revenue generated by the business.
In the period from January to September 2019, the Movies and Books segment significantly improved its result at the EBIT level without IFRS 16, which increased by 60.7% yoy and amounted to PLN 22.5 million. The segment's EBITDA (excluding IFRS 16) also increased – by 26.9% yoy to PLN 46.7 million.

In the third quarter of 2019, according to IFRS 16, the Movies and Books segment recorded a profit at the EBIT level of PLN 12.2 million. In the period from January to September 2019, the profit at the EBIT level, in accordance with IFRS 16, amounted to PLN 26.6 million. In the corresponding periods, according to this presentation, the profit at the EBITDA level amounted to PLN 33.3 million and PLN 89.2 million, respectively.

The data presented in accordance with IFRS 16 standard are not comparable to the data for 2018. In the third quarter and the period from January to September of 2019, in accordance with IFRS 16, the costs of agreements for the lease of space, both in the Helios cinemas and the Foodio Concepts facilities, have not been recognised in the presented segment's results in the external services item where they were presented before. They formed the basis for the creation of a long-term asset (due to the right to use space), which is subject to depreciation and affects the growth of this cost item in the segment. At the same time, in view of recognized liabilities under long-term rental agreements, interest expenses included in financial expenses are recognized in the income statement. This method of recognition of expenses improves the presented operating profits, in particular at the EBITDA level, due to the increase in depreciation. Reclassification of lease agreements also has a positive effect on the value of EBIT.

1. REVENUE [3]

In the third quarter of 2019, the revenue of the Movies and Books segment increased by 28.6% yoy to PLN 122.6 million.

The most significant contributing factor was higher sales of tickets in Helios cinemas, which amounted to PLN 62.9 million, showing an increase by 14.2% yoy. That was due to higher attendance at Helios cinemas, which increased by 20.5% yoy and translated into 3.4 million tickets sold. The growth rate of the number of tickets sold in Helios cinemas was significantly higher than the market dynamics. In the third quarter of 2019, the number of tickets sold in Polish cinemas was higher by 4.5% yoy, and in Helios cinemas, the increase of admissions presented according to Boxoffice.pl methodology amounted to 12.6% *[10].*

Concession sales amounted to PLN 28.5 million, also showing an increase – by 35.1% yoy, and sales of advertisements in the cinemas increased to PLN 9.2 million.

In the third quarter of 2019, the revenue of Agora's Publishing House amounted to PLN 9.0 million and increased by 16.9% yoy as a result of higher revenues from book sales. In that period, Agora's Publishing House sold approximately 0.2 million books as well as film and music publications. The bestsellers included: *Kolejne 365 dni* by Blanka Lipinska, *Sodoma* by Frédéric Martel and *Becoming* – Michelle Obama's memoir.

In the third quarter of 2019, the Movies and Books segment's total revenue from film co-production and distribution amounted to PLN 5.0 million, showing a considerable increase yoy. That was due to, among other factors, more new titles distributed in cinemas. In the third quarter of 2019, NEXT FILM released two Polish productions – crime comedy *Na bank sie uda* and historical drama *Pilsudski*. At the same time, cinemas kept screening productions released to the big screen in earlier periods.

In the period from January to September 2019, the revenue of the Movies and Books segment increased by 31.1% yoy to PLN 364.6 million.

The main factor contributing to this increase was the growth of revenues from film operations and tickets sold in Helios cinemas.

In the period from January to September 2019, the Movies and Books segment's total revenue from film co-production and distribution amounted to PLN 37.1 million, showing a considerable increase yoy. In the period from

January to September 2019, NEXT FILM released 6 Polish productions: action movie *Underdog,* sequel of the iconic film series *Kogel Mogel – Miszmasz, czyli Kogel Mogel 3* (watched at cinemas by nearly 2.4 million viewers), romantic comedy *Cale szczescie*, drama *Slodki koniec dnia*, crime comedy *Na bank sie uda* and historical drama *Pilsudski*. At the same time, cinemas kept screening features released to the big screen in earlier periods.

The revenue from tickets sold in Helios cinemas amounted to PLN 179.0 million, showing an increase by 14.5% yoy. A contributing factor was higher number of viewers (by 18.5% yoy) visiting Helios cinemas which translated into 9.7 million tickets sold. Concession sales amounted to PLN 77.3 million and increased by 31.2% yoy. Revenue from advertising sales in Helios cinemas also increased and stood at PLN 22.5 million.

In the period from January to September 2019, the revenue of Agora's Publishing House amounted to PLN 32.6 million, showing an increase by 16.4% yoy as a result of higher revenues from book sales. In that period, Agora's Publishing House sold approximately 0.9 million books as well as film and music publications. The bestselling titles included: *Kolejne 365 dni* by Blanka Lipinska, *Becoming* – Michelle Obama's memoir, *Sodoma* by Frédéric Martel, biography *Czapkins*. *Historia Tomka Mackiewicza*, *Radar* CD by Fisz Emade Tworzywo and film *Kamerdyner* on DVD.

2. COST

In the third quarter of 2019, the operating costs of the Movies and Books segment (excluding the effect of IFRS 16) increased by 27.1% yoy and amounted to PLN 112.0 million.

The increase in the costs, excluding IFRS 16, resulted primarily from larger expenditure on external services (up by 21.9% yoy to PLN 54.0 million). This increase was mainly due to increased costs of film copy purchases relating to higher attendance and rental costs for Helios cinemas and in the food business.

The staff costs increased by 41.6% yoy to PLN 17.7 million. The increase was attributable mostly to a higher headcount – due to a greater number of Helios cinemas, an increase in the minimum hourly wage from PLN 13.7 to PLN 14.7, and development of operations in the food business.

A 59.5% yoy increase to PLN 13.4 million was recorded in the costs of materials and energy consumed and in the value of goods and materials sold. It resulted from higher concession sales, growth of the Helios cinema network (new facilities) and development of operations in the food business.

Promotion and marketing costs also increased, amounting to PLN 7.8 million. That was mainly related to larger expenditure on promotion in the area of film distribution.

The segment's depreciation costs were also higher yoy and amounted to PLN 8.0 million in the third quarter of 2019. That was due to development of the Helios cinema network and the operations in the food business.

Operating costs of Agora's Publishing House went up by 2.4% yoy and reached PLN 8.4 million. The increase was associated with higher revenues from book sales and the cost of printing additional copies of popular titles.

In the third quarter of 2019, the operating costs of the Movies and Books segment, presented in accordance with IFRS 16, amounted to PLN 110.4 million. The implementation of this standard had the greatest impact on the recognition of the costs of external services and depreciation which, according to the standard, amounted to PLN 39.4 million and PLN 21.0 million, respectively.

In the period from January to September 2019, the operating costs of the Movies and Books segment without IFRS 16 increased by 29.5% yoy and stood at PLN 342.1 million.

The increase in the segment's operating costs presented excluding the impact of IFRS 16, resulted from higher costs of external services (up by 31.7% yoy to PLN 171.4 million). The increase was primarily attributable to higher payments to film producers with respect to film business, higher rental costs for Helios cinemas, and higher costs of film copy purchases due to higher cinema attendance in Helios facilities. As a result of higher concession sales, increase in the number of the Helios cinemas and development of operations in the food business, a 43.7% increase (to PLN 35.5 million) was recorded in the costs of materials and energy consumed and in the value of goods and materials sold. There was also an increase in depreciation costs which amounted to PLN 23.9 million, mainly due to development of the Helios cinema network.

The staff costs also increased – by 33.9% yoy to PLN 51.7 million. The increase was attributable mostly to a higher headcount – due to a greater number of Helios cinemas, an increase in the minimum hourly wage from PLN 13.7 to PLN 14.7, and development of operations in the food business.

Promotion and marketing costs also increased, amounting to PLN 20.7 million. That was mainly related to larger expenditure on promotion in the area of film distribution and on cinema advertising.

The operating costs of Agora's Publishing House were also higher (up by 13.0% yoy) and amounted to PLN 31.2 million. The increase was associated with higher revenues from book sales and the cost of printing additional copies of popular titles.

In the period from January to September 2019, the operating costs of the Movies and Books segment, presented in accordance with IFRS 16, amounted to PLN 338.0 million. The implementation of this standard had the greatest impact on the recognition of the costs of external services and depreciation which, according to the standard, amounted to PLN 128.9 million and PLN 62.3 million, respectively.

3. NEW INITIATIVES

The Helios cinema network keeps expanding. In the third quarter of 2019, another multiplex was opened and premium screening rooms were created in the existing ones.

Since 28 September 2019, 48th Helios cinema has been operating in the Tkalnia shopping and entertainment centre in Pabianice. The facility, which houses four screening rooms for more than 600 viewers, is equipped with state-of-the-art technological solutions; the viewers can also enjoy the offer of the café and cinema bar. In addition, from September, the viewers visiting the Helios cinema in the Rzeszow shopping mall can watch films in the first ever Helios Dream screening room in the Sub-Carpathian region – equipped with recliner seats and distinguished by exceptional image and sound quality. In October, the Helios Dream screening room was also opened in Radom. This is already the fifth Helios multiplex in which the viewers enjoy an extremely high level of comfort when watching films on the big screen.

Helios also carries out further activities for various groups of its customers. In September, the network invited representatives of the Polish film industry and fans of Polish film productions to festival film screenings in Gdynia. Helios multiplex located in the Riviera shopping mall was this year's main Festival Cinema for broad audience during the 44th Polish Film Festival. During the most important film event in Poland, Helios viewers in Gdynia watched the most recent Polish productions, followed the film rivalry in two competitions and participated in meetings of filmmakers with cinema enthusiasts. In August and September, Helios screening rooms hosted e-sport fans yet again. Tournaments and broadcasts of competitions between amateurs and professionals in computer games took place in Gdansk and Warsaw. On the 75th anniversary of the outbreak of the Warsaw Uprising, the Helios cinema network also prepared a special campaign intended for the heroes of this history-making event. Until the end of the year, they can visit one of the network's cinemas and watch a film of their choice free of charge. Film screenings in the Ukrainian language version are already a regular event in the Helios repertoire and in addition, the network invited its viewers to the screening of *Pilsudski* with Polish subtitles, which was prepared with a view to the needs of deaf people.

NEXT FILM, a film production and distribution company from the Helios group, released two titles in the third quarter of 2019. A crime comedy *Na bank sie uda* directed by Szymon Jakubowski premiered in August. Packed with distinctive characters and witty dialogues, the feature stars Maciej Stuhr, Marian Dziedziel, Adam Ferency and Lech Dyblik. In mid-September, the highly anticipated *Pilsudski* from director Michał Rosa hit the cinemas. The film features an all-star ensemble led by Borys Szyc in the title role. The company also continues to develop its cooperation with Netflix where further titles from NEXT FILM portfolio are available. In September, those were joined by the award-winning *Pokot* directed by Agnieszka Holland and Kasia Adamik.
The titles distributed by NEXT FILM won 9 out of 18 awards at this year's Polish Film Festival in Gdynia. The new film from director Maciej Pieprzyca, *Ikar. Legenda Mietka Kosza*, received six honours, including the Silver Lions Award. The creators of *Ukryta gra* were honoured with two awards, and Magdalena Boczarska won the award for best actress in a leading role for her role in *Pilsudski*.

Agora's Publishing House offered book and record releases to its customers, as well as a unique game. Readers enjoyed such titles as: *Kolejne 365 dni* by Blanka Lipinska and *Uzurpator* by Piotr Gluchowski and Bozena Aksamit, as well as the memoir of the former First Lady of the United States, namely *Becoming* by Michelle Obama. Album releases were also popular, e.g. the latest albums by PRO8L3M and Fisz Emade Tworzywo. The first one went platinum, while the second one reached gold status.

Agora's operations in the food business carried out in the Helios network have expanded by two new Pasibus restaurants offering burgers prepared from original recipes. One of them was opened in August 2019 in Galeria Warminska in Olsztyn and the other – in September in Silesia City Center in Katowice. At the end of the third quarter, a total of four Pasibus restaurants created in cooperation with Helios were serving their customers. Since July 2019, the residents of Lodz can taste Mexican cuisine in a new Papa Diego restaurant located in Manufaktura.

IV.B. PRESS [1]

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

Tab. 15

in PLN million	**3Q 2019**	**3Q 2018**	***% change yoy***	**1-3Q 2019**	**1-3Q 2018**	***% change yoy***
Total sales, including :	**63.2**	**69.9**	***(9.6%)***	**190.6**	**210.4**	***(9.4%)***
Copy sales	26.5	25.7	*3.1%*	80.8	78.0	*3.6%*
incl. Gazeta Wyborcza	*23.7*	*21.8*	*8.7%*	*72.0*	*66.4*	*8.4%*
incl. Magazines (6)	*2.8*	*3.7*	*(24.3%)*	*8.7*	*11.2*	*(22.3%)*
Advertising revenue (1), (2)	20.4	23.8	*(14.3%)*	62.2	73.6	*(15.5%)*
incl. Gazeta Wyborcza (4)	*17.7*	*19.3*	*(8.3%)*	*52.4*	*58.5*	*(10.4%)*
incl. Magazines (6)	*2.7*	*4.5*	*(40.0%)*	*9.6*	*15.1*	*(36.4%)*
Printing services (7)	*11.2*	*16.4*	*(31.7%)*	*36.7*	*48.5*	*(24.3%)*
Total operating cost, including (8):	**(63.9)**	**(72.8)**	***(12.2%)***	**(202.6)**	**(236.7)**	***(14.4%)***
Total operating cost without IFRS 16 :	***(63.9)***	***(72.8)***	***(12.2%)***	***(202.6)***	***(236.7)***	***(14.4%)***
Raw materials, energy, consumables and printing services	(19.9)	(25.6)	*(22.3%)*	(64.2)	(73.7)	*(12.9%)*
Staff cost	(24.9)	(27.9)	*(10.8%)*	(80.7)	(88.0)	*(8.3%)*
D&A	(1.8)	(1.8)	-	(6.4)	(6.3)	*1.6%*
D&A without IFRS16	*(1.8)*	*(1.8)*	-	*(6.4)*	*(6.3)*	*1.6%*
Promotion and marketing (1)(3)	(9.2)	(8.4)	*9.5%*	(20.3)	(20.2)	*0.5%*
Impairment loss for receivables from Ruch S.A.(5)	-	-	-	-	(16.3)	-
Cost of restructuring (9)	-	-	-	(4.9)	(3.6)	*36.1%*
EBIT	**(0.7)**	**(2.9)**	***75.9%***	**(12.0)**	**(26.3)**	***54.4%***
EBIT margin	*(1.1%)*	*(4.1%)*	*3.0pp*	*(6.3%)*	*(12.5%)*	*6.2pp*
EBIT without IFRS16	***(0.7)***	***(2.9)***	***75.9%***	***(12.0)***	***(26.3)***	***54.4%***
EBIT margin without IFRS16	*(1.1%)*	*(4.1%)*	*3.0pp*	*(6.3%)*	*(12.5%)*	*6.2pp*
EBITDA	**1.1**	**(1.1)**	**-**	**(5.6)**	**(20.0)**	***72.0%***
EBITDA margin	*1.7%*	*(1.6%)*	*3.3pp*	*(2.9%)*	*(9.5%)*	*6.6pp*
EBITDA without IFRS16	***1.1***	***(1.1)***	-	***(5.6)***	***(20.0)***	***72.0%***
EBITDA margin without IFRS16	*1.7%*	*(1.6%)*	*3.3pp*	*(2.9%)*	*(9.5%)*	*6.6pp*

(1) *the amounts do not include revenues and total cost of cross-promotion of different media between the Agora Group segments (only direct variable cost of campaigns carried out on advertising panels) if such promotion is executed without prior reservation;*

(2) *the data include inflows from the sales of advertising on the websites: Wyborcza.pl, Wyborcza.biz, Wysokie obcasy.pl as well as on the local websites;*

(3) *the amounts include, inter alia, costs of producing and promoting gadgets attached to* Gazeta Wyborcza *and other publications;*

(4) *the data includes advertising revenues in* Gazeta Wyborcza's *paper editions as well as advertisements published on Wyborcza.pl, Wyborcza.biz, Wysokieobcasy.pl and local websites. The comparative data for 2018 have been restated accordingly;*

(5) *the amounts include write-off of receivables from RUCH S.A.;*

(6) *the amounts include revenues of* Gazeta Wyborcza*'s magazines and monthlies. The comparative figures for 2018 have been restated accordingly;*

(7) *since the third quarter of 2019, printing activities are not presented in a separate business segment. This is due to the shutdown of two out of three printing houses in the Agora Group. The printing plant in Warsaw, which continues its activity, mainly provides printing services for* Gazeta Wyborcza *and has been included in the structure of the Press segment. Presented amounts include revenues from the provision of printing services to external customers; comparative figures for 2018 have been restated accordingly;*

(8) *the data include the allocation of the cost of office space occupied by the* Gazeta Wyborcza *division and the Magazine division as well as the cost of printing activities in the third quarter of 2019 in the amount of PLN 14.1 million and in the period from January to September 2019 in the amount of PLN 53.5 million;*

(9) *the amounts provided include the cost of the provision related to the restructuring in the Magazine division and in the Print division.*

Both in the third quarter of 2019 and in the period from January to September 2019, the Press segment recorded a yoy increase in its financial result. It is worth noting that the comparability of data was affected by the creation in the period from January to September 2018 of write offs on receivables from RUCH S.A. in the amount of PLN 16.3 million.

In the third quarter of 2019 and in the period from January to September 2019, the Press segment's advertising revenue continued to be under market pressure. On the other hand revenue of *Gazeta Wyborcza* (including digital revenue), revenue from festivals and lower yoy staff costs had, among other factors, a positive impact on the segment's financial results.

The implementation of the IFRS 16 standard had no significant impact on the method of recognizing operating costs in the Press segment and its operating results.

1. REVENUE

In the third quarter of 2019, the total revenue of the Press segment decreased by 9.6% yoy and amounted to PLN 63.2 million. In the period from January to September 2019, the Press segment's total revenue was lower by 9.4% yoy and stood at PLN 190.6 million. In both periods, the decreased revenue resulted mainly from negative trends in the press advertising market and smaller scale of printing services for external clients.

1.1. Revenue from copy sales

Both in the third quarter of 2019 and in the period from January to September 2019, the segment's revenue from copy sales increased. They increased by 3.1% yoy to PLN 26.5 million in the third quarter of 2019, and by 3.6% yoy to PLN 80.8 million in the period from January to September 2019. That was primarily a result of higher revenue from subscriptions of Wyborcza.pl and higher sales of paper editions of the daily. However, sales of periodicals and magazines decreased, mainly due to the reduced number of published titles.

Both in the third quarter of 2019 and in the period from January to September 2019, *Gazeta Wyborcza* maintained its leading position in sales among the opinion-forming dailies. In the third quarter of 2019, the average paid distribution of *Gazeta Wyborcza* amounted to 92.6 thousand copies and decreased by 8.1% yoy. At that time, sales of *Gazeta Wyborcza* increased by 8.7% At the end of September 2019, the number of paid active digital subscriptions was over 200 thousand.

In the period from January to September 2019, the average paid distribution of *Gazeta Wyborcza* amounted to 97.4 thousand copies and decreased by 7.9% yoy. A steady increase in the number of digital subscriptions of Wyborcza.pl, which amounted to over 200 thousand at the end of September 2019, had a positive effect on the revenues from the sales of the daily In the period from January to September 2019, revenues from the copy sales of *Gazeta Wyborcza* increased by 8.4%.

Apart from the trends in the printed press market, the growth rate of the sales of magazines both in the third quarter of 2019 and in the period from January to September 2019 was adversely affected by the decision to discontinue the publication or sales of the following titles: *Cztery Katy*, *Ladny Dom*, *Dziecko* and *Niezbednik ogrodnika*. As a result, the revenue from copy sales of *Gazeta Wyborcza*'s periodicals and magazines decreased by

24.3% yoy to PLN 2.8 million in the third quarter of 2019, and by 22.3% yoy to PLN 8.7 million in the period from January to September 2019.

1.2. Advertising sales

The decline in the segment's revenue in the third quarter of 2019 was due to a decrease in advertising revenue by 14.3% yoy to PLN 20.4 million, among other factors. In the period from January to September 2019, the segment's advertising revenue recorded a decrease by 15.5% yoy to PLN 62.2 million. In both periods, this was mainly attributable to lower sales of advertising services in the paper edition of *Gazeta Wyborcza* and the absence of revenue from magazines that have been suspended or sold (*Cztery Katy*, *Ladny Dom*, *Dziecko* and *Niezbednik Ogrodnika)*.

In the third quarter of 2019, *Gazeta Wyborcza*'s net advertising revenue from all of its advertising activity showed a decrease by 8.3% yoy, amounting to PLN 17.7 million. In the period from January to September 2019, *Gazeta Wyborcza*'s net advertising revenue from all of its advertising activity amounted to PLN 52.4 million (down by 10.4% yoy). The decreases were primarily caused by advertisers' cut-downs on printed press expenditure by more than 10.0%.

Apart from the trends in the printed press market, the dynamics of advertising sales in *Gazeta Wyborcza*'s periodicals and magazines, both in the third quarter of 2019 and in the period from January to September 2019, was adversely affected by the decision to discontinue the publication or sales of selected titles. As a result, sales of advertisements in *Gazeta Wyborcza*'s periodicals and magazines decreased by 40.0% yoy to PLN 2.7 million in the third quarter of 2019 and by 36.4% yoy to PLN 9.6 million in the period from January to September 2019.

1.3. Revenue from the sales of printing services

Both in the third quarter of 2019 and in the period from January to September 2019, the Print division's revenue from the sales of printing services to external customers decreased yoy to PLN 11.2 million and PLN 36.7 million, respectively. In both cases, the decline resulted from closing two out of three printing plants of the Agora Group and a lower volume of orders for printing services, mainly in the coldset technology.

2. COST

In the third quarter of 2019, the Press segment's operating costs (excluding IFRS 16) were reduced by 12.2% yoy to PLN 63.9 million, and in the period from January to September 2019 – by 14.4% yoy to PLN 202.6 million. The comparability of the segment's operating costs in the first nine months of 2019 with the corresponding period in 2018 was significantly affected by the creation in the period from January to September 2018 of write off on receivables from RUCH S.A. in the amount of PLN 16.3 million.

A key factor contributing to the reduction in the segment's operating costs both in the third quarter and in the first nine months of 2019 were lower yoy costs of materials, energy, goods and printing services which resulted from a smaller scale of printing services and lower printing volume of the titles published. They decreased by 22.3% yoy to PLN 19.9 million in the third quarter of 2019, and by 12.9% yoy to PLN 64.2 million in the period from January to September 2019.

In addition, both in the third quarter of 2019 and in the period from January to September 2019, staff costs were reduced by 10.8% yoy and 8.3% yoy, respectively. This was mainly attributable to a lower number of full-time employees which resulted from the reduction in headcount as part of the collective redundancies process carried out in the first quarter of 2019 with respect to the restructuring of printing activities.

The costs of promotion and marketing increased in the third quarter of 2019 by 9.5% yoy to PLN 9.2 million, primarily due to higher promotional costs of concerts and music festivals.

3. NEW INITIATIVES

Gazeta Wyborcza is constantly developing and enhancing its offer – in terms of both paper and digital editions. From July to the end of September 2019, readers of the daily were able to use the dedicated digital subscription package prepared by Wyborcza.pl in cooperation with player.pl. Its subscribers have been given access to excellent journalistic texts from *Gazeta Wyborcza* and the best television content from TVN at a promotional price. In July, a new ecological newsletter joined the extensive offer of *Gazeta Wyborcza's* texts and projects dedicated to ecology. The weekly review of the most important environmental texts is hosted by the authors of the daily who specialize in environmental protection. This is yet another newsletter in the offer of Wyborcza.pl. Currently, the editorial team is in charge of sending a few dozens of them and tries to involve the readers by telling them stories about the world in a more personal, direct and regular form.

In addition to this, the editorial team of *Gazeta Wyborcza* has once again prepared special issues of *Magazyn Swiateczny – Wyborcza na Srodek Lata*, *Wracamy do szkoly* and *Wyborcza na Zlota Jesien*, as well as *Wysokie Obcasy – Psychologia milosci. Seks mocy letniej* and *Kobiety szpiedzy*. Also another publication from the *Polish Your English* series with English language lessons supplemented by original texts from *The Wall Street Journal* was released. At the beginning of August – during the Pol'and'Rock Festival, its participants received a free edition of *Gazeta Wyborcza* prepared specifically for this event. The 12-page magazine was dedicated to the issues relating to ecology and environmental protection.

Importantly, in July 2019, *Gazeta Wyborcza* returned to its historic slogan *Nie ma wolnosci bez solidarnosci* [*There is no freedom without solidarity*], thereby expressing the editorial team's support for the social groups which are discriminated in Poland. Due to this change, the editorial team prepared special articles, video materials and promotional activities, e.g. a poster with the daily's slogan, and encouraged its readers to take action in the public domain.

An interactive cookery book prepared by the Agora Custom Publishing team was recognized in the international Pearl Impact Awards 2019 competition, the results of which were announced in July. This is the only project from Poland which was among the winners and received such a prestigious award.

Next editions of music and cultural festivals organised by Agora took place during the summer holidays. In July, alternative music fans could take part in the second edition of the Bialystok New Pop Festival, an urban cultural festival. In August 2019, the second edition of the #bedzieczytane Elk Festiwal – an event that promotes literature, reading and music, was held as well as the sixth edition of the Olsztyn Green Festival which featured such stars of the Polish popular music as Nosowska, Andrzej Piaseczny, VOO VOO, Paweł Domagala, Mrozu, Ørganek, Krzysztof Zalewski and The Dumplings. All festivals were accompanied by a number of additional events that promoted e.g. ecology and a healthy lifestyle, as well as events prepared for the youngest participants.

IV.C. OUTDOOR

The Outdoor segment consists of the pro-forma consolidated data of companies constituting the AMS group: AMS S.A., Adpol Sp. z o.o., Optimizers Sp. z o.o. (since June, 30 2019) and Piano Group Sp. z o.o. (since July 15, 2019), which is a 100% shareholder of Benefit Multimedia Sp. z o.o. SKA and sole shareholder of Benefit Mulitmedia Sp. z o.o. which is the sole general partner of Benefit Multimedia Sp. z o.o. SKA.

Tab. 16

in PLN million	**3Q 2019**	**3Q 2018**	***% change yoy***	**1-3Q 2019**	**1-3Q 2018**	***% change yoy***
Total sales, including (4):	**42.1**	**37.3**	***12.9%***	**128.7**	**120.5**	***6.8%***
Advertising revenue (1)	41.5	36.9	*12.5%*	126.9	119.3	*6.4%*
Total operating cost, including (4):	**(36.7)**	**(35.2)**	***4.3%***	**(110.2)**	**(104.3)**	***5.7%***
Total operating cost without IFRS 16	***(37.1)***	***(35.2)***	***5.4%***	***(110.7)***	***(104.3)***	***6.1%***
Maintenance cost (1)	(10.9)	(14.2)	*(23.2%)*	(34.4)	(41.7)	*(17.5%)*
Maintenance cost without IFRS 16 (1)	*(14.4)*	*(14.2)*	*1.4%*	*(42.7)*	*(41.7)*	*2.4%*
Execution of campaigns (1)	(6.4)	(6.2)	*3.2%*	(19.1)	(18.7)	*2.1%*
Staff cost	(5.9)	(5.8)	*1.7%*	(17.8)	(17.2)	*3.5%*
Promotion and marketing	(1.5)	(1.2)	*25.0%*	(4.3)	(3.7)	*16.2%*
D&A	(8.0)	(4.9)	*63.3%*	(22.3)	(14.8)	*50.7%*
D&A without IFRS 16	*(4.9)*	*(4.9)*	-	*(14.5)*	*(14.8)*	*(2.0%)*
Impairment losses (2)	-	-	-	-	0.2	-
EBIT	**5.4**	**2.1**	***157.1%***	**18.5**	**16.2**	***14.2%***
EBIT margin	*12.8%*	*5.6%*	*7.2pp*	*14.4%*	*13.4%*	*1.0pp*
EBIT without IFRS 16	**5.0**	**2.1**	***138.1%***	**18.0**	**16.2**	***11.1%***
EBIT margin without IFRS 16	*11.9%*	*5.6%*	*6.3pp*	*14.0%*	*13.4%*	*0.6pp*
EBITDA (2)	**13.4**	**7.0**	***91.4%***	**40.8**	**30.8**	***32.5%***
EBITDA margin	*31.8%*	*18.8%*	*13.0pp*	*31.7%*	*25.6%*	*6.1pp*
EBITDA without IFRS 16 (3)	**9.9**	**7.0**	***41.4%***	**32.5**	**30.8**	***5.5%***
EBITDA margin without IFRS 16	*23.5%*	*18.8%*	*4.7pp*	*25.3%*	*25.6%*	*(0.3pp)*
Number of advertising spaces (3)	23,581	24,408	*(3.4%)*	23,581	24,408	*(3.4%)*

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

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

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

(4) the amounts include the revenues and cost of Piano Group Sp. z o.o. since July 1, 2019; the data for previous periods was not adjusted.

In the third quarter of 2019, the operating result of the Outdoor Advertising segment was significantly higher yoy. This was primarily due to the increase in advertising sales which translated into a higher operating result of the segment at the EBIT level excluding IFRS 16 (up by 138.1% yoy to PLN 5.0 million). The segment also improved its result at the EBITDA level excluding IFRS 16 which increased to PLN 9.9 million, and the EBITDA margin excluding IFRS 16 increased to 23.5%.

Owing to an increase in revenue recorded in the period from January to September 2019, the operating profit of the Outdoor segment at the EBIT level excluding IFRS 16 increased by 11.1% yoy and amounted to PLN 18.0 million. In that period, the segment's result at the EBITDA level excluding IFRS 16 increased by 5.5% yoy to PLN 32.5 million, whereas the EBITDA margin excluding IFRS 16 was 25.3%.

Consolidation of Piano Group Sp. z o.o. had a slightly negative impact on the segment's results both in the third quarter of 2019 and in the period from January to September 2019, mainly due to the transaction costs incurred.

The Outdoor segment is one of the Group's businesses for which the adoption of IFRS 16 means a change in the presentation of its results. Data for previous periods are not comparable. After the entry into force of IFRS 16 standard, the specified long-term lease agreements have ceased to be included in the cost of system maintenance. At the same time, the AMS balance sheet recognised assets (rights to use space) equal to the discounted amount of future payments under lease agreements. Depreciation of this right increases depreciation costs recognised in the segment's income statement. At the same time, in connection with the obligation to pay the discounted lease charges, part of the costs is recognised as interest on lease liabilities, and it is charged to the financial costs. Such inclusion increases depreciation and the segment's result at the EBITDA level.

As a result, in the third quarter of 2019, the segment's operating profit at the EBIT level, according to IFRS 16, was PLN 5.4 million, and the segment's EBITDA – PLN 13.4 million.

In the period from January to September 2019, the operating result of the Outdoor segment at the EBIT level, in accordance with IFRS 16, amounted to PLN 18.5 million, and at the EBITDA level – to PLN 40.8 million.

1. REVENUE [8]

Both in the third quarter of 2019 and in the period from January to September 2019, the AMS group's advertising sales showed an increase yoy. This is mainly due to advertising campaigns executed on Citylight Premium and Digital panels. Spending related to the campaign preceding the parliamentary election and the purchase of the majority stake in Piano Group Sp. z o.o. also had a positive effect on revenue growth in both analysed periods. The segment's advertising revenue increased by 12.5% yoy to PLN 41.5 million in the third quarter of 2019, and by 6.4% yoy to PLN 126.9 million in the period from January to September 2019.

According to the IGRZ (Outdoor Advertising Chamber) report, in the third quarter of 2019, outdoor advertising spending in Poland increased by 12.5% yoy, and in the period from January to September 2019, this spending was higher by over 3.5% yoy. The growth rate of AMS group's revenue which was higher than market dynamics was largely driven by advertisers' spending on advertising campaigns executed on the panels from Premium Citylight and Digital panels, also on MoveTV platform.

The estimated share of the AMS Group in the outdoor advertising expenditure amounted to almost 32,0% in the third quarter of 2019, and to almost 34,0% in the period from January to September 2019 *[8]*.

2. COST

AMS group recorded a yoy increase in operating costs, excluding IFRS 16, both in the third quarter of 2019 and in the period from January to September 2019, by 5.4% yoy and 6.1% yoy, respectively. The costs that impacted the level of these expenses were related to the activity of Piano Group Sp. z o.o., the owner of MoveTV platform, and costs of implementing the results of the Outdoor Track study. Also the increased other net operating costs significantly contributed to the increase in operating costs (excluding IFRS 16) in the period from January to September 2019. It was related to one-time revaluation of assets and costs of bus shelters handed over to MPK in Poznan in the second quarter of 2019. In addition, in the second quarter of 2018, the net value of other operating costs was positively impacted by a reversal of some provisions as a result of completion of certain sanction proceedings, initiated for occupying a road lane.

The costs of campaign execution increased by 3.2% yoy in the third quarter of 2019 and by 2.1% yoy in the period from January to September 2019 as a result of the increased number of completed non-standard projects, higher spending on the replacement and distribution of posters as well as costs of campaign execution on MoveTV platform.

In the third quarter of 2019, system maintenance costs excluding IFRS 16 increased by 1.4% yoy due to an expenditure on the lease of advertising space on bus shelters in Poznan. The system maintenance costs (excluding IFRS 16) recorded in the period from January to September 2019 increased by 2.4% yoy, and were largely attributable to the increase in the costs of regular maintenance and repairs of advertising panels, as well as prices of electricity for lighting.

The staff costs increased by 1.7% yoy in the third quarter of 2019 and by 3.5% yoy in the period from January to September 2019, mainly as a result of changes to remuneration introduced in the second half of 2018. The factors that contributed to the increased costs were also higher expenditure on health care in the first half of 2019 and the cost of remuneration in the Piano Group.

An increase in promotion and marketing costs in the third quarter of 2019 by 25.0% yoy and by 16.2% yoy in the period from January to September 2019 was triggered by higher total costs of non-profit/commercial campaigns, where the non-profit part is settled in the form of barter and charged to promotion and marketing costs. The expenses associated with the provision of AMS patronage for important cultural events had also a significant impact on the level of these costs.

The segment's operating costs presented according to IFRS 16 stood at PLN 36.7 million in the third quarter of 2019 and at PLN 110.2 million in the period from January to September 2019. The implementation of the above standard exerted the greatest impact on the cost of system maintenance and depreciation, which amounted to PLN 10.9 million and PLN 8.0 million in the third quarter of 2019, and to PLN 34.4 million and PLN 22.3 million in the period from January to September 2019, respectively.

3. NEW INITIATIVES

In July 2019, AMS became the majority shareholder of the Piano Group which operates in digital out of home (DOOH) segment, acting as an operator of MoveTV platform with screens in the largest fitness clubs in Poland and original premium content adapted to watch during training. With this transaction, AMS – the leading player in the Polish outdoor advertising market, expanded its portfolio with a new type of media and strengthened its position in the DOOH segment in line with the development strategy of the Agora Group. The MoveTV platform, owned by the Piano Group, is currently using 914 screens located in more than 201 largest fitness clubs in 30 cities in Poland. It presents an original programme format adapted to watch during training and while staying at the gym on its own and partner-owned screens. MoveTV joined the channels in the digital portfolio of AMS media which also includes advertising on ATM screens, in public transport and shopping malls, as well as Digital Citylight, Digital Cityscreen and DynamicBacklight panels.

In addition, AMS concluded a contract with Poznan International Fair on the basis of which it will act as an operator of advertisements on bus shelters in Poznan as of 1 July 2019, for the next 10 years. In line with the contract, Poznan citylight panels will be upgraded to the premium standard within 3 years. Cooperation between AMS and MTP refers to 1,086 citylight advertising panels located on 323 bus shelters in Poznan.

AMS also continued the implementation of the Smart City project. Within its framework, a “green” bus shelter was built in the Warsaw district Wola at the “Sierpnia 1944” square. It was inspired by the residents and designed to serve them as best as possible: for neighbourly meetings, for resting surrounded by nature, and even for playing chess or other games.

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

The Internet segment includes the pro-forma consolidated financials of Agora's Internet Department, Domiporta Sp. z o.o., Yieldbird Sp. z o.o., GoldenLine Sp. z o.o. and Optimizers Sp.z o.o. (till June 30, 2019) as well as Online Technologies HR Sp. z o.o. (since September 18, 2019).

Tab. 17

in PLN million	**3Q 2019**	**3Q 2018**	***% change yoy***	**1-3Q 2019**	**1-3Q 2018**	***% change yoy***
Total sales, including (1):	**48.2**	**39.8**	***21.1%***	**134.3**	**126.5**	***6.2%***
Display ad sales (2)	42.9	34.6	*24.0%*	119.2	110.2	*8.2%*
Total operating cost, including (1),(3)	**(44.6)**	**(35.6)**	***25.3%***	**(124.4)**	**(113.8)**	***9.3%***
Total operating cost without IFRS 16 (2)	***(44.6)***	***(35.6)***	***25.3%***	***(124.4)***	***(113.8)***	***9.3%***
External services	(26.3)	(17.3)	*52.0%*	(70.5)	(56.3)	*25.2%*
External services without IFRS 16	*(26.3)*	*(17.3)*	*52.0%*	*(70.5)*	*(56.3)*	*25.2%*
Staff cost	(12.6)	(13.3)	*(5.3%)*	(37.8)	(41.3)	*(8.5%)*
D&A	(2.0)	(1.3)	*53.8%*	(5.1)	(3.6)	*41.7%*
D&A without IFRS 16	*(2.0)*	*(1.3)*	*53.8%*	*(5.1)*	*(3.6)*	*41.7%*
Promotion and marketing (2)	(2.3)	(2.4)	*(4.2%)*	(6.7)	(8.7)	*(23.0%)*
EBIT	**3.6**	**4.2**	***(14.3%)***	**9.9**	**12.7**	***(22.0%)***
EBIT margin	*7.5%*	*10.6%*	*(3.1pp)*	*7.4%*	*10.0%*	*(2.6pp)*
EBIT without IFRS 16	***3.6***	***4.2***	***(14.3%)***	***9.9***	***12.7***	***(22.0%)***
EBIT margin without IFRS 16	*7.5%*	*10.6%*	*(3.1pp)*	*7.4%*	*10.0%*	*(2.6pp)*
EBITDA	**5.6**	**5.5**	***1.8%***	**15.0**	**16.3**	***(8.0%)***
EBITDA margin	*11.6%*	*13.8%*	*(2.2pp)*	*11.2%*	*12.9%*	*(1.7pp)*
EBITDA without IFRS 16	***5.6***	***5.5***	***1.8%***	***15.0***	***16.3***	***(8.0%)***
EBITDA margin without IFRS 16	*11.6%*	*13.8%*	*(2.2pp)*	*11.2%*	*12.9%*	*(1.7pp)*

(1) the amounts include the revenues and cost of Online Technologies HR Sp. z o.o. since September 1, 2019; the data for previous periods was not adjusted;

(2) the amounts do not include total revenues and cost of cross-promotion of Agora's different media (only direct variable cost of campaigns carried out on advertising panels) if such promotion is executed without prior reservation, as well as exclude the inter-company sales between Agora's Internet Department, Domiporta Sp. z o.o., Yieldbird Sp. z o.o., GoldenLine Sp. z o.o., Optimizers Sp. z o.o. (till June 30, 2019) and Online Technologies HR Sp. z o.o. since September 1, 2019;

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

In the third quarter of 2019, the result of the Internet segment at the EBIT level excluding IFRS 16 decreased yoy to PLN 3.6 million, while the segment's result at the EBITDA level excluding IFRS 16 increased yoy to PLN 5.6 million *[1]*. In the period from January to September 2019, the Internet segment's EBIT excluding IFRS 16 amounted to PLN 9.9 million (down by 22.0% yoy), whereas the segment's EBITDA excluding IFRS 16 decreased by 8.0% yoy to PLN 15.0 million. Higher operating costs, mainly due to the increased scale of Yieldbird operations, had a significant impact on the results recorded in both periods in 2019.

The implementation of IFRS 16 had no significant effect on the recognition of the operating costs in the Internet segment or the segment's operating profits.

1. REVENUE

In the third quarter of 2019, total revenue of the Internet segment increased by 21.1% yoy and amounted to PLN 48.2 million. In the period from January to September 2019, the Internet segment's total revenue increased by 6.2% yoy, reaching PLN 134.3 million. Significantly higher advertising sales generated by Yieldbird and full consolidation of Online Technologies HR Sp. z o.o. as of September 2019 were the main factors behind the increase in the segment's revenue. The factors that adversely affected the segment's level of revenue in both periods were the discontinuation of Agora Performance operations in November 2018 and lower yoy revenue generated by GoldenLine and Domiporta.

2. COST

In the third quarter of 2019, the Internet segment's operating costs (excluding IFRS 16) went up by 25.3%, yoy and in the period from January to September 2019, they increased by 9.3% yoy to PLN 124.4 million. The increase in operating costs was largely driven by higher spending on external services, associated mainly with the lease of advertising space – primarily in Yieldbird, and depreciation costs.

In the third quarter of 2019, costs of external services increased by 52.0% yoy to PLN 26.3 million and in the period from January to September 2019, they went up by 25.2% yoy. The increase in expenditure on external services was mostly driven by higher lease costs of advertising space in Yieldbird. However, the increase in this cost category was offset by higher revenue from advertising sales.

In the third quarter of 2019, staff costs decreased by 5.3% yoy, whereas in the period from January to September 2019, they decreased by 8.5% yoy. That was mainly the effect of the reduced number of full-time employees in Gazeta.pl and GoldenLine.

Both in the third quarter and in the first three quarters of 2019, depreciation costs increased by 53.8% yoy and 41.7% yoy, respectively. The increase in these costs was mostly driven by investments made to modernise technical infrastructure which allowed for the development of advertising products and improvement of Gazeta.pl's visibility in search results of the most popular search engines. In addition, investment projects implemented in Yieldbird, GoldenLine and Domiporta contributed to the increase in depreciation costs.

In the third quarter of 2019, promotion and marketing costs decreased by 4.2% yoy and in the period from January to September 2019 by 23.0% yoy and was associated with lower expenditure on promotion in GoldenLine as well as lower barter costs in Gazeta.pl.

3. IMPORTANT INFORMATION ON INTERNET ACTIVITIES

In September 2019, the overall reach of the Gazeta.pl group websites among Polish Internet users stood at 55.0%, and the number of users reached 15.5 million, which made the Gazeta.pl group the tenth market player according to a survey by Gemius PBI. The total number of page views of the Gazeta.pl group websites reached 516 million, with the average viewing time of 47 minutes per user *[6]*.

In September 2019, 11.8 million Internet users (reach of 42.0%) viewed the websites of Gazeta.pl group on mobile devices. The number of mobile page views amounted to 364 million, and the share of mobile page views on the websites of Gazeta.pl group stood at 70% and was the highest among Polish horizontal web portals *[6]*.

The websites of Gazeta.pl group are ranked among top thematic market players. In accordance with the data from Gemius PBI for September 2019, Gazeta.pl group holds a leading position in the *Gossip, celebrity life* category (Plotek.pl) and is ranked second in the following categories: *Local and regional news* (e.g. local websites of Wyborcza.pl and Metrowarszawa.pl) and *Children and family* (eDziecko.pl). The websites of Gazeta.pl group are also highly ranked in the following categories: *Sports* (third place, e.g. Sport.pl), *Information & journalism – general* (fourth place, e.g. Wyborcza.pl and Wiadomosci.gazeta.pl), *Fashion and beauty* (fifth place, Avanti24.pl), *Work* (sixth place, Goldenline.pl), *Automotive* (sixth place, Moto.pl), *Diets, slimming, fitness* (sixth place, e.g. Myfitness.gazeta.pl).

4. NEW INITIATIVES

The editorial team of the websites of Gazeta.pl group continues to expand its offer for users. In July, a new video format, *Cyfrowi Atleci*, created in cooperation with Gameset, a gaming marketing agency, premiered on Sport.pl and Gazeta.pl. It , connects two worlds – that of sports and e-sport. From September, every week, it is possible to watch *POPkultura*, a programme during which female journalists from the editorial team of Kultura.Gazeta.pl share cultural news concerning films, books and TV series. After summer holidays, popular editorial cycles and well-known video formats returned to Gazeta.pl, e.g. the morning programme *Rozmowa na zywo* with new hosts, *Studio Biznes* – a dynamic business and lifestyle format, a series of video micro-features – *Zwykli niezwykli*, or *Sekcja pilkarska*, Sport.pl's programme popular among football fans. All cyclic materials available on Gazeta.pl can be accessed via a navigation bar located at the top of the portal's homepage. On 30 September, an editorial cycle of Gazeta.pl titled *Piątka Gazeta.pl* was launched with a series of articles on health service. The cycle was prepared with reference to the parliamentary election held in October. For a week, journalists of Gazeta.pl described different issues on a daily basis – ones that were important to the Poles but at the same time those which the politicians did not necessarily want to discuss during the election campaign.

In August, a promotional campaign of the Football LIVE mobile application created by the team of Sport.pl was conducted. From the beginning of June 2019, an update of the application intended for football fans, which combines the livescore functionality – results of almost 80 matches worldwide presented live – with news and analyses of football events created by experienced journalists of Sport.pl, is available in Google Play.

Further distinctions were also awarded to the *Ostatni Twoj Weekend* [*The Last Ever Issue*] campaign of Gazeta.pl, BNP Paribas, Mastercard and VMLY&R Poland. These included: Grand Prix at Gerety Awards 2019 in the Media Cut – Alternative category, a prestigious distinction in the international advertising competition the ambassadors and jurors of which are exclusively female, as well as WAN-IFRA Award at Print Innovation Awards 2019.

Also Internet companies in which Agora Group holds shares developed their offer.

In September 2019, Yieldbird – a company which specialises in optimising programmatic advertising revenue, in cooperation with Resolution agency from the OMD Group, conducted an audio advertising campaign sold in the programmatic model. The advertising activities for the customer from the premium automotive segment were carried out in the space owned by the Agora Radio Group – listeners of radio programmes and podcasts were able to listen to spots in the online player of Radio TOK FM and Internet radio Tuba FM. Importantly, Yieldbird is among the most dynamically developing technological companies from Europe, the Middle East and Africa for the second time. The company from the Agora Group moved up in the prestigious Deloitte's *Technology Fast 500 EMEA* ranking to the 159th place. Yieldbird consistently expands its portfolio of services and increases the scale of its business operations, reaching a new customer group. Over the years 2014–2017 (taken into account in the Deloitte ranking published in September 2019), the company's revenue increased by 616%.

Also in September 2019, Agora became the majority shareholder of Online Technologies HR, a company that develops an original HRlink.pl application to optimise and modernise e-recruitment processes. With this transaction, Agora consolidated its position in the market of recruitment and B2B services. Agora is the shareholder of Online Technologies HR since 2012.

IV.E. RADIO

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

Tab. 18

in PLN million	**3Q 2019**	**3Q 2018**	***% change yoy***	**1-3Q 2019**	**1-3Q 2018**	***% change yoy***
Total sales, including :	**25.6**	**22.7**	***12.8%***	**75.6**	**77.9**	***(3.0%)***
Radio advertising revenue (1), (2)	21.2	19.0	*11.6%*	61.6	65.9	*(6.5%)*
Total operating cost, including: (2)	**(23.0)**	**(20.9)**	***10.0%***	**(68.3)**	**(68.0)**	***0.4%***
Total operating cost without IFRS 16 (2)	***(23.1)***	***(20.9)***	***10.5%***	***(68.5)***	***(68.0)***	***0.7%***
External services	(8.7)	(9.1)	*(4.4%)*	(25.0)	(30.5)	*(18.0%)*
External services without IFRS 16	*(9.5)*	*(9.1)*	*4.4%*	*(27.2)*	*(30.5)*	*(10.8%)*
Staff cost	(8.1)	(7.4)	*9.5%*	(25.2)	(23.7)	*6.3%*
D&A	(1.8)	(1.0)	*80.0%*	(5.3)	(3.0)	*76.7%*
D&A without IFRS 16	*(1.1)*	*(1.0)*	*10.0%*	*(3.2)*	*(3.0)*	*6.7%*
Promotion and marketing (2)	(2.8)	(2.0)	*40.0%*	(8.1)	(6.0)	*35.0%*
EBIT	**2.6**	**1.8**	***44.4%***	**7.3**	**9.9**	***(26.3%)***
EBIT margin	*10.2%*	*7.9%*	*2.3pp*	*9.7%*	*12.7%*	*(3.0pp)*
EBIT without IFRS 16	***2.5***	***1.8***	***38.9%***	***7.1***	***9.9***	***(28.3%)***
EBIT margin without IFRS 16	*9.8%*	*7.9%*	*1.9pp*	*9.4%*	*12.7%*	*(3.3pp)*
EBITDA	**4.4**	**2.8**	***57.1%***	**12.6**	**12.9**	***(2.3%)***
EBITDA margin	*17.2%*	*12.3%*	*4.9pp*	*16.7%*	*16.6%*	*0.1pp*
EBITDA without IFRS 16	***3.6***	***2.8***	***28.6%***	***10.3***	***12.9***	***(20.2%)***
EBITDA margin without IFRS 16	*14.1%*	*12.3%*	*1.8pp*	*13.6%*	*16.6%*	*(3.0pp)*

(1) advertising revenues include revenues from brokerage services of proprietary and third-party air time;

(2) the amounts do not include revenues and total cost of cross-promotion of Agora's different media (only the direct variable cost of campaigns carried out on advertising panels) if such a promotion was executed without prior reservation.

In the third quarter of 2019, the operating profits of the Radio segment excluding IFRS 16, both at the EBIT and EBITDA levels, were higher yoy and amounted to PLN 2.5 million and PLN 3.6 million, respectively. The results of the segment were mainly affected by higher sales of advertising services in the segment's own stations.

In the period from January to September 2019, the segment's EBIT excluding IFRS 16 recorded a decrease yoy and reached PLN 7.1 million. In the same period, the segment's EBITDA excluding IFRS 16 also decreased yoy, amounting to PLN 10.3 million.

In the third quarter of 2019, the segment's operating profit at the EBIT level, according to IFRS 16, was PLN 2.6 million, and the segment's EBITDA – PLN 4.4 million. In the period from January to September 2019, the segment's EBIT, according to IFRS 16, amounted to PLN 7.3 million, and EBITDA stood at PLN 12.6 million.

1. REVENUE [3]

In the third quarter of 2019, the revenue of the Radio segment increased by 12.8% yoy and reached PLN 25.6 million. The increase in revenue resulted mainly from higher air time sales in the radio stations of Agora Radio Group and proceeds from the sales brokerage services provided for Helios network cinemas.

It is also worth mentioning that in the third quarter of 2019, the total radio advertising expenditure in Poland increased by 11.7% yoy.

In the period from January to September 2019, the total revenue of the Radio segment recorded a decrease by 3.0% yoy and amounted to PLN 75.6 million. This decrease was primarily due to the reduction in radio advertising expenditure in the first half of 2019.

2. COST

In the third quarter of 2019, the operating costs of the Radio segment excluding IFRS 16 increased by 10.5% yoy, amounting to PLN 23.1 million. Their increase was significantly affected by higher promotion and marketing costs as well as staff costs.

The increased promotion and marketing costs (up to PLN 2.8 million) were primarily the result of higher expenditure on the promotion of Radio TOK FM, Radio Pogoda and sales promotion.

The increase in staff costs up to PLN 8.1 million was mainly due to higher costs of remuneration under full-time employment contracts, as well as courses, training and conferences.

In the third quarter of 2019, the costs of external services excluding IFRS 16 also increased – by 4.4% yoy to PLN 9.5 million. This cost item was mostly affected by higher expenditure related to sales brokerage services provided for the Helios cinema network. Apart from the costs of sales brokerage for Helios cinemas and the costs related to the advertising sales brokerage for third-party radio stations, the external services cost item (excluding IFRS 16) also includes rental and lease fees, production services as well as operator fees.

In the period from January to September 2019, the segment's operating costs excluding IFRS 16 increased by 0.7% yoy to PLN 68.5 million. This was largely attributable to higher promotion and marketing costs which increased by 35.0% yoy to PLN 8.1 million. Their increase was related to the promotion of Radio TOK FM, Radio Pogoda and sales promotion.

In that period, there was also an increase in staff costs which were reported at PLN 25.2 million, mainly due to higher costs of remuneration under full-time employment contracts, courses and training.

In the period from January to September 2019, the costs of external services excluding IFRS 16 decreased by 10.8% yoy to PLN 27.2 million. This cost item was primarily affected by lower spending on air time purchases in third-party radio stations in connection with the brokerage service provided and lower marketing research costs. At the same time, the costs related to the sales brokerage services for the Helios cinema network were higher yoy.

The operating costs of the Radio segment presented according to IFRS 16 stood at PLN 23.0 million in the third quarter of 2019 and at PLN 68.3 million in the period from January to September 2019.

3. AUDIENCE SHARES [9]

Tab. 19

% share in listening	3Q 2019	change in pp yoy	1-3Q 2019	change in pp yoy
Group's music radio stations (Rock Radio, Zlote Przeboje and Radio Pogoda)	4.3%	(0.4pp)	4.4%	0.0pp
News talk radio station TOK FM	1.9%	0.1pp	2.0%	0.1pp

4. NEW INITIATIVES

The Agora Radio Group music stations prepared special programmes for their listeners for the summer holidays, and in autumn, they launched new programmes, cycles and competitions. Due to the parliamentary election in October 2019, Radio TOK FM started the *Wybory w TOKu* campaign already in September 2019. It consisted of parliamentary guides, programmes involving listeners, a special podcast *Ostatnie 24 godziny kampanii*, as well as 17 debates with parliamentary candidates titled *Uslysz swojego posla*, which were organised in front of the audience and in the studio. Until the day of the election to the Sejm and the Senate, the editorial team of Radio TOK FM continued to provide extensive information about the forthcoming vote and visited several Polish towns.

While striving for the development of its subscription offer, Radio TOK FM also conducted a mobile application campaign. In August 2019, creations with the slogans *Sluchaj, gdziekolwiek jestes* and *Wszystko co wazne, gdziekolwiek jestes* appeared on outdoor advertising panels in several Polish cities. In this way, the station encouraged its listeners to use the TOK FM application in order to listen to both the radio live and podcasts in any place and at any time. In September, a campaign took place to promote Radio Pogoda and the *Najpiekniejsze melodie* programme hosted by Robert Janowski, which returned to the station after summer holidays in a form that engages the listeners to an even greater extent.

NOTES

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

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

In the Management Board opinion, EBITDA constitutes a useful supplementary financial indicator in assessing the performance of the Group and its operating segments. It should be taken into account, that EBIT and EBITDA are not measures determined by IFRS and have not a uniform standard of calculation. Accordingly, their calculation and presentation by the Group may differ from that applied by other companies.

EBIT and EBITDA of Press, Internet, Movies and Books as well as Print segments are calculated on the basis of cost directly attributable to the appropriate operating segment of the Agora Group and excludes allocations of all Company's overheads (such as: cost of Agora's Management Board and a majority of cost of the Company`s supporting divisions), which are included in reconciling positions.

Moreover, EBIT of particular operating segments does not include depreciation and amortisation recognised on consolidation as described in note 4 to the condensed interim consolidated financial statements.

[2] the data on ticket sales in the cinemas comprising Helios group come from the accounting data of Helios reported in accordance with full calendar periods.

[3] The data relate to advertisements and listings in six media (press, radio, television, outdoor advertising, internet, cinema). In this report, Agora corrected data on expenditure on advertising in newspapers, in the third quarter of 2018, as well as expenditure on advertising in online in the second quarter of 2019.

Unless explicitly stated otherwise, press and radio advertising market data referred to herein are based on Agora's estimates adjusted for average discount rate and are stated in current prices. Given the discount pressure as well as advertising time and space sell-offs, these figures may not be fully reliable and will be adjusted in the consecutive reporting periods.

Data for advertising expenditure in press relate only to display advertisements, excluding inserts, classified ads and obituaries. As a basis for estimates rate card data from monitoring of Kantar Media were used.

Expenses for advertising on television, cinema and the Internet are based on preliminary estimates of the Starcom media house; TV market estimates include amounts related to broadcasting regular advertising and sponsorship indications along with product placement, but they do not include amounts related to teleshopping or other forms of promotion.

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

[5] Definition of ratios:

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

Gross profit margin = $\dfrac{\textit{Gross profit / (loss) on sales}}{\textit{Revenue}}$

Return on equity = $\dfrac{\textit{Net profit / (loss) attributable to equity holders of the parent}}{\textit{(Equity attributable to equity holders of the parent at the beginning of the period + Equity attributable to equity holders of the parent at the end of the period) /2/(1.33 for three quarters and 4 for quarterly results)}}$

Debtors days = $\dfrac{\textit{(Trade receivables gross at the beginning of the period + Trade receivables gross at the end of the period) / 2}}{\textit{Revenue / no. of days}}$

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

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

Current ratio I = $\dfrac{\textit{Current Assets}}{\textit{Current liabilities}}$

Gearing ratio = $\dfrac{\textit{Current and non-current liabilities from loans and leases– cash and cash equivalents – highly liquid short-term monetary assets}}{\textit{Total equity and liabilities}}$

Interest cover = $\dfrac{\textit{Operating profit / (loss)}}{\textit{Interest charge}}$

Free cash flow interest cover = $\dfrac{\textit{Free cash flow *}}{\textit{Interest charge}}$

** Free cash flow = Net cash from operating activities + Purchase of property plant and equipment and intangibles excluding investment expenditure incurred for the equipment of cinemas to the extent that they are resold to the owners of real estate where cinemas are located.*

[6] Real users, page views and spent time on the basis of Gemius PBI, cover Internet users age 7 years and above, connecting to Internet from the territory of Poland and include only Internet domains registered on Agora S.A. in Gemius SA's Registry of Service Providers. Real users data of the Gazeta.pl group services are audited by Gemius SA.

Since May 2016 a new methodology of Gemius PBI research has been introduced. According to the new methodology the data is presented jointly for PCs and mobile platforms, and the reach of websites is reported accordingly. The way of weighing data and the definitions of indices also changed.

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

[7] Average paid circulation of monthlies is based on the Agora's own data.

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

[9] Audience market data referred herein are based on Radio Track surveys, carried out by Kantar Millward Brown SMG/KRC (all places, all days and all quarter) in whole population and in the age group of 15+, from July to September (sample for 2018: 20,984; sample for 2019: 21,034), from January to September (sample for 2018: 62,501; for 2019: 63,027).

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

V. ADDITIONAL INFORMATION

1. IMPORTANT EVENTS

Significant events for the Company's business activities

In the current report of August 29, 2019, the Management Board of Agora S.A., in reference to report no. 6/2017 of May 25, 2017, and no. 13/2018 of May 18, 2018, and no. 8/2019 of March 29, 2019 regarding the Credit Line Agreement ("Agreement") with DNB Bank Polska S.A.("Bank") informed about signing Annex no. 4 to this Agreement today ("Annex no. 4").

Signing of Annex no. 4 extending validity of the Credit Line Agreement until December 27, 2019 was related to the negotiations initiated by the Company with a consortium of banks regarding obtaining financing for the Agora Group. The Company informed about the commencement of the above negotiations in the regulatory filing no. 6/2019 on March 11, 2019. The leading bank in the bank consortium with which the Company conducts negotiations is DNB Bank Polska S.A.

Pursuant to the Annex no. 4, the Company will have at its disposal a credit limit of PLN 35,000,000.00 (thirty five million zlotys), which may be used until December 27, 2019 on principles analogous to those specified in the Agreement, about which the Company informed in the regulatory filings on May 25, 2017; May 18, 2018, and March 29, 2019.

The Credit Limit will bear the WIBOR rate for one-month deposits in PLN plus the Bank's margin. In the event of failure to pay within the deadline specified in the Agreement some or all of the Bank's receivables, the Company will be charged interest at the base rate plus penalty interest. There are no other provisions on contractual penalties in Annex no. 4.

The repayment security of the Credit Limit has been maintained, as indicated in current reports no. 6/2017 of May 25, 2017 and no. 13/2018 of May 18, 2018.

Selection of a certified auditor of the Company's financial statements

In the current report of November 7, 2019 the Management Board of Agora S.A. informed that on November 7, 2019 the Supervisory Board selected the certified auditor of the Company's financial statements. On the basis of both, the Supervisory Board resolution and the Company's Statute, KPMG Audyt Spolka z ograniczona odpowiedzialnoscia spolka komandytowa with its registered seat in Warsaw at 4A Inflacka Street, registered under the number 3546 as an entity entitled to audit financial statements, was elected the certified auditor of the Company that is to audit financial statements of the Company for the years 2020, 2021 and 2022.

Changes in subsidiaries

AMS S.A.

In the current report of July 15, 2019, the Management Board of Agora S.A., on the basis of Article. 17 sec. 1 and 4 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (regulation on market abuse) and repealing Directive 2003/6 / EC of the European Parliament and of the Council and Commission directive 2003 / 124 / WE, 2003/125 / EC and 2004/72 / EC ("MAR"), hereby disclosed confidential information on the initiation of negotiations on 23 May 2019 to acquire by AMS S.A., i.e. a company from the Agora capital group, 85% shares in Piano Group sp. z. o. o. with its register office in Warsaw and execution of a shareholder agreement with a minority shareholder ("Confidential Information"). The content of the delayed Confidential Information was published on the Company's website.

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

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

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

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

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

The Share purchase price will depend on the value of the EBITDA, the multiplier assigned to it and the value of the net debt.

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

The turnover of Piano Group did not exceed EUR 10 million in any of the last two financial years. Piano Group is the holder of 100% of shares in Benefit Multimedia Sp. z o.o. SKA and the sole shareholder of Benefit Multimedia Sp. z o.o., which acts as the sole general partner of Benefit Multimedia Sp. z o.o. SKA. Benefit Multimedia Sp. z o.o. SKA is a provider of services in the DOOH (digital out-of-home) market, in the area of internal advertising of content broadcasting, the sale of advertising content, screen installation and the use of video/TV infrastructure to broadcast video content. Benefit Multimedia Sp. z o.o. SKA cooperates with more than 190 fitness clubs in Poland where the company's infrastructure is installed.

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

Eurozet sp. z o.o.

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

As a result of applying the price adjustment mechanism set forth in the Preliminary Agreement, the final consideration for 400 shares in the share capital of Eurozet with a nominal value of PLN 50 each, representing 40% of the share capital of Eurozet and entitling to exercise 40% of the total number of votes at the shareholders' meeting of Eurozet, acquired by Agora on 20 February 2019, amounted to PLN 130,673,268 (whereas the amount originally paid by the Company as initial consideration was PLN 130,754,689).

In connection with the foregoing, pursuant to the provisions of the Preliminary Agreement and given the result of applying the price adjustment mechanism, the Company is entitled to receive from the Seller a price adjustment (surplus) amounting to PLN 81,421 within five business days from the date of determining the amount of the final consideration.

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

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

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

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

The details concerning the rules for exercising the Call Option by the Company in accordance with the Shareholders' Agreement were presented in the Company's current report No. 3/2019 of 20 February 2019.

Helios S.A.

Call for the repurchase of shares in a subsidiary.

On 29 March 2016, a minority shareholder ("the Minority Shareholder") of Helios S.A. holding 320,400 shares in that company, which represent 2.77% of the share capital ("the Shares"), addressed to Helios S.A. a call under Art. 418 (1) of the Code of Commercial Companies (hereinafter: "CCC") for convening the General Shareholders' Meeting and putting on its agenda passing a resolution on mandatory sell-out of the Shares ("the Call"). As a result of: (i) the Call, (ii) further calls made under Article 418(1) of the CCC by the Minority Shareholder and other minority shareholders of Helios S.A. who acquired a part of the Shares from the Minority Shareholder, and (iii) the resolutions passed by the General Shareholders' Meeting of Helios S.A. on 10 May 2016 and 13 June 2016, two sell-out procedures (under Art. 418(1) of the CCC) and one squeeze out procedure (under Article 418 of the CCC) are being finalized at Helios S.A., aimed at the acquisition by two shareholders of Helios S.A., including Agora S.A., the Shares held by the Minority Shareholder and other minority shareholders.

Sell-out procedure

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

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

The Minority Shareholder 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.

Squeeze-out procedure

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

◗ **Online Technologies HR sp. z o.o.**

In the current report of August 29, 2019, the Management Board of Agora S.A. informed that on 29 August, 2019, the Company received an offer to conclude an investment agreement regulating the rules for the acquisition of existing and taking up new shares in the associated company Online Technologies HR Sp. z o.o. ("Online Technologies"), developing cutting-edge application HRLink.pl.

The offer anticipated the acquisition of 32 shares in Online Technologies' share capital from existing shareholders and taking up 15 newly created shares in the company's increased share capital. The potential total amount of Agora's investment in Online Technologies based on the submitted offer was about PLN 7.7 million.

If an investment agreement were concluded on the terms set out in the offer, Agora's share in Online Technologies would increase to 79.83%, thus Agora would become the majority shareholder of this company.

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

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

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

The purchase of Shares will be financed from Agora's own funds. The total amount of Agora's investments in Online Technologies is PLN 7.7 million.

Before concluding the contract, Agora held 48 shares constituting 46.15% of the share capital. After concluding the acquisition of 32 shares and taking up 15 newly created shares in Online Technologies, Agora holds 95 shares representing 79.83% of the share capital of Online Technologies.

Agora became a shareholder of Online Technologies in 2012. Online Technologies HR Sp. z o.o. is one of the fastest growing technology companies in Central Europe. In 2018, the company made its debut in 26th place in the prestigious Deloitte ranking 'Technology Fast 50 Central Europe'. The company offers its clients first of all a modern HRLink.pl tool available in the subscription model, other IT services related to the recruitment process (e.g. services in the field of creating bookmarks or career-related websites) and brokering the sale of recruitment websites and media. Online Technologies revenues in 2018 amounted to PLN 5.5 million, and the net result to PLN 104 thousand.

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

◗ **Optimizers sp. z o.o.**

On July 22, 2019, Agora S.A., as the Seller, concluded a share sale agreement in a limited liability company, concerning the sale of all shares in Optimizers Sp. z o.o., with AMS S.A., as a Buyer, for a total price of PLN 45,000. As a result of the above transaction, Agora S.A. does not currently hold any shares in Optimizers Sp. z o.o. (directly), but indirectly (through AMS S.A.) Optimizers Sp. z o.o. still remains a subsidiary of the Agora Group.

◗ **Yieldbird sp. z o.o.**

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

2. CHANGES IN OWNERSHIP OF SHARES OR OTHER RIGHTS TO SHARES (OPTIONS) BY MANAGEMENT BOARD MEMBERS IN THE THIRD QUARTER OF 2019 AND UNTIL THE DATE OF PUBLICATION OF THE REPORT

Tab. 19

a. shares	As of November 7, 2019	*decrease*	*increase*	As of September 5, 2019
Bartosz Hojka	2,900	-	-	2,900
Tomasz Jagiello	0	-	-	0
Grzegorz Kania	0	-	-	0
Anna Krynska - Godlewska	0	-	-	0
Agnieszka Sadowska	0	-	-	0

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

The members of the Management Board participated in the incentive plan described in the note 5 to the condensed interim consolidated financial statements.

3. CHANGES IN OWNERSHIP OF SHARES OR OTHER RIGHTS TO SHARES (OPTIONS) BY SUPERVISORY BOARD MEMBERS IN THE THIRD QUARTER OF 2019 AND UNTIL THE DATE OF PUBLICATION OF THE REPORT

Tab. 20

a. shares	As of November 7, 2019	*decrease*	*increase*	As of September 5, 2019
Andrzej Szlezak	0	-	-	0
Dariusz Formela	0	-	-	0
Tomasz Karusewicz	0	-	-	0
Wanda Rapaczynski	882,990	-	-	882,990
Tomasz Sielicki	33	-	-	33
Maciej Wisniewski	0	-	-	0

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

4. SHAREHOLDERS ENTITLED TO EXERCISE OVER 5% OF TOTAL VOTING RIGHTS AT THE GENERAL MEETING OF AGORA S.A., EITHER DIRECTLY OR THROUGH AFFILIATES AS OF THE DATE OF PUBLICATION OF THE QUARTERLY REPORT

The shareholders' structure is updated on the basis of the official notifications from shareholders entitled to over 5% of the total voting rights at the General Meeting of the Company.

According to the formal notifications received from the Company's shareholders, particularly on the basis of art. 69 of Act on Public Offer and the Conditions of Introducing Financial Instruments to the Organized Trading System and on Public Companies dated July 29, 2005, the shareholders' structure actual as of the day of publication of former report (i.e. September 5, 2019) and as of the day of publication of this report, has not significantly changed.

According to the abovementioned notifications, the following shareholders were entitled to exercise over 5% of the total voting rights at the General Meeting of the Company as of the date of submission of this report:

Tab. 21

	no. of shares	% of share capital	no. of votes	% of voting rights
Agora-Holding Sp. z o.o. *(in accordance with last notification of 24th Sept 2015) (1)*	5,401,852	11.60	22,528,252	35.36
Powszechne Towarzystwo Emerytalne PZU S.A. (PZU "Zlota Jesien" Open Pension Fund and PZU Voluntary Pension Fund) *(in accordance with last notification of 27th Dec 2012)(1)*	7,594,611	16.30	7,594,611	11.92
including: PZU "Zlota Jesien" Open Pension Fund *(in accordance with last notification of 27th Dec 2012)(1)*	7,585,661	16.28	7,585,661	11.91
Media Development Investment Fund, Inc. (MDIF Media Holdings I, LLC) *(in accordance with formal notification received on 6th June 2016)(1)*	5,350,000	11.49	5,350,000	8.40
Nationale-Nederlanden Powszechne Towarzystwo Emerytalne S.A. (Nationale – Open Pension Fund and Nationale Nederlanden Voluntary Pension Fund) *(in accordance with last notification of 9th June 2016)(1)*	4,493,055	9.65	4,493,055	7.05

(1) *number of shares according to a notification from a shareholder — as at 23rd Aug 2018; share in votes and share capital of Agora SA were calculated by the Company after the registration of the decrease of the share capital of the Company.*

5. OTHER INFORMATION

- **The Management Board's statement of the possible realization of forecasts**

The Management Board did not publish any forecasts of financial results and because of that this report does not present any Management Board's statement of the possible forecast execution.

- **Changes in contingencies and court cases**

Any changes in contingencies since the date of closing of the last financial year and information about court cases were described in notes 7 and 8 to the condensed interim consolidated financial statements.

- **Legal actions concerning liabilities or receivables of the Issuer or its subsidiaries**

In the third quarter of 2019, there were no significant legal actions in court, competent authority for arbitration procedures or public institutions related to liabilities or receivables Agora S.A. or its subsidiaries.

- **Related party transactions**

Transactions with related parties with the Group are of routine nature and were described in note 10 to the condensed interim consolidated financial statements.

AGORA GROUP

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

as at 30 September 2019 and for 3 and 9 month period ended thereon

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

CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2019

	Note	As at 30 September 2019 unaudited	As at 30 June 2019 unaudited	As at 31 December 2018 audited
Assets				
Non-current assets:				
Intangible assets		438,839	418,439	420,680
Property, plant and equipment		452,673	450,450	519,472
Right-of-use assets	2	570,997	541,910	-
Long-term financial assets		1,398	1,413	379
Investments in equity accounted investees		152,357	160,752	11,295
Receivables and prepayments		14,061	13,786	14,573
Deferred tax assets		15,806	17,835	14,899
		1,646,131	**1,604,585**	**981,298**
Current assets:				
Inventories		23,032	26,108	35,777
Accounts receivable and prepayments		203,417	205,467	226,764
Income tax receivable		788	1,905	534
Short-term securities and other financial assets		27,741	59,606	122,450
Cash and cash equivalents		36,432	42,022	33,003
		291,410	**335,108**	**418,528**
Total assets		**1,937,541**	**1,939,693**	**1,399,826**

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

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

CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2019 (CONTINUED)

	Note	As at 30 September 2019 unaudited	As at 30 June 2019 unaudited	As at 31 December 2018 audited
Equity and liabilities				
Equity attributable to equity holders of the parent:				
Share capital		46,581	46,581	46,581
Share premium		147,192	147,192	147,192
Retained earnings and other reserves		724,406	745,793	781,237
		918,179	**939,566**	**975,010**
Non-controlling interest		**20,338**	**19,708**	**21,149**
Total equity		**938,517**	**959,274**	**996,159**
Non-current liabilities:				
Deferred tax liabilities		8,440	10,567	9,544
Long-term borrowings	3	559,330	534,507	64,586
Other financial liabilities	15	44,717	33,237	33,237
Retirement severance provision		3,080	3,080	2,916
Provisions		965	1,171	1,316
Accruals and other liabilities		3,923	3,401	2,950
Contract liabilities		160	271	450
		620,615	**586,234**	**114,999**
Current liabilities:				
Retirement severance provision		113	113	241
Trade and other payables		220,319	252,422	232,914
Income tax liabilities		1,154	698	4,298
Short-term borrowings	3	140,432	123,905	33,209
Other financial liabilities	15	1,760	1,607	1,607
Provisions		2,608	2,566	2,453
Contract liabilities		12,023	12,874	13,946
		378,409	**394,185**	**288,668**
Total equity and liabilities		**1,937,541**	**1,939,693**	**1,399,826**

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

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

CONSOLIDATED INCOME STATEMENT FOR THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2019

	Three months ended 30 September 2019 unaudited	Nine months ended 30 September 2019 unaudited	Three months ended 30 September 2018 unaudited	Nine months ended 30 September 2018 unaudited
Revenue	293,258	871,482	258,886	795,141
Cost of sales	(202,692)	(613,841)	(184,295)	(562,844)
Gross profit	**90,566**	**257,641**	**74,591**	**232,297**
Selling expenses	(51,493)	(149,851)	(47,355)	(143,419)
Administrative expenses	(32,756)	(108,256)	(31,207)	(101,957)
Other operating income	2,907	6,909	1,454	19,665
Other operating expenses	(1,213)	(4,434)	(1,168)	(3,451)
Impairment losses for receivables - net	248	(2,449)	(371)	(16,907)
Operating profit/(loss)	**8,259**	**(440)**	**(4,056)**	**(13,772)**
Finance income	7,471	8,889	604	28,933
Finance costs	(17,269)	(23,511)	(1,095)	(3,197)
Share of results of equity accounted investees	(312)	2,439	139	(576)
Profit/(loss) before income taxes	**(1,851)**	**(12,623)**	**(4,408)**	**11,388**
Income tax	(1,266)	(475)	1,650	(4,264)
Profit/(loss) for the period	**(3,117)**	**(13,098)**	**(2,758)**	**7,124**
Attributable to:				
Equity holders of the parent	(2,901)	(14,169)	(3,688)	4,823
Non-controlling interest	(216)	1,071	930	2,301
	(3,117)	**(13,098)**	**(2,758)**	**7,124**
Basic/diluted earnings per share (in PLN)	(0.06)	(0.30)	(0.08)	0.10

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2019

	Three months ended 30 September 2019 unaudited	Nine months ended 30 September 2019 unaudited	Three months ended 30 September 2018 unaudited	Nine months ended 30 September 2018 unaudited
Profit/(loss) for the period	**(3,117)**	**(13,098)**	**(2,758)**	**7,124**
Other comprehensive income:				
Items that will not be reclassified to profit or loss	-	-	-	-
Items that will be reclassified to profit or loss	-	-	-	-
Other comprehensive income for the period	**-**	**-**	**-**	**-**
Total comprehensive income for the period	**(3,117)**	**(13,098)**	**(2,758)**	**7,124**
Attributable to:				
Shareholders of the parent	(2,901)	(14,169)	(3,688)	4,823
Non-controlling interests	(216)	1,071	930	2,301
	(3,117)	**(13,098)**	**(2,758)**	**7,124**

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2019

	Attributable to equity holders of the parent						
	Share capital	Treasury shares	Share premium	Retained earnings and other reserves	**Total**	**Non-controlling interest**	**Total equity**
Nine months ended 30 September 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/ (loss) for the period	-	-	-	(14,169)	(14,169)	1,071	(13,098)
Total comprehensive income for the period	**-**	**-**	**-**	**(14,169)**	**(14,169)**	**1,071**	**(13,098)**
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Equity-settled share-based payments (note 5)	-	-	-	-	-	1,072	1,072
Dividends declared	-	-	-	(23,290)	(23,290)	-	(23,290)
Dividends of subsidiaries	-	-	-	-	-	(4,422)	(4,422)
Total contributions by and distributions to owners	**-**	**-**	**-**	**(23,290)**	**(23,290)**	**(3,350)**	**(26,640)**
Changes in ownership interests in subsidiaries							
Acquisition of non-controlling interests	-	-	-	(7,007)	(7,007)	(1,101)	(8,108)
Acquisition of a subsidiary (note 12)	-	-	-	-	-	1,683	1,683
Recognition of put option granted to non-controlling interests (note 15)	-	-	-	(11,480)	(11,480)	-	(11,480)
Additional contribution of non-controlling shareholders	-	-	-	(885)	(885)	886	1
Total changes in ownership interests in subsidiaries	**-**	**-**	**-**	**(19,372)**	**(19,372)**	**1,468**	**(17,904)**
Total transactions with owners	**-**	**-**	**-**	**(42,662)**	**(42,662)**	**(1,882)**	**(44,544)**
As at 30 September 2019 unaudited	**46,581**	**-**	**147,192**	**724,406**	**918,179**	**20,338**	**938,517**

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2019 (CONTINUED)

	Attributable to equity holders of the parent						
	Share capital	Treasury shares	Share premium	Retained earnings and other reserves	**Total**	**Non-controlling interest**	**Total equity**
Nine months ended 30 September 2018							
As at 31 December 2017 audited	**47,665**	**(21,744)**	**147,192**	**822,505**	**995,618**	**19,065**	**1,014,683**
Total comprehensive income for the period							
Net profit for the period	-	-	-	4,823	4,823	2,301	7,124
Total comprehensive income for the period	**-**	**-**	**-**	**4,823**	**4,823**	**2,301**	**7,124**
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Equity-settled share-based payments	-	-	-	-	-	1,124	1,124
Dividends declared	-	-	-	(23,290)	(23,290)	-	(23,290)
Dividends of subsidiaries	-	-	-	-	-	(4,244)	(4,244)
Redemption of own shares	(1,084)	21,744	-	(20,660)	-	-	-
Other	-	-	-	(1)	(1)	-	(1)
Total contributions by and distributions to owners	**(1,084)**	**21,744**	**-**	**(43,951)**	**(23,291)**	**(3,120)**	**(26,411)**
Changes in ownership interests in subsidiaries							
Acquisition of non-controlling interests	-	-	-	(15)	(15)	15	-
Additional contribution of non-controlling shareholder	-	-	-	(885)	(885)	886	1
Total changes in ownership interests in subsidiaries	**-**	**-**	**-**	**(900)**	**(900)**	**901**	**1**
Total transactions with owners	**(1,084)**	**21,744**	**-**	**(44,851)**	**(24,191)**	**(2,219)**	**(26,410)**
As at 30 September 2018 unaudited	**46,581**	**-**	**147,192**	**782,477**	**976,250**	**19,147**	**995,397**

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

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

CONSOLIDATED CASH FLOW STATEMENT FOR THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2019

	Note	Three months ended 30 September 2019 unaudited	Nine months ended 30 September 2019 unaudited	Three months ended 30 September 2018 unaudited	Nine months ended 30 September 2018 unaudited
Cash flows from operating activities					
Profit/(loss) before income taxes		**(1,851)**	**(12,623)**	**(4,408)**	**11,388**
Adjustments for:					
Share of results of equity accounted investees		312	(2,439)	(139)	576
Depreciation of property, plant and equipment		12,581	38,312	14,565	45,793
Amortization of intangible assets		6,494	20,405	6,484	19,084
Depreciation of right-of-use assets		20,052	57,100	-	-
Foreign exchange (gain) /loss		11,062	6,633	-	-
Interest, net		5,657	15,510	692	1,879
(Profit) / loss on investing activities		(680)	(1,558)	(519)	(42,381)
(Decrease) / increase in provisions		(164)	(160)	(684)	646
(Increase) / decrease in inventories		3,092	12,761	(3,379)	468
(Increase) / decrease in receivables		5,107	20,492	7,046	33,483
(Decrease) / increase in payables		(10,703)	(8,435)	4,573	(17,415)
(Decrease) / increase in contract liabilities		(961)	(2,212)	(1,435)	(1,051)
Remeasurement of put options	15	153	153	-	-
(Gain) on remeasurement of shares in subsidiary	12	(7,019)	(7,019)	-	-
Equity-settled share-based payments		264	1,072	411	1,124
Other adjustments		380	660	271	564
Cash generated from operations		**43,776**	**138,652**	**23,478**	**54,158**
Income taxes paid		(382)	(6,471)	(3,481)	(10,463)
Net cash from operating activities		**43,394**	**132,181**	**19,997**	**43,695**
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment and intangibles		4,090	32,183	4,174	44,687
Disposal of subsidiaries (net of cash disposed), associates and jointly controlled entities		-	-	-	32,111
Dividends received		7,222	7,222	-	-
Loan repayment received		160	172	-	1,030
Interest received		53	131	36	217
Disposal of short-term securities		32,166	121,188	12,000	135,298
Other inflows		-	-	-	10,800
Purchase of property, plant and equipment and intangibles		(23,739)	(82,074)	(16,576)	(62,766)
Acquisition of subsidiary (net of cash acquired), associates and jointly controlled entities		(12,043)	(157,239)	(9,601)	(9,601)
Acquisition of short-term securities		-	(25,000)	(9,000)	(158,000)
Loans granted		-	(830)	(331)	(331)
Net cash from investing activities		**7,909**	**(104,247)**	**(19,298)**	**(6,555)**

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

	Note	Three months ended 30 September 2019 unaudited	Nine months ended 30 September 2019 unaudited	Three months ended 30 September 2018 unaudited	Nine months ended 30 September 2018 unaudited
Cash flows from financing activities					
Proceeds from borrowings		8,873	99,759	16,641	25,267
Other inflows		-	-	-	1
Acquisition of non-controlling interest	12	(8,108)	(8,108)	-	-
Dividends paid to equity holders of the parent		(23,290)	(23,290)	(23,290)	(23,290)
Dividends paid to non-controlling shareholders		(34)	(3,936)	(2,907)	(4,210)
Repayment of borrowings		(10,015)	(19,407)	(4,003)	(16,158)
Payment of lease liabilities		(18,219)	(53,280)	(2,856)	(9,292)
Interest paid		(5,753)	(15,391)	(690)	(2,034)
Other		(347)	(852)	(275)	(563)
Net cash used in financing activities		**(56,893)**	**(24,505)**	**(17,380)**	**(30,279)**
Net increase / (decrease) in cash and cash equivalents		**(5,590)**	**3,429**	**(16,681)**	**6,861**
Cash and cash equivalents					
At start of period		42,022	33,003	42,740	19,198
At end of period		36,432	36,432	26,059	26,059

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2019 AND FOR THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2019

1. GENERAL INFORMATION

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

As at 30 September 2019 the Agora Group comprised: the parent company Agora S.A. and 23 subsidiaries. Additionally, the Group held shares in jointly controlled entity Instytut Badan Outdooru IBO Sp. z o.o. and in associates: Hash.fm Sp. z o.o., ROI Hunter a.s. and Eurozet Sp. z o.o.

The condensed interim consolidated financial statements were prepared as at and for three and nine months ended 30 September 2019, with comparative figures presented as at 30 June 2019 and as at 31 December 2018 and for three and nine months ended 30 September 2018.

The condensed interim consolidated financial statements were authorized for issue by the Management Board of Agora S.A. on November 7, 2019.

2. STATEMENT OF COMPLIANCE

The condensed interim consolidated financial statements as at 30 September 2019 and for nine months ended 30 September 2019 have not been audited. The Consolidated Financial Statements as at and for twelve months ended 31 December 2018 have been audited by an independent auditor who issued an unqualified opinion.

The Condensed Interim Financial Statements have been prepared under International Accounting Standard 34 "Interim Financial Reporting", according to art. 55 point 5 and art. 45 point 1a-1c of Accounting Act (Official Journal from 2019, item 351 with subsequent amendments), regulations issued based on that Act and the Decree of Minister of Finance dated 29 March 2018 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2018, item 757).

The condensed interim consolidated financial statements as at 30 September 2019 should be read together with the audited consolidated financial statements as at 31 December 2018. In the preparation of these condensed interim consolidated financial statements as at 30 September 2019, the Group has followed the same accounting policies as used in the Consolidated Financial Statements as at 31 December 2018, except for changes described below.

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

1) IFRS 16 *Leases;*
2) IFRIC 23 *Uncertainty over Income Tax Treatments;*
3) Amendments to IFRS 9 *Financial Instruments;*
4) Amendments to IAS 28 *Investments in Associates and Joint Ventures.*

The application of the abovementioned amendments had no significant impact on the condensed interim consolidated financial statements except for changes resulting from the implementation of IFRS 16.

Application of IFRS 16

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

The Group assessed the impact that the application of the new standard had on the condensed interim consolidated financial statements. On the basis of the current analysis, the Group assessed that a significant part of the long-term operating lease contracts, in particular the rights of perpetual usufruct of land, locations for advertising panels in the Outdoor segment, locations for Radio stations in the Radio segment, the locations for Helios cinemas and locations for gastronomy points in the Film and Book segment are classified as lease contracts under IFRS 16.

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

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

At the date of initial application of IFRS 16 the Group recognised right-of-use assets together with the corresponding lease liabilities measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate. As at the date of initial application, the initial value of recognised additional right-of-use assets and lease liabilities amounted to PLN 458 thousand. The weighted average lessee's incremental borrowing rate applied to the lease liabilities recognised in the Group balance sheet on the date of initial application was 3.2%.

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

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

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

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

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

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

On the date of application of the standard as at 30 September 2019 the Group recognised additional assets as right-of-use assets in the amount of PLN 498,451 thousand and the total value of the right-of-use assets amounted to PLN 570,997 thousand (including the net carrying value of property, plant and equipment in the amount of PLN 72,546 thousand relating to assets in the current finance lease and rights of perpetual usufruct of land, which were reclassified to right-of-use assets balance sheet line). The Group recognised also additional lease liabilities in the amount of PLN 508,151 thousand. In the Group, there was an increase in depreciation and interest expenses as well as a decrease in the cost of external services due to rental costs. The above changes had a positive impact on the Group's operating result. In addition, the Group recognised foreign exchange losses arising from the conversion of lease liabilities. The total effect of the above adjustments decreased the net result. The implementation of IFRS 16 also has an impact on the presented level of operating and financial cash flows of the Group due to the transfer of rental payments under lease agreements recognised in accordance with IFRS 16 from operating activities to financing activities.

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

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

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

	As at 30 September 2019 (excl. IFRS 16)	Application of IFRS 16	As at 30 September 2019 (as reported)
Non-current assets:			
Intangible assets	438,839	-	438,839
Property, plant and equipment	525,219	(72,546)	452,673
Right-of-use assets	-	570,997	570,997
Long term financial assets	1,398	-	1,398
Investments in equity accounted investees	152,357	-	152,357
Receivables and prepayments	15,625	(1,564)	14,061
Deferred tax assets	13,343	2,463	15,806
	1,146,781	**499,350**	**1,646,131**
Current assets:			
Accounts receivable and prepayments	205,090	(1,673)	203,417
	293,083	**(1,673)**	**291,410**
Total assets	**1,439,864**	**497,677**	**1,937,541**

	As at 30 September 2019 (excl. IFRS 16)	Application of IFRS 16	As at 30 September 2019 (as reported)
Total equity	**949,015**	**(10,498)**	**938,517**
Non-current liabilities:			
Long-term borrowings	125,722	433,608	559,330
including: lease liabilities	*44,895*	*433,608*	*478,503*
	187,007	**433,608**	**620,615**
Current liabilities:			
Trade and other payables	220,295	24	220,319
Short-term borrowings	65,889	74,543	140,432
including: lease liabilities	*13,236*	*74,543*	*87,779*
	303,842	**74,567**	**378,409**
			-
Total equity and liabilities	**1,439,864**	**497,677**	**1,937,541**

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

	Nine months ended As at 30 September 2019 (excl. IFRS 16)	Application of IFRS 16	Nine months ended As at 30 September 2019 (as reported)
Revenue	871,482	-	871,482
Operating cost net, incl.:	(877,172)	5,250	(871,922)
D&A	*(66,020)*	*(49,797)*	*(115,817)*
External services	*(365,380)*	*54,318*	*(311,062)*
Taxes and fees	*(6,091)*	*729*	*(5,362)*
Operating profit/(loss)	**(5,690)**	**5,250**	**(440)**
Finance income	8,889	-	8,889
Finance costs, incl.:	(5,300)	(18,211)	(23,511)
Interest	*(4,385)*	*(11,569)*	*(15,954)*
F/x losses	*31*	*(6,642)*	*(6,611)*
Share of results of equity accounted investees	2,439	-	2,439
Loss before income taxes	**338**	**(12,961)**	**(12,623)**
Income tax	(2,938)	2,463	(475)
Loss for the period	**(2,600)**	**(10,498)**	**(13,098)**

	Nine months ended As at 30 September 2019 (excl. IFRS 16)	Application of IFRS 16	Nine months ended As at 30 September 2019 (as reported)
Net cash from operating activities	77,698	54,483	132,181
Net cash used in investing activities	(104,247)	-	(104,247)
Net cash used in financing activities	29,978	(54,483)	(24,505)
Net cash	**3,429**	**-**	**3,429**
Cash and cash equivalents	**36,432**	**-**	**36,432**

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

3. LONG-TERM AND SHORT-TERM BORROWINGS

On 20 February 2019, Agora used the available credit facility in the amount of PLN 75,000 thousand due to the transaction of purchase of shares in Eurozet Sp. z o.o., which shall be repaid in 12 quarterly instalments starting from April 2020.

On 11 March 2019 the Company and its subsidiaries AMS S.A. and Helios S.A. started negotiations with a consortium of banks in order to obtain loan, i.a. for financing or refinancing the acquisition and investment expenses of the Agora Group, in accordance with the business strategy for 2018-2022, as well as for financing working capital and general corporate goals. The amount of financing that the Company is planning to apply for is up to PLN 500 million.

On 29 August 2019 Agora S.A. signed Annex no. 4 to the Credit Limit Agreement ("Agreement") with DNB Bank Polska S.A. signed on 25 May 2017, according to which the Company was provided with a credit facility in the amount of PLN 35.0 million, which may be used until 27 December 2019 on the same principles as specified in the Agreement. The signing of Annex no. 4 is related to negotiations initiated by the Company with a consortium of banks regarding obtaining financing for the Agora Group. The leading bank in the consortium of banks with which the Company negotiated was DNB Bank Polska Spolka Akcyjna.

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

Interest bearing loans and borrowings and short-term borrowings	30 September 2019	31 December 2018
Long term bank loans	80,827	30,623
Finance lease liabilities	478,503	33,963
Total long term borrowings	**559,330**	**64,586**
including: Lease liabilities resulting from IFRS 16	*433,608*	-
Short term bank loans	52,653	21,725
Finance lease liabilities	87,779	11,484
Total short term borrowings	**140,432**	**33,209**
including: Lease liabilities resulting from IFRS 16	*74,543*	-

4. SALES AND SEGMENT INFORMATION

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

For management purposes, the Group is organized into business units based on their products and services. Starting from the third quarter of 2019 the printing activity is not presented as a separate Print segment. It is due to discontinuing the activity of two out of three printing plants in Agora Group and significant downsizing of printing activity resulting from the decrease in market demand for printing in coldset technology. The printing plant in Warsaw, which continues its activity, offers the printing services mainly for *Gazeta Wyborcza* and was included into the Press segment. The comparable figures for 2018 were restated appropriately.

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

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

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

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

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

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

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

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

Operating results of reportable segments do not include:

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

b) amortisation recognised on consolidation (described below).

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

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

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

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

Amount of investment in associates and joint ventures accounted for by the equity method includes 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 nine months ended 30 September 2019 and 30 September 2018 relate to Online Technologies HR Sp. z o.o. (until 31 August 2019), Instytut Badan Outdooru Sp. z o.o., Stopklatka S.A. (until 31 May 2018)), Hash.fm Sp. z o.o., ROI Hunter a.s. (in 2019) and Eurozet Sp. z o.o. (from 1 March 2019).

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

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

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

4. SALES AND SEGMENT INFORMATION (CONTINUED)

	Three months ended 30 September 2019						
	Movies and books	**Press**	**Outdoor**	**Internet**	**Radio**	**Reconciling positions**	**Total**
Revenues from external customers	118,094	60,515	41,485	47,573	24,318	1,273	293,258
Intersegment revenues (2)	4,453	2,640	562	703	1,319	(9,677)	-
Total revenues	**122,547**	**63,155**	**42,047**	**48,276**	**25,637**	**(8,404)**	**293,258**
Total operating cost (1), (2), (3)	**(110,408)**	**(63,912)**	**(36,733)**	**(44,672)**	**(23,087)**	**(6,187)**	**(284,999)**
Operating profit / (loss) (1)	**12,139**	**(757)**	**5,314**	**3,604**	**2,550**	**(14,591)**	**8,259**
Total operating cost (excl. IFRS 16) (1), (2), (3)	**(111,964)**	**(63,922)**	**(37,039)**	**(44,672)**	**(23,133)**	**(6,373)**	**(287,103)**
Operating profit / (loss) (excl. IFRS 16) (1)	***10,583***	***(767)***	***5,008***	***3,604***	***2,504***	***(14,777)***	***6,155***
Net finance income and cost						(9,798)	(9,798)
Share of results of equity accounted investees (3)	-	-	-	(783)	471	-	(312)
Income tax expense						(1,266)	(1,266)
Net loss							**(3,117)**

(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 17,634 thousand), intercompany eliminations and other matching adjustments, which reconcile the data presented in the management reports to the consolidated financials of the Agora Group.

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

4. SALES AND SEGMENT INFORMATION (CONTINUED)

	Three months ended 30 September 2019						
	Movies and books (2)	**Press**	**Outdoor**	**Internet**	**Radio**	**Reconciling positions**	**Total**
Operating depreciation and amortisation	(21,164)	(1,794)	(8,083)	(1,945)	(1,761)	(3,731)	(38,478)
Operating depreciation and amortisation (excl. IFRS 16)	*(8,114)*	*(1,787)*	*(4,840)*	*(1,945)*	*(1,066)*	*(3,885)*	*(21,637)*
Amortisation recognised on consolidation (1)	(129)	-	-	(582)	-	63	(648)
Impairment losses	(16)	-	(153)	(140)	(123)	230	(202)
including non-current assets	-	-	-	-	-	-	-
Reversals of impairment losses	106	211	122	56	23	(229)	289
including non-current assets	-	-	41	-	-	-	41
Equity-settled share-based payments	(102)	-	-	(163)	-	-	(265)
Capital expenditure (2)	16,480	3,190	4,148	1,656	588	1,816	27,878

(1) is not presented in operating result of the Group's segments;
(2) cost of restructuring (including group lay-offs) in Print segment and IT in the first quarter of 2019.
(3) based on invoices booked in the period, Movies and books data include also finance lease of property, plant and equipment in the amount of PLN 8,778 thousand;

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

4. SALES AND SEGMENT INFORMATION (CONTINUED)

	Nine months ended 30 September 2019						
	Movies and books	Press	Outdoor	Internet	Radio	Reconciling positions	Total
Revenues from external customers	353,519	183,223	126,156	132,305	72,168	4,111	871,482
Intersegment revenues (2)	11,041	7,380	2,538	2,024	3,461	(26,444)	-
Total revenues	**364,560**	**190,603**	**128,694**	**134,329**	**75,629**	**(22,333)**	**871,482**
Total operating cost (1), (2), (3)	**(338,006)**	**(202,575)**	**(110,243)**	**(124,438)**	**(68,374)**	**(28,286)**	**(871,922)**
Operating profit / (loss) (1)	**26,554**	**(11,972)**	**18,451**	**9,891**	**7,255**	**(50,619)**	**(440)**
Total operating cost (excl. IFRS 16) (1), (2), (3)	**(342,095)**	**(202,605)**	**(110,710)**	**(124,438)**	**(68,517)**	**(28,807)**	**(877,172)**
Operating profit / (loss) (excl. IFRS 16) (1)	***22,465***	***(12,002)***	***17,984***	***9,891***	***7,112***	***(51,140)***	***(5,690)***
Net finance income and cost						(14,622)	(14,622)
Share of results of equity accounted investees (3)	-	-	-	(2,125)	4,564	-	2,439
Income tax						(475)	(475)
Net loss							**(13,098)**

(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

4. SALES AND SEGMENT INFORMATION (CONTINUED)

	Nine months ended 30 September 2019						
	Movies and books (3)	**Press**	**Outdoor**	**Internet**	**Radio**	**Reconciling positions**	**Total**
Operating depreciation and amortisation	(62,608)	(6,442)	(22,360)	(5,097)	(5,252)	(12,114)	(113,873)
Operating depreciation and amortisation (excl. IFRS 16)	*(24,220)*	*(6,420)*	*(14,507)*	*(5,097)*	*(3,201)*	*(12,574)*	*(66,019)*
Amortisation recognised on consolidation (1)	(388)	-	-	(1,746)	-	190	(1,944)
Impairment losses	(483)	(1,012)	(944)	(738)	(422)	(320)	(3,919)
including non-current assets	-	-	*(37)*	-	-	-	*(37)*
Reversals of impairment losses	196	438	242	145	172	-	1,193
including non-current assets	-	-	*69*	-	-	-	*69*
Equity-settled share-based payments	(306)	-	-	(767)	-	-	(1,073)
Cost of restructuring (2)	-	(4,923)	-	-	-	(710)	(5,633)
Capital expenditure (3)	47,066	7,889	8,196	8,415	962	6,066	78,594

	As at 30 September 2019						
	Movies and books	**Press**	**Outdoor**	**Internet**	**Radio**	**Reconciling positions (4)**	**Total**
Property, plant and equipment and intangible assets	233,771	84,493	265,634	52,355	82,615	172,645	891,513
Right-of-use assets	472,386	92	56,734	-	11,392	30,393	570,997
Investments in associates and joint ventures accounted for by the equity method	-	-	-	17,814	134,543	-	152,357

(1) is not presented in operating result of the Group's segments;
(2) cost of restructuring (including group lay-offs) in Print segment and IT in the first quarter of 2019.
(3) based on invoices booked in the period, Movies and books data include also finance lease of property, plant and equipment in the amount of PLN 23,049 thousand;
(4) reconciling positions include mainly Company's headquarter (PLN 95,665 thousand), buildings of printing plant, which discontinued its activity and other property, plant and equipment and intangible assets of Agora's support divisions and Agora TC Sp. z o.o. not included in particular segments and intercompany eliminations.

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

4. SALES AND SEGMENT INFORMATION (CONTINUED)

	Three months ended 30 September 2018						
	Movies and books	Press	Outdoor	Internet	Radio	Reconciling positions	Total
Revenues from external customers	92,233	67,404	36,856	39,256	21,846	1,291	258,886
Intersegment revenues (2)	3,056	2,521	408	525	892	(7,402)	-
Total revenues	**95,289**	**69,925**	**37,264**	**39,781**	**22,738**	**(6,111)**	**258,886**
Total operating cost (1), (2), (3)	**(88,165)**	**(72,875)**	**(35,162)**	**(35,545)**	**(20,980)**	**(10,215)**	**(262,942)**
Operating profit/ (loss) (1)	**7,124**	**(2,950)**	**2,102**	**4,236**	**1,758**	**(16,326)**	**(4,056)**
Net finance income and cost						(491)	(491)
Share of results of equity accounted investees (3)	-	-	(61)	200	-	-	139
Income tax expense						1,650	1,650
Net loss							**(2,758)**

(1) segments do not include amortisation recognised on consolidation, which is presented in reconciling positions;
(2) the amounts do not include revenues and total cost of cross-promotion of Agora's different media if such promotion is executed without prior reservation between segments of the Agora Group; the direct variable cost of campaigns carried out on advertising panels is the only cost that is included above; it is allocated from the Outdoor segment to other segments;
(3) reconciling positions show data not included in particular segments, inter alia: operating costs and the result on other operating activities of Agora's support divisions (centralized IT, administrative, HR functions, etc., excluding costs of office space in the Company`s headquarters, which are allocated to segments since the first quarter of 2018), the Management Board, Agora TC Sp. z o.o. and Agora Finanse Sp. z o.o. (PLN 19,105 thousand), intercompany eliminations and other matching adjustments, which reconcile the data presented in the management reports to the consolidated financials of the Agora Group.

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

4. SALES AND SEGMENT INFORMATION (CONTINUED)

	Three months ended 30 September 2018						
	Movies and books (3)	**Press**	**Outdoor**	**Internet**	**Radio**	**Reconciling positions**	**Total**
Operating depreciation and amortisation	(7,814)	(1,798)	(4,967)	(1,261)	(1,023)	(3,436)	(20,299)
Amortisation recognised on consolidation (1)	(129)	-	-	(684)	-	63	(750)
Impairment losses	(125)	(268)	(260)	(27)	(52)	(3)	(735)
including non-current assets	-	-	-	-	-	-	-
Reversals of impairment losses	50	131	29	36	14	-	260
including non-current assets	-	-	*29*	-	-	-	*29*
Equity-settled share-based payments	(109)	-	-	(302)	-	-	(411)
Capital expenditure (2)	11,572	801	2,939	2,460	410	975	19,157

(1) is not presented in operating result of the Group's segments;
(2) based on invoices booked in the period;
(3) capital expenditure include lease property, plant and equipment in the amount of PLN 6,228 thousand;

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

4. SALES AND SEGMENT INFORMATION (CONTINUED)

	Nine months ended 30 September 2018						
	Movies and books	**Press**	**Outdoor**	**Internet**	**Radio**	**Reconciling positions**	**Total**
Revenues from external customers	268,044	203,440	119,304	124,389	75,536	4,428	795,141
Intersegment revenues (2)	10,061	6,994	1,171	2,100	2,359	(22,685)	-
Total revenues	**278,105**	**210,434**	**120,475**	**126,489**	**77,895**	**(18,257)**	**795,141**
Total operating cost (1), (2), (3)	**(264,135)**	**(236,734)**	**(104,283)**	**(113,740)**	**(68,011)**	**(22,010)**	**(808,913)**
Operating profit/(loss) (1)	**13,970**	**(26,300)**	**16,192**	**12,749**	**9,884**	**(40,267)**	**(13,772)**
Net finance income and cost						25,736	25,736
Share of results of equity accounted investees (3)	-	-	(61)	52	-	(567)	(576)
Income tax						(4,264)	(4,264)
Net profit							**7,124**

(1) segments do not include amortisation recognised on consolidation, which is presented in reconciling positions;
(2) the amounts do not include revenues and total cost of cross-promotion of Agora's different media if such promotion is executed without prior reservation between segments of the Agora Group; the direct variable cost of campaigns carried out on advertising panels is the only cost that is included above; it is allocated from the Outdoor segment to other segments;
(3) reconciling positions show data not included in particular segments, inter alia: operating costs and the result on other operating activities of Agora's support divisions (centralized IT, administrative, HR functions, etc., excluding costs of office space in the Company`s headquarters, which are allocated to segments since the first quarter of 2018), the Management Board, Agora TC Sp. z o.o. and Agora Finanse Sp. z o.o. (PLN 48,887 thousand), intercompany eliminations and other matching adjustments, which reconcile the data presented in the management reports to the consolidated financials of the Agora Group. In case of equity accounted investees, the reconciling positions include the investment in Stopklatka S.A.

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

4. SALES AND SEGMENT INFORMATION (CONTINUED)

	Nine months ended 30 September 2018						
	Movies and books	Press	Outdoor	Internet	Radio	Reconciling positions	Total
Operating depreciation and amortisation	(22,847)	(6,269)	(14,809)	(3,561)	(3,029)	(12,112)	(62,627)
Amortisation recognised on consolidation (1)	(388)	-	-	(2,052)	-	190	(2,250)
Impairment losses	(235)	(17,181)	(721)	(181)	(209)	(55)	(18,582)
including non-current assets	-	-	-	-	-	-	-
Reversals of impairment losses	137	743	471	187	95	8	1,641
including non-current assets	-	-	*192*	-	-	-	*192*
Equity-settled share-based payments	(217)	-	-	(907)	-	-	(1,124)
Cost of group lay-offs (2)	-	(3,618)	-	-	-	-	(3,618)
Capital expenditure (3)	34,432	1,589	6,707	5,754	1,227	3,996	53,705

	As at 30 September 2018						
	Movies and books	Press	Outdoor	Internet	Radio	Reconciling positions (4)	Total
Property, plant and equipment and intangible assets	275,695	137,492	265,105	40,260	84,745	138,184	941,481
Investments in associates and joint ventures accounted for by the equity method	-	-	-	11,491	-	-	11,491

(1) is not presented in operating result of the Group's segments;
(2) cost related to group lay-offs executed in Print segment in the first quarter of 2018 and costs relating to restructuring in Magazine's Department in second quarter of 2018;
(3) based on invoices booked in the period, Movies and books data include also lease property, plant and equipment in the amount of PLN 19,590 thousand;
(4) reconciling positions include mainly Company's headquarter (PLN 100,222 thousand) and other property, plant and equipment and intangible assets of Agora's support divisions and Agora TC Sp. z o.o. not included in particular segments and intercompany eliminations.

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

4. SALES AND SEGMENT INFORMATION (CONTINUED)

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

	Three months ended 30 September 2019						
	Movies and books	Press	Outdoor	Internet	Radio	Reconciling positions	Total
Advertising revenue	9,892	20,460	41,463	45,539	24,477	(7,762)	134,069
Ticket sales	62,979	-	-	-	43	(73)	62,949
Copy sales	5,981	26,489	-	-	-	(1,049)	31,421
Concession sales in cinemas	28,495	-	-	-	-	-	28,495
Printing services	-	11,182	-	-	-	-	11,182
Film distribution and production sales	4,345	-	-	-	-	(2)	4,343
Other	10,855	5,024	584	2,737	1,117	482	20,799
Total sales by category	**122,547**	**63,155**	**42,047**	**48,276**	**25,637**	**(8,404)**	**293,258**

	Nine months ended 30 September 2019						
	Movies and books	Press	Outdoor	Internet	Radio	Reconciling positions	Total
Advertising revenue	25,035	62,246	126,851	126,594	71,770	(20,708)	391,788
Ticket sales	179,047	-	-	-	232	(281)	178,998
Copy sales	23,178	80,832	-	55	-	(2,771)	101,294
Concession sales in cinemas	77,299	-	-	-	-	(26)	77,273
Printing services	-	36,720	-	-	-	-	36,720
Film distribution and production sales	35,077	-	-	-	-	(2)	35,075
Other	24,924	10,805	1,843	7,680	3,627	1,455	50,334
Total sales by category	**364,560**	**190,603**	**128,694**	**134,329**	**75,629**	**(22,333)**	**871,482**

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

4. SALES AND SEGMENT INFORMATION (CONTINUED)

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

	Three months ended 30 September 2018						
	Movies and books	Press	Outdoor	Internet	Radio	Reconciling positions	Total
Advertising revenue	8,030	23,752	36,864	37,383	21,735	(5,469)	122,295
Ticket sales	55,082	-	-	-	-	(66)	55,016
Copy sales	4,945	25,620	-	-	-	(1,202)	29,363
Concession sales in cinemas	21,080	-	-	-	-	(1)	21,079
Printing services	-	16,467	-	-	-	(13)	16,454
Film distribution and production sales	1,705	-	-	-	-	-	1,705
Other	4,447	4,086	400	2,398	1,003	640	12,974
Total sales by category	**95,289**	**69,925**	**37,264**	**39,781**	**22,738**	**(6,111)**	**258,886**

	Nine months ended 30 September 2018						
	Movies and books	Press	Outdoor	Internet	Radio	Reconciling positions	Total
Advertising revenue	20,567	73,572	119,310	118,513	74,141	(16,797)	389,306
Ticket sales	156,356	-	-	-	307	(476)	156,187
Copy sales	19,784	77,970	-	-	-	(2,902)	94,852
Concession sales in cinemas	58,925	-	-	-	-	(33)	58,892
Printing services	-	48,540	-	-	-	(13)	48,527
Film distribution and production sales	8,154	-	-	-	-	(130)	8,024
Other	14,319	10,352	1,165	7,976	3,447	2,094	39,353
Total sales by category	**278,105**	**210,434**	**120,475**	**126,489**	**77,895**	**(18,257)**	**795,141**

5. INCENTIVE PLANS BASED ON FINANCIAL INSTRUMENTS

a) Incentive Plan for the Management Board members

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

(i) the stage of realisation of the target based on the EBITDA of the Agora Group ("the EBITDA target"). The amount of a potential bonus in this component of the Incentive Plan depends on the stage of the EBITDA target fulfillment, which is specified as the EBITDA level of the Agora Group to be reached in the given financial year determined by the Supervisory Board. The fulfillment of the EBITDA target will be determined on the basis of the audited consolidated financial statements of the Agora Group for the given financial year;

(ii) the percent of Company's share price increase ("the Target of Share Price Increase"). The amount of a potential bonus in this component of the Incentive Plan will depend on the percent of Company's share price increase in the future. The share price increase will be calculated as a difference between the average of the quoted closing Company's share prices in the first quarter of the financial year commencing after the financial year for which the bonus is calculated ("the Average Share Price in IQ of Next Year") and the average of the quoted closing Company's share prices in the first quarter of the financial year for which the bonus is calculated ("the Average Share Price in IQ of Bonus Year"). If the Average Share Price in IQ of Next Year will be lower than the Average Share Price in IQ of Bonus Year, the Target of Share Price Increase is not satisfied and the bonus in this component of the Incentive Plan will not be granted, however, the Supervisory Board retains a right to the final verification of the Target of Share Price Increase by reference to the dynamics of changes in stock exchange indexes on capital markets.

The bonus from the Incentive Plan depends also on the fulfillment of a non-market condition, which is the continuation of holding the post of the Management Board member within the period, for which the bonus is calculated.

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

As at 30 September 2019, the value of potential reward from the fulfillment of the EBITDA target has been calculated on the basis of the best estimate of the expected fulfillment value of the EBITDA target for 2019 and was charged to the income statement in proportion of the time that elapsed till the balance sheet date.

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

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

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

	Three months ended 30 September 2019	Nine months ended 30 September 2019	Three months ended 30 September 2018*	Nine months ended 30 September 2018
Income statement – (increase) /decrease of staff costs	179	(1,102)	-	(1,164)
Income statement - deferred income tax	(34)	209	-	221
Liabilities: accruals - as at the end of the period	1,102	1,102	454	454
Deferred tax asset - as at the end of the period	209	209	86	86

** in the three months ended 30 September 2018 the total value of the Incentive Plan did not change.*

b) Equity - settled incentive plans based on shares in subsidiaries

The eligible employees of subsidiaries Yieldbird Sp. z o.o. and Foodio Concepts 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 detailed information about measurement and settlement conditions of the incentive plan were described in the consolidated financial statements of the Agora Group for year 2018.

The impact of the incentive plans based on shares in subsidiaries on the condensed interim consolidated financial statements of the Agora Group is presented in the table below:

	Three months ended 30 September 2019	Nine months ended 30 September 2019	Three months ended 30 September 2018	Nine months ended 30 September 2018
Income statement – staff costs	(264)	(1,072)	(411)	(1,124)
Equity - non-controlling interests	264	1,072	411	1,124

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

6. CHANGES IN PROVISIONS AND IMPAIRMENT LOSSES FOR ASSETS

In the period from January 1, 2019 to September 30, 2019 the following changes in impairment losses were accounted (in brackets the amounts for the third quarter of 2019):

- impairment loss for receivables: increase by PLN 420 thousand (decrease by PLN 978 thousand),
- impairment loss for inventory: increase by PLN 1,579 thousand (increase by PLN 403 thousand),
- impairment loss for property, plant and equipment and intangible assets: decrease by PLN 407 thousand (decrease by PLN 111 thousand).

Additionally in the period from January 1, 2019 to September 30, 2019 the following provisions were changed (in brackets the amounts for the third quarter of 2019):

- provision for penalties, interests and similar: increase by PLN 18 thousand (no change),
- provision for onerous contracts: decrease by PLN 174 thousand (decrease by PLN 58 thousand),
- provision for legal claims and similar: increase by PLN 13 thousand (increase by PLN 31 thousand),
- provision for the remuneration and severances for the former Management Board Members: used in the amount of PLN 74 thousand (no change),
- retirement severance provision: increase by PLN 34 thousand (no change),
- provision for costs of restructuring: increase in the amount of PLN 21 thousand, including: set-up of PLN 5,633 thousand and the use in the amount of PLN 5,612 thousand (use in the amount of PLN 137 thousand).

7. CONTINGENCIES, GUARANTEES AND OTHER COLLATERALS

As at 30 September 2019, the Group had contingencies, guarantees and other collaterals arising in the ordinary course of business from which it is anticipated that no material liabilities will arise, other than those noted below:

Benefiting party	Debtor	Valid till	Amount As at 30 September 2019	Amount As at 31 December 2018	Scope of collateral
Guarantees provided by Agora S.A.					
Bank Pekao S.A.	Agora's employees	29 Oct 2019 - 16 Jun 2021	108	126	loans for the purchase of photographic equipment
Guarantees provided by Agora Finanse Sp. z o.o.					
DNB Bank Polska S.A.	Agora S.A.	1 Apr 2024	202,500	202,500	Agora SA's liabilities from credit agreement
Guarantees provided by Adpol Sp. z o.o.					
mBank S.A.	AMS S.A.	2 Mar 2020 - 24 Apr 2020	16,200	16,200	bank guarantees related to the contract for the construction of bus shelters in Warsaw
Bills of exchange issued by AMS S.A. and Adpol Sp. z o.o.					
Gmina Miasto Szczecin	AMS S.A.	indefinite period	90	90	rent agreements on advertising panels
Zarzad Drog Miejskich Warszawa	Adpol Sp. z o.o.	1 Jan 2022	200	200	contract for construction and exploitation of MSI panels

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

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Moreover, AMS S.A. provided to the bank cash deposits as a cash collateral securing the bank guarantees issued in relation to the concession contract for construction and utilization of bus shelters in Warsaw. As at 30 September 2019 the deposit receivable amounts to PLN 10.8 million and is presented within long-term receivables.

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

8. COURT CASES

As at September 30, 2019, the Group has not entered into significant litigation for claims. Provision for legal claims as at September 30, 2019, amounted to PLN 150 thousand (as at December 31, 2018: PLN 137 thousand).

Additionally, as at September 30, 2019, the companies of the Group are a party of legal disputes in the amount of PLN 1,644 thousand (as at December 31, 2018: PLN 2,033 thousand) in cases when the Management Board estimates the probability of loss for less than 50%. Such disputes are contingent liabilities.

9. SEASONALITY

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

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

10. RELATED PARTY TRANSACTIONS

(a) Management Board and Supervisory Board remuneration

The remuneration paid by Agora S.A. to Management Board members during the nine months period ended September 30, 2019 amounted to PLN 4,055 thousand (nine months ended September 30, 2018: PLN 4,206 thousand).

The remuneration paid by Agora S.A. to Supervisory Board members during the nine months period ended September 30, 2019 amounted to PLN 390 thousand (nine months ended September 30, 2018: PLN 351 thousand).

(b) Other related parties (not consolidated)

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

	Three months ended 30 September 2019	Nine months ended 30 September 2019	Three months ended 30 September 2018	Nine months ended 30 September 2018
Jointly controlled entities				
Sales	-	15	2	279
Purchases of goods and services	(200)	(206)	(5)	(103)
Interest on loans granted	-	-	-	16
Associates				
Sales	8	100	24	65
Purchases of goods and services	(228)	(314)	(4)	(51)
Interest on loans granted	7	17	-	-
Other operating income	-	2	-	-
Major shareholder				
Sales	5	17	5	17
Other operating income	471	1,104	-	-

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

	As at 30 September 2019	As at 30 June 2019	As at 31 December 2018
Jointly controlled entities			
Shares	301	903	1,007
Trade receivables	-	-	6
Other receivables and accruals	-	200	-
Trade liabilities	-	1	8
Other liabilities and accruals	-	-	2
Associates			
Shares	152,056	159,850	10,288
Non-current loans granted	800	800	-
Current loans granted	8	7	-
Trade receivables	118	139	128
Trade liabilities	36	8	19
Major shareholder			
Trade receivables	-	1	1
Other liabilities and accruals	1,230	378	10
Management Board of the Company			
Receivables	1	1	4
Put option liabilities	27,991	27,991	27,991
Management Boards of group companies			
Receivables	11	9	24
Put option liabilities	11,044	3,769	3,769
Other liabilities and accruals	8	3	2
Dividend liabilities	378	378	-

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

11. DESCRIPTION OF THE GROUP

The list of companies within the Group:

		% of shares held (effectively)	
		30 September 2019	31 December 2018
	Subsidiaries consolidated		
1	Agora Poligrafia Sp. z o.o., Tychy	100.0%	100.0%
2	Agora TC Sp. z o.o., Warsaw	100.0%	100.0%
3	AMS S.A., Warsaw	100.0%	100.0%
4	Adpol Sp. z o.o., Warsaw (1)	100.0%	100.0%
5	Grupa Radiowa Agory Sp. z o.o. (GRA), Warsaw	100.0%	100.0%
6	Doradztwo Mediowe Sp. z o.o., Warsaw (2)	100.0%	100.0%
7	IM 40 Sp. z o.o., Warsaw (2)	72.0%	72.0%
8	Inforadio Sp. z o.o., Warsaw (2)	66.1%	66.1%
9	Helios S.A. , Lodz	91.4%	91.4%
10	Next Film Sp. z o.o., Warsaw (3)	91.4%	91.4%
11	Next Script Sp. z o.o., Warsaw (4)	75.9%	75.9%
12	Doimporta Sp. z o.o., Warsaw	100.0%	100.0%
13	Optimizers Sp. z o.o., Warsaw (1)	100.0%	100.0%
14	Yieldbird Sp. z o.o., Warsaw (8)	93.7%	81.5%
15	GoldenLine Sp. z o.o., Warsaw	92.7%	92.7%
16	Plan A Sp. z o.o., Warsaw	100.0%	100.0%
17	Agora Finanse Sp. z o.o., Warsaw	100.0%	100.0%
18	Foodio Concepts Sp. z o.o., Lodz (3)	82.3%	82.3%
19	Step Inside Sp. z o.o., Lodz (3), (6)	91.4%	-
20	Piano Group Sp. z o.o., Warsaw (1), (9)	60.0%	-
21	Benefit Multimedia Sp. z o.o., Warsaw (5), (9)	60.0%	-
22	Benefit Multimedia Sp. z o.o. S.K.A., Warsaw (5), (9)	60,0%	-
23	Online Technologies HR Sp. z o.o., Szczecin (10)	79.8%	46.2%
	Joint ventures and associates accounted for the equity method		
24	Hash.fm Sp. z o.o., Warsaw	49.5%	49.5%
25	Instytut Badan Outdooru IBO Sp. z o.o., Warsaw (1)	50.0%	50.0%
26	ROI Hunter a.s., Brno	23.9%	13.4%
27	Eurozet Sp. z o.o., Warsaw (7)	40.0%	-
	Companies excluded from consolidation and equity accounting		
28	Polskie Badania Internetu Sp. z o.o., Warsaw	16.7%	16.7%

(1) indirectly through AMS S.A.;

(2) indirectly through GRA Sp. z o.o.;

(3) indirectly through Helios S.A.;

(4) indirectly through Next Film Sp. z o.o.;

(5) indirectly through Piano Group Sp. z o.o.;

(6) on January 11, 2019 the District Court for Lodz - Srodmiescie registered the company set up, in which Helios S.A. holds 100% share in equity;

(7) acquisition of shares on February 20, 2019;

(8) acquisition of additional shares on August 8, 2019;

(9) acquisition of shares on July 15, 2019;

(10) acquisition of additional shares on September 12, 2019.

12. CHANGES IN THE COMPOSITION OF THE GROUP

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

As a result of applying the price adjustment mechanism set forth in the Preliminary Agreement, the final consideration for 400 shares in the share capital of Eurozet with a nominal value of PLN 50 each, representing 40% of the share capital of Eurozet and entitling to exercise 40% of the total number of votes at the shareholders' meeting of Eurozet, acquired by Agora on 20 February 2019, amounted to PLN 130,673,268 (whereas the amount originally paid by the Company as initial consideration was PLN 130,754,689).

In connection with the foregoing, pursuant to the provisions of the Preliminary Agreement and given the result of applying the price adjustment mechanism, the Company is entitled to receive from the Seller a price adjustment (surplus) amounting to PLN 81,421 within five business days from the date of determining the amount of the final consideration. As at 30 September 2019 the total acquisition price including transaction costs amounted to PLN 137,201 thousand.

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

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

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

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

The details concerning the rules for exercising the Call Option by the Company in accordance with the Shareholders' Agreement were presented in the Company's current report No. 3/2019 of 20 February 2019.

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

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

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

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

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

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

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

Changes in subsidiaries

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Business combination accounting

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

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

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

	Fair value as at the acquisition date
Assets	
Property, plant and equipment	190
Long-term receivable and prepayments	99
Accounts receivable and prepayments	1,346
Other current financial assets	146
Cash and cash equivalents	210
	1,991
Liabilities	
Long-term borrowings	(26)
Other long-term liabilities	(96)
Trade and other payables	(260)
Short-term borrowings	(241)
	(623)
Identifiable net assets at fair value	**1,368**
Non-controlling interests	(547)
Cash consideration transferred	(6,500)
Goodwill as at the acquisition date	**5,679**

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

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

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

From the date of acquisition till September 30, 2019, Piano Group has contributed revenues of PLN 1,142 thousand and a net loss of PLN 63 thousand to the consolidated revenues and net result of the Agora Group. If the business combination had occurred at the beginning of the financial year the revenues of Agora Group would have amounted to PLN 874.5 million and net loss PLN 12.6 million for the period ended September 30,2019.

The right granted to the non-controlling shareholder to sell his remaining equity interest in the company to AMS ("put option") meets the definition of a financial liability under IAS 32 and was recognised in the consolidated balance sheet of Agora Group at its estimated and discounted redemption value amounting to PLN 4,857 thousand as at the acquisition date. According to the Group accounting policy, at the initial recognition, the value of this liability decreased the line retained earnings within the Group`s equity.

Acquisition of additional shares in subsidiary Yieldbird Sp. z o.o.

On 8 August 2019, Agora S.A. concluded three share purchase agreements regarding the purchase of shares in the company Yieldbird Sp. z o.o., with three shareholders of this company. The agreements included acquisition by Agora

S.A., from three partners of Yieldbird Sp. z o.o., in total 116 shares of the company Yieldbird sp. o.o., for the total price PLN 8 024 thousand. As a result of the above transaction, Agora S.A. currently holds 891 shares in the share capital of this company, constituting 93.69% of shares in the share capital of this company and entitling to 891 votes, constituting 93.69% of votes at the Shareholders' Meeting.

Acquisition of additional shares in Online Technologies HR Sp. z o.o

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

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

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

The purchase of shares was financed from Agora's own funds. The total amount of Agora's investments in Online Technologies is PLN 7.7 million.

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

Agora became a shareholder of Online Technologies in 2012. Online Technologies HR Sp. z o.o. is one of the fastest growing technology companies in Central Europe. In 2018, the company made its debut in 26th place in the prestigious Deloitte ranking 'Technology Fast 50 Central Europe'. The company offers its clients first of all a modern HRLink.pl tool available in the subscription model, other IT services related to the recruitment process (e.g. services in the field of creating bookmarks or career-related websites) and brokering the sale of recruitment websites and media. Online Technologies revenues in 2018 amounted to PLN 5.5 million, and the net result to PLN 104 thousand.

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

Business combination accounting

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

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

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

	Fair value as at the acquisition date
Assets	
Intangible assets (1)	4,484
Property, plant and equipment	22
Inventories	15
Accounts receivable and prepayments	1,143
Income tax receivable	10
Cash and cash equivalents	1,892
	7,566
Liabilities	
Deferred tax liabilities	(602)
Trade and other payables	(1,011)
Short-term borrowings	(280)
Contract liabilities	(39)
	(1,933)
Identifiable net assets at fair value	**5,633**
Non-controlling interests	(1,136)
Fair value of pre-existing equity interest in the company	(7,891)
Cash consideration transferred	(7,727)
Goodwill as at the acquisition date	**11,121**

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

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

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

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

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

From the date of acquisition till September 30, 2019, Online Technologies has contributed revenues of PLN 696 thousand and a net loss of PLN 83 thousand to the consolidated revenues and net result of the Agora Group. If the business combination had occurred at the beginning of the financial year the revenues of Agora Group would have amounted to PLN 876.4 million and net loss PLN 13.4 million for the period ended September 30,2019.

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

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

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

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

i. Sell-out

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

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

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

(ii) Squeeze-out procedure

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

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

Other information

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

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

13. FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY FOR THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS OF AGORA S.A. AND THE TRANSLATION METHOD OF FINANCIAL DATA

The functional and presentation currency for Agora S.A. and other companies as well as for the presented condensed interim consolidated and unconsolidated financial statements is Polish zloty, except of associate ROI Hunter a.s. which functional currency is Czech crown.

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

- income statement and cash flow statement figures for first three quarters of 2019 (first three quarters of 2018) using the arithmetic average of exchange rates published by NBP and ruling on the last day of each month of the quarter. For the first three quarters of 2019 EURO 1 = PLN 4.3086 (EURO 1 = PLN 4,2535).
- balance sheet figures using the average exchange rates published by NBP and ruling as at the balance sheet date. The exchange rate as at 30 September 2019 – EURO 1 = PLN 4.3736, 30 June 2019 – EURO 1 = PLN 4.2520, as at 31 December 2018 – EURO 1 =PLN 4.3000 PLN.

14. PROPERTY, PLANT AND EQUIPMENT

In the period from January 1, 2019 to September 30, 2019, the Group purchased property, plant and equipment in the amount of PLN 65,444 thousand (in the period from January 1, 2018 to September 30, 2018: PLN 64,673 thousand).

As at September 30, 2019, the commitments for the purchase of property, plant and equipment amounted to PLN 16,420 thousand (as at December 31,2018: PLN 26,882 thousand).

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

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.

15. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE AND OTHER FINANCIAL LIABILITIES

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:

	As at 30 September 2019	Level 1	Level 2	Level 3
Certificates in investment funds	27,664	-	27,664	-
Financial assets measured at fair value	**27,664**	**-**	**27,664**	**-**
Put option liabilities	46,477	-	-	46,477
Financial liabilities measured at fair value	**46,477**	**-**	**-**	**46,477**

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

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

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

	As at 30 September 2019	As at 31 December 2018
Opening balance	**34,844**	**30,605**
Additions resulting from initial recognition (note 12)	11,480	-
Remeasurement recognised in profit or loss , incl.:	153	4,239
- finance cost	*(153)*	*(4,239)*
Closing balance	**46,477**	**34,844**

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

16. OTHER INFORMATION

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

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

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

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

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

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

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

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

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

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

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

In accordance with the requirements of the law, the Company submitted appropriate information, including the contents of the Agreements signed, to the Poviat Labour Office.

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

The provision for group restructuring, which was charged to the Agora Group's result in 1Q2019 amounted to PLN 5.6 million.

Loan for an associated company

On February 28, 2019, Agora S.A., as a Lender, concluded a loan agreement with Hash.fm sp. z o.o. with its registered office in Warsaw, as a Borrower. Based on the agreement, Agora S.A. granted a cash loan of PLN 800,000.00 repayable by the Borrower in quarterly instalments until December 31, 2022. The interest rate on the loan corresponds to market conditions. The loan has been secured by, among others, a pledge established on a part of the shares owned by a shareholder of Hash.fm Sp. z o.o.

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. The Management Board does not agree with the arguments presented in the received protocol and on March 14, 2019 submitted various objections and explanations to the document. In response the Tax Office upheld its position and on May 6, 2019 started tax proceeding. Despite this, the Management Board of the Company disagrees with the position of the Tax Office and considers the adopted method of evidence to be appropriate and will defend it in further administrative or court proceedings. Therefore, in the Company's opinion, at the current stage of this case there is no basis to recognise a provision. Potential tax arrears (the main amount) for the period of September to December 2017, which can be determined by the Tax Office as a result of the control amounts to ca. PLN 0.5 million. As at the date of these financial statements the tax procedure is pending.

On June 7, 2019, AMS S.A. concluded a contract with Poznan International Fair Sp. z o.o. on the basis of which it became an operator of advertisement space on bus and tram shelters in Poznan effective as of 1 July 2019 for the next 10 years. As a result of the signed contract, in the third quarter of 2019, AMS S.A. recognised additional right-of-use assets and lease liabilities in the amount of approx. PLN 27 million.

17. POST BALANCE-SHEET EVENTS

No significant events occurred.

18. SELECTED CONSOLIDATED FINANCIAL DATA TOGETHER WITH TRANSLATION INTO EURO

	in PLN thousand			in EUR thousand		
	Nine months ended 30 September 2019 unaudited	As at 31 December 2018 audited	Nine months ended 30 September 2018 unaudited	Nine months ended 30 September 2019 unaudited	As at 31 December 2018 audited	Nine months ended 30 September 2018 unaudited
Revenue	871,482		795,141	202,266		186,938
Operating profit/(loss)	(440)		(13,772)	(102)		(3,238)
Profit/(loss) before income taxes	(12,623)		11,388	(2,930)		2,677
Net profit/(loss) for the period attributable to equity holders of the parent	(14,169)		4,823	(3,289)		1,134
Net cash from operating activities	132,181		43,695	30,678		10,273
Net cash used in investing activities	(104,247)		(6,555)	(24,195)		(1,541)
Net cash used in financing activities	(24,505)		(30,279)	(5,687)		(7,119)
Net increase / (decrease) in cash and cash equivalents	3,429		6,861	796		1,613
Total assets	1,937,541	1,399,826		443,008	325,541	
Non-current liabilities	620,615	114,999		141,900	26,744	
Current liabilities	378,409	288,668		86,521	67,132	
Equity attributable to equity holders of the parent	918,179	975,010		209,937	226,747	
Share capital	46,581	46,581		10,650	10,833	
Weighted average number of shares	46,580,831	46,580,831	46,580,831	46,580,831	46,580,831	46,580,831
Basic/diluted earnings per share (in PLN / in EURO)	(0.30)		0.10	(0.07)		0.02
Book value per share (in PLN / in EURO)	19.71	20.93	-	4.51	4.87	-

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

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

Unconsolidated balance sheet as at 30 September 2019

	As at 30 September 2019 unaudited	As at 30 June 2019 unaudited	As at 31 December 2018 audited
Assets			
Non-current assets:			
Intangible assets	42,488	41,575	37,695
Property, plant and equipment	164,452	165,215	173,076
Right-of-use assets	30,397	30,911	-
Long term financial assets	706,047	689,978	542,031
Receivables and prepayments	428	433	608
Deferred tax assets	1,958	2,592	2,415
	945,770	**930,704**	**755,825**
Current assets:			
Inventories	13,741	17,108	22,408
Accounts receivable and prepayments	87,970	93,078	107,758
Income tax receivable	-	1,370	-
Short-term securities and other financial assets	10,760	27,047	91,503
Cash and cash equivalents	6,221	26,093	7,041
	118,692	**164,696**	**228,710**
Total assets	**1,064,462**	**1,095,400**	**984,535**

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

Unconsolidated balance sheet as at 30 September 2019 (continued)

	As at 30 September 2019 unaudited	As at 30 June 2019 unaudited	As at 31 December 2018 audited
Equity and liabilities			
Equity:			
Share capital	46,581	46,581	46,581
Share premium	147,192	147,192	147,192
Other reserves	121,382	121,382	121,382
Retained earnings	518,677	524,594	509,557
	833,832	**839,749**	**824,712**
Non-current liabilities:			
Long-term borrowings	91,171	99,528	12,555
Retirement severance provision	2,094	2,094	1,996
Provisions	907	1,055	1,084
Accruals and other liabilities	180	177	90
Contract liabilities	58	65	17
	94,410	**102,919**	**15,742**
Current liabilities:			
Retirement severance provision	88	88	151
Trade and other payables	88,031	121,082	103,324
Income tax liabilities	356	-	3,910
Short-term borrowings	32,241	17,322	9,226
Other financial liabilities	11,536	9,739	21,525
Provisions	547	476	603
Contract liabilities	3,421	4,025	5,342
	136,220	**152,732**	**144,081**
Total equity and liabilities	**1,064,462**	**1,095,400**	**984,535**

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

Unconsolidated income statement for three and nine months ended 30 September 2019

	Three months ended 30 September 2019 unaudited	Nine months ended 30 September 2019 unaudited	Three months ended 30 September 2018 unaudited	Nine months ended 30 September 2018 unaudited
Revenue	94,379	290,041	98,966	305,781
Cost of sales	(57,116)	(182,422)	(62,751)	(196,891)
Gross profit	**37,263**	**107,619**	**36,215**	**108,890**
Selling expenses	(32,346)	(94,175)	(33,552)	(100,567)
Administrative expenses	(18,955)	(63,803)	(19,787)	(64,641)
Other operating income	1,553	3,602	455	15,399
Other operating expenses	(341)	(1,506)	(2,012)	(1,257)
Impairment losses for receivables - net	315	(1,344)	(125)	(16,500)
Operating loss	**(12,511)**	**(49,607)**	**(18,806)**	**(58,676)**
Finance income	7,439	81,266	520	97,444
Finance costs	(1,404)	(3,415)	(519)	(1,679)
Profit/(loss) before income taxes	**(6,476)**	**28,244**	**(18,805)**	**37,089**
Income tax	559	4,166	4,747	4,656
Profit/(loss) for the period	**(5,917)**	**32,410**	**(14,058)**	**41,745**
Basic/diluted earnings per share (in PLN)	(0.13)	0.70	(0.30)	0.90

Unconsolidated statement of comprehensive income for three and nine months ended 30 September 2019

	Three months ended 30 September 2019 unaudited	Nine months ended 30 September 2019 unaudited	Three months ended 30 September 2018 unaudited	Nine months ended 30 September 2018 unaudited
Profit/(loss) for the period	**(5,917)**	**32,410**	**(14,058)**	**41,745**
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	**(5,917)**	**32,410**	**(14,058)**	**41,745**

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

Unconsolidated statement of changes in equity for three and nine months ended 30 September 2019

	Share capital	Treasury shares	Share premium	Other reserves	Retained earnings	Total equity
Nine months ended 30 September 2019						
As at 31 December 2018 audited	**46,581**	**-**	**147,192**	**121,382**	**509,557**	**824,712**
Total comprehensive income for the period						
Net profit	-	-	-	-	32,410	32,410
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**32,410**	**32,410**
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Dividends declared	-	-	-	-	(23,290)	(23,290)
Total transactions with owners	**-**	**-**	**-**	**-**	**(23,290)**	**(23,290)**
As at 30 September 2019 unaudited	**46,581**	**-**	**147,192**	**121,382**	**518,677**	**833,832**

	Share capital	Treasury shares	Share premium	Other reserves	Retained earnings	Total equity
Nine months ended 30 September 2018						
As at 31 December 2017 audited	**47,665**	**(21,744)**	**147,192**	**122,164**	**537,335**	**832,612**
Total comprehensive income for the period						
Net profit	-	-	-	-	41,745	41,745
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**41,745**	**41,745**
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Dividends declared	-	-	-	-	(23,290)	(23,290)
Redemption of own shares	(1,084)	21,744	-	1,084	(21,744)	-
Reserve capital for share buy-back	-	-	-	(2,088)	2,088	-
Other	-	-	-	1	(1)	-
Total transactions with owners	**(1,084)**	**21,744**	**-**	**(1,003)**	**(42,947)**	**(23,290)**
As at 30 September 2018 unaudited	**46,581**	**-**	**147,192**	**121,161**	**536,133**	**851,067**

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

Unconsolidated cash flow statement for three and nine months ended 30 September 2019

	Three months ended 30 September 2019 unaudited	Nine months ended 30 September 2019 unaudited	Three months ended 30 September 2018 unaudited	Nine months ended 30 September 2018, unaudited
Cash flows from operating activities				
Profit before income taxes	**(6,476)**	**28,244**	**(18,805)**	**37,089**
Adjustments for:				
Depreciation of property, plant and equipment	4,058	12,625	3,874	14,286
Amortization of intangible assets	1,765	5,829	1,723	5,249
Depreciation of right-of-use assets	515	1,543	-	-
Foreign exchange (gain) /loss	36	21	-	-
Interest, net	870	1,984	(247)	(388)
(Profit) / loss on investing activities	(248)	(532)	(17)	(35,281)
Dividend income	(7,222)	(80,372)	-	(74,302)
(Decrease) / increase in provisions	(77)	(198)	(612)	1,218
(Increase) / decrease in inventories	3,367	8,667	(1,782)	(2,363)
(Increase) / decrease in receivables	1,429	16,786	5,668	32,083
(Decrease) / increase in payables	(7,893)	(15,364)	(4,266)	(13,796)
(Decrease) / increase in contract liabilities	(611)	(1,880)	(45)	582
Other adjustments	355	550	(494)	365
Cash generated from operations	**(10,132)**	**(22,097)**	**(15,003)**	**(35,258)**
Income taxes inflows / (outflows) (1)	1,169	7,074	(1,065)	(1,725)
Net cash from operating activities	**(8,963)**	**(15,023)**	**(16,068)**	**(36,983)**
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment, and intangibles	232	568	17	23,869
Disposal of subsidiaries, associates and jointly controlled entities	45	45	-	32,111
Dividends received	11,445	78,082	20,434	59,302
Repayment of loans granted	600	600	-	1,030
Interest received	143	822	971	1,035
Disposal of short-term securities	-	-	-	59,939
Proceeds / (outflows) from cash pooling	16,251	80,611	12,688	(57,337)
Loans granted	(600)	(1,400)	-	-
Purchase of property, plant and equipment, and intangibles	(6,764)	(22,534)	(3,806)	(10,812)
Acquisition of subsidiaries, associates and jointly controlled entities	(15,977)	(161,376)	(9,591)	(19,996)
Acquisition of short-term securities	-	-	-	(12,000)
Net cash from investing activities	**5,375**	**(24,582)**	**20,713**	**77,141**

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

	Three months ended 30 September 2019 unaudited	Nine months ended 30 September 2019 unaudited	Three months ended 30 September 2018 unaudited	Nine months ended 30 September 2018, unaudited
Cash flows from financing activities				
Proceeds from borrowings	8,844	83,844	-	392
Repayment of borrowings	(2,084)	(7,030)	(2,083)	(6,915)
Proceeds from cash pooling	1,801	(9,980)	1,659	(6,625)
Dividends paid	(23,290)	(23,290)	(23,290)	(23,290)
Payment of finance lease liabilities	(177)	(1,510)	(11)	(33)
Interest paid	(1,056)	(2,506)	(730)	(785)
Other	(322)	(743)	(171)	(353)
Net cash from financing activities	**(16,284)**	**38,785**	**(24,626)**	**(37,609)**
Net increase / (decrease) in cash and cash equivalents	**(19,872)**	**(820)**	**(19,981)**	**2,549**
Cash and cash equivalents				
At start of period	26,093	7,041	31,928	9,398
At end of period	6,221	6,221	11,947	11,947

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

Additional information to unconsolidated financial statements of Agora S.A.

In the period from January 1, 2019 to September 30, 2019 the following impairment losses and provisions were changed in the unconsolidated financial statements of Agora S.A. (in brackets the amounts for the third quarter of 2019):

- impairment loss for financial assets: decrease by PLN 843 thousand (decrease by PLN 843 thousand),
- impairment loss for receivables: increase by PLN 334 thousand (decrease by PLN 733 thousand),
- impairment loss for inventory: increase by PLN 1,623 thousand (increase by PLN 446 thousand),
- impairment loss for property, plant and equipment and intangible assets: decrease by PLN 186 thousand (decrease by PLN 88 thousand),
- provision for legal claims and similar: increase by PLN 13 thousand (increase by PLN 31 thousand),
- provision for the remuneration and severances for the former Management Board Members: used in PLN 74 thousand (no change),
- retirement severance provision: increase by PLN 34 thousand (no change),
- provision for costs of restructuring: decrease the amount of PLN 172 thousand, including: set-up of PLN 3,310 thousand and the use in the amount of PLN 3,482 thousand (the use in the amount of PLN 108 thousand).

In the period from January 1, 2019 to September 30, 2019, the Company purchased property, plant and equipment in the amount of PLN 11,389 thousand (in the period from January 1, 2018 to September 30, 2018: PLN 5,133 thousand).

As at September 30, 2019 the commitments for the purchase of property, plant and equipment amounted to PLN 196 thousand (as at December 31,2018: PLN 1,099 thousand).

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

As at September 30,2019 and as at December 31,2018 other short - term financial liabilities include liabilities of Agora S.A. to subsidiaries (resulting from settlements related to the cash pooling system, which functions within Agora Group).

As at 30 September 2019 and 31 December 2018 the Company had no financial instruments measured at fair value.

Application of IFRS 16

Detailed information about requirements and the impact of applying the new standard on financial statements is presented in note 2 to the condensed interim consolidated financial statements. Selected financial data below are presenting the impact of the standard on the condensed interim unconsolidated financial statements.

As a result of the application of IFRS 16 *Leases*, the Company recognised in the balance sheet the right-of-use assets in the amount of PLN 30,397 thousand, which mainly concern recognition in the balance sheet of future payments related to the perpetual usufruct right to land and leases of office space.

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

	As at 30 September 2019 (excl. IFRS 16)	Application of IFRS 16	As at 30 September 2019 (as reported)
Non-current assets:			
Property, plant and equipment	170,187	(5,735)	164,452
Right-of-use assets	-	30,397	30,397
Deferred tax assets	1,913	45	1,958
	921,063	**24,707**	**945,770**
Current assets:			
Accounts receivable and prepayments	88,213	(243)	87,970
	118,935	**(243)**	**118,692**
Total assets	**1,039,998**	**24,464**	**1,064,462**

	As at 30 September 2019 (excl. IFRS 16)	Application of IFRS 16	As at 30 September 2019 (as reported)
Total equity	**834,024**	**(192)**	**833,832**
Non-current liabilities:			
Long-term borrowings	68,784	22,387	91,171
including: lease liabilities	*57*	*22,387*	*22,444*
	72,023	**22,387**	**94,410**
Current liabilities:			
Trade and other payables	88,031	-	88,031
Short-term borrowings	29,972	2,269	32,241
including: lease liabilities	*49*	*2,269*	*2,318*
	133,951	**2,269**	**136,220**
			-
Total equity and liabilities	**1,039,998**	**24,464**	**1,064,462**

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

	Nine months ended As at 30 September 2019 (excl. IFRS 16)	Application of IFRS 16	Nine months ended As at 30 September 2019 (as reported)
Revenue	290,041	-	290,041
Operating cost net, incl.:	(340,197)	549	(339,648)
D&A	*(12,210)*	*(1,449)*	*(13,659)*
External services	*(47,481)*	*1,270*	*(46,211)*
Taxes and fees	*(2,423)*	*728*	*(1,695)*
Operating loss	**(50,156)**	**549**	**(49,607)**
Finance income	81,266	-	81,266
Finance costs, incl.:	(2,629)	(786)	(3,415)
Interest costs	*(2,018)*	*(757)*	*(2,775)*
F/x losses	*(58)*	*(29)*	*(87)*
Share of results of equity accounted investees	-	-	-
Profit before income taxes	**28,481**	**(237)**	**28,244**
Income tax	4,121	45	4,166
Profit for the period	**32,602**	**(192)**	**32,410**

	Nine months ended As at 30 September 2019 (excl. IFRS 16)	Application of IFRS 16	Nine months ended As at 30 September 2019 (as reported)
Net cash from operating activities	(17,256)	2,233	(15,023)
Net cash used in investing activities	(24,582)	-	(24,582)
Net cash used in financing activities	41,018	(2,233)	38,785
Net cash	**(820)**	**-**	**(820)**
Cash and cash equivalents	**6,221**	**-**	**6,221**

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

Related party transactions

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

	Three months ended 30 September 2019	Nine months ended 30 September 2019	Three months ended 30 September 2018	Nine months ended 30 September 2018
Subsidiaries				
Sales	14,098	43,210	12,672	37,341
Purchases of goods and services	(6,513)	(23,219)	(9,550)	(30,595)
Other operating income	-	-	(1,553)	6
Dividends income	-	73,150	-	74,302
Other finance income	102	676	457	1,123
Gain on sale of financial assets	-	45	-	-
Finance costs	(63)	(274)	(83)	(300)
Jointly controlled entities				
Sales	-	5	-	101
Purchases of goods and services	-	(6)	(4)	(63)
Finance income	-	-	-	16
Associates				
Sales	8	94	24	65
Purchases of goods and services	-	(7)	(4)	(34)
Other operating income	-	2	-	-
Interest on loans granted	7	17	-	-
Dividends income	7,222	7,222	-	-
Major shareholder				
Sales	5	16	4	16
Other operating income	471	1,104	-	-

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

	As at 30 September 2019	As at 30 June 2019	As at 31 December 2018
Subsidiaries			
Shares	547,718	530,660	530,458
Cash pooling receivables	10,752	27,040	91,503
Trade receivables	7,639	5,673	6,986
Other receivables	3,866	7,441	7,114
Cash pooling liabilities	11,536	9,739	21,525
Trade liabilities	2,338	1,994	4,593
Other liabilities and accruals	1,970	2,999	1,494
Jointly controlled entities			
Shares	-	1,000	1,000
Trade receivables	-	-	6
Trade liabilities	-	1	8
Other liabilities and accruals	-	-	2
Associates			
Shares	157,207	157,196	10,490
Non-current loans granted	800	800	-
Current loans granted	8	7	-
Trade receivables	106	127	122
Major shareholder			
Trade receivables	-	-	1
Other liabilities and accruals	1,230	378	10
Management Board of the Company			
Receivables	1	1	4

Selected unconsolidated financial data together with translation into EURO

	in PLN thousand			in EUR thousand		
	Nine months ended 30 September 2019 unaudited	As at 31 December 2018 audited	Nine months ended 30 September 2018 unaudited	Nine months ended 30 September 2019 unaudited	As at 31 December 2018 audited	Nine months ended 30 September 2018 unaudited
Revenue	290,041		305,781	67,317		71,889
Operating loss	(49,607)		(58,676)	(11,513)		(13,795)
Profit before income taxes	28,244		37,089	6,555		8,720
Profit for the period	32,410		41,745	7,522		9,814
Net cash from operating activities	(15,023)		(36,983)	(3,487)		(8,695)
Net cash used in investing activities	(24,582)		77,141	(5,705)		18,136
Net cash from financing activities	38,785		(37,609)	9,002		(8,842)
Net increase / (decrease) in cash and cash equivalents	(820)		2,549	(190)		599
Total assets	1,064,462	984,535		243,383	228,962	
Non-current liabilities	94,410	15,742		21,586	3,661	
Current liabilities	136,220	144,081		31,146	33,507	
Equity	833,832	824,712		190,651	191,793	
Share capital	46,581	46,581		10,650	10,833	
Weighted average number of shares	46,580,831	46,580,831		46,580,831	46,580,831	
Basic/diluted earnings per share (in PLN / in EURO)	0.70		0.90	0.16		0.21
Book value per share (in PLN / in EURO)	17.90	17.70		4.09	4.12	

Warsaw, November 7, 2019

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

Signatures submitted electronically.