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Independent Auditor's Report

To the General Shareholders' Meeting and Supervisory Board of Agora S.A.

Report on the Audit of the Annual Consolidated Financial Statements

Opinion

We have audited the accompanying annual consolidated financial statements of Agora S.A. Group (the "Group"), whose parent entity is Agora S.A. (the "Parent Entity"), which comprise:

— the consolidated balance sheet as at 31 December 2019,

and, for the period from 1 January to 31 December 2019:

— the consolidated income statement;
— the consolidated statement of comprehensive income;
— the consolidated statement of changes in shareholder's equity;
— the consolidated cash flows statement;

and

— notes to the consolidated financial statements

(the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements of the Group:

— give a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and of its consolidated financial performance and its consolidated cash flows for the financial year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union ("IFRS EU") and the adopted accounting policy;
— comply, in all material respects, with regard to form and content, with applicable laws and the provisions of the Parent Entity's articles of association.

Our audit opinion on the consolidated financial statements is consistent with our report to the Audit Committee dated 12 March 2020.

KPMG Audyt spółka z ograniczoną odpowiedzialnością sp.k.

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Basis for Opinion

We conducted our audit in accordance with:

- International Standards on Auditing as adopted by the National Council of Certified Auditors as National Standards on Auditing (the "NSA"); and
- the act on certified auditors, audit firms and public oversight dated 11 May 2017 (the "Act on certified auditors"); and
- regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (the "EU Regulation"); and
- other applicable laws.

Our responsibilities under those regulations are further described in the Auditor's Responsibility for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Ethics

We are independent of the Group in accordance with the Code of Ethics for Professional Accountants ("IFAC Code") issued by the International Ethics Standards Board for Accountants as adopted by the resolutions of the National Council of Certified Auditors, as well as other independence and ethical requirements, applicable to audit engagement in Poland. We have fulfilled all ethical responsibilities resulting from those requirements and IFAC Code. During our audit the key certified auditors and the audit firm remained independent of the Group in accordance with requirements of the Act on certified auditors and the EU Regulation.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. They are the most significant assessed risks of material misstatements, including those due to fraud, described below and we performed appropriate audit procedures to address these matters. Key audit matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon we have summarised our response to those risks. We do not provide a separate opinion on these matters. We have determined the following key audit matters:

Impairment of property, plant and equipment, and intangible assets

The carrying value of property, plant and equipment as at 31 December 2019: PLN 320,265 thousand (as at 31 December 2018: PLN 295,117 thousand), other intangible assets, including assets recognized on consolidation as at 31 December 2019: PLN 120,782 thousand (as at 31 December 2018: PLN 125,563 thousand), property, plant and equipment as at 31 December 2019: PLN 458,559 thousand (as at 31 December 2018: PLN 519,472 thousand).
As a result of impairment tests carried out in 2019, an impairment loss of PLN 7,388 thousand was recognized for intangible assets relating to Goldenline.

Reference to the consolidated financial statements:

Note 2(d) "Property, plant and equipment", Note 2(e) "Intangible assets", Note 2(v) "Impairment losses", Note 3 "Intangible assets", Note 4 "Property, plant and equipment", Note 40 "Estimates and assumptions adopted in the preparation of the financial statements".

Key audit matter	*Our response*
In association with acquiring control over its subsidiaries, the Group recognizes goodwill which represents a significant line item in the consolidated financial statements. In addition, the Group recognizes significant intangible assets, including those with an indefinite useful life, and property, plant and equipment used by particular cash-generating units. The Agora Group's activities cover in particular press publishing, Internet, cinema, and radio activities as well as operations in the outdoor advertising segment. Particular activities are characterized by different profitability, cyclicality and market volatility. Therefore, the complexity and diversity of businesses, and the subjective judgment of the Parent's Management Board with respect to allocation of goodwill to particular operating segments, other intangible assets and property, plant and equipment to particular cash generating units which are subject to impairment testing, is an additional risk factor. In accordance with relevant financial reporting standards the Group is required to perform annual impairment tests for assets with indefinite useful life and for goodwill and for assets for which impairment indicators were identified, by comparing the carrying amount of a given cash-generating unit to which goodwill, intangible assets, including those with indefinite useful life, and property, plant and equipment have been allocated, with its recoverable amount. The Group determines the recoverable amount using the discounted cash flow method based to a large extent on the Parent's Management Board's estimates and assumptions, in particular those relating to the level of advertising spending in Poland in the Group's particular operating segments, sales of issues of papers and magazines in the Press segment, and customer attendance in the cinema operating segment. Forecasts of future cash flows are exposed to a high risk of changes due to changing market conditions and regulatory environment. The impairment test results are sensitive to changes in key assumptions, such as assumptions relating to the forecasted future cash flows, discount rate or growth rate in	Our procedures in this area covered among other things: — assessing compliance of the Group's accounting policy in respect of identification, recognition and measurement of impairment of goodwill, intangible assets with indefinite useful life, other intangible assets and property, plant and equipment with relevant financial reporting standards; — based on our knowledge of the Group, the assessment of the correctness of the Group's judgments with respect to grouping assets in particular cash-generating units and allocating goodwill to particular segments; — using the support of our internal valuation specialists: ▪ assessing the discounted cash flow models prepared by the Entity in terms of their compliance with the relevant financial reporting standards, compliance with generally used impairment testing models and internal consistency of the methodology applied; ▪ assessing reasonableness of the adopted assumptions with respect to the scale of operations (revenue level) and returns (gross margin), capital expenditures and growth rate of cash flows after the period of detailed financial forecasts for particular assets (or cash-generating units) by: (i) comparing them to actual amounts of the above items realized in previous financial years, adjusted by the impact of forecast changes in the market environment and market conditions in respective sectors in which the assets (or cash-generating units) operate; and (ii) assessing the quality of the Group's budgeting by analysing the degree to which the budgets prepared in the previous years were met;

cash flows after the period of detailed financial forecasts. An insignificant change in these assumptions may have a significant impact on the estimate of the recoverable amount. Due to the above factors this was recognized as a key audit matter.	(iii) comparing the level of key assumptions made by the Group with the results of the analysis of model sensitivity to changes in key assumptions, taking into consideration the potential bias of the Parent's Management Board in determining the appropriate level of key assumptions; ▪ assessing the correctness of the assumed discount rate by comparing it to external sources; — assessing correctness and completeness of disclosures with respect to the impairment tests, including those relating to sensitivity of models to changes in key assumptions and the results of the impairment tests.

Impact of adopting International Financial Reporting Standard (IFRS) 16 Leases

The book value of right-of-use assets as at 31 December 2019: PLN 590,351 thousand (as at 31 December 2018: PLN 0 thousand), lease liabilities resulting from the adoption of IFRS 16 as at 31 December 2019: PLN 513,924 thousand (as at 31 December 2018: PLN 0 thousand), including the long-term portion: PLN 436,764 thousand and the short-term portion: PLN 77,160 thousand, amortization of right-of-use assets for the year ended 31 December 2019: PLN 68,161 thousand and cost of interest on the leases for the year ended 31 December 2019: PLN 15,674 thousand.
Right-of-use assets comprise assets used by the Group based on lease contracts, which include: office space leases, car leases, leases of equipment of cinemas and catering outlets, rental and lease contracts in respect of outdoor advertising locations, leases of locations for radio broadcasting stations and locations of the Helios chain cinemas and catering outlets. The Group also holds the rights to perpetual usufruct of land, which in accordance with IFRS 16 should be classified as leases.

Reference to the consolidated financial statements:

Note 2(b) "Basis of preparation of the consolidated financial statements" – subsection: "Adoption of IFRS 16", Note 2(f) "Right-of-use assets and lease liabilities", Note 5 "Right-of-use assets", Note 15 "Credit and lease liabilities".

Key audit issue	*Our response*
The Group adopted IFRS 16 Leases as of 1 January 2019. This standard introduces a new accounting model for leases whereby the lessees are required to recognize right-of-use assets and the respective lease liabilities in their statement of financial position. As discussed in Note 2(b) to the consolidated financial statements, upon initial application of IFRS 16 the Group used the modified retrospective approach. As a result, the cumulative effect of first-time application was recognized as an adjustment to the opening	Our audit procedures covered, among other things: *As at the implementation date and at further recognition:* — gaining an understanding of the process of identification of leases (including the lease components of non-lease contracts) and testing the respective design and implementation of controls based on the queries addressed to the Group's Management, respective

balance of retained earnings as at 1 January 2019, without adjusting the comparative data and with the use of specified allowable exceptions and/or practical solutions. The simplifications relate to: (i) short-term leases and leases of low value assets; (ii) lease contracts for a period shorter than 12 months as at the date of transition, and (iii) lease contracts with the period of enforceability no longer than 12 months.

As a result of applying the new standard as at 1 January 2019 the Group recognized right-of-use assets and lease liabilities of PLN 458,220 thousand.

Identification of contracts with lease components and making assumptions and estimates to determine amounts of the right-of-use assets and lease liabilities require making material judgments. Such judgments are necessary, among other things, in assessing the lease term, lease payments and discount rates. An additional element of complexity relates to the necessity of assessing modifications in the given lease contracts. Therefore, accounting for leases, including adjustments resulting from the first time application of IFRS 16, is a comprehensive and important matter for the Group. The impact of the new standard on the consolidated financial statements also required significant judgment and attention during the audit, therefore, we considered it to be a key audit matter.

personnel and its external expert, as well as on an analysis of the Group’s internal documents and accounting policies;

— assessing whether the Group appropriately identified leases with reference to our audit documentation for the previous year, queries addressed to the Management, respective personnel and the Group’s external expert, as well as an analysis of the Group's internal documentation, including the contracts or ownership deeds concluded, management reports, Management Board minutes, lease contracts and non-lease contracts. We also analysed operating expenses and accrued and deferred costs in terms of assessing their potential relationship with payments for the identified right-of-use assets;

— in appropriate cases assessing, with respect to the simplifications applied, by analysing the Group’s documentation (including the lease contracts and annexes to the binding contracts) whether the terms and conditions of the Standard relating to application of exceptions and/or practical solutions have been met;

— assessing the key terms and conditions of a selected sample of lease contracts as at the implementation date and for lease contracts concluded during the audited year, including:

  - assessment of the correctness of the estimated lease term by:

    - analysing the provisions of the contract with respect to the possibility of extending it or early termination, materiality of penalties or losses for the parties to the contract resulting from not extending or early termination of the contract,

    - comparing the adopted term of the lease contract with other estimates made by the Group, including estimates of the period in use of assets leased under selected lease contracts,

  - assessment of whether the lease payments were correctly considered to be fixed or fluctuating by analysing the content of the contracts concluded;

- critical assessment of the adopted discount rates by comparing them with publicly available discount rates for financial instruments with similar terms and conditions;
- independent estimation of the amount of the lease liability based on the contractual terms and conditions and its reconciliation with the Group's estimates;
- determination of the cost of a right-of-use asset, including, in appropriate cases, determination of whether the initial measurement of the lease liability adopted for the calculation of the right of use is consistent with the liability recognized as at the start of the lease.

— With respect to leases for which the liability had to be reassessed during the year:

- queries addressed to the Management and appropriate personnel as to the existence of circumstances that require remeasurement of the lease liability, and assessment whether the circumstances were identified in the correct period;
- analysis of minutes of the Management Board meetings and correspondence with the lessors in terms of potential amendments to the terms and conditions of lease contracts;
- based on queries addressed to the appropriate personnel, an assessment of whether new circumstances required remeasurement of a liability, and if so, an independent estimate of the lease liability and, in appropriate cases, of the right-of-use asset, based on the changed terms and conditions of the lease

— Assessment of whether the Group's disclosures in the consolidated financial statements include appropriate qualitative and quantitative information required to be disclosed by lessees according to the binding financial reporting policies.

Responsibility of the Management Board and Supervisory Board of the Parent Entity for the consolidated financial statements

The Management Board of the Parent Entity is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards, as adopted by the European Union, the adopted accounting policy, the applicable laws and the provisions of the Parent Entity's articles of association and for such internal control as the Management Board of the Parent Entity determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Management Board of the Parent Entity is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Board of the Parent Entity either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

According to the accounting act dated 29 September 1994 (the “Accounting Act”), the Management Board and members of the Supervisory Board of the Parent Entity are required to ensure that the consolidated financial statements are in compliance with the requirements set forth in the Accounting Act. Members of the Supervisory Board of the Parent Entity are responsible for overseeing the Group’s financial reporting process.

Auditor’s Responsibility for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

The scope of audit does not include assurance on the future viability of the Group or on the efficiency or effectiveness with which the Management Board of the Parent Entity has conducted or will conduct the affairs of the Group.

As part of an audit in accordance with NSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board of the Parent Entity;
- conclude on the appropriateness of the Management Board of the Parent Entity’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report on the audit of the consolidated financial statements to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report on the audit of the consolidated financial statements. However, future events or conditions may

- cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee of the Parent Entity regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide the Audit Committee of the Parent Entity with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee of the Parent Entity, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current reporting period and are therefore the key audit matters. We describe these matters in our auditors' report on the audit of the consolidated financial statements unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other information

The other information comprises the information included in the consolidated annual report of the Group, but does not include the consolidated financial statements and our auditor's report thereon (the "Other information").

Responsibility of the Management Board and Supervisory Board

The Management Board of the Parent Entity is responsible for the Other information in accordance with applicable laws.

The Management Board and members of the Supervisory Board of the Parent Entity are required to ensure that the report on activities of the Group for the year ended 31 December 2019 (the "Report on activities"), including the corporate governance statement and the statement on non-financial information referred to in art. 55 paragraph 2b of the Accounting Act which are separate parts of the Report on activities, are in compliance with the requirements set forth in the Accounting Act.

Auditor's Responsibility

Our opinion on the consolidated financial statements does not cover the Other information.

In connection with our audit of the consolidated financial statements, our responsibility was to read the Other information and, in doing so, consider whether the Other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we performed, we conclude that there is a material misstatement in the Other information, we are required to report that fact.

In accordance with the Act on certified auditors our responsibility was to report if the Report on activities was prepared in accordance with applicable laws and the information given in the Report on activities is consistent with the consolidated financial statements.

Moreover, in accordance with the requirements of the Act on certified auditors our responsibility was to report whether the Group included in the statement on corporate governance information required by the applicable laws and regulations, and in relation to specific information indicated in these laws or regulations, to determine whether it complies with the applicable laws and whether it is consistent with the consolidated financial statements and to inform whether the Group prepared a statement on non-financial information.

Opinion on the Report on activities

Based on the work undertaken in the course of our audit of the consolidated financial statements, in our opinion, the accompanying Report on activities, in all material respects:

— has been prepared in accordance with applicable laws, and
— is consistent with the consolidated financial statements.

Opinion on the statement on corporate governance

In our opinion, the corporate governance statement, which is a separate part of the Report on activities, includes the information required by paragraph 70 subparagraph 6 point 5 of the Decree of the Ministry of Finance dated 29 March 2018 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent of information required by the laws of a non-member state (the “decree”).

Furthermore, in our opinion, the information identified in paragraph 70 subparagraph 6 point 5 letter c-f, h and letter i of the decree, included in the corporate governance statement, in all material respects:

— has been prepared in accordance with applicable laws; and
— is consistent with the consolidated financial statements.

Information about the statement on non-financial information

In accordance with the requirements of the Act on certified auditors, we report that the Group has prepared a statement on non-financial information referred to in art. 55 paragraph 2b of the Accounting Act as a separate part of the Report on activities.

We have not performed any assurance procedures in relation to the statement on non-financial information and, accordingly, we do not express any assurance conclusion thereon.

Statement on Other information

Furthermore, based on our knowledge about the Group and its environment obtained in the audit of the consolidated financial statements, we have not identified material misstatements in the Report on activities and the Other information.

Report on other legal and regulatory requirements

Statement on services other than audit of the financial statements

To the best of our knowledge and belief, we did not provide prohibited non-audit services referred to in art. 5 paragraph 1 second subparagraph of the EU Regulation and art. 136 of the act on certified auditors.

Appointment of the audit firm

We have been appointed for the first time to audit the annual consolidated financial statements of Agora S.A., as a public interest entity, for the year ended 31 December 1999 and reappointed in the following years, including the resolution of the Supervisory Board dated 30 March 2017 to audit the annual consolidated financial statements for the year ended 31 December 2019. Our period of total uninterrupted engagement is 21 years, covering the periods ended 31 December 1999 to 31 December 2019.

On behalf of audit firm
KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Registration No. 3546

Signed on the Polish original

Marcin Domagała

Key Certified Auditor
Registration No. 90046
Member of the Management Board of KPMG Audyt Sp. z o.o., entity which is the General Partner of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.

Signed on the Polish original

Aleksandra Bujas

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