

AGORA S.A.

Condensed
semi-annual
unconsolidated
financial statements
as at 30 June 2020
and for 6 month
period ended thereon

September 24, 2020

UNCONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2020

	As at 30 June 2020 unaudited	As at 31 December 2019 audited
Assets		
Non-current assets:		
Intangible assets	46,559	44,855
Property, plant and equipment	153,706	158,641
Right-of-use assets	28,873	29,601
Long term financial assets	636,761	693,391
Receivables and prepayments	407	409
Deferred tax assets	4,606	3,173
	870,912	930,070
Current assets:		
Inventories	11,632	13,712
Accounts receivable and prepayments	68,194	94,341
Income tax receivable	1,560	768
Short-term securities and other financial assets	14,812	13,270
Cash and cash equivalents	46,285	13,174
	142,483	135,265
Non-current assets held for sale	-	4,344
	142,483	139,609
Total assets	1,013,395	1,069,679

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

UNCONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2020 (CONTINUED)

	Note	As at 30 June 2020 unaudited	As at 31 December 2019 audited
Equity and liabilities			
Equity:			
Share capital		46,581	46,581
Share premium		147,192	147,192
Other reserves		121,302	121,302
Retained earnings		431,759	506,381
		746,834	821,456
Non-current liabilities:			
Long-term borrowings		77,461	82,534
Retirement severance provision		2,350	2,219
Provisions		443	829
Accruals and other liabilities		1,395	439
Contract liabilities		136	98
		81,785	86,119
Current liabilities:			
Retirement severance provision		59	195
Trade and other payables		107,598	97,719
Short-term borrowings		32,112	29,289
Other financial liabilities	5	35,294	29,273
Provisions		2,860	1,374
Contract liabilities		6,853	4,254
		184,776	162,104
Total equity and liabilities		1,013,395	1,069,679

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UNCONSOLIDATED INCOME STATEMENT FOR SIX MONTHS ENDED 30 JUNE 2020

	Six months ended 30 June 2020 unaudited	Six months ended 30 June 2019 unaudited
Revenue	157,999	195,662
Cost of sales	(89,596)	(125,306)
Gross profit	68,403	70,356
Selling expenses	(51,045)	(61,829)
Administrative expenses	(40,394)	(44,848)
Other operating income	8,256	2,049
Other operating expenses	(2,000)	(1,165)
Impairment losses for receivables - net	(397)	(1,659)
Operating loss	(17,177)	(37,096)
Finance income	286	73,827
Finance costs	(59,536)	(2,011)
Profit/(loss) before income taxes	(76,427)	34,720
Income tax expense	1,804	3,607
Net profit/(loss) for the period	(74,623)	38,327
Basic / diluted earnings per share (in PLN)	(1.60)	0.82

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 2020

	Six months ended 30 June 2020 unaudited	Six months ended 30 June 2019 unaudited
Net profit/(loss) for the period	(74,623)	38,327
Other comprehensive income for the period	-	-
Total comprehensive income for the period	(74,623)	38,327

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 2020

	Share capital	Share premium	Other reserves	Retained earnings	Total equity
Six months ended 30 June 2020					
As at 31 December 2019 audited	46,581	147,192	121,302	506,381	821,456
Total comprehensive income for the period					
Net loss	-	-	-	(74,623)	(74,623)
Total comprehensive income for the period	-	-	-	(74,623)	(74,623)
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Other	-	-	-	1	1
Total transactions with owners	-	-	-	1	1
As at 30 June 2020 unaudited	46,581	147,192	121,302	431,759	746,834
	Share capital	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

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

UNCONSOLIDATED CASH FLOW STATEMENT FOR SIX MONTHS ENDED 30 JUNE 2020

	Six months ended 30 June 2020 unaudited	Six months ended 30 June 2019 unaudited
Cash flows from operating activities		
Profit/(loss) before income taxes	(76,427)	34,720
Adjustments for:		
Depreciation of property, plant and equipment	7,928	8,567
Amortization of intangible assets	5,965	4,064
Depreciation of right-of-use assets	747	1,028
Foreign exchange (gain)/loss	34	(15)
Interest, net	1,662	1,114
(Profit) / loss on investing activities	50,508	(284)
Dividend income	-	(73,150)
(Decrease) / increase in provisions	1,095	(121)
Decrease in inventories	2,079	5,300
Decrease in receivables	24,551	15,357
(Decrease) / increase in payables	13,150	(7,471)
(Decrease) / increase in contract liabilities	2,636	(1,269)
Other adjustments	-	195
Cash generated from operations	33,928	(11,965)
Income taxes inflows (1)	1,536	5,905
Net cash from operating activities	35,464	(6,060)
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment, and intangibles	10,579	336
Disposal of subsidiaries, associates and jointly controlled entities	4	-
Dividends received	-	66,637
Repayment of loans granted	100	-
Interest received	130	679
Proceeds / (outflows) from cash pooling	(1,494)	64,360
Loans granted	-	(800)
Purchase of property plant and equipment, and intangibles	(12,241)	(15,770)
Acquisition of subsidiary (net of cash acquired) associates and jointly controlled entities	(1,335)	(145,399)
Net cash used in investing activities	(4,257)	(29,957)

**UNCONSOLIDATED CASH FLOW STATEMENT FOR SIX MONTHS ENDED 30 JUNE 2020
(CONTINUED)**

	Six months ended 30 June 2020 unaudited	Six months ended 30 June 2019 unaudited
Cash flows from financing activities		
Proceeds from borrowings	-	75,000
Repayment of borrowings	(2,083)	(4,946)
Proceeds/(outflows) from cash pooling	6,032	(11,781)
Payment of lease liabilities	(502)	(1,333)
Interest paid	(1,523)	(1,450)
Other	(20)	(421)
Net cash used in financing activities	1,904	55,069
Net increase / (decrease) in cash and cash equivalents	33,111	19,052
Cash and cash equivalents		
At start of period	13,174	7,041
At end of period	46,285	26,093

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 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 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 2020 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 consolidated financial statements were prepared as at 30 June 2020 and for six months ended 30 June 2020 with comparative figures as at 31 December 2019 and for six months ended 30 June 2019.

The condensed semi-annual consolidated financial statements were authorised for issue by the Management Board on September 24, 2020.

2. Changes in provisions and impairment losses for assets

In the period from January 1, 2020 to June 30, 2020 the following impairment losses and provisions were changed in the condensed semi-annual consolidated financial statements of Agora S.A.:

- impairment loss for receivables: decrease by PLN 273 thousand,
- impairment loss for inventory: decrease by PLN 102 thousand,
- impairment loss for tangible assets and intangible assets: use in the amount of PLN 15,048 thousand (related to the liquidation of the assets of the printing activity, which were subject to write-downs),
- loan write-offs: increase by PLN 50 thousand,
- write-offs for interest on loans: increase by 5 PLN thousand,
- shares write-offs: increase by PLN 56,817 thousand (including set-up by PLN 57,666 thousand and use in the amount of PLN 849 thousand)*,
- provision for restructuring: use in the amount of PLN 200 thousand,
- retirement severance provision: decrease by PLN 5 thousand,
- other provisions: increase by PLN 1,300 thousand (related to provision recognised to cover liabilities of the company Goldenline Sp. z o.o.)

* The creation of write-offs for shares was included in the financial costs of the Company and concerns mainly shares in Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.) in the amount of PLN 56,331 thousand PLN (to the value of net assets of the company) in connection with the sale of the company's enterprise within the meaning of Art. 55¹ of the Civil Code, constituting an organized set of tangible and intangible assets intended for business activity of Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.) and write-offs for shares in Goldenline Sp. z o.o. in the amount of PLN 1,335 thousand. The use of the allowance for shares applies to the company Hash.fm Sp. z o.o. in connection with the sale of shares in this company by Agora S.A.

3. Property, plant and equipment

In the period from January 1, 2020 to June 30, 2020, the Company purchased property, plant and equipment in the amount of PLN 4,227 thousand (in the period of January 1, 2019 to June 30, 2019: PLN 8,108 thousand).

As at June 30, 2020 and December 31, 2019 commitments for the purchase of property, plant and equipment did not occur.

4. Related party transactions

(a) Management Board and Supervisory Board remuneration

The remuneration of Management Board members of Agora S.A. amounted to PLN 1,222 thousand (six months ended June 30, 2019: PLN 3,341 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 285 thousand (six months ended June 30, 2019: PLN 231 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 2020	Six months ended 30 June 2019
Subsidiaries		
Sales	24,393	29,112
Purchases of goods and services	(8,875)	(16,706)
Other operating income	1	-
Dividends income	-	73,150
Other finance income	120	574
Finance costs	(71)	(211)
Jointly controlled entities		
Sales	-	5
Purchases of goods and services	-	(6)
Associates		
Sales	14	86
Purchases of goods and services	-	(7)
Other operating income	-	2
Interest on loans granted	5	10
Major shareholder		
Sales	11	11
Other operating income	349	633

	As at 30 June 2020	As at 31 December 2019
Subsidiaries		
Shares	480,182	536,512
Cash pooling receivables	14,762	13,270
Trade receivables	8,604	7,718
Other receivables	385	2,069
Cash pooling liabilities	35,294	29,273
Trade liabilities	4,925	1,218
Other liabilities and accruals	1,837	3,199
Contract liabilities	-	7
Associates		
Shares	156,257	156,357
Non-Current loans granted	-	200
Trade receivables	-	100
Major shareholder		
Trade receivables	9	3
Other liabilities and accruals	1,005	276
Management Board of the Company		
Receivables	-	1

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 2020 and 31 December 2019 the Company had 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 2020 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 with subsequent amendments). The condensed semi-annual unconsolidated financial statements as at 30 June 2020 should be read together with the audited unconsolidated financial statements as at 31 December 2019.

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 31 December 2019 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 condensed semi-annual unconsolidated financial statements.

8. Selected unconsolidated financial data together with translation into EURO

	PLN thousand			EURO thousand		
	Six months ended 30 June 2020 unaudited	As at 31 December 2019 audited	Six months ended 30 June 2019 unaudited	Six months ended 30 June 2020 unaudited	As at 31 December 2019 audited	Six months ended 30 June 2019 unaudited
Sales	157,999		195,662	35,575		45,630
Operating loss	(17,177)		(37,096)	(3,868)		(8,651)
Profit/(loss) before income taxes	(76,427)		34,720	(17,208)		8,097
Net profit/(loss) for the period	(74,623)		38,327	(16,802)		8,938
Net cash from operating activities	35,464		(6,060)	7,985		(1,413)
Net cash used in investing activities	(4,257)		(29,957)	(959)		(6,986)
Net cash from financing activities	1,904		55,069	429		12,843
Net increase in cash and cash equivalents	33,111		19,052	7,455		4,443
Total assets	1,013,395	1,069,679		226,913	251,187	
Non-current liabilities	81,785	86,119		18,313	20,223	
Current liabilities	184,776	162,104		41,374	38,066	
Equity	746,834	821,456		167,227	192,898	
Share capital	46,581	46,581		10,430	10,938	
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)	(1.60)		0.82	(0.36)		0.19
Book value per share (in PLN / in EURO)	16.03	17.64		3.59	4.14	

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 the two quarters of 2020 (two quarters of 2019) using the arithmetic average of exchange rates published by NBP and ruling on the last day of each month for two quarters. For the two quarters of 2020 EURO 1 = PLN 4.4413 (EURO 1 = PLN 4.2880).
- 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 June 2020 – EURO 1 = PLN 4.4660; as at 31 December 2019 – EURO 1 = PLN 4.2585, as at 30 June 2019 – EURO 1 = PLN 4.2520.

Warsaw, September 24, 2020

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.