

2020 IN AGORA GROUP

Letter from the CEO



Ladies and Gentlemen,

the COVID-19 pandemic has changed the world we knew and presented new challenges for each of us. In Agora, it deprived us overnight of significant revenues and made it impossible to further implement the strategy adopted for 2018-2022.

The turbulent year 2020 has focused our attention on ensuring the safety of our employees and supporting our media users, customers and business partners. In addition to the struggle related to the economic and social consequences of the coronavirus pandemic, last year was filled with activities aimed to prevent progressing climate change, protect human rights and freedom of speech, which we have been consistently implementing in numerous projects and partnerships for over 30 years.

Today, we all hope that we are slowly entering the “new normality”. There are still many unknowns ahead of us, but also clear signposts for Agora. Those include the European Green Deal, the Paris Agreement on environmental protection, and especially the UN Sustainable Development Goals, particularly in the field of gender equality and respect for human rights.

Therefore, in 2021, as in 2020, we want to act in accordance with the principle **“Responsible every day - for the sake of society and the environment”**, as expressed in this “The Responsibility Report for the year 2020 Agora Group and Agora S.A.”.

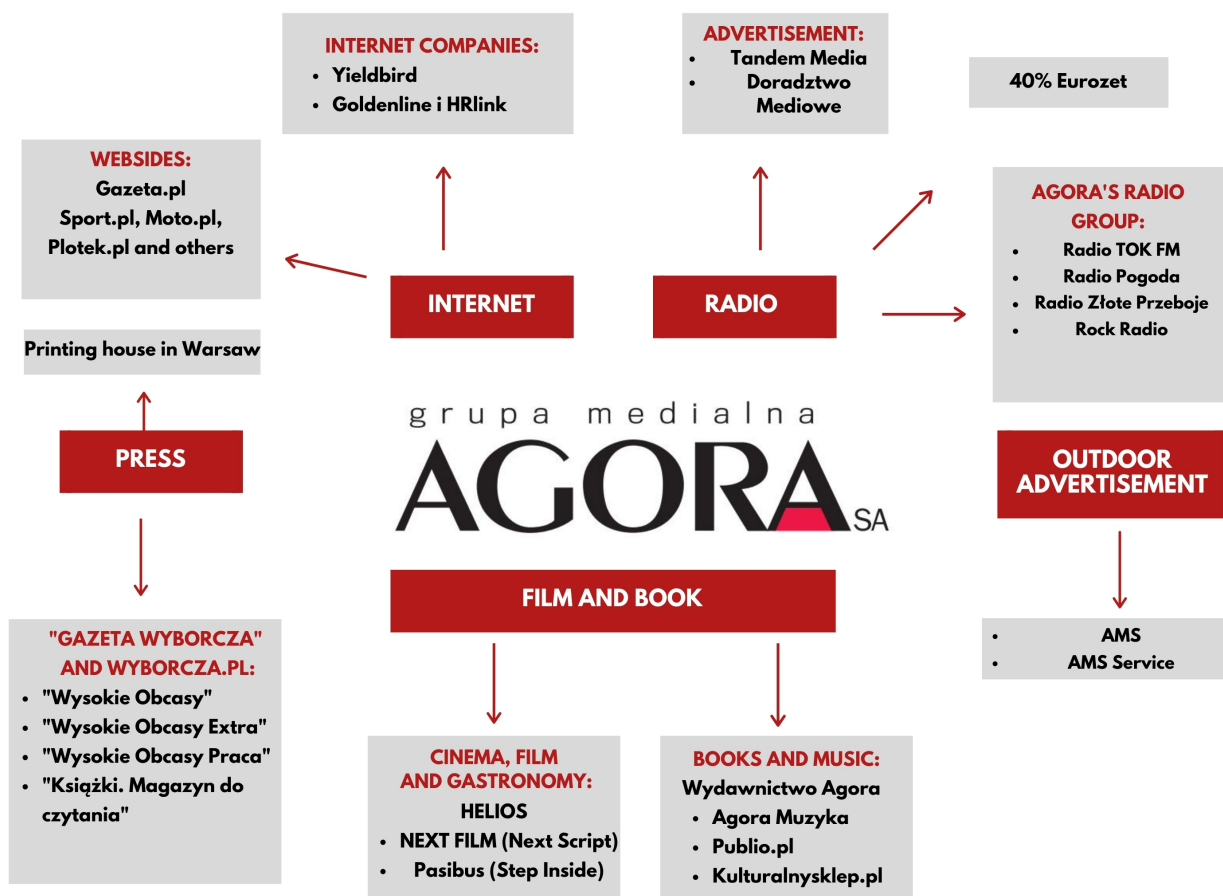
I believe that this publication will allow you to get to know our business even better, especially in terms of ESG (Environmental, Social, Governance) factors, i.e. in the field of environmental protection, social involvement and relations with the environment, as well as the quality of management and business ethics.

On behalf of the entire team of Agora Group, I wish you good and inspiring reading.

Bartosz Hojka

President of the Management Board of Agora S.A.

Structure of Agora Group



Capital Group of Agora

Basic information about the companies in which Agora S.A. holds stocks or shares (directly or indirectly), as shown in the table below:

List of Agora Group companies:

	31 December 2020	31 December 2019
Consolidated subsidiaries		
Agora TC Sp. z o.o., Warsaw	100.00%	100.00%

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	31 December 2020	31 December 2019
AMS S.A., Warsaw	100.00%	100.00%
AMS Serwis Sp. z o.o. (formerly Adpol Sp. z o.o.), Warsaw (1), (6)	100.00%	100.00%
Grupa Radiowa Agory Sp. z o.o., (GRA), Warsaw	100.00%	100.00%
Doradztwo Mediowe Sp. z o.o., Warsaw (2)	100.00%	100.00%
IM 40 Sp. z o.o., Warsaw (2)	72.00%	72.00%
Inforadio Sp. z o.o., Warsaw (2)	66.1%	66.1%
Helios S.A., Łódź	91.4%	91.4%
Next Film Sp. z o.o., Warsaw (3)	91.4%	91.4%
Next Script Sp. z o.o., Warsaw (4)	75.9%	75.9%
Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.), Warsaw (12)	100.00%	100.00%
Optimizers Sp. z o.o., Warsaw	100.00%	100.00%
Yieldbird Sp. z o.o., Warsaw (13)	92.1%	93.7%
Goldenline Sp. z o.o., Szczecin (7)	100.0%	92.7%
Plan A Sp. z o.o., Warsaw	100.00%	100.00%

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	31 December 2020	31 December 2019
Agora Finanse Sp. z o.o. Warsaw	100.00%	100.00%
Step Inside Sp. z o.o., Łódź (3), (8)	82.3%	91.4%
HRlink Sp. z o.o., Szczecin	79.8%	79.8%
Piano Group Sp. z o.o., Warsaw (1), (11)	92.0%	60.0%
Agora Poligrafia Sp. z o.o., Warsaw (14)	-	100.00%
Foodio Concepts Sp. z o.o., Łódź (3), (9)	-	82.3%
Benefit Multimedia Sp. z o.o., Warsaw (5), (11), (15)	-	60.0%
Benefit Multimedia Sp. z o.o. S.K.A., Warsaw (5), (11), (15)	-	60.0%
Jointly controlled entities and associates accounted for using the equity method		
Instytut Badań Outdooru IBO Sp. z o.o., Warsaw (1)	50.0%	50.0%
ROI Hunter a.s., Brno	23.9%	23.9%
Eurozet Sp. z o.o., Warsaw	40.0%	40.0%
Companies not included in the consolidation and valuation using the equity method		

	31 December 2020	31 December 2019
Polskie Badania Internetu Sp. z o.o., Warsaw	16.7%	16.7%
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 name from Adpol Sp. z o.o. to AMS Serwis Sp. z o.o. on 1 April 2020;
- (7) purchase of shares in Goldenline Sp. z o.o. on 20 January 2020;
- (8) accession of non-controlling shareholders to Step Inside Sp. z o.o. on 31 January 2020;
- (9) disposal of shares in Foodio Concepts Sp. z o.o. on 2 June 2020;
- (10) disposal of shares in Hash.fm Sp. z o.o. on 27 February 2020 and 5 August 2020;
- (11) purchase of shares in Piano Group Sp. z o.o. on 23 June 2020;
- (12) change of the company name from Domiporta Sp. z o.o. to Plan D Sp. z o.o. on 17 July 2020;
- (13) accession of non-controlling shareholders to Yieldbird Sp. z o.o. on 21 September 2020;
- (14) merger with Agora S.A. on 1 October 2020;
- (15) merger with Piano Group Sp. z o.o. on 17 December 2020;

Impact of the pandemic on the Agora Group

2020 was marked by the COVID-19 pandemic the outbreak of which in the first quarter significantly affected the business operations of the Agora Group. Due to the negative impact of the pandemic on the operating activities and prospects for the development of selected business segments, the Group decided to undertake a number of restructuring measures, including: restructuring of operations of Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.), including sale of an organised part of this enterprise; reducing the scale of operations of Goldenline Sp. z o.o. and reducing employment in this company. The Group also sold the shares of Foodio Concepts Sp. z o.o. as well as a part of its real estate, and introduced a number of savings measures (e.g. reduction of the team's salaries by 20% for six months) as well as those resulting from administrative decisions (e.g. closure of cinemas and restaurants).

Financial results

THE RESPONSIBILITY REPORT FOR THE YEAR 2020 AGORA GROUP AND AGORA S.A.

More than 75% of the total revenue of the Agora Group comes from domestic sales. Sales on the foreign markets are mainly carried out through the sale of advertising and printing services to foreign customers, as well as the sale of publications (including foreign subscriptions).

Table: Financial results of the Agora Group in 2020

in PLN million	2020	2019	% change
Total sales net (1), including:	836.5	1 249.7	↓ 33.1%
Advertising revenue	452.2	579.7	↓ 22.0%
Ticket sales	84.6	258.0	↓ 67.2%
Copy sales	133.8	139.2	↓ 3.9%
Concession sales in cinema	37.2	111.0	↓ 66.5%
Printing services	28.6	47.2	↓ 39.4%
Revenues form film activities	34.1	39.1	↓ 12.8%
Other	66.0	75.5	↓ 12.6%
Operating cost net, incl.:	(948.2)	(1 225.0)	↓ 22.6%
External services (2)	(333.5)	(456.5)	↓ 26.9%
Staff costs (2)	(265.1)	(337.2)	↓ 21.4%
Raw materials, energy and consumables (2)	(95.5)	(141.4)	↓ 32.5%

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in PLN million	2020	2019	% change
D&A	(162.9)	(158.0)	↑ 3.1%
Promotion and marketing	(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 enterprise (5)	3.6	-	-
Impairment losses (6)	(38.0)	(7.5)	↑ 406.7%
Net profit/(loss)	(130.2)	6.0	-
Operating result - EBIT	(111.7)	24.7	-
EBIT margin	(13.4%)	2.0%	↓ 15.4pkt%
EBITDA (7)	89.2	190.2	↓ 53.1%
EBITDA margin (7)	10.7%	15.2%	↓ 4.5pkt%
Operating cost excl. one-offs (8)	(919.5)	(1 211.9)	↓ 24.1%
EBIT excl. one-offs (8)	(83.0)	37.8	-
EBITDA excl. one-offs (8)	79.9	195.8	↓ 59.2%
Net profit/(loss) excl. one-offs (8)	(104.8)	10.1	-

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Source: consolidated financial statements according to IFRS, Q4 2020:

(1) particular items of sales revenues, apart from sales revenues from tickets and restaurants in cinemas and printing services, include sales revenues of the Agora's Publishing House and activities related to films (operating in the Film and Book segment), described in detail in part IV.A Management Board Report;

(2) in 2020, the Group made changes to the presentation of the production costs of book publishing of the Agora's Publishing House; the comparative figures were changed accordingly;

(3) relates to the restructuring costs in the Internet segment in Q2 2020 and the restructuring costs (including group layoffs) in the Printing segment and in support departments in Q1 2019;

(4) return on sales of the server room building and the land located at ul. Daniszewska in Warsaw;

(5) return on sales of a part of the Plan D Sp. z o.o. enterprise (formerly Domiporta Sp. z o.o.);

(6) the amount includes write-offs for impairment of fixed assets of Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.), Foodio Concepts Sp. z o.o. and of AMS S.A., Helios S.A., Agora S.A.; the write-offs referred mainly to tangible fixed assets and intangible assets, including goodwill of Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.);

(7) EBITDA is defined as EBIT increased by depreciation and impairment losses on tangible fixed assets, intangible assets and rights to use assets;

(8) non-recurrent events include: 3, 4, 5, 6.