AGORA SA

AGORA GROUP
Management Discussion and Analysis for
the year 2020
to the consolidated financial statements

March 18, 2021

TABLE OF CONTENTS

AGORA GROUP
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) FOR YEAR OF 2020 TO THE FINANCIAL STATEMENTS

REVENUE PLN 836.5 MILLION
EBITDA PLN 89.2 MILLION
EBITDA EXCL. IFRS 16 PLN 38.2 MILLION
NET LOSS PLN 130.2 MILLION
NET LOSS EXCL. IFRS 16 PLN 73.4 MILLION
OPERATING CASH FLOW PLN 131.9 MILLION
OPERATING CASH FLOW EXCL. IFRS 16 PLN 88.8 MILLION

Unless indicated otherwise, all data presented herein represent the period of January – December 2020, while comparisons refer to the same period of 2019. All data sources are presented in part IV of this MD&A. A new IFRS 16 standard has been in force since 2019, which influenced the presentation of selected categories of the income statement and balance sheet. In this document the data were presented both with the impact of IFRS 16 on the Group's results and without it.

I. IMPORTANT EVENTS AND FACTORS WHICH INFLUENCE THE FINANCIALS OF THE GROUP [1]

- Both the revenue and the results of the Agora Group were affected by the negative effects of the outbreak of the COVID-19 pandemic in 2020. These effects were particularly noticeable in cinema operations and in the Group's advertising undertakings. The restrictions introduced to prevent further spread of the pandemic had a significant negative impact on the operations of most of the Group's businesses. Those included the administrative decision to close cinemas (12 March to 5 June 2020 and again on 7 November 2020) and restaurants between 14 March and 18 May 2020, as well as their operation under stringent sanitary requirements until October 24, 2020 and then after that date only in the take-out formula until further notice. Significant uncertainty related to the developments led to the suspension of advertising activities of most entrepreneurs, which was reflected in the level of the Group's advertisement-related revenue, in particular in the second quarter of 2020. In addition, due to the negative impact of the pandemic on the operations and development prospects of selected businesses, the Group decided to take up a number of restructuring measures, some of which affected the level of Agora's costs and results. These included: restructuring of Plan D Sp. z o.o. (formerly known as Domiporta Sp. z o.o.), including asset write-downs in the amount of PLN 12.7 million and the sale of an organised part of Plan D Sp. z o.o. enterprise (formerly known as Domiporta Sp. z o.o.). Moreover, the business and headcount of GoldenLine Sp. z o.o. were reduced. Total costs of restructuring in Plan D Sp. z o.o. (formerly known as Domiporta Sp. z o.o.) and GoldenLine Sp. z o.o. amounted to PLN 1.4 million. The Group also decided to recognise write-downs on the assets of Foodio Concepts Sp. z o.o. in the amount of PLN 9.0 million and to sell its shares. In 2020, write-downs on Agora Group's real property amounted to PLN 4.9 million and were charged to costs of auxiliary divisions. Additionally, due to significant decreases in the expenditure for outdoor advertising, AMS S.A. decided to review its media and write some of them down, i.e. those which – due to the development of the outdoor advertising market anticipated in the medium term – would not be used to the extent ensuring attainment of the return of their current book value. The value of this write-down in the AMS Group was PLN 7.1 million. In addition, Helios cinema network decided to make a write-down on some of its assets, in the amount of PLN 4.2 million. The total value of write-downs on non-current assets in the Group in 2020 equalled PLN 38.0 million. Agora also sold real property in the period under analysis. The total profit on these transactions, amounting to PLN 7.1

million, contributed to the decrease in the Group's operating expenses and had a positive impact on its result. The Group has also realised profit from the sale of an organised part of Plan D Sp. z o.o. enterprise, in the amount of PLN 3.6 million. The total impact of all of these one-off events decreased the Agora Group's results by PLN 28.7 million in 2020. In the corresponding period of 2019, the restructuring costs (PLN 5.6 million), mainly in the Print segment, as well as asset write-downs in the amount of PLN 7.5 million negatively affected the Agora Group's performance. In 2020, a subsidy from the Guaranteed Employee Benefit Fund in the amount of PLN 13.3 million had a positive impact on the level of the Group's operating expenses and its operating result.

- In 2020, the Group earned revenues in the amount of PLN 836.5 million, 33.1% less than revenues recorded in 2019. The key factors affecting the level of the Group's revenue were the outbreak of the pandemics and the restrictions on business activity introduced to counter its spread. The greatest drop in revenues occurred in the following segments: Movies and Books, Outdoor Advertising, and Press. In the Movies and Books segment, the revenue went down by 53.8% to PLN 240.7 million in 2020 and by 77.3% yoy to PLN 35.6 million in the fourth quarter of 2020 alone. The most significant decrease in the revenue in this area hit the cinema business which – due to the administrative closure of cinemas throughout the second quarter and most of fourth quarter of 2020 – had not generated any profits, while in the third quarter of 2020, it was faced with a limited repertoire offer and restrictions on the number of tickets sold. Both in the entire 2020 and in 4Q2020, the segment also recorded a decrease in the revenue from the film business – by 15.0% yoy to PLN 35.7 million and by 55.1% to PLN 2.2 million, respectively, due to a significantly lower number of titles introduced to cinema distribution last year. Agora's Publishing House recorded lower revenues from sales in 2020. Those revenues shrank by 2.1% to PLN 47.3 million, and in the fourth quarter of 2020 the revenues were lower by 6.4% yoy - down to PLN 14.7 million. In 2020, revenues from catering business were higher than the year before due to the greater scale of the enterprise developed under the name "Pasibus", though those revenues were lower in 4Q2020 in relation to the same period in 2019, mostly because of the sale of Foodio Concepts. In 2020, the Outdoor Advertising segment's revenue declined by 37.9% yoy to PLN 114.5 million, mainly due to the suspension of advertising campaigns as a result of the sanitary restrictions limiting the movement of population in public space. In the fourth quarter of 2020 alone, the segment's revenue went down by 35.4% to PLN 35.9 million. The Press segment also recorded lower revenue both in 2020 and in the fourth quarter of 2020. The steepest decline in the revenue in this business was recorded in the revenue from advertising sales. It shrank by 30.7% to PLN 58.8 million in 2020 and by 15.9% to PLN 19.0 million in the fourth quarter of 2020. The second significant factor contributing to the decrease in Press revenue was lower revenue from the sales of printing services. Those revenues went down by 39.4% to PLN 28.6 million in 2020 and by 40.0% to PLN 6.3 million in the fourth quarter of 2020. It is worth noticing that revenues from sale of *Gazeta Wyborcza* daily increased in comparison with 2019 and amounted to PLN 98.8 million, primarily due to higher income from subscription of Wyborcza.pl. However, the total revenue from publishing sales decreased both in the entire 2020 and in the fourth quarter of 2020 by 4.5% to PLN 104.8 million and by 5.9% to PLN 27.2 million, respectively. The decrease in revenue of the Radio segment – by 22.5% to PLN 87.7 million in the entire 2020 and by 27.5% to PLN 27.2 million in the fourth quarter of 2020 – resulted mainly from the suspension of the majority of advertising campaigns in this medium due to the pandemic, in particular in the second quarter. Meanwhile, the Internet segment revenues increased, both in the entire 2020 and in the fourth quarter of 2020 - by 2.3% yoy to PLN 213.9 million and by 4.1% yoy to 77.8 million, respectively.

- The level of operating expenses in 2020 was significantly affected by a number of savings measures adopted by the Company and legal measures (suspension of payment for cinema rents in shopping malls), or the impact of the pandemic on different business forms (including advertising campaign costs). Details of these activities have been described below in the Management Board's Comments. The operating expenses were positively affected by the profit on the sale of real property in the amount of PLN 7.1 million and the profit on the sale of a part of Plan D Sp. z o.o. (formerly known as Domiporta Sp. z o.o.) in the amount of PLN 3.6 million. The factors which had a negative impact on the level of operating expenses of the Group included write-downs on assets, mainly in Plan D Sp. z o.o. (formerly known as Domiporta Sp. z o.o.), Foodio Concepts Sp. z o.o., AMS S.A. group, Helios S.A. and Agora (real property in Piła), in the total amount of PLN 38.0 million in 2020. The restructuring measures taken up in Plan D Sp. z o.o. (formerly known as Domiporta Sp. z o.o.) and GoldenLine, the costs of which amounted to PLN 1.4 million, also negatively affected the level of operating expenses. Ultimately, in 2020, the Group's operating expenses decreased by 22.6% and stood at PLN 948.2 million. In addition, the Group's operating costs were positively affected by received subsidy for employees' remuneration from the Fund of Guaranteed Employee Benefits, in the total amount of PLN 13.3 million. In

4Q2020 alone, the operating costs of Agora Group were reduced by 26.7% to PLN 258.9 million, despite write-downs on assets in the amount of PLN 9.3 million and a higher provision for the Union of Audiovisual Authors and Producers' fee in Helios. Helios S.A. was also granted a relief from ZUS contributions, equalling PLN 0.8 million. At the same time Agora reversed the write-off of receivables from RUCH S.A., as those receivables were paid in the amount of PLN 3.2 million.

- In 2020, the operating costs recorded the sharpest decrease - by PLN 149.5 million - to PLN 329.0 million in the Movies and Books segment. This was primarily a result of cinemas having been closed by administrative decision twice: in 2Q2020 and starting from 7 November 2020. The cost items that led to such a decrease were lower costs of external services, staff costs, promotion and marketing costs, costs of materials, energy and the value of goods and materials sold. The reduction in the cost of external services was mainly due to lower payments for film copies due to the closure of cinemas in the second and partially in the fourth quarter of 2020, and lower attendance in the third quarter of last year due to sanitary restrictions and the lack of new items in the repertoire. The cost of wages, salaries and benefits decreased by 36.8% to PLN 47.0 million in 2020 and by 49.8% to PLN 11.4 million in 4Q2020. Meanwhile, the reduction in cost of materials, energy as well as the value of goods and materials sold is a result of cinemas and restaurants having been closed by administrative decision in the second quarter of 2020 and their operations restricted in the remaining periods of 2020. A second segment, where the reduction of operating costs was most visible, is the Press. Those revenues shrank by 34.1% to PLN 171.5 million in 2020, and by 21.9% to PLN 44.9 million in the fourth quarter of 2020. The major elements which factored into the drop in operating costs in this area in 2020 were the lower costs of materials, energy, goods and printing services, staff costs as well as costs of promotion and advertising. In 4Q2020, the most reduced costs were those of materials, energy, goods and printing services, promotion and advertising as well as staff costs. In both discussed periods, the expenses in the first category were reduced due to a drop in the volume of orders for printing services as well as a reduction of portfolio and volume of published press titles, while smaller staff costs are a result of reduction in employment under a contract of employment as well as in remunerations in most of Group Agora's businesses between 15 April and 15 October 2020. Data comparability is also affected by reorganising provision in the amount of PLN 4.9 million, recorded in 2019. In the Radio segment, the operating costs in the entire fourth quarter of 2020 were reduced by 23.0% to PLN 23.4 million, which translated into their drop in 2020 by 20.7%, to PLN 78.3 million. The reduced operating expenses in this category in both periods were mainly attributable to lower expenses on external services, staff costs as well as expenditure on promotion and marketing. In the Outdoor Advertising segment, the operating costs in 4Q2020 dropped by 20.3% to PLN 34.5 million, which translated into their decrease by 12.9% to PLN 133.7 million in the entire 2020, despite the costs of write-downs on some media amounting to PLN 7.1 million. This resulted from a decrease in campaign costs by 38.7% to PLN 15.7 million in 2020, primarily due to the suspension of advertising campaigns by customers and reduction of system maintenance costs by 18.7% to PLN 36.5 million due to the renegotiation of lease costs of advertising spaces as well as reduction of the costs of ongoing maintenance and repair of advertising panels. In 2020, the Internet segment's operating costs decreased by 2.3% to PLN 190.3 million, and in 4Q2020 alone - by 12.7% to PLN 61.4 million. This was achieved in face of write-downs on assets of Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.) in the amount of PLN 12.7 million and restructuring costs. In 4Q2019, this segment's costs were also charged with the write-down costs in the amount of PLN 7.4 million.
- In 2020, the Group's operating expenses without the effect of IFRS 16 decreased by 24.6% and amounted to PLN 929.6 million, and in the fourth quarter of 2020 alone, they went down by 29.1% to PLN 251.6 million.
- In 2020, the Group generated PLN 89.2 million in EBITDA, while in the fourth quarter of 2020, the Group's EBITDA amounted to PLN 15.8 million. The EBIT loss in 2020 was PLN 111.7 million, and the fourth quarter of 2020 - PLN 34.5 million. It is worth noting that a subsidy from the Guaranteed Employee Benefit Fund amounting to PLN 13.3 million had a positive impact on the Group's operating result in 2020. Exchange differences on lease liabilities resulting from IFRS 16 had a negative effect on the Group's net result in 2020. The net result of the Group was positively affected by the share in net profit of the companies accounted for using the equity method.
- In 2020, the Group recorded EBITDA profit of PLN 38.2 million, and PLN 3.7 million in the fourth quarter of 2020, without the effect of IFRS 16. Under this approach, the EBIT loss in 2020 was PLN 93.1 million, and the fourth quarter of 2020 - PLN 27.2 million. In 2020, the Group's net loss, without the effect of IFRS 16, amounted to PLN 73.4 million, and in the fourth quarter of 2020 - to PLN 15.6 million.

- As at 31 December 2020, the Group's cash and short-term financial assets amounted to PLN 138.5 million, which comprised of PLN 138.4 million in cash and cash equivalents (cash in hand and at bank and bank deposits) and PLN 0.1 million in loans granted.
- As at the end of December 2020, the Group's loans and leases amounted to PLN 868.0 million (including lease liabilities under IFRS 16 of PLN 667.6 million). The Group's net debt in this approach amounted to PLN 729.6 million, while excluding the impact of IFRS 16, the Group's net debt as at 31 December 2020 amounted to PLN 62.0 million.

II. EXTERNAL AND INTERNAL FACTORS IMPORTANT FOR THE DEVELOPMENT OF THE GROUP

1. EXTERNAL FACTORS

1.1 ADVERTISING MARKET [3]

According to the Agora S.A. estimates ("Company", "Agora"), based on public data sources, in the fourth quarter of 2020, total advertising spending in Poland amounted to almost PLN 2.9 billion and decreased by 2.0% yoy.

Tab. 1

	4Q 2018	1Q 2019	2Q 2019	3Q 2019	4Q 2019	1Q 2020	2Q 2020	3Q 2020	4Q 2020
% change yoy in ad market value	4.5%	(0.5%)	2.5%	6.0%	3.5%	0.0%	(29.0%)	(3.5%)	(2.0%)

In the fourth quarter of 2020, advertisers increased advertising spending in all market segments apart from the press and TV. The biggest falls in advertising expenditure were experienced by cinemas that operated in the fourth quarter of 2020 with increased sanitary restrictions and poor repertoire offer, and were closed again on November 7, 2020. A significant reduction in advertising spending also affected outdoor advertising due to the reduction in the activities of many sectors of the economy. There were also significant drops in warehouses and dailies. The expenditure on radio advertising was also lower. The data relating to the changes in the value of advertising expenditure in particular media segments are presented in the table below:

Tab. 2

Total advertising expenditure	Television	Internet	Radio	Outdoor	Magazines	Dailies	Cinema
(2.0%)	2.5%	10.5%	(8.5%)	(39.5%)	(38.5%)	(21.5%)	(93.5%)

The share of particular media segment in total advertising expenditure, in the fourth quarter of 2020, is presented in the table below:

Tab. 3

Advertising spendings, in total	Television	Internet	Radio	Outdoor	Magazines	Dailies	Cinema
100.0%	47.0%	39.5%	6.0%	3.5%	2.5%	1.5%	0.0%

In 2020, total advertising spending in Poland amounted to ca PLN 8.9 billion and decreased by 9.0% yoy. At that time, advertisers limited their expenditure in all advertising market segments apart from internet. The data relating to the changes in the value of advertising expenditure in particular media segments are presented in the table below:

Tab. 4

Total advertising expenditure	Television	Internet	Radio	Outdoor	Magazines	Dailies	Cinema
(9.0%)	(10.0%)	4.5%	(12.5%)	(39.0%)	(35.5%)	(24.0%)	(79.0%)

The share of particular media segment in total advertising expenditure, in 2020, is presented in the table below:

Tab. 5

Share in total advertising spendings	Television	Internet	Radio	Outdoor	Magazines	Dailies	Cinema
100.0%	44.0%	41.0%	6.5%	4.0%	2.5%	1.5%	0.5%

1.2 Copy sales of dailies [4]

In the fourth quarter of 2020, total sales of paid dailies in Poland decreased by 17.1% yoy, and in the entire 2020 by 16.4% yoy. The largest decrease in both periods was observed in the segment of regional dailies.

1.3 Cinema admissions [10]

The attendance in Polish cinemas in 2020 was affected by the outbreak of COVID-19 pandemics. Due to cinemas having been closed by administrative decision, the number of tickets sold in Polish cinemas in the second quarter of 2020 equalled 136.1 thousand (this number does not include film productions distributed by UIP as there was no data from this distributor). In the second half of 2020, cinema operations in all of Poland were subject to restrictions related to the limitation of the number of tickets sold by virtue of an administrative decision. Depending on the assignment to the risk zone, cinemas were able to sell either 50% or 25% of seats available in the cinema. As a result, the number of tickets sold in Polish cinemas in the third quarter of 2020 decreased by 76.4% as compared to the third quarter of 2019 and amounted to almost 3.5 million. In the fourth quarter, starting from 7 November 2020, cinemas were closed again by an administrative decision, which resulted in lower by 92.8% yoy number of ticket sold which dropped to 1.3 million.

The number of tickets sold in Polish cinemas in 2020 decreased by 71.9% yoy and amounted to nearly 17.1 million.

2. INTERNAL FACTORS

2.1. Revenue

Tab. 6

in million PLN	**4Q 2020**	**% share**	**4Q 2019**	**% share**	***% change yoy***
Total sales (1)	**224.4**	***100.0%***	**378.2**	***100.0%***	***(40.7%)***
Advertising revenue	151.3	*67.4%*	187.9	*49.7%*	*(19.5%)*
Ticket sales	6.7	*3.0%*	79.0	*20.9%*	*(91.5%)*
Copy sales	36.2	*16.1%*	37.9	*10.0%*	*(4.5%)*
Concession sales in cinemas	3.3	*1.5%*	33.7	*8.9%*	*(90.2%)*
Printing services	6.3	*2.8%*	10.5	*2.8%*	*(40.0%)*
Revenues from film activities	2.0	*0.9%*	4.0	*1.1%*	*(50.0%)*
Other	18.6	*8.3%*	25.2	*6.6%*	*(26.2%)*

in million PLN	**1-4Q 2020**	**% share**	**1-4Q 2019**	**% share**	***% change yoy***
Total sales (1)	**836.5**	***100.0%***	**1,249.7**	***100.0%***	***(33.1%)***
Advertising revenue	452.2	*54.1%*	579.7	*46.4%*	*(22.0%)*
Ticket sales	84.6	*10.1%*	258.0	*20.6%*	*(67.2%)*
Copy sales	133.8	*16.0%*	139.2	*11.1%*	*(3.9%)*
Concession sales in cinemas	37.2	*4.4%*	111.0	*8.9%*	*(66.5%)*
Printing services	28.6	*3.4%*	47.2	*3.8%*	*(39.4%)*
Revenues from film activities	34.1	*4.1%*	39.1	*3.1%*	*(12.8%)*
Other	66.0	*7.9%*	75.5	*6.1%*	*(12.6%)*

(1) particular sales positions, apart from ticket and concession sales in cinemas and printing services, include sales of the Agora's Publishing House and film activities (functioning within the Movies and Books segment), described in details in point IV.A in this report.

In 4Q2020, **the Group's total revenue** amounted to PLN 224.4 million and decreased by 40.7% as compared to the revenues recorded in the fourth quarter of 2019. The main reason for this decrease was a drop in the revenue from cinema operations due to administrative restrictions on cinema operations and their subsequent closing as well as suspension of releases of the largest film productions. The reduction of advertising expenses in this segment of the advertising market contributed as well.

In the fourth quarter of 2020, the Agora Group's **revenues from the sale of advertising services** decreased by 19.5% as compared to the same period in 2019 and amounted to PLN 151.3 million. Their decline was recorded in all operating segments of the Group except for the Internet. The greatest contributing factor in the drop is the Agora Group's advertising revenues was the 35.6% drop in advertising revenues in the Outdoor Advertising segment, which amounted to PLN 34.5 million. The second segment, which recorded a major drop in advertising revenues, was Movies and Books. Revenues from movie advertising decreased by 83.2% to PLN 2.2 million, mostly because of the restrictions on cinema operations concerning the number of tickets sold, and consequently the number of visitors at movie screenings who come in contact with the advertisement, and the full closing of cinemas in Poland again from 7 November 2020. In the Radio segment, the decline in revenue from radio advertising amounted to 13.3% as compared to the fourth quarter of 2019 – it equalled PLN 24.8 million. In the Press segment, revenue from advertising dropped by 15.9% as compared to the fourth quarter of 2019, amounting to PLN 19.0 million. The segment where an increase in advertising revenues was recorded was the Internet. Those increase by 8.5% to PLN 74.2 million. This was mostly owing to higher revenues in Yieldbird and higher advertising revenues recorded by Gazeta.pl division.

In the fourth quarter of 2020, **revenues from tickets sold** in Helios chain cinemas decreased by 91.5% and amounted to PLN 6.7 million. In the period in question, over 354.7 thousand tickets were purchased at Helios cinemas, i.e. by 91.8% less than in the fourth quarter of 2019. According to the data of Boxoffice.pl, the number of tickets sold in Polish cinemas reached more than 1.3 million in the fourth quarter of 2020 and dropped by 92.8% *[10]*.

Between October and December 2020, **the value of revenues from the sale of publications** stood at PLN 36.2 million and decreased by 4.5% as compared to the same period in 2019. The main reason behind this decrease consisted in smaller revenues from the sale of paper publications in the Press segment and publications by the Agora's Publishing House, with higher revenues from the sale of access to digital content at Wyborcza.pl.

Revenue from cinema concession sales decreased by 90.2% to PLN 3.3 million. This was affected by lower cinema attendance resulting from the restrictions on the number of tickets sold, postponement of launch of large film productions, and cinemas being closed again by administrative decision starting from 7 November 2020.

Revenue from the sales of printing services of the Agora Group accounted for PLN 6.3 million in the fourth quarter of 2020, showing a decrease by 40.0% yoy. This is mostly a result of smaller volume of orders. The outbreak of the COVID-19 pandemic accelerated the reduction of print volumes of paper publications.

Revenue from film business stood at PLN 2.0 million and was 50.0% lower yoy . This was due to, *inter alia*, a smaller number of new titles in cinema distribution. In the fourth quarter 2020, NEXT FILM introduced one film production in the cinemas, titled *Polot*, and it was screened in cinemas under stronger sanitary regime until the cinemas were closed. In the same period of 2019, the company introduced three Polish productions in the cinemas: *Ikar.Legenda Mietka Kosza*, *Ukryta gra* and *Kult.Film*.

Revenues from other sales stood at PLN 18.6 million and were 26.2% lower than in the fourth quarter of 2019. This drop in value was primarily due to lower revenues on this account in the Movies and Books segment. This resulted, first of all, from a decrease in revenues from catering business, mostly because its scale of operations was reduced as the shares in Foodio Concepts had been sold, and because of the administrative restrictions on restaurant operations. Helios chain cinemas have recorded lower revenues on this account as well. Lower revenues from other sales were recorded also in the Press segment, mostly due to absence of revenue from music festivals organised before, but cancelled in connection with sanitary restrictions, and lower revenues from printing activities as the printing volume has dropped. A decrease in revenues on other sales was also visible in the Radio segment, resulting primarily from smaller extent of co-operation with cinemas.

In 2020, **the Group's total revenues** amounted to PLN 836.5 million and decreased by 33.1% as compared to those recorded in 2019. The level of revenues was primarily affected by the outbreak of COVID-19 pandemics and its effects suffered by the Group since 2Q2020.

In 2020, the **advertising revenue** of the Agora Group amounted to PLN 452.2 million, showing a decrease by 22.0% as compared to 2019. A decline in this category of income was recorded in all operating segments of the Group except for the Internet. The greatest decrease in the revenues from the sale of advertising services was visible in the Outdoor Advertising segment. Those decreased by 38.8% to PLN 110.5 million. They were primarily affected by restrictions implemented to prevent the spread of pandemics, which resulted in the limitation of number of people in public space. In the Movies and Books segment, the advertising revenues from cinema operations declined by 69.4% to PLN 10.9 million. This was mostly a result of cinemas having been closed by administrative decision between 12 March 2020 and 5 June 2020 and again from 7 November 2020 (until 12 February 2021) and the restrictions on their operations in other periods of 2020 after the outbreak of COVID-19 pandemics. Another segment, where advertising income significantly decreased, was the Press where advertising revenues shrank by 30.7% to PLN 58.8 million. The decline was driven by the deepening of the negative trends in the press advertising market and the reduction in the number of press titles published. Revenue from radio advertising in the Radio segment went down by 15.2% to PLN 76.5 million, primarily as a result of the reduction in expenditures in the radio advertising market due to the outbreak of the pandemic.

In 2020, **revenue from tickets sold in the cinemas** comprising the Helios chain decreased by 67.2% and amounted to PLN 84.6 million. In the period under analysis, nearly 4.6 million tickets were purchased at Helios cinemas, i.e. 67.1% less than in 2019. The main reasons behind this decrease were the closing of cinemas between 12 March and 3 July 2020 and from 7 November 2020 until the end of 2020 as well as restrictions on their operation in the remaining periods of 2020, introduced due to the outbreak of COVID-19 pandemics. In the same period, the number of cinema tickets sold in Poland amounted to almost 17.1 million, showing a decrease by 71.9% *[10]*.

In 2020, **revenue from copy sales** decreased by 3.9% to PLN 133.8 million as compared to 2019. This was mainly caused by the reduction of the sales network of both book and press publications due to the restrictions on the business of sales outlets and the movement of population introduced in 2020 due to the outbreak of the COVID-19 pandemic. As a result, both the proceeds from the sale of press and the Agora’s Publishing House publications at brick and mortar sales outlets went down as compared to the same period in 2019. Meanwhile, the revenues from the sale of subscription to Wyborcza.pl content were higher.

Revenues from bar sales in cinemas decreased by 66.5% to PLN 37.2 million, primarily because of significantly lower cinema attendance as compared to 2019, resulting from the closing of Helios chain cinemas between 12 March 2020 and 3 July 2020 as well as from 7 November 2020 until the end of 2020 and restrictions on their operations in other periods of 2020.

In 2020, **revenue from the sales of printing services** in the Group amounted to PLN 28.6 million (down by 39.4% as compared to 2019). This resulted primarily from a lower volume of orders.

Between January and December 2020, **revenues from the Group’s film business** stood at PLN 34.1 million and were 12.8% lower than in 2019. In the discussed period, NEXT FILM put four Polish film productions on the screen, while in the same period of 2019 it was nine.

The revenue from other sales amounted to PLN 66.0 million and decreased by 12.6% as compared to those recorded in 2019. This was primarily related to lower revenue from this source in the Press and Radio segments, cinema operations and supporting functions of the Group, with an increase in revenue from the food business and the proceeds from the Agora's Publishing House digital distribution, as well as the sale of a licence for the international distribution of one of the music publications.

2.2. Operating cost

Tab. 7

in million PLN	**4Q 2020**	**% share**	**4Q 2019**	**% share**	***% change yoy***
Operating cost net, including:	**(258.9)**	***100.0%***	**(353.1)**	***100.0%***	***(26.7%)***
Operating cost net excl. IFRS 16 (1), including:	(251.6)	*100.0%*	(355.1)	*100.0%*	*(29.1%)*
External services (2)	(92.2)	*35.6%*	(138.8)	*39.3%*	*(33.6%)*
External services excl. IFRS 16 (1) (2)	*(102.2)*	*40.6%*	*(158.7)*	*44.7%*	*(35.6%)*
Staff cost (2)	(68.9)	*26.6%*	(89.4)	*25.3%*	*(22.9%)*
Raw materials, energy and consumables (2)	(23.5)	*9.1%*	(36.5)	*10.3%*	*(35.6%)*
D&A	(41.0)	*15.8%*	(42.2)	*12.0%*	*(2.8%)*
D&A excl. IFRS 16 (1)	*(23.4)*	*9.3%*	*(23.8)*	*6.7%*	*(1.7%)*
Promotion and marketing	(12.2)	*4.7%*	(27.7)	*7.8%*	*(56.0%)*
Impairment losses (4)	(9.3)	*3.6%*	(7.5)	*2.1%*	*24.0%*

in million PLN	**1-4Q 2020**	**% share**	**1-4Q 2019**	**% share**	***% change yoy***
Operating cost net, including:	**(948.2)**	***100.0%***	**(1,225.0)**	***100.0%***	***(22.6%)***
Operating cost net excl. IFRS 16 (1), including:	(929.6)	*100.0%*	(1,232.3)	*100.0%*	*(24.6%)*
External services (2)	(333.5)	*35.2%*	(456.5)	*37.3%*	*(26.9%)*
External services excl. IFRS 16 (1) (2)	*(378.4)*	*40.7%*	*(530.8)*	*43.1%*	*(28.7%)*
Staff cost (2)	(265.1)	*28.0%*	(337.2)	*27.5%*	*(21.4%)*
Raw materials, energy and consumables (2)	(95.5)	*10.1%*	(141.4)	*11.5%*	*(32.5%)*
D&A	(162.9)	*17.2%*	(158.0)	*12.9%*	*3.1%*
D&A excl. IFRS 16 (1)	*(95.1)*	*10.2%*	*(89.8)*	*7.3%*	*5.9%*
Promotion and marketing	(40.7)	*4.3%*	(77.5)	*6.3%*	*(47.5%)*
Cost of restructuring (3)	(1.4)	*0.1%*	(5.6)	*0.5%*	*(75.0%)*
Impairment losses (4)	(38.0)	*4.0%*	(7.5)	*0.6%*	*406.7%*

(1) the amount of the cost excluding the impact of International Financial Reporting Standard no. 16 Leases (IFRS 16);

(2) in 2020 the Group changed the presentation of the production cost of books of Publishing House division, comparative data were restated accordingly;

(3) cost of restructuring in Internet segment in the second quarter of 2020 and restructuring cost (including lay-offs) in Print division and support divisions in the first quarter of 2019;

(4) the amount includes impairment losses on fixed assets of the companies Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.), Foodio Concepts Sp. z o.o., AMS S.A. group, Helios S.A. and Agora S.A., impairment losses were mainly related to property, plant and equipment and intangible assets, including the goodwill of Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.).

In the fourth quarter of 2020, the **net operating expenses** of the Agora Group went down by 26.7% to PLN 258.9 million. They decreased in all operating segments of the Group. The sharpest decline in the net operating expenses – by 43.8% to PLN 78.9 million – was recorded in the Movies and Books segment.

Another category where the operating expenses were significantly reduced (by 21.9% to PLN 44.9 million) was the Press segment. Operating costs in the Internet segment decreased by 12.7% to PLN 61.4 million, in the Outdoor Advertising segment they dropped by 20.3% to PLN 34.5 million, whereas in the Radio segment they declined by 23.0% to PLN 23.4 million.

Costs of external services, which were lower by 33.6% as compared to the same period in 2019 and amounted to PLN 92.2 million, were the largest cost item. This cost item decreased in most operating segments of the Group. The greatest drop in this item was visible in the Movies and Books segment, mostly due to lower rent in cinemas, lower costs of purchase of film copies and smaller payments to film producers. A considerable decrease in this cost category was also observed in the Radio segment, due to smaller costs associated with the brokering service for Helios cinema network, smaller costs of marketing research as well as rents and lease fees, with higher costs of air time at other broadcasters' stations in connection with the advertisement brokering service. The reduction in expenditure on external services in the Outdoor Advertising segment was attributable to a smaller number of advertising campaigns and lower costs of rent for the lease of advertising media space. In the Press segment, it resulted mostly from a smaller number of orders for printing services than the year before. -The increase in service costs was recorded in the Internet segment. This was because of higher expenditures on lease of advertising space, mostly by Yieldbird, which translated, however, into higher revenues on this account.

Staff costs stood at PLN 68.9 million, showing a decrease by 22.9% as compared to those recorded in the fourth quarter of 2019. This is primarily a result of reduction in the variable component of remuneration which depends on sales results and a reduced number of full-time employees in the Agora Group.

The Group's headcount at the end of December 2020 amounted to 2,277 full time employees and decreased by 219 FTEs as compared to 2019. This reduction results mainly from a lower level of employment in all of the Group's segments. The largest staff reduction took place in press and internet operations of the Group. The factors that contributed to the reduced number of FTEs in the Group included the sale of a part of Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o)., limiting the business of GoldenLine and the sale of Foodio Concepts Sp. z o.o.

The decrease in the **cost of materials and energy consumed and the value of goods and materials sold** as compared to 4Q2019 was mainly related to lower revenue from concession sales in Helios cinemas and a decline in the volume of orders for printing services.

The costs of depreciation and amortisation went down by 2.8% to PLN 41.0 million. Their decrease was recorded in the Movies and Books segment and the Outdoor Advertising segment. In turn, those costs were higher in the following segments: Press, Internet and Radio.

The Group's promotion and marketing costs amounted to PLN 12.2 million and were 56.0% lower than in 4Q2019. This reduction occurred in all operating segments of the Group.

In the fourth quarter of 2020, the Group's net operating expenses, reported without the effect of IFRS 16, reached PLN 251.6 million and were 29.1% lower as compared to those incurred in 4Q2019.

In 2020, the **Group's net operating costs** declined by 22.6% and amounted to PLN 948.2 million. They decreased in all operating segments of the Group. The biggest decrease took place in the following segments: Movies and Books, Press and Radio.

It is worth noting that their year-on-year comparability was affected by a number of events. These included mainly impairment write-downs on fixed assets of Plan D Sp. z o.o. (formerly known as Domiporta Sp. z o.o.), Foodio Concepts Sp. z o.o., Agora S.A. (value of one piece of real property) as well as the AMS S.A. Group and Helios cinema chain in the total amount of PLN 38.0 million, and the costs of employment restructuring in GoldenLine Sp.

z o.o. and Plan D Sp. z o.o. (formerly known as Domiporta Sp. z o.o.) in the total amount of PLN 1.4 million. The Group's net operating expenses were positively affected by the profit on the disposal of a part of Plan D Sp. z o.o. (formerly known as Domiporta Sp. z o.o.) in the amount of PLN 3.6 million and the profit on the sale of real property in the amount of PLN 7.1 million. The total negative impact of those events on the Group's operating costs was PLN 28.7 million. Significant factors affecting the reduction of the Group's operating expenses included administrative prohibition on cinema operations (from 12 March until 5 June 2020 and from 7 November until 12 February 2021) as well as saving measures taken up by the Group in relation to the outbreak of the COVID-19 pandemic.

The **costs of external services** declined by 26.9% to PLN 333.5 million in 2020. The largest drop in this cost item was observed in the Movies and Books segment and resulted from the administrative closure of cinemas due to the COVID-19 pandemic. This was attributable to lower purchase costs of film copies and lower costs of rent, with higher costs of external services related to the catering business. This cost category was also significantly reduced in the Outdoor Advertising segment in connection with a smaller number of advertising campaigns and a reduction in rents as well as ongoing maintenance and repair of advertising media. It was also reduced in printing and radio business. An increase in the costs of external services was recorded only in the Internet segment and was driven by higher lease costs of advertising space by Yieldbird. Their increase was also recorded in HRlink.

In 2020, the **staff costs** decreased by 21.4% to PLN 265.1 million. This is mainly the effect of a 20.0% reduction in remuneration implemented in the Group for six months. Additionally, the level of remuneration was affected by the release of the provisions for multi-annual incentive schemes in part of the Group's businesses, no provisions or lower amounts of provisions established in other areas of the Group, and a reduction in the variable component of remuneration which depends mainly on sales results.

The cost of materials and energy consumed and the value of goods and materials sold decreased in 2020 by 32.5% to PLN 95.5 million. This resulted primarily from their significant reduction in the Press segment, due to smaller scale of printing operations. A significant decline in this cost category was also recorded in the Movies and Books segment, mainly due to the closure of Helios cinema network twice in 2020.

The costs of depreciation and amortisation increased by 3.1% to PLN 162.9 million. Their increase was recorded in the following segments: Outdoor Advertising, Movies and Books, Internet and Radio. In the case of the first segment, this was caused by a larger number of agreements which are recognised in the books with the effect of IFRS 16, an accelerated depreciation of selected media, completion of successive stages of concession contracts for the construction of bus/tram shelters, the number of digital media which was higher than in the previous year and the expansion of the Urban Information System. In the second segment it was driven by the growth of catering business, and in the third - by investments in technological infrastructure. As regards the Radio segment, higher depreciation and amortisation stems from the expenditures made on expansion of Radio TOK FM and Radio Złote Przeboje applications.

In the period in question, **promotion and marketing costs** were reduced by 47.5% to PLN 40.7 million. They decreased in all operating segments of the Group.

In 2020, the Group's net operating expenses presented without the effect of IFRS 16 amounted to PLN 929.6 million, showing a decline by 24.6% as compared to 2019.

3. PROSPECTS

The COVID-19 pandemic and the measures of the government administration undertaken to limit the further spread of the virus will have an adverse impact on the financial performance of Agora and its subsidiaries in the entire 2021. Despite material challenges related to the operation in the market environment burdened with the negative effects of the pandemic, the Management Board of the Company does not recognise any material uncertainty resulting from these circumstances that may cast significant doubt on the Company's and the Agora Group's ability to continue as a going concern .

The outbreak of the COVID-19 pandemic made governments around the world undertake actions with significant impact on the economic development of each jurisdiction, caused by restrictions aimed at stopping further spread of the virus. The development of the pandemic and further measures to be implemented by the Polish government in order to fight the pandemic are unknown to the Company. Their duration and scale may significantly affect the Company's analyses and estimates, in particular with regard to the value of the advertising market, the number of tickets sold in cinemas, and concession sales, as well as the revenue from copy sales. As the Group has never experienced an administrative prohibition on the operation of selected businesses, it is difficult for it to prepare reliable estimates in this respect. Those uncertainty factors, as described above, can have a material impact on the increase of liquidity gap and on the possibilities to acquire necessary further financing, thus compelling the Company to look for other ways to secure Agora Group's financial liquidity. At that, it is not possible to foresee at this point what methods would prove the most adequate to the future development of COID-19 pandemics and subsequent administrative decisions and actions to be taken in the future. The Company's Management Board carefully monitors the flow of receivables in order to secure the Group's financial liquidity, undertaking actions to secure the Group's liquidity in the foreseeable future. However, the effect of these actions depends to a large extent on the pace of economic recovery following the corona crisis. The scale of generated revenues may pose a major risk for Agora Group's liquidity, in particular if the prolonging duration of the pandemics leads to re-suspension of operations of certain economy sectors, as opposed to actions which would permit adjusting the functioning of respective sectors to the prolonging period of pandemic reality.

Agora also decided to optimise the portfolio of its investment projects, focusing – during this difficult time – on ensuring the safety of the Group's key assets. As a result, Plan D Sp. z o.o. (formerly known as Domiporta Sp. z o.o.) and Foodio Concepts Sp. z o.o. were sold, while the business of GoldenLine Sp. z o.o. was limited.

Both Agora and all the companies of the Group have taken a number of measures aimed at minimizing the losses caused by the COVID-19 pandemic, ensuring the Group's financial security and the Group's rapid return to the growth path as regards both revenues and operating results. Most of the cost categories and investment expenditures were reduced which contributed to a decrease in the amount of operating expenses in the Group in 2020 by PLN 276.8 million as compared to 2019, despite the one-off events, which burdened the results of the Group with the cost of PLN 28.7 million. Agora's Management Board decided to reduce the remuneration of the Agora Group's employees by 20.0% in the period from 15 April until 15 October 2020. Larger reductions applied to the Company's Management and Supervisory Boards. According to the Company's estimates, savings from the reduction of staff costs amounted to approx. PLN 29.0 million.

2021, due to the long-term effects of the pandemic, uncertainty as to the further development of the situation and limited predictability in the conduct of business, will be full of challenges for the Group's undertakings. From March 20 to April 9, 2021, the entire country was again subject to severe epidemic restrictions, which again closed many sectors of the economy. The Group's companies will spend 2021 running limited business operations, under a specific sanitary regime with more or less severe conditions, depending on the speed of vaccination, number of new cases and the gaining of social immunity to this type of virus. This is a beginning of a transition period, where most businesses in Poland will be forced to adjust their operations to the functioning under pandemics, as it is impossible to say when will the pandemics end. In Agora Group, this applies in particular to two business lines - Helios cinema chain and AMS, which operates in the outdoor advertising segment.

As the vaccination program proceeds and new medications become available on the market, the coronavirus' impact on the Group's operations and financial results should become less and less appreciable each quarter. We cannot rule out, however, than the pandemics and its effects will continue to have major impact on businesses in Poland throughout 2021. Most factors, which affected and may affect Agora Group's results in the future, remain completely beyond Agora's control. This is because those factors depend, inter alia, on actions taken by the authorities, in particular with respect to adjusting the implemented restrictions in such a way as to permit Polish business to operate under prolonging pandemics - this is a key element for the speed of restoration of various economy sectors to full operational capacity and the growth of GDP in Poland.

In 2020, the decrease in the value of the Group's revenue was affected by two main factors: the administrative closure of cinemas from 12 March until 5 June 2020 and from 7 November 2020 until 12 February 2021, and a 9.0% decrease of the value of advertising expenditure in Poland as a result of the outbreak of the pandemic and the related uncertainty as to further developments. Those two factors had a significant impact on the results of the Agora Group, as the proceeds from the cinema activity and the sale of advertising services constitute its most important sources of revenue. The segments of the advertising market which were most strongly affected by the reduction of advertising expenditure, were cinema, outdoor and press. The market segment least impacted by the decrease in advertising expenditure, was Internet – its value grew in 2020. At the same time, it is worth noticing that when economy was being unfrozen, all of the Group's business, also cinema and outdoor (which were the most affected by restrictions on business operations) showed the capacity to quickly return to larger-scale operations and improve operating results, as was clearly visible in the third quarter of 2020 when some restrictions on their operations were lifted.

Helios cinemas were closed for 168 days in 2020. Helios chain was closed between 12 March and 2 July 2020 and again from 7 November 2020. For this reason Helios cinema network was deprived of ability to generate any revenues in those periods, while outside those periods it recorded significantly reduced revenues due to implemented restrictions (no repertoire, limit on ticket sale). It is also worth noting that under the regulations, Helios took advantage of the exemption from paying rents for cinema space in shopping malls from March 12 to June 5, 2020 and from November 7, 2020 to February 12, 2021. Having financial liquidity in mind, in 2020 the Management Board of Helios S.A. renegotiated the rents in all shopping malls where the chain cinemas operate, before their opening on 3 July 2020, and implemented new rules concerning the expense approval procedure. These actions helped reduce Helios' cost base in 2020. Due to adverse effects of the pandemics outbreak, the Group reviewed its catering assets and decided to write-off Foodio Concepts Sp. z o.o. assets and well as to sell its shares, while focusing on the development of a more prospective (in Agora's opinion) project in this area under the name Pasibus, which gets good results, despite the pandemics, due to the take-away sale.

In early 2021, Helios cinema network has also started negotiating with shopping malls' owners to adjust rent rates to the cinemas' limited capacity to generate revenues when their operations are being "unfrozen". However, it is difficult to say at this point what will be the outcome of those negotiations or to determine the date and speed of opening the respective cinemas in 2021 when they are conditionally started. As there is no predictability to the Polish government's decisions concerning restrictions on business operations, and there is no new titles available, in particular foreign movies, it is not possible to estimate what the cinema attendance will look like in 2021. If multi-screen cinemas are opened in the first half of 2021, this year's attendance should be slightly higher than in 2020.

Among the Group's segments, it was the Outdoor Advertising that was the most affected by the limitation of advertising expenses by business in reaction to adverse effects of the pandemics. Revenues in this segment shrank by 37.9% as compared to 2019. The main reason why advertisers reduced their expenses on outdoor campaigns consisted in the restrictions related to population mobility, as this limited the contact with the advertisement message, and in suspension of marketing activities by those economy sectors, which were deprived of ability to run their business. Due to the significant decrease in the value of the outdoor market caused by the COVID-19 pandemic, the Management Board decided to write down part of assets of AMS Group in the amount of PLN 7.1 million. The write-down applies to the outdoor media which, due to the predicted medium-term development of the outdoor market, could not be used to the extent enabling the attainment of their previous book value. It needs to be stressed that when business can resume operations, they quickly return to outdoor media, which give them the opportunity to reach mass recipients. However, as the Outdoor Chamber of Commerce states, it may take approximately 3 years to build back the value of outdoor advertising market to 2019 level. AMS puts more emphasis now on the development of the digital part of its business, as this part suffered less in the course of the pandemics. DOOH media, to be offered to a greater extent than before, will appear in those buildings which must remain operational also during the pandemics.

The outbreak of the COVID-19 pandemic has also deepened the negative trends in the press advertising market, forcing some publishers to close their least promising press titles. Agora too decided to stop publishing some periodicals, while focusing on its flagship title - *Gazeta Wyborcza* daily, which is published in soft and hard copy.

Due to the pandemic and lower number of published press titles, the press advertising revenues of the Press segment decreased by 30.7% as compared to 2019. In spite of that, thanks to the saving measures and restructuring of the printing activities, carried out in 2019, we managed to improve the operating results of the segment both at EBIT and EBITDA levels. It is also worth noticing that the number of digital subscriptions of *Gazeta Wyborcza* has increased significantly, reaching nearly 260 thousand at the end of December 2020; also revenues from this form of content sale grew and this contributed to a major increase in the share of the daily's digital income in its total revenues up to approx. 36.0%.

Large drops in advertising spending took place in radio stations, it especially concerned smaller market players. For this reason, the value of revenues from radio advertising in the Radio segment of Agora Group decreased by 15.2% yoy. However, thanks to the undertaken savings measures, it was possible to minimize the losses incurred by the segment due to the drop of revenues. It is worth noting that radio very quickly began to rebuild its value at the time of easing of sanitary restrictions, thanks to which radio advertising is one of the most stable segments of the advertising market in terms of its share.

During the pandemic, the medium least affected by its negative effects was the internet. The value of advertising inflows in the Internet segment of the Agora Group increased by 4.9% as compared to the 2019. The higher revenue, combined with saving measures, resulted in an improvement in the operating results of this business. At the same time, Agora's Management Board, having analyzed the financial standing and development prospects in the post-pandemic reality, decided not to continue some of the Group's Internet projects. For this reason, restructuring and sale of the part of enterprise Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.) was performed and employment was restructured and business downsized in GoldenLine Sp. z o.o. This is to guarantee that the focus is on development of the Group's biggest online assets.

In order to ensure financial liquidity, the Company and its subsidiary Helios S.A. secured additional funding to prevent a future liquidity gap should the pandemic not improve. As at the balance sheet date, Agora S.A. was granted and fully available working capital loan of PLN 100 million to finance operating activities. Whereas Helios S.A. was granted working capital loans in the amount of PLN 108 million, of which PLN 68 million were disbursed as at the balance sheet date (and PLN 21.5 million remained available as at 31 December 2020). The availability of remaining loans in the amount of PLN 40 million was dependent on the fulfilment of the conditions for disbursement of the loans specified in the agreements with BNP Paribas and Santander banks. The loans were launched in early 2021.

The Management Board of Agora also decided to recommend to the Supervisory Board and the General Meeting not to pay the dividend for 2020. This decision results from high uncertainty related to the further development of the pandemic situation and its effect on the operations and financial results of the Company and its capital group. In May 2020, the Management Board of Agora S.A. informed that due to the outbreak of the COVID-19 pandemic and its long-term consequences for the Polish economy and the Agora Group, it will not be possible to achieve the financial goals set out in the Agora Group Strategy for 2018-2022 by the end of 2022, although the directions of the Group's development set out in the Strategy, were upheld. After the end of the crisis caused by the pandemic and the stabilization of the economic situation, the Management Board of the Company will review the development plans of the Agora Group, its business portfolio and the new market environment, and on this basis will review the directions of further development of the capital group. Based on the available market data, the Company estimates that the value of the advertising market in Poland in 2021 will increase compared to 2020 by approximately 4.0-7.0% yoy. The company expects that the first quarter of 2021 will bring a further decline in advertising spending compared to the first quarter of 2020, which was still only slightly affected by the negative effects of the outbreak of the pandemic. The process of rebuilding the value of the advertising market should be visible already from the second quarter of 2021. In the Company's opinion, the only market segment in which the value of advertising spending will shrink throughout 2021 will be press in the traditional, paper form. Other segments of the advertising market will begin rebuilding their value.

The Group expects that following the opening of cinemas, the increases in the value of advertising expenditure in the segment of the advertising market may reach approximately 19.0%-22.0%. The pace of growth will be influenced by the date of the resumption of operations by large cinema chains. The increase in spending on outdoor advertising may amount to ca. 5.0% -9.0%. Advertising expenditure on television may be higher by approximately 5.0% -8.0%, and on radio and internet by 6.0% -9.0%. In press the value of advertising spending may decline by approximately 14.0% -17.0%.

At the same time, due to the fact that it is difficult to predict further development of the pandemic situation and its economic effects, the above assumptions may be biased and their accuracy is much lower than in periods of greater predictability. Considering the above, it is also difficult to predict at what rate the advertising market will return to the pre-pandemic value and how its structure will develop. This process may take at least 2-3 years. Taking into account the pace of recovery of the advertising market value and the uncertainty as to the timing of the return to operations of individual sectors of the economy (in particular cinemas), the Management Board of Agora estimates that in the entire 2021, the Agora Group's revenues may be slightly higher than in 2020. Agora Group undertook also in 2020 significant austerity measures. In 2021, the Agora Group will continue to operate in a tightened cost discipline, especially in those businesses that cannot return to full operating activities. At the same time, Agora's Management Board will have a flexible approach to the investment policy in the areas where results will be rebuilt faster. In 2020, the first quarter was a period of normal operating activities not yet affected by the effects of the pandemic. In 2021, the effects of the pandemic will accompany business activities throughout the year. For this reason, the Management Board of Agora estimates that in 2021 the Agora Group will record an operating loss at the EBIT level. However, it should be lower than that recorded in 2020.

Taking into account the financing available to the Group and the savings measures taken, in the opinion of the Management Board of the Company, it is reasonable to assume that the Company and the Group will continue as a going concern, despite the uncertainty related to the development of the pandemic.

4. INFORMATION ON CURRENT AND EXPECTED FINANCIAL SITUATION OF THE GROUP

The Management Board of Agora S.A. is of the opinion that current and expected financial situation of the Group is stable and its financial liquidity is not threatened.

The detailed description of the Group's financial situation and its financial results are presented in the section III of this Management Discussion and Analysis for the year 2020.

III. FINANCIAL RESULTS

1. THE AGORA GROUP

The consolidated financial statements of the Agora Group for 2020 includes: Agora S.A. and 19 subsidiaries, which operate principally in the internet, cinema, radio, gastronomy and outdoor segments. Additionally, as at 31 December 2020 the Group held shares in jointly controlled entity Instytut Badan Outdooru IBO Sp. z o.o., as well as in associated companies ROI Hunter a.s. and Eurozet Sp. z o.o.

A detailed list of companies of the Agora Group is presented in the point V.B.1 and selected financial data together with translation into EURO are presented in note 41 to the consolidated financial statements for 2020.

2. PROFIT AND LOSS ACCOUNT OF THE AGORA GROUP

Tab. 9

in PLN million	**4Q 2020**	**4Q 2019**	*% change yoy*	**1-4Q 2020**	**1-4Q 2019**	*% change yoy*
Total sales (1)	**224.4**	**378.2**	***(40.7%)***	**836.5**	**1,249.7**	***(33.1%)***
Advertising revenue	151.3	187.9	*(19.5%)*	452.2	579.7	*(22.0%)*
Ticket sales	6.7	79.0	*(91.5%)*	84.6	258.0	*(67.2%)*
Copy sales	36.2	37.9	*(4.5%)*	133.8	139.2	*(3.9%)*
Concession sales in cinemas	3.3	33.7	*(90.2%)*	37.2	111.0	*(66.5%)*
Printing services	6.3	10.5	*(40.0%)*	28.6	47.2	*(39.4%)*
Revenues from film activities	2.0	4.0	*(50.0%)*	34.1	39.1	*(12.8%)*
Other	18.6	25.2	*(26.2%)*	66.0	75.5	*(12.6%)*
Operating cost net, including:	**(258.9)**	**(353.1)**	***(26.7%)***	**(948.2)**	**(1,225.0)**	***(22.6%)***
External services (2)	(92.2)	(138.8)	*(33.6%)*	(333.5)	(456.5)	*(26.9%)*
Staff cost (2)	(68.9)	(89.4)	*(22.9%)*	(265.1)	(337.2)	*(21.4%)*
Raw materials, energy and consumables (2)	(23.5)	(36.5)	*(35.6%)*	(95.5)	(141.4)	*(32.5%)*
D&A	(41.0)	(42.2)	*(2.8%)*	(162.9)	(158.0)	*3.1%*
Promotion and marketing	(12.2)	(27.7)	*(56.0%)*	(40.7)	(77.5)	*(47.5%)*
Cost of restructuring (3)	-	-	-	(1.4)	(5.6)	*(75.0%)*
Gain on sale of property (4)	-	-	-	7.1	-	-
Gain on sale of the enterprise (5)	-	-	-	3.6	-	-
Impairment losses (6)	(9.3)	(7.5)	*24.0%*	(38.0)	(7.5)	*406.7%*
Operating result - EBIT	**(34.5)**	**25.1**	**-**	**(111.7)**	**24.7**	**-**
Operating result - EBIT excl. IFRS 16 (7)	*(27.2)*	*23.1*	-	*(93.1)*	*17.4*	-
Finance cost, net, incl.:	**(11.0)**	**(0.7)**	***(1,471.4%)***	**(48.4)**	**(15.3)**	***(216.3%)***
Income from short-term investment	-	0.2	-	0.3	1.8	*(83.3%)*
Costs related to bank loans and leasing	(5.5)	(5.9)	*(6.8%)*	(20.1)	(22.0)	*(8.6%)*
including interest costs related to IFRS 16	*(3.4)*	*(4.1)*	*(17.1%)*	*(14.2)*	*(15.7)*	*(9.6%)*
Foreign exchange (losses) / gains	(11.1)	10.3	-	(37.3)	3.7	-
including interest costs related to IFRS 16	*(10.9)*	*10.5*	-	*(37.5)*	*3.9*	-
Remeasurement of equity interest at the acquisition date (8)	-	-	-	-	7.0	-
Revaluation of put options (9)	9.1	(4.1)	-	11.3	(4.3)	-
Share of results of equity accounted investees	**2.6**	**2.3**	***13.0%***	**7.4**	**4.7**	***57.4%***
Profit/(loss) before income tax	**(42.9)**	**26.7**	**-**	**(152.7)**	**14.1**	**-**

in PLN million	**4Q 2020**	**4Q 2019**	***% change yoy***	**1-4Q 2020**	**1-4Q 2019**	***% change yoy***
Income tax	9.9	(7.6)	-	22.5	(8.1)	-
Net profit/(loss) for the period	**(33.0)**	**19.1**	**-**	**(130.2)**	**6.0**	**-**
Net profit/(loss) for the period excl. IFRS 16 (7)	*(15.6)*	*12.2*	-	*(73.4)*	*9.6*	-
Attributable to:						
Equity holders of the parent	(28.8)	17.7	-	(117.2)	3.5	-
Non - controlling interest	(4.2)	1.4	-	(13.0)	2.5	-
EBIT margin (EBIT/Sales)	*(15.4%)*	*6.6%*	*(22.0pp)*	*(13.4%)*	*2.0%*	*(15.4pp)*
EBIT margin excl. IFRS 16 (7)	*(12.1%)*	*6.1%*	*(18.2pp)*	*(11.1%)*	*1.4%*	*(12.5pp)*
EBITDA (10)	**15.8**	**74.8**	***(78.9%)***	**89.2**	**190.2**	***(53.1%)***
EBITDA margin (EBITDA/Sales)	*7.0%*	*19.8%*	*(12.8pp)*	*10.7%*	*15.2%*	*(4.5pp)*
EBITDA excl. IFRS 16 (7)	*3.7*	*54.5*	*(93.2%)*	*38.2*	*114.8*	*(66.7%)*
EBITDA margin excl. IFRS 16 (7)	*1.6%*	*14.4%*	*(12.8pp)*	*4.6%*	*9.2%*	*(4.6pp)*

(1) particular sales positions, apart from ticket and concession sales in cinemas and printing services, include sales of Publishing House division and film activities (functioning within the Movies and Books segment), described in details in point IV.A in this report;

(2) in 2020 the Group changed the presentation of the cost of production of books publishing of Agora Publishing House, comparative data were restated accordingly;

(3) *includes costs of restructuring in Internet segment in the second quarter of 2020 and costs of restructuring (including group lay-offs) in Print division and in Agora's support divisions in the first quarter of 2019;*

(4) profit from sale of the server building and land located at Daniszewska Street in Warsaw;

(5) profit on the sale of part of enterprise Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.);

(6) *the amount includes impairment losses on fixed assets of the companies Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.), Foodio Concepts Sp. z o.o. and AMS Group, Helios S.A. and Agora S.A., the impairment losses were mainly related to property, plant and equipment and intangible assets, including goodwill of Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.);*

(7) *the amount of the operating result – EBIT, EBITDA and net loss excluding impact of International Financial Reporting Standard no. 16 Leases;*

(8) the valuation of shares at the acquisition date relates to the acquisition of control over HRlink Sp. z o.o. in the third quarter of 2019;

(9) relates to revaluation of put option liabilities granted to non-controlling shareholders of Helios S.A., Piano Group Sp. z o.o. and HRlink Sp. z o.o. Detailed information on revaluation of put option liabilities are presented in note 35 to consolidated financial statements;

(10) the performance measure "EBITDA" is defined as EBIT increased by depreciation and amortization and impairment losses of property, plant and equipment, intangible assets and right-of-use assets. Detailed information on definitions of financial ratios are presented in the Notes to part IV of this MD&A.

2.1. Revenues

Major products, goods and services, as well as their volumes are presented in detail in part IV of this MD&A ("Operating review – major segments of the Agora Group"). The table below presents a percentage share in total revenues of the Agora Group.

Tab. 10

in million PLN	**1-4Q 2020**	**% share**	**1-4Q 2019**	**% share**	***% change yoy***
Total sales (1)	**836.5**	***100.0%***	**1,249.7**	***100.0%***	***(33.1%)***
Advertising revenue	452.2	*54.1%*	579.7	*46.4%*	*(22.0%)*
Ticket sales	84.6	*10.1%*	258.0	*20.6%*	*(67.2%)*
Copy sales	133.8	*16.0%*	139.2	*11.1%*	*(3.9%)*
Concession sales in cinemas	37.2	*4.4%*	111.0	*8.9%*	*(66.5%)*
Printing services	28.6	*3.4%*	47.2	*3.8%*	*(39.4%)*
Revenues from film activities	34.1	*4.1%*	39.1	*3.1%*	*(12.8%)*
Other	66.0	*7.9%*	75.5	*6.1%*	*(12.6%)*

(1) particular sales positions, apart from ticket and concession sales in cinemas and printing services, include sales of Publishing House and film activities (co-production and distribution in the Movies and Books segment), described in details in point IV.A in this report.

2.2. Financial results presented according to major segments of the Agora Group for 2020 [1]

Major products and services, as well as operating revenue and cost of the Agora Group are presented in detail in part IV of this MD&A ("Operating review – major segments of the Agora Group").

Tab. 11

in PLN million	**Movies and Books**	**Press**	**Outdoor**	**Internet**	**Radio**	**Reconciling positions (2)**	**Total (consoli-dated) 1-4Q 2020**
Total sales (1)	**240.7**	**197.1**	**114.5**	**213.9**	**87.7**	**(17.4)**	**836.5**
% share	28.8%	23.6%	13.7%	25.6%	10.5%	(2.2%)	100.0%
Operating cost net (1)	**(329.0)**	**(171.5)**	**(133.7)**	**(190.3)**	**(78.3)**	**(45.4)**	**(948.2)**
Operating cost net excl. IFRS 16 (1)	***(309.5)***	***(171.5)***	***(134.1)***	***(190.3)***	***(78.3)***	***(45.9)***	***(929.6)***
EBIT	**(88.3)**	**25.6**	**(19.2)**	**23.6**	**9.4**	**(62.8)**	**(111.7)**
EBIT excl. IFRS 16	***(68.8)***	***25.6***	***(19.6)***	***23.6***	***9.4***	***(63.3)***	***(93.1)***
Finance cost, net							(48.4)
Share of results of equity accounted investees			0.1	0.7	6.6		7.4
Income tax							22.5
Net loss for the period							**(130.2)**
Attributable to:							
Equity holders of the parent							(117.2)
Non-controlling interest							(13.0)
EBITDA	**10.9**	**32.0**	**23.5**	**45.1**	**16.6**	**(38.9)**	**89.2**
EBITDA excl. IFRS 16	***(20.5)***	***32.0***	***8.7***	***45.1***	***13.8***	***(40.9)***	***38.2***
CAPEX	(34.9)	(5.6)	(9.0)	(10.5)	(2.5)	(3.8)	(66.3)

(1) the amounts do not include revenues and total cost of cross-promotion of Agora's different media if such promotion is executed without prior reservation between segments of the Agora Group; the direct variable cost of campaigns carried out on advertising panels is the only cost that is included above; it is allocated from the Outdoor segment to other segments;

(2) reconciling positions show data not included in particular segments, i.a.: other revenues and costs of Agora's supporting divisions (centralized IT, administrative, finance and HR functions, etc., excluding costs of office space in the Company`s headquarters, which are allocated to segments), the Management Board of Agora S.A., Agora TC Sp. z o.o. and Agora Finanse Sp. z o.o., intercompany eliminations and other matching adjustments, which reconcile the data presented in the management reports to the consolidated financials of the Agora Group.

2.3. Sales and markets

Over 75.0% of the total sales of the Group were related to sales in domestic market. Sales to foreign markets are realized mainly through the sales of advertising services and printing to foreign customers and sales of publications (including foreign subscriptions).

The Group does not depend on one particular customer. The biggest customers of the Group (in respect of the turnover) are press distributors and Google (companies unrelated to Agora S.A.). In 2020 the value of transactions with one of the customers (Google Ireland Ltd) exceeded 10.0% (reaching 15%) of the Group's total revenues in 2020. Google Ireland Ltd is not related to Agora Group.

2.4. Suppliers

The Group does not depend on one particular supplier. Newsprint, printing services and film copy purchase are important cost items of the Group. Newsprint used for printing services for external customers and in order to print the Group's own titles is purchased from several suppliers. In 2020, the value of transactions with none of the suppliers exceeded 10.0% of the Group's total revenues.

2.5. Finance cost, net

Net financial activities of the Group for 2020 were influenced mainly by negative foreign exchange differences and the costs of commissions and interest on bank loans and lease liabilities (including interest expenses on leasing liabilities recognized in accordance with IFRS 16 in amount of PLN 14.2 million) and revaluation of put option liabilities.

3. BALANCE SHEET OF THE AGORA GROUP

Tab. 12

in PLN million	31/12/2020	30/09/2020	*% change to 30-09-2020*	31/12/2019	*% change to 31-12-2019*
Non-current assets	**1,683.6**	**1,642.0**	**2.5%**	**1,664.5**	**1.1%**
share in balance sheet total	*83.4%*	*83.6%*	*(0.2pp)*	*83.5%*	*(0.1pp)*
Current assets	**334.7**	**321.1**	**4.2%**	**327.9**	**2.1%**
share in balance sheet total	*16.6%*	*16.4%*	*0.2pp*	*16.5%*	*0.1pp*
TOTAL ASSETS	**2,018.3**	**1,963.1**	**2.8%**	**1,992.4**	**1.3%**
Equity holders of the parent	**820.9**	**849.1**	**(3.3%)**	**931.2**	**(11.8%)**
share in balance sheet total	*40.7%*	*43.3%*	*(2.6pp)*	*46.7%*	*(6.0pp)*
Non-controlling interest	**11.4**	**15.7**	**(27.4%)**	**20.9**	**(45.5%)**
share in balance sheet total	*0.6%*	*0.8%*	*(0.2pp)*	*1.0%*	*(0.4pp)*
Non-current liabilities and provisions	**739.8**	**691.3**	**7.0%**	**628.3**	**17.7%**
share in balance sheet total	*36.7%*	*35.2%*	*1.5pp*	*31.5%*	*5.2pp*
Current liabilities and provisions	**446.2**	**407.0**	**9.6%**	**412.0**	**8.3%**
share in balance sheet total	*22.0%*	*20.7%*	*1.3pp*	*20.8%*	*1.2pp*
TOTAL LIABILITIES AND EQUITY	**2,018.3**	**1,963.1**	**2.8%**	**1,992.4**	**1.3%**

3.1. Non-current assets

The increase in non-current assets, versus 31 December 2019 and 30 September 2020 as well, results mainly from the extension of the lease term in Helios S.A., which resulted in an increase in the value of the rights-of-use of assets and increase in value of deferred tax asset. This increase was partially offset by depreciation and amortisation and impairment losses on non-current assets, sale of a subsidiary Foodio Concepts Sp. z o.o.(in the second quarter of 2020) and reclassification of assets related to property in Pila to assets held for sale (in the fourth quarter of 2020).

3.2. Current assets

The increase in current assets, versus 31 December 2019, stems mainly from the increase in cash and cash equivalents, which was partially offset by the decrease in trade receivables and short-term financial assets and inventories.

The increase in current assets, versus 30 September 2020, stems mainly from the reclassification of assets related to property in Pila to assets held for sale.

3.3. Non-current liabilities and provisions

The increase in non-current liabilities and provisions versus 31 December 2019 and 30 September 2020 as well, stems mainly from the increase in long-term liabilities due to changes in lease agreements and the valuation of lease liabilities expressed in foreign currencies. The increase in lease liabilities was partially offset by a decrease in loan liabilities and a decrease in liabilities under the put option.

3.4. Current liabilities and provisions

The increase in current liabilities and provisions, versus 31 December 2019, stems mainly from the increase in bank loans and lease liabilities and the increase in tax liabilities, which was partially offset by the decrease in trade payables and the decrease in liabilities arising from the purchase of shares.

The increase in current liabilities and provisions, versus 30 September 2020, stems mainly from the increase in bank loans and lease liabilities and liabilities arising from purchase of non-current assets, which was partially offset by the decrease in trade payables.

4. CASH FLOW STATEMENT OF THE AGORA GROUP

Tab. 13

in PLN million	**4Q 2020**	**4Q 2019**	*% change yoy*	**1-4Q 2020**	**1-4Q 2019**	*% change yoy*
Net cash from operating activities	4.1	73.3	*(94.4%)*	131.9	205.5	*(35.8%)*
Net cash from operating activities (excl. IFRS 16)	*(6.8)*	*53.8*	-	*88.8*	*131.5*	*(32.5%)*
Net cash from investment activities	(15.7)	3.7	-	(24.5)	(100.5)	*75.6%*
Net cash from financing activities	10.2	(52.4)	-	(30.1)	(76.9)	*60.9%*
Net cash from financing activities (excl. IFRS 16)	*21.1*	*(32.9)*	-	*13.0*	*(2.9)*	-
Total movement of cash and cash equivalents	**(1.4)**	**24.6**	**-**	**77.3**	**28.1**	***175.1%***
Cash and cash equivalents at the end of period	**138.4**	**61.1**	***126.5%***	**138.4**	**61.1**	***126.5%***

As at 31 December 2020, the Group had PLN 138.5 million in cash and cash equivalents and short-term securities which include cash and cash equivalents in the amount of PLN 138.4 million (cash on hand and bank deposits) and PLN 0.1 million in loans granted.

In 2020, Agora S.A. has not been engaged in any currency options or any other derivatives used for speculative purposes.

On 24 April 2020 Agora S.A. signed Annex no. 6 (“Annex no. 6”) to the Credit Limit Agreement ("Agreement") with DNB Bank Polska S.A. ("Bank"). Under signed Annex no. 6, the period of availability of the credit limit of PLN 35.0 million which the Company may use was extended until 29 September 2020 on a similar basis as set out in the Agreement. The Annex suspended some of the Bank’s existing requirements and introduced new ones reflecting the current financial situation of the Company i.a. as regards the Agora Group’s EBITDA in the second quarter of 2020, the cash balance at the end of each month for the period until 30 April 2021 and the need to obtain the Bank's consent for the payment of the dividend in 2020. The company is working with the bank to further extend the availability of the credit limit and increase its amount.

Simultaneously, under Annex no. 6, repayment of installments of Non-renewable Loan 1 and Non-renewable Loan 2 was temporarily suspended for the period up to and including 30 September 2020. The repayment of interest is not covered by the term of the suspension. The Repayment of the capital installments due for the grace period for Non-renewable Loan 1 and Non-renewable Loan 2 shall take place on the date of the final repayment of the Non-renewable Loan 1 and on the date of the final repayment of Non-renewable Loan 2.

As a result, two installments of Non-renewable Loan 1 (each of PLN 2.1 million) were postponed until 1 April 2021 and two installments of Non-renewable Loan 2 (each of PLN 6.3 million) were postponed until 2 January 2023.

Helios S.A. with its registered office in Łódź, also signed, on 29 March 2020, with Santander Bank Polska SA annexes to two investment loan agreements of 8 May 2015 and of 25 June 2015 extending the repayment dates of capital instalments to be paid from 31 March to 30 June 2020, in the total amount of PLN 0.7 million, until 30 September 2020 and in the case of one of the investment loan agreements (concluded on 18 May 2018) annex extending the repayment period of capital instalments to be paid from 31 March to 31 August 2020 in the total amount of PLN 0.5 million until 31 May 2023.

Helios S.A. also received a positive decision from Bank BNP Paribas Polska Spółka Akcyjna ("BNP Paribas") to extend the repayment of capital instalments of five investment loans granted by this bank, whose payment date falls from 31 March to 31 May 2020. According to information obtained from BNP Paribas, a new payment date of PLN 0.65 million (the sum of three capital instalments resulting from three investment loan agreements) was 31 December 2020. Three capital instalments of a loan resulting from another agreement with this bank in the total amount of PLN 0.41 million will be payable by 29 October 2021, and three capital instalments due under the last contract with this bank, in the total amount of PLN 0.5 million, will be payable by 29 March 2024.

On September 24, 2020, the Management Board of Agora S.A. informed that on September 24, 2020, the Company concluded an overdraft agreement for PLN 65.0 million ("Overdraft Agreement") and Annex No. 7 to the Credit Limit Agreement of May 25, 2017 ("Annex No. 7") for PLN 35.0 million.

Pursuant to the signed Overdraft Agreement and Annex No. 7, and after meeting the conditions for establishing legal security for the repayment of the loan and meeting other requirements usually applied when granting loans of a comparable amount, the Company will have an available overdraft facility up to a total amount of PLN 100.0 million. ("Credit"). The financing conditions granted under the Overdraft Agreement and Annex 7 are identical. The funds from the credit facility can be used to finance Agora's day-to-day operations, including replacement and development investments, excluding refinancing of other debt.

The funds under the Overdraft Agreement are available till September 22, 2022, and under Annex No. 7 till September 28, 2022.

On 23 December 2020 Helios S.A. concluded another overdraft agreement with BNP Paribas Bank Polska S.A. with its seat in Warsaw ("BNP") and another revolving loan agreement with Santander Bank Polska S.A. with its seat in Warsaw ("Santander") (jointly "Banks") with a repayment guarantee of 80.0% of the loan by Bank Gospodarstwa Krajowego ("BGK").

The total value of the above loans with a BGK guarantee is PLN 40.0 million, i.e. PLN 20.0 million from each of the Banks.

According to the information provided in the regulatory filing no. 35/2020 of 24 September 2020, the parties, after assessing the financial results of Helios S.A. for the third quarter of 2020 and the economic situation in Poland, agreed to launch a second tranche of financing - for another PLN 40.0 million - for Helios S.A.

Pursuant to the overdraft and revolving loan agreements signed on 23 December 2020 with the Banks and after meeting the conditions for establishing legal security for the repayment of both loans and meeting other requirements usually applied when granting loans of a comparable amount, Helios will have additional credit facility ("Loan") of up to PLN 40.0 million.

The funds obtained may be used to finance the current business activities of Helios S.A., including replacement and development expenditure, excluding refinancing of other debt.

The terms of financing itself and launching of financing, as well as establishing of securities for loans and Helios' obligations during the term of the agreements are similar to those agreed with the first tranche of financing, about which the Company informed in the regulatory filing no. 35/2020 of 24 September 2020.

The period of using the financing from the second tranche of financing was set with both Banks at 24 months from the date of signing the agreements. The loan is to be repaid within 24 months from the date of signing the contract.

As at the date of this MD&A report, considering the cash position, the cash pooling system functioning in the Group and available credit facility, as well as taking into account acquiring of additional current financing for the Company and its subsidiary Helios S.A., the Group does not anticipate any liquidity problems. At the same time, attention should be paid to the uncertainties accompanying these predictions, described in more detail in Chapter II.3 Perspectives of this MD&A.

4.1. Operating activities

The cash flows from operating activities, in 2020, were lower comparing to the level recorded in 2019.

4.2. Investment activities

Negative net cash flows from investing activities, in 2020, result mainly from investment expenditure for the purchase of property, plant and equipment and intangible assets and settlement of liabilities due to acquisition of shares in Piano Group Sp. z o.o. The above expenses were partially offset by the net proceeds from the sale of short-term securities and fixed assets, the proceeds from the sale of Plan D Sp. z o.o. enterprise (formerly Domiporta Sp. z o.o.) and inflows from dividend of the associated company Eurozet Sp. z o.o. in the amount of PLN 12.0 million.

4.3. Financing activities

Negative net cash flows from financing activities in 2020, stem mainly from an expenditure on repayment of loan and lease liabilities and additional purchase of shares in Piano Group Sp. z o.o. The above outflows were partially offset by inflows from bank loans.

5. SELECTED FINANCIAL RATIOS [5]

Tab.14

	4Q 2020	4Q 2019	*% change yoy*	1-4Q 2020	1-4Q 2019	*% change yoy*
Profitability ratios (1)						
Net profit margin	(5.7%)	3.0%	*(8.7pp)*	(7.8%)	0.6%	*(8.4pp)*
Gross profit margin	26.7%	39.2%	*(12.5pp)*	25.3%	32.1%	*(6.8pp)*
Return on equity	(5.8%)	4.9%	*(10.8pp)*	(7.2%)	0.7%	*(7.9pp)*
Efficiency ratios						
Inventory turnover	9 days	9 days	-	11 days	12 days	*(8.3%)*
Debtors days	54 days	47 days	*14.9%*	73 days	61 days	*19.7%*
Creditors days	36 days	28 days	*28.6%*	43 days	32 days	*34.4%*
Liquidity ratio (1)						
Current ratio	0.9	1.0	*(10.0%)*	0.9	1.0	*(10.0%)*
Financing ratios (1)						
Gearing ratio	4.4%	6.9%	*(2.5pp)*	4.4%	6.9%	*(2.5pp)*
Interest cover	(23.2)	14.2	-	(20.1)	3.1	-
Free cash flow interest cover	(15.8)	17.3	-	7.6	8.2	*(7.3%)*

1) financial ratios excluding impact of IFRS 16.

Definitions of financial ratios *[5]* are presented at the end of part IV of this MD&A *("Operating review – major segments of the Agora Group").*

IV. OPERATING REVIEW - MAJOR SEGMENTS OF THE AGORA GROUP

IV.A. MOVIES AND BOOKS [1]

The Movies and Books segment includes the pro-forma consolidated financials of Helios S.A., NEXT FILM Sp. z o.o., Next Script Sp. z.o.o., Foodio Concepts Sp. z o.o. (until 2 June 2020) and Step Inside Sp. z o.o., which form the Helios group, and Agora Publishing House.

Tab. 15

in PLN million	**4Q 2020**	**4Q 2019**	***% change yoy***	**1-4Q 2020**	**1-4Q 2019**	***% change yoy***
Total sales, including :	**35.6**	**156.9**	***(77.3%)***	**240.7**	**521.5**	***(53.8%)***
Tickets sales	6.7	79.1	*(91.5%)*	84.6	258.1	*(67.2%)*
Concession sales	3.3	33.7	*(90.2%)*	37.2	111.0	*(66.5%)*
Advertising revenue (1)	2.2	13.1	*(83.2%)*	10.9	35.6	*(69.4%)*
Revenues from film activities (1),(2),(6)	2.2	4.9	*(55.1%)*	35.7	42.0	*(15.0%)*
Revenues from Publishing House	14.7	15.7	*(6.4%)*	47.3	48.3	*(2.1%)*
Total operating cost, including (5),(6):	**(78.9)**	**(140.5)**	***(43.8%)***	**(329.0)**	**(478.5)**	***(31.2%)***
Total operating cost without IFRS 16 (5),(6)	***(70.9)***	***(141.9)***	***(50.0%)***	***(309.5)***	***(484.0)***	***(36.1%)***
External services (3),(6)	(9.6)	(52.0)	*(81.5%)*	(88.4)	(180.9)	*(51.1%)*
External services without IFRS 16 (3),(6)	*(14.4)*	*(66.3)*	*(78.3%)*	*(114.5)*	*(237.7)*	*(51.8%)*
Staff cost (3)	(11.4)	(22.7)	*(49.8%)*	(47.0)	(74.4)	*(36.8%)*
Raw materials, energy and consumables (3)	(5.6)	(14.4)	*(61.1%)*	(29.4)	(49.9)	*(41.1%)*
D&A (3)	(21.5)	(22.4)	*(4.0%)*	(85.3)	(84.7)	*0.7%*
D&A without IFRS 16 (3)	*(8.8)*	*(9.3)*	*(5.4%)*	*(36.2)*	*(33.2)*	*9.0%*
Promotion and marketing (1), (3)	(2.1)	(10.1)	*(79.2%)*	(9.9)	(30.8)	*(67.9%)*
Costs related to Publishing House (4), (5)	(14.7)	(15.2)	*(3.3%)*	(45.2)	(46.4)	*(2.6%)*
Impairment losses (7)	(4.3)	-	-	(13.3)	-	-
Impairment losses without IFRS 16 (7)	(2.5)	-	-	(11.5)	-	-
EBIT	**(43.3)**	**16.4**	**-**	**(88.3)**	**43.0**	**-**
EBIT margin	*(121.6%)*	*10.5%*	*(132.1pp)*	*(36.7%)*	*8.2%*	*(44.9pp)*
EBIT without IFRS 16	***(35.3)***	***15.0***	**-**	***(68.8)***	***37.5***	**-**
EBIT margin without IFRS 16	*(99.2%)*	*9.6%*	*(108.8pp)*	*(28.6%)*	*7.2%*	*(35.8pp)*
EBITDA (4), (8)	**(17.2)**	**39.0**	**-**	**10.9**	**128.2**	***(91.5%)***
EBITDA margin	*(48.3%)*	*24.9%*	*(73.2pp)*	*4.5%*	*24.6%*	*(20.1pp)*
EBITDA without IFRS 16 (4), (8)	***(23.7)***	***24.5***	**-**	***(20.5)***	***71.2***	**-**
EBITDA margin without IFRS 16	*(66.6%)*	*15.6%*	*(82.2pp)*	*(8.5%)*	*13.7%*	*(22.2pp)*

(1) the amounts do not include revenues and total cost of cross-promotion of Agora's different media (only the direct variable cost of campaigns carried out on advertising panels) if such a promotion was executed without prior reservation;

(2) the amounts comprise mainly the revenues from co-production and distribution of films;

(3) the amounts do not include costs related to Agora Publishing House;

(4) the amounts include D&A cost in Agora Publishing House, which in 2020 amounted to PLN 0.6 million, and in the fourth quarter of 2020 to PLN 0.3 million (in 2019 it amounted to PLN 0.5 million and in the fourth quarter of 2019 to PLN 0.2 million);

(5) the data include the allocated costs of office space occupied by the Agora Publishing House.

(6) *mutual revenues within the Helios group have been eliminated from film revenues and costs of external services: between Helios S.A. and NEXT FILM Sp. z o.o.;*

(7) *The write-downs include, i.a., write-down of assets related to the activities of Helios S.A., which in the fourth quarter of 2020 in accordance with IFRS 16 amounted to PLN 4.2 million (without the impact of IFRS 16 – PLN 2.4 million) and write-down of assets related to the activities Foodio Concepts Sp. z o.o., which in the 2020 amounted to PLN 9.0 million;*

(8) *the EBITDA index is defined as EBIT increased by depreciation and impairment losses on fixed assets.*

The main factor that influenced the results of the Movies and Books segment, both in the fourth quarter and throughout 2020, was the restrictions imposed on the operation of cinemas introduced in connection with the COVID-19 worldwide, including in Poland. They resulted mainly in the postponement of the dates of film premieres (no current repertoire) and the reduction of the number of tickets sold to individual film sessions, as well as the closure of cinemas by an administrative decision. In addition, the COVID-19-related regulations introduced in March 2020 and November 2020 had a negative impact on the food business developed within the segment. Pursuant to the regulations adopted, the gastronomy was first closed and could then only operate under the takeaway formula.

In the fourth quarter of 2020, the Movies and Books segment recorded a loss at the EBIT level of PLN 43.3 million. This result was mainly influenced by the administrative decision to close again cinemas in Poland as of 7 November 2020, creation of a provision for ZAPA in the amount of PLN 9.3 million and write-downs of the assets of two Helios cinemas in the amount of PLN 4.2 million. The Movies and Books segment recorded also a loss at the EBITDA level of PLN 17.2 million.

The administrative closure of cinemas as of 12 March until 6 June and from 7 November 2020 as well as restaurants from 14 March 2020 and the restrictions on cinema operations had a significant effect on the results of the Movies and Books segment in 2020. During that time, the segment recorded a loss at the EBIT level amounting to PLN 88.3 million. This result was caused, inter alia, by creation of a provision for ZAPA of PLN 9.3 million, impairment of assets related to the activities of Foodio Concepts Sp. z o.o. in the amount of PLN 9.0 million and of two Helios cinemas in the amount of PLN 4.2 million. The profit at the EBITDA level was also lower – by 91.5% – and amounted to PLN 10.9 million.

The segment's result was positively influenced by additional financing from the Guaranteed Employee Benefits Fund in the total amount of PLN 2.5 million.

In the fourth quarter of 2020, excluding the IFRS 16 standard, EBIT loss amounted to PLN 35.3 million and EBITDA loss amounted to PLN 23.7 million. In 2020, the segment recorded a loss at the EBIT level of PLN 68.8 million and a loss at the EBITDA level of PLN 20.5 million, on an accounting basis without IFRS 16.

1. REVENUE [3]

In the fourth quarter of 2020, revenue of the Movies and Books segment decreased by 77.3% year on year and amounted to PLN 35.6 million.

The decrease in revenues compared to the fourth quarter of 2019 was mainly due to lower cinema revenues obtained as a result of the administrative closure of cinemas from 7 November 2020, earlier restrictions on cinema activities related to COVID-19 (ticket sales limit) and a limited number of new titles in cinema distribution. The revenue from ticket sales decreased by 91.5% and amounted to PLN 6.7 million. This result was affected by the number of tickets sold which was lower by 91.8% and amounted to PLN 0.4 million. The revenue from cinema concession sales decreased by 90.2%, which accounted for PLN 3.3 million. The restrictions in cinema operations also had a negative impact on cinema advertising sales. Revenue on that account was lower by 83.2% compared to the fourth quarter of 2019 and amounted to PLN 2.2 million.

In the fourth quarter of 2020, food business revenues were lower by 28.2%. They were affected by the lack of revenue generated by Foodio Concepts, which was sold, as compared to the corresponding period of 2019. Despite the restrictions on restaurants due to the COVID 19 pandemic, the revenues generated by Step Inside, which currently operates 10 restaurants under the Pasibus brand created in the strategic cooperation with Helios S.A., were higher.

In the fourth quarter of 2020, the Movies and Books segment's total revenue from film co-production and distribution amounted to PLN 2.2 million, showing a decrease by 55.1% year on year. In the time period in question, NEXT FILM theatrically released *Polot,* a Polish production directed by Michał Wnuk. At the same time, the titles which were released earlier were made available in various distribution channels. Whereas in the fourth quarter of 2019 NEXT FILM introduced three Polish productions to cinemas: a history of a blind pianist inspired by real events – *Ikar. Legenda Mietka Kosza*, a spy thriller – *Ukryta Gra* and a documentary about the legendary band Kult – *Kult*. *Film*.

In the fourth quarter of 2020, the revenue of the Agora Publishing House decreased by 6.4% in comparison with the fourth quarter of 2019 and amounted to PLN 14.7 million. The drop in revenues was related to limitations in musical activity (ban on concerting concerts) due to the measures associated with the COVID-19 pandemic. In the period in question, the Agora's Publishing House sold about 0.3 million books as well as music and film publications. The most commonly purchased publications included, among others: *Grube wióry* by Rafał Pacześ, *Sodoma. Hipokryzja i władza w Watykanie* by Frederic Martel, *Z niejednej półki. Wywiady* by Michał Nogaś and *Szkoła bohaterek i bohaterów, czyli jak sobie radzić z życiem* by Przemek Staroń.

In 2020, revenue of the Movies and Books segment decreased by 53.8% yoy and amounted to PLN 240.7 million.

The decrease in the segment's revenues compared to 2019 was mainly due to the lack of a current repertoire and the administrative closure of cinemas and restaurants in March 2020, as well as subsequent restrictions on cinema activities (limit of tickets sold) and the renewed administrative closure of cinemas in November 2020. Revenues from sales of cinema tickets decreased by 67.2% and amounted to PLN 84.6 million. This result was affected by the number of tickets sold which was lower by 9.4 million than in the previous year. The revenue from cinema concession sales decreased by 66.5%, which accounted for PLN 37.2 million. The restrictions in cinema operations also had a negative impact on cinema advertising sales. The revenue on that account was lower by 69.4% compared to 2019 and amounted to PLN 10.9 million.

In the same period, the segment's revenue from food business increased by 19.0% due to the higher number of Pasibus restaurants. The increase in revenues was achieved despite the sale of shares in Foodio Concepts Sp. z o.o.

In 2020, the Movies and Books segment's total revenue from film co-production and distribution amounted to PLN 35.7 million, showing a decrease by 15.0% year on year. This was due to, inter alia, a limited number of new titles in cinema distribution and the restrictions in cinema operations. In 2020, NEXT FILM released to the big screen four Polish productions – *Jak zostałem gangsterem* which was based on a true story, a film adaptation *365 dni* based on a book by Blanka Lipińska, *Tarapaty 2* – a sequel to the Polish family blockbuster and Michał Wnuk's *Polot*. In 2020 NEXT FILM also continued to cooperate with Netflix. Thanks to it the platform released to its users subsequent film productions to which the Agora Group company holds distribution rights. It is worth noting that in 2019, NEXT FILM released nine Polish productions: an actioner *Underdog,* a sequel to the iconic film series *Kogel Mogel – Miszmasz, czyli Kogel Mogel 3*, a romantic comedy *Całe szczęście*, a drama *Słodki koniec dnia*, a crime comedy *Na bank się uda*, a historical drama *Piłsudski,* a history of a pianist inspired by real-life event *Ikar. Legenda Mietek Kosza, a* spy thriller *Ukryta Gra* and a documentary film about the Kult band – *Kult*. *Film*.

In 2020, revenues of Agora's Publishing House totaled PLN 47.3 million, i.e. 2.1% less year on year. In the period in question, the Agora's Publishing House sold about 1.1 million books as well as music and film publications. Among the most popular publications were the books *Kolejne 365 dni* by Blanka Lipińska, *Nadzieja; Szczerze* by Donald Tusk, *Grube wióry* by Rafał Pacześ, *Sodoma. Hipokryzja i władza w Watykanie* by Frederic Martel, and the album *Dark Room* by Michele Morrone.

2. COST

In the fourth quarter of 2020, the operating costs of the Movies and Books segment decreased by 43.8% year on year and amounted to PLN 78.9 million.

The decrease in the segment's operating costs was mainly influenced by the restrictions in cinema operations related to the COVID-19 pandemic. On the other hand, creation of a provision for ZAPA in the amount of PLN 9.3 million and write-downs of the assets of two Helios cinemas in the amount of PLN 4.2 million increased the costs of the Movies and Books segment.

The costs of external services, which accounted for PLN 9.6 million, went down by 81.5% year on year. This was mainly due to lower purchase costs of film copies, lower rental costs in cinemas and restaurants, and lower remuneration costs paid to film producers as a result of a limited number of films in cinema distribution and lower revenue from film distribution.

The decrease in staff costs by 49.8% to PLN 11.4 million was related to restrictions on operations and closure of cinemas and the sale of Foodio Concepts Sp. z o.o.

The decrease in cost of materials and energy consumption and value of goods and materials sold by 61.1% to PLN 5.6 million was due to lower concession sales in cinemas due to lower attendance during the COVID-19 pandemic and lower revenue from food business operations.

In addition, promotion and marketing costs of the Movies and Books segment decreased by 79.2% to PLN 2.1 million. This was mainly affected by lower advertising costs in cinemas, mainly settled in barter, and lower promotional expenses in the film distribution area due to a lower number of premieres in the fourth quarter of 2020.

Operating costs of the Agora Publishing House decreased by 3.3% and amounted to PLN 14.7 million. The decline was the result of restrictions on musical activities introduced by the COVID-19 pandemic warnings.

The segment's depreciation and amortisation expenses were lower, amounting in the fourth quarter of 2020 to PLN 21.5 million. They fell both in film and in food business, but were higher in cinemas.

The segment's operating expenses in the fourth quarter of 2020 were also affected by write downs on assets of two Helios cinemas in the amount of PLN 4.2 million and increased ZAPA provision.

In 2020, operating expenses of the Movies and Books segment were 31.2% lower compared to 2019, at PLN 329.0 million.

The decrease in the segment’s operating costs was mainly influenced by the restrictions in cinema operations related to the COVID-19 pandemic. Due to the pandemic, the cinemas remained closed by an administrative decision from 12 March to 5 June 2020. However, Helios cinemas did not open to viewers until 3 July 2020 and, after their opening, were subject to restrictions as to the maximum number of tickets sold. On 7 November 2020, all cinemas in Poland were closed again. Their growth was influenced by the write-offs of the value of fixed assets related to the activities of Foodio Concepts Sp. z o.o. in the amount of PLN 9.0 million and two cinemas of the Helios chain in the amount of PLN 4.2 million, as well as the creation of a provision for ZAPA in the amount of PLN 9.3 million.

The cost of external services, which accounted for PLN 88.4 million, decreased by 51.1%. This was primarily due to lower film copy purchase costs (due to fewer tickets sold) and lower cinema rental costs (due to the administrative closure of cinemas and the negotiation of lower rental rates prior to the opening of cinemas on 3 July 2020). The costs of external services in the film distribution area were also lower, while expenditure on external services in the food business increased due to its development.

The decrease in the cost of materials and energy consumption and the value of goods and materials sold by 41.1% to PLN 29.4 million was related to lower sales in cinema bars due to the imposed restrictions on the operation of cinemas. The reduction in salaries and employee benefits expense by 36.8% to PLN 47.0 million was due, on the one hand, to the administrative closure of cinemas and restaurants in March and November 2020 and, on the other hand, to the implementation of 20.0% salary reductions for employees for six months starting from 12 March 2020.

Representation and advertising expenses of the Movies and Books segment were also lower - by 67.9% and amounted to PLN 9.9 million. This was mainly impacted by lower advertising expenses in cinemas, mainly settled in barter, and lower promotional expenses in film distribution due to a lower number of premieres in 2020 and incurring some promotional costs in 2019.

Operating costs of Agora Publishing House decreased by 2.6% to PLN 45.2 million, which was related, among other things, to restrictions on music operations introduced as a result of warnings related to the COVID-19 pandemic.

The segment’s depreciation costs increased and stood at PLN 85.3 million in 2020. This was connected with the development of the food business.

Segment operating expenses in 2020 were also impacted by asset write-downs related to Foodio Concepts Sp. z o.o. in the amount of PLN 9.0 million and Helios S.A. in the amount of PLN 4.2 million.

3. NEW INITIATIVES

In the fourth quarter of 2020, cinema operations in Poland were once again suspended by an administrative decision – this time from 7 November. For this reason, Helios cinemas have only been open to viewers for a little more than a month in this quarter and have invited them to increasingly attractive films, implementing a number of development initiatives.

At the end of October 2020, the 50th Helios cinema was launched – in Żory of the Galeria Wiślanka. It consists of 4 modern rooms with nearly 700 places, providing an excellent film atmosphere.

Despite difficult pandemic situation in Poland, the Helios cinemas continued to operate from July 3 to November 7, 2020, inviting viewers to premiere screenings and special projects. Along with the reopening of multiplexes, Helios implemented an innovative sales solution - a dynamic price list, thanks to which cinema fans can save up to PLN 5-8 depending on the location and how early they decide to buy a ticket for the selected film. Tickets at the most attractive prices are available at least 3 days before the screening. In addition, Helios offered the viewers a unique private screening offer, in which a well-known group could watch a film from the list of titles prepared by the network. The shows took place in both traditional and the most modern halls - Helios Dream. On the other hand, among the special projects implemented in network cinemas, it is worth mentioning, for example, subsequent screenings in the Available Culture series, Film Night Marathons or Film Mornings for Children. Due to the observance of strict sanitary procedures and properly trained staff, it was possible to safely watch interesting movies on the big screen in the largest multiplex network in Poland. NEXT FILM, a Helios group company involved in film production and distribution, in the fourth quarter of 2020 released the film *Polot*. The most talented actors of the younger generation were included: Maciej Musiałowski, Tomasz Włosok, Eryk Kulm Jr, Pola Błasik and acclaimed stars of the Polish cinema – Iza Kuna and Andrzej Konopka. The premiere of the film distributed by NEXT FILM took place on 23 October 2020 and the title was displayed on large screens until the cinemas were closed again in Poland on 7 November.

In December 2020, the productions from the portfolio of NEXT FILM participated in the next edition of the Festival of Polish Film films in Gdynia. The main contest included two titles distributed by NEXT FILM – *Jak zostałem gangsterem*. *Historia prawdziwa* directed by Maciej Kawulski and *Tarapaty 2* directed by Marta Karwowska. *365 dni*, based on the best-selling novel by Blanka Lipińska, won an additional award - the Amber Lions. This is the award for the largest attendance success in Polish cinemas this year for title producers and NEXT FILM for the distribution of the film.

NEXT FILM also continued to cooperate with streaming platforms, including Netflix, providing further titles from its portfolio. In the fourth quarter of 2020, these were, among others, *Tarapaty 2* and *Polot*.

In the fourth quarter of 2020 Agora Publishing House has issued and announced interesting proposals for literature and music champions. At that time, the list of the Publishing House's bestsellers included, among others, *Zbyt wiele i nigdy dość by* Mary L. Trump and *Zmierzch demokracji* by Anne Applebaum. An exceptional publishing project was the *Jutro jest teraz* book, presenting the most interesting publications from this year's edition of "Jutronauci" – *Gazeta Wyborcza* and Kulczyk Investments joint project. In addition, Agora announced that it will be the Polish publisher of well-known books: the first volume of Barack Obama's memoirs entitled *Promised Land* and *How to Avoid a Climate Disaster* by Bill Gates. Both of these titles will be present in Poland in the first quarter of 2021.

Agora Publishing House also continued the literary charitable campaign *Nadzieja* (*Hope*), launched in April 2020 and consisting in the release of an anthology book. Income from its sale – over 1.5 million has already been used to support 58 social assistance centres for seniors and people with intellectual disabilities and hospices.

The food business activity developed within the Helios group is centred around Pasibus brand. The burger network opened another place in December 2020, this time in the Galeria Amber in Kalisz. This is already the 27th brand place and 10th one created in cooperation with Helios. In October 2020, another 8 network locations introduced breakfast menu, and since November — due to the reclosing of the catering industry by an administrative decision — 11 offered cult burgers delivered directly home by means of Pasi Delivery. 5 places were included in the own supply network established in spring – in Bydgoszcz, Łódź, Poznań, Szczecin and Warsaw. In other Pasibus places, the delivery was possible thanks to cooperation with the external partners. A personal takeaway option was also available in all network restaurants in operation.

IV.B. PRESS [1]

The Press segment includes the pro-forma consolidated financials of *Gazeta Wyborcza*, Magazines division and Print division.

Tab. 15

in PLN million	**4Q 2020**	**4Q 2019**	***% change yoy***	**1-4Q 2020**	**1-4Q 2019**	***% change yoy***
Total sales, including :	**53.8**	**64.1**	***(16.1%)***	**197.1**	**254.7**	***(22.6%)***
Copy sales	27.2	28.9	*(5.9%)*	104.8	109.7	*(4.5%)*
incl. Gazeta Wyborcza	*26.0*	26.4	*(1.5%)*	*98.8*	98.4	*0.4%*
Advertising revenue (1), (2)	19.0	22.6	*(15.9%)*	58.8	84.8	*(30.7%)*
incl. Gazeta Wyborcza (4)	*16.3*	19.1	*(14.7%)*	*51.6*	71.5	*(27.8%)*
Printing services (6)	*6.3*	10.5	*(40.0%)*	*28.6*	47.2	*(39.4%)*
Total operating cost, including :	**(44.9)**	**(57.5)**	***(21.9%)***	**(171.5)**	**(260.1)**	***(34.1%)***
Total operating cost without IFRS 16 :	**(44.9)**	**(57.5)**	***(21.9%)***	**(171.5)**	**(260.1)**	***(34.1%)***
Raw materials, energy, consumables and printing services	(12.3)	(17.8)	*(30.9%)*	(48.5)	(82.0)	*(40.9%)*
Staff cost	(22.6)	(24.0)	*(5.8%)*	(84.5)	(104.7)	*(19.3%)*
D&A	(1.7)	*(1.1)*	*41.7%*	(6.4)	*(7.5)*	*(15.8%)*
D&A without IFRS 16	(1.7)	*(1.1)*	*54.5%*	(6.4)	*(7.5)*	*(14.7%)*
Promotion and marketing (1), (3)	(2.9)	*(7.6)*	*(61.8%)*	(11.3)	*(27.9)*	*(59.5%)*
Cost of restructuring (5)	-	-	-	-	*(4.9)*	-
EBIT	**8.9**	**6.6**	***34.8%***	**25.6**	**(5.4)**	**-**
EBIT margin	*16.5%*	*10.3%*	*6.2pp %*	*13.0%*	*(2.1%)*	*15.1pp %*
EBIT without IFRS 16	***8.9***	***6.6***	***34.8%***	***25.6***	***(5.4)***	**-**
EBIT margin without IFRS 16	*16.5%*	*10.3%*	*6.2pp %*	*13.0%*	*(2.1%)*	*15.1pp %*
EBITDA	**10.6**	**7.7**	***37.7%***	**32.0**	**2.1**	***1 423.8%***
EBITDA margin	*19.7%*	*12.0%*	*7.7pp %*	*16.2%*	*0.8%*	*15.4pp %*
EBITDA without IFRS 16	***10.6***	***7.7***	***37.7%***	***32.0***	***2.1***	***1 423.8%***
EBITDA margin without IFRS 16	*19.7%*	*12.0%*	*7.7pp %*	*16.2%*	*0.8%*	*15.4pp %*

(1) the amounts do not include revenues and total cost of cross-promotion of different media between the Agora Group segments (only direct variable cost of campaigns carried out on advertising panels) if such promotion is executed without prior reservation;

(2) the data include inflows from the sales of advertising on the websites: Wyborcza.pl, Wyborcza.biz, Wysokie obcasy.pl, as well as on the local websites;

(3) the data include costs of producing and promoting gadgets attached to Gazeta Wyborcza and other publishing houses;

(4) the data includes revenues from advertisements in the paper editions of Gazeta Wyborcza as well as advertisements published on Wyborcza.pl, Wyborcza.biz, Wysokieobcasy.pl and local websites;

(5) the amounts provided include the cost of the provision related to the restructuring of operations in the Print division in 2019;

(6) from the third quarter of 2019, printing activities are not presented in a separate segment. This is due to the termination of the activities of two out of three printing houses in the Agora Group. The printing house in

Warsaw, which continues its activity, mainly provides printing services for Gazeta Wyborcza and has been included in the structure of the Press segment. The amounts provided include revenue from the provision of services to external customers; comparative figures for 2019 have been restated accordingly.

Both in the fourth quarter of 2020 and throughout 2020, the Press segment recorded a higher operating result compared to the corresponding period of 2019. It is worth noting that the comparability of data was affected by the creation in 2019 of a restructuring provision of PLN 4.9 million.

In 2020, the result of the Press segment was positively influenced by additional financing from the guaranteed Employee benefits Fund in the total amount of PLN 4.7 million.

In the fourth quarter and throughout 2020, press advertising revenues continued to be influenced by market trends, while the segment's result was positively influenced, among others, by lower costs of employee remuneration and benefits, as well as advertising and representation.

The implementation of IFRS 16 had no significant effect on the recognition of operating costs in the Press segment or on the segment’s operating results.

1. REVENUE

In the fourth quarter of 2020 total revenues of the Press segment amounted to PLN 53.8 million and were lower by 16.1% than in the fourth quarter of 2019. In 2020 total inflows of the Press segment amounted to PLN 197.1 million and were lower by 22.6% than those recorded in 2019. In both periods of time, the decrease in revenues was mainly driven by negative trends in the press advertising market and a smaller scale of printing activities. On the other hand, the segment's revenue was positively influenced by the increase in digital revenue from the Journal – both from the sale of access to Wyborcza.pl content and advertising services. The share of digital revenues of the Journal in 2020 was nearly PLN 36.0%.

1.1. Copy sales

In the fourth quarter of 2020, the proceeds of the Press segment from copy sales decreased by 5.9% year on year and amounted to PLN 27.2 million. In 2020, they decreased by 4.5% year on year to PLN 104.8 million. The number of Wyborcza.pl digital subscriptions had a positive impact on the value of revenues from daily newspaper sales - it amounted to nearly 260 thousand at the end of 2020, which means an increase by 19.2% compared to December 2019. The revenues from this title also increased significantly. The level of copy sales revenues was affected by the drop in revenues from sales of paper edition of *Gazeta Wyborcza* and magazines. The level of revenue from copy sales *of Gazeta Wyborcza* was affected by a significantly lower number of two-priced editions. In 2019, *Gazeta Wyborcza* offered 23 such publications, while in 2020 there were only 10 of them.

In the fourth quarter and throughout 2020, the level of revenue from the sale of publications was significantly affected by the lack of revenue from the releases of paper magazines *Avanti*, *Logo*, *Kuchnia* and *Opiekun*, as well as by lower revenues from magazines published by *Gazeta Wyborcza*.

Both in the fourth quarter and in January to December 2020, *Gazeta Wyborcza* maintained its leading position in sales among the opinion-forming dailies. In the fourth quarter of 2020, the average total copy sales of *Gazeta Wyborcza* amounted to 65.3 thousand copies and decreased by 22.6% year on year. In the same period, proceeds from content sales of *Gazeta Wyborcza* increased by 1.5%, mainly due to the increasing revenue from sales of digital subscriptions for the daily. In the period from January to December 2020, the average total sales of *Gazeta Wyborcza* editions amounted to 68.3 thousand copies and decreased by 20.4% as compared to 2019. At the same time, the proceeds from the sale of the content of *Gazeta Wyborcza* amounted to PLN 98.8 million and increased by 0.4% as compared to 2019.

1.2. Advertising sales

In the fourth quarter of 2020, advertising revenue in the Press segment declined by 15.9% yoy to PLN 19.0 million. In 2020, they were 30.7% lower yoy and amounted to PLN 58.8 million. In both periods, this resulted mainly from lower proceeds from the sales of advertising services in the paper edition of *Gazeta Wyborcza* and lower advertising proceeds related to a reduced number of copies of magazines.

In the fourth quarter of 2020, the net revenue of *Gazeta Wyborcza* from its entire advertising activity amounted to PLN 16.3 million, showing a decrease by 14.7% year on year. In 2020, the net revenue of *Gazeta Wyborcza* from its entire advertising activity amounted to PLN 51.6 million and was lower by 27.8% yoy. The main reason for these decreases was that advertisers reduced their print press spending in Poland by 33.5% in the fourth quarter of 2020 and by 32.0% in 2020.

1.3. Printing services

Both in the fourth quarter of 2020 and in the entire 2020, the Print division's revenue from sales of printing services to external customers decreased yoy to PLN 6.3 million and PLN 28.6 million, respectively. The drop in revenue from printing services resulted from the shutdown of two out of three of the Agora Group's printing plants in 2019 and from a lower volume of orders for printing services.

2. COST

In the fourth quarter of 2020, the Press segment's operating costs were reduced by 21.9% to PLN 44.9 million, and in 2020 – by 34.1% to PLN 171.5 million. The comparability of the segment's operating costs in 2020 with the corresponding period in 2019 was significantly affected by the establishment 2019 of a provision for restructuring in the amount of PLN 4.9 million.

A key factor contributing to the reduction in the segment's operating costs both in the fourth quarter and in the entire 2020 were lower yoy costs of materials, energy, goods and printing services which resulted from the reduction of printing services and lower printing volume of the titles published. They increased by 30.9% yoy to PLN 12.3 million in the fourth quarter of 2020, and by 40.9% to PLN 48.5 million in 2020 as a whole.

In the fourth quarter of 2020, a significant decrease was visible in the promotion and marketing costs – they decreased by 61.8% to PLN 2.9 million, and in 2020, they were reduced by 59.5% to PLN 11.3 million.

Additionally, in the fourth quarter and in 2020, staff costs were reduced year on year by 5.8% and 19.3%, respectively. This was mainly attributable to a lower number of full-time employees which resulted from the reduction in headcount as part of the collective redundancies process carried out in the first quarter of 2019 with respect to the restructuring of the printing business. An additional factor contributing to the reduction of staff costs in the Press segment and in the majority of the Agora Group's businesses was the reduction of working time and remuneration by 20.0% within the period from 15 April to 15 October 2020.

3. NEW INITIATIVES

Throughout 2020 *Gazeta Wyborcza* conducted further projects developing its traditional and digital offer. As a result, at the end of the year, the number of subscriptions to Wyborcza.pl content sold by it amounted to over 259 thousand. In the latest *Global Digital Subscription Snapshot 2020* report published in December by FIPP *Gazeta Wyborcza,* among over 240 thousand active digital subscriptions, ranked 11th among all European press titles. On the other hand, *Gazeta Wyborcza* was ranked 24 globally. Due to the team's efforts and in connection with the situation caused by the coronavirus pandemic, the Wyborcza.pl service systematically increases both a number of users visiting it and a number of page views in the service.

In March 2020, Wyborcza.pl started cooperation with mobile networks, allowing subscribers of subsequent brands to add a subscription fee to their phone bill. Whereas in December, the first entity offering subscriptions in Poland, introduced an innovative solution allowing launching the fees through *direct billing* simultaneously at 3 operators. The customers of Play, Plus and Orange may currently pay for subscriptions to the content of Wyborcza.pl together with their account for telecommunications services. In addition, PayU has also been a new online payment partner for Wyborcza.pl since December 2020.

The increase in the number of subscriptions for the content of Wyborcza.pl sold was supported by special actions and offers prepared by the daily team. These were e.g. proposals for users of MyBenefit platform, the Prezent Marzeń platform and home.pl marketplace. A new digital subscription offer for business was also launched, addressed to PR and promotional customers, as well as a special offer for students.

In addition, in November 2020, a new version of the *Gazeta Wyborcza's* application for iOS-operated devices was released. A modern design of the application, a more transparent and readable image, as well as easier navigation are only some of the novelties that its users can enjoy. In January 2021, the version of the application prepared for devices on Android had its premiere. An application thanks to which it is possible to solve extraordinary puzzles has been created specifically for the enthusiasts of crossword puzzles. *Krzyżówki* [*Crosswords*] from *Gazeta Wyborcza* are available free of charge in AppStore and Google Play – for iOS and Android devices.

As part of the digital content offer development, the team of *Gazeta Wyborcza* and Wyborcza.pl prepared a new website for internet users in the mid-2020, which makes it possible to remember exceptional people and nurture the memory of them, and at the same time, a guide to help them settle the most important affairs during the difficult period of mourning - Odeszli.pl. The development of the service, planned for the following month, presupposes that everyone can create a place for the deceased's relatives and that the editorial part can be widened with advice.

Since the outbreak of the coronavirus pandemic, the editorial staff has observed a significant increase in interest in the content of *Gazeta Wyborcza* and Wyborcza.pl, especially newsworthy and foreign contents prepared by scientific journalists. In order to meet this challenge, the journal's team prepared, inter alia, special publications, series and social actions. They include, among others: *Codzienny Poradnik Antywirusowy* (*Daily Anti-virus Guide*) with information and answers to questions of the readers, the *Prawnicy Czytelnikom* (*Lawyers for Readers*) action in which lawyers from highly regarded law firms helped the recipients of *Gazeta Wyborcza* to find themselves in the new legal reality, as well as an educational service for students and parents with interesting texts and video lessons. In the fourth quarter itself, the traditional and digital parts of the daily magazine included, among others, unique materials prepared in connection with the presidential elections in the United States, as well as a series of meetings of the *Wysokie Obcasy* magazine with the motto *Kobiety wiedzą, co robią* (*Women know what they do),* including talks of the weekly magazine with experts and socially involved persons. In November, on the other hand, there was a premiere of *Wysokie Obcasy* podcasts, in which features weekly interviews with experts involved in the affairs of women or opinions of representatives of various social groups.

Since 19 June 2020, Friday issues of *Gazeta Wyborcza* have been available in press sale points for a new price of PLN 5.99 (increase of PLN 0.5). Every Friday, *Gazeta Wyborcza* offers extensive editions to its readers, including the Polish nationwide part, local magazines created by editorial boards from the entire Poland, the cultural pages of *Co jest Grane*, as well as the *Wyborcza TV* supplement – this is a large portion of reading, prepared with the weekend in mind.

Since August 2020, *Gazeta Wyborcza* publishes the largest package of magazines on the Polish market at weekends – apart from the news-oriented part of the daily, readers get a new opinion-forming magazine *Wolna Sobota*, a weekly for women *Wysokie Obcasy*, and a magazine *Ale Historia* which was published every Monday up until now. This is more than 100 pages of unique and extremely diverse content. *Ekonomia+*, i.e. a magazine published on Mondays, is also a new addition to the daily's offer. Both changes to the publishing offer of *Gazeta Wyborcza* were also linked to the change in its price – on Saturdays by PLN 2 and on Mondays by PLN 1.

In December 2020, the results of the 22nd European Newspaper Awards were announced, a prestigious competition assessing the best-designed newspapers in Europe. *Gazeta Wyborcza*'s new layout, introduced in 2019, won as many as 14 awards. The jury has recognised, among other things, the leaflets of the Journal on presidential elections and pandemics, as well as multimedia and internet projects.

In the third quarter of 2020*, Gazeta Wyborcza* extended its advertising offer. As of July, the customers of Wyborcza.pl choosing to advertise on the daily's websites can apply a new solution – Content Categories. It allows for the effective display of promotional content within the thematic categories which are tailored to the content of articles on the websites of Wyborcza.pl. In addition, for the second time the advertising team of the Wyborcza Group developed a unique, interactive cookbook *Cooking with Lewiatan*, which until Christmas could be obtained in the loyalty program of the Polish Trading Network Lewiatan.

IV.C. OUTDOOR

The Outdoor segment consists of the pro-forma consolidated data of AMS S.A., AMS Serwis Sp. z o.o., Optimizers Sp. z o.o. (since June 30, 2019 r.) and Piano Group Sp. z o.o. (since July 1 2019 r.).

Tab. 17

in PLN million	**4Q 2020**	**4Q 2019**	***% change yoy***	**1-4Q 2020**	**1-4Q 2019**	***% change yoy***
Total sales, including:	**35.9**	**55.6**	***(35.4%)***	**114.5**	**184.3**	***(37.9%)***
Advertising revenue (1)	34.5	53.6	*(35.6%)*	110.5	180.5	*(38.8%)*
Total operating cost, including:	**(34.5)**	**(43.3)**	***(20.3%)***	**(133.7)**	**(153.5)**	***(12.9%)***
Total operating cost without IFRS 16	***(35.1)***	***(43.7)***	***(19.7%)***	***(134.1)***	***(154.4)***	***(13.1%)***
Maintenance cost (1)	(9.8)	(10.5)	*(6.7%)*	(36.5)	(44.9)	*(18.7%)*
Maintenance cost without IFRS 16 (1)	*(13.9)*	*(14.9)*	*(6.7%)*	*(51.1)*	*(57.6)*	*(11.3%)*
Execution of campaigns (1)	(4.5)	(6.5)	*(30.8%)*	(15.7)	(25.6)	*(38.7%)*
Staff cost	(5.8)	(8.5)	*(31.8%)*	(20.6)	(26.3)	*(21.7%)*
Promotion and marketing	(0.1)	(2.6)	*(96.2%)*	(3.1)	(6.9)	*(55.1%)*
D&A	(8.7)	(9.1)	*(4.4%)*	(35.6)	(31.4)	*13.4%*
D&A without IFRS 16	*(5.1)*	*(5.0)*	*2.0%*	*(21.2)*	*(19.5)*	*8.7%*
Impairment losses (2)	(0.6)	(0.1)	*500.0%*	(7.1)	(0.1)	*7 000.0%*
EBIT	**1.4**	**12.3**	***(88.6%)***	**(19.2)**	**30.8**	**-**
EBIT margin	*3.9%*	*22.1%*	*(18.2pp)*	*(16.8%)*	*16.7%*	*(33.5pp)*
EBIT without IFRS 16	***0.8***	***11.9***	***(93.3%)***	***(19.6)***	***29.9***	**-**
EBIT margin without IFRS 16	*2.2%*	*21.4%*	*(19.2pp)*	*(17.1%)*	*16.2%*	*(33.3pp)*
EBITDA (2)	**10.7**	**21.5**	***(50.2%)***	**23.5**	**62.3**	***(62.3%)***
EBITDA margin	*29.8%*	*38.7%*	*(8.9pp)*	*20.5%*	*33.8%*	*(13.3pp)*
EBITDA without IFRS 16 (2)	***6.5***	***17.0***	***(61.8%)***	***8.7***	***49.5***	***(82.4%)***
EBITDA margin without IFRS 16	*18.1%*	*30.6%*	*(12.5pp)*	*7.6%*	*26.9%*	*(19.3pp)*
Number of advertising spaces (3)	21 998	23 534	*(6.5%)*	21 998	23 534	*(6.5%)*

(1) the amounts do not include revenues, direct and variable cost of cross-promotion of Agora's other media on AMS panels if such promotion was executed without prior reservation;

(2) the amounts include reversals of impairment losses on non-current assets included in the calculation of the EBITDA index;

(3) excluding small advertising panels of AMS group installed on bus shelters, as well as advertising panels on busses and trams, Cityinfo and MoveTV.

In the fourth quarter of 2020, despite a significant drop in revenues caused by the COVID-19 pandemic and write-offs and costs related to the restructuring of the advertising panels portfolio, the Outdoor advertising segment generated an operating profit at the EBIT level of PLN 1.4 million. The segment's result at the EBITDA level decreased to PLN 10.7 million, and the EBITDA margin was 29.8%.

In 2020, due to the decrease in revenue caused by the COVID-19 pandemic and a write-downs on assets, the Outdoor Advertising segment recorded an operating loss at the EBIT level of PLN 19.2 million. The segment's result at the EBITDA level decreased to PLN 23.5 million, and the EBITDA margin was 20.5%.

The write-down of assets in the amount of PLN 0.6 million in the fourth quarter of 2020 and PLN 7.1 million throughout 2020 is the result of the review of the panels portfolio and write-down of the value of some of them. The decision to write down was due to the fact that, given the expected development of the external advertising market in the medium term, some panels could not be used to the extent that they could be returned from their current book value.

The segment's result was positively influenced by additional financing from the Guaranteed Employee Benefits Fund in the total amount of PLN 1.1 million.

In the fourth quarter of 2020, the segment's operating result at the EBIT level, net of IFRS 16, amounted to PLN 0.8 million, while at the EBITDA level – to PLN 6.5 million. Throughout 2020, in this respect, the segment's loss at the EBIT level amounted to PLN 19.6 million, while the result at the EBITDA level was positive and amounted to PLN 8.7 million.

1. REVENUE [8]

In the fourth quarter of 2020, the value of expenditure on external advertising, according to the IGRZ report, decreased by more than 39.5% yoy. Throughout 2020, expenditure on the outdoor advertising market was nearly 39.0% lower yoy *[8].*

Both in the fourth quarter and in 2020, the revenue from the AMS Group advertising sales was lower than in the corresponding periods of 2019 (decrease by 35.6% and 38.8%, respectively). The COVID-19 pandemic had a negative impact on the revenue dynamics of the segment. In connection with the restrictions aimed at stopping the spread of the SARS-CoV-2, the possibility of some enterprises to conduct business activity was suspended (e.g. shopping centres, cultural institutions, gyms or hotels), which contributed to withholding of advertising activities by advertisers. The enterprises which could operate significantly reduced their advertising activity due to high uncertainty concerning further development of the situation and the economic slowdown caused by the pandemic. An additional factor negatively affecting the level of the AMS Group's revenue was the reduction in the number of patronage campaigns and the proceeds from poster printing services, which are linked to the level of sales in the classical advertising segment, as well as the lack of advertising orders from State Treasury companies.

In the fourth quarter of 2020, the estimated share of AMS in outdoor advertising spending, monitored by IGRZ, amounted to over 33.5%, and throughout 2020 – to nearly 31.5% *[8].*

2. COST

The segment's operating costs were reduced both in the fourth quarter and throughout 2020, by 20.3% to PLN 34.5 million and by 12.9% to 133.7 million, respectively, despite a write-down on assets. It concerned parts of advertising panels which, given the mid-term prospects of the outdoor advertising market, could not be used to the extent necessary to obtain the return of their current book value. The net loss attributable to the equity holders of the parent company amounted to PLN 0.6 million in the fourth quarter of 2020, and to PLN 7.1 million throughout 2020.

In the fourth quarter of 2020, all operating cost categories decreased.

Throughout 2020, only amortization and depreciation costs without the impact of IFRS 16 were higher than in 2019. This was the effect of, among other things, applying IFRS 16, according to which certain long-term space lease agreements were no longer recognized as system maintenance costs. At the same time, the AMS balance sheet recognized assets (rights to use space) equal to the discounted amount of future payments under lease agreements. The redemption of this right is included in the segment's depreciation costs. Moreover, the increase in depreciation was impacted by the execution of subsequent stages of concession agreements for the construction of shelters, the modernisation of some of them, the accelerated redemption of selected panels and the purchase of a large-format panel system. The increase in depreciation was also affected by the increase in the number of digital media in AMS's portfolio, which was more than a year before, and by investments in media in the urban information system.

The costs of system maintenance decreased by 6.7% to PLN 9.8 million in the fourth quarter of 2020 as a result of the implementation of savings programmes concerning the costs of lease of advertising media. A decrease by 18.7% to PLN 36.5 million in the costs of maintenance of the system throughout 2020 is the result of effective savings in the costs of lease and ongoing maintenance and overhauls of advertising media.

The campaign implementation costs, which were lower by 30.8% in the fourth quarter of 2020, in the amount of PLN 4.5 million, and by 38.7% in the amount of PLN 15.7 million throughout 2020, are the result of a smaller number of campaigns. The costs of printing posters and vinyls, exchange and distribution of posters and purchase of advertising space in public transport were limited.

The decrease in staff costs by 31.8% in the fourth quarter of 2020 to PLN 5.8 million and by 21.7% to PLN 20.6 million in 2020 resulted from the temporary reduction in the working time and remuneration of all employees of the Outdoor Advertising segment and lower variable remuneration as a result of lower revenue. Another element contributing to the decrease in these costs were also lower provisions for incentive schemes implemented in the Group.

A decrease in promotion and marketing costs in the fourth quarter of 2020 by 96.2% to PLN 0.1 million was triggered by lower total costs of patronage and commercial campaigns, where the patronage part is settled in the form of barter and charged to promotion and marketing costs. Throughout 2020, marketing and promotion expenditures decreased by 55.1% year on year due to lower costs of patronage and commercial campaigns and amounted to PLN 3.1 million. Savings on remaining representation expenses had a significant impact on promotion and advertising costs, both in the fourth quarter and throughout 2020.

The operating costs of the segment presented on an accounting basis without the impact of IFRS 16, both in the fourth quarter of 2020 and throughout 2020, were lower than in the corresponding periods of 2019 and amounted to, respectively, PLN 35.1 million and PLN 134.1 million. The decrease covered all categories of operating expenses except for depreciation, the increase of which is due to the implementation of successive stages of concession contracts for the construction of villages, investments in digital media, accelerated depreciation of selected media and investments in media under the Urban Information System.

3. NEW INITIATIVES

In 2020, despite the difficult situation in Poland and the industry, the AMS team came up further attractive advertising solutions for its customers. The AMS Passenger Information System, awarded in the Innovation competition, was made available to the residents of Poznań. On the digital screens in the bus shelters - Digital Citylight AMS - one can track in real time the location of all buses and trams that run to and from a given stop. Digital Citylights are AMS media combining advertising with functional solutions that feature proprietary content.

Additionally, in mid-October AMS portfolio was enriched by Traffic TV – a new, original out-of-home video channel addressed to the passengers of Warsaw public transport travelling by bus. Traffic TV was created on the basis of research into the preferences and expectations of urban transport passengers. It is displayed on 400 screens in 170 buses in Warsaw. It is worth mentioning that in the capital, 598.9 million passengers used bus transport in 2019 alone.

Whereas Cityinfo – AMS's content brand – received new original content and a clearer look, and introduced a modern frame. In the new version it can be seen on AMS digital carriers – Digital Citylights in bus shelters and Digital Cityscreens at key junctions in Gdynia, Katowice, Kraków, Łódź, Poznań, Sosnowiec, Warsaw and Wrocław.

AMS currently has three content channels in the out-of-home video category, which are characterised by longer contact between the viewer and the message and thus the ability to capture their attention with more complex content. These include Traffic TV, Cityinfo and Move TV, created for visitors to fitness clubs in the largest Polish cities.

Another important change was the introduction of AMS Flex, a flexible Out-of-Home offer. In response to the demand and the dynamic situation on the advertising market, AMS has created an innovative proposal, enabling the launch of a campaign combining advertising in the City Transport and Digital segments on any day. The AMS Flex offer includes Busback, Digital Indoor, ATMs and screens at retail outlets, as well as Traffic TV.

Additionally, from December 2020, it is possible to carry out communication activities in the form of native advertising on AMS digital media. It is displayed on the city information bar on AMS Digital Citylights and Digital Cityscreens – alongside useful news such as weather forecasts, hours and air quality ratings. It is integrated into the content presented here and visible to the audience non-stop.

In June 2020, AMS was awarded the contract for two packages of bus stop shelters in Gdańsk, which will ensure continuity of advertising activities in this city for company customers for the next 14 months. The procedure regarded operation and use of bus stop shelters with the possibility of installing advertising displays of the citylight type. AMS will have a total of 120 bus stop shelters in the central points of Gdańsk at their disposal. Additionally, in Wrocław, AMS also extended the possibility of offering the citylight media in bus stop shelters to its customers for the period of 3 years, thanks to the agreement concluded with ZDiUM (Road and City Maintenance Authority).

Throughout 2020, AMS continued numerous social campaigns related to the ongoing Covid-19 pandemic, under preferential conditions, provided its media to customers who wanted to widely inform about their efforts to fight the virus spread. The company's special offer was open to cultural institutions and NGOs, as well as to local entrepreneurs. At the end of the year, AMS continued to support environmental and social projects. These included the display of the *Hope* poster, a commentary on the situation the whole world finds itself in, and the #NieStrzelamPomagam (#NoToShootingYesToHelping) educational campaign, encouraging everyone to be empathetic towards animals during the Christmas and New Year's Eve period.

IV.D. INTERNET [1], [6]

The Internet segment includes the pro-forma consolidated financials of Agora's Internet Department (Gazeta.pl), Plan D Sp. z o. o. (formerly Domiporta Sp. z o.o.), Yieldbird Sp. z o.o., GoldenLine Sp. z o.o. Optimizers Sp.z o.o. (till June 30, 2019) and HRlink Sp. z o.o. (Online Technologies HR Sp. z o.o. previously) (since September 1, 2019).

Tab. 18

in PLN million	**4Q 2020**	**4Q 2019**	*% change yoy*	**1-4Q 2020**	**1-4Q 2019**	*% change yoy*
Total sales , including	**77.8**	**74.7**	***4.1%***	**213.9**	**209.0**	***2.3%***
Display ad sales (1)	74.2	68.4	*8.5%*	196.8	187.6	*4.9%*
Total operating cost, including (2)	**(61.4)**	**(70.3)**	***(12.7%)***	**(190.3)**	**(194.7)**	***(2.3%)***
Total operating cost without IFRS 16 (2)	***(61.4)***	***(70.3)***	***(12.7%)***	***(190.3)***	***(194.7)***	***(2.3%)***
External services	(45.6)	(42.6)	*7.0%*	(119.9)	(113.1)	*6.0%*
External services without IFRS 16	*(45.6)*	*(42.6)*	*7.0%*	*(119.9)*	*(113.1)*	*6.0%*
Staff cost	(10.1)	(12.2)	*(17.2%)*	(42.5)	(50.0)	*(15.0%)*
D&A	(2.3)	(2.1)	*9.5%*	(8.8)	(7.2)	*22.2%*
D&A without IFRS 16	*(2.3)*	*(2.1)*	*9.5%*	*(8.8)*	*(7.2)*	*22.2%*
Promotion and marketing (1)	(2.3)	(4.4)	*(47.7%)*	(8.1)	(11.1)	*(27.0%)*
Cost of group lay-offs (4)	-	-	-	(1.4)	-	-
Impairment losses (3)	-	(7.4)	-	(12.7)	(7.4)	*71.6%*
EBIT	**16.4**	**4.4**	***272.7%***	**23.6**	**14.3**	***65.0%***
EBIT margin	*21.1%*	*5.9%*	*15.2pp*	*11.0%*	*6.8%*	*4.2pp*
EBIT without IFRS 16	***16.4***	***4.4***	***272.7%***	***23.6***	***14.3***	***65.0%***
EBIT margin without IFRS 16	*21.1%*	*5.9%*	*15.2pp*	*11.0%*	*6.8%*	*4.2pp*
EBITDA(3)	**18.7**	**13.9**	***34.5%***	**45.1**	**28.9**	***56.1%***
EBITDA margin	*24.0%*	*18.6%*	*5.4pp*	*21.1%*	*13.8%*	*7.3pp*
EBITDA without IFRS 16 (3)	***18.7***	***13.9***	***34.5%***	***45.1***	***28.9***	***56.1%***
EBITDA margin without IFRS 16	*24.0%*	*18.6%*	*5.4pp*	*21.1%*	*13.8%*	*7.3pp*

*(1) the amounts do not include total revenues and cost of cross-promotion of Agora's different media (only direct variable cost of campaigns carried out on advertising panels) if such promotion is executed without prior reservation, as well as exclude the inter-company sales between Agora's Internet Department, Plan D Sp. z o.o. (*formerly *Domiporta Sp. z o.o.), Yieldbird Sp. z o.o., GoldenLine Sp. z o.o. and Optimizers Sp. z o.o. (till June 30, 2019) as well as HRlink Sp. zo.o. since September 1, 2019;*

(2) the data include the allocated costs of office space occupied by the Agora's Internet Department;

*(3) the amounts include impairment losses on assets of Plan D Sp. z o.o. (*formerly *Domiporta Sp. z o.o.);*

*(4) the amounts include costs related to the voluntary redundancy program conducted in GoldenLine Sp. z o. o. and collective redundancies in Plan D Sp. z o.o. (*formerly *Domiporta Sp. z o.o.).*

In the fourth quarter of 2020, the result of the Internet segment, both at the EBIT and EBITDA levels, was significantly higher yoy and stood at PLN 16.4 million and PLN 18.7 million, respectively *[1].*

Throughout 2020, despite the impairment charge of PLN 12.7 million on the assets of Plan D (formerly Domiporta Sp. z o.o.) and the restructuring costs of PLN 1.4 million incurred, the Internet segment's EBIT and EBITDA were also significantly higher than in the corresponding period of 2019, amounting to PLN 23.6 million and PLN 45.1 million respectively.

The segment's result was positively influenced by additional financing from the Guaranteed Employee Benefits Fund in the total amount of PLN 1.7 million.

The implementation of IFRS 16 had no significant effect on the recognition of operating costs in the Internet segment or on the segment's operating results.

1. REVENUE

In the fourth quarter of 2020, total revenue of the Internet segment increased by 4.1% yoy to PLN 77.8 million. The main factors responsible for this increase were: significantly higher advertising revenues generated by Yieldbird (including on the surfaces of Gazeta.pl) and by Gazeta.pl.

In 2020, Internet segment revenues increased by 2.3%, mainly due to higher revenues from online advertising sales recorded by Yieldbird and Gazeta.pl, revenues from HRlink were also higher due to its consolidation from September 2019. Segment revenues in both periods under review were negatively impacted by lower revenues from real estate services, due to the disposal of part of the Plan D Sp. z o. o. business (formerly Domiporta Sp. z o. o.) and lower revenue from GoldenLine.

2. COST

In the fourth quarter of 2020, the Internet segment's operating costs went down by 12.7% yoy to PLN 61.4 million, and throughout 2020, they increased by 2.3% yoy and reached PLN 190.3 million. In 2020, the segment's operating expenses were negatively impacted by a write-down on the assets of Plan D (formerly Domiporta Sp. z o.o.) in the amount of PLN 12.7 million. Lower salaries and benefits for employees as well as lower promotion and advertising costs also had a significant impact on reducing operating costs. On the other hand, expenses for third-party services were higher, mainly related to the costs of leasing advertising space, primarily at Yieldbird, and depreciation and amortisation expenses at Gazeta.pl.

In the fourth quarter of 2020, costs of external services increased to PLN 45.6 million, and in 2020 – to PLN 119.9 million. This increase was mostly driven by higher lease costs of advertising space for Yieldbird. However, the increase in this cost category was offset by higher revenue from advertising sales.

In the fourth quarter of 2020, staff costs decreased by 17.2% yoy to PLN 10.1 million, and in the period from January to December 2020 – they declined by 15.0% yoy to PLN 42.5 million. This is mainly a result of the reduction of full-time employment primarily in Plan D, GoldenLine, Yieldbird and the Gazeta.pl division. In addition, a significant impact on the reduction of this cost item was the decision to introduce in the Agora Group a temporary 20.0% reduction in salaries under employment, commission and other service contracts for six months starting from April 15, 2020. This decision was aimed at limiting the negative impact of the COVID-19 pandemic on the financial results of Agora and its subsidiaries.

Depreciation and amortisation expenses were higher in both the fourth quarter and the full year 2020 - by 9.5% and 22.2%, respectively, compared to the corresponding periods of 2019. The increase in these expenses was driven most by investments in optimisation of programmatic space and development of e-commerce products on Gazeta.pl services.

In the fourth quarter of 2020, promotion and marketing costs decreased by 47.7% yoy. In 2020, the decrease in expenditure on marketing and promotion was 27.0% yoy and was associated with lower expenditure on promotion in Plan D and GoldenLine, as well as lower barter costs in Gazeta.pl.

3. IMPORTANT INFORMATION ON INTERNET ACTIVITIES

In December 2020, the total reach of Agora Group's websites among Polish Internet users reached 61.2% and the number of users reached 17.8 million, which made Agora Group the eighth player in the market according to a Mediapanel survey. The total number of page views of the Agora Group's websites reached 556 million, with the average viewing time of 42 minutes per user *[6]*.

In December 2020, 16.5 million Internet users viewed Agora Group's websites on mobile devices. The number of mobile page views amounted to 413 million, and the share of mobile page views on the websites of the Agora Group stood at 74% and was the highest among Polish horizontal portals *[6]*.

The websites of Agora Group are ranked among the top thematic market players. According to Mediapanel data for December 2020, Agora Group is the leader in the category 'Children and family' (service eDziecko.pl) and a runner-up in the category 'Gossip, life of stars' (service Plotek.pl). Agora Group takes third place in the categories: 'Information and journalism - general' (inter alia, services Wyborcza.pl, Wiadomosci.gazeta.pl, Tokfm.pl), 'Local and regional news' (local services Wyborcza.pl, Metrowarszawa.pl), 'Sport' (Sport.pl) and 'Fashion and regional news'

(Avanti24.pl). Agora Group's websites also rank high in thematic categories: 'Business, finances, law' (fourth place, including Next.gazeta.pl and Wyborcza.biz), 'Women's services' (fourth place, Kobieta.gazeta.pl and Wysokieobcasy.pl services), Automotive (fourth place, Moto.pl service), and 'Cuisine and cooking' (sixth place, Haps.pl, Ugotuj.to, Magazyn-kuchnia.pl) *[6]*.

4. NEW INITIATIVES

The Gazeta.pl team in 2020 continued to implement activities focused on the development of the offer for Internet users, especially in the area of sports and automotive, as well as for advertising clients.

Following the latest market trends, in the second quarter of 2020 Gazeta.pl expanded its video offer with new interactive formats as part of the development of player functions, e.g.: virtual showroom, fashion choice or Click2Shop. They enable users, among other things, to check a selected set of clothes without leaving their home, view a new car model without visiting a showroom or visit a holiday destination before making the final decision on the destination.

The Sport.pl team, in a difficult situation related to the coronavirus, bet on original analyses and new editorial cycles, such as *Sportowa rozmowa dnia* (Sports Talk of the Day) – a video interview with a sportsman or a person from the world of sport, and *Tydzień z* (Week with) – a cycle in which the website's journalists focused on specific figures from the world of sport. The editorial team of the website has also developed the topic of sport intensively – a section dedicated to virtual games. In 2020, the team was twice involved in POLISH ESPORT CUP 2020, Poland's largest sport event. More than 181 thousand unique users took part in both editions of the event, who made more than 286 million interactions and 1.3. million tournaments were broadcast. The competitions were organized as part of cooperation between Sport.pl, the sports organization of PACT, ACTINA and SFERIS.pl brands.

In December 2020, the editors of Sport.pl organized a new international plebiscite Icon of Football 2020, in which readers of the website and foreign journalists cast their votes. And Moto.pl awarded laurels in 11 special and 4 expert categories and 1 main prize in the 3rd edition of the prestigious plebiscite *The Best of Mo*to. The competition also appreciated, among others, business and CSR solutions introduced by car manufacturers in 2020. Earlier – in July – Moto.pl expanded its offer for readers by introducing a new section dedicated to automotive business. This is one of the three most important thematic categories on the website, apart from technology and ecology.

The internet users could also find on Gazeta.pl new and special content dedicated to socially important topics. In October, the portal featured the series *Rodzina+*, dedicated to Polish LGBT+ families. It was the first documentary series produced by Gazeta.pl, which was soon nominated for the Grand Press award in the TV/video reportage category. In addition, Gazeta.pl has joined forces with the author of the most famous database with data on COVID-19 - Michał Rogalski. As a result, the Portal published the latest and most important statistics and analyses on the ongoing pandemic in Poland three times a week. In previous periods the editors of Gazeta.pl and Agora's websites also prepared for their readership the information and special publications dedicated to the coronavirus situation. Among others, in March 2020, journalistic materials from the new special series entitled *#BiznesWalczy* made their first appearance on Next.Gazeta.pl website. The website's team presents current crisis events from the entrepreneurs' point of view, encouraging companies to fight for their business.

In the advertising area, a significant project was the collaboration between Gazeta.pl, Adforma, Grupa Żywiec, Yieldbird and Starcom, paving the way in creating a solution to a key current problem in digital marketing – browser changes involving the elimination of 3rd party cookies. The partners carried out the first effective campaign in Poland and one of the first ones in Europe in October 2020, using only 1st Party identifiers for targeting. With this innovative solution it is possible to reach advertising communication in browsers that block external identifiers. Previously, in the first quarter of 2020, Gazeta.pl advertising office focused on the development of Content Studio's offer, within the framework of which contents are produced on clients' orders, inter alia, articles, photo shoots or video materials.

The internet companies operating in the Internet segment have been developing their existing activities.

Yieldbird's team, a company from the Agora Group specializing in optimizing advertising resources, worked in the first half of 2020 on developing a solution that will help website owners improve the efficiency of managing their advertising space. The result was the Price Genius product, successfully offered to customers from May 2020. And more foreign and Polish companies joined Yieldbird's customer portfolio in 2020.

In the fourth quarter of 2020, HRlink acquired Goldenline, creating an exceptional, comprehensive tool to support companies in their search for, recruitment, selection and onboarding of candidates. The integration of both platforms, finalised in January 2021, resulted in the creation of a complementary solution and offering customers support at each stage of the recruitment process – from the acquisition of candidates' applications by selecting the best applications to introduction of new employees to work in the organization. Previously, from April 2020, the HRlink team, together with HR partners, ran a unique project aimed at individuals, companies and institutions affected by the pandemic crisis. *#HRwspiera* (#HRsupport) was a campaign that combined technological and psychological support, offering concrete actions and real help to laid-off workers, companies going through downsizing and those who continued to recruit staff.

Due to the COVID-19 pandemic and the economic slowdown, Agora has reviewed and optimized its portfolio of online projects. The Company decided to abandon those projects where the new situation offered no prospect of growth and to focus on the most important assets. As a result, there occurred restructuring and sale of part of the enterprise Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.), as well as restructuring and limiting the scale of operations of GoldenLine Sp. z o.o.

IV.E. RADIO

The Radio segment includes the pro-forma consolidated financials of Agora's Radio Department, all local radio stations and a super-regional radio TOK FM, which are parts of the Agora Group. These include: 24 Golden Hits (Zlote Przeboje) local radio stations, 4 local radio stations under the brand Rock Radio, 8 local stations broadcasting under the brand Radio Pogoda and a super-regional news radio TOK FM broadcasting in 23 metropolitan areas.

Tab. 19

in PLN million	**4Q 2020**	**4Q 2019**	*% change yoy*	**1-4Q 2020**	**1-4Q 2019**	*% change yoy*
Total sales, including :	27.2	37.5	(27.5%)	87.7	113.1	(22.5%)
Radio advertising revenue (1), (2)	24.8	28.6	(13.3%)	76.5	90.2	(15.2%)
Total operating cost, including: (2)	(23.4)	(30.4)	(23.0%)	(78.3)	(98.7)	(20.7%)
Total operating cost without IFRS 16 (2)	(23.5)	(30.4)	(22.7%)	(78.3)	(98.9)	(20.8%)
External services	(7.7)	(11.1)	(30.6%)	(27.9)	(36.1)	(22.7%)
External services without IFRS 16	(8.5)	(11.8)	(28.0%)	(31.0)	(39.0)	(20.5%)
Staff cost	(8.2)	(9.4)	(12.8%)	(29.6)	(34.6)	(14.5%)
D&A	(1.8)	(1.7)	5.9%	(7.2)	(7.0)	2.9%
D&A without IFRS 16	(1.1)	(1.1)	-	(4.4)	(4.3)	2.3%
Promotion and marketing (2)	(4.2)	(6.0)	(30.0%)	(9.3)	(14.1)	(34.0%)
EBIT	3.8	7.1	(46.5%)	9.4	14.4	(34.7%)
EBIT margin	14.0%	18.9%	(4.9pp)	10.7%	12.7%	(2.0pp)
EBIT without IFRS 16	3.7	7.1	(47.9%)	9.4	14.2	(33.8%)
EBIT margin without IFRS 16	13.6%	18.9%	(5.3pp)	10.7%	12.6%	(1.9pp)
EBITDA	5.6	8.8	(36.4%)	16.6	21.4	(22.4%)
EBITDA margin	20.6%	23.5%	(2.9pp)	18.9%	18.9%	-
EBITDA without IFRS 16	4.8	8.2	(41.5%)	13.8	18.5	(25.4%)
EBITDA margin without IFRS 16	17.6%	21.9%	(4.3pp)	15.7%	16.4%	(0.7pp)

(1) advertising revenues include revenues from brokerage services of proprietary and third-party air time;

(2) the amounts do not include revenues and total cost of cross-promotion of Agora's different media (only the direct variable cost of campaigns carried out on advertising panels) if such a promotion was executed without prior reservation.

The results of the Radio segment, both in the fourth quarter and throughout 2020, were largely affected by the negative effects of the COVID-19 pandemic. The Radio segment recorded a decrease in revenue mainly from sales of advertising services at own stations and from sales brokerage services provided to Helios cinemas, which, due to an administrative decision, had to suspend their activity twice.

As a result, both in the fourth quarter and throughout 2020, operating results of the Radio segment were lower yoy. In the fourth quarter of 2020, the segment's EBIT amounted to PLN 3.8 million and EBITDA to PLN 5.6 million.

Throughout 2020, the segment's operating result at the EBIT level amounted to PLN 9.4 million. At that time, the segment's EBITDA amounted to PLN 16.6 million.

The segment's result was positively influenced by additional financing from the Guaranteed Employee Benefits Fund in the total amount of 1.8 million (including PLN 0.2 million in the fourth quarter of 2020).

In the fourth quarter of 2020, the segment's operating profit at the EBIT level (without the influence of IFRS 16), was PLN 3.7 million, and the segment's EBITDA – PLN 4.8 million, in accordance with this presentation. In 2020 as a whole, the segment's EBIT, reported without the influence of IFRS 16, amounted to PLN 9.4 million, and EBITDA stood at PLN 13.8 million.

1. REVENUE [3]

In the fourth quarter of 2020, revenue of the Radio segment decreased by 27.5% as compared to the fourth quarter of 2019 and amounted to PLN 27.2 million. In the period from January to December 2020, the total revenue of the Radio segment recorded a decrease by 22.5% yoy and stood at PLN 87.7 million. In both periods, the decrease in revenue was caused by the COVID-19 pandemic, which resulted in the reduction in proceeds from airtime sales in the radio stations owned by the Agora Radio Group and from the sales brokerage services provided to Helios cinemas. The proceeds from sales brokerage services of third-party airtime recorded an increase.

It is also worth noting that in the fourth quarter of 2020, market spending on radio advertising decreased by 8.5% compared to the corresponding period of 2019. In January to December 2020 this decrease was 12.5% yoy.

Revenues from the segment's online operations were higher both in the fourth quarter of 2020 and throughout 2020, mainly due to higher revenues from online advertising services and rising revenues from sales of premium TOK FM subscriptions.

2. COST

In the fourth quarter of 2020, the operation costs of the Radio segment decreased by 23.0% yoy and amounted to PLN 23.4 million. In the period from January to December 2020, these costs decreased by 20.7%, amounting to PLN 78.3 million.

In the fourth quarter of 2020, the largest cost category in the segment – costs of external services – decreased by 30.6% to PLN 7.7 million, while in the period from January to December 2020 these costs were reduced by 22.7% yoy to PLN 27.9 million.

During the two periods in question, the lower costs associated with the provision of brokerage services to Helios cinema network resulted from the administrative decision to suspend cinema operation from 12 March 2020 to 7 November 2020. In addition, in both periods, the costs of marketing research, rent and lease payments went down. However, an increase was recorded in the cost of airtime purchase in third-party radio stations in connection with the advertising sales brokerage services provided. Apart from the costs related to sales brokerage for Helios cinemas and advertising sales brokerage in third-party radio stations, the external services item also includes rental and lease fees, costs of production services as well as operator fees.

In the fourth quarter of 2020, staff costs decreased by 12.8% yoy to PLN 8.2 million. This was driven by lower full-time salary costs, mainly due to lower full-time headcount compared to the fourth quarter of 2019, and lower course and training costs.

Throughout 2020, staff costs decreased by 14.5% yoy and amounted to PLN 29.6 million. This was mainly due to the decision to temporarily reduce remuneration by 20.0% yoy (for a period of six months) in the Agora Group. The Costs of courses, training and conferences were also significantly lower.

In the fourth quarter of 2020, the segment's promotion and marketing costs also dropped by 30.0% yoy to PLN 4.2 million. In the period from January to December 2020, these costs were lower by 34.0% yoy and amounted to PLN 9.3 million.

The operating costs of the Radio segment presented without the influence of IFRS 16 stood at PLN 23.5 million in the fourth quarter of 2020 and at PLN 78.3 million in the entire 2020. The outlays on external services presented in this way decreased by 28.0% to PLN 8.5 million in the fourth quarter of 2020 and this decrease reached 20.5%, amounting to PLN 31.0 million, in the period from January to December 2020. Depreciation costs in the fourth quarter of 2020 remained at the level of 2019 and were slightly higher throughout 2020.

3. AUDIENCE SHARES [9]

Tab. 20

% share in listening	4Q 2020	change in pp yoy	1-4Q 2020	change in pp yoy
Group's music radio stations (Rock Radio, Złote Przeboje and Radio Pogoda)	4.6%	0.6ppt	4.5%	0.2ppt
News talk radio station TOK FM	2.6%	0.2ppt	2.5%	0.3ppt

4. NEW INITIATIVES

Radio TOK FM ended 2020 with 25.9 thousand Premium online subscribers. This is yet another outstanding result of TOK FM, which has been intensively developing its digital offer. The podcast library of the station includes over 200 broadcasts and thematic cycles with a variety of topics, such as politics, economics, society, research and guides, and it contains more than 75 thousand podcasts.

For the last 12 months, the Radio team continued to develop a digital offering – both content and technology solutions. Further internet broadcasts have joined the TOK FM podcast platform – on tokfm.pl and in TOK FM application. These included the podcast *Na prawo patrz!* (Look right!) by the creators of the Free Courts Initiative and *Dekonstrukcja* (Deconstruction) on international affairs. The latest version of the TOK FM mobile application, which was released in the first quarter of 2020, has been integrated with Apple CarPlay, making it easier and safer to listen to live stations and podcasts in cars with this system from the end of January.

Agora's radio stations – Radio TOK FM, Radio Złote Przeboje, Radio Pogoda and Rock Radio – daily work on keeping their listeners well informed and safe. In addition, each station was able to organize special campaigns for the public related to the pandemic and, at the same time, adapt to the target group. Thanks to such activities, all of Agora's radio stations had high listening figures in 2020: the total share of Agora Radio Group's radio stations in listening time amounted to 7.26%, which is the best result of Agora Radio Group in its history. Their audience records in the last 12 months: Radio TOK FM, with a share of 2.64% in April to June; Rock Radio, with a share of 0.8% from May to July; and Radio Pogoda, with a share of 1.22% from August to October 2020.

In the advertising area, its offer was extended by the media advisory team from the Agora Radio Group. Since autumn 2020, the company has been operating in a changed structure: in the newly designated five key regions of Poland, experienced advisers and managers work directly with advertisers. As a result of this change, the media team has permanent and direct contact with customers throughout the country and thus the possibility to adapt advertising to the individual needs, regardless of the scope and budget of the campaign. Digital marketing solutions are also increasingly available in the media advisory offer, including display and video formats and audio formats, i.e. digital sound, as well as non-standard solutions, e.g. partnerships of unique radio programmes or dedicated podcasts.

NOTES

[1] The performance measure "EBIT" represents net operating profit/(loss) defined as net profit/(loss) in accordance with IFRS before finance income and costs, share of results of equity accounted investees and income taxes.

The performance measure "EBITDA" is defined as EBIT increased by depreciation and amortization and impairment losses of property, plant and equipment, intangible assets and right-of-use assets.

The 'EBIT and EBITDA excluding IFRS 16' are defined as EBIT and EBIT excluding the effect of International Financial Reporting Standard No. 16 Leasing.

In the Management Board opinion, EBITDA constitutes a useful supplementary financial indicator in assessing the performance of the Group and its operating segments. It should be taken into account, that EBIT and EBITDA are not measures determined by IFRS and have not a uniform standard of calculation. Accordingly, their calculation and presentation by the Group may differ from that applied by other companies.

EBIT and EBITDA of Press, Internet, Movies and Books, as well as Print segments are calculated on the basis of cost directly attributable to the appropriate operating segment of the Agora Group and excludes allocations of all Company's overheads (such as: cost of Agora's Management Board and a majority of cost of the Company`s supporting divisions), which are included in reconciling positions.

Moreover, EBIT of particular operating segments does not include depreciation and amortisation recognised on consolidation as described in note 22 to the consolidated financial statements.

[2] the data on ticket sales in the cinemas comprising Helios group come from the accounting data of Helios reported in accordance with full calendar periods.

[3] The data refer to advertising expenditures in six media (press, radio, TV, outdoor, Internet, cinema). In this MD&A Agora has corrected the numbers for online advertising (in the first and fourth quarter of 2019 and in the third quarter of 2020) in cinemas (in all quarters of 2019 and in the first and third quarter of 2020), in dailies (in the third quarter of 2020).

Unless explicitly stated otherwise, press and radio advertising market data referred to herein are based on Agora's estimates adjusted for average discount rate and are stated in current prices. Given the discount pressure as well as advertising time and space sell-offs, these figures may not be fully reliable and will be adjusted in the consecutive reporting periods. In case of press, the data include only display advertising, excluding classifieds, inserts and obituaries. The estimates are based on rate card data obtained from the following sources: Kantar Media monitoring, Agora S.A. monitoring.

Presented TV, Internet and cinema figures are based on initial Starcom media house estimates; TV estimates include regular ad broadcast and sponsoring with product placement, exclude teleshopping and other advertising forms.

Internet ad spend estimates include display, search engines (Search Engine Marketing), e-mail marketing and video advertising.

Outdoor advertising figures are based on Izba Gospodarcza Reklamy Zewnetrznej and media house Starcom estimates [8].

The Company would like to stress that one should bear in mind that these advertising market estimations may represent some margin of error due to significant discount pressure on the market and lack of reliable data on the average market discount rates. Once the Company has a more reliable market data in consecutive quarters, it may correct the ad spending estimations in particular media.

[4] The data on the number of copies sold (total paid circulation) of daily newspapers is derived from the National Circulation Audit Office (ZKDP). The term "copy sales" used in this MD&A is consistent with the sales declarations of publishers to the National Circulation Audit Office.

[5] Definition of ratios:

Net profit margin = $\dfrac{\textit{Net profit /(loss) attributable to equity holders of the parent}}{\textit{Revenue}}$

Gross profit margin = $\dfrac{\textit{Gross profit / (loss) on sales}}{\textit{Revenue}}$

Return on equity = $\dfrac{\textit{Net profit / (loss) attributable to equity holders of the parent}}{\begin{array}{c}\textit{(Equity attributable to equity holders of the parent at the beginning of the period}\\ \textit{+ Equity attributable to equity holders of the parent at the end of the period)}\\ \textit{/2/(4 for quarterly results)}\end{array}}$

Debtors days = $\dfrac{\begin{array}{c}\textit{(Trade receivables gross at the beginning of the period}\\ \textit{+ Trade receivables gross at the end of the period) / 2}\end{array}}{\textit{Revenue / no. of days}}$

Creditors days = $\dfrac{\begin{array}{c}\textit{(Trade creditors at the beginning and the end of the period}\\ \textit{+ accruals for uninvoiced costs at the beginning and the end of the period) / 2}\end{array}}{\textit{(Cost of sales + selling expenses + administrative expenses) / no. of days}}$

Inventory turnover = $\dfrac{\textit{(Inventories at the beginning of the period + Inventories at the end of the period) / 2}}{\textit{Cost of sales / no. of days}}$

Current ratio I = $\dfrac{\textit{Current Assets}}{\textit{Current liabilities}}$

Gearing ratio = $\dfrac{\begin{array}{c}\textit{Current and non-current liabilities from loans – cash and cash equivalents}\\ \textit{– highly liquid short-term monetary assets}\end{array}}{\textit{Total equity and liabilities}}$

Interest cover = $\dfrac{\textit{Operating profit / (loss)}}{\textit{Interest charge}}$

Free cash flow interest cover = $\dfrac{\textit{Free cash flow *}}{\textit{Interest charge}}$

** Free cash flow = Net cash from operating activities + Purchase of property plant and equipment and intangibles, excluding outlays related to the cinema fit-out works to the extent in which those outlays are sold to the owners of the premises, in which those cinemas are located.*

[6] Real users, page views and spent time on the basis of Gemius PBI, cover Internet users age 7 years and above, connecting to Internet from the territory of Poland and include only Internet domains registered on Agora S.A. in Gemius SA's Registry of Service Providers. Real users data of the Gazeta.pl group services are audited by Gemius SA.

The data for mobile platforms present the traffic through www as well as - since December 2016 - through mobile applications (Gazeta.pl LIVE, Sport.PL LIVE, Moje Dziecko, Moja Ciaza, Tuba.fm, Aplikacja Gazeta Wyborcza, Clou).

[7] Source: report prepared by Izba Gospodarcza Reklamy Zewnetrznej (IGRZ) in cooperation with Starlink company.

[8] Audience market data referred herein are based on Radio Track surveys, carried out by MillwardBrown SMG/KRC (all places, all days and all quarters) in whole population and in the age group of 15+, from October to December (sample for 2019: 20,997; sample for 2020: 20,999), from January to December (sample for 2019: 83,024; for 2020: 84,108).

[9] The data on cinema ticket sales are estimates of Helios group prepared on the basis of data received from Boxoffice.pl (based on reports submitted by distributors of film copies). Cinema ticket sales are reported for periods, which do not cover a calendar month, quarter or year. The number of tickets sold in the given period is calculated from the first Friday of a given month, quarter or year until the first Thursday of the next reporting month, quarter or year.

V. ADDITIONAL INFORMATION

V.A. INFORMATION CONCERNING SIGNIFICANT CONTRACTS FOR THE ISSUER AND ITS GROUP INCLUDING AGREEMENTS BETWEEN THE SHAREHOLDERS WHICH ARE KNOWN TO THE COMPANY, INSURANCE CONTRACTS AND COOPERATION AGREEMENTS

1. INFORMATION CONCERNING SIGNIFICANT CONTRACTS FOR THE ISSUER

- **Information on the financing of the Agora Group**

In the current report of March 29, 2020, the Management Board of Agora S.A., with reference to the report 6/2019 of 11 March 2019 on the commencement of negotiations with a consortium of banks in order to obtain a loan, among others, for financing or refinancing acquisition expenses and investment projects of the Agora Group, in line with the business strategy for 2018-2022, as well as to finance working capital and general corporate goals, informed that due to the pandemic of the coronavirus, these negotiations are suspended until the end of it. The both parties declared the willingness to resume talks after the pandemic ends and are currently focusing, within bilateral relations, on providing financing to the Company and the Helios group (Helios SA and its subsidiaries) until the end of the fight against the effects of the pandemic.

As part of these talks and with reference to regulatory filings no. 6/2017 of 25 May 2017, no. 13/2018 of 18 May 2018, no. 8/2019 of 29 March 2019, no. 24/2019 of 29 August 2019 and no. 28/2019 of 23 December 2019 regarding the Credit Limit Agreement with the bank DNB Bank Polska Spółka Akcyjna, Agora informed about signing on March 29, 2020 the Arrangement to the above Agreement, extending the date of repayment of capital instalments of credit line made available under the Agreement, which are to be repaid on 1 April 2020 in the amount of PLN 8.3 million, by 4 May 2020. The Company also began talks to further prolong the repayment of capital instalments under the above Agreement.

Agora S.A. also informed that its subsidiary Helios S.A. with its registered office in Łódź, also signed on March 29, 2020, with Santander Bank Polska SA annexes to two investment loan agreements of 8 May 2015 and of 25 June 2015 extending the repayment dates of capital instalments to be paid from 31 March to 30 June 2020, in the total amount of PLN 0.7 million, until 30 September 2020 and in the case of one of the investment loan agreements (concluded on 18 May 2018) annex extending the repayment period of capital instalments to be paid from 31 March to 31 August 2020 in the total amount of PLN 0.5 million until 31 May 2023.

Helios S.A. also received a positive decision from Bank BNP Paribas Polska Spółka Akcyjna (“BNP Paribas”) to extend the repayment of capital instalments of five investment loans granted by this bank, whose payment date falls from 31 March to 31 May 2020. According to information obtained from BNP Paribas, a new payment date of PLN 0.65 million (the sum of three capital instalments resulting from three investment loan agreements) was on 31 December 2020. Three capital instalments of a loan resulting from another agreement with this bank in the total amount of PLN 0.41 million will be payable by 29 October 2021, and three capital instalments due under the last contract with this bank, in the total amount of PLN 0.5 million, will be payable by 29 March 2024.

In the current report of April 24, 2020, the Management Board of Agora S.A., with reference to the report No. 6/2017 of May 25, 2017, No.13/2018 of May 18, 2018 , No. 8/2019 of March 29, 2019 , No. 24/2019 of August, 29 2019, No. 28/2019 of December, 23 2019 and No. 12/2020 of March, 29 2020,regarding the Credit Limit Agreement ("Agreement") with the bank DNB Bank Polska S.A. ("Bank"), announced the signing, on April 24, 2020, of Annex No. 6 to the above Agreement ("Annex No. 6").

Pursuant to the signed Annex No. 6, the period of availability of the credit limit in the amount of 35,000,000.00 PLN (thirty-five million zlotys), which the Company may use, was extended until September 29, 2020 on the same principles as in the Agreement on which the company announced in current reports of May 25, 2017, May 18, 2018, March 29, 2019, August 29, 2019 and No. 28/2019 of December 23, 2019. Annex suspended some of the previous requirements of the Bank and introduced new ones reflecting the current financial situation of the Company, among others announced new requirements as to the Agora Group's result at the EBITDA level in the second quarter of 2020, the amount of cash balance at the end of each month in the loan period to April, 30 2021, and the need to obtain the Bank's consent for dividend payment in 2020.

At the same time, pursuant to Annex No. 6, the repayments of capital installments for Non-Renewable Credit 1 and Non-Renewable Credit 2 were temporarily suspended for the period up to and including September 30, 2020. The grace period does not include repayment of interest. The repayment of principal installments due for the grace period for Non-Renewable Credit 1 and Non-Renewable Credit 2 will be made on the day of final repayment of Non-Renewable Credit 1 and on the day of final repayment of Non-Renewable Credit 2.

As a result, two installments of Non-Renewable Credit 1 (each in the amount of 2.1 million PLN) were postponed until April 1, 2021, and two installments of Non-Renewable Credit 2 (each in the amount of 6.3 million PLN) were postponed until January 2, 2023.

The Credit Limit bears interest at WIBOR for one-month deposits in PLN increased by the Bank's margin. In the event of a failure to pay part or all of the Bank's receivables by the deadline specified in the Agreement, Bank will charge the Company with interest in the amount of the base rate plus penalty interest. In addition, there were no provisions regarding contractual penalties in Annex No. 6.

In the current report of September 24, 2020, the Management Board of Agora S.A. informed that on September 24, 2020, the Company concluded an overdraft agreement for PLN 65.0 million ("Overdraft Agreement") and Annex No. 7 to the Credit Limit Agreement of May 25, 2017 ("Annex No. 7").

The company informed about the conclusion of the Credit Limit Agreement in the current report 6/2017 of May 25, 2017 and about changes thereto in reports no. 13/2018 of May 18, 2018, and no. 8/2019 of March 29, 2019, no. 24/2019 of August 29, 2019, no. 28/2019 of December 23, 2019, no. 12/2020 of March 29, 2020 and no. 17/2020 of April 24, 2020.

At the same time, the Management Board of the Company informed that the process of concluding the Overdraft Agreement and Annex No. 7 was considered a process extended in time. In the course of this process, the Company identified an intermediate stage which itself met the criteria for being classified as confidential. Providing confidential information about the occurrence of an intermediate stage in the process of concluding the Overdraft Agreement and Annex No. 7 was delayed until the conclusion of the Overdraft Agreement and Annex No. 7 pursuant to Art. 17 sec. 1 and 4 of the Regulation of the European Parliament and of the Council No. 596/2014 of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6 / EC of the European Parliament and of the Council and Commission Directive 2003/124 / EC, 2003/125 / EC and 2004/72 / EC ("MAR Regulation") and Art. 4 of the Commission Implementing Regulation (EU) 2016/1055 of June, 29 2016 laying down implementing technical standards with regard to the technical conditions for proper disclosure of inside information to the public and delaying the disclosure of inside information to the public in accordance with the Regulation of the European Parliament and of the Council (EU) No. 596/2014 ("Executive Regulation") due to the protection of the legitimate interests of the Issuer, i.e. the risk of a negative impact of providing information on the possibility of concluding the Credit Agreement and Annex No. 7. The intermediate stage referred to above was agreeing on the content of the letter of intent with DNB Bank Polska SA on indicative financing conditions for Agora S.A. with a guarantee of repayment of 80% of the loan value by Bank Gospodarstwa Krajowego ("BGK") on July 29, 2020 and an amendment to the Credit Limit Agreement of May 25, 2017.

Pursuant to the signed Overdraft Agreement and Annex No. 7, and after meeting the conditions for establishing legal security for the repayment of the loan and meeting other requirements usually applied when granting loans of a comparable amount, the Company will have an available overdraft facility up to a total amount of PLN 100.0 million. ("Credit"). The financing conditions granted under the Overdraft Agreement and Annex 7 are identical.

The funds from the credit facility can be used to finance Agora's day-to-day operations, including replacement and development investments, excluding refinancing of other debt.

The funds under the Overdraft Agreement are available till September 22, 2022, and under Annex No. 7 till September 28, 2022.

The collaterals for the financing granted were typical for these agreements and, in accordance with the provisions of the Overdraft Agreement and Annex No. 7 include i.a. a declaration of voluntary submission to enforcement by the Company, a contractual mortgage established for the benefit of the Bank on real estate located in Warsaw at 8/10 Czerska Street, on the real estate of which the Company has the right of perpetual usufruct and the ownership of the building located thereon, transfer of rights under the insurance policy on the above real estate, pledge on shares / stocks of subsidiaries and a guarantee of Bank Gospodarstwa Krajowego under the PLG FGP portfolio guarantee line secured with a blank bill of exchange covering 80% of the overdraft facility amount.

The margin on overdraft facilities was set at a constant level not deviating from the market standards and reflects the financial position of the Company as well as collaterals provided to the Banks, while the margin on non-revolving loans granted under the agreement of May 25, 2017 will depend on the Company's debt ratio in relation to EBITDA topped up by received dividends.

The amount of the fee under BGK's guarantee was in line with the standard values adopted by BGK. In addition, during the financing period, the Company is required to maintain at an agreed level the financial ratios relating to investment expenditure, turnover of receivables, receivables write-offs, impairment losses on property, plant and equipment, investments and intangible assets, as well as EBITDA increased by received dividends. In addition, the Company is obliged, inter alia, to obtain the Bank's consent to pay dividends, implement the share buyback program, make acquisitions, sell shares in subsidiaries or incur additional financial liabilities by the Company and its selected subsidiaries. Nor can it encumber its fixed assets.

The value of the financing granted may be reduced if the Company does not receive the forecasted dividends and at the same time fails to achieve the forecasted EBITDA result increased by the dividends received. The Bank may also decide not to pay the funds under the Overdraft in the event of a change in control over the Company.

The credit will bear interest at the WIBOR rate for one-month deposits in PLN increased by the Bank's margin. In the event of a breach of the contract, the Bank may, inter alia, increase the margin, and in the event of overdue debt, it will charge the Company with interest increased by the Bank's margin. In addition, the Agreement does not contain provisions on contractual penalties.

Content of delayed confidential information was published on the Company’s website.

On October 15, 2020, agreements were concluded between Agora S.A. and DNB Bank Polska S.A. based in Warsaw:

1. a registered and financial pledge agreement on the shares of Agora S.A. in the subsidiary Yieldbird sp.z o.o. with its registered office in Warsaw (number of pledged shares: 891 shares, all belonging to Agora S.A., with a nominal value of PLN 50.00 each)
2. agreement for a registered and financial pledge on the shares of Agora S.A. in a subsidiary AMS S.A. in Warsaw (number of pledged shares: 200,025 series A preference shares, numbers 000001-200025, 2,299,975 series B ordinary shares, numbers 0000001-2299975, 1,000,000 series C ordinary shares, numbers 0000001-1000000, 716,867 shares ordinary series D shares, numbers 000001-716867, 681,818 series E ordinary shares, numbers 000001-681818, the total number of pledged shares is 4,898,685 shares. All AMS SA shares mentioned in the preceding sentence belong to Agora SA and their nominal value is 2.00 PLN each)

The above contracts secure the following claims:

1. Credit Limit Agreement, as amended, No. 1661/001/2017 of May 25, 2017 (maximum amount and currency of the Bank's debt capital: PLN 135,000,000.00);
2. Overdraft Agreement No. 1735/119/2020 of September 24, 2020, as amended, the maximum amount and currency of the Bank's debt capital: PLN 65,000,000.00).

Extending the period of operation of the tax capital group

In the current report of November 13, 2020 the Management Board of Agora S.A. with its registered office in Warsaw ("Company", "Agora"), with reference to the regulatory filings no. 35/2017 of 21 December 2017 and

6/2018 of 16 February 2018 adopted a resolution on the intention to extend the period of operation of the tax capital group ("PGK"), which will include Agora and the following subsidiaries: Grupa Radiowa Agory Sp. z o.o., Agora TC Sp. z o.o., Plan D Sp. z o.o., Helios S.A., AMS S.A., Yieldbird Sp. z o.o. and Plan D Sp. z o.o., and on signing an agreement to extend the period of operation of the PGK.

The extension of the PGK operation period is planned until 31 December 2021. It was associated with a number of formal requirements, including collecting a number of corporate approvals and submitting an application for registration of the extension of the operation period of the tax capital group by the Head of a relevant Tax Office.

In the current report of December 11, 2020 the Management Board of Agora S.A. with its registered office in Warsaw ("Company", "Agora"), with reference to the regulatory filings no. 35/2017 of 21 December 2017, 6/2018 of 16 February 2018 and 40/2020 of 13 November 2020 informed that on 10 December 2020, Agora received the decision dated 8 December 2020 issued by the Head of the Second Mazovian Tax Office in Warsaw on the registration of the agreement to extend the period of operation of the Agora Tax Capital Group ("PGK"), which includes Agora and the following subsidiaries: Grupa Radiowa Agory Sp. z o.o., Agora TC Sp. z o.o., Plan D Sp. z o.o., Helios S.A., AMS S.A., Yieldbird Sp. z o.o. and Plan A Sp. z o.o.

In the agreement to extend the period of operation of the tax capital group, Agora was indicated as a company representing PGK in the scope of obligations under the Corporate Income Tax Act and the provisions of the Tax Ordinance.

The agreement on extending the period of operation of the PGK was concluded for the period until 31 December 2021.

V.B. CHANGES IN CAPITAL AFFILIATIONS OF THE ISSUER WITH OTHER ENTITIES AND CAPITAL INVESTMENTS OF THE ISSUER AND ITS GROUP AND THE SHAREHOLDERS STRUCTURE

1. THE CAPITAL STRUCTURE OF THE ISSUER AND SUBORDINATED ENTITIES

The list of companies within the Group:

Tab. 22

		% of shares held (effectively)	
		31 December 2020	31 December 2019
	Subsidiaries consolidated		
1	Agora TC Sp. z o.o., Warsaw	100.0%	100.0%
2	AMS S.A., Warsaw	100.0%	100.0%
3	AMS Serwis Sp. z o.o.(formerly Adpol Sp. z o.o.), Warsaw (1), (6)	100.0%	100.0%
4	Grupa Radiowa Agory Sp. z o.o. (GRA), Warsaw	100.0%	100.0%
5	Doradztwo Mediowe Sp. z o.o., Warsaw (2)	100.0%	100.0%
6	IM 40 Sp. z o.o., Warsaw (2)	72.0%	72.0%
7	Inforadio Sp. z o.o., Warsaw (2)	66.1%	66.1%
8	Helios S.A. , Lodz	91.4%	91.4%
9	Next Film Sp. z o.o., Warsaw (3)	91.4%	91.4%
10	Next Script Sp. z o.o., Warsaw (4)	75.9%	75.9%
11	Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.), Warsaw (12)	100.0%	100.0%
12	Optimizers Sp. z o.o., Warsaw	100.0%	100.0%
13	Yieldbird Sp. z o.o., Warsaw (13)	92.1%	93.7%
14	GoldenLine Sp. z o.o., Szczecin (7)	100.0%	92.7%
15	Plan A Sp. z o.o., Warsaw	100.0%	100.0%
16	Agora Finanse Sp. z o.o. , Warsaw	100.0%	100.0%
17	Step Inside Sp. z o.o., Lodz (3), (8)	82.3%	91.4%
18	HRlink Sp. z o.o., Szczecin	79.8%	79.8%
19	Piano Group Sp. z o.o., Warsaw (1), (11)	92.0%	60.0%
20	Agora Poligrafia Sp. z o.o., Warsaw (14)	-	100.0%
21	Foodio Concepts Sp. z o.o., Lodz (3), (9)	-	82.3%
22	Benefit Multimedia Sp. z o.o., Warsaw (5), (11),(15)	-	60.0%
23	Benefit Multimedia Sp. z o.o. S.K.A., Warsaw (5), (11),(15)	-	60.0%
	Joint ventures and associates accounted for the equity method		
24	Instytut Badań Outdooru IBO Sp. z o.o., Warsaw (1)	50.0%	50.0%
25	ROI Hunter a.s., Brno	23.9%	23.9%
26	Eurozet Sp. z o.o., Warsaw	40.0%	40.0%
	Companies excluded from consolidation and equity accounting		
27	Polskie Badania Internetu Sp. z o.o., Warsaw	16.7%	16.7%
28	Hash.fm Sp. z o.o., Warsaw (10)	-	49.5%

(1) indirectly through AMS S.A.;
(2) indirectly through GRA Sp. z o.o.;
(3) indirectly through Helios S.A.;
(4) indirectly through Next Film Sp. z o.o.;

(5) indirectly through Piano Group Sp. z o.o.;
(6) change of the company`s business name from Adpol Sp. z o.o. to AMS Serwis Sp. z o.o. on April 1, 2020;
(7) acquisition of additional shares in Goldenline Sp. z o.o. on January 20, 2020;
(8) the accession of minority shareholders to the company Step Inside Sp. z o.o. on January 31, 2020;
(9) disposal of shares in the company Foodio Concepts Sp. z o.o. on June 2, 2020.
(10) disposal of shares in the company Hash.fm Sp. z o.o. on February 27, 2020 and August 5, 2020;
(11) acquisition of additional shares in Piano Group Sp. z o.o. on June 23, 2020;
(12) change of the company`s business name from Domiporta Sp. z o.o. to Plan D Sp. z o.o. on July 17, 2020;
(13) the accession of minority shareholders to the company Yieldbird Sp. z o.o. on September 21, 2020;
(14) merger with Agora S.A. on October 1, 2020.
(15) merger with Piano Group Sp. z o.o. on December 17, 2020.

2. CHANGES IN CAPITAL AFFILIATIONS AND ORGANISATION OF THE CAPITAL GROUP

- **Agora Poligrafia Sp. z o.o.**

In the current report of February 12, 2020, the Management Board of Agora S.A. informed that on February 12, 2020 Agora agreed with Agora Poligrafia sp.z o.o. ("Agora-Poligrafia") the merger plan („Merger Plan”) between the companies.

According to the Merger Plan, the merging entities are Agora ("the Acquiring Company") and Agora-Poligrafia ("the Acquired Company"). The merger will take place in accordance with art. 492 § 1 item 1 of the Polish Commercial Companies Code (the “CCC”), i.e. by transferring all assets of the Acquired Company to the Acquiring Company. The merger will also take place under a simplified procedure pursuant to art. 516 § 6 of the CCC, without increasing Agora's share capital, as well as without changing the Company's statute, because Agora is the only shareholder of Agora Poligrafia.

In accordance with art. 516 § 5 of the CCC, the merging companies do prepare reports of the Management Boards justifying the merger and the Merger Plan will not be verified by a certified auditor as to its correctness and reliability.

Along with this regulatory filling, Agora published the Merger Plan, prepared on the basis of art. 499 and the following CCC. In accordance with art. 500 § 21 CCC, the Merger Plan is available on the websites of Agora (agora.pl) and Agora-Poligrafia (agorapoligrafia.pl).

The decision to merge companies was justified by the need to consolidate assets in the Acquiring Company. Until July 2019, the Acquired Company provided, among others printing services, employing staff specialized in these activities. Currently, the Acquired Company only manages its fixed assets and provides space rental services related solely to these assets, mainly for the Acquiring Company and related companies. At the end of February 2020, the last contract of employment was terminated at the Acquired Company's workplace and the management of its assets was taken over by Agora S.A.

Accordingly, the merger was a natural consequence of the changes described above. Its purpose was to simplify the organizational structures of the Acquiring Company capital group, which improved management and eliminated some unnecessary processes, and as a result reduce the costs of managing the assets of the Acquired Company On the same day, the Management Board of the Company, acting pursuant to Art. 504 § 1 of the Commercial Companies Code, for the first time notified the shareholders of the intention to merge the Acquiring Company with the Acquired Company.

In the current report of February 28, 2020 the Management Board of Agora S.A. informed that in accordance with article 504 § 1 of the Polish Commercial Companies Code (the “CCC”), notified shareholders for the second time on the intention to merge Agora S.A. with Agora-Poligrafia Sp. z o.o,

On July 14, 2020, the Extraordinary General Meeting of Agora - Poligrafia Sp. z o.o. adopted a resolution to merge Agora - Poligrafia Sp.z o.o. with Agora S.A. by transferring all the assets of the Acquired Company to the Acquiring

Company, and consented to the merger on the terms specified in the agreed merger plan. On 13 August 2020 in the District Court for the Capital City of Warsaw in Warsaw, a resolution was submitted on the merger of the Acquired Company with the Acquiring Company in order to enter a note of such a resolution into the Register of Entrepreneurs of the National Court Register. On the same day, the merging companies applied for registration of the merger on October 1, 2020.

In the current report of October 1, 2020, the Management Board of Agora S.A. with its registered seat in Warsaw with reference to regulatory filings no. 06/2020 of 12 February 2020, 09/2020 of 28 February 2020 and 29/2020 of 25 June 2020, informed that on 1 October 2020, the District Court for Capital City of Warsaw in Warsaw, registered the merger of Agora with Agora-Poligrafia Sp. z o.o. ("Agora-Poligrafia") pursuant to Art. 492 § 1 point 1 of the Commercial Companies Code, by transferring all assets of Agora-Poligrafia to Agora. The Company remained the sole shareholder of Agora-Poligrafia and thus the merger was carried out in a simplified manner pursuant to Art. 516 § 6 of the Commercial Companies Code, without increasing Agora's share capital and without changing its statute.

Basing on Art. 494 § 1 of the Commercial Companies Code, Agora entered into all the rights and obligations of Agora-Poligrafia on 1 October 2020 ("The date of the merger"), and in accordance with art. 493 § 1 and 2 of the Commercial Companies Code, Agora-Poligrafia was dissolved on the date of the merger without liquidation proceedings and removed from the Register of Entrepreneurs of the National Court Register.

- **Eurozet Sp. z o.o.**

In the current report of November 10, 2020, the Management Board of Agora S.A. with its registered office in Warsaw ("Agora", "Company"), with reference to the regulatory filings: no. 1/2019 of 25 January 2019, no. 3/2019 of 20 February 2019 and no. 27/2019 of 18 September 2019, informed that on 10 November 2020, as part of the next stage of the procedure, the Company received a letter from the President of the Office of Competition and Consumer Protection ("UOKiK") presenting the reservations of the President of UOKiK regarding the concentration control proceedings instigated upon Agora's request in connection with takeover of Eurozet Sp. z o.o. by Agora S.A.

In the letter in question, the President of UOKiK presented doubts concerning certain markets on which both the Company and Eurozet Sp. z o.o. operate, indicating that the planned concentration, due to the potential change in the market structure, may lead to disturbances in the functioning of competition.

In the current report of January 7, 2021, the Management Board of Agora S.A. with its seat in Warsaw ("Agora", "Company"), with reference to the current reports: no. 1/2019 of 25 January 2019, 3/2019 of 20 February 2019, 27/2019 of 18 September 2019 and 39/2020 of 10 November 2020, informed that on 7 January 2021, the Company learned from the official website uokik.gov.pl about issuing a decision of the President of the Office of Competition and Consumer Protection ("President of UOKiK") to prohibit the concentration consisting of taking control by the Company over Eurozet Sp. z o.o.

The company disagrees with the merits of the decision of the President of UOKiK. In the opinion of the Company, the decision was issued in breach of anti-monopoly regulations and administrative proceedings. Additionally, the decision does not take into account the evidence, in particular the economic analyzes presented by the Company. Therefore, Agora will take all actions provided for by law in this matter. The decision of the President of UOKiK is not yet final and the Company appealed against the decision to the Court of Competition and Consumer Protection within one month from the date of its delivery.

In the current report of February 8, 2021, the Management Board of Agora S.A. with its seat in Warsaw ("Agora", "Company"), with reference to the current reports: no. 1/2019 of 25 January 2019, 3/2019 of 20 February 2019, 27/2019 of 18 September 2019, 39/2020 of 10 November 2020 and 01/2021 of 7 January 2021, informed that on 8 February 2021, the Company filed to the District Court in Warsaw – the Competition and Consumers Protection Court - an appeal against the decision of the President of the Office of Competition and Consumer Protection ("President of UOKiK"), issued on 7 January 2021, prohibiting Agora taking control over Eurozet Sp. z o.o.

The Company appealed to the District Court in Warsaw, requesting the court to issue a reformative ruling which will allow the concentration to be carried out without any further conditions. The evidence gathered in the case clearly indicates that all the conditions for issuing such a decision are met.

Foodio Concepts Sp. z o.o.

On February 24, 2020, the Extraordinary Shareholders Meeting of Foodio Concepts Sp. z o.o. adopted a resolution on the continued existence of the company.

In the current report of April 30, 2020 Management Board of Agora S.A., with reference to the report No. 10/2020 of March 23, 2020 on the negative impact of a pandemic on the results of the Agora Group, announced that on April 30, 2020 the Management Board of an indirect subsidiary of Agora S.A. - Foodio Concepts Sp. z o.o. with its registered office in Łódź, which is a part of the Helios group ("Foodio Concepts"), adopted a resolution to file a petition for bankruptcy of Foodio Concepts. The financial situation of the company deteriorated significantly due to the outbreak of a pandemic, which prevented the company from conducting business activities and taking any corrective actions, therefore, after analyzing the company's economic prospects, the Management Board of Foodio Concepts adopted a resolution on filing for bankruptcy.

At the same time, negotiations regarding the sale of the company's shares started on April 30, 2020.

As a result of the resolution adopted on April 30, 2020, the company's Management Board filed for bankruptcy of Foodio Concepts involving liquidation of the company's assets to the District Court for Łódź-Śródmieście in Łódź, XIV Commercial Division for Bankruptcy and Restructuring.

When deciding on filing for bankruptcy of Foodio Concepts, the company's management acted with the well-being of Foodio Concepts and its creditors in mind, as well as the need to secure their interests due to the insolvency of Foodio Concepts.

At the same time, the Management Board of Agora informed about becoming aware that its subsidiary Helios S.A. started on April 30, 2020 the negotiations with a potential buyer regarding the sale of all shares of Foodio Concepts belonging to Helios S.A. The potential buyer was an investor from outside of the food-service industry. The possible purchase price remains insignificant.

In connection with the filed petition for bankruptcy, the Agora Group made write-offs of assets related to Foodio Concepts in the amount of approximately PLN 9.0 million, which were charged to the consolidated result of the Agora Group in the first quarter of 2020.

In the current report of June 2, 2020 The Management Board of Agora S.A., with reference to the report no. 19/2020 of 30 April 2020 regarding the submission of a bankruptcy petition by a subsidiary and the commencement of negotiations regarding the sale of its shares, informed on June 2, 2020 about acquiring information on the conclusion of negotiations and execution of share sales agreement by the subsidiary of Helios SA for the sale of all shares in Foodio Concepts Sp. z o.o. to the company 5m Square Sp. z o.o. based in Warsaw, which is an external investor interested in continuing the food business of Foodio Concepts.

At the same time, Helios S.A. terminated on June 2, 2020 the investment agreement concluded on 6 March 2018 with Piotr Grajewski and Piotr Komór on a joint investment in Foodio Concepts, of which the Company informed in its current report no. 10/2018 of 6 March 2018. The value of the executed share sales agreement was not material from the perspective of the Agora Group.

The final settlement of the disposal of the subsidiary company was included in the consolidated financial statements for 2020.

Goldenline Sp. z o.o.

On January 20, 2020, Agora S.A. concluded with G.C. Geek Code Ltd. with its registered office in Cyprus, a sales agreement, the subject of which was the purchase of 22 shares in the share capital of Goldenline Sp.z o.o. with its registered office in Warsaw with a total nominal value of PLN 22,000, for the amount of PLN 10,000. On the day of January 20, 2020 Agora S.A. held 300 shares in Goldenline Sp. z o.o. representing 100% of the share capital of this company and giving rights to 300 votes representing 100% votes at the Company's Shareholders' meeting.

On April 9, 2020, the Extraordinary Shareholders Meeting of Goldenline Sp. z o.o. adopted a resolution on the continued existence of the company.

On April 23, 2020, the Extraordinary General Meeting of Goldenline Sp. z o.o. adopted a resolution to increase the company's share capital from PLN 300,000 up to the amount of PLN 400,000 by creating 100 new shares with a nominal value of PLN 1000 each and with a total nominal value of PLN 100,000 zł. The newly created shares were offered for subscription by the sole shareholder of this company, i.e. Agora S.A. in exchange for a cash contribution of PLN 1 325.
On April 23, 2020, Agora S.A. owned 400 shares in Goldenline Sp.z o.o. representing 100% of the share capital of this company and giving the right to 400 votes, representing 100% of votes at the shareholders' meeting of Goldenline sp.z o.o.

On September 16, 2020, the Extraordinary General Meeting of Goldenline Sp. z o.o. adopted a resolution to increase the company's share capital from PLN 400,000 PLN. up to PLN 3,221 thousand by creating 2,821 new shares with a nominal value of PLN 1,000 each. The newly created shares were acquired by the sole shareholder of the company, i.e. Agora S.A. in exchange for a cash contribution of PLN 2,821 thousand. The above change was registered by the District Court for the Capital City of Warsaw in Warsaw on October 13, 2020.

On January 28, 2021, Agora S.A. ("Seller") concluded a share sale agreement with HRlink sp. z o.o. ("Buyer") regarding the sale of all shares in Goldenline sp. z o.o. Agora S.A. sold to the Buyer 3,321 shares with a nominal value of PLN 1,000 each and the total nominal value of PLN 3,221,000, constituting in total 100% of the share capital of Goldenline Sp. z o.o.

Currently Agora S.A. does not have any shares in Goldenline Sp. z o.o.

- **Hash.fm Sp. z o.o.**

On February 27, 2020, Agora S.A. concluded a sales agreement of 4,499 shares in Hash.fm Sp.o.o with a nominal value of PLN 50.00 (fifty zlotys) each and with a total nominal value of PLN 224,950.00 (two hundred twenty four thousand nine hundred and fifty zlotys) to the other partner of this company. On February 27, 2020 Agora S.A. held 1 share of Hash.fm Sp. z o.o. representing 0.01% of the share capital of this company and giving rights to 1 vote representing 0.01% of the vote at the shareholders meeting of Hash.fm Sp. z o.o.

On August 5, 2020 Agora S.A. concluded an agreement for the sale of 1 share in Hash.fm Sp. z o.o. with a nominal value of PLN 50.00 (fifty zlotys) to a third party. Currently Agora S.A. does not have any share in Hash.fm Sp. z o.o.

- **Helios S.A.**

Call for the repurchase of shares in a subsidiary

On 29 March 2016, a minority shareholder ("the Minority Shareholder") of Helios S.A. holding 320,400 shares in that company, which represent 2.77% of the share capital ("the Shares"), addressed to Helios S.A. a call under Art. 418 (1) of the Code of Commercial Companies (hereinafter: "CCC") for convening the General Shareholders' Meeting and putting on its agenda passing a resolution on mandatory sell-out of the Shares ("the Call").

As a result of: (i) the Call, (ii) further calls made under Article 418(1) of the CCC by the Minority Shareholder and other minority shareholders of Helios S.A. who acquired a part of the Shares from the Minority Shareholder, and (iii) the resolutions passed by the General Shareholders' Meeting of Helios S.A. on 10 May 2016 and 13 June 2016, two sell-out procedures (under Art. 418(1) of the CCC) and one squeeze out procedure (under Article 418 of the CCC) are being finalized at Helios S.A., aimed at the acquisition by two shareholders of Helios S.A., including Agora S.A., the Shares held by the Minority Shareholder and other minority shareholders.

(i) Sell-out procedure

As part of the sell-out of the Shares, by June 30, 2016, Agora transferred to Helios S.A. PLN 2,938 thousand representing the sell-out price calculated in accordance with Article 418(1) par. 6 of the CCC. As at December 31, 2016, the Agora Group recognized on its balance sheet an obligation to purchase the Shares from minority shareholders of Helios S.A. totalling PLN 3,185 thousand. This included PLN 2,938 thousand already transferred by Agora S.A. to Helios S.A. (with the corresponding entry in the Group's equity under retained earnings/(accumulated losses) and the net profit or loss for the current year) and the total amount transferred by another shareholder of Helios S.A. under the sell-out procedure. As part of the sell-out procedure, on June 2, 2017, PLN 3,171 was transferred by Helios S.A. to the Minority Shareholder for 318,930 shares sold out. Also on June 2, 2017, a total of PLN 14 thousand was transferred to other minority shareholders for the sell-out of 1,460 shares in total. As a result of these transactions, the Group fulfilled its obligation to buy shares recognized on the Group's balance sheet. As a result, Agora S.A. increased its shareholding in Helios S.A. from 10,277,800 to 10,573,352 shares, i.e. by 295,552 shares. Currently, Agora S.A. holds 91.44% of the shares in Helios S.A.

The shareholders whose shares are subject to the sell out and squeeze out procedures did not agree to the sell-out share price calculated in accordance with Article 418(1) par. 6 of the CCC, and based on Article 418(1) par. 7 of the CCC submitted a motion to the registration court to appoint a registered auditor to determine the price of the shares being sold. The final price of the Shares being subject to the sell out and squeeze out procedures will be determined by the registration court competent for the registered office of Helios S.A. on the basis of an opinion of the registered auditor appointed by the registration court competent for the registered office of Helios S.A., A change in the valuation will result in an adjustment of the price of the shares being sold. The District Court for Lodz Srodmiescie in Lodz, the 20th Department of the National Court Register, appointed a registered auditor to value shares under this procedure, both for the sell-out of the Minority Shareholder's shares with regard to 318,930 shares, and for other minority shareholders with regard to 1,460 shares in total.

The Minority Shareholder and other minority shareholders referred to in the preceding sentence which had rights under 1,460 shares appealed from the Court's decision appointing the registered auditor. By a valid decision of the Regional Court in Lodz, the 13th Business Appeal Department of February 20, 2019 and September 19, 2020, the appeal of the other minority shareholders having rights under 1,460 shares was dismissed.

(ii) Squeeze-out procedure

The squeeze out procedure which entered into force on July 14, 2016 is carried out with respect to 10 shares. The holder of these shares did not respond to the Company's call published in accordance with the applicable procedure in Monitor Sadowy i Gospodarczy (Court and Business Gazette) calling minority shareholders holding the said shares to submit the share documents to the Company, within two weeks of the publication of the call, under the sanction of cancelling the shares after that date. In connection with the above, on April 7, 2017, the Management Board of Helios S.A. adopted a resolution cancelling these shares and announced this in Monitor Sadowy i Gospodarczy of May 8, 2017. Currently, the valuation of the shares by the registered auditor nominated by the Court is being finalized.

As at the date of this report, the sell out and squeeze out procedures have not been completed.

In the current report of September 24, 2020 the Management Board of Agora S.A. informed that on September 24, 2020 it acquired information that its subsidiary company Helios S.A. concluded overdraft credit agreement with BNP Paribas Bank Polska S.A. with its registered office in Warsaw ("BNP";) and discloses delayed information on (i) agreement on preliminary conditions for financing Helios S.A. and (ii) conclusion of revolving loan agreement with Santander Bank Polska S.A. based in Warsaw ("Santander") (jointly "Banks") on August 31,2020 with a repayment guarantee of 80% of the loan by Bank Gospodarstwa Krajowego ("BGK").

The total value of the above loans with a BGK guarantee is PLN 40.0 million, i.e. PLN 20.0 million from each of the Banks.

At the same time, the Banks declared their readiness to return to talks on the second tranche of financing - for another PLN 40.0 million - after assessing the financial results of Helios S.A. for the third quarter of 2020 and the economic situation in Poland.

At the same time, the Management Board of the Company informed that the process of obtaining financing for Helios S.A. was considered to be a long-term process. In the course of this process, the Company identified an intermediate stage which itself met the criteria for being classified as confidential. Providing confidential information on the occurrence of the intermediate stage in the process of obtaining the above financing was delayed until the conclusion of agreements with the Banks for an overdraft (BNP) and a revolving loan (Santander) pursuant to Art. 17 sec. 1 and 4 of the Regulation of the European Parliament and of the Council No. 596/2014 of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directive 2003/124/EC, 2003/125/EC and 2004/72/EC ("MAR Regulation") and Art. 4 of the Commission Implementing Regulation (EU) 2016/1055 of 29 June 2016 laying down implementing technical standards with regard to technical conditions for the proper disclosure of inside information to the public and delaying the disclosure of inside information to the public in accordance with the Regulation of the European Parliament and of the Council (EU) No. 596/2014 ("Implementing Regulation") due to the protection of the legally justified interests of the Issuer, i.e. the risk of a negative impact of providing information on the possibility of concluding the above agreements with the Banks. The intermediate stage referred to above was agreeing the preliminary financing conditions for Helios S.A. with a guarantee of repayment of 80% of the loan value by Bank Gospodarstwa Krajowego ("BGK") on August 11, 2020 and conclusion of revolving loan agreement with Santander Bank Polska S.A. on August 31,2020.

The intermediate stage referred to above was agreeing the preliminary financing conditions for Helios S.A. with a guarantee of repayment of 80% of the loan value by Bank Gospodarstwa Krajowego ("BGK") on August 11, 2020 and conclusion of revolving loan agreement with Santander Bank Polska S.A. on August 31,2020.

Pursuant to the agreements signed with the Banks for an overdraft and revolving loan and after meeting the conditions for establishing collaterals for the repayment of both loans and meeting other requirements usually applied when granting loans of a comparable amount, Helios will have a credit ("Credit") up to the amount of PLN 40.0 million.

The obtained funds may be used to finance the current business activities of Helios S.A., including replacement and development expenditure, excluding refinancing of other debt.

The financing under the loan agreement with BNP in the amount of PLN 20.0 million will be available for 24 months from the date of signing the agreement.

Collaterals for the funding granted by BNP include, inter alia, a cash deposit and a guarantee of Bank Gospodarstwa Krajowego as part of the PLG FGP portfolio guarantee line, secured with a promissory note, covering 80% of the loan amount.

During the financing period, Helios is obliged to transfer the servicing of current accounts to BNP and maintain at the level agreed with BNP both the amount of sales revenues flowing to the BNP current account and the amount of the agreed maximum debt. In the event of failure to meet any of these conditions, the Bank has the right to increase the loan margin by 1/4 retroactively. The increased margin will apply from the first to the last day of the calendar quarter in which the turnover obligation is not met by Helios. Helios is also obliged to maintain the EBITDA result at the level agreed with BNP. Additionally, Helios, without prior consent of BNP, may not pay dividends, nor encumber or consent to the encumbrance of its assets.

In the case of the agreement signed with Santander on August 31, 2020, the condition for the release of the credit in the amount of PLN 20.0 million was the submission of a promissory note by the company, entry of the loan and BGK guarantee in the register of liquidity guarantees, and a declaration of submission to enforcement. The condition precedent for the release of financing is confirmation of signing and meeting the conditions for receiving financing from BNP. The loan can be used until August 25, 2022, and the repayment date is August 26, 2022.

During the financing period, Helios is obliged to ensure Santander the ability to monitor the company's financial liquidity, as well as ensure the inflow of cash to the account maintained by Santander at the agreed level. Helios is obliged to maintain the level of EBITDA and capital expenditure at the agreed level, and may not dispose of and encumber the company's fixed assets, incur financial liabilities other than the agreed ones, and pay dividends.

In the event that Helios breaches the financing conditions, the amount of the loan margin may change.

At the same time, during the financing period, the method of exercising control over Helios and Agora S.A. should not change.

Both loans bear WIBOR rate for one-month deposits in PLN increased by the margin of the Banks. The BGK guarantee fee is in line with the standard values adopted by BGK and reflects the assessment of Helios S.A.'s financial standing. The Agreement does not contain other provisions on contractual penalties.

Content of delayed confidential information regarding preliminary conditions for financing of Helios S.A.

The Management Board of Agora S.A. with its registered seat in Warsaw ("Agora", "Company") informs about agreeing on preliminary financing conditions for Helios S.A. with Santander Bank Polska S.A. with its seat in Warsaw ("Santander") and with BNP Paribas Bank Polska S.A. with its registered office in Warsaw ("BNP";) (jointly "Banks") with a loan repayment guarantee by Bank Gospodarstwa Krajowego ("BGK") on August 11, 2020 .

The total intended value of new overdraft facilities with a BGK guarantee, about which the parties are discussing, is PLN 80.0 million, i.e. PLN 40.0 million from each of the Banks, and in the case of financing offered by BNP Paribas, the amount granted is PLN 20.0 million, with a simultaneous declaration of readiness to grant another PLN 20 million, depending on the assessment of the situation of Helios SA by BNP in the fourth quarter of 2020. The new loan is granted for 24 months from the date of signing the loan agreement.

Acquiring financing may be used to finance the Helios' current operations.

In both cases, negotiated collateral is typical for this type of contract and includes prohibition of all forms of capital distribution to owners or their obligated entities, additional information obligation to monitor the liquidity situation, no changes in the structure of Helios shareholders throughout the financing period, significant negative change ("MAC"), equal use of revolving credit from both Banks.

The exact package of credit clauses and their wording, including exclusions and limits, will be agreed at the stage of negotiating the content of the loan agreement.

A condition for releasing financing for Helios S.A. is to provide a bank guarantee or a cash deposit for the amount of PLN 4 million and a letter of support from the main shareholder, Agora S.A.

80% of the value of the above financing will be secured by a BGK guarantee.

In addition, during the financing period, the Company is required to maintain at a certain level the financial ratios related to capital expenditure as well as the EBITDA result. The value of the granted financing may be reduced if the Company fails to achieve the estimated EBITDA result.

The company will inform in a separate current report about the possible finalization of negotiations on financing, financing conditions and signing of relevant documents.

At the same time, Agora informs that Helios has obtained a grace period for repayment of 6 subsequent principal instalments of the existing loans in the period April - September 2020.

On October 9, 2020, a subsidiary of Agora S.A. - AMS Serwis Sp.z o.o. signed with BNP Paribas Bank Polska S.A. with its registered office in Warsaw Agreement for the acquisition of an amount as security (deposit) for the amount of PLN 4 million. The funds are collateral for the loan granted by BNP Paribas Bank Polska S.A. the company Helios S.A. The deposit has been submitted and will be kept until December 23, 2022.

In the current report of December 23, 2020, the Management Board of Agora S.A. with its registered office in Warsaw ("Agora", "Company") in reference to the regulatory filing no. 35/2020 of 24 September 2020, informed that on 23 December 2020 it learned about the conclusion of another overdraft agreement with BNP Paribas Bank Polska S.A. with its seat in Warsaw ("BNP") and another revolving loan agreement with Santander Bank Polska S.A. with its seat in Warsaw ("Santander") (jointly "Banks") by a subsidiary Helios S.A. with a repayment guarantee of 80.0% of the loan by Bank Gospodarstwa Krajowego ("BGK").

The total value of the above loans with a BGK guarantee is PLN 40.0 million, i.e. PLN 20.0 million from each of the Banks.

According to the information provided in the regulatory filing no. 35/2020 of 24 September 2020, the parties, after assessing the financial results of Helios S.A. for the third quarter of 2020 and the economic situation in Poland, agreed to launch a second tranche of financing - for another PLN 40.0 million - for Helios S.A.

Pursuant to the overdraft and revolving loan agreements signed on 23 December 2020 with the Banks and after meeting the conditions for establishing legal security for the repayment of both loans and meeting other requirements usually applied when granting loans of a comparable amount, Helios has additional credit facility ("Loan") of up to PLN 40.0 million.

The funds obtained may be used to finance the current business activities of Helios S.A., including replacement and development expenditure, excluding refinancing of other debt.

The terms of financing itself and launching of financing, as well as establishing of securities for loans and Helios' obligations during the term of the agreements are similar to those agreed with the first tranche of financing, about which the Company informed in the regulatory filing no. 35/2020 of 24 September 2020.

The period of using the financing from the second tranche of financing was set with both Banks at 24 months from the date of signing the agreements. The loan is to be repaid within 24 months from the date of signing the contract.

In the current report of December 31, 2020, The Management Board of Agora S.A. with its registered office in Warsaw ("Agora", "the Company") informed that on December 31, 2020 the Company started negotiations with key managers of the subsidiary Helios S.A. who are also minority shareholders of Helios S.A. ("Managers") regarding the considered change of the terms of the currently applicable call and put options relating to their shares in Helios S.A., i.a. in terms of:

- postponement of the possibility of the Managers to call on the Company to purchase the shares of Helios S.A. held by them (put option) in such a way that by the end of the second quarter of 2024 the put option will cover a maximum of 20% of the Managers' shares, and
- postponement the Company's right to call upon Managers to sell the Helios S.A. shares held by them (call option), so that the call option can be exercised from January 1, 2025 at the earliest.

In addition, the buyout price for 51% of the shares acquired under the put option would be determined based on the results of Helios S.A. for the 2018 and 2019 financial years.

On the basis of the current terms of exercising the put option, Managers are currently entitled to demand that Agora purchases all their shares in Helios S.A. for a price calculated based on the results of Helios S.A. resulting from approved financial statements for the last two financial years.

Changing the terms of the put option and the terms of the call option requires the above-described negotiations to be successfully completed and the appropriate annexes to the option agreements binding for the Company and Managers to be concluded.

On January 21, 2021, a subsidiary of Agora S.A. - AMS Serwis sp.z o.o. signed with BNP Paribas Bank Polska S.A. with its seat in Warsaw Agreement for the acquisition of an amount as security (deposit) for the amount of PLN 4 million. The funds are collateral for the loan granted by BNP Paribas Bank Polska S.A. to the company Helios S.A. The deposit has been submitted and will be kept until March 23, 2023.

IM40 Sp. z o.o.

On December 10, 2020, the Extraordinary Shareholders Meeting of IM40 Sp. z o.o. adopted a resolution on consent to the payment of an advance dividend for 2020 to the sole shareholder.

Piano Group Sp. z o.o.

In the current report of January 30, 2020, the Management Board of Agora S.A., further to current report no. 22/2019 of 15 July 2019 – Completion of the negotiations and conclusion of an agreement on the acquisition of a majority shareholding in Piano Group Sp. z o.o. and the Articles of Association – informed that it had decided to revalue the purchase price of Piano Group’s shares and the obligation in respect of the option to acquire the other shares in that company, recognized in the financial statements of the Agora Group.

In 2019 the results of operations of Piano Group were better than the forecasted ones, therefore, the Management Board of Agora revalued the price of the purchased shares and the price which AMS will pay for the acquisition of minority interests in Piano Group, adopted for valuing the obligation in respect of the option.

The change in estimates was made with preliminary unaudited data for 2019 and may be subject to further correction. As a result of the update, the purchase price increased to PLN 14.9 million.

The revaluation of the initial value of the Piano Group shares did not affect the financial result of the Agora Group in 2019. It will, however, affect the increase in goodwill and the initial valuation of the option liability.

In the current report of June 23, 2020, The Management Board of Agora S.A. with its registered office in Warsaw in relation to current report no. 21/2019, no. 22/2019 and no. 3/2020 informed that on June 23, 2020 a subsidiary company - AMS S.A. concluded with three natural persons (two sellers and a guarantor) an agreement based on which AMS and the Seller agreed the final purchase price for the majority stake of 60.0% shares in Piano Group Sp. z o. o. acquired by AMS under a share purchase agreement of 15 July 2019. Additionally, pursuant to the above agreement, the parties changed the option to buy shares in the shareholders' agreement of 15 July 2019 in such a way that AMS acquired shares in Piano Group Sp. z o.o., representing a total of 32.0% of the share capital of Piano Group Sp. z o.o. and entitling to 32.0% of votes at the company's shareholders' meeting earlier than originally planned. The date of acquiring these shares in the agreement of 15 July 2019 was set after the approval of the financial statements of Piano Group Sp. z o.o. for 2021. At the same time, all other shares of Piano Group Sp. z o.o. were covered by the option to purchase (call option) and at the same time the option to sell (put option) to AMS after the approval of the financial statements of Piano Group Sp. z o.o. for the financial year 2023.

The total purchase price of 60.0% of shares in Piano Group Sp. z o.o. amounted to PLN 13.7 million, of which an advance of PLN 6.5 million was paid by AMS on the day of signing the contract from 15 July 2019.

Under the agreement concluded on June 23, 2020, the total price for the acquisition of 92.0% of shares in Piano Group Sp. z o.o. amounted to PLN 15.6 million, which includes the advance payment made on 15 July 2019 in the amount of PLN 6.5 million.

The Piano Group was a 100% shareholder of Benefit Multimedia Sp. z o.o. SKA and the sole shareholder of Benefit Multimedia Sp. z o.o. being the sole general partner of Benefit Multimedia Sp. z o.o. SKA. Benefit Multimedia Sp. z o.o. SKA operates in the field of providing services on the DOOH (digital out-of-home) market in the field of indoor advertising, broadcasting and selling advertising content, installing screens and using video / TV infrastructure to broadcast video content.

The acquisition of the shares is a long-term investment of the Agora Group and is in line with the strategy announced by Agora in June 2018. The transaction will strengthen the position of the Company's capital group on the DOOH market.

The unaudited consolidated financial results of the Piano Group in 2019 amounted to: revenues of nearly PLN 7.0 million, EBITDA over PLN 2.5 million, and net profit of nearly PLN 2.4 million.

On October 2, 2020, announced the merger plan between the companies: Piano Group Sp. z o.o., Benefit Multimedia Sp. z o.o. and Benefit Multimedia Sp. z o.o. sp. k.a.

The planned merger will be attended by: Piano Group Sp. z o.o. with its registered seat in Warsaw (hereinafter: the Acquiring Company) and Benefit Multimedia Sp. z o.o. with its registered seat in Warsaw (hereinafter: the Acquired Company 1) and Benefit Multimedia Sp. z o.o. sp. k-a with its registered seat in Warsaw (hereinafter: the Acquired Company 2). All companies participating in the merger belong to the same capital group.

The Acquiring Company is the only shareholder of the Acquired Company 1 and the only shareholder of the Acquired Company 2; The Acquired Company 1 is, in turn, the only general partner of the Acquired Company 2.

On December 17, 2020, the District Court for the Capital City of Warsaw in Warsaw, registered the merger of Piano Group Sp. z o.o. with Benefit Multimedia Sp. z o.o. and Benefit Multimedia Sp. z o.o. sp. k.a. pursuant to art. 492 § 1 point 1 of the Commercial Companies Code, i.e. by transferring all assets of Benefit Multimedia Sp. z o.o and Benefit Multimedia Sp. z o.o. sp. k.a. for the company Piano Group Sp.z o.o. (merger by acquisition in accordance with Art. 492 § 1 point 1 of the Commercial Companies Code); without increasing the share capital of the Acquiring Company.

This entry resulted in the legal dissolution of the Acquired Company 1 and the Acquired Company 2 without conducting liquidation proceedings and deleting these companies from the register of entrepreneurs. As a result of the merger, the Acquiring Company, pursuant to Art. 494 of the Code of Commercial Companies, it assumed all the rights and obligations of both acquired companies.

- **Plan D Sp. z o.o. (formerly „Domiporta Sp. z o.o.")**

On April 9, 2020, the Extraordinary Shareholders Meeting of Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.) adopted a resolution on the continued existence of the company.

In the current report of April 30, 2020, Management Board of Agora S.A. announced that on April 30, 2020 its subsidiary Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.) with its registered office in Warsaw ("Plan D") started negotiations on the sale of the enterprise to Mieszkanie.pl, whose partners are Piotr Przybysz and Sławomir Gąsiorowski – Members of the Management Board of Plan D. The subject of negotiations is the sale of an organized set of tangible and intangible assets intended for conducting business activity under the name of Domiporta sp. z o.o. within the meaning of art. 551 of the Civil Code, such as trademarks, rights to internet domains, software, databases, rights from contracts with customers, suppliers and other contractors, employees, bank accounts.

At the same time, the Management Board of Agora informed that due to the negative impact of the COVID-19 pandemic on Plan D financial results and the achievable selling price of Domiporta Sp. z o.o., it has been decided to revaluate its shares in Plan D. The sale price of shares is immaterial, both from the perspective of Agora S.A. and the Agora Group. As a result, Agora will write down the value of shares in Plan D in the amount of PLN 59.5 million (fifty nine million five hundred thousand zlotys), and Agora Group will write-off the value of assets related to Plan D activity in the amount of PLN 12.7 million (twelve million seven hundred thousand zlotys). The recognized write-offs were charged to Agora S.A.'s unit result, respectively and consolidated results of the Agora Group in the first quarter of 2020.

In the current report of May 20, 2020, with reference to the current report No. 20/2020 of 30 April 2020, the Management Board of Agora S.A. informed that on 20 May 2020 its subsidiary Plan D Sp. z o.o. with its registered office in Warsaw ("Plan D"), in addition to ongoing negotiations on the sale of the company Domiporta to the company Mieszkanie.pl (a company owned by the members of the board of Plan D), Domiporta has also started negotiations on the sale of the company Domiporta within the meaning of art. 55 (1) of the Civil Code with external investors (not personally or capital related to Domiporta) potentially interested in the purchase of Plan D. At the same time, negotiations with Mieszkanie.pl, about which the Company informed in the regulatory filing 20/2020, are still ongoing.

In the current report of June 9, 2020, Management Board of Agora S.A., with reference to regulatory filing no. 22/2020 of May 20, 2020 regarding the commencement of negotiations with external investors regarding the sale of the subsidiary's enterprise - Domiporta Sp. z o.o. (formerly Plan D Sp. z o.o.) informed that on June 9, 2020 Agora has received information on the conclusion of negotiations and execution by the subsidiary Plan D Sp. z o. o. the sale contract of Plan D Sp. z o.o. enterprise within the meaning of art. 55^1 of the Civil Code constituting an organized set of tangible and intangible assets intended for conducting business activities of Domiporta Sp. z o. o. in particular, among others running an online classifieds website called Domiporta.pl, enabling the placement and viewing of real estate listings, available on the internet domain www.domiporta.pl, ("the Enterprise") for the company Auto Centrum Sp. z o.o. based in Krosno. The transaction price remained insignificant for the Agora Group. The transfer of ownership of the Enterprise took place on the day of conclusion of the contract of sale of the Enterprise. The final settlement of the transaction is included in the condensed semi-annual consolidated financial statements for six months of 2020 and consolidated financial statements of the Agora Group for 2020.

- **Step Inside Sp. z o.o.**

In the current report of January 31, 2020, further to the regulatory filings: 4/2019 of 28 February 2019 and 10/2019 of 23 April 2019, the Management Board of Agora S.A. informs that on 31 January 2020 Helios S.A. and Step Inside sp. z o.o., Agora's subsidiaries, concluded an investment agreement (the "Investment Agreement") with some of the shareholders (the “Shareholders”) of Food for Nation spółka z ograniczoną odpowiedzialnością spółka komandytowa (a limited liability company, limited partnership) and FFN.

The subject of the Investment Agreement is to define the principles of cooperation and run a joint enterprise established on the basis of Step Inside. The objective of Step Inside is to open, run and develop catering outlets with the Pasibus trademark, which will be situated mainly in shopping streets and at shopping centres.

When concluding the Investment Agreement, the Shareholders took up a total of 10% of the shares in the share capital of Step Inside (corresponding to 10% of the total number of votes at the Shareholders’ Meeting), whereas Helios subsidized Step Inside with PLN 5.0 million. The Investment Agreement provides for the possibility of increasing the Individual Investors’ interest to 40% in total, on condition that Step Inside fulfils the established financial objectives.

Previously, on the basis of a cooperation agreement with FFN of 28 February 2019 Helios S.A. subsidized Step Inside with PLN 10.0 million, of which Agora gave information in current report no. 4/2019 of 28 February 2019.

The Investment Agreement specifies, among other things, detailed parameters of the investors’ capital investment and the mutual rights and obligations of the parties.

- **Yieldbird Sp. z o.o.**

On September 21, 2020, the Extraordinary General Meeting of Yieldbird Sp. z o.o. adopted a resolution to increase the company's share capital from the amount of PLN 47,550.00 to the amount of PLN 48,350.00, i.e. by PLN 800.00 by creating 16 new, equal and indivisible shares with a nominal value of PLN 50.00 each. The newly created shares were acquired by two natural persons. Each took up 8 shares in return for a cash contribution of PLN 400.

The above change was registered by the District Court for the capital city of Warsaw in Warsaw on December 10, 2020.

3. PARTICIPATION IN BUSINESS ORGANIZATION, HOME AND FOREIGN

The Agora Group wants to actively influence the environment it operates in. Therefore, its related companies are active members and participants of organizations involving business specialists in fields important for Company’s activities. Group’s representatives participate in the activities, inter alia, of the following major organizations:
- Polish:
    - Confederation of Private Employers „Lewiatan”,
    - Polish Association of Stock Exchange Issuers,
    - Press Publishers Chamber,
    - National Circulation Audit Office (ZKDP),
    - Polish Internet Survey,
    - Internet Advertising Bureau Polska,
    - IGRZ – Outdoor Advertising Economic Chamber,
    - ReproPol (Association),
    - Polish Cinemas Association,
    - Polish New Cinemas Association,
    - IAA Polska – International Advertising Asscociation, Poland,
    - ZPAV – Association of Audo Video Producers,
    - KIPA – The Polish Audiovisual Producers Chamber of Commerce
    - Polish Chamber of Books.
- Foreign:
    - INMA – International Newsmedia Marketing Association,
    - EPC – European Publishers Council.
    - EGTA - *European Group of Television Advertising,*
    - UNIC - *International Union of Cinemas.*

Moreover, the Company is active in social and charitable activities, inter alia, through Agora Foundation, *Wysokie Obcasy* Foundation and *Gazeta Wyborcza* Foundation.

4. MAJOR DOMESTIC AND FOREIGN INVESTMENTS

In 2020 carrying amount of intangible assets of the Group (magazine titles, goodwill, licenses and patents, other) decreased by PLN 18.1 million (cost increased by PLN 5.1 million, amortisation and impairment losses for the period increased by PLN 23.2 million). Detailed information on intangible assets is included in note 3 to the consolidated financial statements.

In 2020 carrying amount of property, plant and equipment of the Group decreased by PLN 57.4 million (cost decreased by PLN 369.4 million, depreciation and impairment losses for the period decreased by PLN 312.0 million).The above changes include reclassification of property, plant and equipment to assets held for sale. Detailed information on property, plant and equipment is included in note 4 to the consolidated financial statements.

In 2020 the Group sold shares in the company Hash.fm Sp. z o.o., Foodio Concepts Sp. z o.o., sold part of enterprise Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.) and acquired additional shares in Piano Group Sp. z o.o., as described in the section V.B.2 of this Management Discussion and Analysis.

The capital investments (shares, contribution to capital, loans) made outside the Agora Group (companies excluded from consolidation and equity accounting) in 2020 decreased by PLN 0.3 million. Detailed information is included in note 6 to the consolidated financial statements.

In 2020, the investments of the Group were financed from own funds, except for capital expenditures on property, plant and equipment related to new cinema equipment and restaurants, which were partially financed by means of bank loans and finance lease arrangements.

In 2020, the Group invested its free cash outside its capital group mainly in bank deposits. As at the end of 2020, the amount of such investments was equal to PLN 33.2 million.

5. CHANGES IN THE SHAREHOLDERS' STRUCTURE OF THE COMPANY

In accordance to the formal notifications received from the shareholders, particularly on the basis of Article 69 of Act of July 29, 2005, on public offering, conditions governing the introduction of financial instruments to organised trading, and public companies, as at the day of publication of the annual report for 2019 the following shareholders were entitled to exercise over 5% of voting rights at the general meeting of shareholders of the Company:

Tab. 23

	no. of shares	% of share capital	no. of votes	% of voting rights
Agora-Holding Sp. z o.o. *(in accordance with the last notification of September 24, 2015) (1)*	5,401,852	11.60	22,528,252	35.36
Powszechne Towarzystwo Emerytalne PZU S.A. (Otwarty Fundusz Emerytalny PZU Zlota Jesien and Dobrowolny Fundusz Emerytalny PZU) *(in accordance with the last notification of December 27, 2012) (1)*	7,594,611	16.30	7,594,611	11.92
including: Otwarty Fundusz Emerytalny PZU Zlota Jesien *(in accordance with the last notification of December 27, 2012) (1)*	7,585,661	16.28	7,585,661	11.91
Media Development Investment Fund, Inc. (MDIF Media Holdings I, LLC) *(in accordance with the last notification of June 6, 2016) (1)*	5 350 000	11,49	5 350 000	8,40
Nationale-Nederlanden Powszechne Towarzystwo Emerytalne S.A. (Nationale-Nederlanden Otwarty Fundusz Emerytalny and	4 493 055	9,65	4 493 055	7,05

	no. of shares	% of share capital	no. of votes	% of voting rights
Nationale Nederlanden Dobrowolny Fundusz Emerytalny) *(in accordance with the last notification of June 9, 2016) (1)*				

(1) Number of shares according to the shareholder's notification – as at August 23, 2018; proportion of voting rights and percentage of the share capital of Agora S.A. were recalculated by the Company after reduction of the Company's share capital.

Significant changes to the shareholders' structure.

In accordance to the formal notifications received from the shareholders, particularly on the basis of Article 69 of Act of July 29, 2005, on public offering, conditions governing the introduction of financial instruments to organised trading, and public companies, as at the day of publication of this annual report, there were no changes in the shareholding structure.

The Management Board of Agora SA does not have any information about contracts, which may result in future changes in the proportions of shares held by existing shareholders.

V.C. OTHER SUPPLEMENTARY INFORMATION

1. TRANSACTIONS WITH RELATED PARTIES

Following types of transactions are witnessed within the Agora Group:

- advertising and printing services,
- rent of machinery, office and other fixed assets,
- sale of rights and granting licenses to works,
- production and service of advertising panels,
- providing various services: legal, financial, administration, trade, sharing market research results, data transmission, outsourcing,
- grant and repayment of loans and interest revenues and costs,
- dividend distribution,
- cash pooling settlements,
- settlements within the Tax Capital Group.

The above transactions within the Agora Group are carried out on arm's length basis and are within the normal business activities of companies. Detailed information on transactions with related parties is disclosed in note 39 to the consolidated financial statements.

2. AGREEMENTS BETWEEN THE COMPANY AND MANAGEMENT BOARD'S MEMBERS ON COMPENSATION IN CASE OF RESIGNATION OR DISMISSAL

In accordance with binding employment contracts concluded with members of the Management Board of Agora S.A., during the period of 18 months starting the day:

- on which the right of the shareholders holding series A shares to nominate candidates to the Management Board is removed from the Company's Statute;
- on which one entity or a group of entities acting in concert exceeds the 50% threshold of the total number of votes at the General Meeting of Shareholders of Agora S.A.;
- on which the Supervisory Board of the Company is appointed by voting by separate groups, should any of these contracts be terminated by the Company (Article 385 § 3-9 of the Code of Commercial Companies),

the Management Board member will receive a compensation payment in the total amount being a sum of the following components:

(i) the amount equivalent to 12 times the monthly basic remuneration due to the member of the Management Board of Agora S.A. for the month preceding the month in which the member of the Management Board of Agora S.A. receives the termination notice;

(ii) the amount equivalent to the annual bonus for the financial year preceding the year of termination of the employment contract.

The redundancy payment mentioned above shall not be due when the employment contract is terminated for reasons indicated in Article 52 § 1 of the Labour Code.

3. REMUNERATION, BONUSES AND BENEFITS OF THE ISSUER'S MANAGEMENT BOARD AND SUPERVISORY BOARD MEMBERS AND MANAGEMENT BOARD AND SUPERVISORY BOARD MEMBERS OF ITS SUBSIDIARIES

The remuneration paid by Agora S.A. to Management Board members in 2020 amounted to PLN 2,357 thousand (2019: PLN 4,771 thousand). This amount includes salary and bonus payments for the period of holding the post of a Management Board member.

Significant decrease in remuneration paid to members of the Management Board of Agora S.A. is due to, on the one hand, a reduction of the basic salary by 30.0% for a period of six months (April 15 to October 15, 2020), and, on the other hand, of the suspension of the payment of bonuses for 2019.

The remuneration paid by Agora S.A. to Supervisory Board members in 2020 amounted to PLN 560 thousand (2019: PLN 546 thousand).

Change in the remuneration of the members of the Supervisory Board of Agora S.A. results from the resolution No. 27 of the General Meeting of Shareholders of June 12, 2019, the increase in the remuneration of Supervisory Board members from July 1, 2019. At the same time, pursuant to Resolution No. 21 of the General Meeting of June 25, 2020, at the request of the Supervisory Board, the General Meeting reduced temporary remuneration of the Supervisory Board from April 15 to October 15, 2020.

Tomasz Jagiello received also remuneration as the President of the Management Board of Helios S.A. in the amount of PLN 297 thousand (in 2019: in the amount of PLN 356 thousand). His base salary was reduced on the same terms as for all employees of Helios S.A. The other members of Agora's Management and Supervisory Board did not receive any remuneration for serving as board members in subsidiaries, joint-controlled entities and associates.

Detailed information concerning remuneration of the Management Board and Supervisory Board Members is presented in note 27 to the consolidated financial statements.

The information related to liabilities to former Management Board members is described in note 19 to consolidated financial statements.

In 2020 the remuneration of Management and Supervisory Board Members in subsidiaries amounted to PLN 5,010 thousand (in 2019: PLN 7,455 thousand).

The Agora Group also executed incentive programs based on financial instruments, in which Management Board members of Agora S.A. and Management Board members of subsidiary Yieldbird Sp. z .o.o. participated. Detailed information concerning these plans is presented in note 28 to the consolidated financial statements.

To the best of the Company's knowledge, the Management and Supervisory Board Members of the companies comprising the Agora Group have not been entitled to remuneration, monetary awards and benefits, other than described above, paid out, due or potentially due to holding their posts.

4. THE SHARES IN AGORA S.A. AND ITS RELATED PARTIES OWNED BY MEMBERS OF THE MANAGEMENT BOARD

In the described periods, the members of the management boards of subsidiaries of Agora S.A. or members of the Management Board of Agora S.A. did not hold shares in the Company or in its related companies, except for described below.

4.1. SHARES IN AGORA S.A.

Tab. 25

	as of December 31, 2020 (no. of shares)	*Nominal value (PLN)*
Bartosz Hojka	2,900	2,900
Tomasz Jagiello	0	0
Grzegorz Kania (1)	0	0
Anna Krynska – Godlewska	0	0
Agnieszka Sadowska	0	0

(1) he was a Member of the Management Board of Agora S.A. to September 28, 2020

4.2 SHARES IN RELATED PARTIES

The status of ownership of shares in subsidiaries and associates by the members of the boards of subsidiaries and associates to Agora S.A. as of December 31, 2019 presents the table below.

Tab. 26

	as at December 31, 2020 (number of shares)	*Nominal value (PLN)*
Members of the Management Board of Agora S.A. holding shares in Agora – Holding Sp. z o.o.		
Bartosz Hojka	1	10 427,84
Members of the Management Board of Doradztwo Mediowe Sp. z o.o. holding shares in Agora S.A.		
Adam Fijalkowski	17 400	17 400
Members of the Management Board of Grupa Radiowa Agory Sp. z o.o. holding shares in Agora S.A.		
Adam Fijalkowski	17 400	17 400
Members of the Management Board of Goldenline Sp. z o.o. holding shares in HRlink Sp. z o.o.		
Arkadiusz Kuchto	23	1 840
Members of the Management Board of Helios S.A. holding shares in Helios S.A.		
Tomasz Jagiello	833 838	83 383
Katarzyna Borkowska	68 264	6 826
Grzegorz Komorowski	44 000	4 400
Magdalena Gorzelniak	22 000	2 200
Members of the Management Board of HRlink Sp. z o.o. holding shares in HRlink Sp. z o.o.		
Arkadiusz Kuchto	23	1840
Members of the Management Board of IM 40 Sp. z o.o. holding shares in Agora S.A.		
Adam Fijalkowski	17 400	17 400
Members of the Management Board of IM 40 Sp. z o.o. holding shares in IM 40 Sp. z o.o.		
Jan Chojnacki	933	93,300
Members of the Management Board of Inforadio Sp. z o.o. holding shares in Agora S.A.		
Adam Fijalkowski	17 400	17 400
Members of the Management Board of Step Inside Sp. z o.o. holding shares in Step Inside Sp. z o.o.		
Jan Kulisiewicz	132	6 600
Members of the Management Board of Yieldbird Sp. z o.o. holding shares in Yieldbird Sp. z o.o.		
Marcin Ekiert	20	1000
Bartłomiej Chmiel	20	1000

5. THE SHARES IN AGORA S.A. AND ITS RELATED PARTIES OWNED BY MEMBERS OF THE SUPERVISORY BOARDS

In the described periods, the members of the supervisory board of Agora S.A. or members of the supervisory boards of its subsidiaries did not hold shares in the Company or in its related companies, except for described below.

5.1. SHARES IN AGORA S.A.

The status of ownership of shares in Agora S.A. by the members of the Supervisory Board is presented below:

Tab. 27

	as at December 31, 2020 (number of shares)	*Nominal value (PLN)*
Andrzej Szlezak	0	0
Dariusz Formela	0	0
Tomasz Karusewicz	0	0
Wanda Rapaczynski	882,990	882,990
Tomasz Sielicki	33	33
Maciej Wisniewski	0	0

The members of the Supervisory Board did not have any rights to shares (options).

5.2. SHARES IN RELATED COMPANIES

Tab. 28

	as of December 31, 2020 (no. of shares)	*Nominal value (PLN)*
Members of the Supervisory Board of Agora S.A. holding shares in Agora – Holding Sp. z o.o.		
Wanda Rapaczynski	1	10,427.84
Members of the Supervisory Board of AMS S.A. holding shares in Helios S.A.		
Tomasz Jagiello	833,838	83,383
Members of the Supervisory Board of AMS S.A. holding shares in Agora – Holding Sp. z o.o.		
Bartosz Hojka	1	10,427.84
Members of the Supervisory Board of Helios S.A. holding shares in Agora – Holding Sp. z o.o.		
Bartosz Hojka	1	10,427.84
Members of the Supervisory Board of Step Inside Sp. z o.o. holding shares in Step Inside Sp. z o.o.		
Piotr Staszczynski	132	6 600

6. CHANGES IN BASIC MANAGEMENT RULES IN THE ENTERPRISE OF THE ISSUER AND ITS CAPITAL GROUP

In 2020, there was no significant change in basic management rules in Agora S.A. and its capital group.

7. INFORMATION ON CREDIT AND LOAN AGREEMENTS TAKEN/TERMINATED IN 2020 AND GUARANTEES RECEIVED BY AGORA S.A. OR ITS SUBSIDIARIES

In 2020 no credit or loan agreements were terminated for the Company or its subsidiaries and also nor the Company or its subsidiaries terminated any credit or loan agreements.

a) Agora S.A.

As at December 31, 2020 the Company had an open credit line in DNB Bank Polska S.A. on the basis of the Agreement signed on May, 25 2017 and overdraft on the basis of the Agreement signed on September 24, 2020.

Tab. 29

Creditor	Amount of the credit line	Currency	Interest rate (%)	Agreement date	Maturity date
DNB Bank Polska S. A.	PLN 135 million	PLN	WIBOR 1M or 3M + bank margin	May 25, 2017, December 23, 2019 (annex), March 29, 2020 (annex), April 24, 2020 (annex), September 24, 2020 (annex)	the non-renewable credit - I tranche: quarterly 12 instalments from July 1, 2018 to April 1, 2021 (two instalments from 2020 moved to the end of the repayment period); II tranche: quarterly 12 instalments from April 1, 2020 to January 2, 2023 (two first instalments moved to the end of the repayment period); credit facility in the current account - may be used by September 28, 2022.
DNB Bank Polska S. A.	PLN 65 million	PLN	WIBOR 1M + bank margin	September 24, 2020	credit facility in the current account - may be used by September 22, 2022.

More information concerning the agreements with DNB Bank Polska S. A. is described in point V.A.1 of this MD&A.

b) subsidiaries

In 2020, the company Helios S.A. received performance guarantees in the total amount of PLN 140 thousand with expiry dates from January 7, 2023 to January 25, 2023.

In 2020 the company Helios S.A. and AMS S.A. signed new credit agreements and annexes to credit agreements. More detailed information concerning loans, including amounts outstanding as at 31 December 2020, is presented in note 15 to the consolidated financial statements.

8. INFORMATION ON LOANS GRANTED IN 2020 AND GUARANTEES

Information on loans granted by Agora S.A. or by its subsidiaries in 2020 is described in the table below:

Tab. 30

No.	**Borrower**	**Lender**	Amount of loan (in PLN thousand)	Currency	Interest rate (%)	Agreement date	Maturity date
1	Next Script sp. Z o. o.	Next Film Sp. z o.o.	13	PLN	WIBOR 3M +4%	25-Jun-20	30-Jun-21
2	Step Inside Sp. z o.o.	Helios S.A.	1,000	PLN	WIBOR 1M + 3%	17-Nov-20	30-Nov-22

Detailed information on contingent liabilities (including granted guarantees) is presented in note 37 to the consolidated financial statements.

9. THE SYSTEM OF CONTROL OF EMPLOYEE SHARE SCHEMES

In 2020 there was not any employee share scheme.

10. INFORMATION ABOUT THE SELECTION AND AGREEMENTS SIGNED WITH AN AUDITOR ENTITLED TO AUDIT FINANCIAL REPORTS

Pursuant to the resolution of the Supervisory Board of November 7, 2019 and in accordance with the provisions of the Company's Articles of Association, KPMG Audyt Spółka z ograniczoną odpowiedzialnością spółka komandytowa based in Warsaw at 4A Inflancka Street, entered on the list of entities authorized to audit financial statements with the number 3546, has been selected as the certified auditor of the Company and the Group, which will examine the financial statements for 2020, 2021 and 2022.

Information about the agreements and the values from those agreements concluded with the certified auditor is disclosed below (net amounts in PLN thousand):

Tab. 31

in PLN thousand	Financial year ended 31 December 2020	Financial year ended 31 December 2019
Remuneration for audit (1)	191.2	191.2
Other attestation services, including remuneration for review (1)	80.8	80.8

(1) Remuneration includes the amounts paid and due for professional services related to audit and review of unconsolidated and consolidated financial statements of the Company for a particular year (data based on three-year agreement signed on September 11, 2020).

11. INFORMATION ABOUT FINANCIAL INSTRUMENTS

Information about financial statements in respect of:

- risk: price risk, credit risk, material disruptions to cash flow and risk of liquidity problems, on which the Group is exposed and
- objectives and methods of financial risk management

is disclosed in notes 34 and 35 to the consolidated financial statements.

12. INFORMATION ON CAPABILITY OF EXECUTION OF INVESTMENT PLANS

As at the date of this MD&A report, considering the cash position, the cash pooling system functioning in the Group and available credit facility, the Agora Group does not anticipate any liquidity problems with regards to its further investment plans (including capital investments) in 2021.

13. THE DESCRIPTION OF BASIC HAZARDS AND RISK

- **Risk related to COVID-19**

The COVID-19 pandemic and actions taken by the government administration to prevent further spread of the virus will have a significant and negative impact on the financial results of Agora and its subsidiaries in the subsequent quarters of 2021.

In 2020, two main factors contributed to the decline in the Group's revenues - the administrative closure of cinemas from March 12 until June 5 as well as since November 7 2020 and a 9.0% decrease in advertising expenditure in Poland due to the outbreak of the pandemic as well as uncertainty related to development of the situation. This had a significant impact on the results of the Agora Group, as revenues from cinema operations and advertising sales are the most important sources of revenue.

Most of the factors that determined and may determine the results of the Agora Group in the future are completely beyond Agora's influence and depend, among others, on actions taken by the government authorities, the pace of return of various sectors of economy to full operational activity and changes in the value of GDP in Poland.

Both Agora and all companies from its Group have taken a number of steps to minimize losses caused by the COVID-19 pandemic and to quickly return the Group to the growth path of both revenues and operating results. As at the date of this report, Agora's Management Board expects that efforts that have already been made will bring a positive result. However, the above assumptions are based on analyzes and forecasts, the accuracy of which cannot be assessed due to the fact that they were prepared in an unprecedented situation. The outbreak of the COVID-19 pandemic forced governments of countries around the world to take action that significantly interfered with the economic development of each of them by introducing restrictions aimed at the further spread of the virus. Further development of the COVID-19 pandemic and further actions that may be introduced by the Polish government to combat this pandemic are not known to the Company. Their duration and scale may significantly affect the analyzes and estimates prepared by the Company, in particular with regard to the advertising market value, the number of cinema tickets sold and bar sales, as well as revenues from the sale of publications, as the Group has never experienced an administrative ban before, hence it is difficult to prepare an expert opinion in this respect.

- **Macroeconomic risk**

The Group's revenues depend on the general economic situation in Poland and Europe. These incomes increase during periods of economic recovery and are limited during the economic slowdown. In 2020, factors that had a significant impact on the Polish economy, the value of the advertising market and the activity of advertisers were the outbreak of the COVID-19 pandemic and the limitation in doing business related issues, such as administrative decisions and withholding expenditure on promotion due to uncertainty as to the further development of the pandemic and its consequences for the economy in the country. We estimate that in 2020, advertisers spent 9.0% less on advertising than a year earlier. It should be remembered that the value of advertising revenues depends not only on the volume of ads and advertisements, but also on the prices obtained for the publication of these advertisements by the media.

- **Seasonality of advertising spending**

The Group sales revenues are marked by seasonal variation. The Group's advertising revenues in the first and third quarter are usually lower than in the second and fourth quarter of a given financial year.

In 2020, the seasonality of advertising revenues was severely disrupted by the outbreak of the COVID-19 pandemic. It is currently difficult to estimate how advertising expenditure in Poland will develop in 2021, and in which quarter the impact of the pandemic will no longer significantly disturb economic activity.

- **Advertising market structure and the position of individual media in readership, TV and radio audience market**

The Group's advertising revenues are generated by the following media: dailies, outdoor advertising, radio stations, internet and cinemas. In 2020, the structure of the advertising market was severely affected by the outbreak of the COVID-19 pandemic. As a result of structural changes and media convergence particular media in the Agora Group's portfolio compete both with their business competitors and with television broadcasters - which accounted for 44.0% of the advertising market in 2020. The next largest segment of advertising market – Internet held 41% share in total ad spend. Ad expenditure in magazines and dailies constituted 2,5% and 1.5% share of total ad spend, respectively. Outdoor advertising held, in 2020, 4.0% of the advertising market share and radio ad spend constituted 6.5% of total ad expenditure. Cinema advertising constituted 0.5% of all advertising expenditure. Bearing in mind the dynamics of particular and the current Company's estimates of advertising market growth in 2021 there is a risk that the share of particular media in the advertising market will change. This may influence the Group's position and its revenues. The factor that will affect the structure of this market in 2021 will be the effects of the COVID-19 pandemic, which have already affected individual segments of the advertising market to a different extent. Additionally, as a result of the changes in media described above and consolidation on the advertising market the competition between media grows and it may influence Group's advertising revenues. Moreover, due to those changes and technological progress there is no certainty that the Group will be able to react to them in a proper time and manner, which may negatively influence the Group's position and financial results. Advertising revenues depend also on the readership figures and shares in radio and television audience. Media market changes dynamically – some sectors can take advantage of the current changes while other can lose its position on the market. There is no certainty that the Group's position in the particular media sectors will remain unchanged. There is no certainty that the Group's position in the particular media sectors will remain unchanged.

Press distribution

The main distribution channel for newspapers, which is used by all press publishers in Poland, are the networks of newspaper sales points located in places with high traffic. Historically, the distribution market in Poland was concentrated - the two largest distributors had over 80% share in press distribution. In 2018, RUCH S.A. has stopped paying its publisher accounts. The poor financial condition of this entity had an impact on the limitation of cooperation with him and further decreases in the sale of copy printed press. In 2020, RUCH S.A. was acquired by PKN Orlen S.A. It is currently difficult to estimate how this ownership change will affect the distribution of press in Poland in the upcoming years. In 2020, due to the outbreak of the COVID-19 pandemic, some press distributors reduced the number of press outlets. This may have an impact on the further business of individual distributors. Financial or operational problems of any of the other distributors will have a negative impact on copy sales and the results of the Group. The internet is also a growing distribution channel for paid press content. Press publishers use both sales solutions on their own websites and e-kiosks.

Press

Presently paid press experiences a worldwide trend of copy sales decrease and shrinking of advertising expenditure. This trend has been accelerated and enhanced by the pandemic. Press titles, published by the Group and its competitors, are not resistant to the changes taking place on the press market. The dynamics of the above mentioned processes may have a negative impact on dailies copy sales and the revenues of the Group. At the same time, the Group digitalizes its content by means of metered paywall in (introduced in 2014) on websites related to *Gazeta Wyborcza*. At the end of 2020, the number of *Gazeta Wyborcza* active paid subscriptions totalled to almost 260.0 thousand. Nowadays the Company focuses on the growth of average revenue from each subscription and growth of online advertising revenues. It is hard to predict if the Company will be able to deliver above expectations, because of the competitive internet market.

Internet

Polish Internet advertising market is highly competitive and number of internet users in Poland is not growing so fast as in the past. Internet business is highly dependent on technology progress and number of Internet users and maintaining a strong position on that market is possible by means of investment in modern and innovative technology. The development of this medium is also determined by the available infrastructure. The method of access to the Internet is also changing, which may significantly affect the dynamics of the development of this market. The number of mobile internet users is increasing. Both, changes in the internet usage and increase of internet speed may also affect growth dynamics of individual segments of the internet advertising market. In this segment of advertising market the Group competes with local and international players. There is no guarantee, that on such a competitive market, the Group's position and ad revenues will be unchanged. Additionally, online advertising market is undergoing transformation. Search advertising and social media, as well as programmatic, video and mobile advertising are becoming more popular among advertisers. Maintenance of the strong position in rapidly changing market requires investment in advanced technological solutions. Due to that fact there is no guarantee that the Group will be able to compete with national and foreign players with larger financial resources.

Responsibility for published content

The Group's activity is based, in its many aspects, on publishing the content created by journalists, writers, publicists or users of Internet forums. This can result in publisher's responsibility or co-responsibility for distribution of information contradictory to law regulations, including infringement of personal interests. It cannot be ruled out, that the Group could unintentionally violate such lawsand as a result it could be a subject of claims relating to that and as a result it may have to pay relevant compensations.

Outdoor

The outdoor advertising market in Poland is very competitive. AMS S.A. competes with Polish companies and international corporations both to acquire and retain customers as well as to extend and acquire new contracts for the disposal of locations for advertising spots. In addition, operations on the outdoor advertising market are subject to a high risk of changing the law, including construction and tax law, and its interpretation. The introduction of new rules for conducting advertising activities in urban agglomerations, as well as a change in the interpretation and application of applicable regulations and contracts may affect the amount of fees, taxes and potential penalties related to the business, which may affect the Group's result.

In 2020, the shape of the outdoor advertising market and its further development prospects were significantly affected by the COVID-19 pandemic. This segment of the advertising market was one of the most negatively affected by the restrictions introduced to counteract further spread of the virus. In 2020, the value of expenditure in the outdoor advertising segment decreased by nearly 39.0%. Given the scale to which the market contracted in 2020, it is now difficult to quantify the rate at which the market is returning to pre-pandemic levels. This process will be spread over time, therefore AMS has updated the value of its advertising media, which, in its opinion, will not find adequate demand in the near future.

On September 11, 2015, the Act amending certain acts in connection with the strengthening of landscape protection tools entered into force. Under its provisions, municipal self-governments acquired broader powers to enact local law governing the presence of visual advertising and street furniture in public space, and to download the so-called advertising fees. In April 2020 the adjustment period of the Gdansk landscape resolution has come to an end. The costs of dismantling advertising panels in Gdańsk affected the company's current results. The reduced supply of media in this city did not cause any significant reactions from customers. At the same time, the city is carrying out preparatory works to announce tenders for the lease of advertising space in the city space, in accordance with the applicable landscape resolution. Since July 2020, a landscape resolution has been in force in Kraków. Its consequences, after the end of the adjustment period, which will take place in July 2022, will be similar to those in Gdańsk. The effects of the resolutions in other large cities are not expected until 2023. However, it should be noted that for the outdoor advertising market, significantly weakened by the effects of the COVID-19 pandemic, facing the requirements of landscape resolutions may mean a temporary deterioration of results during the transitional period of the first years of the new regulations being in force local for outdoor advertising.

On August 31, 2020, AMS received information from the President of UOKiK about the initiation of an investigation into a possible violation of competition law as a result of cooperation with Ströer. AMS fully cooperates with the Office of Competition and Consumer Protection to clarify doubts as to a possible violation of antimonopoly regulations. However, this has no impact on the company's current operating activities.

Cinema

From March 12 to June 5, 2020 and from November 7, 2020 to February 12, 2021, cinemas in Poland were subject to an administrative ban on operation. Helios cinemas remained closed until July 2, 2020. On February 12, 2021, cinemas in Poland were approved for conditional opening for two weeks. However the Helios cinema network remained closed. Rebuilding the US cinema industry, opening cinemas in this country and introducing Hollywood studios to large screens is crucial for the cinema industry around the world. Taking into account the ongoing pandemic and the effects of combating it, it is currently difficult to estimate the pace at which the cinema market in Poland will recover and when the cinema facilities will be permanently opened.

Helios opens new cinemas in shopping and entertainment centres. Therefore, further development of the cinema network is dependent upon the construction of new shopping and entertainment galleries in Poland and ability to compete with other cinema operators for new space lease contracts. As a result of the outbreak of the pandemic, work on the construction of new commercial facilities may be suspended. The pace of polish infrastructure development and the situation on the Polish real estate market (i.e. cost of space rent) may influence the results of cinema operators. Additionally, the available repertoire affects results of cinema business. Lack of interesting movies, abilities to promote movies or the quality of movies may negatively affect cinema admissions.

In addition, during the pandemic, streaming platforms have gained popularity, therefore cinema operators are competing to a greater extent than before with other movie playback technologies, including online. The weather and the ban on Sunday trading, which causes an outflow of customers from shopping malls, also have a significant impact on attendance. Periodic closures of shopping malls and cinemas may permanently change the habits of consumers - it is currently impossible to assess how they will change their habits and the way they spend their free time after fighting the pandemic.

- **Risks of running licensed business**

The Group has been operating on the licensed radio market for many years, and the license terms define the scope and forms of activity during the period for which a radio broadcaster obtains a license. Therefore, there is a risk that the audience's demand for a given format may decrease, and the concession provisions may significantly limit the Group's ability to adapt to the audience's demand for a given format.

Additionally, there is a risk that, the Group may not fulfill the disposition of concession or regulations, especially in relation to programme content or cease the broadcasting of the programme which may result in sanctions from The National Broadcasting Council (KRRiT).

It cannot be ruled out that KRRiT will refuse to grant the concession the Group again, after the time for which they had been granted previously, or the conditions of newly granted concessions (or contracts related to those concessions) will be less beneficial from the Group’s perspective.

The regulator is working on the implementation of DAB + digital radio in Poland. Due to the lack of clear guidelines and uniform policy of state authorities, it is not possible to estimate the impact of implementing the new mode of broadcasting on the current analogue broadcasting market.

- **Radio stations**

Polish radio ad market is highly competitive. Agora Group’s radio stations compete with other radio broadcasters, with national reach, as well as other media – TV, press, internet and outdoor advertising. The outbreak of the COVID-19 pandemic had a significant impact on the value of spending in this segment of the advertising market. It is difficult to clearly estimate when the value of expenditure on radio advertising will recover to the value before the outbreak of the pandemic.

To maintain audience share it is important to have a demanded radio format. There is no certainty that the Group’s current position in the radio audience market will be unchanged. Competing for ad revenue, radio stations (also belonging to different media concerns), create joint advertising offers. The popularity of these offers may significantly influence the shares of particular radio broadcasters in radio ad market. Additionally, radio stations compete for audience with other media, especially with Internet.

- **Movie business**

Movie distribution and co-production is of project nature, which may result in volatility of its results – it may also impact the Group’s results. The majority of costs incurred, especially those related to movie co-production, burdens the Group results long before the profits related to that fields of operations. The degree of impact of this activity on the Group's results also depends on the popularity and attendance of a given film. During the pandemic, work on all film sets was suspended and cinemas were closed for a specified period of time, which significantly influences the volatility of results from this activity.

- **Risk of claims as a result of intellectual property rights infringement**

The Group’s activity is based in its many aspects on using the intellectual property rights and on license agreements. In the Group’s opinion it does not infringe the intellectual property rights of the third parties. However, it cannot be ruled out that the Group may unintentionally violate such laws. As a result the Group could be a subject of claims and could be forced to pay relevant compensations.

- **Risk of rapid changes in law regulations, especially those relating the Group’s operations**

Due to the fact that legal regulations in Poland change quite often, they may negatively impact the Group’s operations and carry risk in business operations. This risk is especially associated with regulations that directly influence the day-to-day business, including those related to the processing of personal data, changes to the Broadcasting Act and the regulations implementing those changes, Copyright and related rights Act, as well as acts regulating capital market in Poland and rules of commercial activities in Poland. New regulations may pose a risk, due to the problems with their interpretation, lack of judicial practice, unfavourable interpretations adopted by courts or public institutions.

Additionally, tax regulations in Poland are a subject to often changes. Changes in VAT and other kinds of tax burden may negatively impact the operations and financial results of the Group. An example of such a regulation is the bill introducing the so-called solidarity contribution imposed on entrepreneurs on advertising revenues. If

these regulations enter into force from July 2021, they will have a negative impact on both the level of revenues and financial results of the Group and may affect the Group's ability to finance content creation.
The Group is also a subject of risk in changes of tax rules interpretation by tax organs which may affect operations and financial results of the Group.

- **Risk related to proceedings before supervisory authorities**

As part of its business operations, the Agora Group is regularly monitored by institutions supervising specific areas of its operations. In the Company's opinion, all activities undertaken by the Group are in accordance with applicable law, which is why - despite the fact that the Company currently does not expect that any of the proceedings to which it is a party may have a significant negative impact on its financial position and results of operations - neither is it certain that the final result of current or future proceedings will not have such an effect on the results or financial situation of the Group.

- **Impairment tests**

In line with the *International Financial Reporting Standards*, the Group runs impairment tests. In the past and in the current period, some of the tests resulted in impairment loss which was reflected in the income statement (unconsolidated and/or consolidated). There is no assurance that future asset impairment tests will give positive results, especially in a period when the negative effects of a pandemic affect most sectors of the economy.

- **Financial liquidity**

Lower revenues of the Agora Group as a result of the outbreak of the coronavirus pandemic and problems with the repayment of liabilities due by Agora's debtors may have a negative impact on the financial liquidity of the Group. In the face of negative phenomena in the market environment, the Company and the Group may find themselves unable to secure external financing necessary to cover the Group's liabilities due. In order to minimize this risk, the Management Board of Agora S.A. decided that since the outbreak of the pandemic, it has been conducting increased monitoring of debt collection and has secured long-term external financing for the Company and the Group. To secure the financial liquidity of the Group, the Management Board of Agora also decided to apply for funds from the so-called Anti-crisis Shield in the amount of PLN 13.3 million. In view of the enormous uncertainty as to the further course of the pandemic and its economic consequences, the reduced level of the Group's revenues and the lower propensity of financial institutions to grant loans, the risk of problems with financial liquidity in the Group is higher than in the period before the outbreak of the COVID-19 pandemic.

- **Currency risk**

The Group’s revenues are expressed in Polish zlotys. Part of the operating cost, connected mainly with cinema activities, the production materials and services and IT services, is related to the currency exchange rates. The volatility of currency exchange rates may have influence on the level of Group’s operating cost and its financial results.

- **Risk of losing key employees**

The Group’s success depends on the involvement and qualifications of its key employees who contributed immensely to Group’s development and effective optimization of the Group’s operating processes. Due to the market competition for highly qualified specialists there is no guarantee the Group will be able to preserve all valuable employees. What is more, the actions taken by the Company in 2020 in connection with the outbreak of the pandemic (wage cuts, suspension of bonus payments) reduced the competitiveness of wages in the Agora Group compared to those offered by competitors.

- **Debt collection risk**

As a result of the outbreak of the Covid-19 pandemic, the number of companies in Poland that declare bankruptcy has increased - this also applies to contractors with whom the Group cooperates. Financial difficulties of entrepreneurs cooperating with various segments of the Group may have an impact on the results achieved by it. It is also uncertain whether the Group will recover all its receivables in the event of bankruptcy of a given entrepreneur.

- **Risk related to functioning within tax capital group (TCG)**

Operating within PGK requires Agora S.A. obligation to maintain at least 75.0% of shares in subsidiaries that are part of the TCG for the period of operation of the TCG extended for 2021. Taking into account the changes in the market environment and the implementation of the Agora Group's strategy, it may be necessary to make changes in the ownership structure, which - if the value of the aforementioned shares in any of the companies is reduced below the 75.0% threshold, it will be retroactive, from January 1, 2021 with the loss of the PGK status. This is related to the loss of tax savings, an increase in the costs of the fiscal year closing and the need to prepare additional transfer pricing documentation.

In addition, functioning within the TCG imposes a number of statutory requirements on the organization, such as achieving at least 2.0% of the tax profitability level of TCG. Based on the financial forecasts prepared for the period of extending the operation of TCG and in connection with the amendments to the CIT Act stipulating that in the years 2020-2021 the profitability condition is considered to be met when the taxpayer suffered negative economic consequences due to COVID-19, the Company expects that all the statutory requirements will be met throughout the duration of the TCG.

- **The risk of collective dispute**

On December 12, 2011 an Inter-union trade organization *NSZZ Solidarnosc* AGORA S.A. i INFORADIO SP. Z O.O. (“OM”) was created. The trade unions operate in Agora S.A., Inforadio Sp. z o.o., Agora Poligrafia Sp. z o.o., AMS S.A., Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.) and Grupa Radiowa Agory Sp. z o.o. In December 2018 OM included GoldenLine Sp. z o.o. and in January 2019 Doradztwo Mediowe Sp. z o.o. According to the law requirements the management boards of the companies in which trade unions operate consult or negotiate with them decisions in legally determined cases.

In May 2020, the Company was notified of the creation of the second trade union organization - the plant committee of OZZ Inicjatywa Pracownicza operate in Agora S.A.

The Group tries to maintain good relations with its employees and solve any problems as they appear, however it cannot be excluded that in the future the Group may experience a collective dispute in law determined cases.

14. FACTORS AND UNUSUAL EVENTS WHICH HAD INFLUENCE ON THE RESULTS OF BUSINNESS ACTIVITIES FOR 2020 WITH THE ESTIMATION OF THEIR INFLUENCE

In 2020, the most important factor that influenced the results of the Agora Group's operations in 2020 was the outbreak of the COVID-19 pandemic. The effects of the pandemic were particularly felt in the cinema operations and in the advertising endeavors of the Group. The restrictions introduced in order to prevent the further spread of the pandemic had a significant negative impact on the operating activities of most of the Group's businesses. They included, inter alia, administrative closure of cinemas (from March 12 to June 5, 2020 and from November 7, 2020) and restaurants from March 14 to May 18, 2020, as well as the possibility of their operation only in the take-out formula for the remainder of the year. High uncertainty related to the development of the situation stopped the advertising activities of most entrepreneurs, which was reflected in the level of advertising revenues of the Group. Additionally, due to the negative impact of the effects of the pandemic on the operations and development prospects of selected businesses, the Group decided to undertake a number of restructuring measures, some of which had an impact on Agora's costs and results. Among them there are: restructuring of the activities of Plan D Sp. z o.o. (formerly Domiporta Sp.z o.o.), including impairment losses on its assets in the amount of PLN 12.7 million and the sale of an organized part of the enterprise, Plan D Sp. z o.o. (formerly Domiporta Sp.z o.o.). Moreover, the scale of operations of GoldenLine Sp. z o.o. and reducing employment in this company. The total costs of restructuring in Plan D Sp. z o.o. (formerly Domiporta Sp.z o.o.) and at GoldenLine Sp. z o.o. amounted to PLN 1.4 million. The Group also decided to write down the value of the assets of Foodio Concepts Sp. z o.o. in the amount of PLN 9.0 million and the sale of shares in this company. In 2020, impairment losses on Agora's real estate amounted to PLN 4.9 million and were charged to the costs of support departments. Additionally, due to significant drops in the value of outdoor advertising spending, AMS S.A. decided to review the media and write down the value of some of them, which, due to the development of the outdoor advertising market in the medium term, will not be used to the extent that they will be able to recover their book value. The value of this impairment loss in the AMS group was PLN 7.1 million. Additionally, the Helios cinema chain decided to write-off some assets in the amount of PLN 4.2 million. The total value of impairment losses on non-current assets in the Group in 2020 was PLN 38.0 million. During the discussed period, Agora also sold real estate. The total profit on these transactions in the amount of PLN 7.1 million reduced the Group's operating costs and had a positive impact on its result. The Group also realized a profit from the sale of an organized part of the enterprise, Plan D Sp. z o.o. in the amount of PLN 3.6 million. The total cost of all these one-off events charged the Agora Group's results with PLN 28.7 million in 2020. In 2020, the Group's operating costs and its operating result were positively affected by co-financing from the Guaranteed Employee Benefits Fund in the amount of PLN 13.3 million.

15. LEGAL ACTIONS CONCERNING LIABILITIES OR DEBTS OF THE ISSUER OR ITS SUBSIDIARIES

In 2020, there were no significant legal actions in court, competent authority for arbitration procedures or public institutions related to liabilities or debts Agora S.A. or its subsidiaries.

16. INFORMATION ON PURCHASE OF OWN SHARES

In 2020, the Issuer did not conduct a program of purchasing own shares.

17. DIVISIONS OF THE COMPANY AND OF ITS SUBSIDIARIES

Agora S.A. has 10 divisions and the major headquarters in Warsaw. Other companies from the Group do not have local divisions.

18. THE MANAGEMENT BOARD'S STATEMENT OF THE REALIZATION OF FORECASTS

The Management Board did not publish any forecasts of the Group's financial results and because of that this report does not present any Management Board's statement of the realization of them, as well as any differences between actual and forecasted financial results.

19. ISSUING OF SECURITIES

In 2020 the Company did not issue any securities.

20. OTHER INFORMATION

- **Significant events for the Company's business activities**

In the current report of March 23, 2020, the Management Board of Agora S.A. informed that according to the current assessment of the situation as at March 22, 2020, the Company expected that the effects of the COVID-19 coronavirus pandemic announced by the World Health Organization WHO and actions undertaken by the government administration to limit the further spread of the virus will have a significant negative impact on the financial results of Agora and its subsidiaries in the second quarter of 2020.

At the same time, the Company emphasized that, taking into account the factors of high uncertainty, including the unpredictable duration of the continued epidemic threat and the scale of all restrictions related to it, as well as their economic effects, also after the epidemic threat ceases, it is impossible to estimate the full impact of pandemic on the current and future financial results of Company and its group.

The company noted that the negative impact on its activities will have, among others: administrative closure of cinemas and limiting the activities of food eateries of the Group; slowdown in economic growth, which will have an impact on the suspension of investment processes and advertisers' activity; suspension of film productions or postponement of dates of film premieres; recommendations for staying at home and closing book sales outlets and possible difficulties with distributing newspapers.

At the same time, the Company observed an increase in the popularity of its content, also in the form of paid digital subscriptions. At this stage, the Company does not notice any alarming changes in the volume of sales of paper publications of its press titles.

The Company also drew attention to the increased risk of payment gridlocks on the side of its contractors and possible problems with recovering amounts due from them. The Group's business partners include entities that have been particularly affected by the restrictions imposed on business operations. The weakening of the Polish currency against other currencies may also have a negative impact on the level of costs of the Agora Group.

The company informed that is already implementing measures to limit the negative financial consequences for the Agora Group related to the spread of coronavirus. All expenses, including investment expenditure, which do not condition the continuation of the basic activity of particular businesses have been postponed, and scenarios of subsequent austerity measures are being developed, depending on the duration of the pandemic and its impact on running business operations, as well as legislative and administrative solutions to reduce these consequences.

Despite the cost savings measures already undertaken by the Company, the circumstances described above had a significant negative impact on the financial results of the Group at least in the second quarter of 2020. However, depending on the duration of the epidemic threat, the scale of all restrictions related to COVID-19 as well as their economic effects, also after the cessation of the epidemic threat, the negative impact on the Group's financial results persisted in the following quarters of 2020.

The Management Board of Agora emphasized that the above assessment was made in accordance with the actual legal status of situation and the best knowledge of the Company as at the date of this regulatory filing, however the extent of the impact is unknown and impossible to estimate, and depends on factors that are beyond the Company's impact or control. Possible new conditions significantly affecting the generated financial results and the situation of the Agora Group or more precise estimates of the impact of a pandemic on Agora's results will be disclosed by the Company in subsequent regulatory filings.

In the current report of May 28, 2020, The Management Board of Agora S.A., with reference to current report 19/2018 of 15 June 2018 and 10/2020 of 23 March 2020, informed that, on the basis of analyzes made by the Company, that the outbreak of the COVID-19 pandemic and its long-term effects on the Polish economy and on the Agora Group will prevent Agora from meeting the financial goals set out in the Agora Group Strategy for 2018-2022 ("Strategy") by the end of 2022.

At the same time, the Management Board of Agora recognizes the development directions of the Agora Group outlined in the Strategy as attractive and does not resign from their implementation at this stage. However, the pace and scale of the Group's activities will be significantly different from those assumed in the Strategy and depend on the process of lifting sanitary restrictions in Poland, the further course of the pandemic, the social effects of the coronavirus, the development of the economic situation and the impact of these aspects on the activities of the Agora Group. The factor that will affect the ability of the Group to implement its strategic plans will also be the date of return to negotiations with the consortium of banks on financing the development activities of the Agora Group.
The Management Board of Agora has undertaken both savings and liquidity measures to ensure the financial security of the Group by the end of 2020, as well as time for further negotiations with banks on financing the Agora Group.

When the crisis caused by the pandemic ends and after the stabilization of the economic situation, the Company's Management Board will re-examine the development plans of the Agora Group, its business portfolio and new market environment and shall review strategic plans on that basis.

In the current report of March 17, 2021, the Management Board of Agora S.A. adopted a resolution on the submission of a motion to the Annual General Meeting of Shareholders to withhold the payment of dividend for 2020.

The above departure from the dividend policy announced on 14 February 2005, is related to the economic uncertainty and the further impact of the COVID-19 pandemic and its effects on the operating activities and financial results of both Agora and the Agora Group, which is difficult to estimate.

In the circumstances of such high uncertainty, the Management Board of Agora considered it justified to keep the financial resources in the Company and recommend not to pay dividends for 2020 in order to strengthen the financial position of the Group.

The above decision received a positive opinion from the members of the Supervisory Board.

Conclusion of a property sale contract.

In the current report of February 6, 2020, The Management Board of Agora S.A. with its registered seat in Warsaw („Agora", „Company") informed that on February, 5th 2020 the Company concluded an agreement to sell ownership rights to plot of land number 133, precinct: 4-07-05, area 0.4623 ha, constituting part of the real estate for which the District Court for Warsaw - Mokotów in Warsaw, IX Land and Mortgage Register Department keeps land and mortgage/land registration No. WA3M / 00516612/1 (former No. WA3M / 00171401/8), together with the main building and buildings placed on the above plot of land („Property") and a contract for the sale of ownership rights of selected movables, specified in detail in the transaction documentation („Movables").

The decision to sell Property and Movables results from the fact that the Company does not effectively use the entire area of Real Estate for operating activities.

At the same time, the Management Board of the Company informed that the process of Property contract conclusion, which resulted in signing the Agreement, have been recognized as a process extended in time. In the course of this process, the Company has identified intermediate stages, each of which meets the criteria of confidential information. The provision of confidential information on the intermediate stages in the process of contract conclusion was delayed until the conclusion of an agreement for the sale of Property and Movables, pursuant to Article 17 clause 1 and 4 of the Regulation of the European Parliament and of the Council No 596/2014 of 16 April 2014 on market abuse (Market Abuse Regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC ("MAR") and Article 4 of Commission Implementing Regulation (EU) 2016/1055 of 29 June 2016 laying down implementing technical standards with regard to the technical means for appropriate public disclosure of inside information and for delaying the public disclosure of inside information in accordance with Regulation (EU) No 596/2014 of the European Parliament and of the Council ("Implementing Regulation"), due to the protection of the Issuer's legitimate interest, i.e. the risk of negative impact of providing the information on the possibility of completing an agreement of sale of Property and Movables by the Company. One of the intermediate stages was conclusion of preliminary agreement of sale of ownership rights to Property, accompanied by conclusion of the contract to sell ownership rights of selected movables.

Total amount of inflow from sale of all assets amounted to PLN 11.0 million net, and its impact on the operating result of the Agora Group in 1Q2020 shall amount to ca PLN 6.7 million.

The value of the Property is not significant from the Company's perspective, however, due to its one-off and non-operational character and its positive impact on the operating results of the Agora Group in 1Q2020, information about the transaction should be made public in a current report.

The following intermediate stages of the negotiation process were delayed:

- of 26 November 2019 commencing negotiations on the sale of Property and Movables. The content of the delayed confidential information was published on the Company's website.
- of 9 December 2019 preliminary agreement of sale of ownership rights to plot of land number 133, precinct: 4-07-05, area 0.4623 ha, constituting part of the real estate for which the District Court for Warsaw - Mokotów in Warsaw, IX Land and Mortgage Register Department keeps land and mortgage/land registration No. WA3M / 00171401/8, together with the main building and buildings placed on the above plot of land („Property") and the ownership rights of selected movables, specified in detail in the transaction documentation („Movables").

The content of the delayed confidential information was published on the Company's website.

In the current report of January 29, 2021 the Management Board of Agora S.A. informed that that on 29 January 2021, the Company concluded a preliminary agreement for the sale of the perpetual usufruct right to a developed real estate with a total area of 7.46 ha, including the ownership title to buildings constituting an object of ownership separate from the land, located in Pila at ul. Krzywa 35, for which the District Court in Pila, VI Division of Land Registry, keeps a land and mortgage register with the number PO1I/00009141/0 ("Property").

The decision to sell the Property results from the fact that after the restructuring of the printing activity and the phasing out of printing plant in Pila in the second half of 2019 (about which Agora informed in regulatory filings

No. 5/2019 of 5 March 2019 and No. 7/2019 of 25 March 2019) The Company does not effectively use the area of the Property for operating activities.

The estimated total value of the Property amounts to PLN 14.5 million net and its sale will not affect the operating result of the Agora Group in 2021, as the selling price of the Property is, as a general rule, in line with its book value. The transaction will be visible in the Group's cash flows and will result in a decrease in the value of the Group's fixed assets in the future.

The value of the Property being the subject of the agreement does not meet the established materiality criteria for this type of transactions, however, the Management Board decided that due to the one-off and non-operational nature of the transaction, information about it should be disclosed to the public in the form of a regulatory filing.

Pursuant to art. 17 sec. 4, third paragraph of the MAR Regulation, the Issuer will inform the Polish Financial Supervision Authority of the delay in disclosing the above confidential information immediately after the publication of this filing, by submitting a written explanation on the fulfillment of the conditions specified in Art. 17 sec. 4 points a) - c) of the MAR Regulation.

At the same time, the Management Board of the Company informs that the process of concluding the contract for the sale of the perpetual usufruct right to the Property (hereinafter referred to as the "Agreement") has been recognized as a process extended in time. In the course of this process, the Company identified an intermediate stage which itself meets the criteria for being classified as confidential. Providing confidential information about the occurrence of an intermediate stage in the sales process was delayed until the conclusion of the Agreement pursuant to Art. 17 sec. 1 and 4 of the Regulation of the European Parliament and of the Council No. 596/2014 of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directive 2003/124/EC, 2003/125/EC and 2004/72/EC ("MAR Regulation") and Art. 4 of the Commission Implementing Regulation (EU) 2016/1055 of 29 June 2016 laying down implementing technical standards with regard to technical conditions for the proper disclosure of inside information to the public and delaying the disclosure of inside information to the public in accordance with the Regulation of the European Parliament and of the Council (EU) No. 596/2014 ("Implementing Regulation") due to the protection of the legitimate interests of the Issuer, ie. the risk of a negative impact of providing information on the possibility of concluding the Agreement. The intermediate stage referred to above was the commencement of negotiations on the sale of the perpetual usufruct right to the Property on 23 December 2020 and the signing by the Company of a letter of intent containing the boundary conditions of the considered transaction for the sale of the perpetual usufruct right to the Property.

Content of delayed confidential information as of 23 December 2020:

The Management Board of Agora S.A. with its seat in Warsaw ("Agora") hereby informs that on 23 December 2020 Agora S.A. began negotiations on the sale of a developed property located in Pila at ul. Krzywa 35, for which the District Court in Pila, 6th Land Registry Department keeps a land and mortgage register with the number PO1I/00009141/0 ("Property") ("Transaction").

Therefore, on 23 December 2020, Agora signed a non-binding letter of intent ("Term Sheet") with the potential buyer regarding the basic terms of the Transaction under consideration. The condition for carrying out the Transaction is, i.a., agreeing on the detailed terms of the Property sale agreement and obtaining by the buyer financing for the purchase of the Property. The commencement of the negotiations described above does not mean that the negotiations will end in establishing the final terms of the Transaction. The Company will inform about the further stages of the Transaction in accordance with the requirements imposed by law. The decision to sell the Property results from the fact that the Company, after the phasing out of part of its printing activities, no longer uses the Property for operating activities.

The estimated total value of the Property and Movable Property amounts to PLN 14.5 million net.

The value of the Property being the subject of the agreement is not significant from the point of view of the Company, however, the Management Board concluded that due to the one-off and non-operational nature of the transaction and its potential impact on the Agora Group's operating results by the second quarter of 2021, it should be disclosed to the public in the form of a regulatory filing.

The commencement of negotiations is an intermediate stage of the extended process aimed at Agora's sale of the ownership of the Property.

In the current report of March 4, 2021 the Management Board of Agora S.A., i*n relation to regulatory filing 03/2021 of 29 January 2021, informed that on the March 4th, 2021, the Company concluded a promised agreement on sale of the perpetual usufruct rights to a developed real estate with a total area of 7.46 ha, including the ownership title to buildings constituting an object of ownership separate from the land, located in Pila at ul. Krzywa 35, for which the District Court in Pila, 6th Land Registry Department keeps a land and mortgage register with the number PO1I/00009141/0 ("Property").*

The decision to sell the Property resulted from the fact that after the restructuring of the printing activity and the phasing out of printing plant in Pila in the second half of 2019 (about which Agora informed in regulatory filings No. 5/2019 of 5 March 2019 and No. 7/2019 of 25 March 2019) the Company does not effectively use the area of the Property for operating activities.

The estimated total value of the Property amounts to PLN 14.5 million net and its sale will not affect the operating result of the Agora Group in 2021, as the selling price of the Property is, as a general rule, in line with its book value. The transaction will be visible in the Group's cash flows and will result in a decrease in the value of the Group's fixed assets.

- **The procedure of a temporary reduction in the remuneration of staff cost in the Agora Group and the process of group layoffs in Goldenline Sp. z o.o.**

In the current report of April 6, **2020,** the Management Board of Agora S.A. with reference to the report no. 10/2020 of 23 March 2020 on the negative impact of a pandemic on the results of the Agora Group, announced that on April 6, 2020, Agora initiated consultation with the inter-enterprise commission of NSZZ " Solidarność "Agora SA and Inforadio Sp. z o.o. regarding actions planned by the Company to reduce the staff cost in the Group, including, inter alia, a temporary reduction by 20% cost of basic salary and fixed monthly salary for period of six months. In addition, in connection with the Act on April 7, 2006 about informing and consulting employees, talks will also be held with the Company's employees' council and employee representatives in companies belonging to the capital group in which there is no trade union organization.

As part of the above consultations, the Company, on behalf of the Management Board of Goldenline Sp. z o.o. with its registered office in Warsaw ("Goldenline"), planned to agree on the conditions of group layoffs in Goldenline. Restructuring activities, group layoffs, are associated with a decrease in Goldenline's revenues from the company's basic operating activities. The negative impact of the spreading coronavirus pandemic on Goldenline's activities and the lack of an objective opportunity to improve the company's financial standing in the foreseeable time have caused the Company to undertake decisive restructuring measures, including a significant reduction in employment in Goldenline.

According to the information provided by the Company in the current report no. 10/2020 of 23 March 2020, the COVID-19 coronary pandemic and government administration measures taken to limit the further spread of the virus will have a significant negative impact on the financial results of Agora and its subsidiaries in the second quarter of 2020. The observation of the development of the pandemic in Poland and in the world, as well as its effects on the economy and operations of the Group, substantiates the continuation of its negative impact on the results of Agora and its subsidiaries in the third quarter of 2020. Decision to temporarily lower remuneration costs and reduce employment in Goldenline is another of a series of necessary savings measures carried out within the Agora Group, which are aimed at mitigating the negative consequences of a pandemic, including the inability to conduct business operations in selected sectors.

In the current report of April 15, 2020, the Management Board of Agora S.A., with reference to the reports: No. 10/2020 of 23 March 2020 on the negative impact of a pandemic on the results of the Agora Group and No. 13/2020 on commencing on 6 April 2020 consultation procedure with the inter-enterprise commission of NSZZ "Solidarność" Agora SA and Inforadio Sp. z o.o. ("Commission") regarding actions planned by the Company to reduce the staff cost in the Group, including, inter alia, a temporary reduction by 20% remuneration paid on the basis of employment contracts, mandate contracts and service contracts for the period of six months in companies subject to the Commission's action, informed about the conclusion of an appropriate agreement on this matter on 15 April 2020.

The Management Board of Agora estimates that the total savings due to the temporary reduction of remuneration in the Group should amount to approximately PLN 25.0 million. Additionally, selected companies from the Group will apply for co-financing of remuneration from the Guaranteed Employee Benefits Fund.

In the current report of April 23, 2020 Management Board of Agora S.A. with reference to the report no. 13/2020 of 6 April 2020 on commencing consultation with the inter-enterprise commission of NSZZ "Solidarność "Agora SA and Inforadio Sp. Z o.o. regarding i.a. agreeing on the conditions of group layoffs in Goldenline Sp. z o.o. with its registered office in Warsaw ("Goldenline"), informed about termination of these consultations due to the termination of employment with majority of Goldenline's employees under the voluntary leave program.

As a part of the voluntary leave program, the employment relationship ended with 26 employees, representing nearly 80% of the Goldenline staff. The cost of implementing the voluntary leave program amounted to PLN 0.9 million and affected Agora Group's financial results in the second quarter of 2020.

- **Receipt by the Company of funds from the Guaranteed Employee Benefits Fund**

In the current report of July 14, **2020,** The Management Board of Agora S.A. with its registered office in Warsaw, with reference to the report 13/2020 of 6 April 2020 and 14/2020 of 20 April 2020, informed about receiving the first tranche of employee remuneration subsidy from the Voivodship Labor Office in Warsaw from the Guaranteed Employee Benefits Fund in the amount of PLN 2.79 million.

The funds received correspond to one third of the total amount requested by the Company (i.e. PLN 8.37 million).

Agora Group companies jointly applied for funding in the amount of PLN 13.9 million.

Receiving of the subsidy is connected with the obligation to submit documents necessary for its settlement within 30 days from the day of obtaining the last tranche of payment, and the final amount of the financing may change as a result of settlement.

- **Information on impairment tests conducted**

In the current report of January 17, 2020, the Management Board of Agora S.A. informed that the Agora Group ("the Group") was in the process of verifying the valuation of its assets in accordance with the International Financial Reporting Standards, inter alia on the basis of an analysis of long-term financial forecasts for the individual business segments of the Group, the possible recoverable residual value of assets and the review of other assumptions made in the asset valuation models.

The above mentioned analyses show the necessity for revision of the value of assets in GoldenLine company and the value of Agora's stake in that company due to, inter alia, failure to achieve financial and operating targets by the company in 2019. The Management Board of Agora S.A. decided to write off the value of assets in the company to their estimated recoverable value.

The company estimates that the impact of impairment of assets in GoldenLine company on Agora's net result shall amount to ca PLN 11.2 million. The impact on the consolidated net financial result of the Agora Group shall amount to ca PLN 6.5 million and on the Group's operating result on the EBIT level to ca PLN 7.4 million in the fourth quarter of 2019.

In the current report of January 28, 2021, The Management Board of Agora S.A. with its registered seat in Warsaw ("Company", "Agora") hereby informed that in the course of works on the annual report of the Agora Group, including the process of verifying the valuation of its assets and the completeness of the recognition of provisions, it made a decision on the necessary write-offs or increase of provisions in the Movie and Books segment, the Outdoor segment and Agora company. The total amount of the above mentioned impairments affects both the net results and the operating result of the Agora Group.

In the fourth quarter of 2020, additional factors that had a negative impact on Helios' financial results were the increase in the provision for the fee for Związek Autorów i Producentów Audiowizualnych ("ZAPA", Union of Audiovisual Authors and Producers) and the write-off of assets in two cinemas.

The increase in the provision for ZAPA fees was related to the change in the method of calculating contributions to the organization for collective management of the rights of authors associated in this organization in connection with the settlement between ZAPA and Helios S.A. Therefore, in the fourth quarter of 2020 alone, the value of the provision related to previous years' fees for ZAPA and interest on them amounted to an additional nearly PLN 12.5 million. Moreover, Helios made a write-off of assets in two cinemas. Their total impact on the operating result of the Agora Group amounted to PLN 4.2 million.

The company also decided to increase the impairment loss in the Outdoor segment, with the largest part of the write-off related to the liquidation of disassembled materials. The total amount of additional write-offs and costs related to the disposal of materials in the fourth quarter of 2020 in this segment amounted to approximately PLN 1.6 million.

The company also decided to write off the value of the property in Pila in the amount of PLN 4.4 million and to reverse the write-off of some receivables from RUCH S.A. in connection with their repayment in the amount of PLN 3.2 million.

Total negative impact of the above mentioned events on the operating result of Agora amounts to approximately PLN 1.2 million, and on the net result of the Company PLN 0.9 million.

On the other hand, the total negative impact of the above mentioned events on the operating result of the Agora Group amounts to approximately PLN 19.5 million, and on the net result of the Agora Group approximately PLN 15.7 million.

- **General Meeting of Shareholders of Agora S.A.**

In the current report of February 28, 2020, the Management Board of Agora S.A. informed about convening, for March 17, 2020, at 11 a.m., the Extraordinary General Meeting of Shareholders of Agora S.A. ("General Meeting of Shareholders"). The agenda of the General Meeting of Shareholders included, among other points regarding: (i) the adoption of a resolution on the creation and introduction of a Stock Option Plan, issuance of registered Subscription Warrants pursuant to the disapplication of preemption rights of existing shareholders, conditional increase of the Company's share capital pursuant to the disapplication of preemption rights of existing shareholders and amendment of the Company's Statute related to the foregoing, (ii) the merger of Agora S.A. ("the Acquiring Company") and Agora-Poligrafia ("the Acquired Company") by transferring all assets of the Acquired Company to the Acquiring Company.

In the current report of February 28, 2020, draft resolutions were published, subject to submission to the General Meeting of Shareholders.

In the current report of March 23, 2020, the Management Board of Agora S.A. informed about a resolution to cancel the Extraordinary General Meeting of Agora S.A. convened for 27 March 2020. The reason for the cancellation of the Assembly is SARS-CoV-2 virus pandemic in Poland. The Company's Management Board took into account recommendations regarding limitations on organisation of meetings and treated them very seriously. The Company wanted to avoid exposing any of its shareholders, proxies or employees to unnecessary risks, and the current provisions of Agora's Statute did not allow conducting the Assembly in a remote version.

In the current report of April 24, 2020, The Management Board of Agora S.A. informed, with reference to the report No. 10/2020 of March 23, 2020 regarding the negative impact of a pandemic on the results of the Agora Group, adopted a resolution on submitting a proposal to the Annual General Meeting regarding the allocation of profit, disclosed in the Company's financial statements for 2019 in the amount of 20 114 682.14 PLN (in words: twenty million one hundred fourteen thousand six hundred eighty two zlotys fourteen groszy), in full to the Company's reserve capital.

The above proposal constituted a departure from Agora's dividend policy announced on February 14, 2005. The withdrawal from the dividend policy is associated with the economic uncertainty caused by the COVID-19 coronavirus epidemic.

The above decision was approved by the members of the Supervisory Board.

In the current report of May 29, 2020, the Management Board of Agora S.A. informed about convening, for June 25, 2020, at 11 a.m., the Ordinary General Meeting of Shareholders of Agora S.A. ("General Meeting of Shareholders").

In the current report of May 29, 2020, draft resolutions were published, subject to submission to the General Meeting of Shareholders.

In the current report of June 25, 2020, the Management Board of Agora S.A. published the content of the resolutions adopted at the Ordinary General Meeting of Agora S.A. including the resolutions concerning: (i) adopting the "Policy of remuneration for Members of the Management Board and Supervisory Board of Agora S.A.", (ii) amending paragraph 19 sec. 2 point i) of the Company's Statue, (iii) on the merger of Agora S.A. ("Acquiring Company") with Agora - Poligrafia sp. z o.o. ("Acquired Company") by transferring all assets of the Acquired Company to the Acquiring Company.

In the current report of June 25, 2020, the Management Board of Agora S.A. informed that at the General Meeting of Shareholders held on June 25, 2020, the following shareholders held more than 5% of votes at that general meeting:

- Agora-Holding Sp. z o.o.: 22,528,252 votes, i.e. 48.33% of votes at that Ordinary General Meeting of Shareholders and 35.36% of the total number of votes;

- Otwarty Fundusz Emerytalny PZU "Zlota Jesien": 8,126,434 votes, i.e. 17.44% of votes at that Ordinary General Meeting of Shareholders and 12.76% of the total number of votes;

- MDIF Media Holdings I, LL: 5,355,645 votes, i.e. 11.49% of votes at that Ordinary General Meeting of Shareholders and 8.41% of the total number of votes;

- Nationale-Nederlanden Otwarty Fundusz Emerytalny: 4,200,000 votes, i.e. 9.01% of votes at that Ordinary General Meeting of Shareholders and 6,59% of the total number of votes.

Dates of publication of periodic reports in 2020

In the current report of January 29, 2020, The Management Board of Agora S.A. announced the publication dates of Agora Group's periodic reports in 2020. At the same time, the Company announced that it will not: (i) publish separate stand-alone quarterly reports. Consolidated quarterly reports of the Agora Group will include condensed consolidated quarterly financial statement, (ii) publish an individual semi-annual report, therefore, the consolidated semi-annual report will include a condensed semi-annual financial statement along with the report of the entity authorized to audit the statements and abridged additional information, (iii) publish consolidated quarterly report for the fourth quarter of 2019 and second quarter of 2020.

In the current report of April 24, 2020, the Management Board of Agora S.A. informed that the consolidated quarterly report of the Agora Group for the first quarter of 2020 will be made public on May 29, 2020. Originally, the Company planned to publish this report on May 15, 2020, which was reported in the current report No. 02/2020 of January 29, 2020.

In the current report of August 5, 2020, the Management Board of Agora S.A. informed that the consolidated quarterly report of the Agora Group for the second quarter and first half of 2020 will be made public on September

25, 2020. Originally, the Company planned to publish this report on August 14, 2020, which was reported in the current report No. 02/2020 of January 29, 2020.

In the current report of August 14, 2020, the Management Board of Agora S.A. announced the preliminary consolidated operating results of the Agora Group for:

2Q2020:

1. Initial consolidated revenues: **PLN 129.5 million**
2. Initial consolidated operating loss at the EBIT level: **PLN 53.4 million**
3. Initial consolidated operating loss at the EBIT level, excluding one-off events: **PLN 48.5 million**
4. Initial consolidated loss at the EBITDA level: **PLN 4.4 million**
5. Initial consolidated net loss: **PLN 41.1 million**
6. Initial consolidated operating loss at the EBIT level without the impact of IFRS 16: **PLN 44.8 million**
7. Initial consolidated loss at the EBITDA level without the impact of IFRS 16: **PLN 13.4 million**
8. Preliminary consolidated net loss without the impact of IFRS 16: **PLN 38.1 million**

1H2020:

1. Initial consolidated revenues: **PLN 419.1 million**
2. Initial consolidated operating loss at the EBIT level: **PLN 72.9 million**
3. Initial consolidated operating loss at the EBIT level, excluding one-off events: **PLN 53.3 million**
4. Initial consolidated profit at the EBITDA level: **PLN 40.2 million**
5. Initial consolidated net loss: **PLN 88.2 million**
6. Initial consolidated operating loss at the EBIT level without the impact of IFRS 16: **PLN 63.2 million**
7. Initial consolidated profit at the EBITDA level without the impact of IFRS 16: **PLN 13.8 million**
8. Preliminary consolidated net loss without the impact of IFRS 16: **PLN 58.6 million**

At the same time, the Company informed that:

- the outbreak of the COVID-19 pandemic and the restrictions introduced to prevent its further spread had a huge impact on the level of the Group's revenues and its financial results. They had a significant impact on the level of all categories of the Group's revenues. Their most significant impact was visible in revenues from cinema operations, from the sale of advertising services, as well as revenues from food service activities and the sale of publications.

- one-off events included:

- profit from the sale of real estate - server room building and land at Daniszewska Street in Warsaw (PLN 0.4 million in the 2Q2020, PLN 7.1 million in the 1H2020),
- impairment losses on non-current assets in the amount of PLN 7.5 million in the 2Q2020 and PLN 28.9 million in the 1H2020, including mainly the costs of write-off of assets of Plan D Sp. z o.o. (earlier Domiporta Sp. z o.o.) and Foodio Concepts Sp. z o.o. in the 1Q2020 and the value of fixed assets in AMS in the amount of PLN 6.7 million in the 2Q2020,
- restructuring costs in the 2Q2020 in the amount of PLN 1.4 million, including group layoffs at Plan D Sp. z o.o. (earlier Domiporta Sp. z o.o.) and the voluntary redundancy program at Goldenline,
- profit on the sale of Plan D Sp. z o.o. (earlier Domiporta Sp. z o.o.) enterprise in the amount of PLN 3.6 million in the 2Q 2020.

The presented values were preliminary and were subject to change. Their final values were published in the periodic report for the 1H2020 on 25 September 2020.

In the current report of November 18, 2020, the Management Board of Agora S.A. announced the publication dates of Agora Group's consolidates periodic reports in the financial year 2021:

I. Consolidated quarterly reports:

- for the first quarter of 2021 – 21 May 2021,
- for the third quarter of 2021 – 19 November 2021,

II. Interim consolidated report for the first half of 2021 – 13 August 2021,

III. Annual and consolidated annual report for 2020 – 19 March 2021.

Additionally, the Management Board announces that,

- pursuant to § 62 section 1 of the Regulation of the Minister of Finance dated 29 March 2018 on current and periodic information published by issuers of securities and on conditions under which such information may be recognized as being equivalent to information required by the regulations of law of a state which is not a member state ("Regulation"), the Company will not publish separate stand-alone quarterly reports. Consolidated quarterly reports of the Agora Group will include condensed consolidated quarterly financial statement.

- the Company will not publish a separate stand-alone interim report pursuant to § 62 section 3 of the Regulation, either. The consolidated interim report shall include condensed interim report with the report and opinion of independent auditor and condensed additional information.

- the Company will not publish consolidated quarterly report for the fourth quarter of 2020 and second quarter of 2021 pursuant to § 79 section 2 of the Regulation.

All periodic reports shall be published on Company's website at www.agora.pl/en in the section Investor Relations.

- **Resignation from the function of the Management Board Member of Agora S.A.**

In the current report of April 30, 2020, the Management Board of Agora S.A. informed that on April 30, 2020 Mr. Grzegorz Kania filed a notice of termination of the employment contract between him and the Company and therefore informed Agora of his intention to resign from his function of a member of the Company's Management Board, with effect no later than October 31, 2020. To that date, the duties of the financial director of the Agora Group will be taken over by a member of the board - Ms Anna Kryńska-Godlewska. The date of resignation of Mr. Grzegorz Kania from his function as a management board member will be agreed upon taking into account the best possible support for this process.
Mr. Grzegorz Kania informed that the reason for his resignation was taking on new professional commitments.

In the current report of September 28, 2020, the Management Board of Agora S.A. with its registered office in Warsaw ("Agora", "Company") informed with reference to report no. 21/2020 of 30 April 2020 on the intention to resign by Mr. Grzegorz Kania from his position as a Member of the Management Board of the Company, that on 28 September 2020, the Company received a resignation from Mr. Grzegorz Kania from the position of a Member of the Management Board and his participation in the Management Board of Agora S.A. with an instant effect.
Duties of the financial director within the Management Board of Agora S.A. were taken over by Ms Anna Kryńska Godlewska.

- **Receipt of notification pursuant to Art. 19 MAR**

In the current report of December 15, 2020, According to Art. 19 paragraph 3 of the MAR Regulation, the Management Board of Agora S.A., hereby informed that on December 15, 2020, the Company received a notification of transactions pursuant to Art. 19 paragraph 1 of the MAR Regulation. The content of the received notification published on Company's website.

Registration of changes to the Statutes of Agora

In the current report of October 5, 2020, the Management Board of Agora S.A. with its registered seat in Warsaw ("Company", "Agora") informed that it has learned about the registration by the District Court for the Capital City of Warsaw in Warsaw, XIII Commercial Division of the National Court Register, on 1 October, 2020, changes to the Statutes of Agora, made pursuant to resolution no. 22 of the Ordinary General Meeting of the Company, adopted on 25 June, 2020, with the following wording:

"Resolution No. 22

Pursuant to Art. 430 § 1 of the Commercial Companies Code, the General Meeting resolves to amend the Company's Statutes as follows:

"§ 19 section 2 point i)" expressing consent for the Company to exercise voting rights in a specific manner at shareholders' meetings or general meetings of subsidiaries of the Company within the meaning of the Act on Public Offering and implementing acts issued on its basis in the event of voting on resolutions concerning remuneration or benefits referred to in point g) of this section, "

shall read as follows:

"§ 19 section 2 point i)" expressing consent for the Company to exercise voting rights in a specific manner at shareholders' meetings or general meetings of subsidiaries of the Company within the meaning of the Act on Public Offering and implementing acts issued on its basis in the event of voting on resolutions concerning remuneration or benefits referred to in point f) of this section. "

The amended content of the Company's Statutes is valid since 1 October, 2020 and has been published on the Company's website.

Erratum of an editorial error in the Agora Group's financial report for the 3 and 9 months ended September 30, 2020

In the current report of November 17, 2020, the Management Board of Agora S.A. informed about an editorial error in the financial statements of the Agora Group for the 3 and 9 months ended September 30, 2020 ("Report") published on November 17, 2020.

An editorial error occurred while editing of the table on page 67 of the Report during which the line "Dividends received" in the table was accidentally hidden.

The identified error is purely of presentation nature and does not affect the financial results of the Agora Group in any way. The sum of the amounts presented in the table included the value of the omitted line. All amounts given in the Report are correct and do not require any changes. Information on this particular item of net cash flows from Agora's investing activities is also presented in section III point 4 on cash flows, including in particular investing activities of the Management Board commentary to this Report

The table presented on page 67 of the Report before and after the editorial error was published on the Company's website.

VI. REPORT AND DECLARATION RELATING TO AGORA S.A. COMPLIANCE WITH THE CORPORATE GOVERANCE RULES IN 2020

This Statement and Report on compliance with corporate governance rules at Agora S.A. in 2020 has been prepared on the basis of § 70(6)(5) of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state.

1. CORPORATE GOVERNANCE CODE APPLICABLE TO THE COMPANY IN 2020

In 2020, Agora S.A. was subject to the corporate governance rules contained in the document "Best Practices of WSE Listed Companies 2016" ("Best Practices"). The Best Practices were adopted by the Resolution of the WSE Council No. 26/1413/2015 of October 13, 2015. The Management Board of the Company exercises due diligence in order to comply with the principles of the Best Practices. The best practices are publicly available on the WSE website (https://www.gpw.pl/dobre-praktyki).

2. INDICATION OF THE PROVISIONS OF CORPORATE GOVERNANCE THAT WERE NOT USED BY THE COMPANY, WITH AN INDICATION OF THE CIRCUMSTANCES AND CAUSES OF FAILURE OF THE FOREGOING AND HOW THE COMPANY INTENDS TO REMOVE ANY PARTICULAR CONSEQUENCES OF FAILURE OR PROVISIONS TO TAKE STEPS INTENDS TO REDUCE THE RISK OF FAILURE PARTICULAR PROVISIONS FUTURE

In 2020, the Company applied all the provisions of the Best Practices. In May 2020, the Supervisory Board of the Company adopted the Regulations for participation in the General Meeting of Agora S.A. using electronic means of communication. Recommendation on providing shareholders with the opportunity to participate in the general meeting by means of electronic communication (IV.R.2) in the scope of ensuring two-way communication, in real time, where shareholders may express their opinions during the general meeting, staying in a place other than place of the meeting, was therefore fully implemented.

3. RECOMMENDATIONS FOR BEST PRACTICE FOR LISTED COMPANIES

3.1. Disclosure policy and investor communications

In terms of the information policy pursued, the Company complies with the recommendations by providing anyone interested with an easy and non-discriminatory access to information through a variety of communication tools.

The Company operates a corporate website and publishes on it, in a legible form and in a separate section, information required under the legislation and detailed rules of the Code of Good Practice, as well as other corporate documents aimed at presenting the Company's business profile as broadly as possible to all interested parties. Although Agora S.A.'s shares are not qualified for the WIG20 and mWIG40 indices, the Company provides all the above information and documents also in English.

In addition, the Company operates a mobile version of the investor relations service and Agora's press office, as well as the Company's Twitter account, thus ensuring access to information on an ongoing basis. The Company ensures direct and personal contact with employees of the Investor Relations Department and representatives of the Company's Management Board. The Company also offers a subscription to the corporate newsletter containing selected corporate information or press releases. Additionally, the Company is engaged in industry-focused mailing activities, providing reports on individual media segments. On its website, the Company also publishes reports on compliance with corporate governance rules and information on the policy for changing the entity authorized to audit financial statements

Where the Company becomes aware that untrue information is disseminated in the media, which may significantly affect its evaluation or image, the Management Board of the Company, as soon as such information is known, decides how to respond to such information in the most effective way – whether by publishing a statement on the Company's corporate website or by using other, selected solutions, where such solutions are considered more appropriate due to the nature of the information and the circumstances in which such information is published.

The Company makes every effort to prepare and publish periodic reports as soon as possible after the end of a reporting period, taking into account the complexity of the Company's capital structure. The Management Board of Agora S.A. regularly meets with representatives of the capital market and the media at meetings held after the publication of quarterly results. These meetings are also broadcast online so as to enable all those who could not appear personally to follow the course of such a meeting, as well as to ask questions by e-mail. In 2020 all meetings were held online.

3.2. Best practices for management boards of listed companies and members of supervisory boards

The Company's Management Board and Supervisory Board act in the interest of the Company. The Management Board and the Supervisory Board have members who represent high qualifications and experience.

Serving on the Management Board of the Company is the main area of the professional activity of Management Board members. The division of responsibilities for individual areas of the company's activity among Management Board members is published by the Company on its corporate website. As part of the division of duties between members of the board in 2020, one of them also served as the president of the management board of the subsidiary Helios S.A., which is part of the business segment directly supervised by him. It is currently the largest enterprise in the scale of the Group. In the opinion of the Management Board, this supports the effective implementation of the development plan of the Movies and Books segment, as well as the entire enterprise of the issuer.

The Company's Supervisory Board has no control over the selection of candidates to the Management Board of the Company. Candidates for members of the Management Board are nominated by shareholders holding series A shares, while the Management Board members are appointed by the General Meeting (with the reservation that Management Board members may be co-opted in accordance with the Statutes). Nevertheless, when assessing the performance of individual members of the Management Board after the end of each financial year, the Supervisory Board discusses the professional plans with each of the Management Board members in order to ensure efficient operations of the Management Board.

Members of Agora's Supervisory Board represent diversified fields of expertise and many years of professional experience allowing them to look at issues related to the Company's and the Group's operations from a broader perspective. Supervisory Board representatives are able to devote the time necessary to perform their duties. If a Supervisory Board member resigns or is unable to perform his or her duties, the Company immediately takes steps necessary to ensure substitution or replacement on the Supervisory Board, provided that members of the Supervisory Board are appointed by the General Meeting. In accordance with requirements of the Code of Best Practice, at least two members of the Supervisory Board meet the criteria of being independent.

Members of the Company's Supervisory Board receive all necessary information on the Company's and Group's operations on an ongoing basis. In addition, the Company allows its Supervisory Board to use professional and independent advisory services (taking into account the Company's financial position) necessary for the Supervisory Board to exercise effective supervision in the Company.

The Supervisory Board of Agora did not depart from any of the Good Practices applied by members of the supervisory boards. As part of its responsibilities, the Board prepares a brief assessment of the Company's standing, including an evaluation of the internal control, risk management and compliance systems and the internal audit function. The aforesaid assessment covers all significant controls, in particular financial reporting and operational controls. This assessment is published by the Company together with all materials related to the general meeting on the Company's corporate website.

Additionally, the Supervisory Board together with the Company prepared the Remuneration Policy for members of the Management Board and Supervisory Board and submitted the document to the General Meeting. The Supervisory Board also adopted the procedure of periodic evaluation of transactions concluded with related entities.

At the same time, the Supervisory Board reviews and issues opinions on matters to be discussed at the general meeting. Representatives of the Supervisory Board always participate in the General Meeting in a composition enabling them to answer any questions from shareholders, to the extent permitted by the applicable law. In 2020, the Supervisory Board was represented at the General Meeting by its Chairman, Mr. Andrzej Szlęzak.

Each year, the Supervisory Board also prepares a report on its activities in the financial year. The Board will also prepare the report on its activities in 2020. This report will comprise information on: composition of the Board and its Committees, the Board members' fulfilment of the independence criteria, number of meetings of the Board and its Committees in the reporting period and self-assessment of the Supervisory Board's performance. The Supervisory Board will also present its assessment of the company's compliance with the disclosure obligations concerning compliance with the corporate governance principles defined in the Exchange Rules and the regulations on current and periodic reports published by issuers of securities, as well as an assessment of the rationality of the company's policy for sponsorship, charity or other similar activities or information about the absence of such policy.

Where there is any relationship between a member of the Supervisory Board and any shareholder who holds at least 5% of the total vote in the company, such member notifies the Company's Management Board and other members of the Supervisory Board of this fact.

The same applies if there is a conflict of interest or a potential conflict of interest.

3.3. General meeting and shareholder relations

At present, securities issued by the Company are traded only on the Warsaw Stock Exchange, hence all the Company's shareholders acquire their rights on the same dates in accordance with the Polish legal system. All shareholders have the same rights as far as the transactions and contracts executed between the Company and its shareholders or related entities are concerned. In the event of amendments to the rules of the general meeting, the Company endeavours to do so in good time in order to enable all shareholders to exercise their rights, and the Company strives to ensure that the amendments to the rules of the general meeting take effect at the earliest as of the next general meeting.

The Company also makes every effort (including determination of the venue and date of the general meeting) to ensure the participation of the highest possible number of shareholders in the general meeting. The Company informs without delay about any changes concerning the organization of the general meeting, including any changes to the agenda of the general meeting. Agora also enables media representatives to participate in the general meeting of the Company.

The company aims to hold an ordinary general meeting as soon as possible (also taking into account the organization of the Agora Group's operations) after the publication of the annual report, taking into account the relevant legal provisions. On June 25, 2020, the General Meeting of the Company, convened at the request of the Management Board, met at its headquarters in Warsaw, and all documents related to its organization and course, including video recording, were on the Company's corporate website. Its course was in accordance with the provisions of the Code of Commercial Companies and the regulations of the General Meeting. Members of the Management Board and Supervisory Board and the auditor present during the meeting were ready to provide explanations regarding their competences and legal provisions. Shareholders' questions asked during the general meeting and the answers given to them are available to everyone by transmitting the course of the general meeting in real time. In addition, when the need arises, the Company draws up a list of questions asked before and during the general meeting and the answers to these questions. Answers to questions are provided by representatives of the Management Board and Supervisory Board of the Company present at the general meeting.

During the General Meeting, the shareholders agreed to the motion of the Supervisory Board which, jointly and severally with the employees and the Management Board of the Company, decided to lower its remuneration for six months. The General Meeting also decided to amend the contents of the Articles of Association in order to make a reference to the relevant point in § 19 sec. 2 points The shareholders also agreed to the merger of Agora S.A. with the company Agora - Poligrafia Sp. z o.o. according to the merger plan. During the Annual General Meeting of the Company in 2020, no changes were made to the regulations of the General Meeting. The General Meeting approved the annual separate and consolidated financial statements of the Company for the financial year 2020 and the Management Board's report on the activities of the Company in the financial year 2020, and decided to allocate the net profit for the financial year 2019 entirely to the Company's supplementary capital. For several years, the Company has provided real-time broadcast of the general meeting in Polish and in English. In 2020, due to the COVID-19 pandemic, the Supervisory Board of the Company adopted the regulations of the e-General Meeting, which enable the exercise, in person or through a proxy, of voting rights during the general meeting using electronic means of communication. In 2020, the Company also convened an Extraordinary General Meeting for March 27, 2020, the subject of which was to adopt an incentive plan for the management board and top management. Due to the outbreak of the pandemic, the Management Board of the Company canceled this Extraordinary General Meeting.

The Company strives to comply with all detailed rules concerning the general meeting and shareholder relations indicated in the Code of Best Practice.

4. OPERATION AND KEY POWERS OF THE GENERAL MEETING, SHAREHOLDERS' RIGHTS AND THE MANNER OF THEIR EXERCISE

The General Meeting of Agora ("GM") acts on the basis of the Commercial Companies Code and Agora's Statutes. Pursuant to Section 16(2) of the Statutes, the GM may adopt the Rules of the General Meeting, setting out the rules of its operation. The adoption, amendment or revocation of the Rules require three-quarters of the votes cast to be valid. The Rules of the GM is available at URL: https://www.agora.pl/media/Dokumenty/By-laws%20of%20the%20General%20Meeting%20of%20the%20Shareholders%20of%20Agora%20SA.pdf. The GM is convened in accordance with the provisions of the Code of Commercial Companies.

Resolutions of the General Meeting are passed by an absolute majority of the votes cast unless the Code of Commercial Companies or the Statutes provide otherwise. Pursuant to § 15(2) of the Statutes, resolutions concerning a merger of the Company with another entity, other forms of consolidation that are or will be allowed under law, division of the Company, remuneration of members of the Supervisory Board, including individual remuneration of those members who were elected to a continuous supervisory, are adopted by a majority of three-quarters of votes cast. The majority of three-quarters of votes cast when the shareholders representing at least 50% of the Company's share capital are present, is required for resolutions on the removal of matters from the agenda of the general meeting that were previously contained in the agenda. In the event a motion for such removal is submitted by the Company’s Management Board, an absolute majority of votes cast is required in order to adopt such a resolution. Acquisition or disposal of real property, a perpetual usufruct right or interest in real property does not require the GM’s resolution.

Pursuant to § 15(4) of the Statutes, the removal of any matters from the agenda of the general meeting at the request made, on the basis of Article 400 or Article 401 of the Code of Commercial Companies, by a shareholder representing at least such part of the Company's share capital as is indicated in the said provisions, requires consent of the shareholder who made such request. Adoption of a resolution relating to shareholder's liability with respect to the Company due to any reason shall require an majority of three-quarters of votes cast in the presence of shareholders representing at least 50% of all the Company shares conferring the right to vote in the adoption of such resolution.

According to § 17(1) of the Statutes, none of the shareholders may exercise more than 20% of the overall number of votes at the general meeting, provided that for the purposes of establishing obligations of purchasers of material blocks of shares as provided in the Act on Public Offering such restriction of the voting rights does not exist. This restriction of the voting rights does not apply also to:

- shareholders holding the preferred series A shares;
- a shareholder who, while having no more than 20% of the overall number of votes at the general meeting, announced, in accordance with the Act on Public Offering, a tender for subscription for the sale or exchange of all the shares of the Company and in result of such tender purchased shares which, including the previously held Company shares, authorize the said shareholder to exercise at least 75% of the overall number of votes at the general meeting. For the purposes of calculating a shareholder's share in the overall number of votes at the general meeting referred to above, it is assumed that the restriction of the voting rights (up to 20%) does not exist.

Pursuant to § 17(5) of the Statutes, at any General Meeting the percentage of votes of foreign entities and entities controlled by foreign entities may not be greater than 49%. The limitation does not apply to entities with their seats or residence in a Member State of the European Economic Area.

Each share, whether preferred or not, entitles its holder to one vote in connection with passing a resolution regarding the withdrawal of the Company's shares from public trading.

Pursuant to § 7(1) of the Statutes, in addition to registered series A shares, the Company's share capital comprises also ordinary, both registered and bearer, BiD series shares. Series A registered shares are preferred in such a way that each of them carries five votes at the general meeting, subject to the above reservations.

Pursuant to § 11(1) of the Statutes, the sale or conversion of preferred series A shares into bearer shares requires the written consent of shareholders holding at least 50% of the preferred series A shares registered in the share register on the date of filing the request for a permit for sale or conversion of preferred series A shares into bearer shares. Within 14 days from the date of receipt of the request, the Management Board is obliged to deliver a copy of the request to each holder of preferred series A shares who are authorized to express their consent, to the address of each shareholder registered in the share register.

Candidates for members of the Supervisory Board may be nominated by shareholders holding preferred series A shares or shareholders who documented their entitlement to not less than 5% of the votes at the last general meeting before the candidates were nominated and who, at the time of making the nomination, hold not less than 5% of the Company's share capital (§ 21(1)(a) of the Statutes). Where a member of the Supervisory Board tenders his/her resignation, other Supervisory Board members may appoint by means of co-optation a new member who will perform his/her duties until the general meeting appoints a Supervisory Board member, however no longer than until the end of the common term of office of the Supervisory Board. Dismissal (removal) of a member of the Supervisory Board prior to the end of the common term of office of the Supervisory Board may be effected by a resolution of the general meeting adopted by a simple majority of votes, provided that until the expiry of the preferred status of series A shares 80% of voting rights attached to all outstanding series A shares are cast in favour of such resolution.

Information on powers of the general meeting and rights of shareholders to appoint and dismiss the Management Board members is provided further in this document.

Bearer shares may not be converted into registered share.

The rights of the Company's shareholders, including minority shareholders, are exercised to the extent and in a manner consistent with the provisions of the Code of Commercial Companies.

In accordance with the principles of transparency, effective information policy and in an effort to ensure that all shareholders have equal access to information about the Company, Agora S.A. broadcasts the general meeting online, in Polish and English.

General meetings of the Company are always attended by representatives of the Company's Management Board, Supervisory Board and the statutory auditor.

5. COMPOSITION AND CHANGES THEREOF, AS WELL AS THE RULES OF OPERATION OF MANAGEMENT AND SUPERVISORY BODIES OF THE COMPANY AND THEIR COMMITTEES

5.1. Management Board

The Management Board operates on the basis of the Commercial Companies Code and the Statutes. Pursuant to the Statutes, the Management Board is composed of 3–6 members with the exact number determined by the shareholders holding the majority of preferred series A shares, and following the expiration of such preferred status of all series A shares, by the Supervisory Board (§ 28 of the Statutes).

The term of office of the Management Board is 5 years (§ 29(1) of the Statutes). Remuneration and other benefits for Members of the Management Board are determined by the Supervisory Board in consultation with the President of the Management Board. In accordance with § 27 of the Company's Statutes, the Management Board manages the Company's affairs and represents the Company in dealings with third parties. Responsibilities of the Management Board include all matters related to conducting the Company's affairs not reserved for other governing bodies of the Company. Resolutions of the Management Board are adopted by a simple majority of votes cast (§ 34(1) of the Statutes). Each member of the Management Board is authorized to make binding statements with respect to property rights and obligations of the Company and to sign on behalf of the Company. The Management Board's organization and manner of operation is defined in detail in the rules of organization and operation of the Management Board.

Pursuant to § 35 of the Statutes, members of the Management Board are bound by a non-competition clause. In particular, they may not engage in any competitive business or participate in such business as its participant, shareholder or member of its governing bodies. This prohibition does not pertain to the participation by members of the Management Board in supervisory and management bodies of competing entities in which the Company directly or indirectly holds any shares and the acquisition by members of the Management Board of no more than 1% of the shares in competing public companies.

As at the date of presenting this Directors' Report, the Company's Management Board is composed of the following members:

- Bartosz Hojka - President of the Management Board,

- Tomasz Jagiełło - Member of the Management Board,

- Agnieszka Sadowska - Member of the Management Board,

- Anna Kryńska-Godlewska - Member of the Management Board,

The term of office of the current management board will expire on the day of the General Meeting of the Company approving the financial statements for 2022.

Bartosz Hojka

Member of the Company's Management Board since 28 June 2013. President of Agora's Management Board since 12 March 2014.

He supervises Radio Segments Corporate Sales division, as well as Human Resources and Corporate Communications departments. He is a member of supervisory boards of Helios S.A., AMS S.A., Yieldbird Sp. z o.o., and Goldenline Sp. z o.o. From the very beginning of his professional career, he has been involved with the electronic media, including working as an editor in Radio Katowice TOP and TVP regional center in Katowice. He started his work in Agora in 1998 as a program director in Silesian Karolina radio. Later, as a program and marketing director of all stations of Agora Radio Group (GRA) he was responsible for, among others, the launch of the Złote Przeboje brand. In 2005–2013, a member of the management board and managing director of GRA, a radio group comprising Radio Złote Przeboje, Rock Radio, Radio Pogoda and Radio TOK FM where GRA is the majority shareholder. He restructured Agora's radio operations which resulted in improvement of the segment's profitability. Under his leadership, Radio TOK FM has become one of the most influential media in Poland. Furthermore, GRA founded Doradztwo Mediowe – the market leader in radio brokerage services. At present, it includes the Tandem Media team.

Born in 1974, graduate of journalism faculty at the University of Silesia.

Tomasz Jagiełło

Since 28 June 2013, a member of Agora's Management Board. He supervises Helios, NEXT FILM and Agora's Publishing House, as well as the General Counsel department of Agora. He is a member of the Supervisory board of AMS S.A. Tomasz Jagiello is the founder and president of the management board of Helios S.A., the largest cinema operator in Poland in terms of the number of cinemas. Co-founder of the company's success, from the beginning responsible for its development and strategy. He represented the company during the acquisition of 5 cinemas from the Kinoplex network in 2007 and during the acquisition of a majority stake in Helios by Agora SA in 2010. He was one of the initiators of establishing the company NEXT FILM Sp. z o.o., so that Helios has expanded its activities into film distribution market.

Long-time board member of the Association of Polish Cinemas. Over several years, he was also a member of the Polish Film Institute.

Born in 1967, graduated from the Faculty of Law at the University of Łódź and the Faculty of Law at the University of Edinburgh.

Anna Kryńska-Godlewska

Member of Agora's Management Board since 8 November 2017. She supervises the New Business Development , Legal, Technology, Finance and Administration divisions.

Anna Kryńska-Godlewska is a manager with more than twenty years of experience in the field of capital investment management. For the past 20 years, she has been associated with the Media Development Investment Fund, where she has been the Chief Investment Officer and Management Board Member, specialising in direct investments in media companies in Europe, Asia, Africa and South America for the past nine years. Previously, she worked at, among others, Fidea Management, the management company of X NFI, CIECH S.A. and Bank Handlowy in Warsaw. She was a member of Agora S.A.'s Supervisory Board from 23 June 2016 until 8 November 2017.

Born in 1972, she is a graduate of the Warsaw School of Economics, Faculty of Finance and Banking System and the Institute Francais de Gestion. She has complete further professional training courses, e.g. at Harvard Business School.

Agnieszka Sadowska

Member of Agora's Management Board since 1 March 2017. She supervises majority of the Group's operating segments: the Internet, Press and Outdoor segments, Data Strategy and Analysis department.

Agnieszka Sadowska has been working at Agora since 1999. She began her career as a financial analyst. She also worked in the New Projects division, responsible for acquisitions and investments in the Agora Group, and was also head of Controlling & Business Development division.

In 2010–2013, she was the managing director of Publio.pl, an online platform with e-books and audiobooks. She was responsible for the concept of the platform and oversaw the creation and operation of the service which in just a year after the start was at the forefront of online bookstores with electronic publications.

In 2013-2018, Agnieszka Sadowska was developing television business in the Agora Group, including development of Stopklatka TV, a TV channel run in cooperation with Kino Polska TV S.A. She was the President of the Management Board of Green Content Sp. z o.o. which received a license to broadcast the METRO channel. Agnieszka Sadowska also participated in the process of acquisition by Agora of strategic investor for the development of METRO, as well as in the subsequent sale of the channel to Discovery Poland.

Born in 1974, graduate of the Faculty of Finance and Banking at the University of Economics in Wrocław. In 1999, she earned an MBA at the Warsaw University of Technology Business School. She completed numerous training courses in management and finance, including ACCA, obtaining the status of ACCA member.

5.2. Supervisory Board

The Supervisory Board operates on the basis of the Commercial Companies Code and the Statutes. In accordance with §18(1) of the Company's Statutes, the Supervisory Board is composed of no less than six and no more than ten members appointed by the General Meeting subject to other provisions of the Statutes. The number of Supervisory Board members is determined by the General Meeting. The General Meeting appoints the Chairman of the Supervisory Board. Members of the Supervisory Board may elect from among themselves a deputy of the chairman or persons performing other functions (§18(2) of the Statutes).

Members of the Supervisory Board are appointed for a joint term of office of three years. Consequently, the term of office of the current Supervisory Board whose term of office will expire on the date of the Company's General Meeting approving the financial statements for 2021.

Pursuant to § 20(4) of the Statutes, at least two members of the Supervisory Board are independent members. At present, all of the Supervisory Board members are independent. Two members of the Supervisory Board also meet the independence requirements specified in the Code of Best Practice. Specific competencies of Agora's Supervisory Board include, among others, assessment of the Directors' Report on the Company's operations and the Company's financial statements, assessment of the Management Board's proposals concerning profit distribution or loss coverage, determination of remuneration of the Management Board's members in consultation with the President of the Management Board, appointment of a statutory auditor and approval of significant transactions between the Company and its related parties, as well as other matters provided for by the provisions of law and the Statutes. Pursuant to § 23(8) of the Statutes, the Supervisory Board meetings are convened at least once a quarter. The Chairman also convenes Supervisory Board meetings at the request of the Company's Management Board, expressed in a resolution or at the request of each member of the Supervisory Board. Supervisory Board meetings may be held with the use of means of remote communication in a manner allowing communication among all members taking part in such a meeting. The venue of a meeting held with the use of means of remote communication is the location of the person who chairs the meeting.

Pursuant to § 23(5) of the Statutes, resolutions of the Supervisory Board are adopted by an absolute majority of votes cast in the presence of at least half of the members of the Supervisory Board, except where other provision of the Statutes provide for a different majority and quorum.

As at the date of presenting this Directors' Report, the Company's Supervisory Board (current term of office) is composed of the following members:

- Andrzej Szlezak – Chairman of the Supervisory Board,
- Tomasz Karusewicz – Member of the Supervisory Board,
- Dariusz Formela – Member of the Supervisory Board,
- Wanda Rapaczynski – Member of the Supervisory Board,
- Tomasz Sielicki – Member of the Supervisory Board,
- Maciej Wisniewski – Member of the Supervisory

Andrzej Szlezak, Ph.D.

Of Counsel in the Soltysinski, Kawecki & Szlezak (SK&S) law firm (before he was its Partner). He joined SK&S shortly after its founding in 1991, in 1993 he became a partner and in 1996 a senior partner. At SK&S, he was engaged in legal services in a number of privatizations and restructuring processes of various sectors of Polish industry and banking. He supervised numerous merger and acquisition projects, participated in greenfield projects, prepared a large number of transaction documents, and was the author of numerous legal opinions from the field of civil and commercial law. He is an arbitrator of the Court of Arbitration at the Polish Chamber of Commerce in Warsaw and Vice-President of the Council of Arbitration, and was frequently appointed as an arbitrator in disputes brought before the ICC International Court of Arbitration in Paris.

Andrzej Szlezak received his master's degrees in Law and English Philology at the Adam Mickiewicz University in Poznan. In 1979–1981, he was a trainee judge at the Regional Court in Poznan. Since 1979, he was a research worker in the Institute of Civil Law at the Adam Mickiewicz University, where he received his doctorate and habilitation degree in the field of civil law. In 1994, he was appointed professor of the Adam Mickiewicz University until his departure from the Faculty of Law in 1996. A. Szlezak, Ph.D., was a scholarship holder of a number of foreign universities, including the universities of Oxford and Michigan. Currently, A. Szlezak is a professor of the University of Social Sciences and Humanities (SWPS) in Warsaw. He is the author of numerous publications, including foreign-language ones, in the area of civil and commercial law.

The General Meeting of Shareholders appointed Andrzej Szlezak to the position of the Chairman of Agora S.A.'s Supervisory Board. Andrzej Szlezak is a member of the Human Resources and Remuneration Commission in Agora's Supervisory Board.

The independence of Supervisory Board Members and the Committees operating in the Supervisory Board are discussed in separate section of the report.

Tomasz Karusewicz

A graduate of the University of Szczecin, Faculty of Economic Sciences and Management - specializing in enterprise management. He also completed postgraduate studies at the Warsaw University of Technology - IT resource management at the Institute of Control and Computation Engineering and Executive Master of Business Administration studies at the French Institute of Management.

He also has the qualifications of an internal auditor and the right to sit on the supervisory boards of state-owned companies.

He was associated with, among others with the Ciech Group (in 2006-2008). He served as deputy director of the Corporate Supervision Office and later a member of the Supervisory Board of Ciech S.A. He was also a member of supervisory boards in the Ciech Group companies, i.e. Zakłady Chemiczne Alwernia S.A. and Ciech Polfa Sp. z o.o. In 2007-2009 he was employed as the deputy director of the Foreign Investment Office (Business Development Office) at PZU S.A. In the period 2010-2012 he was associated with Telewizja Polska S.A., first as the deputy director of the Management Board and Corporate Affairs Office, then as the director of the Audit and Internal Control Office.

In addition, he sat on the supervisory board, including of Enea S.A. with its registered office in Poznań, IKS Solino S.A., Zakłady Azotowe w Tarnów - Mościce S.A. (currently Grupa Azoty S.A.), ZWiK w Szczecinie Sp. z o.o. He also served on the supervisory board and the management board of PWPW S.A.

In 2016-2019 he was again a member and later chairman of the supervisory board of Grupa Azoty S.A.

From 2016, he was again associated with the PZU Group. He was appointed a member of the management board of PZU Życie S.A. and the director of the PZU S.A. Group, where he oversaw the Information Technology Division and the Operations Division. Currently, he is a member of the management board of the Mutual Insurance Association Polish Mutual Insurance Company in the PZU Group.

Dariusz Formela

Since 1 September 2018 he is a member of Management Board of the Black Red White S.A. with its registered office in Biłgoraj and since 1 December 2018 he is a president of that company.

Before that, since 2012, the president of the management board of Gobarto S.A. (previously PKM DUDA S.A.) responsible for development and implementation of the company's strategy. In 2009–2012, he was a member of the management board of PKM DUDA S.A. and president of the management board of CM Makton S.A. In 1998–2008, he worked for the ORLEN Capital Group, where he was also a member of the management board of PKN ORLEN and Możejki Nafta responsible for, among others, the oversight of the group companies and the integration of capital assets. He was also responsible for development and implementation of the restructuring plan in the ORLEN Capital Group. Dariusz Formela is a member of the Supervisory Board of Radpol S.A. and Unimot S.A.

He is a graduate of the Law and Administration Faculty at the University of Gdansk. He also obtained an MBA diploma from the University of Bradford and Kozminski University.

Dariusz Formela is a chairman of the Audit Committee in Agora's Supervisory Board and since August 9th, 2018 a member of the Human Resources and Remuneration Commission.

Wanda Rapaczynski

Associated with the company almost since its inception. In 1998–2007 and between 28 June 2013 and 12 March 2014, she served as the President of the Management Board. Under her leadership, Agora grew into one of the largest and most well-known media companies in Central and Eastern Europe. After resignation from the function of the President of the Management Board in 2007, she remained associated with Agora as an advisor to the Supervisory Board until her appointment to the supervisory body. Member of the Supervisory Board of the Company in 2009–2013. She represented Agora in the European Publishers Council and the Polish Confederation of Private Employers LEWIATAN, where she was a member of the main board and a member of the supervisory board of the Polish Private Media and Advertising Employers Confederation.

In 1984–1992, she was the Head of New Product Development in Citibank NA in New York. Previously, for two years she was the director of a research project at the Faculty of Psychology at Yale University, and in 1977–1979 a research worker at Educational Testing Service in Princeton, New Jersey. Her professional career began as a psychology lecturer at universities in New York and Connecticut.

She was a member of the Supervisory Board of Adecco S.A. since 2008 to 2018, a Swiss company operating internationally, specialized in recruiting activities, where she chaired the Corporate Governance Committee. For years she was a member of the Council of the Central European University in Budapest, where she chaired its Audit Committee. She was also a member of the International Advisory Council at the Brookings Institution in Washington for many years. Since 2002 she has been a member of Polish Group in the Trilateral Commission.

In 1977 she received a Ph.D. in Psychology from City University of New York. A graduate of Yale University, School of Organization and Management, where in 1984 she received a Master of Private & Public Management.

Tomasz Sielicki

Tomasz Sielicki worked in Sygnity S.A. (formerly ComputerLand S.A.) since the company's inception in 1991. From 1992 to 2005, he served as the President of the Management Board, later for two years he served as the President of the Sygnity Group (formerly ComputerLand Group). He is widely considered to be the founder of the company's success. In 2007–2017, he was a member of the Supervisory Board of Sygnity S.A.

He is a member of, among others, the Information Society Development Foundation Council, Council of the Gessel Foundation for the National Museum in Warsaw, Trilateral Commission and Public Affairs Institute and Supervisory Board of Ovid Works S.A.

Tomasz Sielicki is a member of the Audit Committee in Agora's Supervisory Board.

Maciej Wisniewski

Maciej Wisniewski has twenty years of experience in investment management and investment funds. He successfully founded, developed and sold Investors Towarzystwo Funduszy Inwestycyjnych S.A. which was one of the first private investment fund companies on the Polish market. Previously, he was associated with BZ WBK AIB Asset Management and LG Bank. He started his professional career at Raiffeisen Capital and Bank Millennium.

Since December 2018 he has been a chairman of The Board Of Directors in MacroEquity Global Investments UCITS SICAV.

Maciej Wisniewski graduated from the Faculty of Finance and Banking at the Warsaw School of Economics and the Faculty of Finance at London Business School.

Maciej Wisniewski is a chairman of the Human Resources and Remuneration Commission and a member of the Audit Committee in Agora's Supervisory Board.

5.3 Committee and Commission established within the Supervisory Board

There is one Committee and one Commission operating within the Supervisory Board: the Audit Committee, and Human Resources and Remuneration Commission established in compliance with the Company's Statutes, performing advisory role to the Supervisory Board. Competences and procedures of the Audit Committee, and Human Resources and Remuneration Commission were set forth in the by-laws of these bodies adopted by virtue of resolutions of the Supervisory Board. As at the date of submission of this Report, the Committee and Commission are composed of the following members:

(i) Audit Committee:

- Dariusz Formela – Chairperson of the Audit Committee, an independent member of the Supervisory Board with knowledge and skills in the field of accounting acquired in the course of current professional activity,

- Tomasz Sielicki – a member of the Supervisory Board with knowledge about the business which the Company operates,

- Maciej Wisniewski – an independent member of the Supervisory Board with knowledge and skills in the field of accounting ecquired in the professional education in the Faculty of Finance and Banking at the Warsaw School of Economics and the Faculty of Finance at London Business School as well as in the course of current professional activity.

The Audit Committee is responsible for monitoring financial reporting of the Company and the Agora Group, as well as financial audit activities, performing supervisory functions with respect to monitoring of internal control systems, internal audit and risk management, and performing supervisory activities with respect to monitoring the independence of external auditors.

In order to exercise its powers, the Audit Committee may require the Company to provide certain information on accounting, finance, internal audit and risk management that is necessary for the performance of the Audit Committee's activities, and may examine the Company's documents.

The meetings of the Audit Committee are convened when necessary, but at least four times per year. In 2020 the Audit Committee was convened six times.

Meetings of the Audit Committee are convened by its chairman on his own initiative or at the request of a member of the Audit Committee, as well as at the request of the Management Board, internal or external auditor. Meetings of the Audit Committee may also be convened by the Chairman of the Supervisory Board.

The Audit Committee submits to the Supervisory Board its motions, positions and recommendations in time for the Supervisory Board to take appropriate actions, as well as annual and half-yearly reports on its activities in a given financial year and an assessment of the Company's situation in the areas within its competence.

Pursuant to the resolution of the Supervisory Board of November 7, 2019 and in accordance with the provisions of the Company's Articles of Association, KPMG Audyt Spółka z ograniczoną odpowiedzialnością spółka komandytowa based in Warsaw at 4A Inflancka Street, entered on the list of entities authorized to audit financial statements with the number 3546, was chosen as the certified auditor of the Company and the Group who will examine the financial statements for 2020, 2021 and 2022. This selection was made in accordance with the Policy of selecting the audit company to audit financial statements of Agora SA and Agora S.A. Capital Group.

In December 2017, the Supervisory Board of the Company adopted, in the form of a resolution, the "Policy on selection of the audit firm for auditing the financial statements of Agora S.A. and Agora S.A. Capital Group", which also included provisions concerning the policy for the provision by the audit firm conducting the audit, by entities associated with this audit firm and by a member of the audit firm network of permitted non-audit services, and "Procedure of selection of the audit company in Agora S.A. and the Agora S.A. Capital Group".

The policy on selection of the audit firm for auditing the financial statements of Agora S.A. and Agora S.A. Capital Group sets out the rules and guidelines for the procedure aimed at selecting an audit firm authorised to conduct statutory audits and reviews of financial statements of Agora S.A. and Agora S.A. Capital Group by the Supervisory Board of the Company following a tender procedure provided for in the Selection Procedure, containing transparent and non-discriminatory selection criteria for the audit firm.

Pursuant to the policy for the provision by the audit firm conducting the audit, by entities associated with this audit firm and by a member of the audit firm network of permitted non-audit services together with the catalogue of prohibited services, neither the statutory auditor nor the audit firm conducting statutory audits of the Company nor any member of the network of which the statutory auditor or the audit firm are members shall provide, directly or indirectly to the Company, its parent company or any entities controlled by the Company within the European Union, any prohibited non-audit services or services other than financial auditing activities. Provision of services that are not prohibited by these entities shall be acceptable only to the extent not related to the Company's tax policy, after the Audit Committee has conducted an assessment of risks and independence safeguards, and provided its consent.

The audit firm KPMG Audyt Spółka z ograniczoną odpowiedzialnością spółka komandytowa with its registered office in Warsaw provided permitted non-audit services to Agora S.A. in the financial year 2020, i.e. services within the scope of review of condensed interim individual financial statements of Agora S.A., covering the period from 1 January 2020 to 30 June 2020, and within the scope of review of condensed interim consolidated financial statements of Agora S.A. Capital Group, covering the period from 1 January 2020 to 30 June 2020.

(ii) Human Resources and Remuneration Commission:

- Maciej Wisniewski - chairperson of the Human Resources and Remuneration Commission,

- Tomasz Karusewicz,

- Dariusz Formela,

- Andrzej Szlezak.

In accordance with the Bylaws of the Human Resources and Remuneration Commission, responsibilities of the Commission include periodic assessment of the principles of remuneration of the Management Board members and providing the Supervisory Board with appropriate recommendations in this respect, making recommendations regarding the amount of remuneration and granting additional benefits to individual members of the Management Board for consideration by the Supervisory Board.

When submitting the above recommendations to the Supervisory Board, the Commission should specify all forms of remuneration, in particular the fixed remuneration, the performance-based remuneration system and severance pay. Additionally, the Committee's competencies include advising the Supervisory Board on the selection criteria and the procedures for appointing Management Board members in cases provided for in the Company's Statutes, advising the Supervisory Board on the procedures to ensure proper succession of Management Board members in cases provided for in the Company's Statutes

Meetings of the Human Resources and Remuneration Commission are held as frequently as needed to ensure its proper operation, at least once a year. In 2020, the Commission met five times.

Meetings of the Commission are convened by its Chairperson on his/her own initiative or at the request of a member of the Commission, Supervisory Board or of the President of the Company's Management Board. Meetings of the Commission may also be convened by the Chairman of the Supervisory Board.

The Commission submits to the Supervisory Board its motions, positions and recommendations in time for the Supervisory Board to take appropriate actions, as well as annual reports on its activities in a given financial year and an assessment of the Company's situation in the areas within its competence.

6. RULES GOVERNING APPOINTMENT AND DISMISSAL OF THE COMPANY'S MANAGEMENT PERSONNEL; POWERS OF THE MANAGEMENT PERSONNEL, INCLUDING IN PARTICULAR THE AUTHORITY TO RESOLVE TO BUY BACK OR ISSUE SHARES

6.1. Appointment

In accordance with § 28 of the Statutes, the Management Board is appointed by the General Meeting, except for the appointment of additional members of the Management Board by way of co-optation.

Subject to situations where additional members of the Management Board are co-opted, the Management Board is composed of 3–6 members with the exact number of members determined by the shareholders holding the majority of preferred series A shares, and following the expiration of such preferred status of all series A shares, by the Supervisory Board.

During the term of its office, the Management Board may appoint by co-optation not more than two additional members; the co-optation of additional members is effected by a resolution of the Management Board. In case a member of the Board is appointed by way of co-optation, the Management Board is obliged to include in the agenda of the nearest General Meeting an item concerning confirmation of appointment of a new member of the Board by way of co-optation and propose an appropriate draft resolution. Should the General Meeting not approve the appointment of the new member of the Management Board by way of co-optation, such Management Board member's mandate expires on conclusion of that General Meeting.

In accordance with the Statutes, the majority of members of the Management Board must be Polish citizens residing in Poland.

In accordance with § 30 of Agora S.A.'s Statutes, candidates for the Management Board members may be nominated exclusively by shareholders holding preferred series A shares, and following the expiry of the preferred status of all such shares, by the Supervisory Board.

In the event that the persons authorized to determine the number of members of the Management Board and to nominate candidates for such members do not exercise one or both of the above rights, the number of members of the Management Board may be determined by the General Meeting, while each shareholder during such General Meeting may nominate candidates for such members.

6.2. Dismissal

In accordance with § 31 of the Statutes, individual or all members of the Management Board may be dismissed (removed), due to important reasons, prior to the end of their term of office on the basis of a resolution of the General Meeting adopted by a simple majority of votes, provided that until the expiry of the preferred status of series A shares 80% of voting rights attached to all outstanding series A shares are cast in favour of such resolution. A resolution on dismissal (removal) of Management Board members should state the reasons for which such dismissal is made.

Members of the Management Board appointed by way of co-optation may be dismissed in the manner provided for above, or by a resolution of the Management Board; however, the persons concerned may not vote on this matter.

In the event that some members of the Management Board are dismissed or their mandate expires during the term of office for other reasons, supplementary elections shall be held only at such time as when the number of members of the Management Board performing their functions is less than three or when the requirement that the majority of members of the Management Board must be Polish citizens residing in Poland is no longer met.

If the number of members of the Management Board is lower than that required in the preceding paragraph, the Management Board will be required to immediately convene an extraordinary General Meeting in order to hold supplementary elections. Supplementary elections may take place also during the ordinary General Meeting if, in accordance with the provisions of law, such meeting must be convened within a short period of time, while convening an extraordinary General Meeting would not be appropriate in such case.

In the event of supplementary elections, provisions regarding the election of members of the Management Board for their full term of office apply.

In accordance with § 33(1) of the Statutes, members of the Management Board may elect the chairman or persons performing other functions among themselves.

6.3. Powers of the management personnel

In accordance with § 27 of the Company's Statutes, the Management Board of the Company manages its affairs and represents the Company in dealings with third parties.
Responsibilities of the Management Board include all matters related to conducting the Company's affairs not reserved for other governing bodies of the Company.

The authority to resolve to buy back or issue shares remains with the General Meeting of the Company.

7. SHAREHOLDERS WITH MAJOR HOLDINGS OF SHARES

To the best of the Company's knowledge, as at the day of publication of this Directors' Report, the following shareholders were entitled to exercise over 5% of voting rights at the General Meeting of the Company:

Tab. 23

	number of shares	***% of share capital***	**number of votes at GM**	***% of votes at GM***
Agora-Holding Sp. z o.o. *(in accordance with the last notification dated 24 September 2015) (1)*	5,401,852	11.60	22,528,252	35.36
Powszechne Towarzystwo Emerytalne PZU S.A. (Otwarty Fundusz Emerytalny PZU Zlota Jesien and Dobrowolny Fundusz Emerytalny PZU) *(in accordance with the last notification dated 27 December 2012) (1)*	7,594,611	16.30	7,594,611	11.92
of which: **Otwarty Fundusz Emerytalny PZU Zlota Jesien** *(in accordance with the last notification dated 27 December 2012) (1)*	7,585,661	16.28	7,585,661	11.91
Media Development Investment Fund, Inc. (MDIF Media Holdings I, LLC) *(in accordance with the official notification received on 6 June 2016) (1)*	5,350,000	11.49	5,350,000	8.40
Nationale – Nederlanden Powszechne Towarzystwo Emerytalne S.A. (Nationale – Nederlanden Otwarty Fundusz Emerytalny and Nationale Nederlanden Dobrowolny Fundusz Emerytalny) *(in accordance with the last notification dated 9 June 2016) (1)*	4,493,055	9.65	4,493,055	7.05

(1) proportion of voting rights and percentage of share capital of Agora S.A. were recalculated by the Company after registration of the reduction of Company's share capital on August 23, 2018.

The Management Board of Agora S.A. is not aware of any agreements which may result in future changes in holdings of shares by its current shareholders.

8. HOLDERS OF ANY SECURITIES CONFERRING SPECIAL CONTROL RIGHTS IN RELATION TO THE ISSUER

Series A Shares

Agora Holding Sp. z o.o. is the only holder of registered preferred series A shares. The series A shares carry preferences regarding the number of votes per one share and right to determine the number of Management Board members and to propose candidates for the Management and Supervisory Board members, to dismiss those members, and to grant the consent to sell series A shares or convert them into bearer shares. Each of the series A shares carries 5 votes at the General Meeting and the restriction of the voting rights (according to which none of the shareholders may exercise more than 20% of the overall number of votes at the general meeting – pursuant to § 17 (1)) does not apply to shareholders holding the preferred series A shares.

Shareholders holding the preferred series A shares have the exclusive right to nominate candidates for the Management Board members. They also belong to the limited number of entities with the exclusive right to nominate candidates for the Supervisory Board of Agora S.A. Holders of the majority the preferred series A shares may also determine the exact number of the Management Board members.

Another preference carried by series A shares includes the right to dismiss members of the Management or Supervisory Board prior to the end of their term of office. The dismissal can be made on the basis of the resolution adopted by the General Meeting. For the dismissal, a simple majority of votes is required, provided that until the expiry of the preferred status of series A shares 80% of voting rights attached to all outstanding series A shares are cast in favour of such resolution.

The Statutes of Agora S.A. provide that none of the shareholders may exercise more than 20% of the overall number of votes at the General Meeting, provided that for the purposes of establishing obligations of purchasers of material blocks of shares as provided in the Act on Public Trading in Securities such restriction of the voting rights does not exist. This restriction of the voting rights does not apply to shareholders holding the preferred series A shares.

Each share, whether preferred or not, entitles its holder to one vote in connection with passing a resolution regarding the withdrawal of the Company's shares from public trading.

9. RESTRICTIONS ON TRANSFER OF OWNERSHIP RIGHTS TO THE ISSUER'S SECURITIES

Pursuant to the Statutes of Agora S.A., the sale or conversion of preferred series A shares into bearer shares requires the written consent of shareholders holding at least 50% of the preferred series A shares registered in the share register on the date of filing the request for such consent. The procedure for requesting and granting such consent is laid down in the Statutes. In addition, the sale of series A preferred shares may be made only at a price not higher than their nominal value.

10. LIMITATIONS ON THE EXERCISE OF VOTING RIGHTS

According to the Company's Statutes, none of the shareholders may exercise more than 20% of the overall number of votes at the General Meeting. For the purposes of establishing obligations of purchasers of material blocks of shares as provided in the Act on Public Offering such restriction of the voting rights does not exist. The restriction of the voting rights referred to in the preceding sentence does not apply to:

a) shareholders holding the preferred series A shares;

b) a shareholder who, while having no more than 20% of the overall number of votes at the General Meeting, announced, in accordance with the Act on Public Offering, a tender for subscription for the sale or exchange of all the shares of the Company and in result of such tender purchased shares which, including the previously held Company shares, authorize the said shareholder to exercise at least 75% of the overall number of votes at the General Meeting. For the purposes of calculating a shareholder's share in the overall number of votes at the general meeting referred to above, it is assumed that the restriction on the voting rights provided for in § 17(1) of the Company's Statues does not exist.

For the purposes of the aforementioned limitation on the voting rights and exception from the limitation provided for in item b), exercise of votes by a subsidiary is treated as the exercise of votes by a parent company as defined in the Act on Public Offering.

At any General Meeting, the percentage of votes of foreign entities and entities controlled by foreign entities may not be greater than 49%. The limitation does not apply to entities with their seats or residence in a Member State of the European Economic Area.

Each share, whether preferred or not, entitles its holder to one vote in connection with passing a resolution regarding the withdrawal of the Company's shares from public trading.

11. KEY FEATURES OF THE COMPANY'S INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS USED IN THE PROCESS OF PREPARATION OF FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

Management Boards of the Group companies are responsible for the internal control systems in individual companies and their efficiency in the process of preparing financial statements and periodic reports developed and published in accordance with the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state.

The Chief Financial Officer of the parent company or chief financial officer/management board of respective company, as appropriate, supervises the process of preparing the financial statements and periodic reports in individual Group companies from the subject-matter point of view. The process of drawing up annual and interim financial statements is coordinated by the Reporting Department of the Finance and Administration Division, as well as financial and accounting departments of individual Group companies. The Company constantly monitors changes to the applicable stock market reporting laws and regulations, and makes preparations sufficiently in advance to incorporate them into its rules and policies.

Each month, following the closing of the books, the members of the Management Board of the Parent Company and the management staff of the Group receive management information reports, including analyses of key financial data and operating ratios of the business segments. On a monthly basis, meetings of the Management Board with management staff are also organized to discuss the Company's and the Group's performance by segment and division.

All financial data contained in the separate and consolidated financial statements and periodic reports are sourced from the financial and accounting systems, where all business events are recorded in accordance with the Company's and the Group's accounting policies (approved by the Management Board), based on the International Accounting Standards and the International Financial Reporting Standards. The Company has been preparing financial statements in accordance with International Financial Reporting Standards (formerly: International Accounting Standards) since 1992.

The consolidated and separate financial statements of the Company and the Group are submitted to the member of the Management Board supervising the Finance and Administration department and the Chief Financial Officer for preliminary verification and then to the Management Board for final verification. Prior to their publication, consolidated and separate financial statements are also submitted to members of the Audit Committee.

Meetings of the Supervisory Board are held at least once a quarter, during which, depending on the questions submitted by members of the Supervisory Board, the Management Board provides information on key financial data and operating ratios of business segments.

Consolidated and separate annual and semi-annual financial statements are subject to, respectively, independent audit and review by the Company's statutory auditor. The results of the audit and review are presented by the statutory auditor to the member of the Management Board supervising the Finance and Administration department, the management of the financial division (including the Chief Financial Officer) and published in the auditor's report.

Conclusions from the audit and review of the consolidated and separate financial statements are presented to the Audit Committee. Representatives of the Audit Committee analyze the results of the audit and review at closed meetings with the Company's auditor, also without the participation of the Company's Management Board.

In addition, the statutory auditor also provides the Audit Committee with recommendations concerning improvements of the internal control system in the Company and the Group, which were identified during the audit of the financial statements.

Additionally, the Company has an Internal Audit Department, whose main task is to identify risks and weaknesses of internal control. At its meetings, the Audit Committee discusses the results of the Internal Audit work with its director, also without the participation of the Company's Management Board.

The recommendations received from the statutory auditor and Internal Audit are discussed by the Audit Committee with the Company's Management Board.

12. RULES OF AMENDING THE STATUTES OF AGORA S.A.

The Statutes of Agora S.A. do not contain any provisions different from the provisions of the Commercial Companies Code with respect to amendments to the Company's Statutes.

13. REMUNERATION POLICY

As regards the recommendation concerning the policy for remuneration in the Company, the principles of determining remuneration of the Company's employees, except for members of the Management Board and Supervisory Board, are established in accordance with internal remuneration regulations. On the other hand the remuneration of the members of the Management Board of the Company until June 2020 was determined in accordance with the policy of remunerating key managers in Agora Group adopted in 2015 by the Supervisory Board based on the recommendation of the Human Resources and Remuneration Committee operating within the Supervisory Board. Pursuant to this policy, the Supervisory Board established goals and bonus criteria for individual members of the Management Board for a given financial year and in a longer term. In 2020, Agora's General Meeting adopted the Remuneration Policy for members of the Management and Supervisory Boards. In 2021, the Supervisory Board will present a report on the implementation of this policy for 2019-2020.The Company's remuneration policy directly supports the implementation of the Agora Group's medium-term growth plans.

The Company's remuneration system is based on fixed remuneration and variable remuneration resulting from incentive plans and discretionary bonuses.

The Agora Group's remuneration policy differentiates the level of remuneration according to the position held, performance and competences. This variable part ensures flexibility and adaptability to the employer's needs.

Through the incentive scheme, the objectives closely linked to the Agora Group's medium-term growth plan are forwarded to the managers and to employees, which ensures effective support for Agora's business ventures.

The incentive-based remuneration system for employees and managers consists of a fixed part (base salary), a variable part (including annual bonuses and discretionary awards) and non-wage benefits. Base salary in the Company and Agora Group companies is related to the employee's potential, competence and performance in achieving his or her goals.

The aim of the system is to motivate employees to achieve high performance in their work through the implementation of individual goals and evaluation of attitudes, while the management staff can use it as a tool to motivate employees. The bonus system provides for an annual assessment of the employee's performance, summarising the employee's overall contribution for a given bonus year, indicating areas of strengths and areas that require further development. The annual assessment includes an assessment of the level of accomplishment of individual objectives and attitudes throughout the year, as well as an assessment of the total employee's work in a given bonus year and is the basis for calculating the bonus amount.

Agora also provides employees with non-wage benefits such as co-financing of medical care, cafeteria system or a company car. Employees can also take advantage of employee loans for, inter alia, housing purposes and are also beneficiaries of benefits from the Company's Social Benefits System.

The company submitted a new remuneration policy for the Management Board and the Supervisory Board in accordance with the requirements set out in the Act of October 16, 2019 amending the Act on public offering and conditions for introducing financial instruments to an organized trading system and on public companies and certain other acts to the Annual General Meeting, which took place on June 25, 2020.

The remuneration policy adopted by the General Meeting for members of the Management Board and Supervisory Board of Agora S.A. complies with the requirements of the Act and the Company's Articles of Association. Its full content is available on the corporate website of the Company. The company will present a report on the application of this policy to the General Meeting in June 2021 for the years 2020 and 2019.

The remuneration system for members of the Management Board of Agora operates on the basis of three elements:

- a fixed part (base salary),
- a variable part (incentive system and discretionary bonus) and
- non-wage benefits, the range of which is determined by the Supervisory Board.

Remuneration paid to the Management Board members in 2020 (PLN '000)

Member of the Management Board	Total	Base salary	Variable remuneration	Other benefits
Bartosz Hojka	687	683	-	4
Tomasz Jagiełło	205	205	-	-
Agnieszka Sadowska	513	510	-	3
Grzegorz Kania	438	435	-	3
Anna Kryńska - Godlewska	514	510	-	4

Remuneration paid by Agora S.A. to members of the Management Board in 2020 amounted to PLN 2,357 thousand (in 2019: PLN 4,771 thousand) and this amount also includes payments of bonuses.

Significant decrease in remuneration paid to members of the Management Board of Agora S.A. is due to, on the one hand, a reduction of the basic salary by 30.0% for a period of six months (April 15 to October 15, 2020), and, on the other hand, of the suspension of the payment of bonuses for 2019.

Remuneration paid to members of the Supervisory Board in 2020 amounted to PLN 560 thousand. PLN (2019: PLN 546 thousand).

Change in the remuneration of the members of the Supervisory Board of Agora S.A. results from the resolution No. 27 of the General Meeting of Shareholders of June 12, 2019, the increase in the remuneration of Supervisory Board members from July 1, 2019. At the same time, pursuant to Resolution No. 21 of the General Meeting of June 25, 2020, at the request of the Supervisory Board, the General Meeting reduced temporary remuneration of the Supervisory Board from April 15 to October 15, 2020.

Tomasz Jagiello received additional remuneration for the function of President of the Management Board of Helios S.A. in the amount of PLN 297 thousand (in 2019: PLN 356 thousand).

Other members of the Management Board and Supervisory Board did not receive any remuneration for serving on the governing bodies of subsidiaries, jointly controlled entities and associates.

In 2020, four out of five members of the Management Board used company cars acquired by the Company. Tomasz Jagiello used a company car purchased by Helios S.A.

Detailed information on the remuneration of members of the Management Board and Supervisory Board of Agora S.A. see note 27 to the consolidated financial statements.

Information on liabilities towards former members of the Management Board is presented in note 19 to the consolidated financial statements.

In 2020, remuneration for serving as members of the management and supervisory bodies of Agora Group's subsidiaries amounted to PLN 5,010 thousand. PLN (in 2019: PLN 7,455 thousand).

In the Agora Group, incentive plans were also implemented based on financial instruments, in which members of the Management Board of Agora S.A. participated. and members of the management board of the subsidiary Yieldbird Sp. z o.o. Detailed information on these plans is presented in note 28 to the consolidated financial statements.

To the best knowledge of the Company, members of the management boards and supervisory boards of the Group's companies were not entitled to any remuneration, awards or benefits other than those described above, paid, due or potentially due for their functions.

Members of the Management Board of Agora S.A. are also provided with medical care on the same terms as other employees of the Company.

Remuneration paid to the Supervisory Board members in 2020 (PLN '000)

Andrzej Szlezak (przewodniczący Rady Nadzorczej)	130
Wanda Rapaczynski	86
Tomasz Sielicki	86
Dariusz Formela	86
Maciej Wisniewski	86
Tomasz Karusewicz	86

The total remuneration amounted to PLN 560 thousand (2019: PLN 546 thousand).

Employment contract terms of the Management Board members of Agora S.A.

Existing employment contracts concluded with members of the Management Board of Agora S.A. provide that in the period of 18 months from the date:

- on which the right of the shareholders holding series A shares to nominate candidates to the Management Board is removed from the Company's Statutes,
- on which one entity or a group of entities acting in concert exceeds the 50.0% threshold of the total number of votes at the General Meeting of Agora S.A.;
- on which the Supervisory Board of the Company is appointed by voting by separate groups, pursuant to Article 385 § 3-9 of the Code of Commercial Companies, should any of these contracts be terminated by the Company, the member of the Management Board of Agora S.A. will receive severance pay in the amount equal to the sum of the following components:

(i) the amount equivalent to 12 times the monthly base salary payable to the member of the Management Board of Agora S.A. for the month preceding the month in which the member of the Management Board of Agora S.A. receives the termination notice;

(ii) the amount equivalent to the annual bonus for the financial year preceding the year of termination of the employment contract.

The severance pay referred to in the preceding sentence is not due when the employment contract is terminated for reasons indicated in Article 52 § 1 of the Labour Code.

Rules for determining the value of the Incentive Plan

Management Board members of the Company participate in an incentive program ("Incentive Plan"), within which one of the components (related to the Company`s share price increase) is accounted for as a cash-settled share-based payment. According to the Incentive Plan Management Board members are eligible to receive an Annual Bonus based on two components described below:

(i) the stage of realisation of the target based on the EBITDA of the Agora Group ("the EBITDA target"). The amount of a potential bonus in this component of the Incentive Plan depends on the stage of the EBITDA target fulfilment, which is specified as the EBITDA level of the Agora Group to be reached in the given financial year determined by the Supervisory Board. The fulfilment of the EBITDA target will be determined on the basis of the audited consolidated financial statements of the Agora Group for the given financial year;

(ii) the percentage of Company's share price increase ("the Target of Share Price Increase"). The amount of a potential bonus in this component of the Incentive Plan will depend on the percentage of Company's share price increase in the future. The share price increase will be calculated as a difference between the average of the quoted closing Company's share prices in the first quarter of the financial year commencing after the financial year for which the bonus is calculated ("the Average Share Price in IQ of Next Year") and the average of the quoted closing Company's share prices in the first quarter of the financial year for which the bonus is calculated ("the Average Share Price in IQ of Bonus Year"). If the Average Share Price in IQ of Next Year will be lower than the Average Share Price in IQ of Bonus Year, the Target of Share Price Increase is not satisfied and the bonus in this component of the Incentive Plan will not be granted, however, the Supervisory Board retains a right to the final verification of the Target of Share Price Increase by reference to the dynamics of changes in stock exchange indexes on capital markets.

The bonus from the Incentive Plan depends also on the fulfilment of a non-market condition, which is the continuation of holding the post of the Management Board member within the period, for which the bonus is calculated.

The rules, goals, adjustments and conditions for the Incentive Plan fulfilment for the Management Board members are specified in the Supervisory Board resolution.

As at 31 December 2020, the value of potential reward from the fulfilment of the EBITDA target includes the premium reserve included in the balance sheet at the end of 2019 based on the level of achievement of the EBITDA target in 2019. As at 31 December 2020, the Group did not recognise a reserve for potential reward from the fulfilment of the EBITDA target in 2020 due to the failure to reach the EBITDA result to pay the incentive plan element.

The value of the potential reward concerning the realization of the Target of Share Price Increase, was estimated on the basis of the Binomial Option Price Model (Cox, Ross, Rubinstein model), which takes into account – inter alia – actual share price of the Company (as at the balance sheet date of the current financial statements) and volatility of the share price of Company during the last 12 months preceding the balance sheet date. That value is charged to the Income Statement in proportion to the vesting period of this component of the Incentive Plan. As at 31 December 2020, the estimated Average Share Price in IQ of Next Year was below the Target of Share Price Increase and the accrual for this component of the Incentive Plan was not recognised in the balance sheet. On the basis of a Resolution of the Supervisory Board in the third quarter of 2020, the Group recognized the provision for the share price component of the Incentive Plan for 2019 after considering the impact of the outbreak of the Covid-19 pandemic on the dynamics of the changes of stock indices in the first quarter of 2020.

Total impact of the Incentive Plan on the unconsolidated financial statements of Agora S.A. is presented below:

	2020	2019
Income statement – increase of staff cost*	(1,355)	(1,494)
Income statement - deferred income tax	257	284
Liabilities - accruals - as at the end of the period	2,849	1,494
Deferred tax asset - as at the end of the period	541	284

* *the total amount of the cost presented in 2020 includes the cost of the share price component for 2019.*

The cost of the Incentive Plan concerning the Management Board of Agora S.A.:

	2020	2019
Bartosz Hojka	415	430
Tomasz Jagiello	235	266
Agnieszka Sadowska	235	266
Anna Krynska - Godlewska	235	266
Grzegorz Kania	235	266
	1,355	**1,494**

14. DIVERSITY POLICY

With respect to the recommendation concerning the comprehensiveness and diversity of balanced participation of women and men in the company's governing bodies, the Management Board of the Company points out that it has no influence on the composition of the Company's main governing bodies. Candidates for members of the Supervisory Board may be nominated by shareholders holding preferred series A shares or shareholders who documented their entitlement to not less than 5% of the votes at the last general meeting before the candidates were nominated and who, at the time of making the nomination, hold not less than 5% of the Company's share capital (§ 21(1)(a) of the Statutes). In accordance with § 30 of Agora S.A.'s Statutes, candidates for the Management Board members may be nominated exclusively by shareholders holding preferred series A shares, and following the expiry of the preferred status of all such shares, by the Supervisory Board. In the event that the persons authorized to determine the number of members of the Management Board and to nominate candidates for such members do not exercise one or both of the above rights, the number of members of the Management Board may be determined by the General Meeting, while each shareholder during such General Meeting may nominate candidates for such members.

Moreover, the Management Board of the Company wishes to stress that according to the Agora Group's diversity policy adopted in December 2015, the main criteria for selection of candidates for all managerial positions, remaining in the competencies of the Management Board, include expertise, experience and skills necessary to perform the function in question. Applying these principles to all employees of the Company and the Group ensures healthy functioning of the organization and accepting new business challenges.

Diversity and openness are values which form an integral part of both the Company's business activities and employment policy. The diversity policy implemented at Agora S.A. is based on Agora's Charter, which was developed jointly between the Company and *Gazeta Wyborcza* daily.

As an employer, Agora S.A. is guided by the principles of equal treatment and counteracting all forms of discrimination, believing that this brings real benefits and supports Agora S.A.'s growth and innovation. One of the objectives of the diversity policy pursued by Agora S.A. is to emphasize the openness of the organization to diversity, which increases the effectiveness of work, builds trust and counteracts discrimination. The diversity practice also aims to fully tap into the potential of employees, their diverse skills, experiences and talents in an atmosphere of respect, support and teamwork.

As an employer, Agora creates an atmosphere at work, which makes employees feel respected, and gives them the sense that they are able to fully realize their professional potential. Agora creates a culture of dialogue, openness, tolerance and teamwork.

In 2016, Agora S.A. introduced a diversity policy which applies to all employees. Its aim is to consistently create a workplace that is free from discrimination, regardless of reasons, and at the same time engages the best specialists who contribute to the company's success. Agora S.A. is an employer who cares for the development of the team through internal and external training. Agora S.A.'s diversity policy is based on overcoming barriers such as age, gender or health status and is guided by the principle that the professional potential of employees is determined by their competence. In this manner, the Company wants to support implementation of its strategy to the best of its abilities and to offer the highest-quality products and services to its consumers.

Supervisory Board

The procedure for the appointment of Supervisory Board members is set forth in the Company's Statutes, other laws and regulations applicable to the Company. The Company has limited impact on the composition of the body supervising its operations.
Despite this, the current 6-person composition of the Supervisory Board in 2017 reflected all the ideas underlying the diversity policy.

Management Board

The procedure of appointing the Management Board is also specified in the Company's Statutes. Only holders of series A shares have the right to appoint candidates for a Management Board member. In the Company's opinion, when presenting candidates, these shareholders took into account, as a decisive criterion, first of all high qualifications, professional experience in the main areas of Agora Group's operations and professional preparation for the position of a member of the Management Board.

Members of the Company's Management Board have complementary experience and competences – they are graduates of: Warsaw School of Economics, Warsaw University of Technology, University of Silesia, University of Łódź, University of Edinburgh, Wrocław University of Technology, Institute Francais de Gestion, Harvards Business School (professional training courses), University of Economics in Wrocław, MBA at the Warsaw University of Technology Business School.
It is worth emphasizing that the decisive aspect in selecting the governing bodies of the company and its key managers is ensuring versatility and diversity, especially in the area of professional experience, age, education and gender. High qualifications, as well as professional and substantive experience and preparation for the performance of a specific function are of decisive importance in this respect.

Gender structure in supervisory and management bodies of Agora S.A.

	Men		Women	
As at the end of	2020	2019	2020	2019
Management Board	2	3	2	2
Supervisory Board	5	5	1	1

Administrative bodies

The administrative bodies of the Agora Group comprise employees holding managerial positions. The diversity policy for administrative bodies involves the creation of a workplace free from discrimination based on gender, age, origin, health, education, political or religious beliefs, where competence and experience are the basis of the organizational culture. This approach is reflected in the diversity of teams across the Group. Gender equality is one of the key aspects of diversity due to the similar number of male and female employees (women accounted for 54.4% of employees in the entire Group as at 31 December 2020 and men accounted for 45.6%). The gender structure in the administrative bodies confirms that this objective has been achieved.

Gender structure in administrative bodies (management positions) of Agora Group (as at 31 December 2020).

	% in the Agora Group	
	Women	**Men**
Agora Group	52.7%	47.3%

On 8 March 2017, the Company, as the first media group in Poland, also signed the Diversity Charter, joining the European initiative to promote diversity in the workplace.

15. ANY OBLIGATIONS ARISING FROM PENSIONS AND SIMILAR BENEFITS FOR FORMER MEMBERS OF MANAGEMENT, SUPERVISORY BODIES AND LIABILITIES INCURRED IN CONNECTION WITH SUCH PENSIONS, WITH AN INDICATION OF THE TOTAL AMOUNT FOR EACH CATEGORY OF BODY

The Issuer has no retirement or similar benefit obligations with respect to former members of management, supervisory or administrative bodies.

16. SOCIAL AND SPONSORING ACTIVITIES POLICY

The Agora Group has a social and sponsorship policy adopted by the company's management board in 2016 as an expression of a strategic approach to corporate social responsibility. The goals set in the document include: education, individual and social development; shaping civic attitudes and caring for human rights; promotion of culture and universal access to it; promotion of health and a healthy lifestyle; care for the environment; concern for others expressed in charity and social actions. They refer largely to the UN Sustainable Development Goals (SDGs).

Agora Group's social and sponsorship activities are an expression of its social responsibility and concern for the fate of the regions in which the Group operates as places where it is worth living, working and implementing plans. These activities are also aimed at building a positive image of the Group and its brands as entities friendly to people and involved in the life of the community. The content of the document can be found at agora.pl.

In 2020, the Agora Group continued its long-term activities under the social, educational, cultural and charity pillars, while also initiating new activities. These included nationwide but also regional projects.

In 2020, as part of social activities, the companies and the media of the Agora Group primarily took initiatives to support activities to combat the COVID-19 pandemic. The editorial offices of "Gazeta Wyborcza" and "Wysokie Obcasy" were intensively involved in aid and information campaigns related to the coronavirus, including through activities supporting local entrepreneurs, such as the initiative "Solidarni 2020. Send some support", launched by the editorial office with the Booksy app; working with reputable law firms to help readers who had doubts about how to interpret the regulations related to the government's anti-crisis aid, or providing reliable information about the pandemic and various aspects of everyday life, health and work that have changed as a result of the so-called lockdown. For this purpose, among others, "Daily Antivirus Guide" and "Daily Antivirus Guide - Work, Health, Money", ie special cycles that appeared every day in the paper and digital edition of "Gazeta Wyborcza". Gazeta.pl also became involved in the aid activities, which, shortly after the outbreak of the coronavirus pandemic in Poland, initiated the # ZałóżMaskę campaign, in which the editors encouraged everyone to wear masks, incl. by publishing articles by the editorial office of Zdrowie.Gazeta.pl. In addition, the portal team in April 2020 collected funds for the purchase of a respirator for a hospital in Sucha Beskidzka under the slogan #KupujemyRespirator - the campaign raised almost PLN 145,000 (15,000 more than the collection target). During the pandemic, the Gazeta.pl team he also undertook other actions for his readers, including a series of articles on #Bizneswalczy of the Next.Gazeta.pl website, from which you could learn about the problems of entrepreneurs and their ideas for fighting the economic crisis caused by the "lockdown". In the face of the pandemic and with regard to its serious consequences for many areas of life, AMS has engaged in numerous social actions. These were, among others offers aimed at supporting businesses and entrepreneurs and creating a community while fighting the effects of the COVID-19 epidemic. One of them was the # AMSpoSąsiedzku initiative, addressed to local entrepreneurs, which was to encourage them to take advantage of the offer dedicated to them and help promote their products and services during the pandemic. In difficult times, also for the cultural industry, AMS initiated the # AMSwspieraKultura campaign, thanks to which cultural institutions, incl. theaters, museums, cinemas, publishing houses and operas could take advantage of the promotional terms of cooperation. A similar offer was received by non-profit organizations under the # AMSwartoPomagać initiative. The pandemic also affected the educational activities undertaken by the Agora Group. Due to the closure of educational institutions during the coronavirus epidemic, the editors of "Gazeta Wyborcza" and Wyborcza.pl prepared a special educational website for students and teachers of secondary schools with interesting texts and video lessons in history, physics, biology and chemistry as well as materials for high school graduates and eighth graders preparing for exams. In 2020, a special edition of the program promoting knowledge and initiatives for the development of new technologies was also held. "Jutronauci", which was created thanks to the cooperation of "Gazeta Wyborcza" and Sebastian Kulczyk in 2017. The 4th edition of the project - "Jutronauci 2020: the world after the pandemic" was entirely devoted to considerations about the consequences of changes that humanity will face after the pandemic ends COVID-19.

Also as part of cultural activities, the companies and brands of the Agora Group supported and initiated aid activities caused by the coronavirus in 2020. For this purpose, i.a. from March to May 2020, Agora Publishing House in cooperation with Gazeta.pl and Wyborcza.pl initiated a series of cultural events in social media under the slogan #Kulturalnastrefa, organizing concerts and meetings with artists who had to suspend their activities due to the pandemic.

Agora Group's media speak out on important social issues and promote culture also through annual contests and awards. Radio TOK FM through the Since 2011, Anna Laszuk has been awarding individuals, institutions or organizations for bold, unconventional actions that have had a significant impact on social awareness or changed Polish reality over the past year. Gazeta Wyborcza has been co-organizing the Ryszard Kapuściński, as well as supporting the literary NIKE Award. Additionally, since 2018, Agencja Gazeta and Gazeta Wyborcza have been organizing the Krzysztof Miller for the courage to look. AMS, on the other hand, as part of promoting socio-cultural activities in 2020, for the 21st time organized the AMS Poster Gallery competition, the motto of which was: "Eleventh: Do not produce trash" and was aimed at raising public awareness of the negative impact of humans on the environment. Since 2004, the Agora Foundation has been operating at Agora Holding. the project "Different people, one world", to support people with disabilities in their professional development. In 2020, the Gazeta Wyborcza Foundation and the High Heels Foundation, established by Agora in 2018, continued their activities. In the last year, these organizations dealt with, among others: cultural and educational activities in the field of education, culture, art, journalism and media and activities to reduce social inequalities.

Charitable activities are carried out in Agora Group not only thanks to the Foundations, but also thanks to the involvement of readers and recipients, employees and the local community in projects directly supporting social organizations. An example is the unique charity campaign of Agora and its media brands called "Hope". As part of this initiative, the Agora Publishing House has published a book of the same title in cooperation with 40 prominent Polish writers. The organizers allocated the entire income from the sale of the book - PLN 1,570,000 to help 58 social welfare centers and hospices for seniors and people with intellectual disabilities, which, especially during the pandemic, did not receive sufficient support from the state. Another example is, among others the “Let's help Beirut together!” collection initiated by Gazeta.pl after the August explosion in Beirut. Thanks to the support of Internet users, the portal managed to collect the amount of PLN 100,000. PLN and give it to the Polish Center for International Aid, which provided aid to the victims.

In addition, Agora carried out activities in the area of socially engaged marketing, i.e. by involving readers to support specific projects. After the outbreak of nationwide protests triggered by the ruling of the Constitutional Tribunal on the tightening of the abortion law at the end of October 2020, Agora's media initiated aid and solidarity campaigns with the organizers and participants of the demonstrations, including "Gazeta Wyborcza" and "Wysokie Obcasy" as part of a special campaign to sell digital subscriptions raised PLN 674 288 to support the National Women's Strike, while Radio TOK FM encouraged its listeners to support the fight for women's rights by purchasing a TOK FM Premium subscription, all of which were donated to the Women's Rights Center.

Agora Group companies are looking for solutions to provide access to their products and services to the widest possible audience - especially vulnerable and excluded groups. For this purpose, in March 2020, a new section of Wyborcza.pl was launched under the slogan News from Poland, which was created for foreigners staying in Poland and non-Polish-speaking people interested in events in our country, including guide materials on, among others, coronavirus pandemic.

An important topic for Agora's media is also the fight against social inequalities, as evidenced by numerous related projects. In 2020, these were, inter alia, a series of events "Women know what they do" organized by the editorial offices of "Wysokie Obcasy" and "Gazeta Wyborcza" in various Polish cities, which since 2018 unites women from all over the country, or the series "Rodzina +" of the Gazeta.pl portal dedicated to Polish LGBT + families presenting stories of people deprived of the same rights as others due to different sexual orientation.

In the face of the growing health, economic, political and climate crises in 2020, Gazeta.pl published the "Gazeta.pl Declaration". This declaration includes the most important principles that the portal team follows when preparing the content, as well as topics that are particularly important from the editorial perspective. Gazeta.pl, wishing to support its readers in searching for answers to important questions, undertook to always acquire knowledge at the source and address directly to experts: doctors, economists and other specialists who cooperate with the portal. An important place in "Deklaracja Gazeta.pl" was occupied by the issue of the natural environment and the climate crisis, particularly close to the editorial office, which has long been encouraging its readers to adopt ecological attitudes, including as part of numerous "green" cycles, including "Fridays for Climate", the Green Newsletter and the Zielona.Gazeta.pl website, as well as through the "Advertising for Climate" campaign, the "# Holidays2050" campaign or partnership in the initiative "Adoptuj a bee" by Greenpeace Poland and "Chłopi 2050" by Storytel.

Pro-ecological projects are an important part of activities not only of Gazeta.pl. Gazeta Wyborcza also devotes more and more attention to topics related to ecology and the climate crisis, and encourages its readers to show more pro-environmental attitudes. At the beginning of 2019, the project "Wyborcza na green" was launched - since then, articles devoted to, among others, climate change that is rapidly progressing also in Poland. In June 2020, the editors launched the project "One Planet. One Life - we look to the future, but we act here and now". It is a cycle in which journalists, referring to credible and reliable research results and expert opinions, write about the climate catastrophe while looking for solutions that a single person, large organization or local government can implement to meet environmental challenges. AMS also undertakes a number of pro-ecological activities, including introducing environmentally friendly OOH carriers. In July 2020, thanks to the ecological initiative of AMS and Grupa MTP in Poznań, the first Polish system of green roofs on bus shelters was created. Also, Green Stops, belonging to the City Marketing team of Grupa MTP, operated by AMS under the agreement signed with the MTP Group, are nature-based solutions of a great importance to urban infrastructure. Inspired by nature and economically efficient, they simultaneously provide ecological, economic and social benefits and support adaptation to climate change.

The implemented policy of social and sponsorship activities brought the company tangible benefits: it strengthened its position as a leader among the media in the implementation of social projects as well as the commitment and satisfaction of employees due to participation in the undertaken activities.

In Agora's opinion, the implementation of the Policy of social and sponsorship activities is in line with the interests of the Company and its stakeholders, including shareholders, as it creates goodwill, contributes to social development and expresses the responsibility of the Agora Group for its impact on the environment.

Every year, the activities undertaken by the Agora Group are monitored. Their detailed description is available on the Agora.pl website and in the Agora Group Responsibility Report for 2020.

VII. MANAGEMENT BOARD'S REPRESENTATIONS

1. REPRESENTATION CONCERNING ACCOUNTING POLICIES

Management Board of Agora confirms that, to the best knowledge, the annual consolidated financial statements together with comparative figures, have been prepared according to all applicable accounting standards and give a true and fair view of the state of affairs and the financial results of the Issuer's Capital Group for the period.

The Management Discussion and Analysis of Group's business activities shows true view of the state of affairs of the Issuer's Capital Group, including evaluation of risks and dangers.

2. NON-FINANCIAL REPORTING

Fulfilling the requirements of Accounting Act the Company presents separate consolidated and non-consolidated report of Agora S.A. and the Agora Group regarding non-financial reporting for 2020, prepared according to standards set out by Global Reporting Initiative (GRI Standard). According to art 49b point 9 of Accounting Act both reports are available on the corporate website http://www.agora.pl in Polish and English.

3. INFORMATION ON SECLECTION OF THE AUDIT FIRM FOR REVISION OF ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to the resolution of the Supervisory Board of November 7, 2019 and in accordance with the provisions of the Company's Articles of Association, KPMG Audyt Spółka z ograniczoną odpowiedzialnością spółka komandytowa based in Warsaw at 4A Inflancka Street, entered on the list of entities authorized to audit financial statements with the number 3546, has been selected as the certified auditor of the Company and the Group, which will examine the financial statements for 2020, 2021 and 2022.

Agora did not use audit services other than auditing and reviewing financial statements based on the aforementioned agreement.

The Management Board of Agora S.A. indicates that:

a) the auditing company and the members of the audit team met the conditions for drawing up an unbiased and independent audit report on the annual consolidated financial statements in accordance with applicable regulations, professional standards and professional ethics,

b) the applicable regulations related to the rotation of the auditing company and the key statutory auditor and mandatory grace periods are observed,

c) Agora has a policy regarding the selection of an audit firm and a policy regarding the provision to the Agora by an auditing company, an entity related to the auditing company or a member of its network of additional non-audit services, including services conditionally exempt from the prohibition by the audit company.

Warsaw, 18 March 2021

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*