MANAGEMENT BOARD'S REPORT ON THE OPERATIONS OF THE CAPITAL GROUP ARTERIA S.A. AND OF THE HOLDING ENTITY ARTERIA S.A. FOR 2020

Warsaw, on 30 April 2021

A LETTER OF THE PRESIDENT OF THE MANAGEMENT BOARD TO THE SHAREHOLDERS OF THE CAPITAL GROUP ARTERIA S.A.

Dear Sirs and Madams,

year 2020 has drastically changed the so far balance of power in Polish and global economy. Some industries have gain in value, whereas other lost revenues and market shares overnight. As a company rendering services in the area of Business Process Outsourcing and handling clients in many different industries, we have felt it really distinctly. On the one hand, COVID-19 pandemic opened for us new possibilities in Call Centre business, and remote customer service, especially for the companies which, in the peak period of administrative restrictions, decided to temporarily close down the traditional Customer Service Points, and provide retail services in the remote form.
At the same time, the pandemic and the administrative restrictions associated with it, have limited our possibilities to provide services within Sales Support and marketing activities which resulted in a significant decrease in revenues. The entire last year was marked with economic uncertainty, therefore the Management Board of Arteria S.A. is very prudent when assessing the Issuer's development prospects for 2021 which, to large extent shall be dependent on administrative decisions associated with the development of the pandemic.

In order to adjust to work under new conditions, at the end of the first quarter of 2020, our organisation faced the challenge of rearranging the way our services are provided in, to a hybrid model. For Arteria S.A. and the entire Capital Group, employing in total several thousand people and managing projects on all-Polish and pan-European scale, it was a huge challenge, also financial. This required us to rearrange the principles of work for over 2000 telemarketing positions and introduce a remote work model.

However, against all odds caused by the effects of the pandemic, 2020 was a reporting period in which the Issuer observed an increase in revenue on sales at the consolidated level. The revenues totalled PLN 194.5m and were 2% higher than during the previous 12 months. Despite the significant changes in the economic environment due to COVID-19 and the consequences of the introduction of administrative restrictions, it may be concluded that the Issuer's revenues were maintained at satisfactory level. Due to the increased costs of sales, resulting mainly from the increase in expenditure on corporate class technological solutions (internet connections, software, headsets, new generation mobile phones), necessary to adjust the sales teams of the Issuer to work in the hybrid model, and a significant decrease in revenues in the Sales Support segment, which could not be compensated with a reduction of costs, the operating profitability has deteriorated. In the consequence, last year the Issuer generated an operating loss of PLN 4.2m, and therefore the EBITDA ratio amounted to PLN 1.6m, and net loss amounted to PLN 6.7m. The result is additionally significantly burdened with accounting write-offs resulting from goodwill impairment, and mainly caused due to COVID-19.

Like in the previous years, in 2020 the leading business operation of the Capital Group Arteria S.A. was the sales of Call Centre services, the proceeds from which in the reporting period amounted to PLN 141.5m, which constituted nearly 73% of the Issuer's total sales. This confirms market trends that could be observed with regard to the development of the pandemic and consisting in raising interest in services based on telemarketing and remote customer service.
At the standalone level, Arteria S.A. ended last year with revenue from sales of nearly PLN 18m. It was worked out almost exclusively from the operations within the Call Centre segment. Increased sales of the Holding Entity during that period was possible both due to skilful organisation adjustment to the remote work model, and appropriate project management under the new conditions. It was fostered by a stable and strongly diversified portfolio of clients with whom the Issuer is bound by long-term contracts, mainly in the power, financial, publishing, and telecommunications industries. Maintaining the operational continuity, like in case of other companies of the Capital Group, required extensive outlays associated with the adjustment of work of the sales teams to operational activities in a dispersed model, which caused an increase in the sales costs, and in the consequence a decrease in operational profitability.

The emergence of COVID-19 coronavirus, and administrative restrictions associated with it have also affected the need to verify the Issuer's investment plans for 2020. Therefore, the Management Board of the Company took actions aiming at limiting the negative financial consequences of the epidemic threat. The Management Board has shifted all investment expenditure which did not condition the maintenance of the operational readiness, has reviewed the costs and possibility to reduce them, and worked out long-term savings scenarios,

the implementation of which was made conditional upon the duration of the pandemic, and its final consequences for Polish economy.

The Management Board of Arteria S.A., as the Holding Entity, also managed the holding structure of subsidiary companies, and was responsible for the strategy of further development of the Capital Group. That concerned the financial risk, support of subsidiaries in such areas as controlling and human resources management, monitoring of fixed costs, searching for internal synergies, and optimisation of the use of assets. Thanks to that, the subsidiaries could focus on developing industry competence and building competitive advantages within the operational segments: Call Centre, Sales Support, and Marketing Communication, directly supervised by respective Members of the Management Board of the Holding Entity.

I am deeply convinced that the effort we put together in the development of the Issuer's Capital Group in 2020 shall not only allow maintaining but will also reinforce the market position of the Company, taking into special account the uncertainty of economic conditions under which we will be functioning for the next few quarters. I hope that in longer perspective, it will allow us to achieve an increase in capitalization corresponding to the actual potential and actual market position of the Issuer.

On behalf of the Management Board of Arteria S.A., I invite you to read the Standalone and Consolidated Financial Statement and Management Board's Report on the Operations of the Issuer in 2020. It contains detailed information concerning the financial results and operating activities of the Capital Group ARTERIA S.A. in the previous year. The Statement also contains more detailed information concerning the most significant risks and threats that may affect the Issuer's operations in 2021 and the following years.

With kind regards,

Marcin Marzec

President of The Management Board of Arteria S.A.

1. BASIC INFORMATION

1.1. General notes

The Capital Group Arteria S.A. (hereinafter also referred to as the "Group" or "Capital Group") consists of the Holding Entity Arteria S.A. (hereinafter also referred to as the "Issuer", "Company" or "Holding Entity") and its subsidiaries.

The Issuer operates business under the name Arteria Spółka Akcyjna with the seat in Warsaw, ul. Stawki 2A, 00-193 Warsaw. Arteria S.A. operates on the grounds of the articles of association of the Company drawn up in the form of a notarial deed dated 30 November 2004 (Repertory A no. 5867/2004) as amended, and the Commercial Companies Code. On 17 January 2005, the Company was registered in the National Court Register in the District Court for the capital city of Warsaw - XII Commercial Department, under the number: 0000226167, tax identification number (NIP) 527-24-58-773, Company's statistical number (REGON) 140012670. The Company has been established for indefinite term.

The Company has been listed on the Stock Exchange since 2006.

1.2. Description of the organisation of the Capital Group Arteria S.A.

As at 31 December 2020, ARTERIA S.A. was a holding entity for the following entities forming jointly the Capital Group Arteria S.A.:

No.	Name of Company	Seat	Scope of activities	Share in the share capital (%)
1	Polymus Sp. z o.o.	Warsaw	Integrated marketing	100%
2	Mazowiecki Inkubator Technologiczny S.A.	Warsaw	Business consultancy	100%
3	Gallup Arteria Management Sp. z o.o. sp.k.	Warsaw	Call Centre	100%
4	Rigall Arteria Management Sp. z o.o. sp.k.	Warsaw	Financial intermediation	100%
5	Trimtab Arteria Management Sp. z o.o. sp.k.	Warsaw	Business processes	100%
6	Sellpoint Sp. z o.o.	Warsaw	Sales support	100%
7	Arteria Logistics Sp. z o.o.	Warsaw	Logistic services	100%
8	Arteria Finanse Sp. z o.o.	Warsaw	Financial intermediation	100%
9	Arteria Management Sp. z o.o.	Warsaw	Business consultancy	100%
10	Contact Center Sp. z o.o.	Warsaw	Call Centre	100%
11	BPO Management Sp. z o.o.	Wroclaw	Call Centre	100%
12	Arteria G Partner Sp. z o.o.	Warsaw	Call Centre	100%

All entities of the Capital Group Arteria S.A. listed above are subject to consolidation as at the balance sheet date, i.e. as at 31 December 2020, except for the company Arteria G Partner Sp. z o.o. due to little significance.

In the reporting period, the disposal of 100% shares in Brave Agency Sp. z o.o. due to administrative restrictions associated with the pandemic caused by COVID-19 coronavirus, was taken into account.

Apart from the change referred to above, until the date of publication of this report no other changes in the organisation of the Capital Group Arteria S.A. have taken place.

2. OVERVIEW OF THE FINANCIAL AND ECONOMIC SITUATION OF THE CAPITAL GROUP ARTERIA S.A.

2.1. Overview of the consolidated results of the Capital Group Arteria S.A. for 2020

Basic financial data:	31.12.2020	31.12.2019	Dynamics %
Revenue from sales	194,532	190,274	2.2%
Operating result	(4,209)	5,378	-178.3%
Net profit of the holding entity	(6,748)	2,658	-
Total assets	103,210	128,600	-19.7%
Equity capitals	43,614	50,362	-13.4%
Total liabilities	59,596	78,238	-23.8%
EBITDA	1,600	11,517	-86.1%
Depreciation	5,809	6,139	-5.4%

In twelve months of 2020, revenues from sales of the Capital Group Arteria S.A. ("Issuer", "Company") amounted to PLN 194.5m and were 2% higher in comparison to the analogous period of the previous year.

The main source of revenue in the period covered by the report, was the sales in Call Centre segment which amounted to PLN 141.5m (which constituted 72.7% of the total revenue in the reporting period) and was 13.4% higher than in 2019. In the second leading segment of the Issuer's operations, i.e. Sales Support, a clear decrease in sales in comparison to 2019 (by 22.9%) was observed. In the reporting period, the revenues from these operations reached the level of PLN 47.6m which constituted 24.5% of the Issuer's total sales in 2020. Other Issuer's revenues in the reporting period (not elsewhere classified) reached the level of PLN 5.4m and were 9.7% lower than in the analogous period.

Revenues by segments	31.12.2020	31.12.2019
Revenues from CONTACT CENTRE business unit	141,459	122,487
Revenues from SALES SUPPORT business unit	47,648	61,777
Other revenues not classified as the basic segments of activity	5,425	6,010
Total revenue (*)	**194,532**	**190,274**

The main factor affecting the revenue in the reporting period, especially the significant decrease in sales in the Sales Support segment, was the emergence of COVID-19 coronavirus pandemic in mid-March, and administrative restrictions associated with it, including e.g. in conducting business operations in the territory of the country, the effects of which were deeply felt in 2Q, 3Q and 4Q due to the emergence of the so-called "second wave" of the disease incidence.

INCREASED SALES IN CALL CENTRE BUSINESS UNIT

As regards the Call Centre segment, the specifics of this industry require maintaining a large team of consultants working from joint locations. Therefore, the introduction of lockdown required the Management Board to take immediate actions aimed at reorganisation of work model for over 2000 telemarketing positions, and an introduction of the remote work model. Additionally, in the so-called outgoing projects, necessary changes were introduced in the existing offer, allowing for arranging meetings with the use of remote tools, such as teleconferences. In the consequence, we have managed to quickly regain the level of services rendered before the pandemic, and as regards the so-called incoming calls (hotlines), significantly increase their scale, e.g. thanks to the decision of some clients from power and telecommunications industries who, in the peak time of the restrictions (April-May) decided to temporarily close down their Customer Service Points and provide retail services in a remote form.

With easing the restrictions and gradual economy unfreezing, starting from June the market experienced a clear recovery of business activities which, however, coincided in time with summer holidays and therefore was slightly smaller than expected. Like in 4Q, in which consumer spending was significantly smaller than usually in the pre-Christmas period. Such anomalies can also be seen through the example of revenues obtained by the Issuer last year.

In case of the Call Centre segment, the Issuer's sale in hybrid model in 4Q amounted to PLN 37.6m and was 5.3% higher than in 3Q, in which it amounted to PLN 39.7m. For comparison, in 2019 the sales in 4Q reached the level of PLN 33.6m vs. PLN 30.6m in the preceding quarter, i.e. nearly 10% more. Cumulatively, the level of sales of the Call Centre segment was 13.4% higher than a year before which, considering the extraordinary circumstances in which the Issuer's business environment found itself, such result must be deemed satisfactory. Undoubtedly, an important factor affecting the increase in sales and commissions from clients in the Call Centre business unit, was maintaining by the Issuer of a diversified portfolio of clients, based on long-term contracts. It is confirmed by the conclusion, in the first half of the year of significant agreements with Tauron Obsługa Klienta Sp z o.o. on providing Call Centre services within the areas of provision of customer service and sales of products, and operating the emergency line 991, and an agreement for a supply of Business Process Outsourcing services for Orange Polska S.A.

DECREASED REVENUES IN SALES SUPPORT BUSINESS UNIT

The period of pandemic and the administrative restrictions related to it, had a far worse effect on the condition of the Sales Support segment which noted a considerable decrease in revenue (by 23%) in the reporting period. Operational activities in the Sales Support segment consist of technological and operational support, including documents and back-office services management, supply of specialist IT systems, operational consultancy and business processes designing, execution of marketing campaigns, arrangement of events, loyalty programs, merchandising services and designing, production and distribution of point of sales materials (POSM). The introduction of nationwide administrative restrictions including, among other the restriction of free movement, travel, and limitation in trade, in particular closure of shopping centres and large area stores, directly affected the considerable decrease in services sales in this segment. Most clients immediately suspended most of the planned activities based on marketing budgets for promotional campaigns of goods and services until the administrative sanctions are released, and the economy is unfrozen. All events were called off, and promotional budgets, associated with e.g. advertising campaigns, especially as regards external media, were drastically cut. In the consequence, since mid-March 2020, the Issuer's revenues from this segment have dramatically dropped, in particular in advertising agencies operating activities within the arrangement of mass events, commercial events, conferences, and trainings. In case of the event agency Brave, the loss of operational capacity was total, and the operations needed to be closed. In the result, the subsidiary mentioned above was sold outside the Capital Group. The restrictions were later gradually eased, as from the beginning of June however, in case of many industries, it was not possible to regain their business position from before the pandemic, also in 4Q, which was expected by some analysts of the advertisement and sales support market. After the introduction of administrative restrictions, the Management Board of the Company took all reasonable actions aiming at mitigation of the effects of the emergence of the coronavirus, especially through ensuring continuity of operations of the Issuer's Capital Group and maintaining regular contacts with its clients. Therefore, despite putting a large part of campaigns planned for the first half of the year on hold, and a decrease in revenues due to that, the Issuer has not lost its clients (apart from Brave agency), and planned activities were partially executed during 3Q, and according to declarations made by the contracting parties, they will also be executed in the following reporting periods. The Issuer used the opportunity to partially relocate marketing budgets to the digital space, as regards advertisements and arrangements of meetings and events in the form of teleconferences. Despite lower budgets, the Company maintained full operating powers within this segment, to large extent maintaining the employment level, and after the end of the reporting period and easing the administrative restrictions, the Company started to win over new clients.

As regards the Sales Support segment, the Issuer's revenues in 4Q reached the level of PLN 7.8m and were 35% lower than in 3Q, in which they reached the level of PLN 12m. This is confirmed by the last year's anomalies caused by the extraordinary events mainly due to the so-called "second wave" of Covid-19 incidence which resulted in smaller than usual activity of the clients, and a considerable decrease in promotional campaigns and marketing actions in the pre-Christmas season. This situation had a significant influence on the lower level of sales of support services during the entire financial year, with the final result being lower by 23%.

DECREASED PROFITABILITY OF THE ISSUER'S RESULTS

Despite maintaining the revenue at the level close to the last year's result, the emergence of COVID-19 coronavirus pandemic
had a significant influence on the decreased level of operating profitability and net result. The Issuer noted operating loss (EBIT) which, in the reporting period amounted to PLN 4.2m, and a clear decrease of EBITDA ratio to the level of PLN 1.6m. In the consequence, after four quarters of 2020, the Issuer noted loss at the level of PLN 6.7m. Lower profitability of the previous year was mainly due to the increase of sales costs, caused by the expenditure for corporate class technological solutions (internet connections, software, headsets, new generation mobile phones), required to adjust the sales teams of the Issuer to work in the hybrid model. Another reason was a significant decrease in revenues in the Sales Support segment, which could not be compensated with a reduction of costs. The net result was also considerably burdened by accounting write-offs being the effect of updating the tests for goodwill impairment, mainly due to the consequences of COVID-19. Despite the decreased profitability of projects, the Issuer maintains current financial liquidity at safe level. In the reporting period, the sum of the Issuer's liabilities has also decreased (by nearly 24%).

2.2. Description and assessment of factors and events, especially of atypical nature, which were of significance for the financial results achieved, with the specification of their influence on the result achieved

For 12 months of 2020, the most important factor affecting the financial results and market activities of the Issuer, was the emergence of COVID-19 coronavirus pandemic and administrative restrictions related thereto.

COVID-19 influence on the market situation

The most important effect of the pandemic circumstances was the fact, that a large part of enterprises lost the possibility to provide services to their clients, nearly overnight, and at the same time was forced to shift to a hybrid model of operation. In case of companies providing Call Centre services, the pandemic has accelerated the evolution of the model of their functioning, which meant, first of all, the shift to a remote work for all consultants. The mass character of this phenomenon is confirmed by market analyses.

According to the report prepared by Call Centre Management Association (CCMA) in cooperation with the Great Britain's government represented by the Department for Business, Energy and Industrial Strategy (BEIS) under the title: "Voice of the Industry, Contact Centre Response to Covid-19", up to 83% enterprises providing call centre services shifted to the remote work model during that period. This meant a rapid increase in the number of employees working outside their regular place of work, full time or part-time. The work in a dispersed model required further investments in corporate class technological solutions (internet connections, software, headsets, and new generation mobile phones). The new situation forced the representatives of this industry to meet the requirements of the clients, even stricter than before, as regards communication in the omnichannel model, that is integrated communication using all available distribution and product sales channels: Internet, telephone, SMS, e-mail, chat, video-chat and social media and communicators (Facebook, Messenger, and WhatsApp). Additional factor of significance for CC services industry was, greater than before the pandemic, clients' readiness to independently use virtual services (for instance e-commerce shopping or banking transactions) and the use of contacts with consultants mainly in non-standard matters, or matters requiring additional support to execute them (consulting services). A commercial increase in significance of such communication channels as social communicators WhatsApp, Messenger was also observed.

Another important factor affecting the condition of the industry in which the Issuer was operating, was, during the time of pandemic, an increased importance of solutions based on artificial intelligence (AI), used both in the automation of customer service processes, and in supporting the consultants. The pandemic has accelerated the automation process. In 2020, nearly 400% increase in the implementation of technological solutions dedicated to automation of communication with clients was observed. It was the effect of sudden increase in clients' activity in online model, and transfer of contacts and business processes to the Internet and other communication channels, on unprecedented scale. Virtual assistants (bots) have become a commonly used solution supporting business processes, and clients started to use them with growing confidence, also in case of voice communication (conversation bots). It is estimated that common use of artificial intelligence solutions should ultimately reduce customer service costs by 30%.

Yet another phenomenon associated with the pandemic was a distinct change of consumer behaviours concerning the unwillingness to directly contact a seller, which affected a decrease in value of services within the area of

traditional sales support offered, among other, in shopping centres, large area stores, or showrooms. According to research made by market analysts, regardless of the administrative restrictions, at present 78% of consumers expect the use of touch free interactions only, with the intermediation of voice assistants or applications, which also concerns clients aged over 60.

Whereas the pandemic has not significantly changed the hierarchy of industries using distant communication solutions and based on omnichannels. In 2020 these included: financial and insurance sector, utilities industry (public utility), e-commerce, telecommunications, and medical services market. In the result of the pandemic, the market of appointments registration and medical online consultations, and after the end of the financial year, first of all, the market of services associated with handling the national vaccination program, have grown overnight. According to market research, 57% of respondents believe that the present quality of online medical consultation services is good or very good in Poland, which must be considered a satisfactory result, indicating the growth potential of this channel of communication with patients also after the end of the pandemic.

COVID-19 influence on the Issuer's situation

The emergence of pandemic affected the need to verify the primary development plans and budgets of the Issuer for 2020. The pandemic was also the cause of damage and lost benefits, mainly due to the dependency on factors beyond the Issuer's control, and the lack of knowledge concerning the final date of the end of the epidemic threat, and the actual effects of the administrative decisions associated with it.

With regard to the situation, the Issuer took reasonable steps to maintain as high scale of operations and the quality of work as possible performed within the Capital Group, in the Call Centre and Sales Support segments. In the consequence, the model of services provided has been changed (remote work in dispersed model) and the scale of services provided with the use of robotic business processes automation (RPA) has been increased. At the same time, the Issuer took actions aiming at limiting the negative financial consequences related to incurring additional costs of the hybrid model of operation, among other by shifting investment expenditure which did not guarantee maintaining operational capability of the Holding Entity and its subsidiaries. The Management Board has reviewed anew the costs and their reduction, and prepared long-term savings scenarios the implementation of which was made conditional upon the development of the pandemic, and the possibility to benefit from legislation solutions created for entrepreneurs within the so-called anti-crisis shield, aimed to mitigate the effects of the pandemic for companies.

Due to Issuer's strongly diversified operations in BPO (Business Process Outsourcing) services market within two business segments (Call Centre, Sales Support), the influence of the pandemic and administrative restrictions related thereto and implemented in the country was diversified and depended on many factors, such as: the type of service provided, the influence of administrative restrictions on the possibility to execute commissions, clients' decisions concerning the scale of cooperation under the pandemic, restriction of budgets dedicated to commissions handling, promotional campaigns, and marketing activities.

In case of Sales Support services that partially generate their revenue from advertising industry which in 2020 noted a decrease by 9%, an important factor affecting Company results was, among other, the cancellation of mass events and significant reduction of marketing and advertising budgets of many companies. This caused the necessity to terminate operating activities of one of the Issuer's subsidiaries (event agency Brave), and to make an accounting write-off. Issuer's revenues generated by the subsidiaries in the Sales Support segment were considerably reduced also due to the introduction of administrative restrictions in the country, which resulted in the lack of possibility to freely move and travel, closure of shopping centres and considerable limitations in trade and traditional contacts with customers. The administrative restrictions also forced the need to make changes in the existing organisation of the Issuer's work and directing a large part of the teams offering Sales Support services to work in the remote model. At the same time, the Management Board of the Issuer cared that the operational activities during the pandemic were carried out with the observance of recommendations of the Chief Sanitary Inspector, aiming at reducing the risk of becoming ill by the persons working in the office. It required incurring extra costs due to sanitary restrictions, such as the need to equip all rooms and offices with disinfectants and adjusting workspace to ensure appropriate social distance.

In order to minimize the negative effects of the pandemic, at the end of 1Q 2020 the Management Board of Arteria S.A. took actions aiming at limiting the negative financial consequences, e.g. by shifting investment outlays which did not condition further operations of the Capital Group. The Management Board has reviewed the costs and possibilities to reduce them, and prepared long-term savings scenarios the implementation of which was made conditional upon the effective benefiting from legislation solutions created for entrepreneurs within the so-called anti-crisis shield, aimed to mitigate the effects of the pandemic.

2.3. A list of other, important events affecting Issuer's operations in 2020

Among the most important events which took place during four quarters of 2020, the following must be named:

1. On 10 January 2020, the Management Board of the Issuer informed about the conclusion of a credit agreement with BNP Paribas Bank Polska S.A., under which the Company obtained PLN 8.5m. The funds were spent on the redemption of 7,000 series G Bonds.
2. On 10 January 2020, the Management Board of the Issuer informed about the subsidiary Contact Center Sp. z o.o. being selected as a provider of Business Process Outsourcing services for Orange Polska S.A.
3. On 20 January 2020, the Management Board of the Issuer informed about the redemption of 7,000 series G bonds, of the nominal value of PLN 1,000 each.
4. On 26 February 2020, the Management Board of the Issuer informed about the conclusion of a contract with Orange Polska S.A. for the supply of Business Process Outsourcing services rendered by a subsidiary company, Contact Center.
5. On 27 February 2020, the Management Board of the Issuer informed about the selection of a tender submitted by a subsidiary, Gallup Arteria Management Sp. z o.o. Sp.k. in a tender procedure organised by Tauron Obsługa Klienta sp. z o.o. The tender procedure concerned a purchase of contact centre services for years 2020-2022 under the operation of customer service and emergency line 991.
6. On 4 March 2020, the Management Board of the Issuer informed about the conclusion of a contract between Tauron Obsługa Klienta sp. z o.o. and Gallup Arteria Management Sp. z o.o. Sp.k. for the provision of contact centre services in years 2020-2022.
7. On 24 March 2020, the Management Board of the Issuer published information on the negative effect of the epidemic threat related to COVID-19 coronavirus on the operational activities and financial results of the Company in 2020.
8. On 26 March 2020, the Management Board of the Issuer informed about the selection of Gallup Arteria Management Sp. z o. o. Sp.k. (as one of two suppliers), as the provider of Contact Centre services for Tauron Obsługa Klienta sp. z o.o within two areas: provision of customer service and provision of products sales in years: 2020-2022.
9. On 01 April 2020, the Management Board of the Issuer informed about the conclusion of an agreement between Gallup Arteria Management Sp. z o. o. Sp.k. and Tauron Obsługa Klienta sp. z o.o. for the provision of Contact Centre services in years 2020-2022.
10. On 13 May 2020, the Management Board of the Issuer informed about the disposal of 100% shares of a subsidiary company, Brave Agency Sp. z o.o., which was a direct consequence of cancelling all events and mass events by the customers due to the coronavirus pandemic outbreak, and the implemented administrative restrictions.
11. On 29 May 2020, the Management Board of Arteria S.A. informed about the receipt of financial subvention from Polish Development Fund (PFR) awarded under the state program "The Financial Shield of the Polish Development Fund for Small and Medium-sized Companies" whose value within the Capital Group amounted to PLN 3.5m.
12. On 4 June 2020, the Management Board of the Issuer informed about the receipt of financial subvention from Polish Development Fund (PFR) awarded under the state program "The Financial Shield of the Polish Development Fund for Small and Medium-sized Companies" by the subsidiaries of the Issuer, in the amount of PLN 3.9m.
13. On 31 August 2020, the Ordinary General Meeting of Shareholders adopted resolution on granting the Management Board of the Issuer the right to acquire own shares of the Company, and to create a reserve capital in the amount of PLN 1m for this purpose. The purchase price was set within the range from PLN 1 to PLN 20 per one share. Own shares will be acquired for redemption. The authorization to acquire own shares by the Management Board of the Issuer was granted for the period of one year, and covered the period from 31 August 2020 till 31 August 2021, or until the funds are consumed.
14. On 29 September 2020, the Supervisory Board appointed the Management Board of the Issuer for a new term of office, composed of: Marcin Marzec, President of the Management Board and Sebastian Pielach-Vice President of the Management Board.

2.4. A list of the most important events concerning the operations of the Capital Group after the end of the reporting period, i.e. after 31 December 2020

1. On 25 January 2021, the Management Board of the Issuer was informed about an agreement concluded by the following shareholders: Investcamp Sp. z o.o., Mayas Basic Concept Limited, Marcin Marzec, Sebastian Pielach, Ewa Czarzasta-Marzec and Anna Pielach, holding in total 2,136,799 Issuer's shares, constituting 50.04% of the share capital and entitling to 50.04% votes at the general meeting. The agreement concerns joint acquisition of Issuer's shares. With regard to the information on concluding the agreement, the Shareholders have also informed about the number of Issuer's shares held by the respective parties of the agreement.
2. On 4 February 2021, the Management Board of the Company was notified by the Shareholders acting under the agreement, of an announcement of the follow-up call to subscribe for the sale of shares of Arteria S.A. It has been announced with regard to the planned acquisition by Investcamp sp. z o.o., Marcin Marzec, and Ewa Czarzasta-Marzec of the Issuer's shares entitling to exercising 66% of the total number of votes at the general meeting of the Company. The subject matter of the call were 681,084 Issuer's shares representing in total approximately 15.95% of the share capital and entitling to 681,084 votes at the general meeting of the Issuer.
3. On 22 February 2021, the Management Board of the Issuer announced its position concerning the call. It pointed out that the callers were significant shareholders holding in total over 50% of shares, and the plans presented in the call were coherent with the current plans of the Company. The callers treat the Issuer's shares as a common, long-term investment of strategic nature, and do not exclude even deeper involvement in the future. Therefore, the Management Board of the Issuer did not recognise the risk of speculative motives of announcing the call. Referring to the price suggested in the call, the Management Board exercising due diligence in expressing its standpoint concerning the price named in the call, commissioned an independent auditor to estimate the value of shares. The auditor has estimated the shares' value by two methods, i.e. arithmetic mean of daily weighted average price of shares and weighted average price of shares from the period of 6 months, constituting the sum of the turnover value divided by the turnover volume from that period. In the result of this appraisal, the arithmetic mean of daily weighted average prices equalled PLN 4.715 , whereas the weighted average from that period equalled PLN 4.0440. In the light of the above, the auditor stated in the document presenting the Company's shares evaluation made for the purpose of the call, that the price proposed in the call, being higher than the price estimated with the use of both methods referred to above, meets the requirements specified in article 79 of the Act on public offering.
4. On 12 March 2021, the Management Board of the Issuer was informed by Investcamp Sp. z o.o., on behalf of the shareholders acting under the agreement, about the lack of subscriptions for the sales of the Issuer's shares under the call announced on 4 February 2021, to sign up for the sales of 681,084 shares of the Issuer, constituting 15.95% of the share capital and entitling to 681,084 votes at the general meeting, at PLN 4.48 per one share. As there were no subscriptions for the sales of the Issuer's shares, after the call the number of shares held by the callers did not change and amounted to in total 2,136,799 shares constituting 50.04% share in the share capital and entitling to 50.04% of votes at the general meeting of the Issuer.
5. On 26 March 2021, the Management Board of the Issuer was notified by Mayas Basic Concept Limited of the increased involvement (through acquisition of new shares and purchase of the existing ones) up to 50% in Investcamp sp. z o.o. being the holder of 851,811 shares of the Issuer and constituting 19.95% share in its share capital and entitling to 19.95% of votes at the general meeting. Before the transaction Mayas Basic Concept Limited was a direct owner of 606,883 Issuer's shares constituting 14.21% of the share capital and entitling to 14,21% of votes at the general meeting. In the consequence of the increased involvement in Investcamp sp. z o.o., Mayas Basic Concept Limited became an indirect owner of 425,905 shares of the Issuer, constituting 9.97% share in the share capital and entitling to 9.97% of votes at the general meeting of the Issuer.
6. On 26 March 2021, the Management Board of the Issuer received a notification from Sebastian Pielach with regard to the increase in the share capital of Investcamp sp. z o.o. Sebastian Pielach, being the owner of 210,764 shares of the Issuer, constituting 4.94% of the share capital and entitling to 4.94% of votes at the general meeting, and at the same a shareholder of the company Investcamp sp. z o.o., informed that with regard to the increase of the share capital of Investcamp sp. z o.o., as its 50% shareholder, he remained an indirect owner of 425,905 of shares of the Issuer, constituting 9.97% share in the share capital and entitling to 9.97% of votes at the general meeting of the Issuer.

7. On 26 March 2021, the Management Board of the Issuer submitted an extended report on confidential Information concerning opening on 22 February 2021 tenders for financing the commission of the National Health Fund for the provision of service "First Contact Teleplatform" of the total gross project value of PLN 219,876,948.87. The tenderer who offered the most favourable pricing conditions (service gross value of PLN 83,257,300.00) was the consortium whose leader is District Hospital Gajda-Med Sp. z o.o., and comprising of the Issuer's subsidiaries, i.e.: Gallup Arteria Management Sp. z o.o. SK and Trimtab Arteria Management Sp. z o.o. SK. Pursuant to the tender submitted by the consortium, approximately 15% of the offered gross service value shall be allocated to the Issuer's subsidiaries. The Issuer's Management Board made a reservation in the report that the tender procedure was still pending and had not been completed yet. Therefore, the Issuer is not aware when the tender allotment decision will be made, and the contract might be signed, all the more so that the price criterion constitutes only 60% of the tender weight.
8. On 26 March 2021, the Management Board of the Issuer also submitted an extended report on confidential Information, it became aware of on 12 March 2021, concerning the conclusion of a contract with the National Health Fund for the operation of the National COVID-19 Vaccination Program Hotline. Total remuneration of the Issuer for the execution of the subject matter of the contract shall not exceed the gross amount of: 41,217,725.09 PLN. The Contract has been concluded for the period until 23 December 2021, or until the budget is fully consumed, whichever comes first. The final value of the contract shall depend on many factors affecting the Issuer's remuneration, such as: the sum of products of units of account of respective services provided by the Issuer in monthly settlement periods, the value of remuneration for respective units of account depending on the man-hours worked by the Issuer's consultants, the number of users logged in to the contact centre software, the costs of project operation, and any deductions for contractual penalties imposed in case the efficiency parameters are not met due to the fault of the Issuer. The above settlement rules are typical for projects of such large scale that is why a precise estimation of the contract value is usually possible only after it has been completed and finally settled.

2.5. The strategy and development prospects of the Capital Group of the Issuer for 2021

When assessing development prospects of the Issuer for 2021, the Management Board of the Company points out to the fact of the persistent pandemic situation as the most important factor that may affect the results of further reporting periods of the Company, in particular a decrease in sales, and lower profitability. Therefore, despite the constantly stable financial situation it must be noted that the prolonged period of the pandemic might cause the Issuer to experience serious problems with settling liabilities towards suppliers, despite taking a number of precautions in 2020 that were aimed at limiting investments and reducing the current operating costs. Considering the complexity and uncertainty of the situation, the Management Board of the Issuer is extremely prudent when assessing the Company development prospects in the following quarters. However, it assumes maintaining the existing sales markets for its services, and the risk associated with a potential breaking of the supply chain, and significant interference with the acquisition of goods is deemed to be low. The goods will be supplied by the existing suppliers, mainly from the domestic market.

Call Centre industry prospects

The Issuer offering services within Business Process Outsourcing is operating on an advancing market. According to the estimates of independent research companies, during the last four years, the global index for outsourcing growth amounted to 6.4%, and by 2023 the dynamics will be maintained, on the average, at the annual level of 7.4%. It seems that the situation due to the pandemic, should not have a long-term effect on this tendency because, apart from the savings, the entrepreneurs will increase their demand for specialist knowledge, data security and project flexibility, especially as regards employment, which comes in very handy in times of crisis, and the uncertainty it brings.

Call centre industry in Poland develops at the rate of over a dozen percent a year, and is one of the largest, as regards significance and employment, in the entire BPO (*Business Process Outsourcing)*) segment. Call centre services are used today by many industries, such as power, banking, telecommunications, insurance, automotive, publishing, tobacco, and e-commerce industry. The industry has become professional and executes steadily more specialized services for different market sectors, and with the growing expectations within customer services, the market of *contact centres naturally migrates towards multi-channelling and personalised communication with customers*. As one of the leaders of the call centre market in Poland, the Issuer offers services within a multichannel and comprehensive customer service centre operated through all communication channels

available: incoming and outgoing telephone calls, contacts by e-mail, chat, social media, video streams, voice bots, hotlines, and other support services, such as a comprehensive support of business processes (backoffice).

Robotization as the future of call centre business

It is estimated that in 2025 the market associated with the automation of customer service will reach the global worth of $126bn, whereas the market of chat bots, that is the software used for contacts with customers and replacing humans in omnichannel communication, around $100bn. Studies by independent research companies prove that within the next 5 years up to 40% of call centre positions may be liquidated, and robots and technological solutions based on artificial intelligence will take over humans. This will be possible thanks to automation of a number of business processes. Automation market grows worldwide at the rate of 20% a year, and by 2024 it may reach the value of $5bn. The main task of such technological solutions is to improve customer service (shorten the response time to an enquiry, adjusting an answer to the customer's needs) and to facilitate the work of the consultants by the automation of repeatable tasks. Moreover, artificial intelligence shall be a real support for many companies focused on scaling and providing service to customers in different time zones, in 24 hours system. In the near future up to 85% of customer interactions with companies will take place without any contact with a human, and most handling processes will be taken over by bots based on AI. Bots task is to unburden the processes handled by call centres, and the automation of simple, repeatable processes, with a shift of experienced employees to handle processes far more complicated and challenging. Never before have digital channels played equally significant role in communication with customers. At the times of pandemic and significant restrictions concerning the traditional forms of business contacts, they are indispensable for maintaining business continuity. As the companies' awareness of the significance of digital channels as a key tool to maintain proper quality of customer service is constantly growing, call centre business must be deemed a very prospective one. An important direction of further development of the Issuer, is the continued improvement of the quality of services through the development of technological tools using solutions based on artificial intelligence elements and automation of some business processes.

Offering services on foreign markets, as one of the directions of further development

Considering the scale of operation, comprehensive offer, experience and high credibility, the Issuer disposes of competitive advantages allowing for winning over large scale contracts, and the possibility to take over the operation of full business processes. The scale of the operations of the Company as an entity delivering specialised products from the area of call centre and outsourcing, supplemented with process technologies, and the ability to re-sale additional services, and holding a stable market position for years, allows for finding clients not only on Polish market, but also abroad. An example of such client is a global provider of marketing services offered to entrepreneurs in over a dozen countries in Europe through the Internet. Today, large European companies, especially from Western Europe, seek business partners offering BPO services, including call centre services, that would be able to secure an appropriate scale of the operations and quality of the service, at really competitive prices considering the hour rates of consultants on Polish market, in comparison to such countries as Germany or France. In case of the Issuer, this process is favoured by the business environment because Poland is still a leader of the outsourcing services market in the Central and Eastern Europe (CEE) region, for years noting an average annual growth by over 20%. According to various market analyses, this trend shall be maintained for at least several more years which, undoubtedly, is due to the fact that consumers' behaviours have changed because of the pandemic. The emergence of coronavirus pandemic in Europe, and the resulting decrease in GDP in Western Europe, may have a positive effect on the increased interest in services provided by the Issuer.

In summary, the Issuer's development prospects in 2021 should be assessed in the context of:

- the actual effect of Covid-19 coronavirus pandemic on the market position of the Issuer, maintaining the existing and concluding new contracts, especially within the call centre segment;
- maximum limitation of the negative effects of administrative restrictions due to the pandemic, including maintaining the employment, minimising potential losses, and maintaining stable financial situation, and in the further perspective:
- diversification of client portfolio focused on the growth of cooperation with companies without connection with the public sector, and a wide entrance into foreign markets;
- systematic extension of project portfolio, executed in the *nearshoring* model with the use of technological and personal resources located in Poland;
- developing further regional projects, covering the Central and Eastern Europe countries, executed for Polish and foreign companies operating on multiple markets.

2.6. Description of significant risks and threats with determination to which extent the Capital Group Arteria S.A. is exposed to them

The Management Board of the Capital Group Arteria S.A. does not draw a sensitivity analysis of the respective market risks and their potential influence on the financial results and equity capitals as at the balance sheet date, as provided for in IFRS 7, and finds them impossible to be precisely estimated.

Risk related to COVID-19 coronavirus pandemic

The emergence of the state of epidemic is the most significant risk for further operations of the Issuer and financial results of the nearest quarters. The Management Board of the Issuer, monitors the situation on ongoing basis, assessing the potential effects of the pandemic and the activities performed with regard to that by the public authorities, by identifying the risk and implementing preventive measures to neutralize or minimize its negative effects. When identifying the most significant, potential risks, the Issuer names the following:

- the risk of affecting the market environment by the pandemic

The unprecedented situation associated with the global scale and the pace of the coronavirus spreading, had negative influence on national and international economy. According to common presumptions by economists, this influence can be long-lasting even after the cessation (or significant limitation) of the direct threat from COVID-19. This, in turn, will translate into impaired functioning of many enterprises due to decreased demand for many products and services. One cannot exclude the risk that this situation would negatively affect the Issuer who will be subjected to those factors which, especially in case of a drastic reduction in demand for some services, may have a significant, negative effect on the financial standing of the Issuer, and the possibility of its development. Whereas the predicted high level of unemployment (which has not occurred so far), may make it easier for enterprises to find employees, and reduce the costs of work, which may be of significance also for the Issuer. The ultimate effect of pandemic and the economic crisis it has caused on global and domestic market is difficult to predict. The Management Board of the Issuer will monitor the market environment and adjust further operational strategy to the changing circumstances.

- the risk of limitation of cooperation with the existing and future clients

With the occurrence of the state of epidemic, many companies decided to considerably reduce their normal operation scale, and in some cases, they completely ceased to provide services. At present, this situation concerns the minority of the Issuer's clients and its subsidiaries. However, the risk that the scale of this phenomenon will grow due to the actual effect of the pandemic on the operations of clients, their own financial condition, market environment, general economic situation, or other factors which have or may emerge because of the prolonged state of epidemic, cannot be excluded. The risk of the occurrence of such phenomenon shall be completely independent of the decisions and actions undertaken by the Issuer and aiming at maintaining the scale of the so far cooperation. The Management Board of the Issuer, just like the management boards of the subsidiaries, keeps regular contacts with their clients and whenever it is possible, they negotiate to work out solutions which can minimise the risk of making a decision on reducing the scale of cooperation, and in case of prospective clients, they are monitoring the possibility to resume negotiations of contracts.

- the risk associated with higher price pressure on the part of the contracting parties

The situation due to COVID-19 and the deteriorating financial situation of many of the Issuer's clients make it possible that the risk of price pressure on their part may be higher than it has been so far. The Issuer is exposed to price pressure both during renegotiation of the existing, and acquiring new contracts. It is a result of market competition, and the need to strictly control the operating costs by the clients. In the opinion of the Management Board of the Issuer, there is a risk that this phenomenon may intensify now, due to the deterioration of economic situation of many industries and companies. Further growth of the price pressure in respective services may affect profitability of the existing and future contracts executed both by the Issuer and its subsidiaries. In case of the Issuer, an answer to the risk of the growing scale of this phenomenon, will be maintaining high quality of services provided and, unique on Polish market, complexity of the offer, prepared for handling full business processes, which to some extent should restrict the risk caused by the increased price pressure.

- the risk of delay in payments by the recipients

The operations of the Issuer are characterised with a disproportion between the time of receiving trade receivables from the recipients, and the due dates of own liabilities towards suppliers and employees. This fact creates the Issuer's high demand for current assets, especially when launching new call centre projects. So, there is the risk that in a situation caused by the pandemic, where significant delays in payments from large recipients may occur, there might be some periodical delays in payments which may obviously have a negative influence on economic situation and financial results of the Issuer. The Management Board of the Issuer tries to mitigate the risk of periodical problems with payments by using external financing sources, such as bank credits or subventions available under support programs for entrepreneurs within the so-called anti-crisis shield.

- the risk of loosing some of the clients

Apart from the factors described above, the coronavirus pandemic and its consequences carry the risk that many companies facing difficulties with their own financial or operational situation, and dealing with restrictions in operating trading activities, contacts with prospective customers, or international logistics, will considerably reduce their budgets for 2021, intended for customer service, sales support, marketing, promotional and event activities. Currently, such situation concerns the minority of the Issuer's clients and its subsidiaries however, the risk that this phenomenon will grow in the future, and in the consequence that some clients will be lost, cannot be excluded. To reduce this risk, the Management Board takes actions consisting in ongoing monitoring of the situation of its contracting parties to minimise the probability of such problems occurring in the future.

- the risk associated with the need to reorganise the work of the Issuer and its subsidiaries

Among the factors affecting the operations of the Issuer from the moment of COVID-19 coronavirus pandemic emerged in Poland, one must name the need to introduce changes to work organisation (including the introduction of a remote work model) as the consequence of enhanced precautions resulting from the fear for employees' infection with the coronavirus, administrative restrictions concerning mobility, and closure of educational facilities. A change of the existing work organisation rules entailed the risk of difficulties in proper performance of services within the selected areas, and reduced work efficiency, which could negatively affect the execution of contracts with the clients and functioning of the organisation. In the opinion of the Management Board of the Issuer, the influence of those factors on the results has not been very significant so far, however the risk that it will grow in the future cannot be excluded, especially if the state would persist. Therefore, certain actions have been taken to ensure flexible adjustment of the work organisation to the changing situation, and internal communication with the employees, and external communication with the contracting parties has been intensified to agree, on ongoing basis, the most effective manners of operation. This should limit the risks of negative effect of the above-mentioned factors on the operations of the Issuer, and its subsidiaries.

To sum up, although it is not possible to estimate the real effects of the pandemic both for the Issuer and the entire market environment, the Management Board of the Issuer took all reasonable actions to minimise the risks associated with the circumstances that might prevent carrying out the Issuer's strategy and jeopardize the plans of its future development. At the same time, the Management Board of the Issuer notes that, due to the dynamic development of the situation, and the occurrence of factors beyond reasonable control of the Issuer, one cannot exclude the risk of the appearance of any or even all of the risks listed above, whose effect on the Company may prove to be very significant and, in the consequence, may prevent the Company from operating business activity in the present shape.

The risk of the Issuer's strategy being a fiasco

An important factor of direct influence on the execution of the Issuer's strategy within the next few quarters, shall be the risk associated with the emergence of COVID-19 coronavirus pandemic, and its consequences for the economy, within the scope described above. Therefore, the Management Board of the Issuer assures that in case any of the risks mentioned above, which may demonstrate a significant, negative effect on the financial results achieved by the Company, and its market value, occurs, the Issuer will modify the strategy accordingly and will correct the assumptions in the manner assuring the achievement of the assumed strategic goals for 2021 and the following years. The Management Board of the Company has different scenarios of further development of the Company in place, prepared in several variants depending on the actual effects of the pandemic, for the Company, the markets on which the Company operates, and for the entire economy.

In previous years, the Issuer conducted active operational activities on mergers and acquisitions market, the result of which is, among other, the acquisition of several companies from contact centre industry. The decisions on the acquisition of those companies were preceded by a detailed analysis of the financial standing of the

prospective acquisition targets, their market shares and audit of their resources, carried out with full involvement of the Issuer, and with the use of experienced, external financial, legal and tax advisers. Therefore, it cannot be excluded that, benefiting from the experience and available resources, the Issuer will be interested in further acquisitions of companies from this industry in the future, provided that they will offer a complementary scope of services or appropriate customer portfolio, which will supplement the present market offer of the Company. So, the Management Board notes that any acquisition, even if prepared in the best possible way, is burdened with the risk of failure, which cannot be completely excluded. Also, it is not possible to predict all effects of merging different business entities, and decisions made by the employees of the acquired entities.

The risk associated with economic and political factors

The operations of the Issuer, just like of any other entrepreneur depend on such factors as: GDP level, inflation, taxes, law changes, unemployment, interest rates, or recession on the capital market. The occurrence of the above risks after the cessation of the epidemic risk due to hard to predict scale and pandemic effect on the economy may turn out to be particularly relevant. The unfavourable trend of developing those economic factors may have a negative effect on the operations of the Company. The Issuer tries to minimise the possibility of the occurrence of those risks through diversification of its operation within several areas, continuous extension of the portfolio of recipients of its services, and continuous qualitative growth of the offered products and services.

The risk of termination of agreements by banks or leasing companies

The Issuer finances its operations from its equity capital, and with the use of such instruments as bank credits and leasing. Any refusal to renew, or termination of a credit agreement by any of the financing entities would have a negative effect on financial liquidity, and lead to deterioration of the Issuer's financial results. The Management Board of the Company fulfils its obligations towards the financing institution in a reliable and timely manner, both as regards paying off the liabilities and complying with other arrangements, including maintaining collaterals and appropriate levels of financial ratios, however, the Management Board of the Issuer assesses the risk of termination of such agreements as plausible. The Issuer has interest-bearing liabilities (credits and leasing) which exposes it to the risk of changes in interest rates, whose increase may uplift the financing costs, and with the same decrease the profitability of the operations.

The risk of changing legal environment

A change of law, or a change of the so far interpretation of the law may pose a potential threat for the Issuer's operations. In particular, this concerns the highly regulated area of law which is the protection of personal data that directly shapes the operations of the Company. With regard to Poland's accession to the European Union, Polish law is in the phase of adjusting the internal regulations to the regulations applicable in the European Union. Whereas high changeability of Polish legal regulations and its interpretation may have a negative effect on the functioning of the Issuer, especially if such changes concern economic law, tax law, labour law, social insurance law, and securities law. Such changes may be unfavourable for the financial and operational situation of the Issuer, and may cause an increase in business operation costs, reduction of profits gained, or hindering or preventing business operation. The ambiguities and heterogeneity in construing legal regulations cause serious difficulties at the stage of applying the regulations both by the entrepreneurs, and by courts and administrative bodies. The above causes the risk of arising potential disputes, in which the Issuer or its subsidiary shall be a party. Verdicts pronounced by courts and administration authorities happen to be inconsistent and unpredictable, which reduces their usefulness, as interpretation of the law. The Issuer utilizes regular legal service and tries to minimise the risk due to legal environment changes, however it is not fully capable of excluding it completely.

The risk associated with maintaining professional staff

The Issuer conducts service activities, and its valued assets are people, their knowledge, experience, and skills. It is highly qualified and motivated managerial staff that is an important factor conditioning the success of the Issuer's operations. Therefore, a potential loss of the best managers or persons with unique qualification, may involve the risk of temporary deterioration of management of particular business areas, or reduced capability of performing tasks for the clients which, in turn, could negatively affect the Issuer's financial results or the pace of implementation of development plans. To limit those risks, the Management Board of the Company undertakes a range of activities aiming at maintaining and attracting the best managers and employees, offering the best of them attractive pay conditions and incentive systems based on work efficiency. It must be noted that the key

personnel have been associated with Arteria S.A. for many years and, considering market conditions, are appropriately remunerated.

The risk associated with the future of the labour market

The job of consultants working in the call centre business as telemarketers usually does not require specialist education and is relatively low paid. Usually, it is performed by students or persons without higher education background. So far, deficiency in the number of persons interested in taking this kind of job has been observed, especially on the Warsaw market, therefore it was necessary to raise the pay. The Issuer was taking appropriate steps to minimise the risk of the lack of employees, primarily by migrating a significant part of the projects outside Warsaw, which resulted in reduced costs of the operations and distinctly higher, in comparison to Warsaw, stability of employment of telemarketers. Moreover, compared to market standards, a large part of contracts executed within the services provided by the Issuer requires that highly qualified specialists are employed (especially in multilingual international projects). So, on the one hand it requires meeting higher financial expectations, but on the other, considerably reduces consultants' turnover. One of the effects of COVID-19 pandemic may be higher than ever availability of employees and their increased interest in taking a job in the call centre business, which may be beneficial for the Issuer.

The risk of unrealised contracts

Operations of the Issuer are mainly based on execution of outsourcing projects of high level of complexity. The risk that a contract is not realised may imply its immediate termination, filing a complaint or advancing financial claims by the client. One of the consequences can also be the withdrawal of the contracting party from cooperation which, in turn, may affect the outflow of the existing clients, and limited opportunities to win new contracts. The Management Board of the Issuer tries to minimise such risks by signing contracts which define in detail the scope of obligations of the Company when providing the services. There are also specified consequences of non-performance or improper performance of a given service, and any damage caused in connection with the service performed. Typical sanctions contained in the contracts concluded by the Issuer include the obligation to redress the damage and financial penalties. Any occurrence of such events may have a significant, negative influence on future financial results. As the reasons for improper performance of services are usually human errors and failures of the IT Infrastructure, which cannot be completely eliminated, the Issuer pays special attention to the quality of service provided and minimising the probability of such errors or failures. In this context it must be noted, e.g. the implemented quality control measures for staff training, monitoring of the performed works, and computerization of the service rendering process. The Issuer has also taken out insurance policies, safeguarding the Company in case of clients' claims due to improper performance of some of the services. The occurrence of such events may have some influence on the financial situation and results of the Issuer. However, it must be noted that in over ten years of Company history, no such situation has ever taken place on a larger scale. The Management Board takes care of the employment of professional staff composed of people of high competence and extensive experience in carrying out similar processes.

The risk of operating business with the use of information technology

The operations of the Issuer are based on the use of information technology and dedicated software solutions. Therefore, the Issuer is exposed to infrastructure failures which may lead to a restricted access to the information systems used. The most frequent types of failures include breaks on optical fibre connectors and faults of the applications used. The main consequence of a failure is downtime in performing services and the resulting costs. In case of prolonged blocked client's access to an application, the Issuer may be additionally exposed to being charged with contractual penalties. Therefore, serious faults of the IT infrastructure may have a significant negative influence on financial results in the future. A fault that would lead to a permanent loss of data stored or its disclosure to unauthorised entities would have the most serious consequences from the point of view of the Issuer's liability. However, the Management Board of the Issuer assesses the risk of such event as negligible. The Issuer has implemented a range of tools and procedures which, on the one hand restrict the risk of the occurrence of an emergency situation, and on the other, mitigate the potential damage inflicted by such situation.

The risk of breach of personal data protection regulations

The specificity of the Issuer's operations associated with the execution of most call centre projects with the use of databases, creates a potential risk that third persons may address the Company with claims of the breach of the regulations on personal data protection. A breach of personal data regulations may also result in imposing

penalties by the supervisory body. Proceedings concerning those issues may be costly and time consuming for the Issuer's management. The Company is aware of the potential risk within this area and has taken appropriate measures to mitigate it. Therefore, the Issuer attaches great importance to the compliance with law and the safety of databases used in the executed projects. Personal Data Safeguarding Policy and appropriate instructions concerning the method of management of the information system used for personal data processing and the procedure of handling personal data breach situations are applied by both the Holding Entity and the subsidiaries. The contents of the above-mentioned documents is fully compliant with the provisions of the General Data Protection Regulation no. 2016/679 ("GDPR"). Information systems used by the Issuer for the purpose of personal data processing are secured against the loss of data due to power supply failure or faults in the mains supply. The IT system used for personal data processing is equipped with user authentication mechanisms and data access control. Personal data processing process is supervised by persons responsible for personal data protection who are liable for their work effects directly to the Management Board of the Issuer.

The risk associated with financial instruments management, foreign exchange risk, and interest rate risk

The Issuer utilizes such financial instruments as bank credits, loans, bonds, leasing contracts and cash funds, and other financial instruments, such as trade receivables and liabilities which arise directly in the course of the Company operations. The main types of risk resulting from the Issuer's financial instruments include interest rate risk, foreign exchange risk, and financial liquidity risk. The exposure to the risk caused by interest rate change mainly concerns long-term financial liabilities which are not secured with derivative financial instruments. Bank credit liabilities bear interest at a variable interest rate which is updated following a decision of the Monetary Policy Council. In case of the Issuer, foreign exchange risk is insignificant. As regards financial liquidity risks, those are monitored with the use of liquidity planning tools that support the continuity of financing through the use of different financing sources. In the Management Board's opinion, the level of financial liquidity of the Issuer must be considered sufficient to ensure operating business activity in a secure way, both as at the date of drawing up the financial report, and during the period of at least 12 following months.

2.7. Proceedings pending before a court, institution for arbitration proceedings or public administration authority, taking into account information on liabilities or receivables of the Company or its subsidiaries, whose value constitutes at least 10% of the Company's equity capitals

A subsidiary of the Issuer, i.e. Rigall Arteria Management spółka z ograniczoną odpowiedzialnością spółka komandytowa is in a court dispute concerning ordering Bank Handlowy w Warszawie S.A. to pay a considerable amount of a commission compensation on the agreements concluded during the term of agency agreement between the parties of the dispute, and resulting from an intensive exploitation of commercial relationships with the clients acquired by the Company, and after the termination of the agreement (compensatory benefit). The value of the dispute is:

- PLN 386,139,808.89 plus statutory interest for delay, from the date of submitting the plaint until the date of payment, as a commission remuneration from the agreements concluded during the term of the agency agreement, with customers previously won over by Rigall for agreements of the same kind (Article 791 § 1 in conjunction with Article 761^3 in conjunction with Article 758^1 of the civil code);
- PLN 50,017,463.89 plus statutory interest for delay, from the date of submitting the plaint until the date of payment, as a compensatory benefit referred to in Article 764^3 of the civil code
- reimbursement of the proceedings costs, including the reimbursement of costs incurred in connection with court representation, provided for by the existing laws.

The case was assigned the reference number XXVI GC 10/19. Administrative restrictions introduced in mid-March 2020 and resulting, among other, in temporary suspension of the operations of common courts and holding trials, will most certainly affect the duration of the proceedings and a postponement of delivering a judgement in this case.

On 18 September 2020, the Management Board of the Issuer became aware of the action taken by the Supreme Court, which in the result of a cassation appeal of the plaintiff against the ruling of the Court of Appeal, decided to address the CJEU (Court of Justice of the European Union) with a request for a preliminary ruling concerning the case of "the order concerning a commission on agreements concluded during the term of the agency agreement without the participation of the agent but with the clients acquired previously by the agent for agreements of the same type".

The reading of the request: "Whether, pursuant to the reading and purpose of Article 7 paragraph 1 letter b of the Council Directive 86/653/EEC of 18 December 1986 on the coordination of the laws of the Member States

relating to self-employed commercial agents (OJ L 382 of 31.12.1986, p - 17-21), the regulation should be understood as granting a self-employed sales representative the absolute right to a commission on an agreement concluded during the term of the agency agreement with a third party which he had previously acquired as a client for a transaction of the same type, or whether such authorization may be excluded in the agreement?" The Management Board of Arteria S.A. has no information how the legal request sent by the Supreme Court to the Court of Justice of the European Union will affect the further course of the proceedings and the final result.

Apart from the above-mentioned proceedings, no other proceedings were pending before any court or other authorities that would be of significance for the Issuer.

2.8. Information on basic products, goods or services, and determination by quality and quantity of their share in the general sales volumes of the Capital Group, as well as on changes within this scope in the given financial year

The Capital Group Arteria S.A. is the leader of business processes outsourcing market in Poland. The Group operates its activities in two business segments: Contact Centre and Sales Support. It has an extensive portfolio of clients from different industries, based on long-term contracts with a long notice period. Today, the Group disposes of the largest commercial call centre on Polish market, specialising in offering advanced customer care services with the use of technologically integrated telemarketing structures with in total 2200 positions in eight locations all over Poland. A commercially growing direction of development is foreign sales, whose main partner today is a global client from Internet marketing segment. Currently, the cooperation is being carried out on ten markets within the Central and Eastern Europe (Russia, Ukraine, Romania, Hungary, Czechia, Slovakia, Belarus, Kazakhstan, Poland, and Lithuania). The scale of this project has been continuously growing since the beginning of 2015.

Operational activities in the Sales Support segment consist of technological and operational support, including documents and back-office services management, provision of specialist IT systems, operational consultancy and business processes designing, execution of marketing campaigns, arrangement of loyalty programs, merchandising services and designing, production and distribution of point of sales materials (POSM).

Financial data of the respective segments is presented in Note 6.33. to the consolidated financial statement.

2.9. Information on selling markets, taking into consideration the division into domestic and foreign markets, and information on supply sources of materials for production, goods, and services, specifying dependency on one or more recipients and suppliers, and in case the share of one recipient or supplier reaches at least 10% of the total revenue from sales - names (business names) of the supplier or recipient, its share in the sales or supplies, and its formal links with the Company

The Capital Group Arteria S.A. is not dependent on one recipient or one supplier. However, it must be noted that in 2020 two contracting parties' share in the revenue of the Capital Group ARTERIA S.A. exceeded 10%. The revenue of the Capital Group is composed of revenues from several dozen projects for large clients in many industries, mainly from the areas: electric and gas energy, telecommunications and IT, finance, and insurance, FMCG and services, and publishing houses and media. The Capital Group Arteriomich cooperate with the Group under long-term contracts. All projects executed by the Group were operatively carried out in the territory of Poland.

2.10. Information on contracts of significance for the operation of the Capital Group, including the agreements known to the Company and concluded between the shareholders (associates), insurance agreements, and cooperation or collaboration agreements

The Issuer has described all events of significance (including significant contracts) for the operation of the Company under clause 2.3 (in 2020) and clause 2.4 (after the end of the reporting period and prior to the publication date). Moreover, the Management Board informs that in the reporting period it has not been notified of any agreements concluded between the shareholders, or any significant insurance, cooperation, or collaboration agreements.

2.11. Information on organisational or capital connections between the Issuer and other entities, and specification of its main domestic and foreign investments (securities, financial instruments, intangible assets, and real properties), including capital investments outside the group of its affiliates, and description of the methods of their financing

Information concerning this matter was given in the present report under clause 1.2 "Description of the organisation of the Capital Group Arteria S.A.", with the indication of the entities subject to consolidation.

2.12. Information on significant transactions concluded by the Issuer or any of its subsidiaries with the affiliates under other conditions than arm's length basis, including their amounts and information specifying the nature of such transactions - the obligation is deemed to have been fulfilled by informing about the place of including such information in the financial statement

All transactions with affiliated entities concluded during the reporting period have been concluded under commonly adopted arm's length basis within standard operations between Arteria S.A. and other companies composing the Capital GROUP Arteria S.A.

Detailed information concerning transactions with affiliated companies is available in Note 6.34. of the consolidated financial statement.

2.13. Information on concluded and terminated credit and loan agreements, indicating at least their amounts, type and interest rate, currency, and maturity date

Detailed information concerning credit and loan agreements is available in Notes 6.24 and 6.25 of the consolidated financial statement.

2.14. Information on loans granted, including loans to affiliated Companies, indicating at least their amounts, type and interest rate, currency, and maturity date

Detailed information concerning granted loans is available in Note 6.15. of the consolidated financial statement.

2.15. Information on sureties and guarantees given and received in the financial year, with special regard to the ones given and received from the Issuer's affiliates

Detailed information concerning sureties and guarantees given and received, with special regard to sureties and guaranties to and from affiliated companies is available in Note 6.30 of the consolidated financial statement.

2.16. In case of issue of securities – description of the use of the proceeds from the issue of securities by the Issuer by the time of drawing up the report on the operations

During the period covered by the report, the Company did not issue securities.

2.17. Explanation of differences between the financial results indicated in the annual statement, and earlier forecasts for a given year

The Management Board of Arteria S.A. did not publish forecasts of consolidated results in 2020.

2.18. Assessment of financial resources management, taking into account the ability to fulfil contractual obligations, and specification of possible threats and actions which the Company has taken or intend to take to prevent those

The Management Board of the Capital Group Arteria S.A. verifies and agrees the principles of financial risk management and monitors the market price risk, concerning all financial instruments it holds. During the described period, the Capital Group of the Issuer, had been fully capable of fulfilling contracted liabilities, and at this stage does not presume any serious threats that could affect the increased risk of regulating its liabilities towards external services providers. At the same time, the Management Board notes that due to the emergence of the coronavirus pandemic, the smooth management of the financial assets of the Issuer is potentially at risk, which has been described in clause 2.6.

2.19. Assessment of the possibility to carry out the contemplated investments, including capital investments, in comparison to the volume of funds and taking into account possible changes in the financing structure of such operations

With regard to the coronavirus pandemic, and the accompanying administrative restrictions, the Management Board of the Issuer was forced to verify the initial plans and budgets for 2020, including the contemplated investments. They have been frozen until the market situation becomes stable after the end of the pandemic unless they condition further operations of the Holding Entity and its subsidiaries. The Management Board will monitor the market situation on ongoing basis, and depending on its course, it will make relevant decisions concerning realizing the contemplated investments, initially planned for 2020. They shall be realized mainly with the use of funds earned on the current operating activities. Moreover, the Management Board of the Issuer does not expect any significant changes in the financing structure of its operations.

In the opinion of the Management Board of Arteria S.A., in 2020 market situation will promote further development of the Capital Group Arteria S.A., and realization of the planned investments with the use of own funds, or external financing.

2.20. The characteristic of external and internal factors of significance for the development of the Company and the Capital Group Arteria S.A.

In the opinion of the Management Board of the Issuer, significant factors affecting further development of the Company shall be

- the actual influence of Covid-19 coronavirus pandemic on the economy and market position of the Company;
- mitigation of the negative effects of administrative restrictions due to the pandemic, including maintaining the employment, minimising potential loss, and maintaining stable financial situation;
- maintaining the existing and concluding new contracts, especially within the Call Centre segment;
- extension of the existing client portfolio, especially by the companies which are not connected with the public sector, and intensified activities aiming at winning clients on foreign markets in the *nearshoring* model, with the use of technological and human resources located in Poland;
- developing regional projects, covering the Central and Eastern European countries, executed for Polish and foreign companies operating on multiple markets.

2.21. Changes in the basic principles of management of both the enterprise of the Company and its Capital Group

During the reporting period and after it was completed, the basic principles of managing the Issuer's enterprise and its Capital Group have not changed. The Company operated within the so-far organisation structure based on three business units: Contact Centre Business Unit, Sales Support and Logistics Business Unit, and Service Centres, constituting a back office for all companies within the Capital Group.

2.22. Information on contracts concluded between the Company and management staff, providing for a compensation in case they resign or are dismissed from the position

The Issuer is a party of non-competition agreements with Members of the Management Board providing for a compensation in case they resign or are dismissed from the function of a Member of the Management Board of the Company. In order to protect the interests of the Issuer, non-competition agreements were concluded with Members of the Management Board, providing for that they should refrain from operating competitive activities during holding their functions and afterwards. Pursuant to the agreements, Members of the Management Board undertake that, for whatever reason, they shall not:

- operate, directly or indirectly, any activity competitive to the operations of the Company, on own account or on account of another person in the form of individual business activity, as a partner in a civil law partnership or a partnership,
- perform work, directly or indirectly, under a work contract, or provide services under a service contract or any other legal relationship to an entity running business activity competitive with the operations of the Company,

- purchase or acquire interests or shares, or participate in partnerships, cooperatives, associations, foundations, and other types of legal entities operating activity competitive with the operations of the Company, with the exception of the acquisition of lots of shares in public companies not exceeding 5% of shares,
- accept positions in managerial, supervisory, or controlling bodies in commercial companies or cooperatives operating business activity competitive with the operations of the Company,
- act as a proxy or commercial proxy, or in a similar capacity, for an entity operating activity competitive with the operations of Arteria S.A.

Within 6 months from the cessation of holding their function, Members of the Management Board shall be entitled to receive compensation for the application of the non-competition clause.

2.23. Information on remuneration of the managerial and supervisory officers

Total value of remuneration costs in the Holding Entity, including remuneration of the Management Board and Supervisory Board in 2020 in comparison to the previous year, is as follows:

Specification	31.12.2020	31.12.2019
Total remuneration	1,933	2,056
Social security contributions and other staff costs	285	299
Total remuneration fund, including:	**2,218**	**2,355**
Management Board - remuneration and mark ups	264	288
Supervisory Board - remuneration and mark ups	142	125
Total remuneration of Members of the Management Board and Supervisory Board	**406**	**413**

Remuneration, awards or benefits, including the ones resulting from incentive or bonus programs based on the capital of the Holding Entity, including the programs based on bonds with the pre-emptive right, convertible, subscription warrants (in cash, in kind or in any other form), paid, payable or potentially payable individually to each of the managing or supervising persons in the Holding Entity, regardless if they were posted as costs or resulted from the appropriation of profit, are as follows:

Remuneration of Members of the Management Board	31.12.2020	31.12.2019
Marcin Marzec - President of the Management Board	96	96
Wojciech Glapa - Vice President of the Management Board	72	96
Sebastian Pielach– Vice President of the Management Board	96	96
Total	**264**	**288**

Remuneration of Members of the Supervisory Board	31.12.2020	31.12.2019
Grzegorz Grygiel - Chairman of the Supervisory Board	25.5	25.5
Michał Lehmann - Member of the Supervisory Board	25.5	25.5
Michał Wnorowski – Member of the Supervisory Board	25.5	25.5
Krzysztof Kaczmarczyk – Member of the Supervisory Board	25.5	24.5
Bartłomiej Jankowski – Member of the Supervisory Board	24	24
Total	**126**	**125**

During the reporting period, no loans were granted to Members of the Management Board or Members of the Supervisory Board of Arteria.

In the period covered by this report, the Company did not have any incentive or bonus programs based on the capital, including programs based on bonds with the pre-emptive right, convertible, or subscription warrants (in cash, in kind, or in any other form), paid or potentially payable.

2.24. Information on obligations arising from pensions and similar benefits for former managing and supervising officers, or former members of administrative bodies

The Capital Group Arteria S.A. has no such obligations.

2.25. Information on holding shares of the Issuer and its affiliated companies - specification of the total number and nominal value of all Issuer's shares and shares in the affiliate companies of the Issuer, held by managing and supervising officers of the Issuer (separate for each person)

The current possession of Company shares by the managing and supervising officers as at the reporting date, and as at the publication date of this report, i.e. as at 30 April 2021, as amended, separately for each of the persons, is as follows:

The Management Board of Arteria S.A.

Name and surname	No. of shares	Share nominal value	Share in the share capital (%)	Number of votes	A share in the general number of votes at the General Meeting of Shareholders (%)
Marcin Marzec	155,040	31,008.00	3.63%	155,040	3.63%
Sebastian Pielach	210,764	42,152.80	4.94%	210,764	4.94%

Supervisory Board of Arteria S.A.

A list of Company shares held by Members of the Supervisory Board as at the reporting date, and as at the publication date of this report, i.e. as at 30 April 2021, as amended, separately for each of the persons, is as follows:

Name and surname	No. of shares	Share nominal value	Share in the share capital (%)	Number of votes	A share in the general number of votes at the General Meeting of Shareholders (%)
Grzegorz Grygiel	0	0	0.00%	0	0.00%
Michał Lehmann	0	0	0.00%	0	0.00%
Krzysztof Kaczmarczyk	0	0	0.00%	0	0.00%
Michał Wnorowski	0	0	0.00%	0	0.00%
Bartłomiej Jankowski	0	0	0.00%	0	0.00%

The presented holdings have not changed as at the date of publication of the periodical report, i.e. as at 30 April 2021. Members of the Supervisory Board of Arteria S.A. do not hold shares in the affiliated entities of Arteria S.A.

As at the date of this report, the Issuer is not aware of any agreements in the result of which the proportion of shares held by the present shareholders and bondholders may change in the future.

2.26. Information on agreements (including the ones concluded after the balance sheet date), in the result of which the proportion of shares held by the present shareholders and bondholders may change in the future

As at the date of this report, the Capital Group Arteria S.A.is not aware of any agreements in the result of which the proportion of shares held by the present shareholders and bondholders may change in the future.

2.27. Information on control system of the employees' shares programs

Within the Capital Group Arteria S.A. no employees' shares have been issued so far. Therefore, there was no need to implement control systems for this type of programs.

2.28. Information on more significant achievements in the field of research and development

The Capital Group Arteria S.A. has not noted any achievements in the field of research and development so far.

2.29. Information on branch offices (plants)

The Capital Group Arteria S.A. does not have any branch offices or plants.

2.30. Information on holding own shares

Arteria S.A., as the Holding Entity of subsidiaries forming the Capital Group, does not hold own shares. In the financial year, Arteria S.A. has not acquired nor disposed of own shares.

2.31. Information on the selection of an audit company

On 14 August 2020, the Supervisory Board selected the company under the name UHY ECA Audyt Spółka z ograniczoną odpowiedzialnością Sp.k. with the seat in Warsaw, that is an entity authorized to audit financial statements pursuant to article 46 of the act of 11 May 2017 on auditors, auditor companies, and public supervision (Journal of Laws of 2017, item 1089, of 2018, item 398), registered on the list of entities authorised to audit financial statements under the number 3115, to audit financial statements of the Company and of the Capital Group Arteria S.A. for years 2020 and 2021, and entrusted it with the audit of:

- interim financial statement of the Company for the period from 1 January 2020 till 30 June 2020,
- interim consolidated financial statement of the Capital Group Artemis S.A. for the period from 01 January 2020 till 30 June 2020,
- financial statement of the Company for the period from 1 January 2020 till 31 December 2020,
- consolidated financial statement of the Capital Group Arteria S.A. for the period from 1 January 2020 till 31 December 2020,
- interim financial statement of the Company for the period from 1 January 2021 till 30 June 2021,
- interim consolidated financial statement of the Capital Group Arteria S.A. for the period from 01 January 2021 till 30 June 2021,
- financial statement of the Company for the period from 1 January 2021 till 31 December 2021,
- consolidated financial statement of the Capital Group Arteria S.A. for the period from 1 January 2021 till 31 December 2021,

the Supervisory Board has authorised the Management Board of the Company to conclude agreement with the above-mentioned company for the above audits, for the term necessary to perform the works specified therein, and to determine the remuneration for the audits performed.

The cost of audit services	**01.01.2020 31.12.2020**	**01.01.2019 31.12.2019**
Audit of annual standalone and consolidated financial statement	82	40
Other certifying services - interim audit of standalone and consolidated financial statement	63	20
Total	**145**	**60**

3. CORPORATE GOVERNANCE

3.1. The applied set of corporate governance policies

In 2020, the Issuer was subject to the set of corporate governance policies specified by Giełda Papierów Wartościowych w Warszawie S.A. (Warsaw Stock Exchange) in the document "Good Practices of WSE Listed Companies 2016" ("Good Practices 2016") constituting appendix to the resolution no. 26/1413/2015 of the Supervisory Board of Giełda Papierów Wartościowych w Warszawie S.A. on 13 October 2015. The document of Good Practices 2016 is publicly available in the Internet, at the website of Giełda Papierów Wartościowych w Warszawie S.A. (https://www.gpw.pl/dobre-praktyki) and on the corporate website of Arteria S.A., in the section intended for Company shareholders.

With regard to the set of Good Practices 2016 taking effect on 1 January 2016, the Management Board of the Issuer accepted for application recommendations and rules specified in the above-mentioned document, except for the recommendations contained in clauses IV.R.2., VI.R.1., VI.R.2., VI.R.3. and detailed rules specified in clauses I.Z.1.16., I.Z.1.20., IV.Z.2., VI.Z.2. and VI.Z.4.

Pursuant to § 29 paragraph 3 of the Regulations of Giełda Papierów Wartościowych w Warszawie S.A., on 1 June 2016, the Company made public, through the Electronic Information Database system, report no. 1/2016 concerning non-application of the detailed rules contained in Good Practices 2016. At the same time, pursuant to the requirements of the rule I.Z.1.13., the Company published on its website information on the status of application by the Company the recommendations and rules contained in Good Practices 2016.

The Company has not accepted for application, or does not fully apply the following recommendations and detailed rules contained in Good Practices 2016:

- Recommendation IV.R.2., concerning allowing the shareholders to participate in a general meeting with the use of electronic communication means, in particular through – real-time broadcast of the general meeting, – real-time bilateral communication where shareholders may take the floor during a general meeting from a location other than the general meeting, – exercising the right to vote during a general meeting either in person or through a proxy.

  The Management Board prioritises the smooth conduct of proceedings of the general meeting and the correctness of adopting resolutions by the general meeting. The Company has assessed legitimacy of applying this recommendation in the context of its shareholding structure and the so far shareholder's participation in general meetings of the Company and decided that the shareholders of the Company would not be interested in participating the general meetings with the use of electronic communication means, and the costs of application of such technology would be costly for the Company. The validity of the adopted position is confirmed by the fact that the shareholders have not addressed the Company with requests or need to organise general meetings in that form. Therefore, the Management Board has decided that the Company would not apply that recommendation in a permanent manner.

- Recommendation VI.R.3. providing for that if there is a remuneration committee in the supervisory board, its functioning is subject to the rule II.Z.7. Explanation of non-application of this recommendation is contained in the explanation to non-application of Recommendation VI.R.1.4.
  The Company has a remuneration policy in place which was adopted by the Ordinary General Meeting of Company Shareholders on 31 August 2020, however, this policy does not provide for the possibility to establish a remuneration committee within the Supervisory Board.
- Rule I.Z.1.16, concerning information on the scheduled broadcast of a general meeting session– no later than 7 days before the date of the general meeting, Explanation of non-application of this rule is contained in the explanation of non-application of Recommendation IV.R.2.
- Rule I.Z.1.20 concerning recording the course of the general meeting session in audio or video format.

Explanation of non-application of this rule is contained in the explanation of non-application of Recommendation IV.R.2.

- Rule IV.Z.2 concerning generally available, real-time broadcast of the general meeting session. Explanation of non-application of this rule is contained in the explanation of non-application of Recommendation IV.R.2.
- Rule VI.Z.4. concerning communication of information on the remuneration policy.
  The Company has a remuneration policy in place, which was adopted by the Ordinary General Meeting of Shareholders of the Company on 31 August 2020. Pursuant to the contents of the remuneration policy, the Supervisory Board of the Company prepares a report on the observance of the remuneration policy for each financial year (whereas the first report was cumulative and covered financial years 2019 and 2020) within the time frame allowing for the inclusion on the agenda of the General Meeting of Shareholders an item covering the review of the report and submitting the report for an assessment by an auditor. The remuneration policy applicable in the Company does not provide for drawing up a separate report on the remuneration policy and including it in the report on the operations of the Company in a given financial year. Nevertheless, the annual report on the operations of the Company contains detailed information on remuneration of the respective Members of the Management Board and Supervisory Board for the functions held by them in a given financial year and the preceding year.

3.2. The system of internal control and risk management in the process of drawing up financial statements of the Issuer

The Company has an internal control system in place which contributes to ensuring effectiveness and efficiency of operations, credibility of financial reporting, and compliance with the applicable laws and other regulations. The system of internal control and risk management is to ensure the achievement of goals within operative

effectiveness and efficiency of the Company, credibility of the financial reporting, and operations' compliance with legal regulations. Due to the size of the organisation, at present there is no separate, specialised organisation unit dedicated solely to internal control. The system of internal control and risk management with regard to the process of drawing up financial statements, is compliant with the act on accounting, International Financial Reporting Standards, and other legal requirements, and with the internal corporate procedures of managing and approving financial statements. A significant element of that system is audit of annual financial statements of the holding entity by independent auditors. As regards the management of reports drawing risk, the Company monitors on ongoing basis any changes in laws and in internal regulations concerning drawing up reports, and prepares for their implementation, among other by providing training to employees and utilizing external consultancy services.

3.3. A list of shareholders holding directly or indirectly significant lots of shares, including the number of shares held, their percentage share in the share capital, number of votes and their percentage share in the overall number of votes at the general meeting

The Management Board of Arteria S.A., acting according to the current knowledge as at the date of publication of this report, based on the notifications sent to the Company, pursuant to article 69 paragraph 1 item 2 of the Act of 29 July 2005, on public offering and conditions of introduction of financial instruments to the organised trading system and on public companies (Journal of Laws of 2005, no. 184, item 1539), provides a list of shareholders holding directly or indirectly through subsidiaries at least 5% of the overall number of votes at the General Meeting of Shareholders of Arteria S.A. as at the date of submitting this periodical report, i.e. as at 30 April 2021, with the indication of the number of shares held by those entities, their percentage share in the share capital, number of votes resulting therefrom, and their percentage share in the overall number of votes at the general meeting of the company, with the indication of changes in the ownership structure of considerable lots of shares in the period from 1 January 2020 till 31 December 2020, and as at the date of publication.

Detailed information on the current shareholding structure, taking into account the Shareholders holding over 5% of shares at the GMS of the Company, is as follows:

Shareholding structure as at 31 December 2020

Shareholder	No. of shares	Share nominal value	Share in the share capital (%)	Number of votes	A share in the general number of votes at the General Meeting of Shareholders (%)
Investcamp Sp. z o.o.	851,811	170,362.20	19.95%	851,811	19.95%
Generali OFE S.A.	724,000	144,800.00	16.96%	724,000	16.96%
Mayas Basic Concept Limited	606,883	121,376.60	14.21%	606,883	14.21%
Investors TFI S.A.	375,465	75,093.00	8.79%	375,465	8.79%
Other shareholders	1,711,361	342,272.20	40.09%	1,711,361	40.09%
Total	**4,269,520**	**PLN 853.904.00**	**100.00%**	**4,269,520**	**100.00%**

The presented status has not changed during the entire reporting period.

After the end of the reporting period, the Issuer received the following notifications concerning changes in the shareholding structure:

1. On 25 January 2021, the Management Board of the Issuer was informed about an agreement concluded by the following shareholders: Investcamp Sp. z o.o., Mayas Basic Concept Limited, Marcin Marzec, Sebastian Pielach, Ewa Czarzasta-Marzec and Anna Pielach, holding in total 2,136,799 Issuer's shares, constituting 50.04% of the share capital and entitling to 50.04% of votes at the general meeting. The agreement concerns joint acquisition of Issuer's shares. With regard to the information on concluding the agreement, the Shareholders have also informed about the number of Issuer's shares held by the respective parties of the agreement.

2. On 4 February 2021, the Management Board of the Company was notified by the Shareholders acting under the agreement of an announcement of the follow-up call to subscribe for the sale of shares of Arteria S.A. It has been announced with regard to the planned acquisition by Investcamp sp. z o.o., Marcin Marzec, and Ewa Czarzasta-Marzec of the Issuer's shares entitling to exercising 66% of the total number of votes at the general meeting of the Company. The subject matter of the call were 681,084 Issuer's shares representing in total approximately 15.95% of the share capital and entitling to 681,084 votes at the general meeting of the Issuer.
3. On 12 March 2021, the Management Board of the Issuer was informed by Investcamp Sp. z o.o. which, acting on behalf of the shareholders acting under the agreement, forwarded information about the lack of subscriptions for the sales of the Issuer's shares under the call announced on 4 February 2021, to sign up for the sales of 681,084 shares of the Issuer, constituting 15.95% of the share capital and entitling to 681,084 votes at the general meeting, at PLN 4.48 per one share. As there were no subscriptions for the sales of the Issuer's shares, after the call the number of shares held by the callers did not change and amounted to in total 2,136,799 shares constituting 50.04% share in the share capital and entitling to 50.04% of votes at the general meeting of the Issuer.

On 26 March 2021, the Management Board of the Issuer was notified by Mayas Basic Concept Limited of the increased involvement (through acquisition of new shares and purchase of the existing ones) in Investcamp sp. z o.o. up to 50%, being the holder of 851,811 shares of the Issuer, constituting 19.95% share in its share capital and entitling to 19.95% of votes at the general meeting. Before the transaction Mayas Basic Concept Limited was a direct owner of 606,883 Issuer's shares constituting 14.21% of the share capital and entitling to 14,21% of votes at the general meeting. In the consequence of the increased involvement in Investcamp sp. z o.o., Mayas Basic Concept Limited became an indirect owner of 425,905 shares of the Issuer, constituting 9.97% share in the share capital and entitling to 9.97% of votes at the general meeting of the Issuer.

On 26 March 2021, the Management Board of the Issuer received a notification from Sebastian Pielach with regard to the increase of the share capital of Investcamp sp. z o.o. Sebastian Pielach, being the owner of 210,764 shares of the Issuer, constituting 4.94% of the share capital and entitling to 4.94% of votes at the general meeting, and at the same a shareholder of the company Investcamp sp. z o.o., informed that with regard to the increase of the share capital of Investcamp sp. z o.o., as its 50% shareholder, he remained an indirect owner of 425,905 shares of the Issuer, constituting 9.97% share in the share capital and entitling to 9.97% of votes at the general meeting of the Issuer.

Therefore, as at the date of publication hereof, i.e. as at 30 April 2021, the shareholding structure is as follows:

Shareholder	No. of shares	Share nominal value	Share in the share capital (%)	Number of votes	A share in the general number of votes at the General Meeting of Shareholders (%)
Shareholders' Agreement*	2,136,799	427,359.00	50.04%	2,136,799	50.04%
Investcamp Sp. z o.o.**	851,811	170,362.20	19.95%	851,811	19.95%
Generali OFE S.A.	724,000	144,800.00	16.96%	724,000	16.96%
Mayas Basic Concept Limited	606,883	121,376.60	14.21%	606,883	14.21%
Investors TFI S.A.	375,465	75,093.00	8.79%	375,465	8.79%
Other shareholders	1,711,361	342,272.20	40.09%	1,711,361	40.09%
Total	**4,269,520**	**PLN 853.904.00**	**100.00%**	**4,269,520**	**100.00%**

* Shareholders: Investcamp Sp. z o.o., Mayas Basic Concept Limited, Marcin Marzec, Sebastian Pielach, Ewa Czarzasta-Marzec i Anna Pielach acting jointly as members of the agreement referred to in article 87 paragraph 1 item 5 of the act of 29 July 2005 on public offering and conditions of introduction of financial instruments to the organised trading system and on public companies;

** The current structure of shares in Investcamp Sp. z o.o.:

- Mayas Basic Concept Limited, as a 50% shareholder of the company Investcamp Sp. z o.o. is indirectly the owner of 425,905 shares of the Issuer constituting 9.97% share in the share capital and entitling to 9.97% of votes at the general meeting of the Issuer;

- Sebastian Pielach, as a 50% shareholder of the company Investcamp Sp. z o.o. is indirectly the owner of 425,905 shares of the Issuer constituting 9.97% share in the share capital and entitling to 9.97% of votes at the general meeting of the Issuer, being at the same time the owner of 210,764 shares of the Issuer, constituting 4.94% of the share capital and entitling to 4.94% of votes at the general meeting of the Issuer.

3.4. Indication of special rights resulting from holding shares, regarding control, exercising the voting right, or limitation of transfer of the title, and exercising the voting right

As at 31 December 2020, there existed no restrictions concerning the shareholders of the Issuer as regards the transfer of title, the voting right, and there were no security holders that would have special control powers in the Company. This situation has not changed as at the date of publication of the annual report, i.e. as at 30 April 2021.

3.5. The rules of appointing and dismissing the members of the Management Board of Arteria S.A.

The rules concerning the appointment and dismissal of managing persons are regulated in the Articles of Association. Pursuant to § 20 paragraph 1, the Supervisory Board consists of 5 (five) to 7 (seven) members appointed and dismissed by the General Meeting. The number of members of the Supervisory Board is determined by the General Meeting.

§12 paragraph 1 of the Articles of Association provides for that the Management Board consists of 1 (one) to 5 (five) members appointed and dismissed by the Supervisory Board. The Supervisory Board may appoint the President or Vice President of the Management Board. The number of members of the Management Board is determined by the Supervisory Board.

3.6. Amendments to the Articles of Association of Arteria S.A.

The rules of change of the Articles of Association are regulated by § 38 of the Articles of Association of Arteria S.A. With regard to the reading of the quoted regulations, resolutions concerning amendments to the Articles of Association or issue of convertible bonds and bonds with the pre-emptive right, redemption of shares, increase and decrease of the share capital, disposal or lease of the enterprise or the organised part thereof, dissolution of the Company, shall be adopted by the majority of 3/4 (three-fourths) of votes.

3.7. The method of operation of the General Meeting of Shareholders of Arteria S.A. and its fundamental powers, and a description of shareholders' rights and the manner of exercising those rights

The General Meeting of Shareholders acts on the grounds of the regulations of the Commercial Companies Code and the Articles of Association of the Company. The Articles of Association provide for that the GMS adopts Regulations of the General Meeting of Shareholders, defining the rules of its functioning. The valid Regulations of the GMS of Arteria S.A. are available at the Company website (www.arteria.pl) under the tab dedicated to the investors.

Unless the regulations of the Commercial Companies Code or the Articles of Association provide otherwise, the resolutions of the GMS are adopted by the absolute majority of votes cast, whereas the "abstain" votes are not deemed as votes cast.

The General Meeting of Arteria S.A. may be ordinary or extraordinary. The Ordinary General Meeting should be convened by the Management Board within 6 (six) months after the end of each financial year. Should the Management Board fail to convene the Ordinary General Meeting within this deadline, the Ordinary General Meeting may be convened by the Supervisory Board. The Extraordinary General Meeting is convened by the Management Board. The Supervisory Board is eligible to convene the Extraordinary General Meeting if it finds it appropriate, and the Management Board failed to convene the Extraordinary General Meeting within 14 (fourteen) days from submitting the relevant request by the Supervisory Board. Shareholders or a shareholder representing at least one-tenth of the share capital may demand convening the Extraordinary General Meeting and putting specific matters on the agenda of the nearest General Meeting. The agenda of the meeting is determined by the entity convening the General Meeting.

General Meetings are held in the seat of Arteria S.A. The General Meeting is opened by the Chairman of the Supervisory Board, or another person indicated by him or her. Should those persons be absent, the General Meeting is opened by the President of the Management Board, or a person indicated by the Management Board. The Chairperson of the General Meeting is elected from among the persons eligible to attend the General Meeting. If the General Meeting is convened by the Shareholders authorised to do so by the registration court, the Chairperson of the General Meeting shall be the person appointed by the registration court.

Unless the provisions of the Commercial Companies Code provide otherwise, the General Meeting shall be valid irrespective of the number of shares represented during that Meeting. Resolutions of the General Meeting are adopted by the absolute majority of votes, unless the provisions of the Commercial Companies Code or the Articles of Association provide for more stringent conditions.

Resolutions concerning the issue of convertible bonds and bonds with the pre-emptive right to acquire the shares, amendments to the Articles of Association, redemption of shares, increase and decrease of the share capital, disposal or lease of the enterprise or the organised part thereof, dissolution of the Company, shall be adopted by the majority of 3/4 (three-fourths) of votes.

A resolution on discontinuation of recognising a matter put on the agenda can only be adopted if it is well-founded. A motion to this effect should be justified in detail. Removal of a matter from the agenda upon the Shareholders request shall require a resolution of the General Meeting previously approved by all Shareholders present at the Meeting, who filed the motion, and supported with the majority of ¾ (three-fourths) of the votes.

Besides the matters specified in the Commercial Companies Code and in the Articles of Association, the following matters shall require adoption of a General Meeting resolution:

- appointment and dismissal of Members of the Supervisory Board,
- establishing the number of members of the Supervisory Board,
- establishing the rules of remuneration and the amount of remuneration of members of the Supervisory Board,
- establishing and release of reserve capitals.

A shareholder or shareholders representing at least one-tenth of the share capital may demand convening the Extraordinary General Meeting and putting specific matters on the agenda of the nearest General Meeting. Such demand should be submitted in writing to the Management Board.

3.8. Description of the operations of the management and supervisory bodies with the indication of the composition, and changes introduced during the last financial year

1. The composition of the Management Board of Arteria S.A. as at 1 January 2020 was as follows:

Marcin Marzec	-	President of the Management Board
Wojciech Glapa	-	Vice President of the Managing Board
Sebastian Pielach	-	Vice President of the Managing Board

At the end of the reporting period, on 29 September 2020 the composition of the Management Board of Arteria S.A. was changed due to the appointment of Members of the Management Board by the Supervisory Board for the new term of office.

Therefore, starting from 29 September 2020, as at the reporting date, and as at the publication date, the Management Board of the Issuer is still composed of two persons, and operates in the following composition:

Marcin Marzec	-	President of the Management Board
Sebastian Pielach	-	Vice President of the Managing Board

2. Commercial Proxies of the Company

At present the following persons are the Commercial Proxies of the Company: Piotr Wojtowski and Paweł Grabowski. The Commercial Proxies are authorised to perform court and out of court activities on behalf of the Company that are associated with the operation of the enterprise, and it is required that two commercial proxies appointed by the Company, or a commercial proxy and a member of the Management Board of the Company act together.

3. The composition of the Supervisory Board of the Issuer as at 1 January 2020 was as follows:

Grzegorz Grygiel	-	Chairman of the Supervisory Board
Bartłomiej Jankowski	-	Member of the Supervisory Board
Michał Lehmann	-	Member of the Supervisory Board
Michał Wnorowski	-	Member of the Supervisory Board
Krzysztof Kaczmarczyk	-	Member of the Supervisory Board

During the reporting period, and as at the date of publication of this report, the composition of the Supervisory Board of Arteria S.A. has not changed.

4. The composition of the Audit Committee as at 1 January 2020 was as follows:

Grzegorz Grygiel	-	Chairman of the Audit Committee
Michał Wnorowski	-	Member of the Audit Committee
Michał Lehmann	-	Member of the Audit Committee
Krzysztof Kaczmarczyk	-	Member of the Audit Committee

During the reporting period, and as at the date of publication of this report, the composition of the Audit Committee has not changed.

All members of the Audit Committee meet the conditions specified in article 129 paragraph 3 of the act of 11 May 2017 on auditors, audit companies and public supervision (Journal of Laws of 2017, item 1089).

Moreover, members of the Issuer's Audit Committee, in the persons of Grzegorz Grygiel and Krzysztof Kaczmarczyk meet the condition specified in article 129 paragraph 1 second sentence of the Act.

Grzegorz Grygiel has knowledge and skills within the scope of accounting and financial statements audits required from at least one member of the Audit Committee, pursuant to article 129 paragraph 1 of the Act on auditors. Grzegorz Grygiel is a graduate of Ecole Superieure de Commerce in the field of Finance and Marketing, and of Executive MBA at Lincoln International Business School in Paris. He has professional experience record in the areas: financial consultancy, audit, M&A, which he gained as a consultant of international consulting companies (Guerard Viala and Ernst&Young), and in finance management at the position of CFO of international groups and companies (e.g. Group Azur, Falck A/S, PSA Citroen Polska, Siódemka S.A., Grupa Arteria S.A.) and during cooperation with the institutions of capital market and Private Equity funds (WS Capital, Vinci Capital). He is currently the Chairman of the Supervisory Board of Arteria S.A., where in years 2007 – 2012 he held the function of a Member of the Management Board/Financial Director and the President of the Management Board of BLUE S.A.

Krzysztof Kaczmarczyk is a graduate of the Warsaw School of Economics in the field of finance and accounting, and a former student of international relations program at the University of Warsaw. In years 1999-2008, he worked in Deutsche Bank in Poland, were he held, among other, the function of a Deputy Director of the Stock Market Analyses Department, and a Stock Market Analyst – CEE Region. In the period between 2008 and 2010, he held management functions in TP S.A. Group, including the function of the Director of the Strategy and Development Department. In 2010-2011, he worked in the Swiss investment bank Credit Suisse. In 2012-2015, he held the function of a Vice President of the Management Board for Strategy and Development in the company Emitel – the operator of terrestrial radio and television network in Poland. In years 2016-2018, he was an adviser of the Management Board of KGHM Polska Miedź S.A. Professionally, since 2015 he has been an independent member of Supervisory Boards of WSE listed companies.

Member of the Audit Committee of the Company in the person of Michał Lehmann meets the condition specified in article 129 paragraph 5 of the Act.

Michał Lehmann has extensive knowledge and competence in the business in which the Issuer operates, i.e. Business Process Outsourcing (BPO) market. He is a graduate of the Poznań Academy of Economics, Omnicom University – Advanced Management, Harvard Business School Program organised by ICAN Institute. Managing Partner of SpeedUp Group, leader of numerous projects in marketing and advertising, founder, co-owner, the President and General Manager of TEQUILA\Poland (formerly BTL Group) an integrated marketing agency. In years

2006 - 2008, a Vice President of TEQUILA\CEE within TEQUILA Worldwide with the seat in New York, Madison Avenue – a global holding consisting of 44 companies present on 34 main global markets.

On 12 October 2017, the Company's Audit Committee adopted for implementation the following documents:

a. The policy of selection of an audit company to perform an audit by a public interest entity - Arteria S.A. with the seat in Warsaw,
b. The policy of providing eligible services, other than audit, by the audit company performing the audit, its affiliates and by a member of the audit company network for a public interest entity - Arteria S.A. with the seat in Warsaw,
c. The procedure of selection of an audit company by a public interest entity - Arteria S.A. with the seat in Warsaw,

On 9 August 2018, the Audit Committee recommended to the Supervisory Board the selection of the so far audit company, i.e. the company under the name Pro Audyt Sp. z o.o with the seat in Poznań. The Audit Committee of the Company stated that the recommendation was free from third parties' influence. Moreover, the Audit Committee declared that the Company did not conclude agreements containing clauses referred to in article 66 paragraph 5a of the act of 29 September 1994 on accounting.

In the process of selection of an audit company to perform the audit of the financial statement of the Company, the Audit Committee shall seek compliance with Polish and EU legal regulations and guidelines and explanations of the appropriate supervision authorities applicable to PIE, whose purpose is:

1) to eliminate the risk of infringement of independence and failing to fulfil the rule of professional scepticism by the audit company or the auditor,
2) to reinforce the independence and impartiality of audit companies and auditors,
3) to ensure proper quality of statutory audits by uplifting the standards of audit reporting.

When selecting an audit company to perform the audit of the financial statement of the Company, the Audit Committee pay special attention to the following factors:

1) knowledge, experience and professional expertise and reputation of the audit company and the auditor,
2) the observance of legal regulations and the rules of professional ethics, including honesty, objectiveness, professional scepticism, and due diligence by the audit company and the auditor;
3) measures taken by the audit company and the auditor to keep trade secret,
4) the readiness of the audit company and members of the team which is to perform the audit to file the statement on the fulfilment of the independence requirements referred to in article 69-73 of the Act on auditors, prior to and after the conclusion of the audit,
5) submission of a statement by the audit company and the auditor towards the Company that they shall not perform the audit if there is a threat of a self-review, gaining own benefits, promoting Company interests, familiarity or intimidation caused by financial, personal, economic, employment or other relationship between the Company and the key auditor, audit company, member of the network to which the audit company belongs or a natural person who may affect the result of the audit, so as an objective, rational and informed third party could have concluded that the independence of the key auditor or the audit company was threatened despite applying the safeguards aiming at the elimination or mitigation of the threat to an acceptable level;
6) the issue of having competent employees, time, and other resources by the audit company to ensure proper performance of the audit;
7) providing evidence by the audit company that the person appointed as the key auditor has obtained proper qualifications to perform obligatory audits of financial statements in Poland, and was registered in the appropriate registers of auditors in Poland,
8) the possibility to ensure (if required by the Supervisory Board of the Company) the presence of the key auditor performing the audit or review of the financial statement at the meetings of the Supervisory Board of the Company summarizing the period subject to the audit or review, with the reservation that it is admissible that the key auditor attends the Supervisory Board meetings with the use of direct distant communication means, in particular with the use of telephone, audio visual and electronic communication means;
9) the amount of remuneration offered for the audit of the financial statement and the terms of payment of the remuneration for the audit company and the auditor, and the terms of reimbursement of their expenses.

During the process of selection of an audit company to perform audit, and during the audit of the financial statement of the Company itself, the Company observes the regulations the infringement of which would invalidate the statutory audit of the Company, and more specifically the following provisions:

1) article 69 clause 6, 7 and 9, article 72 clause 2 of the Act on auditors – referring to the independence of the audit company, the key auditor, and members of the team performing the audit,
2) article 134 clause 1 of the Act on auditors – concerning the maximum period of continuation of statutory audits performed by the same audit company or an audit company affiliated to that audit company, or any other member of the network operating in the European Union ("EU") countries to which those audit companies belong, which should not exceed the period of 10 (ten) years,
3) article 136 of the Act on auditors – concerning the catalogue of forbidden services that an auditor or auditor company performing the statutory audit of **a public interest entity - PIE**, or any member of the network to which the auditor or the audit company belong, cannot perform, either directly or indirectly, for the audited PIE, its holding entity, or any entities controlled by that entity within the EU,
4) article 4 of the Regulation of the European Parliament and of the Council No. 537/2014 of 16 April 2014 on detailed requirements concerning statutory audits of financial statements of public interest entities, rescinding the decision of the Commission 2005/909/EC ("**Regulation 537/2014**") – concerning the remuneration for the performance of statutory audits for PIE,
5) article 5 of the Regulation 537/2014 – concerning the ban to provide services other than audit of financial statements by the auditor or the audit company performing statutory audits of PIE and members of the network to which the auditor or the audit company belong;
6) article 17 paragraph 3 of the Regulation 537/2014 – according to which, after the expiry of the maximum periods of duration of the commission neither the auditor, the audit company, or in specific cases, members of their networks operating within the EU can perform statutory audits of the PIE for the period of 4 (years) ahead.

Audit company – UHY ECA Audyt Spółka z ograniczoną odpowiedzialnością Sp.k. with the seat in Warsaw did not provide permissible services other than audit to Arteria S.A. in 2020.

In 2020, the Audit Committee held 4 sessions.

3.9. Diversity policy

Although the Company has no written document in place stating the rules to be followed by the persons making decisions on the appointment of members of the managing board or supervisory board of the Company, the Company applies such rules. The so far practice regarding the appointment of members of the managing board and supervisory board of the Company proves that decisive factors include such criteria as experience, expertise and abilities needed to perform specific functions. Following the above criteria allows the appointment of members of the above-mentioned corporate bodies ensuring effective and efficient functioning of the Company and execution of the strategic goals, financial budgets, and the plans of further development. The Company is in the position that the application of the above recommendation generally contributes to the limitation of inequalities between women and men's access to decisive positions in listed companies.

4. SIGNATURES OF PERSONS DRAWING UP AND APPROVING THE REPORT ON THE OPERATIONS OF THE MANAGEMENT BOARD OF THE COMPANY

The Management Board's Report on the operations of the Company in 2020 was drawn up and approved by the Management Board of Arteria S.A. for publication on 30 April 2021.

Marcin Marzec	Sebastian Pielach
President of the Management Board	*Vice President of the Management Board*