

AGORA S.A.

Condensed
semi-annual
unconsolidated
financial statements
as at 30 June 2018
and for 6 month
period ended thereon

August 10, 2018

UNCONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2018

	Note	As at 30 June 2018 unaudited	As at 31 December 2017 adjusted*	As at 1 January 2017 adjusted *
Assets				
Non-current assets:				
Intangible assets		40,393	40,390	58,286
Property, plant and equipment		173,998	181,947	244,373
Long term financial assets		539,551	540,089	577,848
Receivables and prepayments		511	539	353
Deferred tax assets		4,023	831	-
		758,476	763,796	880,860
Current assets:				
Inventories		20,622	20,041	21,353
Accounts receivable and prepayments		140,970	130,551	162,438
Income tax receivable		-	-	7
Short-term securities and other financial assets		92,324	70,848	37,875
Cash and cash equivalents		31,928	9,398	11,964
		285,844	230,838	233,637
Non-current assets held for sale	3	-	13,747	10,682
		285,844	244,585	244,319
Total assets		1,044,320	1,008,381	1,125,179

* according to description presented in note 8 „Adjustments to the comparative amounts”

Accompanying notes are an integral part of these condensed semi-annual unconsolidated financial statements.

UNCONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2018 (CONTINUED)

	Note	As at 30 June 2018 unaudited	As at 31 December 2017 adjusted*	As at 1 January 2017 adjusted *
Equity and liabilities				
Equity:				
Share capital		47,665	47,665	47,665
Treasury shares		(21,744)	(21,744)	-
Share premium		147,192	147,192	147,192
Other reserves		120,076	122,164	119,867
Retained earnings		571,936	537,335	607,546
		865,125	832,612	922,270
Non-current liabilities:				
Deferred tax liabilities		-	-	8,407
Long-term borrowings		16,745	20,920	19,306
Retirement severance provision		2,048	2,021	2,057
Provisions		1,075	75	-
Accruals and other liabilities		99	121	109
Contract liabilities		66	538	268
		20,033	23,675	30,147
Current liabilities:				
Retirement severance provision		216	216	187
Trade and other payables		122,639	112,165	129,805
Income tax liabilities		3,261	-	-
Short-term borrowings		8,458	8,736	5,789
Other financial liabilities	5	18,375	26,668	27,715
Provisions		1,549	745	5,884
Contract liabilities		4,664	3,564	3,382
		159,162	152,094	172,762
Total equity and liabilities		1,044,320	1,008,381	1,125,179

* according to description presented in note 8 „ Adjustments to the comparative amounts”

Accompanying notes are an integral part of these condensed semi-annual unconsolidated financial statements.

UNCONSOLIDATED INCOME STATEMENT FOR SIX MONTHS ENDED 30 JUNE 2018

	Six months ended 30 June 2018 unaudited	Six months ended 30 June 2017 unaudited
Revenue	206,815	259,775
Cost of sales	(134,140)	(183,977)
Gross profit	72,675	75,798
Selling expenses	(67,015)	(71,489)
Administrative expenses	(44,854)	(40,940)
Other operating income	17,233	2,660
Other operating expenses	(17,909)	(1,482)
Operating loss	(39,870)	(35,453)
Finance income	96,924	51,486
Finance costs	(1,160)	(1,014)
Profit before income taxes	55,894	15,019
Income tax expense	(91)	(1,873)
Net profit for the period	55,803	13,146
Basic / diluted earnings per share (in PLN)	1.20	0.28

Accompanying notes are an integral part of these condensed semi-annual unconsolidated financial statements.

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR SIX MONTHS ENDED 30 JUNE 2018

	Six months ended 30 June 2018 unaudited	Six months ended 30 June 2017 unaudited
Net profit for the period	55,803	13,146
Other comprehensive income for the period	-	-
Total comprehensive income for the period	55,803	13,146

Accompanying notes are an integral part of these condensed semi-annual unconsolidated financial statements.

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR SIX MONTHS ENDED 30 JUNE 2018

	Share capital	Treasury shares	Share premium	Other reserves	Retained earnings	Total equity
Six months ended 30 June 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	-	-	-	-	55,803	55,803
Total comprehensive income for the period	-	-	-	-	55,803	55,803
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Reserve capital for share buy-back	-	-	-	(2,088)	2,088	-
Dividends declared	-	-	-	-	(23,290)	(23,290)
Total transactions with owners	-	-	-	(2,088)	(21,202)	(23,290)
As at 30 June 2018 unaudited	47,665	(21,744)	147,192	120,076	571,936	865,125
Six months ended 30 June 2017						
As at 31 December 2016 audited	47,665	-	147,192	119,867	607,546	922,270
Total comprehensive income for the period						
Net profit	-	-	-	-	13,146	13,146
Total comprehensive income for the period	-	-	-	-	13,146	13,146
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Reserve capital for share buy-back	-	-	-	23,833	(23,833)	-
Other	-	-	-	-	(1)	(1)
Total transactions with owners	-	-	-	23,833	(23,834)	(1)
As at 30 June 2017 unaudited	47,665	-	147,192	143,700	596,858	935,415

Accompanying notes are an integral part of these condensed semi-annual unconsolidated financial statements.

UNCONSOLIDATED CASH FLOW STATEMENT FOR SIX MONTHS ENDED 30 JUNE 2018

	Six months ended 30 June 2018 unaudited	Six months ended 30 June 2017, adjusted *
Cash flows from operating activities		
Profit before income taxes	55,894	15,019
Adjustments for:		
Depreciation of property, plant and equipment	10,412	14,399
Amortization of intangible assets	3,526	4,394
Interest, net	(141)	225
(Profit) / loss on investing activities	(35,264)	(454)
Dividend income	(74,302)	(50,649)
(Increase) / decrease in inventories	(581)	3,332
(Increase) / decrease in receivables	26,415	16,418
(Decrease) / increase in payables	(9,530)	(19,238)
(Decrease) / increase in provisions	1,830	(5,514)
(Decrease) / increase in contract liabilities	627	(60)
Other adjustments	859	235
Cash generated from operations	(20,255)	(21,893)
Income taxes paid	(660)	-
Net cash from operating activities	(20,915)	(21,893)
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment, and intangibles	23,852	10,285
Disposal of subsidiaries, associates and jointly controlled entities	32,111	28
Dividends received	38,868	51,677
Repayment of loans granted	1,030	1,000
Interest received	565	497
Disposal of short-term securities	59,939	51,155
Proceeds from cash pooling	7,485	-
Purchase of property plant and equipment, and intangibles	(7,006)	(5,555)
Acquisition of subsidiary (net of cash acquired) associates and jointly controlled entities	(10,405)	-
Outflows from cash pooling	(77,510)	-
Acquisition of short-term securities	(12,000)	(26,000)
Net cash used in investing activities	56,929	83,087

**UNCONSOLIDATED CASH FLOW STATEMENT FOR SIX MONTHS ENDED 30 JUNE 2018
(CONTINUED)**

	Six months ended 30 June 2018 unaudited	Six months ended 30 June 2017, adjusted *
Cash flows from financing activities		
Proceeds from borrowings	392	27,972
Repayment of borrowings	(4,832)	(27,972)
Outflows from cash pooling	(8,284)	(32,462)
Payment of finance lease liabilities	(22)	(13)
Interest paid	(556)	(448)
Other	(182)	(254)
Net cash used in financing activities	(13,484)	(33,177)
Net increase / (decrease) in cash and cash equivalents	22,530	28,017
Cash and cash equivalents		
At start of period	9,398	11,964
At end of period	31,928	39,981

* according to description presented in note 8 „ Adjustments to the comparative amounts”

Accompanying notes are an integral part of these condensed semi-annual unconsolidated financial statements.

NOTES

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 activity. The Company offers printing services for external clients in printing houses belonging to Agora S.A. and its subsidiary Agora Poligrafia Sp.z o.o. Moreover, the Company holds shares in companies which operate in cinema, outdoor and radio. The Company also engages in projects related to production and co-production of movies through the company Next Film Sp. z o.o. and in food service activity through the company Foodio Concepts Sp.z o.o. Until 14 June 2018 the Company was also present in TV segment by holding shares in Stopklatka S.A.

Detailed information about the structure and the scope of activity of the Agora Group have been included in the condensed semi-annual consolidated financial statement as at 30 June 2018 and for six month period ended thereon.

Company's advertising revenues are subject to seasonality – revenues earned in the first and third quarter are usually lower than in the second and fourth quarter.

The condensed semi-annual unconsolidated financial statements were prepared as at 30 June 2018 and for six months ended 30 June 2018 with comparative figures as at 31 December 2017, 1 January 2017 and for six months ended 30 June 2017.

The condensed semi-annual unconsolidated financial statements were authorised for issue by the Management Board on 10 August 2018.

2. Changes in provisions and impairment losses for assets

In the period from January 1, 2018 to June 30, 2018 the following impairment losses and provisions were changed in the condensed semi-annual unconsolidated financial statements of Agora S.A.:

- impairment loss for financial assets: increase by PLN 400 thousand,
- impairment loss for receivables: increase by PLN 16 189 thousand,
- impairment loss for inventory: increase by PLN 1,201 thousand,
- impairment loss for tangible assets and intangible assets: decrease by PLN 3,165 thousand related to the use of impairment loss due to the sale of the press title *Świat Motocykli*,
- provision for legal claims and similar: decrease by PLN 162 thousand,
- provision for the remuneration and severances for the former Management Board Members: use in the amount PLN 252 thousand,
- retirement severance provision: increase by PLN 27 thousand,
- provision for restructuring: increase by PLN 2,217 thousand including: set-up in the amount of PLN 3,245 thousand and the use in the amount of PLN 1,028 thousand.

3. Property, plant and equipment

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

As at 30 June 2018 there was no non-current assets held for sale. As at 31 December 2017, non-current assets with the carrying amount of PLN 13,747 thousand were presented as held for sale and comprised perpetual usufruct rights to a plot of land located at the Czerniakowska Street in Warsaw and properties located in Gdansk at the Tkacka 7/8 and Welniarska 19/20 streets. The assets above were sold in the first quarter of 2018.

On February 26, 2018, since the condition for sales of the right of perpetual usufruct was fulfilled, the Company signed an agreement transferring the right of perpetual usufruct of undeveloped property with the total area of 6,270 square meters in 85/87 Czerniakowska Street in Warsaw. The total amount of the transaction was net PLN 19.0 million and it positively impacted the operating result of the Company amounted to PLN 8.3 million.

On February 27, 2018, the Company signed an agreement for sale of the properties located in Gdansk at the Tkacka 7/8 and Welniarska 19/20 streets. The decision to sell the properties stems from the fact that the Company did not utilize effectively the entire property for its operations. The Company believes that the optimal solution shall be to lease office space adapted to the current scale of operations of the Company in Gdansk. The total sale price of the Property amounted to PLN 8.65 million net and its positive impact on the operating result of the Company amounted to PLN 5.6 million.

b) Property, plant and equipment acquired and contractual as at the balance sheet date

In the period from January 1, 2018 to June 30, 2018, the Company purchased property, plant and equipment in the amount of PLN 3,866 thousand (in the period of January 1, 2017 to June 30, 2017: PLN 4,159 thousand).

As at June 30, 2018 commitments for the purchase of property, plant and equipment amounted to PLN 174 thousand (as at December 31, 2017 amounted to PLN 409 thousand).

4. Related party transactions

(a) Management Board and Supervisory Board remuneration

The remuneration of Management Board members of Agora S.A. amounted to PLN 3,492 thousand (six months ended June 30, 2017: PLN 3,162 thousand). The amounts include remuneration paid during the period of holding the post of a Management Board member.

The remuneration of Supervisory Board members of Agora S.A. amounted to PLN 234 thousand (six months ended June 30, 2017: PLN 234 thousand).

(b) Entities related to Agora S.A.

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

	Six months ended 30 June 2018	Six months ended 30 June 2017
Subsidiaries		
Sales	24,669	36,894
Purchases of goods and services	(21,045)	(33,761)
Other operating income	1,559	-
Other operating costs	-	(24)
Dividends income	74,302	50,649
Other finance income	666	451
Loss on sale of financial assets	-	(79)
Finance costs	(217)	(156)
Jointly controlled entities		
Sales	101	957
Purchases of goods and services	(59)	(265)
Finance income	16	26
Finance costs	-	(29)
Associates		
Sales	41	11
Purchases of goods and services	(30)	(30)
Major shareholder		
Sales	12	31
Other operating income	-	95

	As at 30 June 2018	As at 31 December 2017
Subsidiaries		
Shares	537,519	527,464
Cash pooling receivables	89,801	19,650
Short term receivables	6,580	9,465
Dividends receivables	35,433	-
Shares liabilities	50	-
Cash pooling liabilities	18,375	26,668
Short term liabilities	5,913	3,985
Loans granted	2,524	2,509
Jointly controlled entities		
Shares	1,000	11,593
Short term receivables	2	113
Short term liabilities	4	101
Loans granted	-	1,022
Associates		
Shares	949	949
Short-term receivables	74	31
Major shareholder		
Dividends payable	2,701	-

5. Other financial liabilities

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.

6. Financial instruments measured at fair value

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

	As at 30 June 2018	Level 1	Level 2	Level 3
Certificates in investment funds	-	-	-	-
Financial assets measured at fair value	-	-	-	-

	As at 31 December 2017	Level 1	Level 2	Level 3
Certificates in investment funds	47,667	-	47,667	-
Financial assets measured at fair value	47,667	-	47,667	-

7. Other notes

The Management Board of Agora S.A. believes that the notes to Agora Group's condensed semi-annual consolidated financial statements present all other material information required to assess the Company's and Group's financial position and financial results for six months ended 30 June 2018 and therefore the condensed semi-annual unconsolidated financial statements should be read together with the condensed semi-annual consolidated financial statements, which are included in the semi-annual report.

The condensed semi-annual unconsolidated financial statements have been prepared according to International Accounting Standard 34 "Interim Financial Reporting" on the basis of art. 45 point 1a-1c of Accounting Act (Official Journal from 2018, item 395 with subsequent amendments. The condensed semi-annual unconsolidated financial statements as at 30 June, 2018 should be read together with the audited unconsolidated financial statements as at December 31, 2017.

In the preparation of these condensed semi-annual unconsolidated financial statements, the Company has followed the same accounting policies as used in the unconsolidated financial statements as at December 31, 2017 taking into account the changes introduced by new or amended standards, which were endorsed by the European Union. The application of the amendments to standards had no significant impact on the unconsolidated financial statements except for changes in the presentation of selected line items within the balance sheet as a result of the initial application of IFRS 15. The impact on the comparative amounts is presented in note 8.

8. Adjustments to the comparative amounts

As a result of the initial application of IFRS 15, the Company implemented changes in the presentation of selected balance sheet line items, nature of which is described in note 2 to the condensed semi-annual consolidated financial statements. The comparative amounts in the unconsolidated balance sheet and unconsolidated cash flow statement were adjusted accordingly.

The summary of changes to comparative amounts is presented in the tables below (detailed line items within non-current assets and equity were omitted).

Balance sheet as at 31 December 2017

	As at 31 December 2017 (as reported)	Presentation adjustments	As at 31 December 2017 (as adjusted)
Assets			
Non-current assets:	763,796	-	763,796
Current assets:			
Inventories	20,041	-	20,041
Accounts receivable and prepayments	120,756	9,795	130,551
Short-term securities and other financial assets	70,848	-	70,848
Cash and cash equivalents	9,398	-	9,398
	221,043	9,795	230,838
Non-current assets held for sale	13,747	-	13,747
	234,790	9,795	244,585
Total assets	998,586	9,795	1,008,381

	As at 31 December 2017 (as reported)	Presentation adjustments	As at 31 December 2017 (as adjusted)
Equity and liabilities			
Equity:	832,612	-	832,612
Non-current liabilities:			
Long-term borrowings	20,920	-	20,920
Retirement severance provision	2,021	-	2,021
Provisions	75	-	75
Deferred revenues and accruals	579	(579)	-
Other liabilities	80	(80)	-
Accruals and other liabilities	-	121	121
Contract liabilities	-	538	538
	23,675	-	23,675
Current liabilities:			
Retirement severance provision	216	-	216
Trade and other payables	68,070	44,095	112,165
Short-term borrowings	8,736	-	8,736
Other financial liabilities	26,668	-	26,668
Provisions	745	-	745
Deferred revenues and accruals	37,864	(37,864)	-
Contract liabilities	-	3,564	3,564
	142,299	9,795	152,094
			-
Total equity and liabilities	998,586	9,795	1,008,381

Balance sheet as at 1 January 2017

	As at 1 January 2017 (as reported)	Presentation adjustments	As at 1 January 2017 (as adjusted)
Assets			
Non-current assets:	880,860	-	880,860
Current assets:			
Inventories	21,353	-	21,353
Accounts receivable and prepayments	152,490	9,948	162,438
Income tax receivable	7	-	7
Short-term securities and other financial assets	37,875	-	37,875
Cash and cash equivalents	11,964	-	11,964
	223,689	9,948	233,637
Non-current assets held for sale	10,682	-	10,682
	234,371	9,948	244,319
Total assets	1,115,231	9,948	1,125,179
	As at 1 January 2017 (as reported)	Presentation adjustments	As at 1 January 2017 (as adjusted)
Equity and liabilities			
Equity:	922,270	-	922,270
Non-current liabilities:			
Deferred tax liabilities	8,407	-	8,407
Long-term borrowings	19,306	-	19,306
Retirement severance provision	2,057	-	2,057
Deferred revenues and accruals	286	(286)	-
Other liabilities	91	(91)	-
Accruals and other liabilities	-	109	109
Contract liabilities	-	268	268
	30,147	-	30,147
Current liabilities:			
Retirement severance provision	187	-	187
Trade and other payables	81,150	48,655	129,805
Short-term borrowings	5,789	-	5,789
Other financial liabilities	27,715	-	27,715
Provisions	5,884	-	5,884
Deferred revenues and accruals	42,089	(42,089)	-
Contract liabilities	-	3,382	3,382
	162,814	9,948	172,762
Total equity and liabilities	1,115,231	9,948	1,125,179

Cash flow statement – operating activities

	Six months ended 30 June 2017 (as reported)	Presentation adjustments	Six months ended 30 June 2017 (as adjusted)
Cash flows from operating activities			
Profit before income taxes	15,019	-	15,019
Adjustments for:			
Depreciation of property, plant and equipment	14,399	-	14,399
Amortization of intangible assets	4,394	-	4,394
Interest, net	225	-	225
(Profit) / loss on investing activities	(454)	-	(454)
Dividend income	(50,649)	-	(50,649)
(Increase) / decrease in inventories	3,332	-	3,332
(Increase) / decrease in receivables	16,634	(216)	16,418
(Decrease) / increase in payables	(15,490)	(3,748)	(19,238)
(Decrease) / increase in provisions	(5,514)	-	(5,514)
(Decrease) / increase in deferred revenues and accruals	(4,024)	4,024	-
(Decrease) / increase in contract liabilities	-	(60)	(60)
Other adjustments	235	-	235
Cash generated from operations	(21,893)	-	(21,893)
Income taxes (paid)/received	-	-	-
Net cash from operating activities	(21,893)	-	(21,893)

9. Selected unconsolidated financial data together with translation into EURO

	PLN thousand			EURO thousand		
	Six months ended 30 June 2018 unaudited	As at 31 December 2017 adjusted	Six months ended 30 June 2017 unaudited	Six months ended 30 June 2018 unaudited	As at 31 December 2017 adjusted	Six months ended 30 June 2017 unaudited
Sales	206,815		259,775	48,783		61,161
Operating loss	(39,870)		(35,453)	(9,404)		(8,347)
Profit before income taxes	55,894		15,019	13,184		3,536
Net profit for the period	55,803		13,146	13,163		3,095
Net cash from operating activities	(20,915)		(21,893)	(4,933)		(5,154)
Net cash used in investing activities	56,929		83,087	13,428		19,562
Net cash used in financing activities	(13,484)		(33,177)	(3,181)		(7,811)
Net increase / (decrease) in cash and cash equivalents	22,530		28,017	5,314		6,596
Total assets	1,044,320	1,008,381		239,435	241,766	
Non-current liabilities	20,033	23,675		4,593	5,676	
Current liabilities	159,162	152,094		36,492	36,465	
Equity	865,125	832,612		198,350	199,624	
Share capital	47,665	47,665		10,928	11,428	
Weighted average number of shares	46,580,831	47,421,764	-	46,580,831	47,421,764	-
Basic/diluted earnings per share (in PLN / in EURO)	1.20		0.28	0.28		0.06
Book value per share (in PLN / in EURO)	18.57	17.56		4.26	4.21	

Warsaw, August 10, 2018

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