AGORA S.A.
Management Discussion and Analysis for **the year 2021** to the unconsolidated financial statements

March 24, 2022

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Agora S.A. (“the Company”, “Agora”) is a parent company of the Agora S.A. Capital Group (“the Agora Group”, “the Group”).

The presentation according to operating segments, in accordance with IFRS 8 Operating segments, is prepared at the Agora Group level in accordance with the management approach and is presented in “The Management Discussion and Analysis for the year 2021 to the consolidated financial statements” and in “Consolidated financial statements as at December 31, 2021 and for the year ended December 31, 2021.

To understand the core business activities of the Agora Group, one should read “The Management Discussion and Analysis to the consolidated financial statements for the year ended December 31, 2021”.

Unless indicated otherwise, all data presented herein represent the period of 2021, while comparisons refer to 2020. 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 Company's results and without it.

I. IMPORTANT EVENTS AND FACTORS WHICH INFLUENCE THE FINANCIALS OF THE COMPANY

- The revenue of Agora S.A. ("Agora", "the Company") amounted to PLN 382.9 million and increased by 11.6%. The most important factor influencing the Company's income was higher by 21.1% revenue from the sale of advertising services in the amount of PLN 172.3 million, noted mainly due to higher advertising sales of Agora's Internet Division and *Gazeta Wyborcza*. The second factor that had a significant impact on the Company's revenues was higher by 6.3% copy sales, which stood at PLN 142.9 million. This was due to higher inflows from the sale of Agora Publishing House and the sale of digital subscriptions of Wyborcza.pl. The number of subscriptions to Wyborcza.pl content at the end of December 2021 amounted to 286.1 thousand. The proceeds from other sales also increased. On the other hand, the revenues from the sale of printing services, in the amount of PLN 26.8 million, were lower. This decline was mainly due to the switch of one of the main clients to printing on customer-provided paper.

- The net operating costs of the Company amounted to PLN 419.2 million and were higher by 16.7% than in 2020. Most of the categories of the Company's operating expenses increased in 2021. The largest increase - by 18.6% to PLN 187.2 million - was recorded in the staff costs, which grew mainly due to the reduction of working hours and remuneration in the Company by 20.0% for six months in 2020 and higher than the year before bonuses and provisions for awards and incentive plans. The employment rate also grew. The costs of external services increased - by 19.2% to PLN 90.5 million, mainly in the Gazeta.pl division and the Agora Publishing House. Their increase was also recorded in the Press segment and in the expenses of supporting divisions. Promotion and marketing costs increased by 15.8% to PLN 37.4 million, which resulted from greater promotional activity in both the Press segment and the Gazeta.pl portal, with lower expenses of Agora Publishing House. The costs of materials and energy consumed, as well as the value of goods and materials sold decreased by 8.6%, to the amount of PLN 51.2 million. This was mainly attributable to lower volume of orders in the Print division of Agora S.A. and a smaller number of proprietary titles and their lower print volume. One-off events recorded in 2021 and 2020 also had an impact on the comparability of operating costs. In 2021, their scale was negligible.
- The company recorded a loss at the EBITDA level of PLN 2.7 million in 2021. The loss at the EBIT level increased to PLN 36.3 million. The company's net profit stood at PLN 27.8 million.
- As at 31 December 2021, the Company's financial assets amounted to 83.6 million, which included cash and cash equivalents (cash, bank accounts and bank deposits). The Company had also cash pooling receivables of PLN 1.3 million.

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

1. EXTERNAL FACTORS

1.1 Advertising market [1]

According to the Agora S.A. estimates ("Agora", "the Company"), based on public data sources, in 2021, the value of total advertising expenditure in Poland amounted to over PLN 10.4 billion and increased by 16.0% compared to 2020. During this time, advertisers increased their advertising expenditure in all market segments. The data relating to the changes in the value of advertising expenditure in particular media segments are presented in the table below:

Tab. 1

Total advertising expenditure	Television	Internet	Radio	Outdoor	Magazines	Dailies	Cinema
16.0%	11.5%	22.0%	11.0%	20.5%	1.5%	3.5%	94.0%

The share of particular media segment in total advertising expenditure, in 2021, is presented in the table below:

Tab. 2

Share in total advertising spendings	Television	Internet	Radio	Outdoor	Magazines	Dailies	Cinema
100.0%	42.5%	43.0%	6.0%	4.0%	2.5%	1.5%	0.5%

1.2 Copy sales of dailies [3]

In the fourth quarter of 2021, total sales of paid dailies in Poland decreased by 10.6% yoy, and in 2021 by 11.5% yoy. The biggest drops in both periods were recorded in the segment of regional dailies.

2. INTERNAL FACTORS

2.1 Revenue

The revenues of Agora S.A. amounted to PLN 382.9 million and increased by 11.6%. The most important factor influencing the Company's income was higher by 21.1% revenues from the sale of advertising services in the amount of PLN 172.3 million, noted mainly due to higher advertising sales of Agora's Internet Division and *Gazeta Wyborcza*. The second factor that had a significant impact on the Company's inflows was the higher by 6.3% copy sales, which amounted to PLN 142.9 million. This was due to higher revenues from the sale of Agora Publishing House and the sale of digital subscriptions of Wyborcza.pl. The number of subscriptions to Wyborcza.pl content at the end of December 2021 amounted to PLN 286.1 thousand. The proceeds from other sales also increased. On the other hand, the revenues from the sale of printing services, which amounted to PLN 26.8 million, were lower. This decrease was mainly due to the switch of one of the main customers to the printing on the customer-provided paper.

2.2. Operation costs

In 2021, **the net operating costs** of the Company amounted to PLN 419.2 million and were higher by 16.7% than in 2020.

The staff costs increased by 18.6% to PLN 187.2 million. The comparability of these values was mainly influenced by the reduction in salaries by 20.0% introduced for six months and and higher bonuses and provisions for awards and incentive plans than in the previous year.

The Company's headcount as at the end of 2021 amounted to 1,332 full-time employees and increased by 16 FTEs yoy.

Various incentive plans are active in the Company (e.g. cash incentive plans, incentive systems in sales departments, incentive plans for members of the Management Board and key managers, etc.), the costs of which are charged to the staff costs item.

Costs of external services increased by 19.2% to PLN 90.5 million in 2021. They were higher in the Gazeta.pl division and in the Agora Publishing House. In the Gazeta.pl division, this was due to higher expenses on marketing and computer services. The costs of external services also increased in thePress segment - it was related to higher costs of organizing events and conferences, as well as an increase in the cost of computer services. The increase in expenses on external services was also observed in the costs of the supporting departments.

The costs of materials and energy consumed and the value of goods and materials sold amounted to PLN 51.2 million and decreased by 8.6%. This was mainly due to the lower cost of production materials related to the significantly lower print volume.

The Company's **marketing and promotion costs** stood at PLN 37.4 million in 2021 and grew by 15.8% yoy. This was mainly due to higher costs of marketing and promotion observed in the Press segment and the Gazeta.pl division, with their reduction in the Agora Publishing House.

Depreciation costs remained at a level similar to those in 2020.

3. PROSPECTS

The outbreak of the COVID-19 pandemic forced governments around the world to introduce restrictions aimed at stopping further spread of the virus. However, governments of countries with high vaccination rates among the population have recently chosen to lift majority of pandemic restrictions. Since March 1, 2022 also Polish government decided to withdraw most of the limits regarding numbers of people in cinemas or restaurants. Further development of the pandemic and measures to be implemented by the Polish government in order to fight it are unknown to the Company. A new additional factor generating uncertainty as to the further development of the economic situation in Poland is Russia's attack on Ukraine and the ongoing war there. The duration and scale of both - the pandemic and the war - may significantly affect the analyzes and estimates prepared by the Company, in particular with regard to the value of the advertising market, the number of cinema tickets sold as well as bar and food sales. The scale of this impact is not known to the Company. Therefore, the Management Board of Agora decided to recommend to the Supervisory Board and the General Meeting not to pay the dividend for 2021. This decision results from the uncertainty and unpredictability related both to the armed conflict in Ukraine and the further development of the pandemic situation and their impact on the Company's operations and results and Agora Group.

Despite the material challenges related to operating in a market environment negatively affected by the pandemic for yet another year, the Management Board of the Company does not recognise any significant uncertainty resulting from these circumstances that would raise serious doubts as to the continuation of operations for the Company and the Agora Group.

The aforementioned uncertainty factors may also have a significant impact on liquidity of the Group. The Company's Management Board carefully monitors the flow of receivables in order to secure the Group's financial liquidity and undertaking actions to secure the Group's liquidity in the foreseeable future. However, the result of these actions depends to a large extent on the pace of economic recovery following the pandemic crisis. The scale of generated revenues may pose a risk for the Agora Group's liquidity, in particular if prolonged duration of the pandemic leads to another suspension of operations in certain sectors of the economy or if worsening economic situation would lead Poles to resignation from expenditure on culture and entertainment.

In 2021, the Company and its subsidiary Helios S.A. secured additional financing to prevent the occurrence of a liquidity gap in the future, should the pandemic situation fail to improve. As at the balance sheet date, Agora S.A. had a granted and fully available working capital loan in the amount of PLN 100 million for the financing of operating activities available until September 22, 2022 in the amount of PLN 65 million and until September 28, 2022 in the amount of PLN 35 million. On the other hand, Helios S.A. had working capital loans in the amount of PLN 108 million, available in tranches till September 24, 2022, August 26, 2022 and December 23, 2022. As at the balance sheet date Helios still had not used PLN 51.1 million.

Free cash in the Agora Group at the end of 2021 amounted to PLN 134.9 million.

On 8 June 2021, Helios S.A. signed a preferential loan agreement for the amount of approximately PLN 5.0 million. The Company described this event in detail in current report 12/2021 of 9 June 2021. The funds from the above loan were used in July 2021 and the Company announced the cancellation of PLN 3.1 million from the above preferential loan in current report 19/2021 of 22 September 2021. Additionally, in 2021, companies in the Movies and Books segment received total aid as part of the so-called anti-crisis shield in the amount of PLN 11.3 million. The Company's Management Board carries out intensified monitoring of receivables inflow in order to secure the financial liquidity of the Group and takes other measures to secure its liquidity in the foreseeable future.

Both Agora and all the companies of the Group have taken a number of measures aimed at minimising the losses caused by the COVID-19 pandemic, ensuring the Group's financial security and the Group's return to the path of revenue growth and operating results. Some of the Group's businesses continued to face severe operating restrictions in 2021, ranging from an administrative ban on activity to various levels of restrictions, which directly or indirectly affected the economy.

Among all of the Group's businesses, Helios cinemas were most affected by direct state intervention into their activity. They remained closed from November 2020 until 20 May 2021. They reopened on 21 May 2021, with a sales limit of 50.0% of seats available in the screening room and lack of possibility to sell snacks and beverages in cinema bars. Thanks to further restrictions being lifted, on 13 June 2021, sales in Helios cinema bars were resumed and as of 26 June 2021, the ticket sales limit was increased to 75.0% of seats in the room. Moreover, this limit did not include vaccinated customers. Sanitary restrictions were tightened once again 1 December 2021 - the limit of 50% of cinema seats available for sale was introduced, while on 15 December this limit was reduced to 30% (not including vaccinated persons). However, the scale of restrictions in the cinema business in 2021 was smaller than in 2020, mainly due to the fact that the limit imposed on ticket sales did not include vaccinated persons, whose number is slowly but steadily increasing. In 2021, cinemas remained closed for 140 days based on an administrative decision, while in 2020, they were closed for 168 days.

In the Company's opinion, the scale of restrictions introduced to prevent the spread of the pandemic in 2022 should be smaller than in 2021, which will allow the Group to effectively fight for recovery of its results. It will depend on the number of people vaccinated and those who have acquired immunity after being infected with the coronavirus. Based on the available information, it appears that in 2022, the pandemic restrictions will have the strongest impact on the Group's cinema business in the first quarter of the year. On March 1, 2022 Polish government decided to relax the restrictions in the cinemas. The second factor that will affect the cinema attendance in the first quarter of 2022 in Poland is Russia's attack on Ukraine. In subsequent periods, depending on the available cinema repertoire and the sanitary regime in force, the Movies and Books segment should generate more revenue than in the previous year and improve its financial results, which will affect the results of the entire Agora Group.

In addition, todate regulations related to counteracting the spread of COVID-19 had a negative effect on the food business developed through Step Inside company. In May 2021, restrictions on restaurant operations were gradually lifted. However, until the end of May 2021, the Helios group's activities in this area involved mainly take-away sales and delivery. Starting from 26 June 2021, the limit of seats that could be offered by restaurants to customers was increased to 75.0% of all available seats. As of 5 December 2021, the limit of available seats in restaurants was reduced to 50.0% and as of 15 December 2021, restaurants could offer 30.0% of available seats, excluding fully vaccinated customers.

In 2022, these two business areas of the Group will also be most exposed to restrictions on their operations. Thanks to the increasing number of vaccinated individuals, the effects of restrictions on ticket sales or available tables are less severe than at the beginning of the pandemic. The Group's business which may be affected by the consequences of restrictions introduced in other sectors is outdoor advertising. However, it appears that in 2022, the scale of restrictions introduced should be significantly smaller than in 2021, although this obviously remains beyond the Company's control.

As the vaccination programme proceeds and new medications are becoming available on the market, the direct impact of the coronavirus on the Group's operations and financial results should become less and less perceptible each quarter. However, the pandemic and its impact, in particular on the economy and the financial market, will continue to affect the operations of businesses in Poland in 2022. A new uncertainty factor that may affect the economic activity of enterprises is the ongoing war in Ukraine.

In 2021, the Group's revenue was influenced by two main factors: the administrative lockdown of cinemas and the pace of recovery of advertising spending in Poland. As regards the cinema business, its results were significantly better than in 2020, which was directly linked to the smaller scale of restrictions compared with those imposed on this segment in 2020. Nevertheless, the attendance and value of the cinema market in Poland have not yet returned to the record levels from 2019. The further pace of the reconstruction of the cinema market will be influenced, among others, by potential restrictions on cinema operations and the ongoing war in Ukraine. In the opinion of the Company, in 2022, cinema attendance will be higher than that recorded in 2021, but may not yet reach the level recorded in 2019.

It is worth noting that 2021 brought not only an increase in spending on the advertising market as compared with 2020, but also with 2019. Advertising spending was higher in every segment of the advertising market.

Nevertheless, the majority of segments of the advertising market have not recovered their value from before the pandemic. The crisis caused by the pandemic has led to advertising budgets being redirected mainly to the Internet, whose share in the market for advertising spending has grown significantly at the expense of other media. Television has also emerged from the crisis largely unscathed. Other segments of the advertising market are in the process of recovering their value. In terms of value, the biggest decline in advertising spending compared with 2019 was recorded in traditional press. The pandemic has changed the habits of some readers of the press and has significantly accelerated digitisation processes on this market, which has also changed the publishers' business model. *Gazeta Wyborcza* is an unquestionable leader in the digital transformation in Poland. At the end of December 2021, the number of digital subscriptions of Wyborcza.pl reached 286.1 thousand. Growing revenues from this form of content sales have significantly increased the share of digital revenues of the daily in its total revenues — to nearly 40.0%.

Another segment of the market which was hit hard by the reduction in advertising spending by entrepreneurs in response to the negative impact of the pandemic was outdoor advertising. It needs to be stressed that businesses are eagerly returning to outdoor panels, which give them the opportunity to reach mass recipients. However, as the Outdoor Chamber of Commerce states, it may take approximately 2 years to rebuild the value of outdoor advertising market to its 2019 level. AMS is putting more and more emphasis on developing of the digital part of its business, which has suffered the least in the course of the pandemic. DOOH media, offered by the company to a greater extent than before, will appear in those buildings which must remain operational also during the pandemic.

The outbreak of the pandemic has also resulted in large drops in advertising spending in radio stations, especially with regard to smaller market players. The prompt return of advertisers to this medium meant that spending on radio advertising was already only slightly lower than in 2019. Further recovery of the value of this market will certainly be facilitated by the loosening of sanitary restrictions and return to a stationary work model. In 2022, due to the increased number of COVID-19 cases between January and March this year, the pandemic will continue to have a negative impact on the audience and advertising revenue of radio stations.

On the other hand, advertisers have increased their activity in the two largest segments of the advertising market. TV advertising spending increased by just under 1.0% compared to 2019, showing how strong TV activity remains. However, it was the Internet that was the main beneficiary of structural changes on the advertising market, accelerated by the outbreak of the pandemic. Online advertising spending increased by nearly 27.0% and overtook television in terms of the advertising spending value.

Based on the available market data, the Company estimates that the value of the advertising market in Poland in 2022 will increase compared to 2021 by approximately 4.5–6.5%. Due to the fact that it is difficult to predict the further development of the situation related to the pandemic and the armed conflict in Ukraine, as well as their economic consequences, the above assumptions may be flawed and their accuracy is much lower than in periods of greater predictability. For this reason, the Management Board of the Company decided to postpone the publication of the estimated changes in the value of advertising expenditure in individual segments of the advertising market.

The Management Board of Agora estimates that in 2022, the revenues of the Agora Group may be higher than in 2021. At the beginning of the outbreak of the pandemic, the Agora Group undertook restructuring and austerity measures. In 2021, the Agora Group continued to operate under a more severe cost discipline, in particular in those businesses which could not go back to full operations. However, 2022 began in circumstances unfavourable to the development of enterprises. The majority of businesses continue to suffer the negative effects of the pandemic and are fighting to recover from the losses caused by its outbreak. On top of it, they are now facing the highest inflation Poland has seen in years, high increases in the prices of materials, energy and services, as well as growing financing costs. The wage pressure on all jobs is also high. These factors will contribute to the increase in the Group’s operating costs, in particular the costs of external services and staff costs. For this reason, the Management Board of Agora estimates that in 2022, the Agora Group may record results comparable to those for 2021.

A risk to this assumption is the deteriorating economic situation, which is expressed in rising prices of goods and services, high inflation, rising interest rates and energy and fuel costs. The deteriorating condition of the Polish economy is reflected in the weakening value of the Polish currency, which is important for the Group, in particular with regard to the PLN/EUR exchange rate. Russia's attack on Ukraine may aggravate these negative phenomena and may significantly slow down economic growth and increase inflation and fuel costs. Additionally, it is worth noting that the advertising market is correlated with the pace of economic growth, and the above factors are cooling down expectations as to the dynamics of the advertising market in 2022.

After limitation of investments only to those necessary in 2020 and 2021, in 2022 the Management Board of Agora plans to return to an active investment policy. In 2021, the capital expenditures of the Agora Group amounted to PLN 43.7 million, in 2022 they will increase approximately twice. In the event of a deterioration in the market situation, these expenses will be limited.

Agora plans to use the growth in the advertising market to further improve Agora's results, in particular in the area of Internet operations. Therefore, capital expenditures will be focused on increasing the quality of advertising space and the effectiveness of digital advertising offers. Yieldbird will focus on activities in Poland and selected European countries. The company will invest in technology supporting its strategic goals and in acquiring key competences from the market.

AMS will focus on investments in modern technological tools allowing for further development and strengthening of the position in the DOOH segment, automation of the sales process and greater use of data in building competitive offers.

In its radio activity, Agora will focus on activities strengthening the programming offer, which translates into the popularity of individual stations and thus the tendency of advertisers to place their campaigns on the stations of Agora's Radio Group. In 2021, such activities translated into record audience results for Agora's radio stations and a higher than market increase in advertising revenues.

In the case of cinema operations in 2022, Helios will focus on replacement investments and increasing the number of Dream rooms in the existing facilities, as well as on the opening of a new cinema.

The gastronomic activity developed within the Helios group under the Pasibus brand returns to investments in new premises and plans to open at least two new eateries in 2022, which should translate into development of the chain and an increase in its scale.

At the same time, the Management Board of the Company points out that in the event of a deteriorating economic situation or an increase in interest rates, it may be forced to resign from certain investments which, due to the higher cost of capital, will not provide the Group with the required rate of return within a specified period of time.

A key project influencing the long-term prospects of the Agora Group is the work on the development strategy for the entire Group for the years 2023 - 2027. In February 2022, the Management Board of Agora S.A. informed that it starts the process of analyzing the development potential of the Agora Group, its business portfolio and the market environment in order to finalize work on the development strategy for the Agora Group for the coming years in 2022.

Taking into account the funding available to the Group, the condition of individual Group businesses and the measures taken to counteract the negative effects of the pandemic, in the opinion of the Company's Management Board, 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 COMPANY

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

The detailed description of the Company's financial situation and its financial results are presented in the section III of this Management Discussion and Analysis for the year 2021.

III. FINANCIAL RESULTS

1. PROFIT AND LOSS ACCOUNT OF AGORA S.A.

Tab. 3

in PLN million	**2021**	**2020**	***% change yoy***
Total sales (1)	**382.9**	**343.2**	***11.6%***
Advertising revenue	172.3	142.3	*21.1%*
Copy sales	142.9	134.4	*6.3%*
Printing services	26.8	28.6	*(6.3%)*
Other (2)	40.9	37.9	*7.9%*
Operating cost net, including:	**(419.2)**	**(359.2)**	***16.7%***
Raw materials, energy and consumables	(51.2)	(56.0)	*(8.6%)*
D&A	(32.0)	(31.7)	*0.9%*
External services	(90.5)	(75.9)	*19.2%*
Staff cost	(187.2)	(157.9)	*18.6%*
Promotion and marketing	(37.4)	(32.3)	*15.8%*
Impairment losses (3)	(1.6)	(4.9)	*(67.3%)*
Operating result - EBIT	**(36.3)**	**(16.0)**	***(126.9%)***
Operating result - EBIT excl. IFRS 16 (4)	*(37.1)*	*(16.7)*	*(122.2%)*
Finance cost, net, incl.:	**61.4**	**(43.8)**	**-**
Revenue from short-term investment	-	0.1	-
Revenue from dividends	64.1	20.5	*212.7%*
Gain on disposal of shares	-	0.1	-
Cost from loans, finance lease and cash pooling	(3.0)	(3.8)	*(21.1%)*
including interest costs related to IFRS 16	(0.9)	(1.0)	*(10.0%)*
Impairment losses on shares and loans (5)	-	(60.7)	-
Profit (loss) before income tax	**25.1**	**(59.8)**	**-**
Income tax	2.7	4.9	*(44.9%)*
Net profit (loss) for the period	**27.8**	**(54.9)**	**-**
Net profit (loss) for the period excl. IFRS 16 (4)	**27.9**	**(54.6)**	**-**
EBIT margin (EBIT/Sales)	(9.5%)	(4.7%)	*(4.8pp)*
EBIT margin excl. IFRS 16 (4)	*(9.7%)*	*(4.9%)*	*(4.8pp)*
EBITDA (6)	**(2.7)**	**20.6**	**-**
EBITDA margin (EBITDA/Sales)	(0.7%)	6.0%	*(6.7pp)*
EBITDA excl. IFRS 16 (4)	*(4.6)*	*18.7*	-
EBITDA margin excl. IFRS 16 (4)	*(1.2%)*	*5.4%*	*(6.6pp)*

(1) particular sales positions, apart from printing services, include sales of Agora's Publishing House and film activity;

(2) the amount includes revenues from sub-licence granted by Agora S.A. to the subsidiary company in Agora Group for film distribution;

(3) the amount includes impairment losses on property, plant and equipment and intangible assets;

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

(5) the amount includes impairment losses on shares and borrowings in subsidiaries and associates (described in note 38 to the unconsolidated financial statements);

(6) 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 III of this MD&A.

1.1. Main products, goods and services

Tab.4

in PLN million	2021	% change in total sales	2020	% change in total sales	% change yoy
Total sales	**382.9**	**100.0%**	**343.2**	**100.0%**	**-**
Advertising revenue (1)	**172.3**	**45.0%**	**142.3**	**41.5%**	**3.5pp**
in Internet Department (2)	*106.5*	27.8%	*83.1*	*24.2%*	*3.6pp*
in Gazeta Wyborcza (2), (4)	*58.5*	15.3%	*51.6*	*15.0%*	*0.3pp*
in Magazines (2), (5)	*6.2*	1.6%	*7.2*	*2.1%*	*(0.5pp)*
Copy sales (1)	**142.9**	**37.3%**	**134.4**	**39.2%**	**(1.9pp)**
in Gazeta Wyborcza (2)	*100.5*	26.2%	*98.8*	*28.8%*	*(2.6pp)*
in Magazines (2), (5)	*5.1*	1.3%	*6.0*	*1.7%*	*(0.4pp)*
Printing services	**26.8**	**7.0%**	**28.6**	**8.3%**	**(1.3pp)**
Other sales (1), (3)	**40.9**	**10.7%**	**37.9**	**11.0%**	**(0.3pp)**

(1) particular sales positions, apart from printing services, include sales of Agora's Publishing House and film activity, amounting to PLN 54.5 million in 2021 (in 2020: PLN 48.0 million);

(2) the amounts do not include revenue generated by Agora Publishing House;

(3) the amount includes revenues from sub-licence granted by Agora S.A. to the subsidiary company in Agora Group for film distribution;

(4) the data includes advertising sales in Gazeta Wyborcza's paper editions, as well as advertisements published on Wyborcza.pl, Wyborcza.biz, Wysokieobcasy.pl and local websites;

(5) the amounts include the revenues of periodicals and Gazeta Wyborcza*'s magazines.*

In 2021, Agora's advertising revenues were higher than in 2020. This was mainly due to growing revenues from the sale of advertising services in the Gazeta.pl division and *Gazeta Wyborcza*, with a decline in magazines.

The copy sales in 2021 were higher by 6.3% compared to 2020 and accounted for PLN 142.9 million. This was due to the increase in revenues from the sales of Agora Publishing House and higher revenues from the sale of digital subscriptions to Wyborcza.pl content, with lower revenues from the sale of the paper edition of *Gazeta Wyborcza* and magazines. At the end of 2021, the number of Wyborcza.pl digital subscriptions reached 286.1 thousand, and the revenues from it grew by 23.8%.

In 2021, the revenue of the Agora Publishing House increased by 12.4% yoy and reached PLN 53.4 million. The increase in proceeds resulted from higher book sales, among other factors. In the period in question, the Agora Publishing House sold about 1.3 million books, as well as music and film publications. The following titles were among the best-selling ones: the books *Czuła przewodniczka. Kobieca droga do siebie* by Natalia de Barbaro; *Choice* by Anne Applebaum and Donald Tusk; *Gomora. Władza, strach i pieniądze w polskim Kościele* by Stanisław Obirek and Artur Nowak; *A Promised Land* by Barack Obama, as well as the CD *Mogło być nic* by Kwiat Jabłoni.

In 2021, the revenue of the Agora Publishing House from digital sales (sales of own publications and those of other publishers) increased by 11.2% yoy and stood at PLN 17.9 million.

Inflows from the sale of printing services were lower than in 2020 and amounted to PLN 26.8 million. This decrease was mainly due to the switch of one of the main customers to the printing on the customer-provided paper.

1.2. Sales and markets

Over 93% of the Company's total sales were realized in the domestic market. Sales to foreign markets are realized mainly through the sales of printing and advertising services to foreign customers and sales of publications (including foreign subscription).

The Company is not dependent on one particular customer. The biggest customers (in respect of the turnover) are press distributors (companies unrelated to Agora S.A.). In 2021, the value of transactions with one of the Company's customers (Kolporter Sp. z o.o. sp. k.) reached near 10% of the total revenue of Agora S.A.

In 2021, the share of the Company's revenues from contractors in Russia, Ukraine and Belarus was 0.5%.

1.3. Suppliers

The Company does not depend on one particular supplier. Newsprint and printing services are important cost items of the Company. Newsprint used for printing Company's own titles and for external clients is purchased from several suppliers. In 2021, the value of transactions with none of the suppliers exceeded 10.0% of the Company's total revenue.

In 2021, expenditure on materials and raw materials from the area of Russia, Belarus and Ukraine amounted to less than 0.1%.

1.4. Finance cost, net

Company's result on financial activities in 2021 was positively affected mainly by dividends from related companies. The Company's finance costs were influenced by bank commissions and interest from the loan facility, lease and cash pooling liabilities.

2. BALANCE SHEET OF AGORA S.A.

Tab. 5

in PLN million	**31/12/2021**	**31/12/2020**	***% change to 31/12/2020***
Non-current assets	**846.8**	**860.2**	**(1.6%)**
share in balance sheet total	*82.6%*	*82.6%*	-
Current assets	**178.0**	**181.8**	**(2.1%)**
share in balance sheet total	*17.4%*	*17.4%*	-
TOTAL ASSETS	**1,024.8**	**1,042.0**	**(1.7%)**
Equity holders of the parent	**800.8**	**773.4**	**3.5%**
share in balance sheet total	*78.1%*	*74.2%*	*3.9pp*
Non-current liabilities and provisions	**40.8**	**68.9**	**(40.8%)**
share in balance sheet total	*4.0%*	*6.6%*	*(2.6pp)*
Current liabilities and provisions	**183.2**	**199.7**	**(8.3%)**
share in balance sheet total	*17.9%*	*19.2%*	*(1.3pp)*
TOTAL LIABILITIES AND EQUITY	**1,024.8**	**1,042.0**	**(1.7%)**

2.1. Non-current assets

The decrease in non-current assets, versus 31 December 2020 results mainly from depreciation of property, plant and equipment, amortisation of intangible assets and depreciation of right-of-use assets. The decrease was, to some extent, compensated by the increase in long-term financial assets and increase in deferred tax assets.

2.2. Current assets

The decrease in current assets versus 31 December 2020, stems mainly from the disposal of assets held for sale and the decrease in dividend receivables. The decrease was partially compensated by the increase in cash and cash equivalents, increase in trade receivables, increase in cash pooling receivables and increase in inventories.

2.3. Non-current liabilities and provisions

The decrease in non-current liabilities and provisions compared to 31 December 2020, stems mainly from the decrease in long-term bank loans.

2.4. Current liabilities and provisions

The decrease in current liabilities and provisions, versus 31 December 2020, stems mainly from the decrease in short-term borrowings and cash pooling liabilities.

The decrease was, to some extent, compensated by the increase in trade payables, contract liabilities, provision for rebates, prepayments and accruals.

3. CASH FLOW STATEMENT OF AGORA S.A.

Tab.6

in PLN million	**2021**	**2020**	*% change yoy*
Net cash from operating activities	(1.4)	48.9	-
Net cash from operating activities (excl. IFRS 16)	*(4.2)*	*47.9*	-
Net cash from investment activities	66.7	7.0	*852.9%*
Net cash from financing activities	(55.2)	4.4	-
Net cash from financing activities (excl. IFRS 16)	*(52.4)*	*5.4*	-
Total movement of cash and cash equivalents	**10.1**	**60.3**	***(83.3%)***
Cash and cash equivalents at the end of period	**83.6**	**73.5**	***13.7%***

As of 31 December 2021, the Company's monetary assets amounted to PLN 83.6 million, which comprised cash and cash equivalents (cash, bank accounts and bank deposits) and PLN 1.3 million collected in the cash pooling system.

In 2021, Agora S.A. was not engaged in any currency option instruments or other derivatives used for hedging or speculative purposes.

On October 15, 2021, Agora S.A. concluded: (i) Annex No. 10 to the Credit Limit Agreement No. 1661/001/2017 of May 25, 2017 as amended (ii) Annex No. 2 to the Overdraft Agreement No. 1735/119/2020 of September 24, 2020, as amended, with DNB Bank Polska S.A.

The above-mentioned annexes modify: the value of the Receivables Turnover Ratio, rules regarding the prohibition of selling the Company's assets and rules for acquiring shares / stocks in subsidiaries, as well as specifying the rules for providing the lender with financial data of entities from the Agora S.A. Capital Group.

Additional information on the loan agreement is presented in note 14 to the unconsolidated financial statements.

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 Company 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.

3.1. Operating activities

Cash flows from operating activities in 2021 were lower compared to the previous year, among others due to limitations in basic operating activities caused by the Covid-19 epidemic.

3.2. Investment activities

Net inflows from investing activities, in 2021, resulted mainly from inflows from the sale of the property, plant and equipment and intangible assets and the receipt of dividends. Those inflows were, to some extent, compensated by expenditure on property, plant and equipment and intangible assets and the purchase of additional shares in company Yieldbird Sp. z o.o. and shares in company Helios S.A.

3.3. Financing activities

Net outflows from financing activities in 2021 resulted mainly from repayment of bank loans and cash pooling outflows.

4. SELECTED FINANCIAL RATIOS [2]

Tab. 7

	2021	2020	*% change yoy*
Profitability ratios (1)			
Net profit margin	7.3%	(15.9%)	*23.2pp*
Gross profit margin	49.3%	48.0%	*1.3pp*
Return on equity	3.5%	(6.8%)	*10.3pp*
Efficiency ratios			
Inventory turnover	19 days	24 days	*(20.8%)*
Debtors days	66 days	90 days	*(26.7%)*
Creditors days	27 days	32 days	*(15.6%)*
Liquidity ratio (1)			
Current ratio	1.0	0.8	*25.0%*
Financing ratios (1)			
Gearing ratio	-	0.3%	-
Interest cover	(52.4)	(8.1)	*(546.9%)*
Free cash flow interest cover	(29.2)	14.9	-

(1) financial ratios excluding impact of IFRS 16

Definitions of financial ratios *[2]* are presented in *Notes*.

NOTES

[1] The data concerns advertisements and announcements in six media (press, radio, television, outdoor advertising, internet, cinema). In this report, Agora corrected the data on internet advertising expenditure (in the first, second and third quarter of 2021), and on television advertising (in the first and fourth 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.

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.

[2] Definition of ratios:

$$\text{Net profit margin} = \frac{\text{Net profit /(loss)}}{\text{Total sales}}$$

$$\text{Gross profit margin} = \frac{\text{Gross profit / (loss) on sales}}{\text{Total sales}}$$

$$\text{Return on equity} = \frac{\text{Net profit / (loss)}}{\text{(Equity at the beginning of the period + Equity at the end of the period) / 2}}$$

$$\text{Debtors days} = \frac{\text{(Trade receivables gross at the beginning of the period + Trade receivables gross at the end of the period) / 2}}{\text{Total sales / no. of days}}$$

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

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

$$\text{Current ratio} = \frac{\text{Current Assets}}{\text{Current liabilities}}$$

Gearing ratio=	*Current and non-current liabilities from loans and leases – cash and cash equivalents – highly liquid short-term monetary assets* / *Total equity and liabilities*
Interest cover=	*Operating profit/(loss)* / *Interest charge*
Free cash flow interest cover=	*Free cash flow (1)* / *Interest charge*

(1) Free cash flow =Net cash from operating activities + Purchase of property plant and equipment and intangibles.

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.

In the Management Board opinion, EBITDA constitutes a useful supplementary financial indicator in assessing the performance of the Company. 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 Company may differ from that applied by other companies.

[3] 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. All average measures (grouping more than one title) are calculated according to the principle of Total Sales / Number of Issues for the title that has the most issues during the period. On the basis of the average calculated in this way, the year-on-year dynamics are shown.

IV. ADDITIONAL INFORMATION

IV.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

- **Conclusion of annexes with DNB Bank Polska S.A.**

On October 15, 2021, Agora S.A. concluded: (i) Annex No. 10 to the Credit Limit Agreement No. 1661/001/2017 of May 25, 2017 as amended (ii) Annex No. 2 to the Overdraft Agreement No. 1735/119/2020 of September 24, 2020, as amended, with DNB Bank Polska SA.

The above-mentioned annexes modified: the value of the Receivables Turnover Ratio, rules regarding the prohibition of selling the Company's assets and rules for acquiring shares / stocks in subsidiaries, as well as specified the rules for providing the lender with financial data of entities from the Agora S.A. Capital Group.

- **Intention to extend the period of the Agora Tax Capital Group for 2022**

In the current report of November 10, 2021, the Management Board of Agora S.A., with reference to the regulatory filings no. 35/2017 of 21 December 2017, 6/2018 of 16 February 2018, 40/2020 of 13 November 2020 and 43/2020 of 11 December 2020 informed that on 10 November 2021 was signed an 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.

The extension of the PGK operation period is associated with submission of an application for registration of the extension of the operation period of the Tax Capital Group to the Head of a relevant Tax Office.

In the current report of December 9, 2021 The Management Board of Agora S.A., with reference to the regulatory filings no. 35/2017 of 21 December 2017, 6/2018 of 16 February 2018, 40/2020 of 13 November 2020, 43/2020 of 11 December 2020 and 21/2021 of 10 November 2021 informs that on 9 December 2021, Agora received the decision dated 8 December 2021 issued by the Head of the First 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 2022. As at the publication date of this regulatory filing the Company estimated that the extension of the operating period of the tax capital group might result in a reduction of the group's tax liability by approx. PLN 8.5 million in 2022.

IV.B. CHANGES IN CAPITAL AFFILIATIONS OF THE ISSUER WITH OTHER ENTITIES AND CAPITAL INVESTMENTS OF THE ISSUER AND THE SHAREHOLDERS' STRUCTURE

1. THE CAPITAL STRUCTURE OF THE ISSUER AND SUBORDINATED ENTITIES

The list of companies, in which Agora S.A. holds shares (directly or indirectly) is presented in the table below:

Tab. 8

		% of shares held (effectively)	
		31 December 2021	31 December 2020
	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., Warsaw (1)	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 (7)	91.5%	91.4%
9	Next Film Sp. z o.o., Warsaw (3)	91.5%	91.4%
10	Next Script Sp. z o.o., Warsaw (4)	75.9%	75.9%
11	Plan D Sp. z o.o., Warsaw	100.0%	100.0%
12	Optimizers Sp. z o.o., Warsaw (1)	100.0%	100.0%
13	Yieldbird Sp. z o.o., Warsaw (6)	95.8%	92.1%
14	GoldenLine Sp. z o.o., Szczecin (5)	79.8%	100.0%
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)	82.3%	82.3%
18	HRlink Sp. z o.o., Szczecin	79.8%	79.8%
19	Piano Group Sp. z o.o., Warsaw (1)	92.0%	92.0%
	Joint ventures and associates accounted for the equity method		
20	Instytut Badań Outdooru IBO Sp. z o.o., Warsaw (1)	50.0%	50.0%
21	ROI Hunter a.s., Brno	23.9%	23.9%
22	Eurozet Sp. z o.o., Warsaw	40.0%	40.0%
	Companies excluded from consolidation and equity accounting		
23	Polskie Badania Internetu Sp. z o.o., Warsaw	16.7%	16.7%

(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 HRlink Sp. z o.o., purchase of shares in Goldenline Sp. z o.o. by HRlink Sp. z o.o. on January 28, 2021;
(6) acquisition of additional shares on April 15, 2021.
(7) acquisition of additional shares on October 29, 2021.

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

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

In the current report of January 7, 2021, the Management Board of Agora S.A. 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 to prohibit the concentration consisting of taking control by the Company over Eurozet Sp. z o.o.

In the current report of February 8, 2021, the Management Board of Agora S.A., 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.

On May 6, 2021, the President of the Office of Competition and Consumer Protection transferred the case files to the District Court in Warsaw - the Court of Competition and Consumer Protection.

On May 27, 2021, Agora S.A. filed an application for review of the appeal against the decision of the President of the Office of Competition and Consumer Protection prohibiting Agora's concentration with Eurozet beyond the order in which cases were received by the competent court. On June 2, 2021, the court granted Agora's request, which means that the case will be examined in an expedited manner. The proceeding is still pending before the District Court in Warsaw - the Court of Competition and Consumer Protection. By the date of publication of the report, four court hearings had taken place.

In the current report of February 1, 2022, the Management Board of Agora S.A., with reference to current report no. 1/2019 of January 25, 2019, current report no. 3/2019 of February 20, 2019 and referring to current reports no. 26/2019 of September 17, 2019 and no. 27/2019 of September 18, 2019, informed that on January 31, 2022, the Company started negotiations with the majority shareholder of Eurozet sp. z o.o. with its seat in Warsaw („Eurozet"), ie. with SFS Ventures s.r.o. based in Prague (Czech Republic) („SFS Ventures") on the amendment to the provisions of the shareholders' agreement concluded on February 20, 2019 regarding the conditions for the exercise of Agora's right to acquire all remaining shares in Eurozet belonging to SFS Ventures ("Call Option"). The initiated negotiations include, inter alia, the issue of extending the period of exercising the Call Option by Agora, which began after 12 months and ends 36 months from the date of concluding the shareholders' agreement.

In the current report of February 16, 2022, The Management Board of Agora S.A., with reference to current report no. 1/2019 of 25 January 2019, current report no. 3/2019 of 20 February 2019 and with reference to current reports no. 26/2019 of 17 September 2019, no. 27/2019 of 18 September 2019 and no. 1/2022 of 1 February 2022, informed that on 16 February 2022, the Company signed with the majority shareholder of Eurozet sp. z o.o. with its seat in Warsaw ("Eurozet"), i.e. with SFS Ventures sro with its seat in Prague (Czech Republic) ("SFS Ventures") an annex to the shareholders' agreement concluded on 20 February 2019 regarding the extension of the term for Agora to exercise the Call Option by 3 months, which will therefore end 39 months from the date of conclusion of the shareholders' agreement.

During this time the partners will continue negotiations on the amendment of the shareholders' agreement, in particular with regard to the conditions for exercising Agora's right to acquire all remaining shares in Eurozet belonging to SFS Ventures ("Call Option"), about which the Company informed in the current report 1/2022 of 1 February 2022.

- **Goldenline Sp. z o.o.**

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. directly.

On April 1, 2021, the Extraordinary General Meeting of Goldenline Sp. z o.o. pursuant to art. 233 of the Commercial Companies Code, adopted a resolution on the continued existence of the company.

- **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 translation only 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 sellout 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. Thus, Agora S.A. held 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, 2019, 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.

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.

In the current report of April 30, 2021 The Management Board of Agora S.A. informed that in the course of preparations for the publication of financial results for the first quarter of 2021, it became aware of the failure of Helios S.A. to maintain one of the financial ratios specified in loan agreements – the capitalization ratio calculated as the equity-to-asset ratio, included in the loan agreement with BNP Paribas Bank Polska S.A. ("Bank").

The failure to maintain the ratio was mainly due to the prolonged closure of cinemas connected to the outbreak of the COVID-19 pandemic. As a result of the failure to maintain the ratio Helios S.A. reclassified PLN 5 million of long-term liabilities into short-term ones in financial statements as at March 31, 2021. The total value of the loan used under the loan agreement amounted to PLN 7.2 million as at March 31, 2021.

At the same time, Agora S.A. received information that the Bank informed the management board of Helios S.A. that the failure to maintain the capitalization ratio was not considered a breach of the terms of the loan agreement.

Helios S.A. had the possession of the Bank's approval to the break of the capitalization ratio by Helios S.A. as at June 30, 2021. Therefore, any failure to meet the capitalization ratio in the second quarter of 2021 did not constitute a breach of the provisions of the loan agreement.

On September 30, 2021, Helios S.A. received from BNP Paribas Bank Polska S.A. a statement according to which the Bank agreed to break the financial covenant for the third quarter of 2021 with regard to maintaining the financial ratio at a level higher than that contained in the agreements concluded between Helios S.A. and BNP Paribas Bank Polska S.A.

In the current report of June 9, 2021 The Management Board of Agora S.A. informed that it learned about the signing on 8 June 2021 by the subsidiary of Agora, i.e. by Helios S.A. a preferential loan agreement in the amount of PLN 5,031,000.00 with Polski Fundusz Rozwoju S.A. (“PFR”) with its seat in Warsaw under the Government Program - Financial Shield of the Polish Development Fund for Large Companies.

Helios S.A. may request the payment of the loan amount by 30 June 2021, after meeting the conditions specified in the Agreement. The deadline for repayment of the loan is 31 December 2023. The loan may be used to finance Helios' day-to-day operations.

The Program regulations regarding the terms of granting the loan provide for the possibility of remitting its repayment up to 75% of the amount received, depending on the fulfillment by Helios S.A. of the conditions specified in the Agreement. The outstanding portion of the loan is to be repaid in 10 equal quarterly installments. The annual interest rate on the loan is fixed.

The loan repayment is secured by: (i) ordinary pledge and registered pledge on the Helios trademark with the highest priority up to the highest security amount of PLN 7,546,500.00, (ii) registered pledge on the shares of Helios subsidiary - Step Inside Sp. z o.o. based in Łódź with the highest priority to the highest security amount of PLN 7,546,500.00 and (iii) declaration of submission to enforcement up to the amount of PLN 7,546,500.00 with the deadline for PFR to apply for an enforcement clause as of 31 December 2026.

In the current report of September 21, 2021 the Management Board of Agora S.A., with reference to the current report no. 46/2020 of 31 December 2020, informed that on 21 September 2021 the Company completed negotiations with key managers of the subsidiary Helios S.A. who are also minority shareholders of Helios S.A. ("Managers") regarding the change of the terms of call and put options relating to their shares in Helios S.A., and signed relevant annexes with them.

The scope of the agreed changes included, among others:

- postponement of the possibility to call the Company by the Managers to purchase the shares of Helios S.A. held by them (put option) in such a way that:
- by 31 December 2022, the put option will cover, subject to certain exceptions, a maximum 7,5% of the Managers' shares;
- by 30 June 2024 the put option will cover, subject to certain exceptions, a maximum 20,0% of the Managers' shares, and
- postponement of the Company's right to call upon Managers to sell the shares of Helios S.A. held by them (call option), so that the call option can be exercised, subject to certain exceptions, from 1 July 2025 at the earliest.

In addition, the price for ca. 58% of the shares acquired under the put option from Managers until 30 June 2025, will be determined based on the results of Helios S.A. for the 2018 and 2019 financial years. In the remaining scope and from 1 July 2025 - for all shares - the basis for calculating the share price under the put and call options will be the result of Helios S.A. for the last two financial years.

At the same time, the Company was granted Drag Along Right.

Agora S.A. owned, as at September 21, 2021, 91.4% of shares in Helios S.A. The remaining shares belonged to the Managers.

In the current report of September 22, 2021, the Management Board of Agora S.A. with reference to the report no. 12/2021 published on 9 June, 2021, informed that the Company learned about the cancellation of a part of the preferential loan granted to Helios S.A. by the Polish Development Fund S.A. with effect from 24 September 2021.

The redemption value is PLN 3,129,000.00. The remaining part of the loan amounts to PLN 1,902,000.00 and will be payable in 10 equal quarterly instalments.

On September 30, 2021, Agora S.A. received from the Minority Shareholders of Helios S.A. Joint tender offer to acquire shares in Helios S.A. ("Tender Offer") on the basis of and under the terms of the Surety Agreement - Option Agreement concluded on October 29, 2010, as amended by the annex of October 3, 2017 and the annex of September 21, 2021.

Under this Tender Offer, the Minority Shareholders of Helios S.A. called Agora S.A. to conclude a promised share sale agreement with one of the Minority Shareholders of Helios S.A. 6,200 (say: six thousand two hundred) shares for the total amount of PLN 200,260 (say: two hundred thousand two hundred and sixty zlotys).

On October 29, 2021, Agora S.A. concluded a promised share sale agreement with one of the Minority Shareholders of Helios S.A. as part of the implementation of the Tender Offer received. Thus, now Agora S.A. owns 91.49% of the share capital of Helios S.A. and 91.49% of votes at the General Meeting of Helios S.A.

Plan D Sp. z o.o.

On April 1, 2021, the Extraordinary Meeting of Shareholders of Plan D Sp. z o.o. pursuant to art. 233 of the Commercial Companies Code, adopted a resolution on the continued existence of the company.

Yieldbird Sp. z o.o.

On April 15, 2021, Agora S.A. acquired 35 shares in Yieldbird Sp. z o. o. from minority shareholders. The total purchase price of the shares was PLN 2.380.632,00. As a result of this transaction, Agora S.A. z o. o. currently holds 926 shares in the share capital of Yieldbird sp. z o. o. with a total nominal value of PLN 46.300,00 ie 95.8% of the share capital.

The above change was registered by the District Court for the capital city of Warsaw in Warsaw on May 31, 2021.

3. PARTICIPATION IN BUSINESS ORGANIZATIONS, DOMESTIC AND FOREIGN

Agora wants actively influence the environment it operates in. Therefore, the Company is an active member and participant of organizations involving business specialists in fields important for Company's activities. Company's representatives participate in the activities, inter alia, of the following 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,
    - ReproPol (Association),
    - IAA Polska – International Adversting Association, 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.

Moreover, the Company is active in social and charitable activities, inter alia, through Agora Foundation, *Wysokie Obcasy* Foundation and *Gazeta Wyborcza* Foundation. Through Inforadio Sp. z o.o. Agora also participates in the TOK FM Foundation.

4. MAJOR DOMESTIC AND FOREIGN INVESTMENTS

In 2021 carrying amounts of intangible assets of the Company (magazine titles, licenses and patents, other) decreased by PLN 6.5 million (cost increased by PLN 9.2 million, amortisation and impairment losses for the period increased by PLN 15.7 million). Detailed information on intangible assets is included in note 3 to the unconsolidated financial statements.

In 2021 carrying amounts of property, plant and equipment of the Company decreased by PLN 10.4 million (cost increased by PLN 4.3 million, depreciation and impairment losses for the period increased by PLN 14.7 million). Detailed information on property, plant and equipment is included in note 4 to the unconsolidated financial statements.
In 2021 capital investments (shares and loans) made within the capital group by Agora S.A. increased by PLN 2.6 million, as shown in the table below:

Tab. 9

in PLN milion	increase	decrease
Shares	27.1	24.5
Loans	0.0	0.0
Additional paid-in capital	0.0	0.0
TOTAL	**27.1**	**24.5**

Detailed information on capital investments is included in note 6 to the unconsolidated financial statements.

In 2021 Agora S.A. acquired additional shares in company Yieldbird Sp. z o.o. and shares in company Helios S.A., as described in the section IV.B.1 and IV.B.2 of this Management Discussion and Analysis.

In 2021, the investments of the Company were financed from The Company's and Group's own funds.

In 2021, the Company invested its free cash outside its capital group mainly in cash pooling system and short term bank deposits. As at the end of 2021, the amount of such investments was equal to PLN 23.5 million (cash pooling receivables and bank deposits).

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 2021 the following shareholders were entitled to exercise over 5% of voting rights at the general meeting of shareholders of the Company:

Tab. 10

	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 Nationale Nederlanden Dobrowolny Fundusz Emerytalny) *(in accordance with the last notification of June 9, 2016) (1)*	4,493,055	9.65	4,493,055	7.05

(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.

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.

IV.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.

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 are disclosed in note 37 of the unconsolidated 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 RECEIVED BY THE MEMBERS OF MANAGEMENT AND SUPERVISORY BOARD OF THE ISSUER

The remuneration paid by Agora S.A. to Management Board members in 2021 amounted to PLN 5,530 thousand (2020: PLN 2,357 thousand). This amount includes salary and bonus payments for the period of holding the post of a Management Board member.

The remuneration paid by Agora S.A. to Supervisory Board members in 2021 amounted to PLN 624 thousand (2020: PLN 560 thousand).

Tomasz Jagiello received also remuneration as the President of the Management Board of Helios S.A. in the amount of PLN 423 thousand (in 2020: in the amount of PLN 297 thousand). 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 26 to the unconsolidated financial statements.

The information related to liabilities to former Management Board members is described in note 18.

The Company also executed an incentive program based on financial instruments, in which Management Board members of Agora S.A. participated. Detailed information concerning this plan is presented in note 27 to the unconsolidated financial statements.

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

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

Neither the Management Board members of Agora S.A. owned any shares in related companies with the Group or any shares in Agora S.A., except for described below:

4.1. Shares in Agora S.A.

Tab. 11

	as of December 31, 2021 (no. of shares)	*Nominal value (PLN)*
Bartosz Hojka	2,900	2,900
Tomasz Grabowski (1)	0	0
Tomasz Jagiello	0	0
Anna Krynska – Godlewska	0	0
Agnieszka Sadowska (2)	0	0
Agnieszka Siuzdak-Zyga (3)	0	0

(1) Tomasz Grabowski was appointed to the Management Board of the Company on June 1, 2021

(2) Agnieszka Sadowska was a Member of the Management Board of the Company until October 20, 2021.

(3) Agnieszka Siuzdak-Zyga was appointed to the Management Board of the Company on August 5, 2021

4.2. Shares in related company Helios S.A.

Tab. 12

	as of December 31, 2021 (no. of shares)	*Nominal value (PLN)*
Tomasz Jagiello	833,838	83,383

4.3. Shares in related company Agora Holding Sp. z o.o.

Tab. 13

	as of December 31, 2021 (no. of shares)	*Nominal value (PLN)*
Bartosz Hojka	1	10,427.84

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

5.1. Shares in Agora S.A.

Tab. 14

	as at December 31, 2021 (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 company Agora Holding Sp. z o.o.

Tab. 15

	as of December 31, 2021 (no. of shares)	*Nominal value (PLN)*
Wanda Rapaczynski	1	10,427.84

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

In 2021, there were no changes in basic management rules in the issuer's enterprise and its capital group.

7. INFORMATION ON CREDIT AND LOAN AGREEMENTS TAKEN/TERMINATED, GUARANTEES RECEIVED BY AGORA S.A.

In 2021 no credit or loan agreements were terminated for the Company neither the Company terminated any credit or loan agreements.

As at December 31, 2021 the Company had an open credit line in DNB Bank Polska S. A. on the basis of the Agreement signed on 25 May 2017 and credit facility in the current account on the basis of the Agreement signed on 24 September 2020.

Tab. 16

Creditor	Amount of the credit line	Currency	Interest rate (%)	Agreement date	Maturity date
DNB Bank Polska S. A.	PLN 135.0 million	PLN	WIBOR 1M or 3M + bank margin	25 May 2017, 23 December 2019 (annex), 29 March 2020 (annex), 24 April 2020 (annex), 24 September 2020 (annex), 15 October 2021 (annex)	The non-renewable credit - 1st tranche quarterly 12 instalments from July 1, 2018 to April 1, 2021 (two instalments from 2020 moved to the end of the repayment period) – fully repaid; 2nd tranche quarterly 12 instalments from April 1, 2020 to January 2, 2023 (first two 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 65.0 million	PLN	WIBOR 1M + bank margin	24 September 2020, 15 October 2021 (annex)	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 IV.A of this MD&A.

8. INFORMATION ON LOANS GRANTED IN 2021 AND GUARANTEES

In 2021 Agora S.A. did not provide new loans to companies.

Detailed information on contingent liabilities (including granted guarantees) is presented in note 35 to the unconsolidated financial statements.

9. THE SYSTEM OF EMPLOYEE SHARE SCHEMES CONTROL

In 2021 in the Company and Agora Group there was not any employee share scheme.

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

On November 7, 2019 the Supervisory Board selected the certified auditor of the Company's financial statements. On the basis of both, the Supervisory Board resolution and the Company's Statute, KPMG Audyt Spolka z ograniczona odpowiedzialnoscia spolka komandytowa with its registered seat in Warsaw at 4A Inflacka Street, registered under the number 3546 as an entity entitled to audit financial statements, was elected the certified auditor of the Company that is to audit financial statements of the Company for the years 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. 17

in PLN thousand	Financial year ended 31 December 2021	Financial year ended 31 December 2020
Remuneration for audit (1)	239.6	191.2
Other attestation services, including remuneration for review (1)	86.1	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 July 8, 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 Company is exposed and
- objectives and methods of financial risk management

is disclosed in notes 32 and 33 to the unconsolidated financial statements.

12. 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 had a significant and negative impact on the financial results of Agora S.A. both in 2020 and in 2021. New variants of the virus and the introduced constraints in business activities make the results of the Agora company in 2022 vulnerable to the negative impact of sanitary restrictions caused by the ongoing pandemic.

Most of the factors related to the pandemic 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 (including restrictions on business activity), the pace of return of various sectors of economy to full operational activity, as well as changes in the value of GDP or the level of inflation 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 concession sales, as well as revenues from the sale of publications.

Macroeconomic risk

Advertising 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 2021, the factors that had a significant impact on the Polish economy, the value of the advertising market and the activity of advertisers were the course of the COVID-19 pandemic and the limitation in doing business related to administrative decisions on the one hand, and, on the other hand, with the suspension of promotional spending due to uncertainty as to the further development of the pandemic and its consequences for the economy of the country. Despite this we estimate that in 2021, advertisers spent 16.0% more 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. In 2022, the macroeconomic situation in Poland may be affected by the war following Russia's attack on Ukraine. Its effects are already visible in the weakening of the Polish currency, which, together with rising prices of raw materials, in particular fuels, will intensify the rise in inflation. Raising interest rates may further limit consumer demand. This will slow down economic growth and may lead to entrepreneurs limiting their investments in advertising.

Seasonality of advertising spending

The Agora's sales revenues are marked by seasonal variation. In the first and third quarter are usually lower than in the second and fourth quarter of a given financial year. In 2021, 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 2022, 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 Agora Group's advertising revenues are generated by the following media: dailies, outdoor advertising, radio stations, internet and cinemas. In 2021, the structure of the advertising market was severely affected by the course 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 42.5% of the advertising market in 2021. The next large segment of advertising market – Internet held 43% 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 2021, 4.0% of the advertising market share and radio ad spend constituted 6.0% of total ad expenditure. Cinema advertising constituted 0.5% of all advertising expenditure. Observing the dynamics of individual media and taking into account the high uncertainty regarding the value of the advertising market in 2022, there is a risk that the shares of individual media in the total advertising market will change, which may have an impact on the Group's position and its revenues. A factor that will affect the structure of this market in 2022 will have the effects of Covid-19 pandemic, which had a varying effect on particular segments of the advertising market. 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. Due to the process of structural changes in the way media is consumed, the market is changing dynamically and some segments may gain and others may lose their position in this market. There is no certainty that the Group's position in particular media segments will not change.

- **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 Company 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 Company. Additionally, the activities of press publishers and their financial results are seriously affected by problems related to the availability of paper throughout Europe and its rising prices. At the same time, the Company digitalizes its content by means of metered paywall (introduced in 2014) on websites related to *Gazeta Wyborcza*. At the end of 2021, the number of Wyborcza.pl active paid subscriptions totalled to over 280.0 thousand. Nowadays the Company focuses on the growth of average revenue from each subscription and growth of online advertising revenues grom services related to *Gazeta Wyborcza*. It is hard to predict if the Company will be able to deliver above expectations, because of the competitive internet market.

- **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, grocery store chains and petrol stations. 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.

The outbreak of the COVID-19 pandemic in 2020, apart from the periodic reduction in the number of sales points, caused a sharp decline in sales of the paper press. This translated into the profitability of distributors' operations, and thus further perturbations on the distribution market. As of 1 August 2021, the third largest press distributor - Garmond Press S.A. - launched a simplified arrangement procedure, which was approved by the court of first instance in December 2021. Currently, restructuring processes are being introduced in the company. RUCH S.A. did not rebuild its position from before the collapse of 2018, however, thanks to the ownership support at PKN Orlen S.A. conducts processes optimizing its activities, which is naturally hindered by the COVID-19 pandemic. In the event of problems with the above-mentioned distributors - the largest Kolporter S.A. has increased its market share and reports positive results from its activities.

The pandemic situation caused many changes in the way media, including the press, are consumed. As a result, some readers of the printed press switched traditional editions to digital ones. This partially compensates for the decline in sales of the paper-based press, but is also associated with a change in the operating model of most press publishers and has a significant impact on the condition of the press distribution 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 determinated 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

Agora'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 Company 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.

Risk of claims as a result of intellectual property rights infringement

Agora's activity is based in its many aspects on using the intellectual property rights and on license agreements. In the Company's opinion it does not infringe the intellectual property rights of the third parties. However, it cannot be ruled out that the Company may unintentionally violate such laws. As a result Agora 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 Company'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, the legal regulations in Poland are characterized by high volatility. Possible changes in business taxation, both in terms of income tax, value added tax, and other taxes and levies, may adversely affect the Group's operations and results. The Group is also exposed to the risk related to the possibility of changes in the interpretation of both the tax law and other public levies, which may have an impact on operating activities and financial results.

Risk related to proceedings before supervisory authorities

As part of its business activities, Agora is subject to ongoing inspections by institutions supervising specific areas of its operations. In the opinion of the Company, all actions taken by the Company are in line with the applicable provisions of law, therefore - although the Company does not currently expect that any of the proceedings to which it is a party could have a significant negative impact on its financial condition and results of operations - there is no certainty that the final result of current or future proceedings will not have such an impact on the results or financial position of Agora.

Impairment tests

In line with the International Financial Reporting Standards, the Group performs asset impairment tests. In the past, in a few cases, when the test results were negative, appropriate write-offs were made, which charged the profit and loss account (separate or consolidated). There is no assurance that future asset impairment tests will yield positive results, particularly in a period when the negative effects of a pandemic affect most sectors of the economy.

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.

Interest rate risk

Changes in interest rates may affect the Company's financial costs related to the cost of servicing the Company's debt.

Risk of losing key employees

The successes achieved by the Company depend, inter alia, on on the commitment and skills of key employees. The managerial staff employed in the Company significantly contributed both to the development of the Group and the effective optimization of its operational processes. Due to the market competition for highly qualified personnel, the Group is not sure whether it will be able to retain all key employees in the face of increasing wage pressure.

The risk of collective dispute

There are currently three trade unions operating in the Agora Group. The first of them - Organizacja Międzyzakładowa NSZZ „Solidarność" AGORA S.A. i INFORADIO SP. Z.O.O. ("OM") - was established on 12 December 2011 and operates at Agora S.A., Inforadio Sp. z o.o., AMS S.A., Plan D Sp. z o.o. (formerly Domiporta Sp.z o.o.), Goldenline Sp. z o.o. and Grupa Radiowa Agory Sp. z o.o.

In May 2020, Agora S.A. was notified of the creation of the second trade union organization - Komisja Zakładowa OZZ Inicjatywa Pracownicza operating in Agora S.A.

In mid-2021, the Company received information about the establishment of a third trade union - Związek Zawodowy Komitetu Obrony Gazety Wyborczej operating at Agora S.A. This organization was established after the announcement by the Management Board of Agora S.A. the integration plan of the Gazeta.pl division and the Company's press activity. The main assumption and idea that brings together the activists of the new union is to defend the independence of *Gazeta Wyborcza*. The risk of a collective dispute announced by Związek Zawodowy Komitetu Obrony Gazety Wyborczej s high, in the case of the decision of the Management Board of Agora S.A. about business activities involving the Press division.

As required by law, the management boards of companies within which trade unions operate conduct consultations or adequately agree on decisions specified by law with the OM.

The Group tries to maintain good relations with its employees and to solve any problems on an ongoing basis. However, the risk of collective disputes cannot be ruled out in the cases provided for by law.

In addition, the internal regulations at Agora S.A., which were created to safeguard the editorial independence of *Gazeta Wyborcza*, were used last year to stop work on business activities aimed at the effective implementation of Agora's strategic goal related to the development of the subscription model and the increase in revenues from the sale of advertising services. Despite the actions aimed at explaining the situation, it cannot be ruled out that it may repeat itself in the future and have a negative impact on the development activities of Agora S.A. and the entire Agora Group.

Risk related to functioning within tax capital group (TCG)

Operating within TCG requires from Agora S.A. the obligation to maintain at least 75.0% of shares in subsidiary companies which are part of the TCG, for the period of operation of the TCG extended for 2022. 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 1 January 2022 with the loss of the TCG 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. However, the Company expects that all the statutory requirements will be met throughout the duration of the TCG.

13. FACTORS AND UNUSUAL EVENTS WHICH HAD INFLUENCE ON THE RESULTS OF BUSINNESS ACTIVITIES FOR 2021 WITH THE ESTIMATION OF THEIR INFLUENCE

In 2021, the most important factor that influenced the results of the Agora Group's operations was the ongoing COVID-19 pandemic and restrictions in doing business related to its spread. The effects of the pandemic, mainly in the form of barriers to running or developing business, affected all of the Group's businesses. They were especially strongly felt in the cinema and catering activities of the Group.

Helios cinemas remained closed until May 20, 2021. The cinemas were reopened on May 21, 2021 with a sales limit of 50.0% of available seats in the room and no possibility of selling snacks and drinks in cinema bars. Thanks to the lifting of further restrictions, on June 13, 2021, sales in cinema bars were resumed in Helios cinemas, and on June 26, 2021, the ticket sales limit was increased to 75.0% of seats in the cinema, but the above limit did not include people vaccinated. Another tightening of sanitary rules was introduced on December 15, 2021 and is still in force - the limit on the sale of seats in the cinema hall has been limited to 30.0%, and the vaccinated persons are not counted.

In addition, the regulations related to counteracting the spread of COVID-19 had a negative impact on the catering activities developed within the Group. In May 2021, restrictions on the operation of gastronomic establishments were gradually lifted, yet the activities in this area carried out by the Helios group were primarily a take-out and delivery formula until the end of May 2021. From June 26, 2021, the limit of places that could offering restaurants to customers has been increased to 75.0% of all seats available in a given establishment. From December 5, 2021, the limit of available places in restaurants has been reduced to 50.0%, and from December 15, 2021, restaurants may offer 30.0% of available places in premises, with fully vaccinated persons not counting towards this limit.

In 2021, the scale of one-off events was significantly lower than in 2020. The total value of write-offs that burdened the Group's results amounted to PLN 4.9 million and related to cinema operations, the Outdoor advertising segment and Agora S.A. A provision for bad debts of one of the press distributors had a negative impact on the results of Agora S.A. On the other hand, the Group's results were positively influenced by the support provided to companies from the Helios group under the so-called Anti-crisis Shield in the total amount of PLN 11.3 million and VAT refund related to the provision for receivables of one of the contractors.

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

In 2021, 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.

15. DIVISIONS OF THE COMPANY

Agora S.A. has 9 divisions and the major headquarters in Warsaw.

16. THE MANAGEMENT BOARD’S STATEMENT OF THE REALIZATION OF FORECASTS

The Management Board did not publish any forecasts of the Company’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.

17. INFORMATION ON PURCHASE OF OWN SHARES

In 2021, the Issuer did not conduct a program of purchasing own shares.

18. ISSUING OF SECURITIES

In 2021 the Company did not issue any securities.

19. OTHER INFORMATION

Strategic options review process

In the current report of June 9, 2021 The Management Board of Agora S.A. with its registered office in Warsaw provided delayed confidential information that on 8 June 2021 it made a decision to start the process of reviewing strategic options for Agora Group's internet operations in order to effectively achieve Agora's strategic goal related to the development of the subscription model and an increase in revenues from the sale of advertising services.

The review of strategic options is aimed at selecting the most advantageous way to achieve the long-term goal of the Company, which is the development of the Group leading to maximization of value for the current and future shareholders of the Company. As part of the review, the Company intends to analyze various scenarios related to, i.a., the reorganization of the group in order to organize its structure. The above list of options is not exhaustive and does not preclude the consideration of other options, not listed above, if such appear as a result of the review, including the sale of assets.

The Company decided to delay the publication on 8 June 2021, as the publication of information on the commencement of the strategic options review process could infringe the Company's legitimate interest by adversely affecting this process, as well as the Company's development and image. The company indicated that the delay in disclosing the above information did not mislead the public, and that it has taken all steps to ensure the confidentiality of the information. The reason for the disclosure of delayed confidential information was the decision made by the Management Board of the Company to merge the current Press segment with the Gazeta.pl division into one business area of the Agora Group, pursuing the common goal of increasing digital subscriptions and advertising revenues from all areas of Agora S.A.'s websites. The integration plan for both businesses was to be developed by the end of the year. At the same time, additional scenarios related to the business strategy of the Internet segment of the Agora Group were analyzed.

In connection with the above decision, the Management Board of Agora starts a simultaneous analysis of other possible scenarios of the Agora Group's Internet segment operations. In particular, this will include verification of the advertising potential of the Group's internet assets due to the long-term goal of increasing the value of the Agora Group.

Text of the delayed information:

The Management Board of Agora S.A. with its seat in Warsaw ("Agora", " the Company") announces that on 8 June 2021, it made a decision to start the process of reviewing strategic options for Agora Group's internet operations in order to effectively implement Agora's strategic goal related to the development of the subscription model and increase in revenues from the sale of advertising services.

As part of the process, the Management Board of Agora intends to maximize the chances of exploiting the potential of the Company's websites to accelerate the increase in the number of Wyborcza.pl digital subscriptions and increase of revenues from the sale of advertising services. For this purpose, it intends to merge the Gazeta.pl division and the Press segment in Agora S.A.

Additionally, the Agora's Management Board plans to analyze the possible scenarios of the Agora Group's Internet segment operations. In particular, this will include verification of the advertising potential of the Group's internet assets due to the long-term goal of increasing the value of the Agora Group. Thus, the process of reviewing strategic options for the Agora Group's internet operations is a multi-stage process.

The list of scenarios is not exhaustive and does not exclude the consideration of other options, not mentioned above, if such appear as a result of the review. It is uncertain whether and when a decision to choose a particular option will be made. The Management Board of Agora will publish information on the review process in accordance with applicable law.

In the current report of February 16, 2022, the Management Board of Agora S.A. announced that on 16 February 2022, it made a decision to extend the process of reviewing strategic options for the Agora Group's internet operations, including the process of integrating the current Press segment with the Gazeta.pl division in one business area of the Agora Group, the commencement of which the Company announced in the current report no. 11/2021 of 9 June 2021, to all areas of the Agora Group's operations as part of work on the preparation of the Agora Group's development strategy for the years 2023-2027.

Conclusions from the review of strategic options for the Agora Group's internet operations will be used in the course of work on the Agora Group's development strategy for the years 2023-2027. The Company plans to complete the work on a new strategic perspective in 2022.

- **Information on impairment tests conducted**

In the current report of January 28, 2021, The Management Board of Agora S.A. ("Company", "Agora") 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 S.A.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.

- **Conclusion of a real estate sale agreement.**

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 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 did not effectively use the area of the Property for operating activities.

The estimated total value of the Property amounted to PLN 14.5 million net and its sale was not affect the operating result of the Agora Group in 2021, as the selling price of the Property was, 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 did 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., in 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.

The total value of the Property amounted to PLN 14.5 million net and its sale did not affect the operating result of the Agora Group in 2021, as the selling price of the Property was, as a general rule, in line with its book value.

Changes in the composition of the Management Board

In the current report of May 18, 2021, the Management Board of Agora S.A. informed that pursuant to the provisions of par. 28 sec. 3 of the Company's Articles of Association, the Management Board appointed on May 18, 2021, by co-opting, Mr Tomasz Grabowski with effect on June 1, 2021.

In the Management Board of Agora S.A., Mr Tomasz Grabowski supervises the central IT department, Big Data department and internet companies.

On June 24, 2021, the General Meeting of Agora S.A. approved the appointment of Mr Tomasz Grabowski to the Management Board of the Company by way of co-option.

In the current report of July 30, 2021, the Management Board of Agora S.A. informed that on 30 July 2021 the Company received from Ms. Agnieszka Sadowska a declaration of intention to resign from the position of a Member of the Management Board of the Company, effective at the latest on 31 October 2021.

In the current report of August 5, 2021, the Management Board of Agora S.A. informed that pursuant to the provisions of par. 28 sec. 3 of the Company's Articles of Association, the Management Board appointed on August 5, 2021, by coopting, Ms Agnieszka Siuzdak-Zyga. Ms Agnieszka Siuzdak - Zyga in the Management Board of Agora S.A. supervises the Gazeta.pl department, the HR department, the strategy and analysis department, ESG activities and digital media of Agora S.A.

In the current report of October 20, 2021, the Management Board of Agora S.A. informed that on October 20, 2021, the Company received from Ms Agnieszka Sadowska resignation from the position of a member of the Management Board and participation in the Management Board of Agora S.A. with immediate effect.

In the current report of December 9, 2021, the Management Board of Agora S.A. informed that on 9 December 2021, in execution of the resolution of the Extraordinary Meeting of Shareholders of Agora-Holding sp. z o.o. held on 9 December 2021, it received information about the intention to submit Mr. Wojciech Bartkowiak's candidacy for a member of the Management Board of Agora S.A. at the next General Meeting of the Company's shareholders.
Agora-Holding sp. z o.o. is a shareholder of the Company holding 100% of the preferred series A shares, giving it the exclusive right to propose candidates for the Management Board of the Company.

In accordance with the information received, a candidacy application that meets the formal requirements specified in §30 paragraph 1 of the Company's Articles of Association will take place no later than 7 days before the date of the next Shareholders General Meeting of the Company.

Recommendation of the Management Board of Agora S.A. to withhold the payment of dividend for 2020

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.

The General Meeting of Agora S.A.

In the current report of May 27, 2021, the Management Board of Agora S.A. informed about convening, for June 24, 2021, the Ordinary General Meeting of Shareholders of Agora S.A.

In the current report of May 27, 2021, draft resolutions to be submitted to the General Meeting were published.

In the current report of June 10, 2021, supplementary documentation for the General Meeting was published.

In the current report of June 24, 2021, 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) on the approval of the appointment of a Member of the Management Board of the Company by co-option, (ii) on the assessment of the "Report of the Supervisory Board on the remuneration of individual members of the Management Board and Supervisory Board of Agora S.A. for the years 2019 - 2020".

In the current report of June 24, 2021, the Management Board of Agora S.A. informed that at the General Meeting of Shareholders held on June 24, 2021, 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. 51.25% of votes at that Ordinary General Meeting of Shareholders and 35.36% of the total number of votes;

- Otwarty Fundusz Emerytalny PZU "Zlota Jesien": 8,126,000 votes, i.e. 18.48% 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. 12.18% of votes at that Ordinary General Meeting of Shareholders and 8.41% of the total number of votes;

- Nationale-Nederlanden Otwarty Fundusz Emerytalny: 4,119,000 votes, i.e. 9.37% of votes at that Ordinary General Meeting of Shareholders and 6,47% of the total number of votes.

Dates of publication of periodic reports in 2022

In the current report of June 24, 2021, the Management Board of Agora S.A. with its registered office in Warsaw announced the publication dates of Agora Group's consolidated periodic reports in the financial year 2022:

I. Consolidated quarterly reports:

- for the first quarter of 2022 – 20 May 2022,

- for the third quarter of 2022 – 18 November 2022,

II. Interim consolidated report for the first half of 2022 – 12 August 2022,

III. Annual and consolidated annual report for 2021 – 18 March 2022.

Additionally, the Management Board announced 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. Therefore 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 2021 and second quarter of 2022 pursuant to § 79 section 2 of the Regulation.

Change of the date of the publication of the consolidated and unconsolidated financial report for 2021

In the current report of March 15, 2022, The Management Board of Agora S.A. informed about the change of the date of publication of the consolidated and unconsolidated annual report for the fiscal year 2021, originally scheduled for 18 March 2022 (according to the current report no. 22/2021 as of 9 December 2021). The new publication date is 25 March 2022. The other due dates of publication of periodic reports in 2022 remain unchanged.

I READ AND LISTEN LEGALLY Association

On May 18, 2021, the I READ AND HEAR LEGALLY Association, with its seat in Warsaw ("Association"), whose supporting member is Agora S.A., was established. On December 7, 2021, the District Court entered the Association into the register of Associations, other social and professional organizations, the Foundations and independent public health care facilities.

One of the main objectives of the Association is the fight against copyright infringement of literary content on the Internet. The annual contribution of Agora S.A. towards the Association is PLN 10,000.00 (say: ten thousand zloty). The Association has a legal personality. The Association cannot be involved in the business activity.

V. REPORT AND DECLARATION RELATING TO AGORA S.A. COMPLIANCE WITH THE CORPORATE GOVERANCE RULES IN 2021

This Statement and Report on compliance with corporate governance rules at Agora S.A. in 2021 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 2021

In 2021, Agora S.A. was subject to the corporate governance rules contained in the document "Best Practices of WSE Listed Companies 2016" until the end of June 2021 and its updated version - "Best Practices of WSE Listed Companies 2021" (from July 2021.). This document was adopted by the Resolution of the Stock Exchange Council No. 13/1834/2021 of March 29, 2021 and is available to the public on the WSE website (https://www.gpw.pl/dobre-praktyki).
The Management Board of the Company exercises due diligence in order to comply with the principles of the Best Practices.

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 2021, the Company applied all the provisions of the Best Practices of WSE Listed Companies 2016.

In the case of the "Best Practices of WSE Listed Companies 2021" (DSPN 2021), the Company did not manage to comply with some of the rules that entered into force from July 2021.

In 2021, the Company did not fulfil the requirements of rule 1.3 of the DSPN 2021. Due to the outbreak of the COVID-19 pandemic, the Company withdrew from the financial ratios included in the Agora Group Development Strategy for 2018-2022. This strategy did not include ESG issues. In 2022, the Company announced the process of commencing work on a new strategic perspective for the years 2023-2027, which will also include issues in the field of sustainable development. The fact that the Company understands the importance of these issues is reflected in the fact that from 2021 one of the members of the Management Board of Agora S.A. directly supervises ESG issues.

Nevertheless, in the Non-Financial Report for 2021, the Company published an indicator showing the difference in wages between men and women. In 2021 The Company carried out the process aiming at clarifying and unifying the structure of positions, which should eliminate, in the medium term, the pay gap amount the employees holding the same positions.

The company did not fully implement rule 2.1 of the DSPN 2021 Best Practices, having an internal diversity policy for all Agora's employees. In 2022, the Company, after consultation with the Supervisory Board, will present to the General Meeting the diversity policy towards the Management Board and the Supervisory Board. It will define the goals and criteria of diversity, among others in such areas as gender, field of education, specialist knowledge, age and professional experience, as well as it will indicate how to monitor the achievement of these goals. The Management Board of the Company hopes that the adoption of the Diversity Policy by the General Meeting will be a factor enabling the Company to achieve a minority share in a given body at a level not lower than 30%. The Company has no influence on the selection of candidates for the Supervisory Board and has a limited influence on the composition of the Management Board, therefore it is largely up to the persons authorized to propose candidates to these bodies and to the General Meeting selecting persons for these bodies to ensure the diversity of the Company's bodies. At the same time, the Company would like to emphasize that there are two women in the Management Board of Agora, which meets the 30% requirement, and there is one woman in the Supervisory Board.

3. 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 Best Practices, 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 and LinkedIn 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, as well as and other information and documents needed for a full analysis of the Company.

When 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 broadcasted 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 2021 all meetings were held online. Agora responds promptly to all investor inquiries about the Company, so far it has never happened later than within 14 days.

4. RULES 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 are composed of 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 2021, 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. In the opinion of the Management Board, this supports the effective implementation of the development plan of this 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 have 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. Two members of the Company's Supervisory Board meet the criteria of independence, therefore the current composition of the Supervisory Board meets the requirement specified in point II.Z.3 of the "Best Practices of WSE Listed Companies 2016" and in point 2.3 of "Best Practices of WSE Listed Companies 2021"..

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 Best 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 2021, 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 2021. 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 WSE 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.

The Company also makes every effort (including setting the place and date of the general meeting) to ensure that the widest possible group of shareholders can participate in the general meeting. The Company immediately informs about any changes concerning the organization of the general meeting, including those put on the agenda of the general meeting. Agora also enables representatives of the media to participate in the Company's general meeting.

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

4.1.1 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,
- Anna Kryńska-Godlewska - Member of the Management Board,
- Agnieszka Siuzdak – Zyga - Member of the Management Board,
- Tomasz Grabowski - 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 the Press and the Radio segments, Corporate Sales division, as well as Corporate Communications and Internal Audit departments. He is a member of supervisory boards of Helios S.A. and AMS S.A. 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 Radio 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, while GRA has increased the scale of its operations. Furthermore, GRA founded Doradztwo Mediowe – the market leader in radio brokerage services. At present, it includes the Tandem Media team.

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, catering business and the Agora's Publishing House, as well as the Outdoor segment and AMS S.A. 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 S.A. 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. Currently, he is also responsible for the development of the Agora Group on the catering market.

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

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, as well as 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. 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.

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 Siuzdak-Zyga

She has been a member of the Management Board of Agora since 5 August 2021. She supervises the work of Gazeta.pl in the Internet segment, HR department, the ESG area and, partially, Data Strategy and Analyzes department.

Agnieszka Siuzdak - Zyga has been associated with digital media since the beginning of her professional career. She started working for Agora in 2006 for *Gazeta Wyborcza*, and then she joined Gazeta.pl. Until 2018, as the director of content business growth, she co-created the development directions of Gazeta.pl, tested new business opportunities and was responsible, inter alia, for marketing, SEO and business analysis. In October 2018, she took the position of the director of the Gazeta.pl division, responsible for the management of this area, financial result and business development of the portal.

Agnieszka Siuzdak is a leader and manager with over 10 years of experience in the digital media industry. She has experience in building editorial teams, change management, business development and creating an effective and innovative work culture.

She is a graduate of the University of Warsaw. She completed numerous training courses, including those on the methods of management and leadership development.

Tomasz Grabowski

He has been a member of the Management Board of Agora since 1 June 2021. He is responsible for internet subsidiaries, and also oversees the Big Data area, Technology Division, and co-manages Data Strategy and Analysis Department.

Tomasz Grabowski has been dealing with consulting in the field of strategic management, digitization of enterprises as well as IT and sales management for over 24 years.

In his professional career, as an expert and very experienced manager, he was involved in many strategic projects aimed at the digital transformation of an organization, design and implementation of corporate strategies, as well as implementation projects in the field of technology. He has conducted them for many clients in Poland and around the world, mainly in the telecommunications, financial and media industries, as well as for companies from the energy and public sectors. He specializes in the implementation of complex strategic projects, advanced data analysis as well as in enterprise digitization projects.

He is a graduate of the Faculty of Electronics and Information Sciences of the Warsaw University of Technology. He completed numerous specialized educational programs, including those in the area of strategic management, design and implementation of complex IT systems, IT service management or designing corporate architecture.

4.1.2. Supervisory Board

The Supervisory Board of the Company 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 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 Best Practice.

Specific competencies of Agora's Supervisory Board include, among others, assessment of the Management Board's 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

Regarding the independence of Supervisory Board members and the Supervisory Board Committees, these issues are discussed in a separate section of the report.

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.

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.

As part of the Supervisory Board of Agora S.A. Tomasz Karusewicz is a member of the Human Resources and Remuneration Commission.

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 currently 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 9 August 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.

4.1.3 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 acquired 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 2021 the Audit Committee was convened nine times.

Meetings of the Audit Committee are convened by its chairman on his or her 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 7 November 2019 and in accordance with the provisions of the Company's Statutes, 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 obligation to accept the above-mentioned documents resulted from the Act of 11 May 2017 on statutory auditors, audit firms and on public supervision.

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 2021, i.e. services within the scope of review of condensed interim individual financial statements of Agora S.A., covering the period from 1 January 2021 to 30 June 2021, and within the scope of review of condensed interim consolidated financial statements of Agora S.A. Capital Group, covering the period from 1 January 2021 to 30 June 2021.

(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 2021, the Commission met four times.

Meetings of the Commission are convened by its Chairperson on his or 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.

4.2. 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

4.2.1 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. During the Ordinary General Meeting on 24 June 2021, the shareholders approved the appointment of Mr. Tomasz Grabowski to the Management Board, who was co-opted on 1 June 2021 by a relevant resolution of the Management Board.

On 5 August 2021, pursuant to the provisions of § 28(3) of the Company's Statutes, the Management Board of Agora appointed Ms Agnieszka Siuzdak-Zyga to its composition by co-option. This election must be approved by a resolution at the next General Meeting. On the other hand, on 20 October 2021, Ms Agnieszka Sadowska resigned from the function of the Management Board member.

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 2021, Agora-Holding Sp. z o.o. - a shareholder of the Company, holding 100% of the preferred series A shares, provided information on the intention to propose Mr. Wojciech Bartkowiak as a candidate for a member of the Management Board of Agora S.A. at the next General Meeting, about which the Company informed in the relevant current report no. 24/2021 of 9 December 2021.

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.

4.2.2. 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.

4.2.3 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.

5. 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.

Additionally, at Agora S.A. there is a Compliance department whose main task is to ensure the compliance of Agora's operations with internal regulations and legal provisions. The Compliance Officer discusses the results of his work at the Audit Committee meetings.

Remuneration of persons responsible for the Internal Audit and Compliance Department depends on the performance of assigned tasks, and not on the short-term results of the Company. The persons responsible for the Internal Audit and Compliance Departments report directly to the president and another member of the management board. The head of internal audit reports organisationally to the President of the Management Board, and functionally to the chairman of the audit committee. In 2021, also at Helios S.A. Compliance Officer was appointed.

The company plans to implement the principle of having the internal audit function reviewed by an independent auditor selected with the participation of the audit committee.

6. 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 strives to organize an ordinary general meeting as soon as possible (taking into account also the organization of the Agora Group's operations) after the publication of the annual report, bearing in mind the relevant legal regulations. On 24 June 2021, the General Meeting of the Company, convened at the request of the Management Board, was held at the Company's seat in Warsaw, and all documents related to its organization and course, including the video transmission, were posted 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 approved the appointment of Mr. Tomasz Grabowski to the Management Board by co-opting on 1 June 2021. During the Annual General Meeting of the Company in 2021, no changes were made to the Regulations of the General Meeting.

The General Meeting approved the annual unconsolidated 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 profits from previous years to cover the net loss for the financial year 2020. Additionally, the General Meeting adopted the Report of the Supervisory Board on the remuneration of the Supervisory Board and the Management Board of Agora SA for 2019 and 2020.

For several years, the Company has been broadcasting the general meeting in real time, both in Polish and in English. In 2021, the Company provided shareholders with the possibility of two-way communication in real time using electronic means of communication using a dedicated e-mail address. In 2021, 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 with the use of electronic means of communication.

The Management Board of the Company ensures that all resolutions of the general meeting concerning matters and decisions other than those of a procedural nature contain a justification, unless it results from the documentation presented to the general meeting. If an item is placed on the agenda of the general meeting at the request of a shareholder or shareholders, the Management Board shall request the shareholders to provide the justification for the proposed resolution.

All draft resolutions submitted by the Company to the agenda of the General Meeting are previously reviewed by the Supervisory Board.

The Company makes every effort to ensure that the draft resolutions of the general meeting regarding matters put on the agenda of the general meeting are submitted by shareholders at least 3 days before the general meeting. The company plans to introduce an appropriate provision in the announcement on convening the general meeting for this purpose.

If the agenda of the General Meeting is to appoint a member of the Supervisory Board or to appoint the Supervisory Board of a new term of office, the Company makes sure that candidates for members of the Supervisory Board are submitted in a timely manner enabling the shareholders present at the general meeting to take decisions with due consideration, but not later than 3 days before the general meeting. The company publishes the candidatures, along with a complete set of materials relating to them, immediately after receiving them on the company's website.

The company makes sure that each candidate for a Supervisory Board member submits a declaration regarding compliance with the requirements for members of the Audit Committee specified in the Act of May 11, 2017 on statutory auditors, audit firms and public supervision, as well as regarding the existence of actual and significant connections between the candidate and the shareholder holding at least 5% of the total number of votes in the company.

In the case of issuing shares with pre-emptive rights, the Company will comply with the relevant rules set out in the DSPN 2021 document.

Agora S.A. has always strived to pay dividends to shareholders. To this end, the Company adopted a dividend policy back in 2005. However, recent years forced the Company to use the option to keep cash in the Company due to the enormous situation of uncertainty caused by the Covid-19 pandemic and its negative consequences for the Polish economy. Also in 2021, the Management Board of Agora decided to submit an application to the General Meeting of Shareholders to retain the profit generated in 2020 in the Company.

6.1. 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 or her resignation, other Supervisory Board members may appoint by means of co-optation a new member who will perform his or 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.

6.2. 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. 18

	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.

6.3. 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.

6.4. 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.

6.5. 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.

7. PRINCIPLES TO PREVENT CONFLICT OF INTEREST

Agora S.A. and its group companies have clear rules for transactions with related parties.

Members of the Company's governing bodies avoid engaging in professional or non-professional activity that could lead to a conflict of interest or adversely affect their reputation as a member of the Company's governing body. In the event of a potential conflict of interest, members of the Management Board and Supervisory Board report the occurrence of such a situation and do not participate in meetings during the consideration of such an event.

Members of the Management Board and Supervisory Board, in the event that the decision taken is contrary to the interest of the Company, should request that a separate opinion on this matter be included in the minutes of the Management Board or Supervisory Board meeting. Such an event did not take place in the Company.

All shareholders are equal in relation to the others in terms of transactions with related entities. This also applies to transactions of the Company's shareholders concluded with entities belonging to its Group. The report of transactions with related entities is presented to the Supervisory Board of the Company by the Compliance Officer on a quarterly basis. If the transaction of the Company with a related entity requires the consent of the Supervisory Board of the Company, the Supervisory Board, before adopting a resolution on this matter, assesses whether there is a need to first consult an external entity that will carry out the valuation of the transaction and analyze its economic effects.

The company has not been buying its own shares for many years, in the event of a decision to carry out such a process, Agora will act in accordance with rule 5.4 of the DSPN 2021 collection.

8. 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. 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 16 October 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 25 June 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 presented report on the application of this policy to the General Meeting in June 2021 for the years 2020 and 2019. In June 2022, the Company will present the report for 2021.

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 2021 (PLN '000)

Member of the Management Board	Total	Base salary	Variable remuneration	Other benefits
Bartosz Hojka	1 621	800	817	4
Tomasz Jagiełło	724	240	484	-
Agnieszka Sadowska (1)	988	500	484	4
Anna Kryńska - Godlewska	1 088	600	484	4
Tomasz Grabowski (2)	420	420	-	-
Agnieszka Siuzdak-Zyga (3)	205	205	-	-
Grzegorz Kania (4)	484	-	484	-

(1) Agnieszka Sadowska served as a member of the Management Board until 20 October 2021;

(2) Tomasz Grabowski has been a member of the Management Board since 1 June 2021;

(3) Agnieszka Siuzdak-Zyga has been a member of the Management Board since 5 August 2021;

(4) Grzegorz Kania served as a member of the Management Board of the Company until 28 September 2020, the variable remuneration paid in 2021 relates to the Incentive Plan for the period of serving as a member of the Management Board in 2019;

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

Remuneration paid by Agora S.A. to members of the Management Board in 2021 amounted to PLN 5,530 thousand (in 2020: PLN 2 357 thousand). This amount includes remuneration and bonuses paid for the period of performing the function of a member of the Management Board.

Increase in the amount of remuneration paid to members of the Management Board of Agora S.A. in 2021 is, on the one hand, the result of the decision of Board Members to reduce their base salary by 30.0% for a six-month period in 2020 (from 15 April to 15 October 2020), and, on the other hand, the suspension of the payment of bonuses for 2019 in 2020. The bonuses for 2019 were paid in 2021.

Remuneration paid to members of the Supervisory Board in 2021 amounted to PLN 624 thousand. PLN (2020: PLN 560 thousand).

The increase in remuneration paid to members of the Supervisory Board in 2021 compared to 2020 results from the decision of the Supervisory Board to temporarily reduce its remuneration by 30.0% (in the period from 15 April to 15 October 2020). The request was adopted by resolution No. 21 of the General Meeting of Shareholders of 25 June 2020.

Tomasz Jagiello received additional remuneration for the function of President of the Management Board of Helios S.A. in the amount of PLN 423 thousand (in 2020: PLN 297 thousand). His base salary was reduced in 2020 on the same terms as for all employees of Helios S.A. 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 2021, four members of the Management Board used company cars acquired by the Company. Tomasz Jagiello used a company car purchased by Helios S.A. 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.

Detailed information on the remuneration of members of the Management Board and Supervisory Board of Agora S.A. is listed in 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 2021, remuneration for serving as members of the management and supervisory bodies of Agora Group's subsidiaries amounted to PLN 7,888 thousand. PLN (in 2020: PLN 5,010 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.

Remuneration paid to the Supervisory Board members in 2021 (PLN ’000)

Member of the Supervisory Board	Remuneration paid
Andrzej Szlezak (chairman)	144
Wanda Rapaczynski	96
Tomasz Sielicki	96
Dariusz Formela	96
Maciej Wisniewski	96
Tomasz Karusewicz	96

The total remuneration amounted to PLN 624 thousand (2020: PLN 560 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 2021 the value of potential reward from the fulfilment of the EBITDA target has been calculated on the basis of the best estimate of the expected fulfilment value of the EBITDA target for 2021. 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. As at 31 December 2020, the value of potential reward from the fulfilment of the EBITDA target included the premium reserve recognised in the balance sheet at the end of 2019 which has not been paid as at 31 December 2020 based on the level of achievement of the EBITDA target in 2019.

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 2021, the value of reserve for potential reward concerning the realization of the Target of Share Price Increase includes the value of potential reward for the share price component for 2021, which was 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. As at 31 December 2020 the Group recognised 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 on the basis of a Resolution of the Supervisory Board in the third quarter of 2020.

Total impact of the Incentive Plan on the consolidated financial statements of Agora S.A. is presented below:

	2021	2020
Income statement – (increase) of staff cost*	(2,572)	(1,355)
Income statement - deferred income tax	489	257
Liabilities - accruals - as at the end of the period	2,572	2,849
Deferred tax asset - as at the end of the period	489	541

** 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.:

	2021	2020
Bartosz Hojka	808	415
Tomasz Jagiello	460	235
Agnieszka Sadowska (1)	383	235
Anna Krynska - Godlewska	460	235
Tomasz Grabowski (2)	270	-
Agnieszka Siuzdak - Zyga (3)	191	-
Grzegorz Kania (4)	-	235
	2,572	**1,355**

(1) Agnieszka Sadowska was the member of the Company's Management Board until 20 October 2021;
(2) Tomasz Grabowski is the member of the Company's Management Board from 1 June 2021;
(3) Agnieszka Siuzdak-Zyga is the member of the Company's Management Board from 5 August 2021;
(4) Grzegorz Kania was the member of the Company's Management Board until 28 September 2020.

9. 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.
In 2022, Agora S.A. submit to the General Meeting of Shareholders the Diversity Policy referred to in rule 2.1 DSPN 2021.

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, but each time it indicates to entities authorized to nominate candidates for these bodies all the requirements and recommendations that they should meet.
Despite this, the current six-person composition of the Supervisory Board in 2021 reflected most of the criteria underlying the diversity policy. The exception was the question of the 30% share of women in the composition of the body.

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), and 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.

In 2021, the composition of Agora's Management Board followed the demand for the participation of at least 30% minorities in terms of gender in the body's structure.

Gender structure in supervisory and management bodies of Agora S.A.

	Men		Women	
As at the end of	2021	2020	2021	2020
Management Board	3	2	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 56.9% of employees in Agora S.A as at 31 December 2021 and men accounted for 43.1%). The gender structure in the administrative bodies confirms that this objective has been achieved.

Gender structure in administrative bodies (management positions) of Agora S.A. (as at 31 December 2021).

	% in Agora S.A.	
	Women	**Men**
Agora S.A.	51.5%	48.5%

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.

10. 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.

11. SOCIAL AND SPONSORING ACTIVITIES POLICY

The Agora Group has a Policy of social and sponsorship activities 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) (Objective 3, 4, 10, 13, 16, 17) and the ISO 26000 social responsibility standards.

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 2021, 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.

As part of **social activities**, the companies and the media of the Agora Group last year undertook mainly aid and information initiatives related to the humanitarian crisis, gender equality and actions to reduce social inequalities, as well as the protection of democratic values and freedom of speech in Poland. One of the numerous examples is the **#Mediabezwyboru** campaign, in which in February 2021 Agora's media, along with the majority of free media representatives in Poland, stopped their operations for 24 hours. It was an unprecedented action in the media industry - a joint protest against plans to impose a draconian financial burden on the media, known as the "advertising tax", which was to be introduced under the pretext of fighting the consequences of the COVID-19 pandemic.

The media of the Agora Group, as from the beginning of its existence and in 2021, spoke out on important social issues and promoted culture, among others through annually organized competitions and awards. Since 2010, ***Gazeta Wyborcza*** has been co-organizing **the Ryszard Kapuściński Award for the Best Reportage**, as well as supporting the literary **Nike Award**. Additionally, since 2018, ***Gazeta Wyborcza*** have been organizing an **international photo competition the Krzysztof Miller Award**. **AMS**, on the other hand, as part of promoting socio-cultural activities in 2021, for the 22nd time organized **the AMS Poster Gallery** competition, the motto of which was: *(Un) safe lanes* and was aimed at raising public awareness of the dangers that threaten pedestrians in the lanes. and presenting the principle of responsible behavior on the road.

Since 2004, **the Agora Foundation** has been operating at Agora Holding, which in 2021 continued, i.a., the project *Different people, one world*, aimed to support people with disabilities in their professional development. In 2021, **the Gazeta Wyborcza Foundation and the Wysokie Obcasy Foundation**, established by Agora in 2018, continued their activities in the field of education development, independent journalism and media, as well as activities for gender equality and reduction of social inequalities.

Charitable activities are carried out in the 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. A perfect example are: the literary campaigns and charity books of Agora Publishing House - ***Hope***, ***All the colors of the world*** and ***Oh, disease***. All income from their sale in 2021 - PLN 472,864.21 - was allocated, among others, for co-financing a helpline for children and adolescents, psychological help for the charges of the ISKIERKA Foundation struggling with cancer or support for seniors and hospices. In 2021, Agora allocated PLN 811.5 thousand mainly to supporting charity activities and institutions.

In addition, Agora carried out activities in the area of **socially engaged marketing**, i.e. by involving readers to support specific projects. In August 2021, *Gazeta Wyborcza* launched a special digital subscription offer ***To the rescue of refugees***, from which all revenues were donated to foundations involved in helping refugees staying on the Polish-Belarusian border, including Amnesty International Poland and the Helsinki Foundation for Human Rights. The funds were allocated, i.a., to provide medical and sanitary assistance to migrants who have camped on the Polish-Belarusian border. In less than 2 weeks, the collected amount exceeded PLN 100 thousand. Another example is **fundraising for several Lebanese families** indicated by the Polish Medical Aid Center (PCPM), initiated by **Gazeta.pl** (Gazeta.pl carried out similar fundraising in 2021, among others, **for people from Syria**). The joint charity campaign of Gazeta.pl and PCPM was a great success. Thanks to the users of the portal, it was possible to collect **PLN 100 590 thousand** and help the worst-off families in Lebanon to survive the winter.

An important topic for Agora's media is also combating social inequalities and promoting gender equality, as evidenced by numerous related projects. A great example is, among others, a project of the **Gazeta.pl** team, which on the occasion of Women's Day prepared a unique publication - ***History without a Polish women***. The publication is a compilation of content about women from history textbooks for primary schools. It clearly shows that the narrative in history textbooks is devoid of a social background explaining the centuries-old inferior position of Polish women in society. The editors indicated that the fact that Polish women were omitted in history - when they were denied the right to decide about their lives, earning money or education - does not mean that they should be ignored today. The material was created to draw attention to this fact and provoke a serious discussion about the shape of Polish education. An example of actions for gender equality is also the daily activity of the brand ***Wysokie Obcasy*** - the *Gazeta Wyborcza* magazine, whose mission is to strengthen the participation and role of women in contemporary society. Among the numerous projects aimed to combat social discrimination was the social campaign ***No LGBT + there is no Poland***, which Agora's media - Gazeta.pl, Wyborcza.pl, *Gazeta Wyborcza*, TOK FM and tokfm.pl - carried out in June 2021, with the association Miłość Nie Wyklucza and the MullenLowe agency. Its creative idea and main message were based on the "exclusion" of the letters: L, G, B and T from texts on portals and websites, on the front pages of newspapers, in social media and various content important for Polish women and men.

In addition, in 2021, due to the climate crisis, which intensifies every year, the Agora's media and brands undertook numerous **pro-environmental activities**. *Gazeta Wyborcza*, inspired by the COP26 climate summit held at the turn of October and November 2021, announced the ***Climate Declaration***, in which it announced an even greater commitment to climate and environmental protection. The document clearly speaks of the plans to develop **the Climate and Environment section**, launched by Wyborcza.pl in February 2021, in order to better and more often than before inform about what is happening both in Poland and in the world in terms of ecology and climate. It is also worth mentioning that as part of environmental activities, *Gazeta Wyborcza* prepared a special digital subscription offer in March 2021, from which all income was donated to the Dzika Polska Foundation to support the ***Emergency for Trees*** project - by the end of December 2021, the daily's team managed to collect over PLN 93 thousand, which were allocated, i.a., for arboriculture activities, protection of tree stands and lawsuits related to deforestation. The issue of the natural environment and the climate crisis also had a key place in the **Gazeta.pl Editorial Declaration for 2021**, which manifested itself in numerous *green* initiatives of the portal team, such as the ***Alarm for the Climate*** campaign carried out with the Climate Coalition, or creating the series **# Ekośledztwa**. **AMS** also undertakes a number of pro-ecological activities, including introducing environmentally friendly OOH panels. In 2021, **EKO Backlight** joined the AMS portfolio for clients. EKO Backlight is a set of pro-ecological solutions, which include: energy-saving LED lighting, reducing light smog by switching off the lighting and ecologically certified printing of advertising materials.

As part of **educational activities**, in 2021, a special edition of the program promoting knowledge and initiatives for the development of new technologies was held - ***Jutronauci***, which was created thanks to the cooperation of ***Gazeta Wyborcza*** and Sebastian Kulczyk in 2017. It was already the 5th edition of the project - ***Jutronauci 2021: New normality***, entirely devoted to considerations regarding possible scenarios of the post-pandemic future.

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 , 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, as well as in **the Agora Group and Agora S.A. ESG Report for 2021**.

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.

VI. MANAGEMENT BOARD'S REPRESENTATIONS

1. REPRESENTATION CONCERNING ACCOUNTING POLICIES

Management Board of Agora confirms that, to the best knowledge, unconsolidated annual 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 Company for the period ended.

Annual Management Discussion and Analysis shows true view of the state of affairs of the Company, 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 2021, 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 www.agora.pl in Polish and English.

3. INFORMATION ON SELECTION OF OF THE AUDIT FIRM FOR REVISION OF ANNUAL UNCONSOLIDATED FINANCIAL STATEMENTS

The Management Board of Agora S.A. confirms, based on the statement of the Supervisory Board, that the auditing company conducting the audit of the annual unconsolidated financial statements has been selected in accordance with the right regulations. 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, 24 March 2022

Bartosz Hojka - President of the Management Board	*Signed on the Polish original*
Tomasz Jagiello - Member of the Management Board	*Signed on the Polish original*
Anna Krynska-Godlewska - Member of the Management Board	*Signed on the Polish original*
Tomasz Grabowski - Member of the Management Board	*Signed on the Polish original*
Agnieszka Siuzdak-Zyga - Member of the Management Board	*Signed on the Polish original*