

AGORA S.A.

Condensed
interim
unconsolidated
financial statements
as at 30 June 2018
and for three and six
month period ended
thereon

August 10, 2018

UNCONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2018

	As at 30 June 2018 unaudited	As at 31 March 2018 unaudited	As at 31 December 2017 adjusted*	As at 1 January 2017 adjusted *
Assets				
Non-current assets:				
Intangible assets	40,393	39,718	40,390	58,286
Property, plant and equipment	173,998	176,460	181,947	244,373
Long term financial assets	539,551	550,094	540,089	577,848
Receivables and prepayments	511	547	539	353
Deferred tax assets	4,023	2,554	831	-
	758,476	769,373	763,796	880,860
Current assets:				
Inventories	20,622	19,297	20,041	21,353
Accounts receivable and prepayments	140,970	124,467	130,551	162,438
Income tax receivable	-	-	-	7
Short-term securities and other financial assets	92,324	15,730	70,848	37,875
Cash and cash equivalents	31,928	62,628	9,398	11,964
	285,844	222,122	230,838	233,637
Non-current assets held for sale	-	-	13,747	10,682
	285,844	222,122	244,585	244,319
Total assets	1,044,320	991,495	1,008,381	1,125,179

* according to description presented in note 8 „Adjustments to the comparative amounts” to the semi-annual unconsolidated financial statements.

UNCONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2018 (CONTINUED)

	As at 30 June 2018 unaudited	As at 31 March 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	47,665
Treasury shares	(21,744)	(21,744)	(21,744)	-
Share premium	147,192	147,192	147,192	147,192
Other reserves	120,076	122,164	122,164	119,867
Retained earnings	571,936	529,807	537,335	607,546
	865,125	825,084	832,612	922,270
Non-current liabilities:				
Deferred tax liabilities	-	-	-	8,407
Long-term borrowings	16,745	18,840	20,920	19,306
Retirement severance provision	2,048	2,021	2,021	2,057
Provisions	1,075	-	75	-
Accruals and other liabilities	99	106	121	109
Contract liabilities	66	554	538	268
	20,033	21,521	23,675	30,147
Current liabilities:				
Retirement severance provision	216	216	216	187
Trade and other payables	122,639	104,032	112,165	129,805
Income tax liabilities	3,261	657	-	-
Short-term borrowings	8,458	11,211	8,736	5,789
Other financial liabilities	18,375	23,249	26,668	27,715
Provisions	1,549	1,441	745	5,884
Contract liabilities	4,664	4,084	3,564	3,382
	159,162	144,890	152,094	172,762
				-
Total equity and liabilities	1,044,320	991,495	1,008,381	1,125,179

* according to description presented in note 8 „ Adjustments to the comparative amounts” to the semi-annual unconsolidated financial statements.

UNCONSOLIDATED INCOME STATEMENT FOR THREE AND SIX MONTHS ENDED 30 JUNE 2018

	Three months ended 30 June 2018 unaudited	Six months ended 30 June 2018 unaudited	Three months ended 30 June 2017 unaudited	Six months ended 30 June 2017 unaudited
Revenue	107,472	206,815	130,342	259,775
Cost of sales	(67,239)	(134,140)	(86,546)	(183,977)
Gross profit	40,233	72,675	43,796	75,798
Selling expenses	(34,820)	(67,015)	(35,158)	(71,489)
Administrative expenses	(21,822)	(44,854)	(20,258)	(40,940)
Other operating income	2,368	17,233	936	2,660
Other operating expenses	(16,357)	(17,909)	(456)	(1,482)
Operating loss	(30,398)	(39,870)	(11,140)	(35,453)
Finance income	96,302	96,924	50,985	51,486
Finance costs	(760)	(1,160)	(447)	(1,014)
Profit before income taxes	65,144	55,894	39,398	15,019
Income tax	(1,813)	(91)	(566)	(1,873)
Profit for the period	63,331	55,803	38,832	13,146
Basic/diluted earnings per share (in PLN)	1.36	1.20	0.81	0.28

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

	Three months ended 30 June 2018 unaudited	Six months ended 30 June 2018 unaudited	Three months ended 30 June 2017 unaudited	Six months ended 30 June 2017 unaudited
Profit for the period	63,331	55,803	38,832	13,146
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	63,331	55,803	38,832	13,146

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						
Dividends declared	-	-	-	-	(23,290)	(23,290)
Reserve capital for share buy-back	-	-	-	(2,088)	2,088	-
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
	Share capital	Treasury shares	Share premium	Other reserves	Retained earnings	Total equity
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 loss	-	-	-	-	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

UNCONSOLIDATED CASH FLOW STATEMENT FOR THREE AND SIX MONTHS ENDED 30 JUNE 2018

	Three months ended 30 June 2018 unaudited	Six months ended 30 June 2018 unaudited	Three months ended 30 June 2017, adjusted *	Six months ended 30 June 2017, adjusted *
Cash flows from operating activities				
Profit before income taxes	65,144	55,894	39,398	15,019
Adjustments for:				
Depreciation of property, plant and equipment	4,136	10,412	7,172	14,399
Amortization of intangible assets	1,658	3,526	1,853	4,394
Interest, net	(136)	(141)	134	225
(Profit) / loss on investing activities	(21,052)	(35,264)	(102)	(454)
Dividend income	(74,302)	(74,302)	(50,649)	(50,649)
(Increase) / decrease in inventories	(1,325)	(581)	2,010	3,332
(Increase) / decrease in receivables	14,531	26,415	(2,490)	16,418
(Decrease) / increase in payables	(5,206)	(9,530)	(19,617)	(19,238)
(Decrease) / increase in provisions	1,209	1,830	(198)	(5,514)
(Decrease) / increase in contract liabilities	91	627	(386)	(60)
Other adjustments	760	859	143	235
Cash generated from operations	(14,492)	(20,255)	(22,732)	(21,893)
Income taxes (paid)/received	(660)	(660)	-	-
Net cash from operating activities	(15,152)	(20,915)	(22,732)	(21,893)
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment, and intangibles	3,885	23,852	4,665	10,285
Disposal of subsidiaries, associates and jointly controlled entities	32,081	32,111	10	28
Dividends received	38,868	38,868	50,649	51,677
Repayment of loans granted	1,030	1,030	1,000	1,000
Interest received	541	565	350	497
Disposal of short-term securities	14	59,939	33,201	51,155
Proceeds from cash pooling	-	7,485	-	-
Purchase of property, plant and equipment, and intangibles	(3,688)	(7,006)	(2,392)	(5,555)
Acquisition of subsidiaries, associates and jointly controlled entities	(400)	(10,405)	-	-
Outflows from cash pooling	(77,510)	(77,510)	-	-
Acquisition of short-term securities	-	(12,000)	(5,000)	(26,000)
Net cash used in investing activities	(5,179)	56,929	82,483	83,087

	Three months ended 30 June 2018 unaudited	Six months ended 30 June 2018 unaudited	Three months ended 30 June 2017, adjusted *	Six months ended 30 June 2017, adjusted *
Cash flows from financing activities				
Proceeds from borrowings	-	392	25,000	27,972
Repayment of borrowings	(4,832)	(4,832)	(27,972)	(27,972)
Outflows from cash pooling	(4,861)	(8,284)	(26,467)	(32,462)
Payment of finance lease liabilities	(11)	(22)	(8)	(13)
Interest paid	(549)	(556)	(187)	(448)
Other	(116)	(182)	(192)	(254)
Net cash used in financing activities	(10,369)	(13,484)	(29,826)	(33,177)
Net increase / (decrease) in cash and cash equivalents	(30,700)	22,530	29,925	28,017
Cash and cash equivalents				
At start of period	62,628	9,398	10,056	11,964
At end of period	31,928	31,928	39,981	39,981

* according to description presented in note 8 „Adjustments to the comparative amounts” to the semi-annual unconsolidated financial statements.

ADDITIONAL INFORMATION

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 interim unconsolidated financial statements was prepared as at 30 June 2018 and for three and six months ended 30 June 2018 with comparative figures as at 31 March 2018, 31 December 2017, 1st January 2017 and as at 30 June 2017 and for three and six months ended 30 June 2017.

The condensed interim 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 unconsolidated financial statements of Agora S.A. (in brackets the amounts for the second quarter of 2018):

- impairment loss for financial assets: increase by PLN 400 thousand (increase by PLN 400 thousand),
- impairment loss for receivables: increase by PLN 16,189 thousand (increase by PLN 15,365 thousand),
- impairment loss for inventory: increase by PLN 1,201 thousand (increase by PLN 732 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 *Swiat Motocykli* (no change),
- provision for legal claims and similar: decrease by PLN 162 thousand (decrease by PLN 80 thousand),
- provision for the remuneration and severances for the former Management Board Members: use in the amount of PLN 252 thousand (use in the amount of PLN 75 thousand),
- retirement severance provision: increase by PLN 27 thousand (increase by PLN 27 thousand),
- provision for restructuring: increase by PLN 2,217 thousand, including: set-up of PLN 3,245 thousand and the use in the amount of PLN 1,028 thousand (increase PLN 1,337 thousand, including: set-up of PLN 2,200 thousand and the use in the amount of PLN 862 thousand).

3. Other notes

The Management Board of Agora S.A. believes that the notes to Agora Group's condensed semi-annual consolidated financial statements and the notes to Agora S.A. condensed semi-annual unconsolidated financial statements present all other material information required to assess the Company's financial position and financial results in the period from January, 1, 2018 to June, 30, 2018 and therefore the condensed interim unconsolidated financial statements should be read together with the condensed semi-annual consolidated financial statements and condensed semi-annual unconsolidated financial statements, which are included in the semi-annual report.

Accounting policies applied to prepare condensed interim unconsolidated financial statements of Agora S.A. meet the International Accounting Standard 34 "Interim Financial Reporting" and are the same as for the condensed semi-annual unconsolidated financial statements.

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