

AGORA S.A.

Condensed
interim
unconsolidated
financial statements
as at 30 June 2020
and for three and six
month period ended
thereon

September 24, 2020

UNCONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2020

	As at 30 June 2020 unaudited	As at 31 March 2020 unaudited	As at 31 December 2019 audited
Assets			
Non-current assets:			
Intangible assets	46,559	46,373	44,855
Property, plant and equipment	153,706	155,973	158,641
Right-of-use assets	28,873	29,295	29,601
Long term financial assets	636,761	633,561	693,391
Receivables and prepayments	407	419	409
Deferred tax assets	4,606	3,453	3,173
	870,912	869,074	930,070
Current assets:			
Inventories	11,632	15,265	13,712
Accounts receivable and prepayments	68,194	87,343	94,341
Income tax receivable	1,560	881	768
Short-term securities and other financial assets	14,812	11,770	13,270
Cash and cash equivalents	46,285	26,807	13,174
	142,483	142,066	135,265
Non-current assets held for sale	-	-	4,344
	142,483	142,066	139,609
Total assets	1,013,395	1,011,140	1,069,679

UNCONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2020 (CONTINUED)

	As at 30 June 2020 unaudited	As at 31 March 2020 unaudited	As at 31 December 2019 audited
Equity and liabilities			
Equity:			
Share capital	46,581	46,581	46,581
Share premium	147,192	147,192	147,192
Other reserves	121,302	121,302	121,302
Retained earnings	431,759	437,000	506,381
	746,834	752,075	821,456
Non-current liabilities:			
Long-term borrowings	77,461	73,296	82,534
Retirement severance provision	2,350	2,219	2,219
Provisions	443	707	829
Accruals and other liabilities	1,395	1,519	439
Contract liabilities	136	81	98
	81,785	77,822	86,119
Current liabilities:			
Retirement severance provision	59	195	195
Trade and other payables	107,598	99,256	97,719
Short-term borrowings	32,112	36,509	29,289
Other financial liabilities	35,294	38,952	29,273
Provisions	2,860	1,396	1,374
Contract liabilities	6,853	4,935	4,254
	184,776	181,243	162,104
Total equity and liabilities	1,013,395	1,011,140	1,069,679

UNCONSOLIDATED INCOME STATEMENT FOR THREE AND SIX MONTHS ENDED 30 JUNE 2020

	Three months ended 30 June 2020 unaudited	Six months ended 30 June 2020 unaudited	Three months ended 30 June 2019 unaudited	Six months ended 30 June 2019 unaudited
Revenue	72,126	157,999	100,407	195,662
Cost of sales	(41,747)	(89,596)	(59,898)	(125,306)
Gross profit	30,379	68,403	40,509	70,356
Selling expenses	(19,312)	(51,045)	(31,783)	(61,829)
Administrative expenses	(17,428)	(40,394)	(23,110)	(44,848)
Other operating income	1,058	8,256	1,436	2,049
Other operating expenses	(1,798)	(2,000)	(533)	(1,165)
Impairment losses for receivables - net	(124)	(397)	(514)	(1,659)
Operating loss	(7,225)	(17,177)	(13,995)	(37,096)
Finance income	3,317	286	73,373	73,827
Finance costs	(2,008)	(59,536)	(1,203)	(2,011)
Profit/(loss) before income taxes	(5,916)	(76,427)	58,175	34,720
Income tax	675	1,804	622	3,607
Net profit/(loss) for the period	(5,241)	(74,623)	58,797	38,327
Basic/diluted earnings per share (in PLN)	(0.11)	(1.60)	1.26	0.82

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THREE AND SIX MONTHS ENDED 30 JUNE 2020

	Three months ended 30 June 2020 unaudited	Six months ended 30 June 2020 unaudited	Three months ended 30 June 2019 unaudited	Six months ended 30 June 2019 unaudited
Net profit/(loss) for the period	(5,241)	(74,623)	58,797	38,327
Other comprehensive income/loss for the period	-	-	-	-
Total comprehensive income for the period	(5,241)	(74,623)	58,797	38,327

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 31 December 2019 unaudited	46,581	147,192	121,382	524,594	839,749

UNCONSOLIDATED CASH FLOW STATEMENT FOR THREE AND SIX MONTHS ENDED 30 JUNE 2020

	Three months ended 30 June 2020 unaudited	Six months ended 30 June 2020 unaudited	Three months ended 30 June 2019 unaudited	Six months ended 30 June 2019 unaudited
Cash flows from operating activities				
Profit/(loss) before income taxes	(5,916)	(76,427)	58,175	34,720
Adjustments for:				
Depreciation of property, plant and equipment	3,957	7,928	4,732	8,567
Amortization of intangible assets	3,142	5,965	2,303	4,064
Depreciation of right-of-use assets	350	747	518	1,028
Foreign exchange (profit)/ loss	(11)	34	(15)	(15)
Interest, net	623	1,662	834	1,114
(Profit) / loss on investing activities	(2,317)	50,508	(60)	(284)
Dividend income	-	-	(73,150)	(73,150)
(Decrease) / increase in provisions	1,196	1,095	(3,147)	(121)
Decrease in inventories	3,632	2,079	3,905	5,300
Decrease in receivables	17,506	24,551	1,416	15,357
(Decrease) / increase in payables	8,422	13,150	(4,740)	(7,471)
(Decrease) / increase in contract liabilities	1,972	2,636	(86)	(1,269)
Other adjustments	-	-	89	195
Cash generated from operations	32,556	33,928	(9,226)	(11,965)
Income taxes inflows / (outflows) (1)	900	1,536	(652)	5,905
Net cash from operating activities	33,456	35,464	(9,878)	(6,060)
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment, and intangibles	707	10,579	73	336
Disposal of subsidiaries, associates and jointly controlled entities	-	4	-	-
Dividends received	-	-	66,637	66,637
Repayment of loans granted	-	100	-	-
Interest received	56	130	207	679
Proceeds/(outflows) from cash pooling	(3,048)	(1,494)	4,937	64,360
Loans granted	-	-	-	(800)
Purchase of property, plant and equipment, and intangibles	(5,882)	(12,241)	(8,466)	(15,770)
Acquisition of subsidiaries, associates and jointly controlled entities	(1,325)	(1,335)	(13,337)	(145,399)
Net cash used in investing activities	(9,492)	(4,257)	50,051	(29,957)

	Three months ended 30 June 2020 unaudited	Six months ended 30 June 2020 unaudited	Three months ended 30 June 2019 unaudited	Six months ended 30 June 2019 unaudited
Cash flows from financing activities				
Proceeds from borrowings	-	-	-	75,000
Repayment of borrowings	-	(2,083)	(2,083)	(4,946)
Proceeds/(outflows) from cash pooling	(3,637)	6,032	(23,973)	(11,781)
Payment of finance lease liabilities	(203)	(502)	(185)	(1,333)
Interest paid	(646)	(1,523)	(960)	(1,450)
Other	-	(20)	(74)	(421)
Net cash used in financing activities	(4,486)	1,904	(27,275)	55,069
Net increase in cash and cash equivalents	19,478	33,111	12,898	19,052
Cash and cash equivalents				
At start of period	26,807	13,174	13,195	7,041
At end of period	46,285	46,285	26,093	26,093

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 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 interim unconsolidated financial statements was prepared as at 30 June 2020 and for three and six months ended 30 June 2020 with comparative figures as at 31 March 2020, 31 December 2019 and as at 30 June 2019 and for three and six months ended 30 June 2019.

The condensed interim unconsolidated financial statements were authorised for issue by the Management Board on 24 September 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 unconsolidated financial statements of Agora S.A. (in brackets the amounts for the second quarter of 2020):

- impairment loss for receivables: decrease by PLN 273 thousand (decrease by PLN 379 thousand),
- impairment loss for inventory: decrease by PLN 102 thousand (decrease by PLN 600 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 (no change),
- loan write-offs: increase by PLN 50 thousand (no change),
- write-offs for interest on loans: increase by 5 PLN thousand (increase by PLN 13 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 (decrease by PLN 1,875 thousand, including set-up by PLN 1,325 thousand and reversal in the amount of PLN 3,200 thousand),
- provision for restructuring: use in the amount of PLN 200 thousand (use by PLN 100 thousand),
- retirement severance provision: decrease by PLN 5 thousand (decrease by PLN 5 thousand),
- other provisions: increase by PLN 1,300 thousand (increase by PLN 1,300 thousand).

* 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 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. 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, 2020 to June, 30, 2020 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 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.