

AGORA S.A.

Condensed
semi-annual
unconsolidated
financial statements
as at 30 June 2019
and for 6 month
period ended thereon

September 5, 2019

UNCONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2019

	Note	As at 30 June 2019 unaudited	As at 31 December 2018 audited
Assets			
Non-current assets:			
Intangible assets		41,575	37,695
Property, plant and equipment		165,215	173,076
Right-of-use assets	7	30,911	-
Long term financial assets		689,978	542,031
Receivables and prepayments		433	608
Deferred tax assets		2,592	2,415
		930,704	755,825
Current assets:			
Inventories		17,108	22,408
Accounts receivable and prepayments		93,078	107,758
Income tax receivable		1,370	-
Short-term securities and other financial assets		27,047	91,503
Cash and cash equivalents		26,093	7,041
		164,696	228,710
Total assets		1,095,400	984,535

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

UNCONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2019 (CONTINUED)

	Note	As at 30 June 2019 unaudited	As at 31 December 2018 audited
Equity and liabilities			
Equity:			
Share capital		46,581	46,581
Share premium		147,192	147,192
Other reserves		121,382	121,382
Retained earnings		524,594	509,557
		839,749	824,712
Non-current liabilities:			
Long-term borrowings		99,528	12,555
Retirement severance provision		2,094	1,996
Provisions		1,055	1,084
Accruals and other liabilities		177	90
Contract liabilities		65	17
		102,919	15,742
Current liabilities:			
Retirement severance provision		88	151
Trade and other payables		121,082	103,324
Income tax liabilities		-	3,910
Short-term borrowings		17,322	9,226
Other financial liabilities	5	9,739	21,525
Provisions		476	603
Contract liabilities		4,025	5,342
		152,732	144,081
Total equity and liabilities		1,095,400	984,535

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UNCONSOLIDATED INCOME STATEMENT FOR SIX MONTHS ENDED 30 JUNE 2019

	Six months ended 30 June 2019 unaudited	Six months ended 30 June 2018 unaudited
Revenue	195,662	206,815
Cost of sales	(125,306)	(134,140)
Gross profit	70,356	72,675
Selling expenses	(61,829)	(67,015)
Administrative expenses	(44,848)	(44,854)
Other operating income	2,049	16,503
Other operating expenses	(1,165)	(803)
Impairment losses for receivables - net	(1,659)	(16,376)
Operating loss	(37,096)	(39,870)
Finance income	73,827	96,924
Finance costs	(2,011)	(1,160)
Profit before income taxes	34,720	55,894
Income tax expense	3,607	(91)
Net profit for the period	38,327	55,803
Basic / diluted earnings per share (in PLN)	0.82	1.20

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UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR SIX MONTHS ENDED 30 JUNE 2019

	Six months ended 30 June 2019 unaudited	Six months ended 30 June 2018 unaudited
Net profit for the period	38,327	55,803
Other comprehensive income for the period	-	-
Total comprehensive income for the period	38,327	55,803

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 2019

	Share capital	Treasury shares	Share premium	Other reserves	Retained earnings	Total equity
Six months ended 30 June 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	-	-	-	-	38,327	38,327
Total comprehensive income for the period	-	-	-	-	38,327	38,327
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 June 2019 unaudited	46,581	-	147,192	121,382	524,594	839,749
	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

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

UNCONSOLIDATED CASH FLOW STATEMENT FOR SIX MONTHS ENDED 30 JUNE 2019

	Six months ended 30 June 2019 unaudited	Six months ended 30 June 2018 unaudited
Cash flows from operating activities		
Profit before income taxes	34,720	55,894
Adjustments for:		
Depreciation of property, plant and equipment	8,567	10,412
Amortization of intangible assets	4,064	3,526
Depreciation of right-of-use assets	1,028	-
Foreign exchange (gain)/loss	(15)	-
Interest, net	1,114	(141)
(Profit) / loss on investing activities	(284)	(35,264)
Dividend income	(73,150)	(74,302)
(Decrease) / increase in provisions	(121)	1,830
(Increase) / decrease in inventories	5,300	(581)
(Increase) / decrease in receivables	15,357	26,415
(Decrease) / increase in payables	(7,471)	(9,530)
(Decrease) / increase in contract liabilities	(1,269)	627
Other adjustments	195	859
Cash generated from operations	(11,965)	(20,255)
Income taxes inflows / (outflows) (1)	5,905	(660)
Net cash from operating activities	(6,060)	(20,915)
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment, and intangibles	336	23,852
Disposal of subsidiaries, associates and jointly controlled entities	-	32,111
Dividends received	66,637	38,868
Repayment of loans granted	-	1,030
Interest received	679	565
Disposal of short-term securities	-	59,939
Proceeds / (outflows) from cash pooling	64,360	(70,025)
Loans granted	(800)	-
Purchase of property plant and equipment, and intangibles	(15,770)	(7,006)
Acquisition of subsidiary (net of cash acquired) associates and jointly controlled entities	(145,399)	(10,405)
Acquisition of short-term securities	-	(12,000)
Net cash used in investing activities	(29,957)	56,929

**UNCONSOLIDATED CASH FLOW STATEMENT FOR SIX MONTHS ENDED 30 JUNE 2019
(CONTINUED)**

	Six months ended 30 June 2019 unaudited	Six months ended 30 June 2018 unaudited
Cash flows from financing activities		
Proceeds from borrowings	75,000	392
Repayment of borrowings	(4,946)	(4,832)
Outflows from cash pooling	(11,781)	(8,284)
Payment of lease liabilities	(1,333)	(22)
Interest paid	(1,450)	(556)
Other	(421)	(182)
Net cash used in financing activities	55,069	(13,484)
Net increase / (decrease) in cash and cash equivalents	19,052	22,530
Cash and cash equivalents		
At start of period	7,041	9,398
At end of period	26,093	31,928

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

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. 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. Moreover, the Group controls 4 radio broadcasting companies and offers printing services for external clients in printing houses belonging to the Company and to its subsidiary Agora Poligrafia Sp. z o.o. 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.

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 2019 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 2019 and for six months ended 30 June 2019 with comparative figures as at 31 December 2018 and for six months ended 30 June 2018.

The condensed semi-annual unconsolidated financial statements were authorised for issue by the Management Board on 5 September 2019.

2. Changes in provisions and impairment losses for assets

In the period from January 1, 2019 to June 30, 2019 the following impairment losses and provisions were changed in the condensed semi-annual unconsolidated financial statements of Agora S.A.:

- impairment loss for receivables: increase by PLN 1,067 thousand,
- impairment loss for inventory: increase by PLN 1,176 thousand,
- impairment loss for tangible assets and intangible assets: decrease by PLN 98 thousand,
- provision for legal claims and similar: decrease by PLN 18 thousand,
- provision for the remuneration and severances for the former Management Board Members: use in the amount PLN 74 thousand,
- retirement severance provision: increase by PLN 34 thousand,
- provision for restructuring: decrease by PLN 64 thousand including: set-up in the amount of PLN 3,310 thousand and the use in the amount of PLN 3,374 thousand.

3. Property, plant and equipment

In the period from January 1, 2019 to June 30, 2019, the Company purchased property, plant and equipment in the amount of PLN 8,108 thousand (in the period of January 1, 2018 to June 30, 2018: PLN 3,866 thousand).

As at June 30, 2019 commitments for the purchase of property, plant and equipment amounted to PLN 400 thousand (as at December 31, 2018 amounted to PLN 1,099 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 3,341 thousand (six months ended June 30, 2018: PLN 3,492 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 231 thousand (six months ended June 30, 2018: 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 2019	Six months ended 30 June 2018
Subsidiaries		
Sales	29,112	24,669
Purchases of goods and services	(16,706)	(21,045)
Other operating income	-	1,559
Dividends income	73,150	74,302
Other finance income	574	666
Finance costs	(211)	(217)
Jointly controlled entities		
Sales	5	101
Purchases of goods and services	(6)	(59)
Finance income	-	16
Associates		
Sales	86	41
Purchases of goods and services	(7)	(30)
Other operating income	2	-
Interest on loans granted	10	-
Major shareholder		
Sales	11	12
Other operating income	633	-

	As at 30 June 2019	As at 31 December 2018
Subsidiaries		
Shares	530,660	530,458
Cash pooling receivables	27,040	91,503
Trade receivables	5,673	6,986
Other receivables	7,441	7,114
Cash pooling liabilities	9,739	21,525
Trade liabilities	1,994	4,593
Other liabilities and accruals	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	157,196	10,490
Non-Current loans granted	800	-
Current loans granted	7	-
Trade receivables	127	122
Major shareholder		
Trade receivables	-	1
Other liabilities and accruals	378	10
Management Board of the Company		
Receivables	1	4

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

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

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 2019 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 2019, item 351). The condensed semi-annual unconsolidated financial statements as at 30 June, 2019 should be read together with the audited unconsolidated financial statements as at December 31, 2018.

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, 2018 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 16.

► Application of IFRS 16

Detailed information about requirements and the impact of applying new standards on financial statements is presented in note 2 to the condensed semi-annual consolidated financial statements. Selected financial data below are presenting the impact of the standard on the condensed semi-annual 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 30,911 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 semi-annual financial statements reflecting the impact of applying the new standard are presented in the tables below:

	As at 30 June 2019 (excl. IFRS 16)	Application of IFRS 16	As at 30 June 2019 (as reported)
Non-current assets:			
Property, plant and equipment	170,981	(5,766)	165,215
Right-of-use assets	-	30,911	30,911
Deferred tax assets	2,568	24	2,592
	905,535	25,169	930,704
Current assets:			
Accounts receivable and prepayments	93,563	(485)	93,078
	165,181	(485)	164,696
Total assets	1,070,716	24,684	1,095,400

	As at 30 June 2019 (excl. IFRS 16)	Application of IFRS 16	As at 30 June 2019 (as reported)
Total equity	839,851	(102)	839,749
Non-current liabilities:			
Long-term borrowings	77,129	22,399	99,528
including: lease liabilities	69	22,399	22,468
	80,520	22,399	102,919
Current liabilities:			
Trade and other payables	121,082	-	121,082
Short-term borrowings	14,935	2,387	17,322
including: lease liabilities	48	2,387	2,435
	150,345	2,387	152,732
Total equity and liabilities	1,070,716	24,684	1,095,400

	As at 30 June 2019 (excl. IFRS 16)	Application of IFRS 16	As at 30 June 2019 (as reported)
Revenue	195,662	-	195,662
Operating cost net, incl.:	(233,123)	365	(232,758)
<i>D&A</i>	(12,693)	(966)	(13,659)
<i>External services</i>	(47,056)	845	(46,211)
<i>Taxes and fees</i>	(2,181)	486	(1,695)
Operating profit/(loss)	(37,461)	365	(37,096)
Finance income	73,827	-	73,827
Finance costs, incl.:	(1,520)	(491)	(2,011)
<i>Interest costs</i>	(1,281)	(502)	(1,783)
<i>F/x losses</i>	(42)	11	(31)
Loss before income taxes	34,846	(126)	34,720
Income tax	3,583	24	3,607
Loss for the period	38,429	(102)	38,327

	Six months ended As at 30 June 2019 (excl. IFRS 16)	Application of IFRS 16	Six months ended As at 30 June 2019 (as reported)
Net cash from operating activities	(7,872)	1,812	(6,060)
Net cash used in investing activities	(29,957)	-	(29,957)
Net cash used in financing activities	56,881	(1,812)	55,069
Net cash	19,052	-	19,052
Cash and cash equivalents	26,093	-	26,093

8. Selected unconsolidated financial data together with translation into EURO

	PLN thousand			EURO thousand		
	Six months ended 30 June 2019 unaudited	As at 31 December 2018 audited	Six months ended 30 June 2018 unaudited	Six months ended 30 June 2019 unaudited	As at 31 December 2018 audited	Six months ended 30 June 2018 unaudited
Sales	195,662		206,815	45,630		48,783
Operating loss	(37,096)		(39,870)	(8,651)		(9,404)
Profit before income taxes	34,720		55,894	8,097		13,184
Net profit for the period	38,327		55,803	8,938		13,163
Net cash from operating activities	(6,060)		(20,915)	(1,413)		(4,933)
Net cash used in investing activities	(29,957)		56,929	(6,986)		13,428
Net cash used in financing activities	55,069		(13,484)	12,843		(3,181)
Net increase / (decrease) in cash and cash equivalents	19,052		22,530	4,443		5,314
Total assets	1,095,400	984,535		257,620	228,962	
Non-current liabilities	102,919	15,742		24,205	3,661	
Current liabilities	152,732	144,081		35,920	33,507	
Equity	839,749	824,712		197,495	191,793	
Share capital	46,581	46,581		10,955	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)	0.82		1.20	0.19		0.28
Book value per share (in PLN / in EURO)	18.03	17.70		4.24	4.12	

Warsaw, September 5, 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.