AGORA S.A.
Management Discussion and Analysis for **the year 2018** to the unconsolidated financial statements

March 7, 2019

TABLE OF CONTENTS

AGORA S.A.

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) FOR YEAR OF 2018 TO THE FINANCIAL STATEMENTS

REVENUE PLN 423,0 MILLION
EBITDA PLN (46.8) MILLION
NET PROFIT PLN 15.2 MILLION
OPERATING CASH FLOW PLN (47.2) MILLION

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 2018 to the consolidated financial statements" and in "Consolidated financial statements as at December 31, 2018 and for the year ended December 31, 2018.

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, 2018".

Unless indicated otherwise, all data presented herein represent the period of 2018, while comparisons refer to 2017.

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

- The revenue of Agora S.A. ("Agora", "Company") amounted to PLN 423.0 million and decreased by 14.1% yoy. The most important factor affecting the Company's revenue was the lower yoy revenue from the sales of printing services, which decreased by 35.1% yoy and amounted to PLN 53.3 million. This decrease was mainly due to a lower volume of orders, in particular in the coldset technology. In 2017, the level of revenue from other sales was significantly affected by the proceeds from the Company's film business which was transferred in its entirety to NEXT FILM in the second quarter of 2017. In 2018, Agora recorded inflows from the sublicence to distribute films, which was granted to the company from the capital group, in this line of revenue. Revenue from the sales of advertising services amounted to PLN 193.1 million and showed a decrease by 8.0% primarily due to further reductions on printed press advertising expenditure. Revenue from copy sales recorded a decline of 2.2% and amounted to PLN 135.6 million, which was related to the reduced number of printed copies of *Gazeta Wyborcza*, lower number of dual-priced editions of the daily and a significant reduction in the portfolio of magazines. As of October 2018, the Company discontinued to publish four magazines: *Cztery Kąty*, *Ładny Dom*, *Dziecko* and *Niezbędnik ogrodnika*. Prior to that, at the end of 2017, Agora discontinued to publish the *Magnolia* monthly and the *Dom&Wnętrze* bimonthly.

- The Company's net operating costs amounted to PLN 498.9 million and were lower by 18.2% as compared to 2017. However, it should be noted that in the fourth quarter of 2017, the Company's operating costs were burdened with PLN 50.6 million of asset write-down costs which contributed e.g. to a decrease in depreciation in 2018 by 29.1% to PLN 26.8 million. In 2018, all items of the Company's operating costs decreased. A significant decline – by 29.0% yoy to PLN 103.9 million – was recorded in the costs of external services. The value of this cost item was affected by the transfer of the Company's film business with respect to production and co-production to NEXT FILM. The costs of external services were lower in the Internet segment which was associated primarily with an increased scale of programmatic advertising revenue. The costs of materials and energy consumed and the value of goods and materials sold decreased by 8.7% to PLN 87.8 million. This was caused by a lower volume of orders in the Print division of Agora S.A. and a lower number and printing volumes of own titles. The decrease in promotion and marketing costs was mainly related to less intensified promotional activity of the Internet segment and the transfer of the film business to NEXT FILM. However, there was an increase in the spending on promotion of Agora's Publishing House. The staff costs also recorded a decline. This was primarily due to the reduction in headcount related to the reduction in the number of titles published and the transfer of the film business to NEXT FILM.

- In 2018, the Company's results were burdened with the costs of one-off events. The Company recognised a write-down of PLN 2.3 million on the *Ładny Dom* magazine and incurred costs related to the restructuring of printing activities and redundancies attributable to the reduction in the number of titles, amounting to PLN 3.2 million. The increased costs resulted also from a write-down on receivables from Ruch S.A. in the amount of PLN 20.3 million, which are subject to accelerated arrangement proceedings. In 2018, the Company also recognised a write-down of the value of its shares in subsidiary companies. These events had an adverse effect on the Company's results. Agora's results were positively affected by the profits from the sale of real estates in Gdańsk and Warsaw amounting to PLN 13.9 million and from the sale of the shares of Stopklatka S.A. in the amount of PLN 21.5 million in the second quarter of 2018.

- The Company's loss at the EBITDA level was higher than in 2017 and amounted to PLN 46.8 million. The loss at the EBIT level amounted to PLN 75.9 million and was lower than in the previous year. Write-downs of PLN 2.3 million on the *Ładny Dom* magazine, write-downs on receivables from Ruch S.A., restructuring costs and profits from the sale of real estates impacted the Company's results at the EBIT level. Agora's net result was positively affected by the higher revenue from dividends received from subsidiaries, profit from the sale of the shares of Stopklatka S.A. and the lower value of write-downs on shares as compared to the previous year. Write-downs of Company's shares in subsidiary companies had a negative impact on the Company's net result in 2018. The Company recorded a net profit of PLN 15.2 million.

- As of December 31, 2018, the Company's monetary assets amounted to PLN 7.0 million, which comprised cash and cash equivalents (cash, bank accounts and bank deposits) and PLN 91.5 million of receivables payable from the cash pooling system.

- On May 18, 2018, Agora S.A. signed Annex No. 1 to the Credit Line Agreement ("Agreement") with DNB Bank Polska S.A. signed on 25 May 2017 Agora S.A. on the basis of which the Company has a credit limit at its disposal of PLN 110.0 million, which can be used by May 23, 2019 in accordance with rules similar to those set out in the Agreement. According to the Agreement the Company is provided with a credit facility in the current account of up to PLN 75.0 million ("Overdraft 1") that may be used to e.g. finance or refinance acquisitions, investment expenditure and the working capital and after the Agreement period will be automatically converted into a non-renewable loan repayable in quarterly instalments. The Company is also provided with a credit facility in the current account of up to PLN 35.0 million ("Overdraft 2") that can be used within the Agreement period to finance the working capital and other corporate purposes of the Company including cash pooling facility. On February 20th, 2019, the Company used available credit facility in the current account ("Overdraft 1") to finance acquisition of shares in Eurozet Sp. o.o.

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 ("Company", "Agora"), based on public data sources, in 2018, total advertising spending in Poland amounted to ca PLN 9.6 billion and increased by 7.5% yoy. At that time, advertisers limited their expenditure in press. The growth of advertising expenditure was visible in the internet, television, cinema, radio and outdoor.

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
7.5%	6.5%	13.5%	5.5%	5.0%	(7.0%)	(7.0%)	6.0%

The share of particular media segment in total advertising expenditure, in 2018, is presented in the table below:

Tab. 2

Share in total advertising spendings	Television	Internet	Radio	Outdoor	Magazines	Dailies	Cinema
100.0%	46.0%	33.5%	7.0%	5.5%	4.5%	2.0%	1.5%

1.2 Copy sales of dailies [4]

In 2018 the total paid circulation of dailies decreased by 10.9% yoy. The largest decrease was observed in regional dailies.

2. INTERNAL FACTORS

2.1 Revenue

The revenue of Agora S.A. amounted to PLN 423.0 million and decreased by 14.1%. Lower revenue from the sales of printing services, which decreased by 35.1% to PLN 53.3 million mainly due to a lower volume of orders, had the most significant impact on the decrease in the Company's revenue. The second factor which significantly affected the Company's revenue were the revenues from other sales that amounted to PLN 41.0 million, showing a decrease by 33.8% due to the transfer of the film business to a subsidiary in 2017. Revenue from the sales of advertising services amounted to PLN 193.1 million (down by 8.0%). This situation is primarily the result of further cut-downs on advertising expenditure in dailies and the discontinuation of selected press titles. Advertising revenue in the Internet segment also recorded a decline due to the winding-up of Agora Performance, among other reasons. Another factor affecting the Company's revenue was the lower revenue from copy sales, which decreased by 2.2% and amounted to PLN 135.6 million. This decline was caused by the reduction in title portfolio, the number of printed copies of *Gazeta Wyborcza* and *a* lower number of dual-priced editions.

2.2 Operating cost

The Company's **net operating costs** amounted to PLN 498.9 million in 2018 and were lower by 18.2% as compared to 2017. In 2018, asset write-downs, the cost of write-down on receivables from Ruch S.A. and the restructuring provision were lower than the cost of one-off events which affected the results of Agora in 2017. The value of costs was also reduced by the profit from the sale of real estates in Gdańsk and Warsaw amounting to PLN 13.9 million.

Staff costs declined by 2.2% to PLN 196.6 million. This was mainly attributable to their reduction in the Press, Internet, and Print segments as well as in the film business. In 2018, collective redundancies were carried out in the Press and Print segments.

At the end of 2018, the Company’s **FTE headcount** was 1,620 FTEs, i.e. it decreased by 100 FTEs as compared to the end of 2017. The number includes the effects of the restructuring process in the Press and Print segments.

The Company offers various incentive plans for its employees (for example: cash motivation plans, incentive plans in sales departments, incentive schemes for Board Members and key managers, etc.), the cost of which is charged to the Company’s staff costs item.

External services decreased in 2018 by 29.0% to PLN 103.9 million. The decrease in this cost item was primarily caused by lower costs of the film business attributable to its transfer from Agora S.A. to NEXT FILM, lower costs of production services and lower costs of sales brokerage in the Internet segment.

Costs of materials and energy consumed and the value of goods and materials sold amounted to PLN 87.8 million, showing a decrease by 8.7%. This was mainly the result of lower costs of production materials due to significantly lower printing volumes.

The Company’s **promotion and marketing costs** amounted to PLN 51.1 million in 2018 (decline by 4.7%). This was largely attributable to lower promotion and marketing costs in the Internet segment and in the film business.

3. PROSPECTS

On March 5th, 2019, the Company informed about initation of introduction of optimization measures in the Group’s printing business. Agora’s decision to undertake optimization measures, including group layoffs, is related to the ongoing decrease of revenues from sales of print services in the coldset technology in which Agora Group’s printing plants specialize. This trend mainly results from the drop in circulation of printed press, whose publishers are the largest group of clients of the Company’s coldset printing plants. Services commissioned by clients from other market segments, including those executed in the heatset technology, present a significantly smaller share in the Group’s income from printing activity; due to infrastructural constraints, they never were, nor are able to compensate the decrease of revenues from coldset printing services.

The Management Board of the Company started consultation with the trade unions operating at the Company and the works councils operating in Agora S.A. and in Agora Poligrafia Sp. z o.o. on collective redundancy process and provided the relevant Labor Office with information on the intention to execute group layoffs in the Company and in Agora Poligrafia Sp. z o.o. The process will last up to 30 days after the agreement with the trade unions and works councils is made.

The intention of the Management Board of Agora S.A. is to lay off up to 153 employees mainly of the Print segment of Agora Group (which is 57% of employees of this segment, including 90% of employees in Tychy print plant - Agora Poligrafia Sp. z o.o. and 90% of employees in Pila print plant - Agora S.A., as at March 1st, 2019).

The provision regarding employment restructuring shall burden the financial results of the Company and of Agora Group in the 1st quarter of 2019, and the Company will disclose its estimates after the process of consultation is finalized.

3.1 Revenues

In the Company's opinion, the level of its revenue in 2019 will be lower than in 2018. This situation will result from a significantly lower scale of printing activities, the trends in the printed press advertising expenditure market and a lower revenue from copy sales of printed publications, e.g. due to the reduction in the number of titles in the portfolio.

3.1.1 Advertising market [3]

The advertising market in Poland in the fourth quarter of 2018 increased by 4.5%. Advertisers spent around PLN 2.8 billion promoting their products and services during this time. Throughout 2018, the value of advertising spending increased by 7.5% to approximately PLN 9.6 billion.

According to the Company's estimates, in 2019 the value of advertising spending in Poland should increase from 2.5% to 4.5% compared to 2018. The data on estimated changes in the dynamics of particular media segments are presented in the table below:

Tab. 3

Total advertising expenditure	Television	Internet	Magazines	Radio	Outdoor	Dailies	Cinema
2.5% - 4.5%	2-4%	5-8%	(10%)-(8%)	2-4%	2-4%	(13%)-(11%)	1-3%

3.1.2 Copy sales

In 2019, the prevailing negative trend of copy sales drop with regard to printed dailies and magazines will be maintained, but the drop rate should not be higher than in the preceding years. The Company regularly reviews its press title portfolio. In October 2017, Agora decided to discontinue the publishing of its two titles: *Dom&Wnętrze* and *Magnolia.* At the beginning of 2018, it sold publication rights of *Świat Motocykli* to a company established by one of the editorial office employees. At the end of September 2018, the publication of the *Dziecko* and *Cztery Kąty* monthlies as well as the *Niezbędnik ogrodnika* quarterly has been suspended. Additionally, in January and December 2018, publication rights to, respectively, the *Świat Motocykli* monthly and the *Ładny Dom* monthly were sold. The consequences of these decisions will be seen in the level of revenue generated by Agora's Magazines division. At the same time, the Company is working on the sales of its digital content. At the end of December 2018, the number of paid digital subscriptions of Wyborcza.pl amounted to 170.5 thou. In the Company's opinion, such activities, together with other factors, should stabilise the Press segment's financial results in the long term.

3.2 Operating cost

In 2019, the Company plans to reduce operating costs in most of its businesses. It should be noted that in 2019 the level of operating cost of the Company will be affected by the optimization of the Group's printing business and the lay-offs of up to 153 employees in this business area. The company shall publish the final amount of provision with the financial results for the first quarter of 2019.

3.2.1 Staff cost

The amount of staff costs in the Internet segment will be mostly influenced by the increase in the number of full-time employees, and in the Press segment by its decrease. Addidtionally, the process of group lay-offs in the Piła print plant will have a significant impact on this cost position.

3.2.2 Cost of external services

In 2018, costs of external services amounted to PLN 103.9 million. In the Company's opinion, the level of these costs will be lower in 2019.

3.2.3 Cost of raw materials and energy

In 2018, costs of materials and energy recorded a decrease as compared to 2017.

According to the Company, in 2019, this cost item is highly uncertain. On January 1, 2019, a law came into force, which provides for the determination of electricity prices for end consumers at the level of tariffs and price lists of sellers in force on June 30, 2018. Unfortunately, until the publication date of this report, implementing regulations to the above Act were not adopted. Therefore, there is no certainty that it will be possible to maintain energy prices on the level provided for in the Act, despite a significant market increase in electricity prices.

The Company's printing activities have the largest impact on this cost item, especially the cost of production materials, the volume of production and the EUR/PLN exchange rate.

3.2.4 Promotion and marketing cost

In 2018, promotion and marketing costs dropped by 4.7% as compared to 2017. In 2019, these costs are likely to be lower than in 2018, primarily due to promotional activities in the Press and Internet segments. However, it should be noted that the dynamics of changes in individual media, the number of development projects launched, as well as market activities and projects of the Company's competitors may affect the level of these expenses.

4. THE GROWTH DIRECTIONS OF THE ISSUER'S CAPITAL GROUP

The primary objective of the Company's Management Board is to accelerate the development of the capital group and to extend its range. The new strategy of the Agora Group for the years 2018-2022 is based on the following pillars:

- systematic development of the existing businesses, also through the acquisions
- expansion of the largest project offer by innovative products or premium services
- development of a new business in promising market segments.

As far as development of the existing businesses is concerned, the Agora Group is focused on:

- developing the sale of quality content in the subscription model and strengthening the leader position in this segment. The Group wishes to triple the average number of subscriptions of *Gazeta Wyborcza* and podcasts of TOK FM Radio, and also to ensure better monetisation of this business model. Ultimately in the year 2022, half of the revenues of *Gazeta Wyborcza* is to be generated from digital sources and its profitability is expected to improve regularly. The Company is working steadily to achieve this objective. At the end of 2018, the number of digital subscriptions of *Gazeta Wyborcza* reached a record level of 170.5 thousand and the share of digital revenues of *Gazeta Wyborcza* increased.

- developing the Helios cinema network, which is the foundation of Agora's presence in the leisure segment in Poland. The number of Helios cinemas will be systematically growing, also in large agglomerations. The cinema offer will be enriched with new screening rooms built on the basis of "Helios Dream" concept.

- AMS's transition into the next phase of development through changes in the media portfolio structure – especially thanks to the increased share of premium panels, as well as the wider offer of digital solutions, including solutions integrated with street furniture.

An example of the expansion of significant projects by innovative products or premium services is the continued dynamic development of Yieldbird, a leader in the ad-tech industry, through the introduction of a new product into the offer in SaaS model. Yieldbird has achieved global success with its business so far and continues to grow in foreign markets.

Agora also intends to rapidly enter the B2B service market and become a partner for e-commerce companies. The Group intends to develop the new business through acquisitions. Additionally, Agora is intensively researching the market in terms of new business areas, focusing particularly on projects involving outdoor leisure activities. An example of such activities is Foodio Concepts, a company which started its operational activity in 2018, launching the first three restaurants under the Papa Diego brand. In 2019 the Company is planning to open about 20 restaurants, also under Van Dog brand, which is not yet present on the market. In March 2019, Agora announced also initation of negotiations to jointly develop the network of restaurants specialized in burgers under the brand Pasibus. The main foundation of this development is Helios, a leader in the Polish cinema market.

The Management Board of Agora has informed that in the course of the announced strategic plan, it is willing to invest about PLN 430 million in the existing businesses. When it comes to development of new projects, the Management Board is willing to spend PLN 500 million, investing in projects from the following sectors: leisure and entertainment, B2B services for e-commerce and other concepts. Also, Agora does not exclude investments strengthening its existing business, especially in the areas where the possibilities of dynamic organic growth have been exhausted. In February 2019, the Company acquired 40.0% shares in Eurozet Sp. z o.o. the broadcaster of the second radio station in terms of coverage. This transaction may affect the verification of the Group's investment intentions in non-media business.

5. 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 2018.

III. FINANCIAL RESULTS

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

Tab. 4

in PLN million	**2018**	**2017**	*% change yoy*
Total sales (1)	**423.0**	**492.5**	***(14.1%)***
Advertising revenue	193.1	209.8	*(8.0%)*
Copy sales	135.6	138.7	*(2.2%)*
Printing services	53.3	82.1	*(35.1%)*
Other (2)	41.0	61.9	*(33.8%)*
Operating cost net, including:	**(498.9)**	**(609.7)**	***(18.2%)***
Raw materials, energy and consumables	(87.8)	(96.2)	*(8.7%)*
D&A	(26.8)	(37.8)	*(29.1%)*
External services	(103.9)	(146.4)	*(29.0%)*
Staff cost	(196.6)	(201.0)	*(2.2%)*
Promotion and marketing	(51.1)	(53.6)	*(4.7%)*
Cost of restructuring (3)	(3.2)	-	-
Gain on sale of property (4)	13.9	-	-
Impairment allowance for receivables from RUCH S.A. covered under a.a.p. (5)	(20.3)	-	-
Impairment losses (6)	(2.3)	(50.6)	*(95.5%)*
Operating result - EBIT	**(75.9)**	**(117.2)**	***35.2%***
Finance cost, net, incl.:	**86.9**	**39.8**	***118.3%***
Revenue from short-term investment	1.9	1.1	*72.7%*
Revenue from dividends	74.3	53.0	*40.2%*
Gain on disposal of shares (7)	21.5	11.0	*95.5%*
Cost from loans, finance lease and cash pooling	(1.4)	(1.5)	*(6.7%)*
Impairment losses on shares (8)	(9.5)	(24.7)	*(61.5%)*
Profit/(loss) before income tax	**11.0**	**(77.4)**	**-**
Income tax	4.2	9.3	*(54.8%)*
Net profit/(loss) for the period	**15.2**	**(68.1)**	**-**
EBIT margin (EBIT/Sales)	(17.9%)	(23.8%)	*5.9pp*
EBITDA (9)	**(46.8)**	**(28.8)**	***(62.5%)***
EBITDA margin (EBITDA/Sales)	(11.1%)	(5.8%)	*(5.3pp)*

(1) particular sales positions, apart from printing services, include sales of Agora's Publishing House and film activity. Incomes from e-commerce transactions were reassignmened from other revenues to advertising revenues, the presentation of data for the corresponding period of 2017 was adjusted accordingly;

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

(3) cost related to group lay-offs executed in Print segment in the first quarter of 2018 and costs of restructuring in Magazines division in the second quarter of 2018;

(4) the line item includes the gain achieved by Agora S.A. on sale of properties located in Gdansk and Warsaw in the first quarter of 2018;

(5) the amount includes an impairment allowance for receivables from Ruch S.A., which are covered under the accelerated arrangement procedure (a.a.p.)

(6) the amounts include impairment losses on property, plant and equipment and intangible assets; in 2018 impairment losses relate to the monthly "Ladny Dom", in 2017 the impairment losses related mainly to the monthly "Cztery Kąty" and non-current assets related to printing activities (described in note 37 to the unconsolidated financial statements);

(7) relates to gain on sale of shares in Stopklatka S.A. in the second quarter of 2018 and profit from the sale of shares in Green Content Sp. z o.o. in the third quarter of 2017;

(8) the amount includes impairment losses on shares in subsidiaries (described in note 37 to the unconsolidated financial statements);

(9) the performance measure "EBITDA" is defined as EBIT increased by depreciation and amortization and impairment losses of property, plant and equipment and intangible 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.5

in PLN million	2018	% change in total sales	2017	% change in total sales	% change yoy
Total sales	**423.0**	**100.0%**	***492.5***	**100.0%**	**-**
Advertising revenue (1)	**193.1**	**45.6%**	***209.8***	**42.5%**	**3.1pp%**
in Internet Department (2)	*90.8*	21.5%	*93.6*	*19.0%*	*2.5pp%*
in Gazeta Wyborcza (2),(4)	*81.1*	19.2%	*88.6*	*18.0%*	*1.2pp%*
in Magazines (2),(5)	*15.5*	3.7%	*20.5*	*4.2%*	*(0.5pp%)*
Copy sales (1)	**135.6**	**32.1%**	***138.7***	**28.2%**	**3.9pp%**
in Gazeta Wyborcza (2)	*92.3*	21.8%	*92.9*	*18.9%*	*2.9pp%*
in Magazines (2)	*7.1*	1.7%	*11.3*	*2.3%*	*(0.6pp%)*
Printing services	**53.3**	**12.6%**	***82.1***	**16.7%**	**(4.1pp%)**
Other sales (1), (3)	**41.0**	**9.7%**	***61.9***	**12.6%**	**(2.9pp%)**

(1) particular sales positions, apart from printing services, include sales of Agora's Publishing House, which total sales amounted to PLN 42.2 million in 2018 (in 2017: PLN 60.5 million). Incomes from e-commerce transactions were reassignmened from other revenues to advertising revenues, the presentation of data for the corresponding period of 2017 was adjusted accordingly;

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

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

(4) the data includes advertising revenues in Gazeta Wyborcza's paper editions, as well as advertisements published on Wyborcza.pl, Wyborcza.biz, Wysokieobcasy.pl and local websites. The comparative data for 2017 have been restated accordingly;

(5) the data include transfer of magazines' websites from the Magazines division in the Press segment to the Internet segment. The presentation of data for the corresponding periods of time was adjusted accordingly.

In 2018, the revenue of the Internet division of Agora S.A. were lower than in 2017. This was mainly caused by the winding-up of Agora Performance in November 2018. The decline in revenue was also driven by market trends – increasing dominance of global players in the online services market.

In 2018, *Gazeta Wyborcza* maintained its leading position among the opinion-forming dailies. The average payable distribution of *Gazeta Wyborcza* amounted to 106 thousand copies and decreased by 14.5% yoy. In the analysed period, the revenue from copy sales of *Gazeta Wyborcza* decreased by 0.6% yoy. In the reporting period, the weekly readership reach of *Gazeta Wyborcza* stood at 3.7% (1.1 million readers; CCS, weekly readership index).

The above figures do not include the number of readers or the readership reach of *Gazeta Wyborcza* in digital form. Both the number of readers of Wyborcza.pl and its digital reach are growing steadily. At the end of 2018, the number of digital subscriptions of Wyborcza.pl reached 170.5 thousand, which means an increase by more than 28.0% yoy (133 thousand). *Gazeta Wyborcza* launched the digital subscription option for Wyborcza.pl in 2014 – at the end of that period, the number of subscriptions stood at 54.3 thousand. In 2015, it increased to 77 thousand and in 2016 – it reached 100 thousand.

In 2018, the level of revenue from copy sales in the Magazines division was adversely affected not only by the trends in the printed press market but also the decision to discontinue the publication of the *Magnolia* monthly and the *Dom&Wnętrze* bimonthly as of the end of 2017, and to suspend the publication of the *Dziecko* and *Cztery Kąty* monthlies as well as the *Niezbędnik ogrodnika* quarterly as of the end of September 2018. Additionally, in January and December 2018, publication rights to, respectively, the *Świat Motocykli* monthly and the *Ładny Dom* monthly were sold.

As a result, in 2018, revenue from copy sales decreased by 37.2% year on year. The average payable distribution of monthly magazine copies sold by Agora amounted in the analysed period to 141.6 thousand copies (down by 34.0% year on year).

In 2018, Agora Publishing House's revenue increased by 11.6% yoy to PLN 41.71 million. In that period, Agora Publishing House sold about 1.4 million copies of its publications. Some of the best-selling titles were, among others, books about mountaineering: *Spod zmarznietych powiek* by Adam Bielecki and Dominik Szczepanski, *Kurtyka. Sztuka wolnosci* (Art of Freedom – The life and climbs of Voytek Kurtyka) by Bernadette McDonald, and a biography of Jerzy Kukuczka by Dariusz Kortko and Marcin Pietraszewski. The best-seller list also features a biography of Zbigniew Wodecki – *Wodecki. Tak mi wyszło, Czerwony Glod* (Red Famine: Stalin's War on Ukraine) by Anne Applebaum and a story of Anna Przybylska's life – *Ania*. Last year's best-selling records include: *The greatest hits* by Sławomir, *Dobrze, ze jestes* by Zbigniew Wodecki, *LP1* by Lady Pank and *25+* by Andrzej Piaseczny. The best-selling DVD releases of the Agora Publishing House include: the second season of the Belfer series and the award-winning *Twoj Vincent* (Loving Vincent).

1.2. Sales and markets

Over 90% 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 2018, the value of transactions with one of the Company's customers (Kolporter Sp. z o.o. sp. k.) reached 11% of the total revenue of Agora S.A.

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 2018, the value of transactions with none of the suppliers exceeded 10% of the Company's total revenue.

1.4. Finance cost, net

Company's result on financial activities in 2018 was positively affected mainly by dividends from related companies and gain on disposal of shares in Stopklatka S.A. The Company's finance costs were influenced by impairment losses on shares in subsidiaries and by bank commissions and interest from the loan facility, finance lease and cash pooling liabilities.

2. BALANCE SHEET OF AGORA S.A.

Tab. 6

in PLN million	**31-12-2018**	**31-12-2017***	***% change to 31/12/2017***
Non-current assets	**755.8**	**763.8**	**(1.0%)**
share in balance sheet total	*76.8%*	*75.7%*	*1.1 pp*
Current assets	**228.7**	**244.6**	**(6.5%)**
share in balance sheet total	*23.2%*	*24.3%*	*(1.1 pp)*
TOTAL ASSETS	**984.5**	**1,008.4**	**(2.4%)**
Equity holders of the parent	**824.7**	**832.6**	**(0.9%)**
share in balance sheet total	*83.8%*	*82.6%*	*1.2 pp*
Non-current liabilities and provisions	**15.7**	**23.7**	**(33.8%)**
share in balance sheet total	*1.6%*	*2.4%*	*(0.8 pp)*
Current liabilities and provisions	**144.1**	**152.1**	**(5.3%)**
share in balance sheet total	*14.6%*	*15.0%*	*(0.4 pp)*
TOTAL LIABILITIES AND EQUITY	**984.5**	**1,008.4**	**(2.4%)**

**data adjusted as described in note 2 to the unconsolidated financial statements.*

2.1. Non-current assets

The decrease in non-current assets, versus 31 December 2017, resulted mainly from depreciation and amortisation charges and impairment losses of property, plant and equipment and intangible assets, which were, to some extent, compensated by new investments.

The change in non-current assets, versus 31 December 2017, was also affected by the purchase of shares in ROI Hunter a.s. and increase share capital in subsidiary Agora Poligrafia Sp. z o.o. Simultaneously the Company disposed of all of its shares in Stopklatka S.A. and recognised impairment loss on shares in companies Goldenline Sp. z o.o and Optimizers Sp. z o.o.

2.2. Current assets

The decrease in current assets versus 31 December 2017, was affected mainly by a decrease in accounts receivable, which were compensated by higher balance of short-term securities.

2.3. Non-current liabilities and provisions

The decrease in non-current liabilities and provisions versus December 31, 2017 is caused mainly by reclassification a non-renewable part of credit from non-current to current liabilities.

2.4. Current liabilities and provisions

The decrease in current liabilities and provisions, versus 31 December 2017, stems mainly from a decrease in accounts payable and other financial liabilities, which were, to some extent, compensated by an increase in income tax liabilities.

3. CASH FLOW STATEMENT OF AGORA S.A.

Tab. 7

in PLN million	**2018**	**2017**	*% change yoy*
Net cash from operating activities	(47.2)	(34.9)	*(35.2%)*
Net cash from investment activities	82.5	60.9	*35.5%*
Net cash from financing activities	(37.7)	(28.6)	*(31.8%)*
Total movement of cash and cash equivalents	**(2.4)**	**(2.6)**	***(7.7%)***
Cash and cash equivalents at the end of period	**7.0**	**9.4**	***(25.5%)***

As of December 31, 2018, the Company's monetary assets amounted to PLN 7.0 million, which comprised cash and cash equivalents (cash, bank accounts and bank deposits) and PLN 91.5 million collected in the cash pooling system.

In 2018, Agora S.A. was not engaged in any currency option instruments or other derivatives (used for hedging or speculative purposes).

On May 18, 2018, Agora S.A. signed Annex No. 1 to the Credit Line Agreement ("Agreement") with DNB Bank Polska S.A. signed on 25 May 2017 Agora S.A. on the basis of which the Company has a credit limit at its disposal of PLN 110.0 million, which can be used by May 23, 2019 in accordance with rules similar to those set out in the Agreement. According to the Agreement the Company is provided with a credit facility in the current account of up to PLN 75.0 million ("Overdraft 1") that may be used to e.g. finance or refinance acquisitions, investment expenditure and the working capital and after the Agreement period will be automatically converted into a non-renewable loan repayable in quarterly instalments. The Company is also provided with a credit facility in the current account of up to PLN 35.0 million ("Overdraft 2") that can be used within the Agreement period to finance the working capital and other corporate purposes of the Company including cash pooling facility. On February 20th, 2019, the Company used available credit facility in the current account ("Overdraft 1") to finance acquisition of shares in Eurozet Sp. o.o.

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

3.1. Operating activities

In 2018, the Company recorded decreasing in net cash flows from main operating activities (the operating outflows increased by 35.2% yoy).

3.2. Investment activities

Net inflows from investing activities in 2018 results mainly from the receipt of dividends, disposal of shares in related companies and the sales of property, plant and equipment. Those inflows were to some extent compensated by expenditure on property, plant and equipment and intangibles, as well as expenditure on cash pooling and outlays on the investment in related companies.

3.3. Financing activities

Net outflows from financing activities in 2018 result mainly from the payment of dividend to equity holders of the parent and by net ouflows from bank loans.

4. SELECTED FINANCIAL RATIOS [2]

Tab. 8

	2018	**2017**	*% change yoy*
Profitability ratios			
Net profit margin	3.6%	(13.8%)	*17.4pp*
Gross profit margin	38.1%	32.5%	*5.6pp*
Return on equity	1.8%	(7.8%)	*9.6pp*
Efficiency ratios			
Inventory turnover	29 days	22 days	*31.8%*
Debtors days (2)	96 days	86 days	*11.6%*
Creditors days (2)	26 days	24 days	*8.3%*
Liquidity ratio			
Current ratio	1.6	1.6	-
Financing ratios			
Gearing ratio (1)	-	-	-
Interest cover	(79.7)	(107.0)	*25.5%*
Free cash flow interest cover	(64.4)	(41.5)	*(55.2%)*

(1) as at 31 December 2018 and 31 December 2017 the Company had net cash position;

(2) the value of ratios in the comparative period was adjusted in connection to the adjustments of comparative amounts in the balance sheet as described in note 2 to the unsolidated financial statements;

(3) Definitions of financial ratios [2] are presented in Notes.

NOTES

[1] The data refer to advertising expenditures in six media (press, radio, TV, outdoor, Internet, cinema). In this MD&A Agora has corrected the numbers for dailies (in the fourth quarter of 2017) in TV (and in the second, third and fourth quarter of 2017 as well as in the second and third quarter of 2018), in internet (in each of the quarters of 2017 and in the first, second and third quarter of 2018) and in the cinema in the third quarter of 2018.

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 Starlink 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 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= $\dfrac{\text{Current and non-current liabilities from loans – cash and cash equivalents – highly liquid short-term monetary assets}}{\text{Total equity and liabilities}}$

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

Free cash flow interest cover= $\dfrac{\text{Free cash flow (1)}}{\text{Interest charge}}$

(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 and intangible assets.*

**impairment losses and their reversals are included in the calculation of EBITDA since the fourth quarter of 2017.*

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.

[2] 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.

The data on dailies readership are based on PBC General, research carried out by Kantar MillwardBrown on a random, nationwide sample of Poles over 15 years of age. The CCS index was used (weekly readership index) - percentage of respondents reading at least one edition of the title within 7 days of the week preceding research. Size of the sample: nationwide PBC General for October - December 2018: N=5,000, for January - December 2018: N= 20 116.

[3] Average paid circulation of monthlies is based on the Agora's own data. Rate card data on magazines obtained from Kantar Media monitoring; commercial brand advertising and sponsored articles, excluding specialized monthlies; accounted for 102 monthlies and 76 other magazines; in total 178 press titles for the period of October – December 2018; accounted for 106 monthlies and 80 other magazines; in total 186 press titles for the period January – December 2018.

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

Establishment of a tax capital group by the Company

In the current report of February 16, 2018, the Management Board of Agora S.A. informed that on February 15, 2018 it received a decision dated February 15, 2018 issued by the Head of the Second Masovian Tax Office in Warsaw on the registration of the contract on establishing the Agora Tax Capital Group ("PGK"), which is to include: Agora S.A. and the following subsidiaries: Grupa Radiowa Agory Sp. z o.o., Agora TC Sp. z o.o., Trader.com (Polska) Sp. z o.o. (currently *Domiporta sp. z o.o.*), Helios S.A., AMS S.A., Yieldbird Sp. z o.o. and Plan A Sp. z o.o. PGK was established on March 1, 2018, and each subsequent tax year will overlap with the calendar year. The PGK agreement is in force until December 31, 2020.

In the agreement establishing PGK, Agora S.A. has been appointed the representative company for PGK within the scope of obligations resulting from the Personal Income Tax Act and from the provisions of the Tax Ordinance. The Company estimates that the establishment of the tax capital group may result in lower tax charges of PGK, as provided for by law, of approx. PLN 5.0 million annually, in the period of PGK's operation. In 2018, due to the write-off receivables from Ruch S.A. under accelerated settlement proceedings, PGK lowered tax liability by ca. PLN 8 million.

Conclusion of a Credit Limit Agreement by and between the Company and DNB Polska S.A.

In the current report of May 18, 2018, the Management Board of Agora S.A., in reference to report No. 6/2017 of May 25, 2017 regarding the execution of the Credit Line Agreement ("the Agreement") with DNB Bank Polska Spółka Akcyjna ("the Bank") informed about signing Annex No. 1 to the above Agreement ("Annex No. 1").

Pursuant to the previous terms of the Agreement, the Company was entitled to use the renewable part of the credit limit in amounting to PLN 110,000,000.00 until May 25, 2018.

Pursuant to the signed Annex No. 1, starting from the day of updating the established collateral, the Company is to be provided with a credit limit of PLN 110,000,000.00 (one hundred and ten million), which may be used until May 23, 2019 on the same principles as set out in the Agreement.

The Credit Limit bears the WIBOR rate for one-month or three-month deposits in PLN plus the Bank's margin. In the event of failing to pay some or all of the Bank's receivables within the deadline specified in the Agreement, the Company will be charged interest at the base rate plus penalty interest. Otherwise, there are no provisions regarding contractual penalties in Annex No. 1.

The repayment security of the Credit Limit has been maintained, as indicated in current report No. 6/2017 of May 25, 2017. Due to the fact that in March, 2018 Agora Finanse Sp. z o.o. has joined the group of companies from the capital group of the Company covered by the so-called cash pooling agreement concluded with the Bank, the repayment security has been extended to guarantee the liabilities of Agora S.A. under the Agreement granted by Agora Finanse Sp. z o.o. in the amount of PLN 202,500,000.00.

In connection with the above, Agora Finanse Sp. z o.o. filed a declaration on voluntary submission to enforcement of up to PLN 205,500,000.00 with respect to the surety on Agora S.A.'s liabilities arising from the Agreement, undertook to establish a registered pledge on claims from Agora Finanse Sp. z o.o.'s bank account at the Bank and on variable rights. In other respects, the scope of the security of the Agreement, described in current report No. 6/2017 of May 25, 2017 remains unchanged.

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. 9

		% of shares held (effectively)	
		31 December 2018	31 December 2017
	Subsidiaries consolidated		
1	Agora Poligrafia Sp. z o.o., Tychy	100.0%	100.0%
2	Agora TC Sp. z o.o., Warsaw	100.0%	100.0%
3	AMS S.A., Warsaw	100.0%	100.0%
4	Adpol Sp. z o.o., Warsaw (1)	100.0%	100.0%
5	Grupa Radiowa Agory Sp. z o.o. (GRA), Warsaw	100.0%	100.0%
6	Doradztwo Mediowe Sp. z o.o., Warsaw (2)	100.0%	100.0%
7	IM 40 Sp. z o.o., Warsaw (2)	72.0%	72.0%
8	Inforadio Sp. z o.o., Warsaw (2)	66.1%	66.1%
9	Helios S.A. , Lodz	91.4%	91.4%
10	Next Film Sp. z o.o., Warsaw (3)	91.4%	91.4%
11	Next Script Sp. z o.o., Warsaw (4)	75.9%	68.6%
12	Domiporta Sp. z o.o.,., Warsaw (5)	100.0%	100.0%
13	Optimizers Sp. z o.o., Warsaw	100.0%	100.0%
14	Yieldbird Sp. z o.o., Warsaw (6)	81.5%	77.6%
15	GoldenLine Sp. z o.o., Warsaw	92.7%	92.7%
16	Plan A Sp. z o.o., Warsaw	100.0%	100.0%
17	Agora Finanse Sp. z o.o., Warsaw (7)	100.0%	-
18	Foodio Concepts Sp. z o.o., Warsaw (8), (3)	82.3%	-
	Joint ventures and associates accounted for the equity method		
19	Stopklatka S.A., Warsaw (9)	-	41.1%
20	Online Technologies HR Sp. z o.o., Szczecin	46.2%	46.2%
21	Hash.fm Sp. z o.o., Warsaw	49.5%	49.5%
22	Instytut Badan Outdooru IBO Sp. z o.o., Warsaw (1), (10)	50.0%	40.0%
23	ROI Hunter a.s., Brno (11)	13.4%	-
	Companies excluded from consolidation and equity accounting		
24	Polskie Badania Internetu Sp. z o.o., Warsaw (12)	16.7%	15.8%

(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.; on May 28, 2018 the share capital was increased and new shares were taken up by the majority shareholder;
(5) on October 30, 2018 the National Court Register registered the change of the company`s business name from Trader.com (Polska) Sp. z o.o. to Domiporta Sp. z o.o.;
(6) acquisition of shares from non-controlling shareholders on December 4, 2018;

(7) company set up on February 28, 2018;
(8) company set up on March 6, 2018;
(9) disposal of shares in the company on June 14, 2018;
(10) acquisition of additional shares on September 7, 2018;
(11) acquisition of shares on September 25, 2018;
(12) change of the Agora's share in the company results from the decrease of the numer of shares in the company following the automatic redemption of shares without decreasing of the share capital.

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

On January 25, 2018, the extraordinary general meeting of shareholders of Optimizers Sp. z o.o. ("Optimizers") adopted a resolution on discontinuing the operating activities of Optimizers to date, in particular on refraining from undertaking any new business activities as part of the operating activities of Optimizers to date. The above resolution does not constitute the resolution on the dissolution of Optimizers as stipulated in Article 270, item 2) of the Code of Commercial Companies. On May 8, 2018, the extraordinary general meeting of shareholders of Optimizers adopted a resolution on increasing the share capital of Optimizers from PLN 100 thousand to PLN 500 thousand by creating 8,000 new shares to be taken up by Agora S.A. in exchange for a cash contribution of PLN 400 thousand. On July 2, 2018, the District Court for the capital city of Warsaw in Warsaw registered the above change. Currently, Agora S.A. holds 10,000 shares in Optmizers, representing 100% of the company's share capital and carrying 10,000 voting rights representing 100% of the votes at the general meeting of shareholders.

On February 28, 2018, Agora S.A., as the sole shareholder, established Agora Finanse Sp. z o.o. ("Agora Finanse") with its registered office in Warsaw and took up 100 shares in the company's share capital with a nominal value of PLN 50 each, in exchange for a cash contribution of PLN 5,000. Agora Finanse was entered in the Register of Entrepreneurs on March 7, 2018 by the District Court for the capital city of Warsaw in Warsaw, 13th Commercial Division of the National Court Register. The shares held by Agora S.A. give it a 100% interest in the share capital and 100% of the votes at the general meeting of shareholders of Agora Finanse. On April 5, 2018, the extraordinary general meeting of shareholders of Agora Finanse adopted a resolution on amending the company's Articles of Association, which consisted of, among other things, changing the scope of the required consents of the general meeting of shareholders. The above amendment to the company's Articles of Association was registered with the registration court on April 27, 2018.

On March 29, 2018, the extraordinary general meeting of shareholders of Agora – Poligrafia sp. z o.o. with its registered office in Tychy ("Agora – Poligrafia") adopted a resolution on increasing the company's share capital from PLN 1.5 million to PLN 2 million by establishing 1,000 new shares with a nominal value of PLN 500 each and a total nominal value of PLN 500 thousand and earmarked them for taking up by the sole shareholder, i.e. the Company, in exchange for a cash contribution of PLN 10 million. On July 10, 2018, the District Court Katowice – Wschód in Katowice, 8th Commercial Division of the National Court Register, registered the above change. Currently, Agora S.A. holds 4,000 shares in Agora – Poligrafia, representing 100% of the company's share capital and carrying 4,000 voting rights representing 100% of the votes at the general meeting of shareholders.

On March 29, 2018 the District Court for the Łódź – Śródmieście in Łódź, 20th Commercial Division of the National Court Register entered Foodio Concepts Sp. z o.o. in the Register of Entrepreneurs of the National Court Register. Helios S.A., in exchange for a cash contribution of PLN 5 million, took up 90 shares in the company's share capital with a nominal value of PLN 50 each, representing 90% of the company's share capital and representing 90% of the votes at the general meeting of shareholders. Individual investors have acquired a total of 10% of shares in the company (5% each).

On May 28, 2018, the extraordinary general meeting of shareholders of Next Script Sp. z o.o. ("Next Script") adopted a resolution on increasing the share capital of Next Script from PLN 320 thousand to PLN 470 thousand by creating 3,000 new shares to be taken up by Next Film sp. z o.o. in exchange for a cash contribution of PLN 150 thousand. On July 31, 2018, the District Court for the capital city of Warsaw in Warsaw registered the above change. Currently, Next Film sp. z o.o. holds 7,800 shares in Next Script, representing 82.98% of the company's share capital and carrying 7,800 voting rights representing 82.98% of the votes at the general meeting of shareholders.

The share of Agora in Polskie Badania Internetu sp. z o. o. with registered office in Warsaw („**PBI**") was increased in 2018 from 15.8% up to 16.7% of the total numer of shares in PBI. The increase of Agora's shares in PBI results from the decrease of the numer of shares in PBI following the automatic redemption of shares without decreasing of the share capital of PBI. Agora has not acquired any additional shares in PBI.

In the current report of June 14, 2018, the Management Board of Agora S.A., in relation to current report no. 11/2018 of March 7, 2018, informed that on June 14, 2018 Agora concluded the agreement to sell all of its shares in Stopklatka S.A. with its registered office in Warsaw with Bank Zachodni WBK S.A. – Dom Maklerski BZ WBK, acting on behalf of and on the account of Kino Polska TV S.A.

As a result of the Transaction, Agora disposed of all of its shares in Stopklatka S.A. (i.e. 4,596,203 ordinary shares constituting 41.14% of the share capital of Stopklatka). The price per share amounted to PLN 7.0, and the total value of the Transaction amounted to approx. PLN 32 million.

On June 29, 2018, the extraordinary general meeting of shareholders of Plan A Sp. z o.o. ("Plan A") adopted a resolution on increasing the share capital of Plan A from PLN 5 thousand to PLN 10 thousand by creating 100 new shares to be taken up by Agora S.A. in exchange for a cash contribution of PLN 50 thousand. On August 10, 2018, the District Court for the capital city of Warsaw in Warsaw registered the above change. Currently, Agora S.A. holds 200 shares in Plan A, representing 100% of the company's share capital and carrying 200 voting rights representing 100% of the votes at the general meeting of shareholders.

On September 7, 2018, AMS S.A. with its registered office in Warsaw concluded a Share Sale Agreement with Clear Channel Poland sp. z o.o., the subject of which was the purchase of 100 shares in the share capital of Instytut Badań Outdooru IBO sp. z o.o. with its registered office in Warsaw ("IBO"), with a total nominal value of PLN 120 thousand, for PLN 60 thousand. Currently, AMS S.A. holds 500 shares in IBO, representing 50% of the company's share capital and carrying 500 voting rights representing 50% of the votes at the general meeting of shareholders of IBO.

On September 25, 2018, Agora S.A. concluded: (i) with natural persons and two funds and with ROI Hunter a.s., with its registered office in Brno, the Czech Republic ("ROI Hunter"), an investment agreement concerning, among other things, taking up 323,102 shares in the increased share capital of ROI Hunter ("Agreement 1"), (ii) an agreement on the sale of 32,310 shares in ROI Hunter with a natural person ("Agreement 2"). The total capital investment of Agora S.A. amounted to EUR 2.2 million.

The investment in the purchase of shares in ROI Hunter consists of two tranches and will cover a total of 710,823 shares in ROI Hunter representing approx. 24% of the shares in the share capital of ROI Hunter and carrying approx. 24% of the votes at the General Meeting of Shareholders of ROI Hunter. The total capital investment of Agora S.A. in ROI Hunter will amount to EUR 4.4 million.

Currently, as a result of the purchase of the shares in ROI Hunter as part of the first tranche, Agora S.A. holds 355,412 shares in ROI Hunter, representing 13.4% of the company's share capital and carrying 355,412 voting rights representing 13.4% of the votes at the general meeting of shareholders of ROI Hunter.

The second tranche will cover a total of 355,411 shares in ROI Hunter: (i) Agora S.A. will take up 323,101 shares in the increased share capital of ROI Hunter on the basis of Agreement 1, (ii) and Agora S.A. will purchase 32,310 shares in ROI Hunter on the basis of a share sale agreement, concluded with a natural person.

The second tranche of the shares should be taken up after the publication of the financial statements for 2018 by ROI Hunter, confirming the achievement of the financial ratios agreed by the parties to the agreement and after their approval by the general meeting of shareholders of ROI Hunter.

Moreover, Agreement 1 governs the principles of Agora S.A.'s investments in ROI Hunter and includes a number of mechanisms to secure the Company's interests.

ROI Hunter is an associate of Agora S.A., as defined in the accounting regulations, due to Agora S.A.'s special rights with regard to impact on ROI Hunter's strategic decisions and corporate governance, including the composition of the Board of Directors of ROI Hunter (the company's management body).

On December 4, 2018, Agora S.A. concluded three agreements on the sale of shares in a limited liability company, concerning the purchase of shares in Yieldbird Sp. z o.o. with its registered office in Warsaw, with three shareholders of that company in exercising the above-mentioned calls to purchase and sell the shares. The agreements covered the purchase by Agora S.A., from the three shareholders of Yieldbird Sp. z o.o., of a total of 37 shares in Yieldbird sp. z o.o. with its registered office in Warsaw for a total price of PLN 2,052 thousand. As a result of the above transaction, Agora S.A. currently holds 775 shares in the company's share capital, which gives it 81.49% of the shares in the share capital and 81.49% of the votes at the general meeting of shareholders.

In the current report of February 20, 2019 The Management Board of Agora S.A. announced that the Company closed negotiations on: (i) the acquisition of shares in Eurozet Sp. z o.o. with its registered office in Warsaw ('Eurozet') and (ii) the establishment of detailed rules for investment in Eurozet by SFS Ventures s.r.o. with its registered office in Prague (the Czech Republic) ('SFS Ventures') as a majority shareholder and the Company as a minority shareholder and the cooperation of both entities as shareholders of Eurozet.

As a result of the negotiations, on February 20, 2019, the following were concluded:

1. a preliminary agreement on the sale of shares in the share capital of Eurozet ('Preliminary Agreement') between Czech Radio Centers., with its registered office in Prague (the Czech Republic), as a seller ('Seller'), Czech Media Invest a.s., with its registered office in Prague (the Czech Republic), as a guarantor of the Seller's obligations and:
   a. SFS VenturesSFS Ventures, as a buyer of 60% of the shares of Eurozet, and
   b. the Company, as a buyer of 40% of the shares of Eurozet,

2. a final agreement for the sale of the above-mentioned shares of Eurozet, by and between the Company, SFS Ventures and the Seller ('Final Agreement'), concluded as part of performance of the Preliminary Agreement, and

3. a shareholders' agreement between the Company and SFS Ventures regulating the detailed rules for investment in Eurozet by SFS Ventures, as a majority shareholder, and the Company as a minority shareholder and the cooperation of both entities as shareholders of Eurozet ('Shareholders' Agreement').

Under the Final Agreement, the Company acquired 400 shares in the share capital of Eurozet with a nominal value of PLN 50 each, representing 40% of the share capital of Eurozet and entitling the holder to exercise 40% of the total number of votes at the shareholders' meeting of Eurozet in exchange for the initial consideration of PLN 130,754,689 million. The Preliminary Agreement provides for adjustment mechanisms concerning the initial consideration based on the Eurozet capital group's („Group") 2018 audited results and the final value of certain economic and financial parameters of the Group, as set forth in the Preliminary Agreement.

In accordance with the provisions of the Shareholders' Agreement, with a view to protecting Agora's investment in Eurozet and protecting the position of Agora as a minority shareholder of Eurozet, Agora is granted typical rights of a minority shareholder, including the right to appoint and dismiss one member of the supervisory board of Eurozet and the right to influence decisions on selected key issues concerning, in particular, the capital structure, amendment of the company deed, changes in the share capital or liquidation of the company. Those entitlements will be due to Agora as long as Agora and its related entities have at least 34% plus one shares / votes in the share capital of Eurozet / at the Eurozet shareholders' meeting. However, Agora, as a minority shareholder, will not influence, inter alia, the operational activities of Eurozet or the programme strategy of the radio station.

The Shareholders' Agreement also contains the following provisions governing the rules of the shareholders' cooperation, should they exit their investment in Eurozet:

- the right to demand the second shareholder to join in the sale with respect to all its shares (‘Drag along right’), together with the principles for securing effective sale of the shares in relation to which the Drag along right has been exercised,
- a shareholder’s right to join in the sale of all shares held by the shareholder in the case of the sale of shares by the second shareholder (‘Tag along right’) and
- Agora’s power to acquire all the remaining shares of Eurozet belonging to SFS Ventures (‘Callable Shares’) (‘Call Option’), together with the principles for securing effective acquisition of the shares in case of exercise of the Call Option.

Agora is entitled (but not obliged) to exercise the Call Option during the period commencing after the lapse of 12 months and ending after the lapse of 36 months from the date of conclusion of the Final Agreement (‘Call Option Period’) or until June 20th, 2022 in case Agora submits to SFS Ventures a declaration of will to exercise the Call Option. In specific cases described in the Shareholders' Agreement concerning substantial reduction in the scope of the Group’s core activities, the Call Option Period may be shortened. Should Agora exercise the Call Option, the purchase price of the Callable Shares for Agora will be determined on the basis of the formula set out in the Shareholders' Agreement, which takes into account SFS Ventures’s achievement of certain financial indicates. In accordance with the Shareholders' Agreement, Agora will be able to exercise the Call Option, and thereby take control over Eurozet, after obtaining the legally required antitrust permission.

Eurozet is an associate of Agora SA, as defined in accounting regulations.

The acquisition of 40% of shares in Eurozet was financed partially from Agora’s own resources and in the amount of PLN 75.0 million from the overdraft in the current account which will be converted into loan by DNB Bank Polska on the basis of Credit Line Agreement executed on May 25th, 2017 amended by Annex no. 1 executed on May 18, 2018.

On March 6, 2019, the Company received a letter from the President of the Office of Competition and Consumer Protection requesting the Company to present information and documents as part of the explanatory proceedings to pre-determine the obligation to notify the intention of concentration with the participation of the Company, SFS Ventures s.r.o. and Eurozet sp. z o. o.The proceedings are explanatory in its character and are not conducted against the Company.

In the current report of February 28, 2019 The Management Board of Agora S.A. informed that on February 28, 2019 Helios S.A., a subsidiary of Agora (“Helios”), commenced negotiations with some of the partners ("Partners") of the company Food for Nation, Sp. z o.o. sp. k. ("FFN"), which is the owner of a restaurant chain under the brand Pasibus, on the joint growth of the Pasibus brand.

In connection with the above, on February 28, 2019, Helios and Partners signed a letter of intent ("Term Sheet") on the basic terms of the cooperation under consideration within the SPV, which is a subsidiary of Helios S.A. (Step Inside Sp. z o. o. with its registered seat in Lodz ("Step Inside")). Establishing the cooperation is dependent upon agreement on detailed principles of cooperation and obtaining the consent of the President of the Office of Competition and Consumer Protection ("the President of UOKiK").

At the same time, on February 28, 2019, Step Inside and FFN signed a cooperation agreement, based on which Step Inside is entitled to i.a. operate up to 10 eateries under the Pasibus brand. For this purpose, Helios funded Step Inside company with PLN 10 million. With the approval of the President of UOKiK and concluded investment agreement the Partners will acquire shares in Step Inside company, which will open total of 40 premises under the Pasibus brand. Simultaneously, the Company informs that the Term Sheet does not constitute binding obligations of the parties. Agora will inform about the next steps related to the course of the process in separate filings.

On March 5, 2019, an extraordinary general meeting of shareholders of Agora - Poligrafia Sp. z o.o. adopted a resolution on extinction of business in the area of printing services of Agora - Poligrafia Sp. z o.o. At the same time, the extraordinary shareholders' meeting of Agora - Poligrafia Sp. z o.o. indicated that the above the resolution does not constitute a resolution to dissolve the Company referred to in art. 270 point 2) of the Code of Commercial Companies.

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 the issue of passing a resolution on mandatory sell-out of the Shares ("the Call") on its agenda.

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

(i) Sell-out procedure

As part of the sell-out, till 30 June 2016 Agora S.A. transferred to Helios S.A. the amount of PLN 2,938 thousand as payment of the sell-out price calculated in accordance with Art. 418(1) § 6 of the CCC. In its balance sheet as at 31 December 2016, the Agora Group recognized a liability in respect of the purchase of the Shares from the minority shareholders of Helios S.A. totalling PLN 3,185 thousand. This amount comprised PLN 2,938 thousand transferred by Agora S.A. to Helios S.A. (which was also recognized in the Group's equity under retained earnings/accumulated losses and current year profit/(loss)) and the total amount transferred by the other shareholder of Helios S.A. as part of the execution of the sell-out procedures. As part of the sell-out procedure, the amount of PLN 3,171 thousand was transferred by Helios S.A. to the Minority Shareholder on 2 June 2017 for the purchase of 318,930 shares. Moreover, on 2 June 2017, a total of PLN 14 thousand was transferred to the other minority shareholders for the purchase of 1,460 shares. As a result of these transactions, the Group met the commitment to purchase shares, which was recognized in the Group's balance sheet.

As a result of the procedures described above, Agora S.A. increased its block of shares in Helios S.A. from 10,277,800 to 10,573,352 shares, i.e. by 295,552 shares. Agora S.A. currently holds 91.44% of the shares of Helios S.A. The shareholders whose shares are being purchased under the sell-out procedure did not accept the price calculated in accordance with Art. 418(1) § 6 of the CCC and, based on Art. 418(1) § 7 of the CCC, applied to the registration court to appoint a registered auditor who would determine the price for the shares on behalf of the Court. The final valuation of the Shares that are subject to the sell-out procedures will be determined by the registration court having jurisdiction over the registered office of Helios S.A. based on the opinion of an expert appointed by the registration court having jurisdiction over the registered office of Helios S.A. A change in such valuation, if any, will result in an adjustment to the price of the shares purchased.

As at the date of the publication of this report, the District Court for Lodz-Srodmiescie in Lodz, the 20th Department of the National Court Register, appointed an expert for the purpose of the valuation of the shares to be purchased from the Minority Shareholder (318,930 shares) and from other minority shareholders (1,460 shares in total). The minority shareholders referred to in the previous sentence appealed against the decision on appointing an expert. Until now, the appeal has not been considered.

(ii) Squeeze-out procedure

The squeeze-out procedure, which entered into force on 14 July 2016, is pending with respect to 10 shares. The holder of these shares did not respond to the Company's call published in accordance with the requirements in Monitor Sądowy i Gospodarczy, which requested the minority shareholders holding the above-mentioned shares of the Company to submit the share certificate to the Company within two weeks of the publication of the call under the sanction of cancelling the shares after this deadline. Consequently, on 7 April 2017 the Management Board of Helios S.A. passed a resolution on the cancellation of the above-mentioned shares and published it in

Monitor Sadowy i Gospodarczy of 8 May 2017. The share valuation procedure by the registered auditor appointed by the Court is currently under way.

The sell-out and squeeze-out procedures have not been completed as at the date of the publication hereof. As at the date of the publication hereof, the District Court for Lodz - Srodmiescie in Lodz, the 20th Department of the National Court Register, appointed an expert to perform a valuation of the shares.

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.

4. MAJOR DOMESTIC AND FOREIGN INVESTMENTS

In 2018 carrying amounts of intangible assets of the Company (magazine titles, licenses and patents, other) decreased by PLN 2.7 million (cost decreased by PLN 1.9 million, amortisation and impairment losses for the period increased by PLN 0.8 million). Detailed information on intangible assets is included in note 3 to the unconsolidated financial statements.

In 2018 carrying amounts of property, plant and equipment of the Company decreased by PLN 8.9 million (cost increased by PLN 0.6 million, depreciation and impairment losses for the period increased by PLN 9.5 million). Detailed information on property, plant and equipment is included in note 4 to the unconsolidated financial statements.

In 2018 capital investments (shares and loans) made within the capital group by Agora S.A. increased by PLN 22.0 million and decreased by PLN 20.1 million, as shown in the table below:

Tab. 10

in PLN million	increase	decrease
Shares	22.0	20.1
TOTAL	**22.0**	**20.1**

Detailed information on capital investments is included in note 5 to the unconsolidated financial statements.

In 2018 Agora S.A. set up the company Agora Finanse Sp. z o.o. and acquired shares in the company ROI Hunter a.s. as described in the section IV.B of this Management Discussion and Analysis. Furthermore, Agora S.A. acquired additional shares in subsidiaries and disposed shares in the company Stopklatka S.A. as described in the section IV.B.1 and IV.B.2 of this Management Discussion and Analysis.

In 2018, the investments of the Company were financed from own funds.

In 2018, the Company invested its free cash outside its capital group mainly in short-term securities, in cash pooling system and bank deposits. As at the end of 2018, the amount of such investments was equal to PLN 91.7 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 2017 the following shareholders were entitled to exercise over 5% of voting rights at the general meeting of shareholders of the Company:

Tab. 11

	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)*	5,401,852	11.33	22,528,252	34.77
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	15.93	7,594,611	11.72
including: Otwarty Fundusz Emerytalny PZU Zlota Jesien *(in accordance with the last notification of December 27, 2012) (1)*	7,585,661	15.91	7,585,661	11.71
Media Development Investment Fund, Inc. (MDIF Media Holdings I, LLC) *(in accordance with the last notification of June 6, 2016)*	5 350 000	11,22	5 350 000	8,26
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)*	4 493 055	9,43	4 493 055	6,93

(1) Number of shares according to the shareholder's notification – as at December 27, 2012; proportion of voting rights and percentage of the share capital of Agora S.A. were recalculated by the Company after reduction of the Company's share capital.

Significant changes to the shareholders' structure

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

Tab. 12

	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 formal notification received on 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)*	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 reduction of the Company's share capital on August 23, 2018.

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 36 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:
(i) 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;
(ii) 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.;
(iii) 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 2018 amounted to PLN 5,372 thousand (2017: PLN 4,642 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 2018 amounted to PLN 468 thousand (2017: PLN 468 thousand).

Tomasz Jagiello received also remuneration as the President of the Management Board of Helios S.A. in the amount of PLN 357 thousand (in 2017: in the amount of PLN 356 thousand) and Agnieszka Sadowska received remuneration as the Member of the Management Board of Stopklatka S.A. in the amount of PLN 175 thousand (in 2017: in the amount of PLN 253 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 25 to the unconsolidated financial statements.

The information related to liabilities to former Management Board members is described in note 17.

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 26 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. 13

	as of December 31, 2018 (no. of shares)	*Nominal value (PLN)*
Bartosz Hojka	2,900	2,900
Tomasz Jagiello	0	0
Grzegorz Kania	0	0
Anna Kryńska – Godlewska	0	0
Agnieszka Sadowska	0	0

4.2. Shares in related company Helios S.A.

Tab. 14

	as of December 31, 2018 (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. 15

	as of December 31, 2018 (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. 16

	as at December 31, 2018 (number of shares)	*Nominal value (PLN)*
Andrzej Szlezak	0	0
Wanda Rapaczynski	882,990	882,990
Dariusz Formela	0	0
Tomasz Sielicki	33	33
Andrzej Dobosz	0	0
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. 17

	as of December 31, 2018 (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 2018 there were no changes in the way the the issuer's enterprise and its capital group are managed.

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

In 2018 no credit or loan agreements were terminated for the Company neither the Company terminated any credit or loan agreements.

As at December 31, 2018 the Company had an open credit line in DNB Bank Polska S. A. on the basis of the Agreement signed on 25 May 2017.

Tab. 18

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, 18 May 2018 (annex)	the non-renewable credit - quarterly 12 instalments from July 1, 2018 to April 1, 2021; credit facility in the current account - may be used by May 23, 2019.

More information concerning the Agreement with DNB Bank Polska S. A. is described in point IV.A of this MD&A.

8. INFORMATION ON LOANS GRANTED IN 2018 AND GUARANTEES OR OTHER OFF-BALANCE SHEET ITEMS

In 2018, Agora S.A. did not grant any new loans.

Detailed information on off-balance sheet items (including granted guarantees and issued bills of exchange) is presented in note 34 to the unconsolidated financial statements.

9. THE SYSTEM OF EMPLOYEE SHARE SCHEMES CONTROL

In 2018 there was not any employee share scheme.

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

On March 30, 2017 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 2017, 2018 and 2019.

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

Tab. 31

in PLN thousand	Financial year ended 31 December 2018	Financial year ended 31 December 2017
Remuneration for audit (1)	121.2	121.2
Other attestation services, including remuneration for review (1)	80.8	80.8

(1) Remuneration includes the amounts paid and due for professional services related to audit and review of unconsolidated and consolidated financial statements of the Company for a particular year (data based on three-year agreement signed July 24, 2017).

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 31 and 32 to the unconsolidated financial statements.

12. THE DESCRIPTION OF BASIC HAZARDS AND RISK

- **Macroeconomic risk**

Advertising revenues strictly depend on the general economic situation in Poland and in Europe. They grow in the periods of economic upswing and are marked by considerable decrease in time of the economic slowdown. According to the Company's estimations in 2018, advertisers spent 7.5% yoy more on advertising. Advertisers increased their expenditure in majority of advertising market segments. The erosion of advertising expenditure was observed only in press and in outdoor. It should be noted however that the level of advertising revenues is dependent on both the ad volume as well as prices of media purchase which hinders estimations regarding the development of the situation at the particular segments of ad market.

Polish economy is sensitive to coutries political situation and looping risk of abrupt legislative chcanges, whose full impact on the conditions of running business activity in Poland is hard to foresee.

- **Seasonality of advertising spending**

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

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

The Company's advertising revenues are generated by the following media: dailies, magazines and internet. As a result of structural changes and media convergence particular media in the Company's portfolio compete both with their business competitors and with television broadcasters - constituting almost half of the advertising market expenditure (almost 46.0%) in 2018.

The next largest segment of advertising market – Internet held 33.5% share in total ad spend. Ad expenditure in magazines and dailies constituted 4.5% and 2.0% share of total ad spend, respectively. Outdoor advertising held, in 2017, 5.5% of the advertising market share and radio ad spend constituted 7.0% of total ad expenditure. Cinema advertising in Poland constituted 1.5% of all advertising expenditure. Bearing in mind the dynamics of particular and the current Company's estimates of advertising market growth in 2019 there is a risk that the share of particular media in the advertising market will change. This may influence the Company's position and its revenues.

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 Company's advertising revenues. Moreover, due to those changes and technological progress there is no certainty that the Company will be able to react to them in a proper time and manner, which may negatively influence the Company's position and financial results.

Advertising revenues depend also on the readership figures and shares in radio and television audience. Media market changes dynamically – some sectors can take advantage of the current changes while other can lose its position on the market. There is no certainty that the Company's position in the particular media sectors will remain unchanged.

Abrupt changes to law regulations in particular business areas may affect not only macroeconomic situation in Poland but also the propensity and the way advertisers (including state owned companies) spend advertising budgets.

- **Press**

Presently paid press experiences a worldwide trend of copy sales decrease and shrinking of advertising expenditure. Press titles, published by the Company and its competitors, are not resistant to the changes taking place on the press market. The process of classifieds migration from press to Internet is taking its place. The dynamics of the above mentioned processes may have a negative impact on dailies copy sales and the revenues of the Company. At the same time, the Company digitalizes its content by means of metered paywall on websites related to *Gazeta Wyborcza*. At the end of 2017, the number of *Gazeta Wyborcza* active paid subscriptions totalled 170.5 thousand. Nowadays the Company focuses on the growth of average revenue from each subscription and growth of online advertising revenues. It is hard to predict if the Company will be able to deliver above expectations, because of the competitive internet market.

- **Press distribution**

The main channel of press distribution, used by every press publisher in Poland, is the networks of kiosks situated in places of intense traffic and supplied by three largest press distributors. Financial problems of RUCH S.A., which supplied 30% of all press points of sales in Poland affected the way the titles published by Company are distributed. Preventive measures undertaken by Company in the area of distribution minimized negative results related with the problems of RUCH S.A. In the longer perspective it is difficult to clearly assess further development of the situation in the Polish distribution market as multiple factors affect financial condition of distributors – i.a. sales of press in retails networks and acitive attitude of publishers.

The problems of the press distribution market in 2018 suggest that the risk of running publishing business grew and may have negative influence on revenues and financial results of the Company in future.

- **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 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 Company competes with local and international players. There is no guarantee, that on such a competitive market, the Company's position and ad revenues will be unchanged. Additionally, online advertising market is undergoing transformation. Search advertising and social media are becoming more popular among advertisers. Therefore the position of global platforms as Facebook and Google is increasing and they are the main beneficiaries of online advertising market growth in Poland. The Company's main source of Internet advertising revenue is display advertising. Programmatic, video and mobile advertising are also growing their share. 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 Company will be able to compete with national and foreign players with larger financial resources.

- **Responsibility for published content**

The Company'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 rusult of intellectual property rights infringement**

The Company's activity is based in its many aspects on using the intellectual property rights and on license agreements. In the Group's opinion it does not infringe the intellectual property rights of the third parties. However, it cannot be ruled out that the Company may unintentionally violate such laws. As a result the Company 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 Company'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, Copyright and related rights Act, as well as acts regulating capital market in Poland and rules of commercial activities in Poland.

New regulations may pose a risk due to the problems with their interpretation, lack of judicial practice, unfavourable interpretations adopted by courts or public institutions.
Additionally tax regulations in Poland are subjetc of often changes. Changes in VAT and other kinds of tax burden may negatively impact the operations and financial results of the Company.

The Company is also a subject of risk in changes of tax rules interpretation by tax organs which may affect operations and financial results of the Company.

- **Impairment tests**

In line with the *International Financial Reporting Standards*, the Company runs impairment tests. In the past and in the current period, some of the tests resulted in impairment loss which was reflected in the income statement (unconsolidated and/or consolidated). There is no certainty that the tests run in the future will give positive effects.

- **Currency risk**

The Company's revenues are expressed in Polish zlotys. Part of the operating cost, connected mainly 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 Company's operating cost and its financial results.

- **Interest rate risk**

The changes in interest rates may influence the level of the Group's financial cost related to the Group's debt.

- **Risk of losing key employees**

The Companys's success is dependent on the involvement and qualifications of its key employees who contributed immensely to Company's development and effective optimization of the Agora's operating processes. Due to the market competition for highly qualified specialists there is no guarantee the Company will be able to preserve all valuable employees.

- **The risk of collective dispute**

On December 12, 2011 an Inter-union trade organization *NSZZ Soldarnosc* AGORA S.A i INFORADIO SP. Z O.O. ("OM") was created. The trade unions operate in Agora S.A., Inforadio Sp. z o.o., Agora Poligrafia Sp. z o.o., AMS S.A., Domiporta Sp. z o.o. and Grupa Radiowa Agory Sp. z o.o. In December 2018 OM included GoldenLine Sp. z o.o. and in January 2019 Tandem Media Sp. z o.o. According to the law requirements the managment boards of the companies in which trade unions operate consult or negotiate with them decisions in legally determined cases. The Group tries to maintain good relations with its employees and solve any problems as they appear, however it can not be excluded that in the future the Group may experience a collective dispute in law determined cases.

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

Functioning within TCG requires from Agora S.A. the obligation to maintain at least 75% of shares in subsidiary companies which are part of the TCG, for the period of validity of the TCG. Given the changes in the market environment and the execution of Agora's Group strategy, a necessity may arise of change in the ownership structure. In the case of decrease of share in any of the subsidiary companies below the threshold of 75%, the TCG status shall be lost retroactively. This may result in loss of savings, growth of costs of tax year closing and the necessity to prepare additional documents for transfer prices.

What is more, functioning within the TCG imposes on the organization a whole range of statutory requirements, such as, for example, obtaining at least a 2% level of TCG's tax profitability. Based on the financial forecasts prepared as at the date of establishing the TCG, the Company expects that all statutory requirements will be met throughout the duration of the TCG. Considering that the future financial results of companies included in the TCG depend on a number of factors, parts of which the Company is not able to predict or reliably estimate at the moment, it is uncertain whether, during the entire TCG operation, a group of eight companies forming it, it will be able to meet the requirements related to maintaining the profitability threshold described above, except that failure to meet the profitability condition will not result in a retroactive loss of benefits resulting from TCG.

- **Risk related to print activity**

Changes in the way media are consumed, and in particular the popularity of digital media, mean that the demand for printing services is decreasing. It is reflected in the decreasing volume of orders and dropping revenues. Oversupply of production capacities and strong price pressure on the print market may result in a further outflow of customers and a decrease of revenues of print businesses of the Agora. The Company's printing plants specialize in printing services in the coldset technology. The main customers include publishers of dailies, weeklies and retail chains. They also print Agora's Gazeta Wyborcza. The Agora's printing houses also offer heatset printing services. However, they constitute a smaller share in the entire printing production of Agora and may not be able to compensate for the decreases related to production in the coldset technology.

13. FACTORS AND UNUSUAL EVENTS WHICH HAD INFLUENCE ON THE RESULTS OF BUSINNESS ACTIVITIES FOR 2018 WITH THE ESTIMATION OF THEIR INFLUENCE

In 2018, a most significant negative impact on the Agora's results had write-off of receivables from RUCH S.A. in the amount of PLN 20.3 million. Additionally, in 2018 Agora impaired intangible assets in the amount of PLN 2.3 million and value of shares in the amount of PLN 9.5 million and incurred cost of restructuring in the amount of PLN 3.2 million in Press and Print segments.

Positive impact on the financial results of Agora S.A. had the profit from the sales of shares in Stopklatka S.A. in the amount of PLN 21.5 million and the profit from the sales of real estate in Gdańsk and Warszawa in total amount of PLN 13.9 million.

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

In 2018, 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 19 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 the current report of August 28, 2018, subsequently amended on August 30, 2018, the Management Board of Agora S.A. informed that the District Court for the capital city of Warsaw in Warsaw, 13th Commercial Division of the National Court Register, registered, on August 23, 2018, the changes in the Statute of the Company related to the decrease in the Company's share capital as a result of the redemption of the Company's shares, as stipulated in Resolution No. 28 of the Ordinary General Meeting of Shareholders of Agora held on June 20th, 2018, purchased by the Company by October 10, 2017, based on the authorization to purchase the Company's shares, granted by the Ordinary General Meeting of Shareholders of the Company in Resolution No. 19 of June 21, 2017. The Company informed that it completed the own share buyback program in current report no. 17/2017 of October 10, 2017. The Company informed that it passed the resolution on the adoption of the Own Share Buyback Program in current report no. 10/2017 of June 21, 2017.

As a result of the adopted resolutions, 1,084,595 ordinary bearer BiD series shares with a nominal value of PLN 1 each, representing 1,084,595 votes at the General Meeting of Shareholders of the Company, were redeemed.

As at the date of publication of this report, the share capital of the Company amounts to PLN 46,580,831.00 and is divided into 46,580,831 shares with a nominal value of PLN 1 each, which comprise 4,281,600 registered preferred A series shares and 42,299,231 ordinary registered and bearer BiD series shares. The total number of votes from all shares issued by the Company amounts to 63,707,231.

In the current report of October 3, 2018, the Management Board of Agora S.A. informed, in relation to current report no. 25/2018/K dedicated to the registration of changes in the Statute of Agora S.A., about a change, as from October 2, 2018, in the number of the Company's shares registered in the Central Securities Depository of Poland (KDPW) on the basis of the resolution adopted by the Management Board of KDPW on September 28, 2018, due to the redemption of 1,084,595 ordinary bearer BiD series shares of Agora S.A. in accordance with Article 360 § 1 in conjunction with Article 359 § 1 and 2 of the Commercial Companies Code.

Since October 2, 2018 41,444,358 shares of the Company have been registered with the KDPW under the code PLAGORA00067

18. ISSUING OF SECURITIES

In 2018 the Company did not issue any securities.

19. OTHER INFORMATION

In the current report of February 15, 2018, the Management Board of Agora S.A. informed that on February 15, 2018 the President of the Office of Competition and Consumer Protection ("UOKiK") granted consent to concentration by creating a joint venture by Helios S.A. with its registered office in Łódź and two natural persons, in accordance with the rules for the concentration included in the application form and described in the current report of December 20, 2017 and described in current report no. 34/2017.

Obtaining the UOKiK President's consent to the concentration and agreeing the detailed rules for cooperation and managing the newly established company were the requirements for the conclusion of the investment agreement and creation of a company involved in developing and operating a network of eateries, among other things, in the "fast casual" segment.

In the current report of March 6, 2018, the Management Board of Agora S.A. informed about the conclusion on March 6, 2018 of an investment agreement by Helios S.A., a subsidiary of Agora, with two individual investors – Piotr Grajewski and Piotr Komór. The subject of the agreement was to establish a company called Foodio Concepts sp. z o.o. with its registered office in Łódź and cooperation between the parties under the investment agreement. The aim of the company is to develop a concept, create, manage and develop (mainly via establishing own brands) a network of approx. 45 eateries which will be located in Poland, in shopping centres or as independent premises.

On March 29, 2018, the District Court for Łódź-Śródmieście in Łódź, 20th Commercial Division of the National Court Register entered the above-mentioned company into the Register of Entrepreneurs of the National Court Register. Helios S.A., in exchange for a cash contribution of PLN 5 million, took up 90 shares in that company, with a nominal value of PLN 50 each, representing 90% of the shares in the company (corresponding to 90% of the total number of votes at the general meeting of shareholders). The individual investors took up a total of 10% of the shares in the company (5% each). The agreement provides for the possibility of increasing the Individual Investors' share to 30% in total, on condition that the company meets the established financial objectives.

In the current report of March 7, 2018, the Management Board of Agora S.A. informed that on March 7, 2018 the Company and Kino Polska TV S.A. ("Kino Polska") signed a letter of intent regarding the potential purchase of all of Agora's shares in Stopklatka S.A. by Kino Polska ("the Transaction").

In the current report of June 14, 2018, the Management Board of Agora S.A., in relation to current report no. 11/2018 of March 7, 2018, informed that on June 14, 2018 Agora concluded the agreement to sell all of its shares in Stopklatka S.A. with its registered office in Warsaw with Bank Zachodni WBK S.A. – Dom Maklerski BZ WBK, acting on behalf of and on the account of Kino Polska TV S.A.

As a result of the Transaction, Agora disposed of all of its shares in Stopklatka S.A. (i.e. 4,596,203 ordinary shares constituting 41.14% of the share capital of Stopklatka). The price per share amounted to PLN 7.0, and the total value of the Transaction amounted to approx. PLN 32 million.

As a result of the Transaction, the investment agreement concerning Stopklatka S.A., concluded by and between Agora S.A. and Kino Polska, about which Agora S.A. informed in current report no. 06/2013 of February 22, 2013 expired. The execution of the Transaction means discontinuation of the investment in Stopklatka S.A. by Agora S.A. and the discontinuation of Agora S.A.'s activities in the field of digital terrestrial television.

Agora Group's Strategy for 2018 – 2022

In the current report of June 15, 2018, the Management Board of Agora S.A. informed that on June 15, 2018 it passed a resolution on the adoption of the Agora Group's Strategy for 2018–2022. The document was consulted with the Company's Supervisory Board. The development strategy of Agora and its capital group assumes that by 2022 it will achieve: approx. PLN 1.6 billion in revenues and approx. PLN 200 million of EBITDA.

The key strategic assumptions include: intensive digitization of all the operations of the capital group, with focus on the development of sales of content in a digital subscription model, the development of the current largest projects of the Agora Group, expanding the activities of selected current businesses to include new services or premium offers, initiation of activities in new areas, such as, among other things: B2B services for e-commerce, innovative MarTech tools, as well as in entertainment and gastronomy.

The adopted Agora Group Strategy assumes growth both by organic development and by acquisitions. The total maximum capital expenditure will amount to approx. PLN 930 million by 2022. The Company intends to continue its dividend policy of PLN 0.5 per share. A detailed document describing the Agora Group Strategy for 2018–2022 has been published on the Company's website.

Sale of real estate

In the current report of January 22, 2018, the Management Board of Agora S.A. informed that on January 22, 2018 the Company signed a preliminary conditional agreement on the sale of the right of perpetual usufruct of two land properties with a total surface area of approx. 347 sq. m. located at 19/20 Wełniarska Street and 7/8 Tkacka Street in Gdańsk, including the ownership of the administrative and residential building put up on the land properties, with a net surface area of approx. 1,508 sq. m. (hereinafter called jointly "the Property").

In the current report of February 20, 2018, the Management Board of Agora S.A. informed that on February 20, 2018 the Company signed an annex to the preliminary agreement on the sale of the right of perpetual usufruct of the Property.

By virtue of the signed annex, the deadline for conclusion of the final sale agreement was changed. Originally, the above agreement was to have been signed by February 20, 2018. The new deadline for concluding the final agreement was set on February 27, 2018.

In the current report of February 27, 2018, the Management Board of Agora S.A. informed that on February 27, 2018 the Company signed the agreement on the sale of the right of perpetual usufruct of the Property. The total selling price of the Property amounted to PLN 8.65 million (net). The decision to sell the Property was due to the fact that the Company did not use all of the Property's space to conduct its operating activities in an effective manner. In the Company's opinion, the optimal solution is to lease office space which is tailored to the current scale of the Company's activities in Gdańsk.

In the current report of February 26, 2018, the Management Board of Agora S.A. informed that since the condition for the sale of the right of perpetual usufruct was fulfilled, on February 26, 2018 the Company signed an agreement on transferring the right of perpetual usufruct of an undeveloped land property with a total surface area of 6,270 sq. m. in Warsaw, located at 85/87 Czerniakowska Street.

The total amount of the transaction was PLN 19.0 million (net).

Recommendation of the Management Board of Agora S.A. not to pay dividend and on the distribution of profit from previous years.

In the current report of May 15, 2018, the Management Board of Agora S.A. informed that at the meeting held on May 15, 2018 a resolution was adopted on recommending that the Ordinary General Meeting of Shareholders earmark PLN 23,290,415.50 for the payment of a dividend (PLN 0.50 per share).

In addition, the Company's Management Board proposed that the net loss for the financial year 2017 of PLN 68,122,166.14 be covered with the Company's supplementary capital. The above motion was positively evaluated by the Supervisory Board. The recommendation of the Company's Management Board was presented to the Ordinary General Meeting of Shareholders of the Company, which made the final decision on these matters.

In the current report of June 20, 2018, the Management Board of Agora S.A. informed that the Ordinary General Meeting of Shareholders of the Company held on June 20, 2018 adopted a resolution on the payment of a dividend.

Pursuant to the resolution of the General Meeting of Shareholders, the dividend paid amounted to PLN 23,290,415.50, i.e. PLN 0.50 per share of the Company. The dividend covered all of the Company's shares, i.e. 46,580,831 shares in Agora S.A. (1,084,595 own shares acquired as part of the own share buyback program adopted by Resolution No. 19 of the Ordinary General Meeting of Shareholders of the Company held on June 21, 2017 for their subsequent redemption did not participate in the dividend payment).

The date as at which a list of the shareholders eligible to receive a dividend was drawn up was July 13, 2018, and the dividend payment date was August 2, 2018.

General Meeting of Shareholders of Agora S.A.

In the current report of May 25, 2018, the Management Board of Agora S.A. informed about convening the Ordinary General Meeting of Agora S.A. to be held on June 20, 2018 at 11 a.m. ("the General Meeting").

In the current report of May 25, 2018, draft resolutions to be presented to the General Meeting were published.

In the current report of June 12, 2018, the Management Board of Agora S.A. informed that on June 12, 2018 it received information that, according to the provisions of §30, section 1 of the Company's Statute, the Company's shareholder – Agora-Holding sp. z o.o., the shareholder holding 100% of the registered preferred A series shares – put forward the following persons as candidates for the Company's Management Board: Mr. Bartosz Hojka, Mr.

Tomasz Jagiełło, Mr. Grzegorz Kania, Ms. Anna Kryńska – Godlewska and Ms. Agnieszka Sadowska. Detailed curriculum vitae of the candidates have been published on the Company's website.

Agora-Holding sp. z o.o. informed in its announcement that, in its opinion, the candidates for the Management Board of Agora S.A. provide Agora S.A. with the right set of competencies and experience in running complex projects on various markets, different in terms of maturity and development rate. Additionally, according to Agora-Holding sp. z o.o., the proposed composition of the board guarantees not only the highest standards of management, but also meets the demand for greater diversity in the key bodies of Agora S.A.

In the current report of June 20, 2018, the Management Board of Agora S.A. informed the public about the contents of the resolutions adopted by the General Meeting of Shareholders, including resolutions pertaining to: (i) the appointment of Mr. Bartosz Hojka, Mr. Tomasz Jagiełło, Mr. Grzegorz Kania, Ms. Anna Kryńska – Godlewska and Ms. Agnieszka Sadowska for a new, joint term of office which will begin at the time the General Meeting of Shareholders is closed, which will expire on the date on which the General Meeting of Shareholders that will approve the financial statements for 2022 is held; (ii) covering the net loss for the financial year 2017; (iii) the redemption of own shares acquired by the Company as part of the own share buyback program adopted by Resolution No. 19 of the Ordinary General Meeting of Shareholders of the Company held on June 21, 2017; (iv) reducing the Company's share capital by 1,084,595 (in words: one million eighty-four thousand five hundred and ninety-five) zlotys from 47,665,426 (in words: forty-seven million six hundred and sixty-five thousand four hundred and twenty-six) zlotys to 46,580,831 (in words: forty-six million five hundred and eighty thousand eight hundred and thirty-one) zlotys by way of redeeming own shares acquired by the Company as part of the own share buyback program adopted by Resolution No. 19 of the Ordinary General Meeting of Shareholders of the Company held on June 21, 2017; (v) amending the Company's Statute.

In the current report of June 20, 2018, the Management Board of Agora S.A. informed that at the General Meeting of Shareholders held on June 20, 2018, the following shareholders held more than 5% of the votes at that general meeting:

- Agora – Holding Sp. z o.o.: 22,528,252 votes, i.e. 54.5% of the votes at that Ordinary General Meeting of Shareholders and 34.77% of the total number of votes;

- Otwarty Fundusz Emerytalny PZU "Złota Jesień": 7,500,000 votes, i.e. 18.14% of the votes at that Ordinary General Meeting of Shareholders and 11.58% of the total number of votes;

- MDIF Media Holdings I, LL: 5,355,645 votes, i.e. 12.96% of the votes at that Ordinary General Meeting of Shareholders and 8.27% of the total number of votes;

- Nationale-Nederlanden Otwarty Fundusz Emerytalny: 4,400,000 votes, i.e. 8.76% of the votes at that Ordinary General Meeting of Shareholders and 6.79% of the total number of votes.

In the calculation of the share in the total number of votes, the Company included its own shares. The Company does not execute its voting rights from these shares in accordance with the legal regulations.

In the current report of June 22, 2018, the Management Board of Agora S.A. submitted a corrected version of current report no. 20/2018 of June 20, 2018, comprising additional information about the objections raised to the minutes at the Ordinary General Meeting of Shareholders of the Company which was held on June 20, 2018 at 11 a.m. at the Company's registered office at 8/10 Czerska Street in Warsaw.

During the meeting, a shareholder eligible to participate in the General Meeting of Shareholders of the Company based on 30 shares of the Company raised objections to Resolutions Nos. 5, 9, 10, 11, 12, 13, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, and 27. The other shareholders did not raise any objections to be minuted. The corrected report has been published on the Company's website.

Information about changes in the statute and reduction of the share capital.

In the current report of August 28, 2018, subsequently amended on August 30, 2018, the Management Board of Agora S.A. informed that the District Court for the capital city of Warsaw in Warsaw, 13th Commercial Division of the National Court Register, registered, on August 23, 2018, the changes in the Statute of the Company related to the decrease in the Company's share capital as a result of the redemption of the Company's shares, as stipulated in Resolution No. 28 of the Ordinary General Meeting of Shareholders of Agora held on June 20th, 2018.

In connection with the above, Resolution No. 29 of the Ordinary Meeting of Agora introducing changes to the Articles of Association in par. 7 section 1 (current report No. 20/2018 of 20 June 2018 with its correction of 22 June 2018) entered into force on the day of registration in the National Court Register (ie on August 23, 2018).

As a result of the adopted resolutions, 1,084,595 ordinary bearer BiD series shares with a nominal value of PLN 1 each, representing 1,084,595 votes at the General Meeting of Shareholders of the Company, were redeemed.

As at the date of publication of this report, the share capital of the Company amounts to PLN 46,580,831.00 and is divided into 46,580,831 shares with a nominal value of PLN 1 each, which comprise 4,281,600 registered preferred A series shares and 42,299,231 ordinary registered and bearer BiD series shares. The total number of votes from all shares issued by the Company amounts to 63,707,231.

The consolidated text of the Articles of Association was published by the Company on the Company's website.

In the current report of October 3, 2018, the Management Board of Agora S.A. informed, in relation to current report no. 25/2018/K dedicated to the registration of changes in the Statute of Agora S.A., about a change, as from October 2, 2018, in the number of the Company's shares registered in the Central Securities Depository of Poland (KDPW) on the basis of the resolution adopted by the Management Board of KDPW on September 28, 2018, due to the redemption of 1,084,595 ordinary bearer B and D series shares of Agora S.A. in accordance with Article 360 § 1 in conjunction with Article 359 § 1 and 2 of the Commercial Companies Code.

Since October 2, 2018 41,444,358 shares of the Company have been registered with the KDPW under the code PLAGORA00067.

Information about tests for asset impairment

In the current report of January 4, 2018, the Management Board of Agora S.A. informed that the Agora Group ("the Group") was in the process of conducting asset impairment tests in accordance with the requirements of the International Financial Reporting Standards, among other things, on the basis of an analysis of long-term financial forecasts for all of the business segments of the Group.

The analyses being conducted showed the possibility of the need to recognize impairment losses of fixed assets in the Print segment, an impairment loss of the monthly "Cztery Kąty" and an impairment loss of the goodwill of Trader.com. (Polska) Sp. z o.o. (*currently Domiporta Sp. z o.o.*), whose impact on the Group's consolidated operating result for the fourth quarter of 2017 may have totalled approx. PLN 70–90 million, according to estimates possible to make as at January 4, 2018.

The definite amount of the impairment losses was PLN 88.9 million and was announced by the Company at the time of publication of the financial statements for 2017 on March 8, 2018.

In the current report of January 4, The Management Board of Agora S.A. informed that the Agora Group ("the Group") is in the process of verifying the valuation of its assets in accordance with the International Financial Reporting Standards, inter alia on the basis of an analysis of long-term financial forecasts for all of the business segments of the Group.

The above mentioned analyses show the necessity to incur impairments losses of assets in the Print and in the Internet segments. The total amount of the above mentioned impairments has an impact on both, the net results of Agora SA and the Agora Group, in the fourth quarter of 2018.

In the fourth quarter of 2018 the largest impairment loss related to GoldenLine Sp. z o.o. – its impact on the net result of Agora SA amounted to ca. PLN 9.0 million and for net result of the Agora Group to PLN 5.6 million.

The individual value of the remaining impairment losses is not significant from the Company's and the Group's perspective.

The Company also decided to write-off remaining part of the overdue receivables of RUCH SA, burdened with the risk of being uncollectible. The impact of this write-off on the net results of both, Agora SA and the Agora Group, amounted to PLN 3.3 million in the fourth quarter of 2018.

The total negative impact of all one-off events described above is ca. PLN 14.3 million on the Agora's net result and ca. PLN 11.4 million on the net result of the Agora Group.

Information about a write-down updating the overdue receivables

In the current report of July 13, 2018, the Management Board of Agora S.A. informed that on July 13, 2018 the Company decided to write down overdue receivables of approx. PLN 13.6 million from one of the Company's contractors, which are burdened with a large probability of being unrecoverable.

According to the above-mentioned current report, the above amount was not definite and was modified during the review of the separate stand-alone and consolidated financial statements of the Company and the Agora Group for the period from 1 January 2018 to 30 June 2018 conducted by a registered auditor.

The definite amount of that write-down was PLN 16.3 million in the first half of 2018.

In the current report of September 6, 2018, the Management Board of Agora S.A. informed that on September 6, 2018 the Company decided to withdraw, with immediate effect, from the long-term, permanent press distribution agreements concluded by and between the Company and RUCH S.A.: (i) agreement no. 636/853-E of December 31, 2007 (regarding the distribution of "Gazeta Wyborcza" in the form of copy sales); (ii) agreement no. 636/853-PT of December 31, 2007 (regarding the distribution of "Gazeta Wyborcza" in the form of a file subscription); (iii) agreement no. 636/853-P of December 31, 2007 (regarding the distribution of "Gazeta Wyborcza" in the form of subscriptions), and (iv) agreement no. 636/8403/E of August 1, 2003 (regarding the distribution of magazines in the form of copy sales). At the same time, the Company expressed to RUCH S.A. its readiness for further cooperation based on the current bilateral arrangements.

The Management Board of the Company decided to take this step in connection with the debt problem of RUCH S.A. towards the Company. The information on the application for the declaration of the bankruptcy of RUCH S.A. submitted by creditors of RUCH S.A., the application for the initiation of rehabilitation proceedings in relation to RUCH S.A., as well as the application submitted by RUCH S.A. for the opening of accelerated arrangement proceedings indicate that this situation cannot be expected to improve in a rational time perspective.

Consultation procedure on employment reduction in the Print segment of Agora S.A.

In the current report of February 1, 2018 the Management Board of Agora S.A. informed that on February 1st, 2018, in accordance with the Act of March 13th, 2003 on Special Rules for Termination of Employment for Reasons Not Attributable to Employees, resolved to initiate the consultation on group layoffs with the trade unions operating in the Company. Additionally, in accordance with the Act of April 7th, 2006 on informing and consulting employees, the Company's works council consulted on the group layoff process.

The reason for the planned restructuring measures, including restrictions on employment, is the ongoing decrease of revenues from sales of print services in the coldset technology in which Agora Group's printing plants specialize. This trend mainly results from the condition of the press market in Poland - the main client of the Company's coldset printing plants. Services commissioned by clients from other market segments, including those realized in the heatset technology, present a significantly smaller share in the Group's print activity; due to infrastructural constraints, they never were, nor are able to compensate the decrease of revenues from coldset printing services.

Considering the current condition of the press market as well as negative forecasts regarding the prospects for its further development and progressive digitization of the media, it is not possible to stop the downward trend in the coldset printing business. Therefore, the Management Board of the Company decided that it is necessary to take decisive restructuring measures aimed at reducing operating costs of the printing plants and optimizing the operational processes so as to limit the negative impact of decrease of the number of volumes of print on the financial condition of the Print segment, i.a. by adjusting the employment structure to the current volume of services provided by Agora's printing plants.

The intention of the Management Board of Agora S.A. was to lay off up to 53 employees of the Print segment of Agora Group (which is 16.3% of employees of this segment - including 1.9% of employees in the Company and 17.1% of employees of Agora Poligrafia Sp. z o.o., as at February 1st, 2018) between February 21st and March 23rd, 2018.

The Company shall go through these difficult changes in a thought out manner and with care for its employees, offering the dismissed employees a range of protective and supportive initiatives.

In the current report of February 7, 2018 The Management Board of Agora S.A., in relation to regulatory filing no. 3/2018 dated February 1st, 2018, informed about:

(i) concluding on February 7th, 2018 a trilateral agreement ("Agreement") with trade unions operating at the Company (which fulfills the provisions of article 3, Section 1 of the Act of March 13th, 2003 on Special Rules for Termination of Employment for Reasons Not Attributable to Employees) and with work council in the Company (which constitutes an agreement in accordance with the Act of April 7th, 2006 on informing and consulting employees),

(ii) adopting by the Management Board of the Company on February 7th, 2018 resolution to execute collective redundancies in the Print segment of the Agora Group, in accordance with the provisions of the Agreement.

The collective redundancies shall be executed from February 15th, 2018 until March 16th, 2018, and shall affect up to 47 employees of the Print segment of the Agora Group, i.e. ca 15% of all employees of the segment and 15% of all employees of Agora Poligrafia Sp. z o.o., as at March 16th, 2018

The company has carried out these changes with care for employees, offering them a range of shielding and support activities.

In accordance with the agreement, the laid-off employees will be provided by the Company with a wider range of supportive measures than required by law. The redundancy payment estimated according to law regulations shall be increased by indemnity in the amount equal to one additional monthly salary. The laid-off employees shall be supported by additional protective measures provided by the Company, inter alia, help in searching for new job or reskilling. Employees who will remain employed in the Print segment will have their basic remuneration increased, inter alia, due to the changed scope of duties. The Company, in accordance with requirements of law, shall submit an appropriate set of information, together with the signed Agreement, to a relevant Labor Office.

The estimated amount of provision for collective redundancies which will be charged to the Agora Group's result in 1Q 2018, shall amount to approximately PLN 1.4 million.

In the current report on March 5, 2019 The Management Board of Agora S.A. informed that on March 5th, 2019, in accordance with the Act of March 13th, 2003 on Special Rules for Termination of Employment for Reasons Not Attributable to Employees, Company resolved to initiate the consultation on group layoffs with the trade unions operating in the Company. Additionally, in accordance with the Act of April 7th, 2006 on informing and consulting employees, Agora S.A. and Agora Poligrafia Sp.z o.o. works councils shall also be consulted on the group layoff process.

Agora’s decision to undertake optimization measures, including group layoffs, is related to the ongoing decrease of revenues from sales of print services in the coldset technology in which Agora Group’s printing plants specialize. This trend mainly results from the drop in circulation of printed press, whose publishers are the largest group of clients of the Company’s coldset printing plants. Services commissioned by clients from other market segments, including those executed in the heatset technology, present a significantly smaller share in the Group's income from printing activity; due to infrastructural constraints, they never were, nor are able to compensate the decrease of revenues from coldset printing services.

Considering the prospects for coldset printing services and progressive digitization of media, it is not possible to stop the downward trend in the coldset printing business of Agora Group in its current form. Therefore, the Management Board of the Company decided that it is necessary to take decisive optimization measures aimed at concentrating Agora's printing business in Warsaw printing plant and gradual phasing out of operational activity of printing plants in Pila and Tychy till June 30th, 2019. The plant located in Warsaw offers the largest range of printing services both in coldest and heatset technology, thereby it most fully meets the needs of Agora and its customers. The decrease in the scale of Agora Group printing business entails significant reduction of employment in the Print segment.

The intention of the Management Board of Agora S.A. is to lay off up to 153 employees mainly of the Print segment of Agora Group (which is 57% of employees of this segment, including 90% of employees in Tychy print plant - Agora Poligrafia Sp. z o.o. and 90% of employees in Pila print plant - Agora S.A., as at March 1st, 2019). The process will last up to 30 days after the agreement with the trade unions and works councils is made.

The Company shall go through these changes in a thought out manner and with care for its employees, offering the dismissed employees a range of protective and supportive initiatives.

On March 5th, 2019 the Management Board of the Company requested the trade unions operating at the Company and the works councils operating in Agora S.A. and in Agora Poligrafia Sp. z o.o. to join in the consultation on collective redundancy process and shall provide the relevant Labor Office with information on the intention to execute group layoffs in the Company and in Agora Poligrafia Sp. z o.o.

The Company shall publish a consecutive regulatory filing on collective redundancies after the required by law process of consultation with trade unions and works councils operating at both companies is finalized. This regulatory filing shall also include information on the estimated amount of provision related to the restructuring of employment in Agora S.A. and in Agora Poligrafia Sp. z o. o. which will be fully charged to the result of the Company and of Agora Group in the 1st quarter of 2019.

The final data regarding the amount of the provision and the effect of employment restructuring on the financial results of the Company and of Agora Group shall be published in the financial statements of the Company and of Agora Group for the 1st quarter of 2019 .

Dates of publication of periodic reports in 2018

In the current report of November 22, 2018, the Management Board of Agora S.A. informed about the publication dates of consolidated periodic reports in the financial year 2019.

At the same time, the Company informed that it will not: (i) publish any separate stand-alone quarterly reports, due to which consolidated quarterly reports will include quarterly financial information; (ii) publish a separate stand-alone semi-annual report, due to which a consolidated semi-annual report will include condensed semi-annual financial statements with a registered auditor's report and condensed additional information; (iii) publish a consolidated quarterly report for the fourth quarter of 2018 and for the second quarter of 2019.

Fundations of Agora S.A.

On September 4, 2018, the Company and some other founders made a declaration on the establishment of Fundacja Powszechnego Czytania (Common Reading Foundation) with its registered office in Warsaw ("the PCz Foundation"). One of the main objectives of the PCz Foundation is to popularize book culture in Poland, with regard to knowledge, skills and social competencies. The start-up fund of the PCz Foundation is PLN 210 thousand, with Agora S.A., as a Founder, having paid up PLN 10 thousand. On November 9, 2018, the District Court for the capital city of Warsaw entered the PCz Foundation in the Register of Entrepreneurs maintained by the National Court Register. The PCz Foundation has legal personality.

On October 5, 2018, the Company made a declaration on the establishment of the Gazeta Wyborcza Foundation with its registered office in Warsaw ("the GW Foundation"). One of the main objectives of the GW Foundation is to conduct cultural and educational activities with regard to the development of education, culture, art, journalism and the media. The start-up fund of the GW Foundation is PLN 10 thousand, with Agora S.A., as the Founder, having paid up the entire amount. On December 4, 2018, the District Court for the capital city of Warsaw entered the GW Foundation in the register of associations, other social and professional organizations, foundations and independent public health care centres, maintained by the National Court Register. The GW Foundation has legal personality. The GW Foundation may not conduct business activities.

On October 5, 2018, the Company made a declaration on the establishment of the Wysokie Obcasy Foundation with its registered office in Warsaw ("the WO Foundation"). One of the main objectives of the WO Foundation will be to support the equality of women and men. The start-up fund of the WO Foundation is PLN 10 thousand, with Agora S.A., as the Founder, having paid up the entire amount. On December 11, 2018, the District Court for the capital city of Warsaw entered the WO Foundation in the register of associations, other social and professional organizations, foundations and independent public health care centres, maintained by the National Court Register. The WO Foundation has legal personality. The WO Foundation may not conduct business activities.

- **Loan for an associated company**

On February 28, 2019, Agora S.A. signed a loan agreement as a lender with the company Hash.fm sp. o.o. with its registered office in Warsaw, as a Borrower. Under this agreement, Agora S.A. granted a cash loan in the amount of PLN 800,000.00 PLN, which will be repaid in quarterly installments by the Borrower until December 31, 2022. The interest rate on the loan corresponds to market conditions. The loan was secured, among others by establishing a pledge on a part of shares owned by the shareholder of the company Hash.fm sp z o.o.

V. REPORT AND DECLARATION RELATING TO AGORA S.A. COMPLIANCE WITH THE CORPORATE GOVERANCE RULES IN 2018

This Statement and Report on compliance with corporate governance rules at Agora S.A. in 2018 has been prepared on the basis of § 70(1)(14) 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 2018

In 2018, Agora S.A. was required to comply with the corporate governance code set out in the document "Best Practice for WSE Listed Companies 2016" ("Code of Best Practice"). The Code of Best Practice was adopted by resolution No 26/413/2015 of the WSE Board dated 13 October 2015. The Management Board of the Company exercises due care in order to observe the principles of the Code of Best Practice. The Code of Best Practice has been published on the WSE's website (https://www.gpw.pl/dobre-praktyki).

2. CORPORATE GOVERNANCE RULES THAT WERE NOT APPLIED BY THE ISSUER, TOGETHER WITH THE CIRCUMSTANCES AND REASONS FOR NON-APPLICATION OF THE ABOVE RULES, AND INFORMATION HOW THE COMPANY INTENDS TO ELIMINATE ANY POSSIBLE CONSEQUENCES OF NON-APPLICATION OF A GIVEN RULE OR WHAT STEPS IT INTENDS TO TAKE TO REDUCE THE RISK OF NON-APPLICATION OF THAT RULE IN THE FUTURE

In 2018, the Company complied with all rules set out in the Code of Best Practice. The recommendation on providing shareholders with the possibility to participate in general meetings using electronic communication means (IV.R.2), as regards enabling shareholders to participate through real-time bilateral communication where shareholders may take the floor during a general meeting from a location other than the general meeting, was complied with by means of a dedicated e-mail address.

3. RECOMMENDATIONS FOR BEST PRACTICE FOR LISTED COMPANIES

3.1. Disclosure policy and investor communications

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

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

In addition, the Company operates a mobile version of the investor relations service and Agora's press office, as well as the Company's Twitter account, thus ensuring access to information on an ongoing basis. The Company ensures direct and personal contact with employees of the Investor Relations Department and representatives of the Company's Management Board. The Company also offers a subscription to the corporate newsletter containing selected corporate information or press releases. Additionally, the Company is engaged in industry-focused mailing activities, providing reports on individual media segments. On its website, the Company also publishes reports on compliance with corporate governance rules and information on the policy for changing the entity authorized to audit financial statements. In early 2018, the Company launched a new version of the corporate website.

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

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

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

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

Serving on the Management Board of the Company is the main area of the professional activity of Management Board members. The division of responsibilities for individual areas of the company's activity among Management Board members is published by the Company on its corporate website. As part of the division of responsibilities among the Management Board members in 2018, one of them also served as the President of the Management Board of a subsidiary – Helios S.A. – included in the business segment directly supervised by that member. Another member of the Management Board was also a member of the Management Board of Stopklatka S.A., i.e. a subsidiary supervised by that member on behalf of Agora S.A. In the opinion of the Management Board, this supports the effective implementation of the development plan of both these companies and the entire enterprise of the issuer.

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

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

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

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

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 2018, 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 2018. This report will comprise information on: composition of the Board and its Committees, the Board members' fulfilment of the independence criteria, number of meetings of the Board and its Committees in the reporting period and self-assessment of the Supervisory Board's performance. The Supervisory Board will also present its assessment of the company's compliance with the disclosure obligations concerning compliance with the corporate governance principles defined in the Exchange Rules and the regulations on current and periodic reports published by issuers of securities, as well as an assessment of the rationality of the company's policy for sponsorship, charity or other similar activities or information about the absence of such policy.

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

3.3. General meeting and shareholder relations

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

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

The Company strives to hold an ordinary general meeting as soon as possible (taking also into account the organization of the Agora Group's operations) after the publication of an annual report and set the date in keeping with the applicable legislation. On 20 July 2018, the Company's General Meeting, convened at the request of the Management Board, was held at its registered office in Warsaw, and all documents related to its organization and course, including the recording of video broadcasts, were published on the Company's corporate website. The meeting was held in accordance with the provisions of the Commercial Companies Code and the Rules of the General Meeting. Members of the Management Board and Supervisory Board as well as the statutory auditor were present during the general meeting and were ready to provide explanations within the scope of their competences and legal regulations. In the case of questions from shareholders and answers given to them during the course of the general meeting, they are available to the public via real-time broadcasting of the general meeting. In addition, if necessary, the Company prepares a list of questions asked before and during the general meeting and answers to such questions. The questions are answered by representatives of the Company's Management Board and Supervisory Board present at the general meeting.

During the Ordinary General Meeting of the Company held in 2018, no amendments were made to the rules of the General Meeting and the Company's Statutes.The content of the Statutes of the Company has changed in the passage regarding the amount of the share capital of Agora SA. It was reduced by PLN 1,084.595 from the amount of PLN 47,465,426 to PLN 46,580,831 as a result of program to acquire Company's shares for redemption them.

The General Meeting approved the Company's annual separate and consolidated financial statements for the financial year 2017 and the Management's Report on the Company's activities in the financial year 2017 and adopted the payment of dividend for the shareholders in the amount of PLN 23 290 415,50.The General Meeting determined the number of members of the Management Board of the term of office commencing with its conclusion at 5 persons, appointing Bartosz Hojka, Tomasz Jagiełło, Grzegorz Kania, Anna Maria Kryńska-Godlewska and Agnieszka Sadowska. to the Management Board.

In 2018, the General Meeting hereby approves the appointment of Maciej Wiśniewski to the Supervisory Board which took place by co-optation on 8 November 2017.For several years, the Company has provided real-time broadcast of the general meeting in Polish and in English. During both general meetings held in 2018, the Company provided shareholders with the possibility of bilateral real-time communication using electronic means of communication via a dedicated e-mail address. Due to significant financial and technological expenditure and potential legal doubts, the Company does not enable shareholders to exercise, in person or by proxy, their voting rights during the general meeting using electronic means of communication.

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

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

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

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

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

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

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

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

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

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

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

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

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

Bearer shares may not be converted into registered share.

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

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

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

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

5.1. Management Board

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

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

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

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

- Bartosz Hojka - President of the Management Board,

- Tomasz Jagiełło - Member of the Management Board,

- Agnieszka Sadowska - Member of the Management Board,

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

- Grzegorz Kania - Member of the Management Board.

Bartosz Hojka

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

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

Bartosz Hojka is a member of the Digital News Initiative (DNI) Fund – a fund set up by Google, where publishers from all over Europe can apply for funding for projects to develop quality journalism through technology and innovation.

Born in 1974, graduate of journalism faculty at the University of Silesia. Since 2010, lecturer at the Department of Radio and Television at the University of Silesia.

Tomasz Jagiełło

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

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

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

Agnieszka Sadowska

Member of Agora's Management Board since 1 March 2017. She supervises the Internet, Print and Outdoor segments, Magazines division, Big Data department and development of Wyborcza.pl.

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

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

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

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

Anna Kryńska-Godlewska

Member of Agora's Management Board since 8 November 2017. She supervises the New Business Development division.

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

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

Grzegorz Kania

Member of Agora's Management Board since 8 November 2017. He supervises Finance and Administration as well as Technology divisions, and Internal Audit department.

Grzegorz Kania specialises in financial management and has nearly twenty years of experience in international companies. He started his career at PricewaterhouseCoopers, specialising in consulting and auditing services for companies in the new technology, media and entertainment industries. In 2003-2008, he was Deputy Chief Financial Officer of UPC Polska. In 2008-2011, he was responsible for finances of the Scandinavian BLStream Capital Group (now Intive), a provider of mobile applications and other IT solutions. Since 2012 he has been CFO at Ringier Axel Springer Poland and since 2014 he worked as CFO in Onet-RAS Poland Group.

Born in 1973, graduate of the Faculty of Computer Science and Management at the Wrocław University of Science and Technology. An ACCA member since 2001.

5.2. Supervisory Board

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

Members of the Supervisory Board are appointed for a joint term of office of three years. Consequently, the term of office of the previous Supervisory Board expired on the date of the Company's General Meeting approving the financial statements for 2015, i.e. on 23 June 2016. On the same day, the General Meeting of the Company's Shareholders appointed the current Supervisory Board whose term of office will expire on the date of the Company's General Meeting approving the financial statements for 2018.

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

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

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

- Andrzej Szlęzak – Chairman of the Supervisory Board,
- Andrzej Dobosz – 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 Wiśniewski – Member of the Supervisory

Andrzej Szlęzak, Ph.D.

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

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

The General Meeting of Shareholders appointed Andrzej Szlezak to the position of the Chairman of Agora S.A.'s Supervisory Board. Andrzej Szlezak is a member of the Human Resources and Remuneration Commission in Agora's Supervisory Board.

The independence of Supervisory Board Members and the Committees operating in the Supervisory Board are discussed in separate section of the report.

Andrzej Dobosz

Polish literary critic, journalist and non-professional actor. He used to be a member of Krzywe Koło Club, the Polish Writers' Union and Polish Philosophical Society. He is a member of Polish PEN Club, Association of Art Historians and Polish Filmmakers Association. Author of such publications as "Z różnych półek", "Pustelnik z Krakowskiego Przedmieścia", "Ogrody i śmietniki", "Generał w bibliotece".

He is a graduate of the Polish Language faculty and Philosophy faculty at the Warsaw University.

Andrzej Dobosz is a member of the Human Resources and Remuneration Commission in Agora's Supervisory Board.

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.

He is a graduate of the Law and Administration Faculty at the University of Gdansk. He also obtained an MBA diploma from the University of Bradford and Kozminski University.

Dariusz Formela is a chairman of the Audit Committee in Agora's Supervisory Board and since August 9th, 2018 a member of the Human Resources and Remuneration Commission.

Wanda Rapaczynski

Associated with the company almost since its inception. In 1998–2007 and between 28 June 2013 and 12 March 2014, she served as the President of the Management Board. Under her leadership, Agora grew into one of the largest and most well-known media companies in Central and Eastern Europe. After resignation from the function of the President of the Management Board in 2007, she remained associated with Agora as an advisor to the Supervisory Board until her appointment to the supervisory body. Member of the Supervisory Board of the Company in 2009–2013. She represented Agora in the European Publishers Council and the Polish Confederation of Private Employers LEWIATAN, where she was a member of the main board and a member of the supervisory board of the Polish Private Media and Advertising Employers Confederation.

In 1984–1992, she was the Head of New Product Development in Citibank NA in New York. Previously, for two years she was the director of a research project at the Faculty of Psychology at Yale University, and in 1977–1979 a research worker at Educational Testing Service in Princeton, New Jersey. Her professional career began as a psychology lecturer at universities in New York and Connecticut.

She was a member of the Supervisory Board of Adecco S.A. since 2008 to 2018, a Swiss company operating internationally, specialized in recruiting activities, where she chaired the Corporate Governance Committee. For years she was a member of the Council of the Central European University in Budapest, where she chaired its Audit Committee. She was also a member of the International Advisory Council at the Brookings Institution in Washington for many years. Since 2002 she has been a member of Polish Group in the Trilateral Commission.

In 1977 she received a Ph.D. in Psychology from City University of New York. A graduate of Yale University, School of Organization and Management, where in 1984 she received a Master of Private & Public Management.

Tomasz Sielicki

Tomasz Sielicki worked in Sygnity S.A. (formerly ComputerLand S.A.) since the company's inception in 1991. From 1992 to 2005, he served as the President of the Management Board, later for two years he served as the President of the Sygnity Group (formerly ComputerLand Group). He is widely considered to be the founder of the company's success. In 2007–2017, he was a member of the Supervisory Board of Sygnity S.A.

He is a member of, among others, the Information Society Development Foundation Council, Council of the Gessel Foundation for the National Museum in Warsaw, Trilateral Commission and Public Affairs Institute.

Tomasz Sielicki is a member of the Audit Committee in Agora's Supervisory Board.

Maciej Wiśniewski

Maciej Wiśniewski 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 is a chairman of The Board Of Directors in MacroEquity Global Investments UCITS SICAVMaciej Wiśniewski graduated from the Faculty of Finance and Banking at the Warsaw School of Economics and the Faculty of Finance at London Business School.

Maciej Wiśniewski is a chairman of the Human Resources and Remuneration Commission and a member of the Audit Committee in Agora's Supervisory Board.

5.3 Committee and Commission established within the Supervisory Board

There is one Committee and one Commission operating within the Supervisory Board: the Audit Committee, and Human Resources and Remuneration Commission established in compliance with the Company's Statutes, performing advisory role to the Supervisory Board. Competences and procedures of the Audit Committee, and Human Resources and Remuneration Commission were set forth in the by-laws of these bodies adopted by virtue of resolutions of the Supervisory Board. As at the date of submission of this Report, the Committee and Commission are composed of the following members:

(i) Audit Committee:

- **Dariusz Formela** – Chairperson of the Audit Committee, an independent member of the Supervisory Board with knowledge and skills in the field of accounting ecquired in the course of current professional activity,

- **Tomasz Sielicki** – a member of he Supervisory Board with knowledge about the business which the Company operates,

- **Maciej Wiśniewski** – an independent member of the Supervisory Board with knowledge and skills in the field of accounting ecquired in the professional education in the Faculty of Finance and Banking at the Warsaw School of Economics and the Faculty of Finance at London Business School as well as in the course of current professional activity.

The Audit Committee is responsible for monitoring financial reporting of the Company and the Agora Group, as well as financial audit activities, performing supervisory functions with respect to monitoring of internal control systems, internal audit and risk management, and performing supervisory activities with respect to monitoring the independence of external auditors.

In order to exercise its powers, the Audit Committee may require the Company to provide certain information on accounting, finance, internal audit and risk management that is necessary for the performance of the Audit Committee's activities, and may examine the Company's documents.

The meetings of the Audit Committee are convened when necessary, but at least four times per year. In 2018 the Audit Committee was convened six time.

Meetings of the Audit Committee are convened by its chairman on his own initiative or at the request of a member of the Audit Committee, as well as at the request of the Management Board, internal or external auditor. Meetings of the Audit Committee may also be convened by the Chairman of the Supervisory Board.

The Audit Committee submits to the Supervisory Board its motions, positions and recommendations in time for the Supervisory Board to take appropriate actions, as well as annual and half-yearly reports on its activities in a given financial year and an assessment of the Company's situation in the areas within its competence.

Pursuant to a resolution of the Supervisory Board of 30 March 2017 and in accordance with the provisions of the Company's Statutes, KPMG Audyt Spółka z ograniczoną odpowiedzialnością spółka komandytowa with its registered office in Warsaw at ul. Inflancka 4A, a registered audit entity No 3546, was selected as the Company's statutory auditor who will audit the financial statements for 2017, 2018 and 2019. The auditor was selected prior to entry into force of provisions on the statutory obligation to conduct the audit firm selection process pursuant to the Act on Statutory Auditors, Audit Firms and Public Supervision of 11 May 2017.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 adopt the above documents resulted from the Act of 11 May 2017 on statutory auditors, audit firms and 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 2018, i.e. services within the scope of review of condensed interim individual financial statements of Agora S.A., covering the period from 1 January 2018 to 30 June 2018, and within the scope of review of condensed interim consolidated financial statements of Agora S.A. Capital Group, covering the period from 1 January 2018 to 30 June 2018.

(ii) Human Resources and Remuneration Commission:

- Maciej Wisniewski - chairperson of the Human Resources and Remuneration Commission,

- Andrzej Dobosz,

- Dariusz Formela,

- Andrzej Szlęzak.

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.

Meetings of the Commission are convened by its Chairperson on his/her own initiative or at the request of a member of the Commission, Supervisory Board or of the President of the Company's Management Board. Meetings of the Commission may also be convened by the Chairman of the Supervisory Board.

The Commission submits to the Supervisory Board its motions, positions and recommendations in time for the Supervisory Board to take appropriate actions, as well as annual reports on its activities in a given financial year and an assessment of the Company's situation in the areas within its competence.

On November 23, 2018 Ms Wanda Rapaczynski, hitherto chairperson of the Human Resources and Remuneration Commission, resigned from the membership in the Commision.

On December 21, 2018 the Supervisory Board appointed Mr. Maciej Wiśniewski to be the member and Chairman of the of the Human Resources and Remuneration Commission.

6. RULES GOVERNING APPOINTMENT AND DISMISSAL OF THE COMPANY'S MANAGEMENT PERSONNEL; POWERS OF THE MANAGEMENT PERSONNEL, INCLUDING IN PARTICULAR THE AUTHORITY TO RESOLVE TO BUY BACK OR ISSUE SHARES

6.1. Appointment

In accordance with § 28 of the Statutes, the Management Board is appointed by the General Meeting, except for the appointment of additional members of the Management Board by way of co-optation.

Subject to situations where additional members of the Management Board are co-opted, the Management Board is composed of 3–6 members with the exact number of members determined by the shareholders holding the majority of preferred series A shares, and following the expiration of such preferred status of all series A shares, by the Supervisory Board.

During the term of its office, the Management Board may appoint by co-optation not more than two additional members; the co-optation of additional members is effected by a resolution of the Management Board. In case a member of the Board is appointed by way of co-optation, the Management Board is obliged to include in the agenda of the nearest General Meeting an item concerning confirmation of appointment of a new member of the Board by way of co-optation and propose an appropriate draft resolution. Should the General Meeting not approve the appointment of the new member of the Management Board by way of co-optation, such Management Board member's mandate expires on conclusion of that General Meeting.

In accordance with the Statutes, the majority of members of the Management Board must be Polish citizens residing in Poland.

In accordance with § 30 of Agora S.A.'s Statutes, candidates for the Management Board members may be nominated exclusively by shareholders holding preferred series A shares, and following the expiry of the preferred status of all such shares, by the Supervisory Board.

In the event that the persons authorized to determine the number of members of the Management Board and to nominate candidates for such members do not exercise one or both of the above rights, the number of members of the Management Board may be determined by the General Meeting, while each shareholder during such General Meeting may nominate candidates for such members.

6.2. Dismissal

In accordance with § 31 of the Statutes, individual or all members of the Management Board may be dismissed (removed), due to important reasons, prior to the end of their term of office on the basis of a resolution of the General Meeting adopted by a simple majority of votes, provided that until the expiry of the preferred status of series A shares 80% of voting rights attached to all outstanding series A shares are cast in favour of such resolution.

A resolution on dismissal (removal) of Management Board members should state the reasons for which such dismissal is made.

Members of the Management Board appointed by way of co-optation may be dismissed in the manner provided for above, or by a resolution of the Management Board; however, the persons concerned may not vote on this matter.

In the event that some members of the Management Board are dismissed or their mandate expires during the term of office for other reasons, supplementary elections shall be held only at such time as when the number of members of the Management Board performing their functions is less than three or when the requirement that the majority of members of the Management Board must be Polish citizens residing in Poland is no longer met.

If the number of members of the Management Board is lower than that required in the preceding paragraph, the Management Board will be required to immediately convene an extraordinary General Meeting in order to hold supplementary elections. Supplementary elections may take place also during the ordinary General Meeting if, in accordance with the provisions of law, such meeting must be convened within a short period of time, while convening an extraordinary General Meeting would not be appropriate in such case.

In the event of supplementary elections, provisions regarding the election of members of the Management Board for their full term of office apply.

In accordance with § 33(1) of the Statutes, members of the Management Board may elect the chairman or persons performing other functions among themselves.

6.3. Powers of the management personnel

In accordance with § 27 of the Company's Statutes, the Management Board of the Company manages its affairs and represents the Company in dealings with third parties.
Responsibilities of the Management Board include all matters related to conducting the Company's affairs not reserved for other governing bodies of the Company.

The authority to resolve to buy back or issue shares remains with the General Meeting of the Company.

7. SHAREHOLDERS WITH MAJOR HOLDINGS OF SHARES

To the best of the Company's knowledge, as at the day of publication of this Directors' Report, the following shareholders were entitled to exercise over 5% of voting rights at the General Meeting of the Company:

	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 Złota Jesień 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 Złota Jesień** *(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)*	5,350,000	11.49	5,350,000	8.40

	number of shares	*% of share capital*	number of votes at GM	*% of votes at GM*
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 reduction of the Company's share capital on August 23, 2018.

The Management Board of Agora S.A. is not aware of any agreements which may result in future changes in holdings of shares by its current shareholders.

8. HOLDERS OF ANY SECURITIES CONFERRING SPECIAL CONTROL RIGHTS IN RELATION TO THE ISSUER

Series A Shares

Agora Holding Sp. z o.o. is the only holder of registered preferred series A shares. The series A shares carry preferences regarding the number of votes per one share and right to determine the number of Management Board members and to propose candidates for the Management and Supervisory Board members, to dismiss those members, and to grant the consent to sell series A shares or convert them into bearer shares. Each of the series A shares carries 5 votes at the General Meeting and the restriction of the voting rights (according to which none of the shareholders may exercise more than 20% of the overall number of votes at the general meeting – pursuant to § 17 (1)) does not apply to shareholders holding the preferred series A shares.

Shareholders holding the preferred series A shares have the exclusive right to nominate candidates for the Management Board members. They also belong to the limited number of entities with the exclusive right to nominate candidates for the Supervisory Board of Agora S.A. Holders of the majority the preferred series A shares may also determine the exact number of the Management Board members.

Another preference carried by series A shares includes the right to dismiss members of the Management or Supervisory Board prior to the end of their term of office. The dismissal can be made on the basis of the resolution adopted by the General Meeting. For the dismissal, a simple majority of votes is required, provided that until the expiry of the preferred status of series A shares 80% of voting rights attached to all outstanding series A shares are cast in favour of such resolution.

The Statutes of Agora S.A. provide that none of the shareholders may exercise more than 20% of the overall number of votes at the General Meeting, provided that for the purposes of establishing obligations of purchasers of material blocks of shares as provided in the Act on Public Trading in Securities such restriction of the voting rights does not exist. This restriction of the voting rights does not apply to shareholders holding the preferred series A shares.

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

9. RESTRICTIONS ON TRANSFER OF OWNERSHIP RIGHTS TO THE ISSUER'S SECURITIES

Pursuant to the Statutes of Agora S.A., the sale or conversion of preferred series A shares into bearer shares requires the written consent of shareholders holding at least 50% of the preferred series A shares registered in the share register on the date of filing the request for such consent. The procedure for requesting and granting such consent is laid down in the Statutes. In addition, the sale of series A preferred shares may be made only at a price not higher than their nominal value.

10. LIMITATIONS ON THE EXERCISE OF VOTING RIGHTS

According to the Company's Statutes, none of the shareholders may exercise more than 20% of the overall number of votes at the General Meeting. For the purposes of establishing obligations of purchasers of material blocks of shares as provided in the Act on Public Offering such restriction of the voting rights does not exist. The restriction of the voting rights referred to in the preceding sentence does not apply to:

a) shareholders holding the preferred series A shares;

b) a shareholder who, while having no more than 20% of the overall number of votes at the General Meeting, announced, in accordance with the Act on Public Offering, a tender for subscription for the sale or exchange of all the shares of the Company and in result of such tender purchased shares which, including the previously held Company shares, authorize the said shareholder to exercise at least 75% of the overall number of votes at the General Meeting. For the purposes of calculating a shareholder's share in the overall number of votes at the general meeting referred to above, it is assumed that the restriction on the voting rights provided for in § 17(1) of the Company's Statues does not exist.

For the purposes of the aforementioned limitation on the voting rights and exception from the limitation provided for in item b), exercise of votes by a subsidiary is treated as the exercise of votes by a parent company as defined in the Act on Public Offering.

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

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

11. KEY FEATURES OF THE COMPANY'S INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS USED IN THE PROCESS OF PREPARATION OF FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

Management Boards of the Group companies are responsible for the internal control systems in individual companies and their efficiency in the process of preparing financial statements and periodic reports developed and published in accordance with the Regulation of the Minister of Finance of 19 February 2009 on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state.

The Chief Financial Officer of the parent company or chief financial officer/management board of respective company, as appropriate, supervises the process of preparing the financial statements and periodic reports in individual Group companies from the subject-matter point of view. The process of drawing up annual and interim financial statements is coordinated by the Reporting Department of the Finance and Administration Division, as well as financial and accounting departments of individual Group companies. The Company constantly monitors changes to the applicable stock market reporting laws and regulations, and makes preparations sufficiently in advance to incorporate them into its rules and policies.

Each month, following the closing of the books, the members of the Management Board of the Parent Company and the management staff of the Group receive management information reports, including analyses of key financial data and operating ratios of the business segments. On a monthly basis, meetings of the Management Board with management staff are also organized to discuss the Company's and the Group's performance by segment and division.

All financial data contained in the separate and consolidated financial statements and periodic reports are sourced from the financial and accounting systems, where all business events are recorded in accordance with the Company's and the Group's accounting policies (approved by the Management Board), based on the International Accounting Standards and the International Financial Reporting Standards. The Company has been preparing financial statements in accordance with International Financial Reporting Standards (formerly: International Accounting Standards) since 1992.

The consolidated and separate financial statements of the Company and the Group are submitted to the member of the Management Board supervising the Finance and Administration department and the Chief Financial Officer for preliminary verification and then to the Management Board for final verification. Prior to their publication, consolidated and separate financial statements are also submitted to members of the Audit Committee.

Meetings of the Supervisory Board are held at least once a quarter, during which, depending on the questions submitted by members of the Supervisory Board, the Management Board provides information on key financial data and operating ratios of business segments.

Consolidated and separate annual and semi-annual financial statements are subject to, respectively, independent audit and review by the Company's statutory auditor. The results of the audit and review are presented by the statutory auditor to the member of the Management Board supervising the Finance and Administration department, the management of the financial division (including the Chief Financial Officer) and published in the auditor's report.

Conclusions from the audit and review of the consolidated and separate financial statements are presented to the Audit Committee. Representatives of the Audit Committee analyze the results of the audit and review at closed meetings with the Company’s auditor, also without the participation of the Company’s Management Board.

In addition, the statutory auditor also provides the Audit Committee with recommendations concerning improvements of the internal control system in the Company and the Group, which were identified during the audit of the financial statements.

Additionally, the Company has an Internal Audit Department, whose main task is to identify risks and weaknesses of internal control. At its meetings, the Audit Committee discusses the results of the Internal Audit work with its director, also without the participation of the Company's Management Board.The recommendations received from the statutory auditor and Internal Audit are discussed by the Audit Committee with the Company's Management Board.

12. RULES OF AMENDING THE STATUTES OF AGORA S.A.

The Statutes of Agora S.A. do not contain any provisions different from the provisions of the Commercial Companies Code with respect to amendments to the Company's Statutes.

13. REMUNERATION POLICY

As regards the recommendation concerning the policy for remuneration in the Company, the principles of determining remuneration of the Company's employees, except for members of the Management Board and Supervisory Board, are established in accordance with internal remuneration regulations. On the other hand, pursuant to the remuneration policy for key managers of the Agora Group adopted in 2015, the remuneration of the Company's Management Board members is determined by the Supervisory Board on the basis of a recommendation from the Human Resources and Remuneration Commission of the Supervisory Board. The Supervisory Board sets objectives and criteria for awarding bonuses to individual members of the Management Board for a given financial year and in a longer perspective. A report on its application is presented later in this document.

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.

Remuneration policy for members of the Management Board of Agora S.A.

Pursuant to the Statutes, the terms and conditions of contracts and remuneration of the President of the Management Board and other members of the Management Board fall within the competence of the Supervisory Board of Agora; however, the terms and conditions of contracts and remuneration of other members of the Management Board are determined in consultation with the President of the Management Board.

- 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 2018 (PLN '000)

Member of the Management Board	Total	Base salary	Variable remuneration	Other benefits
Bartosz Hojka	1,708	804	900	4
Tomasz Jagiełło	790	240	550	-
Agnieszka Sadowska	1,045	491	550	4
Grzegorz Kania	685	600	81	4
Anna Kryńska-Godlewska)	681	600	81	-
Grzegorz Kossakowski (1)	374		374	-
Robert Musiał (2)	89	-	89	-

(1) Grzegorz Kossakowski was a member of the Company's Management Board until 5 September 2017, the variable remuneration which was paid in 2018, consists the Incentive Plan for a period as a member of the Management Board in 2017.

(2) Robert Musiał was a member of the Company's Management Board until 28 February 2017, the variable remuneration which was paid in 2018, consists the Incentive Plan for a period as a member of the Management Board in 2017.

Remuneration paid by Agora S.A. to members of the Management Board in 2018 amounted to PLN 5,372thousand (in 2017: PLN 4,642 thousand) and this amount also includes payments of bonuses.

Tomasz Jagiełło received additional remuneration for the function of President of the Management Board of Helios S.A. in the amount of PLN 357 thousand (in 2017: PLN 356 thousand) and Agnieszka Sadowska for the function of a Management Board Member of Stopklatka S.A. in the amount of PLN 175 thousand (in 2017: PLN 253 thousand).

Other members of the Management Board and Supervisory Board did not receive any remuneration for serving on the governing bodies of subsidiaries, jointly controlled entities and associates.

In 2018, four out of five members of the Management Board used company cars acquired by the Company. Tomasz Jagiełło used a company car purchased by Helios S.A.

The Agora Group also operated two incentive schemes based on financial instruments, in which members of the Management Board of Agora S.A. and members of the Management Boards of the subsidiaries Yieldbird Sp. z o.o. and Foodio Concepts Sp. z o.o. participated. For details on these schemes, see note 27 to the consolidated financial statements.

In 2018, there were no significant changes in the manner of remuneration of members of the Company's Management Board.

In 2018, remuneration for serving as members of management and supervisory bodies of subsidiaries in the Agora Group amounted to PLN 6,782 thousand (in 2017: PLN 5,648 thousand).

Members of the Management Board of Agora S.A. are also provided with medical care on the same terms as other employees of the Company.

Remuneration paid to the Supervisory Board members in 2018 (PLN '000)

Member of the Supervisory Board	Base salary
Andrzej Szlęzak (Chairman of the Supervisory Board)	108
Wanda Rapaczynski	72
Tomasz Sielicki	72
Dariusz Formela	72
Andrzej Dobosz	72
Maciej Wiśniewski	72

The total remuneration amounted to PLN 468 thousand (2017: PLN 468 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 in 2018

Starting from the second quarter of 2018, Management Board members of the Company participate in an incentive scheme ("Incentive Plan"), which one of the components (related to the appreciation of the Company's share price) is a payment in the form of shares settled in cash. According to the Incentive Plan they are eligibled 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 fulfillment, 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 fulfillment 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 percent 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 percent 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 fulfillment of a non-market condition, which is the continuation of holding the post of the Management Board member during the year, for which the bonus is due.

The rules, goals, adjustments and conditions for the Incentive Plan settlement for the Management Board members are specified in the Supervisory Board's resolution.

As at 31 December 2018, the value of the EBITDA target bonus provision was estimated based on the best estimate of the expected value of implementation of the EBITDA target in 2018 and was recognized in the income statement.

The basic parameters of the binomial model used for calculation of the fair value of the potential bonus from the implementation of the Target of Share Price Increase are described below:

Agora S.A.'s share price as at the balance sheet date of the financial statements	PLN	10.00
volatility of Agora S.A.'s share price during the last twelve months	%	36.61
Average Share Price IVQ	PLN	14.17
risk free rate	%	1.30-1.59 (at maturities)

The impact of the Incentive Plan on the separate financial statements of Agora S.A. is presented in the following table:

	2018	2017
Income statement – increase in staff costs	1,871	3,052
Income statement – deferred tax	(355)	(580)
Accruals – closing balance	1,167	2,013
Deferred tax asset – closing balance	222	382

** the total cost in financial period includes the plan costs for 2018 and a portion of the cost of the exchange rate element of the plan for 2017, settled in May 2018.*

Total cost of the Incentive Plan related to the participation of members of Agora S.A.'s Management Board in this scheme:

	2018	2017
Bartosz Hojka	578	1,103
Tomasz Jagiełło	355	631
Agnieszka Sadowska	355	423
Anna Kryńska - Godlewska	230	62
Grzegorz Kania	230	62
Grzegorz Kossakowski (1)	99	495
Robert Musiał (2)	24	276
	1,871	**3,052**

(1) *Grzegorz Kossakowski was a member of the Company's Management Board until 5 September 2017 the impact of the plan in 2018 concerns the course element of the Incentive Plan for a period as a member of the Management Board in 2017.*

(2) *Robert Musiał was a member of the Company's Management Board until 28 February 2017 the impact of the plan in 2018 concerns the course element of the Incentive Plan for a period as a member of the Management Board in 2017.*

14. DIVERSITY POLICY

With respect to the recommendation concerning the comprehensiveness and diversity of balanced participation of women and men in the company's governing bodies, the Management Board of the Company points out that it has no influence on the composition of the Company's main governing bodies. Candidates for members of the Supervisory Board may be nominated by shareholders holding preferred series A shares or shareholders who documented their entitlement to not less than 5% of the votes at the last general meeting before the candidates were nominated and who, at the time of making the nomination, hold not less than 5% of the Company's share capital (§ 21(1)(a) of the Statutes). In accordance with § 30 of Agora S.A.'s Statutes, candidates for the Management Board members may be nominated exclusively by shareholders holding preferred series A shares, and following the expiry of the preferred status of all such shares, by the Supervisory Board. In the event that the persons authorized to determine the number of members of the Management Board and to nominate candidates for such members do not exercise one or both of the above rights, the number of members of the Management Board may be determined by the General Meeting, while each shareholder during such General Meeting may nominate candidates for such members.

Moreover, the Management Board of the Company wishes to stress that according to the Agora Group's diversity policy adopted in December 2015, the main criteria for selection of candidates for all managerial positions, remaining in the competencies of the Management Board, include expertise, experience and skills necessary to perform the function in question. Applying these principles to all employees of the Company and the Group ensures healthy functioning of the organization and accepting new business challenges.

Diversity and openness are values which form an integral part of both the Company's business activities and employment policy. The diversity policy implemented at Agora S.A. is based on Agora's Charter, which was developed jointly between the Company and "Gazeta Wyborcza" daily.

As an employer, Agora S.A. is guided by the principles of equal treatment and counteracting all forms of discrimination, believing that this brings real benefits and supports Agora S.A.'s growth and innovation. One of the objectives of the diversity policy pursued by Agora S.A. is to emphasize the openness of the organization to diversity, which increases the effectiveness of work, builds trust and counteracts discrimination. The diversity practice also aims to fully tap into the potential of employees, their diverse skills, experiences and talents in an atmosphere of respect, support and teamwork.

As an employer, Agora creates an atmosphere at work, which makes employees feel respected, and gives them the sense that they are able to fully realize their professional potential. Agora creates a culture of dialogue, openness, tolerance and teamwork.

In 2016, Agora S.A. introduced a diversity policy which applies to all employees. Its aim is to consistently create a workplace that is free from discrimination, regardless of reasons, and at the same time engages the best specialists who contribute to the company's success. Agora S.A. is an employer who cares for the development of the team through internal and external training. Agora S.A.'s diversity policy is based on overcoming barriers such as age, gender or health status and is guided by the principle that the professional potential of employees is determined by their competence. In this manner, the Company wants to support implementation of its strategy to the best of its abilities and to offer the highest-quality products and services to its consumers.

Supervisory Board

The procedure for the appointment of Supervisory Board members is set forth in the Company's Statutes, other laws and regulations applicable to the Company. The Company has limited impact on the composition of the body supervising its operations.
Despite this, the current 6-person composition of the Supervisory Board in 2018 reflected all the ideas underlying the diversity policy.

Management Board

The procedure of appointing the Management Board is also specified in the Company's Statutes. Only holders of series A shares have the right to appoint candidates for a Management Board member. In the Company's opinion, when presenting candidates, these shareholders took into account, as a decisive criterion, first of all high qualifications, professional experience in the main areas of Agora Group's operations and professional preparation for the position of a member of the Management Board.

Members of the Company's Management Board have complementary experience and competences – they are graduates of: Warsaw School of Economics, Warsaw University of Technology University of Silesia, University of Łódź, University of Edinburgh, Wrocław University of Technology, Institute Francais de Gestion, Harvards Business School (professional training courses), University of Economics in Wrocław, MBA at the Warsaw University of Technology Business School.
It is worth emphasizing that the decisive aspect in selecting the governing bodies of the company and its key managers is ensuring versatility and diversity, especially in the area of professional experience, age, education and gender. High qualifications, as well as professional and substantive experience and preparation for the performance of a specific function are of decisive importance in this respect.

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

	Men		Women	
As at the end of	2018	2017	2018	2017
Management Board	3	3	2	2
Supervisory Board	5	5	1	1

Administrative bodies

The administrative bodies of the Agora Group comprise employees holding managerial positions. The diversity policy for administrative bodies involves the creation of a workplace free from discrimination based on gender, age, origin, health, education, political or religious beliefs, where competence and experience are the basis of the organizational culture. This approach is reflected in the diversity of teams across the Group. Gender equality is one of the key aspects of diversity due to the similar number of male and female employees (women accounted for 52.2% of employees in the entire Group as at 31 December 2018 and men accounted for 47.8%). 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 2018).

	% in Agora S.A.	
	Women	**Men**
Agora Group	52.5%	47.5%

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.

15. ANY OBLIGATIONS ARISING FROM PENSIONS AND SIMILAR BENEFITS FOR FORMER MEMBERS OF MANAGEMENT, SUPERVISORY BODIES AND LIABILITIES INCURRED IN CONNECTION WITH SUCH PENSIONS, WITH AN INDICATION OF THE TOTAL AMOUNT FOR EACH CATEGORY OF BODY

The Issuer has no retirement or similar benefit obligations with respect to former members of management, supervisory or administrative bodies.

16. SOCIAL AND SPONSORING ACTIVITIES POLICY

The **social and sponsoring activities policy at the Agora Group** was adopted by the company's management board in 2016 to reflect the firm's strategic approach to social business responsibility. The objectives set out in the document are:

- education;
- personal and social development;
- shaping civic attitudes and concern for human rights;
- promotion of culture and its general accessibility;
- promotion of health and of living a healthy lifestyle;
- environmental concerns;
- social concern for others as expressed in charity and aid actions.

These objectivese are largely based on the goals set out by the UN, namely the UN Sustainable Development Goals (SDGs). In 2018, Agora Group continued its long-standing activities within the social, educational, cultural and charity pillars, while at the same time initiating new actions. These activities are not only nation-wide; they include regional projects as well.

As part of the **social activities**, the companies and media team for the Agora Group, took, above all, initiatives promoting diversity within society. These were, among others, actions related to the 100th anniversary of Polish women gaining the right to vote (the Plebiscite for "Polish Woman of the Century" by *Wysokie Obcasy* editorial team, the "#Jestem" series by Wyborcza.pl video team, "Women on Walls" – action organised by *Wysokie Obcasy* and campaign of the editorial team with the slogan "Women know what they are doing", and additionally, on the occasion of international women's day, namely March 8, *Gazeta Wyborcza* which prepared a special edition of the journal - *Wyborcza for Women*.

Activitiess for **elderly people** were carried out within the Silesian initiative "The Long-Living".

A major topic was also the function-ability of sustainable cities and in this regard, *Gazeta Wyborcza* organised a comprehensive questionnaire testing the knowledge of towns and metropolitan areas, namely Warsaw, Tri-city and Wrocław, with a series of meetings (e.g. Let us meet in Powiatowa 17 in Poznań District), as well as campaigns such as the cyclical action of Gazeta.pl together with Greenpeace Poland for the "Adopt a bee" program. In the context of activating the local community, a series of meetings "Wyborcza Live" was continued as well as the organization of "Hear Your City" debates as coordinated by TOK FM radio station. Moreover, the Rock Radio station engaged people living in Warsaw, Poznań and Opole to planting trees on the occasion of the 100th anniversary of regaining its national independence.

The **educational activities** undertaken by the Agora Group were specifically aimed at both children and the youth (e.g. the "Mathematics Counts Festival", Family Fest and the Helios cinema network actions "Thematical Cinema" and "Thematical Cinema Junior"), as well as for the adults (the "Jutronauci" project). The Group's media and brands also initiated public debate on issues such as health and the quality of life (19th edition of the AMS Poster Gallery entitled "Eat with caution", an action organised by Katowice's *Gazeta Wyborcza* "Dare to do it", learning about first aid thanks to the „Uwaga, wakacje!", in addition to *Gazeta Wyborcza*), and last but not least, the topic of responsible consumption, and in particular the avoidance of food waste (debate of the Warsaw's *Gazeta Wyborcza* editorial entitled "Do eat, buy, think and not waste").

As a part of their 2018 **cultural activities**, the companies and brands of Agora Group promoted cultural initiatives such as: The International Poster Biennale as part of the #PrzygarnijPlakat AMS action, supported readership in a special edition of *Gazeta Wyborcza* on the UNESCO World Poetry Day, and organised a series of meetings and events regarding books, films and authors as part of Centrum Premier Czerska 8/10. Eight talks were given in this series during 2018, including lectures by Wojtek Kurtyka and Bernadette McDonald; Anne Applebaum; Lucyna Kirwil and Jerzy Bralczyk; Katarzyna Surmiak-Domańska and Jerzy Stuhr, as well as a meeting entitled "Zawód: reporter" related to the premieres of *Jeszcze dzień życia* and *53 wojny* and the film regarding the biography of Jacek Kuroń. As part of the series, the play by Mikołaj Lizut entitled *Czekam na telefon* was also performed.

Charitable activities conducted by the Agora Group not only include the involvement of readers and recipients, employees and local community in actions directly supporting social organisations, but also focus on the promotion of philanthropy and charity. For example, Agora's media raised a total of PLN 141.9 thousand in the 26th Finale of the Great Orchestra of Christmas Charity. Gazeta.pl organised a Week of the Good Heart in which it promoted charity, and Rock Radio held an auction in favour of the Rak'n'Roll Foundation. The Agora Publishing House prepared a record of the Karimski Club band, and Publio.pl released an audiobook whose profit was specifically donated to social purposes. It was the 13th time that *Gazeta Wyborcza*, together with its partner conducted a charity advertising campaign on the occasion of Day of the Child, and Wroclaw's editorial of the journal raised funds for the 15th time raised via the Santa Claus Factory.

Additionally, Agora brands implemented activities from the area of **socially involved marketing**, namely through involving readers in support of specific projects. Thanks to the subscribers of the digital version of the journal, in 2018 alone, *Gazeta Wyborcza* raised in total around PLN 255 thousand with the following calls to action: "Czytasz i pomagasz!", "Prenumerata Solidarnościowa" and "PrenumeRATUJ". The profit gained on the sales of the subscriptions was transferred to specific non-governmental organisations: Campaign Against Homophobia, Centre for Women's Rights or Association for Legal Intervention, as well as the Agora Foundation, the Bread of Life Community of Małgorzata Chmielewska and Despite Everything Foundation of Anna Dymna, and the WWF Foundation. In the most recent action, digital subscribers could support protection of a selected animal species.

Companies of the Agora Group also seek solutions aimed at providing **access to their products and services** by the largest possible number of customers, in particular, by sensitive and excluded groups. The recipients of these activities are persons with various disabilities, foreigners and veterans. An example of such activities is, for instance, issuing *Pryvit* - the first newspaper for Ukrainians living in Poland, a joint initiative of Wrocław's editorial team of *Gazeta Wyborcza* and the Ukraina Foundation, as well as participation of a Helios cinema network in the "Veterans are among us – A Veteran-Friendly Place" programme. In addition, Helios as the number one cinema operator in Poland introduced in 2018 film sessions for Ukrainian viewers in its repertoire, and continued the action called Accessible Culture, during which 50 Polish films were presented in 4.4 shows.

The editorial teams belonging to Agora Group are attempting to develop the ability of how to use media and critical thinking among their recipients. At the same time, journalists and employees of the Group are actively involved in social campaigns and initiate a variety of actions, campaigns and initiatives that involve local communities and raise relevant social issues to the forefront. These activities included: the series #ZWYKLINIEZWYKLI prepared by the Gazeta.pl team, the video programme Wyborcza.pl "In Borrowed Suits", and Newsmavens.com — the first European website created exclusively by women. In addition, *Gazeta Wyborcza* and Wyborcza.pl conducted "My first time" campaign aimed at people who in 2018 were first enabled to take part in the local elections.

In addition to the above, the media of Agora Group, by organising competitions and awarding prizes, speak on important social issues and promote culture. Since 2011, TOK FM radio station, through the Anna Laszuk prize, has been rewarding individuals, institutions or organisations for courageous, unconventional, unusual activities, works or speeches which had a significant impact on social awareness over the past year or have successfully changed the Polish paradigm. Since 2010, “Gazeta Wyborcza” has been one of the organizers of the Ryszard Kapuściński Award for Excellence in Reportage, and it has also been supporting the NIKE Literary Award. In addition, in 2018, Agencja Gazeta and *Gazeta Wyborcza* initiated the Krzysztof Miller Photographic Award for the courage of observation.

In 2018, **three new social organisations** were created with participation of Agora - two of them within the company’s structures. In October 2018, Gazeta Wyborcza Foundation and Wysokie Obcasy Foundation were founded, which will be involved, respectively, in: Cultural and educational activity in the scope of education, culture, art, journalism and media development, and the promotion of equality between men and women. The foundations were registered in December 2018.
On the other hand, in September 2018, the company, through Agora Publishing House in collaboration with other sponsors in the publishing industry, established the Foundation for General Reading, dedicated to spreading the book culture in Poland, and the promotion of reading as a valuable leisure activity.

Since 2004, Agora Foundation has been operating under Agora Holding, and the “Academy of Integration. Work. Education. Sport” Foundation has been operating under AMS.

The implemented Policy of social and sponsoring activities has brought tangible benefits to the company: it has strengthened its position as a leader among media providers in the implementation of social projects, as well as the involvement and satisfaction of employees due to their participation in these activities.

In Agora's opinion, implementation of the Policy of social and sponsoring activities is consistent with the interest of the company and its stakeholders, including its corporate shareholders, as it creates goodwill, contributes to social development and reflects the company's responsibility for its impact on the environment.

VI. MANAGEMENT BOARD'S REPRESENTATIONS

1. REPRESENTATION CONCERNING ACCOUNTING POLICIES

Management Board of Agora confirms that, to the best knowledge, 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 2018, 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 (https://www.agora.pl/en/CSRreport-2018) 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 30 March 2017 and in accordance with the provisions of the Company's Articles of Association, KPMG Audyt Spółka z ograniczoną odpowiedzialnością spółka komandytowa with its registered office in Warsaw at ul. Inflancka 4A, entered in the list of entities authorized to audit financial statements with number 3546, was selected for the Company's certified auditor who will examine the financial statements for 2017, 2018 and 2019. 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, 7 March 2019

Bartosz Hojka - President of the Management Board	*Signed on the Polish original*
Tomasz Jagiello - Member of the Management Board	*Signed on the Polish original*
Agnieszka Sadowska - Member of the Management Board	*Signed on the Polish original*
Anna Krynska-Godlewska - Member of the Management Board	*Signed on the Polish original*
Grzegorz Kania - Member of the Management Board	*Signed on the Polish original*