

Resolution of the Supervisory Board to adopt the concise evaluation of the situation of the Company in 2013

15.05.2014

With regard to the adoption by Agora S.A. ("the Company") Good practices of publicly traded companies quoted on Warsaw Stock Exchange in Warsaw S.A., resolved on the basis of § 29 of the Warsaw Stock Exchange S.A. by-laws, the Supervisory Board of the Company resolves as follows:

The Supervisory Board of the Company evaluated the Company's situation in 2013.

The Supervisory Board formulated its evaluation on the basis of the review of the Agora Group's affairs and the discussions with the Management Board which took place during the Supervisory Board meetings attended by the Management Board and on the daily basis. The Supervisory Board has also taken into consideration the review of the financial statements for the first half of 2013 and the financial year 2013 prepared by the Audit Committee, whose meetings were held with the participation of the representatives of the Company's auditor. Judging the market situation the Supervisory Board takes into account all publicly available data on activities of other entities and therefore it should be remembered that the market data presented in this document and the judgment based on that data can be treated only as rough estimates.

2013 brought a decline in advertising expenditure. At the same time, the market faced structural changes in media which led, inter alia, to intense competition for advertising budgets and growing discount pressure. Additionally, there was the drop in the rate of cinema admissions in Polish cinemas dropped and in copy sales.

These phenomena affected the results of the Agora Group. The consolidated revenues of the Group decreased by 5.7% yoy. This results from lower yoy advertising revenues, drops in copy sales and lower cinema attendance. We are glad that despite such a difficult market situation the Group increased revenues from the sales of printing services for external clients

The difficult situation forced the Group to undertake actions to decrease the Group's cost base. As a result, the Group's operating cost declined by 7.4% yoy to PLN 1.1 billion. The comparability of data is distorted by the impairment losses booked in 2013 as well as the cost of group lay-offs

Simultaneously with the restructuring process, the Group focused on development projects. Traditional media faced the technological challenges and adapted their operations to digital distribution. In this way we can reach more people with the content created in the Group and earn money from digital distribution in the future.

The Group entered the film distribution business with a great success. Co-produced by Agora and distributed by Next Film film "Drogowka" was the only Polish film production which attracted to Polish cinemas over 1 million visitors. Helios opened two new cinemas building its position in the cinemas market. AMS executed the contract for construction of 1 580 bus shelters in Warsaw which will lead to strengthening AMS position in premium segment in outdoor market. The diversification of printing services for external clients brought about dynamic growth in revenues.

As at the end of 2013, the Agora Group had PLN 171.4 million (in cash and in short-term monetary assets, of which PLN 99.6 million was in cash and cash equivalents and PLN 71.8 million in secure short-term securities). Additionally the Group had deposited by the subsidiary AMS S.A. as a cash collateral securing the bank guarantee issued in relation to the concession contract for construction and utilization of bus shelters in Warsaw. The Group's bank loan liabilities amounted to PLN 145.9 million (including bank liabilities of Helios group and finance lease liabilities in the amount of PLN 102.7 million).

2013 was a difficult year for all press market as well as for Agora's publishing activities. Despite that, "Gazeta Wyborcza" remained the most popular national quality newspaper with the biggest share in dailies advertising market. Copy price increase introduced twice let slow down the drop dynamics of copy sales revenues of the daily. At the same time, the Company intensively digitized its content. In the beginning of 2014, the Company introduced metered paywall in "Gazeta Wyborcza".

Thanks to huge restructuring effort and the relaunch of the main titles, the Magazine segment closed 2013 with the positive operating result EBIT which was much better than in 2012 [1].

2013 brought the growth of revenues in Special Projects division and improvement of the operating results. It was possible thanks to the revenues generated by an online bookstore Publio.pl and the co-production revenues related to the film "Drogówka". As far as book sales is concerned the division sold 600 thou. books and is ranked among the largest Polish publishers.

In 2013 Polish cinema market grew further. As at the end of December 2013, the Helios network comprised 31 modern multi-screen cinemas with 166 screens. In the first quarter of 2014 the network expanded further opening two more cinemas. As a result Helios is the first, as far as the number of multi-screen cinemas is concerned, cinema operator in Poland. Despite lower yoy cinema attendance and cost related to opening of new cinemas the segment improved its operating results in 2013.

The deterioration of advertising market negatively affected the results of AMS. The company outperformed its direct competition and significantly increased its share in outdoor advertising market in Poland. It was possible due to rich advertising offer and large amount of new projects. AMS signed a concession contract with the City of Warsaw for the construction and operation of bus shelters in Warsaw. AMS shall accrue all the outlays related to the investment process, the maintenance cost related to bus shelters and in the future revenue from the utilization of bus shelters. An important initiative undertaken by the company, which may influence the value of advertising market in the future, are actions to introduce one method of measuring the value of outdoor advertising market.

The Group's radio stations significantly improved its results in 2013. Radio segment grew revenues to PLN 83.1 million and reduced operating cost. The segment develops its online presence by means of its platform TubaFM in order to increase the reach of radio brands and to look for new sources of revenues. The portal tok.fm.pl was relaunched and TOK FM station was chosen the most popular information source among individual investors among other radio stations in Poland.

Last year, Internet segment significantly improved its operating result - it has had the best operating results in its history. It was possible due to 11.6% yoy cost reduction. It is the effect of optimization measures and focus on the most important brands in the segment's portfolio. The websites in Gazeta.pl group were ranked third among Internet portals in Poland. The dynamic development of mobile applications resulted in the fact that websites of the Gazeta.pl group have the largest share of visits from mobile devices among Polish portals.

Taking into account the market challenges which the Group was forced to face in 2013, and especially the crisis on the advertising market, the decrease of press copy sales and in cinema admissions the Supervisory Board highly values all the effort put in the restructuring and new projects in the Agora Group. The Supervisory Board is positive

about the mid-term growth directions announced by the Management Board in the beginning of 2014.

Evaluation of the internal control system and risk management in Agora Group

The Supervisory Board, together with the Company's Management Board analysis the market situation and risk factors on the daily basis. New projects are scrutinized and evaluated. The Group maintains high liquidity and low level of debt, which limits the financial risk. In the case of regulation changes, the Group adjusts its operations accordingly.

Internal control and risk management systems currently operate in the Group. The main elements of the internal control system are parts of business processes of the Group and they include:

- procedures and by-laws regarding, inter alia: delegation of the rights and decision authorization, evaluation of the business projects, registration and processing of business transactions,
- reporting and transaction control of the processes and results of particular areas of the Group's activity,
- controls in the IT systems supporting execution of the business processes and monitoring activities of the system itself.

The executive personnel fulfills particular tasks arising from the internal control system and permanent supervision over its effectiveness as a part of managing selected segments of the Group. Moreover, the Internal Audit department, supervised by the President of the Management Board, operates in the Company. Internal Audit Department formally identifies risks in the area of internal control and security and recommends the Management Board activities aimed at decreasing risks when applicable. In the next stage, the department supports control of the system effectiveness through systematic research of selected areas of activity.

This operation aims at identifying weaknesses of the system and operational risks. The Audit Department recommends the Management Board actions eliminating above mentioned risks. Risk management system includes internal control system and permanent, multistage supervision of the Management Board and executive personnel

over particular business activities. Moreover, evaluation of the risk factors for the execution of the particular business goals arising from the strategy accepted by Management Board is undertaken, on the daily basis. Whenever there are identified risks, the Management Board and executive personnel implement changes to the procedures in force. Based on the information submitted to the Supervisory Board and discussion with the Management Board and representatives of the Agora's Internal Audit Department, Supervisory Board is of the opinion that the internal control and risk management system has proved itself in the activities of the Company up to date.

[1] EBIT, EBITDA, operating EBITDA of Newspapers, Internet and Magazines are calculated on the basis of cost directly attributable to the appropriate operating segment of the Agora Group and excludes allocations of all Company's overheads (such as: cost of Agora's Management Board and a majority of cost of the supporting divisions), which are included in matching positions. Operating EBITDA = EBITDA + non-cash expenses relating to share-based payments.