

AGORA S.A.

Condensed
interim
unconsolidated
financial statements
as at 30 June 2019
and for three and six
month period ended
thereon

September 5, 2019

UNCONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2019

	As at 30 June 2019 unaudited	As at 31 March 2019 unaudited	As at 31 December 2018 audited
Assets			
Non-current assets:			
Intangible assets	41,575	39,134	37,695
Property, plant and equipment	165,215	164,519	173,076
Right-of-use assets	30,911	31,400	-
Long term financial assets	689,978	674,893	542,031
Receivables and prepayments	433	601	608
Deferred tax assets	2,592	3,673	2,415
	930,704	914,220	755,825
Current assets:			
Inventories	17,108	21,013	22,408
Accounts receivable and prepayments	93,078	89,606	107,758
Income tax receivable	1,370	-	-
Short-term securities and other financial assets	27,047	31,992	91,503
Cash and cash equivalents	26,093	13,195	7,041
	164,696	155,806	228,710
Total assets	1,095,400	1,070,026	984,535

UNCONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2019 (CONTINUED)

	As at 30 June 2019 unaudited	As at 31 March 2019 unaudited	As at 31 December 2018 audited
Equity and liabilities			
Equity:			
Share capital	46,581	46,581	46,581
Treasury shares	-	-	-
Share premium	147,192	147,192	147,192
Other reserves	121,382	121,382	121,382
Retained earnings	524,594	489,087	509,557
	839,749	804,242	824,712
Non-current liabilities:			
Long-term borrowings	99,528	107,920	12,555
Retirement severance provision	2,094	1,996	1,996
Provisions	1,055	1,161	1,084
Accruals and other liabilities	177	86	90
Contract liabilities	65	16	17
	102,919	111,179	15,742
Current liabilities:			
Retirement severance provision	88	151	151
Trade and other payables	121,082	97,618	103,324
Income tax liabilities	-	4,301	3,910
Short-term borrowings	17,322	11,089	9,226
Other financial liabilities	9,739	33,734	21,525
Provisions	476	3,552	603
Contract liabilities	4,025	4,160	5,342
	152,732	154,605	144,081
Total equity and liabilities	1,095,400	1,070,026	984,535

UNCONSOLIDATED INCOME STATEMENT FOR THREE AND SIX MONTHS ENDED 30 JUNE 2019

	Three months ended 30 June 2019 unaudited	Six months ended 30 June 2019 unaudited	Three months ended 30 June 2018 unaudited	Six months ended 30 June 2018 unaudited
Revenue	100,407	195,662	107,472	206,815
Cost of sales	(59,898)	(125,306)	(67,239)	(134,140)
Gross profit	40,509	70,356	40,233	72,675
Selling expenses	(31,783)	(61,829)	(34,820)	(67,015)
Administrative expenses	(23,110)	(44,848)	(21,822)	(44,854)
Other operating income	1,436	2,049	2,008	16,503
Other operating expenses	(533)	(1,165)	(448)	(803)
Impairment losses for receivables - net	(514)	(1,659)	(15,549)	(16,376)
Operating loss	(13,995)	(37,096)	(30,398)	(39,870)
Finance income	73,373	73,827	96,302	96,924
Finance costs	(1,203)	(2,011)	(760)	(1,160)
Profit before income taxes	58,175	34,720	65,144	55,894
Income tax	622	3,607	(1,813)	(91)
Profit for the period	58,797	38,327	63,331	55,803
Basic/diluted earnings per share (in PLN)	1.26	0.82	1.36	1.20

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

	Three months ended 30 June 2019 unaudited	Six months ended 30 June 2019 unaudited	Three months ended 30 June 2018 unaudited	Six months ended 30 June 2018 unaudited
Profit/ (loss) for the period	58,797	38,327	63,331	55,803
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	58,797	38,327	63,331	55,803

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						
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 31 June 2018 unaudited	47,665	(21,744)	147,192	120,076	571,936	865,125

UNCONSOLIDATED CASH FLOW STATEMENT FOR THREE AND SIX MONTHS ENDED 30 JUNE 2019

	Three months ended 30 June 2019 unaudited	Six months ended 30 June 2019 unaudited	Three months ended 30 June 2018 unaudited	Six months ended 30 June 2018 unaudited
Cash flows from operating activities				
Profit before income taxes	58,175	34,720	65,144	55,894
Adjustments for:				
Depreciation of property, plant and equipment	4,732	8,567	4,136	10,412
Amortization of intangible assets	2,303	4,064	1,658	3,526
Depreciation of right-of-use assets	518	1,028	-	-
Foreign exchange (gain) /loss	(15)	(15)	-	-
Interest, net	834	1,114	(136)	(141)
(Profit) / loss on investing activities	(60)	(284)	(21,052)	(35,264)
Dividend income	(73,150)	(73,150)	(74,302)	(74,302)
(Decrease) / increase in provisions	(3,147)	(121)	1,209	1,830
(Increase) / decrease in inventories	3,905	5,300	(1,325)	(581)
(Increase) / decrease in receivables	1,416	15,357	14,531	26,415
(Decrease) / increase in payables	(4,740)	(7,471)	(5,206)	(9,530)
(Decrease) / increase in contract liabilities	(86)	(1,269)	91	627
Other adjustments	89	195	760	859
Cash generated from operations	(9,226)	(11,965)	(14,492)	(20,255)
Income taxes inflows / (outflows) (1)	(652)	5,905	(660)	(660)
Net cash from operating activities	(9,878)	(6,060)	(15,152)	(20,915)
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment, and intangibles	73	336	3,885	23,852
Disposal of subsidiaries, associates and jointly controlled entities	-	-	32,081	32,111
Dividends received	66,637	66,637	38,868	38,868
Repayment of loans granted	-	-	1,030	1,030
Interest received	207	679	541	565
Disposal of short-term securities	-	-	14	59,939
Proceeds / (outflows) from cash pooling	4,937	64,360	(77,510)	(70,025)
Loans granted	-	(800)	-	-
Purchase of property, plant and equipment, and intangibles	(8,466)	(15,770)	(3,688)	(7,006)
Acquisition of subsidiaries, associates and jointly controlled entities	(13,337)	(145,399)	(400)	(10,405)
Acquisition of short-term securities	-	-	-	(12,000)
Net cash used in investing activities	50,051	(29,957)	(5,179)	56,929

Cash flows from financing activities

Proceeds from borrowings	-	75,000	-	392
Repayment of borrowings	(2,083)	(4,946)	(4,832)	(4,832)
Outflows from cash pooling	(23,973)	(11,781)	(4,861)	(8,284)
Payment of finance lease liabilities	(185)	(1,333)	(11)	(22)
Interest paid	(960)	(1,450)	(549)	(556)
Other	(74)	(421)	(116)	(182)

Net cash used in financing activities

(27,275)	55,069	(10,369)	(13,484)
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Net increase / (decrease) in cash and cash equivalents

12,898	19,052	(30,700)	22,530
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Cash and cash equivalents

At start of period	13,195	7,041	62,628	9,398
At end of period	26,093	26,093	31,928	31,928

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

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. 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 interim unconsolidated financial statements was prepared as at 30 June 2019 and for three and six months ended 30 June 2019 with comparative figures as at 31 March 2019, 31 December 2018 and as at 30 June 2018 and for three and six months ended 30 June 2018.

The condensed interim 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 unconsolidated financial statements of Agora S.A. (in brackets the amounts for the second quarter of 2019):

- impairment loss for receivables: increase by PLN 1,067 thousand (increase by PLN 142 thousand),
- impairment loss for inventory: increase by PLN 1,176 thousand (decrease by PLN 536 thousand),
- impairment loss for tangible assets and intangible assets: decrease by PLN 98 thousand (decrease by PLN 61 thousand),
- provision for legal claims and similar: decrease by PLN 18 thousand (decrease by PLN 18 thousand),
- provision for the remuneration and severances for the former Management Board Members: use in the amount of PLN 74 thousand (no change),
- retirement severance provision: increase by PLN 34 thousand (increase by PLN 34 thousand),
- provision for restructuring: decrease by PLN 64 thousand, including: set-up of PLN 3,310 thousand and the use in the amount of PLN 3,374 thousand (decrease by PLN 3,165 thousand, including: the use in the amount of PLN 3,165 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, 2019 to June, 30, 2019 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, 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.