



TRANSLATORS' EXPLANATORY NOTE

The English content of this report is a free translation of the registered auditor's report of the below-mentioned Polish Company. In Poland statutory accounts as well as the auditor's report should be prepared and presented in Polish and in accordance with Polish legislation and the accounting principles and practices generally adopted in Poland.

The accompanying translation has not been reclassified or adjusted in any way to conform to the accounting principles generally accepted in countries other than Poland, but certain terminology current in Anglo-Saxon countries has been adopted to the extent practicable. In the event of any discrepancies in interpreting the terminology, the Polish language version is binding.

Independent Registered Auditor's Report

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

Report on the audit of financial statements

Our opinion

In our opinion, the attached annual financial statements of SELENA FM S.A. ("the Company"):

- give a true and fair view of the financial position of the Company as at 31 December 2018 and its financial performance and its cash flows for the year then ended in accordance with the applicable International Financial Reporting Standards as adopted by the European Union and the adopted accounting policies;
- comply in terms of form and content with the laws applicable to the Company and the Company's Articles of Association;
- have been prepared on the basis of properly maintained books of account in accordance with the provisions of Chapter 2 of the Accounting Act of 29 September 1994 ("the Accounting Act" – Consolidated text: Journal of Laws of 2019, item 351, as amended).

Our opinion is consistent with our additional report to the Audit Committee issued on the date of this report .

What we have audited

We have audited the annual financial statements of SELENA FM S.A. which comprise:

- the statement of financial position as at 31 December 2018;
- and the following prepared for the financial year from 1 January to 31 December 2018:
- the income statement;
 - the statement of comprehensive income;
 - the statement of changes in equity;
 - the cash flows statement, and
 - the introduction to the financial statements and additional notes and explanations.

Basis for opinion

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing as adopted as National Standards on Auditing by the National Council of Statutory Auditors ("NSA") and pursuant to the Act of 11 May 2017 on Registered Auditors, Registered Audit Companies and Public Oversight ("the Act on Registered Auditors" – Journal of Laws of 2017, item 1089 as amended) and Regulation (EU) No. 537/2014 of 16 April 2014 on specific requirements

regarding the statutory audit of public-interest entities ("the EU Regulation" – Journal of Laws EU L158). Our responsibilities under those NSA are further described in the *Auditor's responsibilities for the audit of the 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.

PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k.,
(formerly: PricewaterhouseCoopers sp. z o.o.)
ul. Polna 11, 00-633 Warsaw, Poland
T: +48 (22) 746 4000, F: +48 (22) 742 4040, www.pwc.com



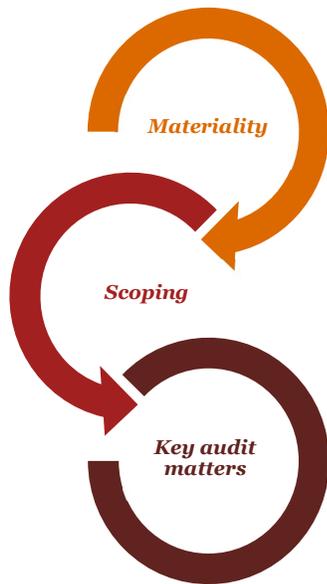
Independence and ethics

We are independent of the Company in accordance with the International Federation of Accountants' *Code of Ethics for Professional Accountants* ("the IFAC Code") as adopted by resolutions of the National Council of Statutory Auditors and other ethical requirements that are relevant to our audit of the financial statements

in Poland. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IFAC's Code. During the audit, the key registered auditor and the registered audit firm remained independent of the Company in accordance with the independence requirements set out in the Act on Registered Auditors and in the EU Regulation.

Our audit approach

Overview



- The overall materiality threshold adopted for the purposes of our audit was set at PLN 3.8 million agreed during the audit planning, which represents 0,8% of revenue.
- We have audited the annual financial statement of the Company for the period ended 31 December 2018.
- Impairment charge on loans receivable and the risk of impairment of investments in subsidiaries.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the Company's Management Board made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by the adopted materiality level. Our audit was designed to obtain reasonable assurance that the financial statements as a whole are free from material misstatement. Misstatements may arise due to fraud or error.

They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole, as presented below. These thresholds, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of



our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

The concept of materiality is used by the registered auditor both in planning and conducting an audit, as well as in assessing the effect of the misstatements identified during the audit and the unadjusted misstatements (if any), on the financial statements, and also when

forming the registered auditor's report. Therefore, all opinions, assertions and statements contained in the registered auditor's report have been made taking into consideration the quantitative and qualitative materiality levels determined in accordance with the audit standards and the registered auditor's professional judgement.

Overall materiality 3.8 million PLN.

Basis for determination 0,8% of revenue agreed during the audit planning. The reassessment of materiality at the time of finalization of the audit did not show the need to update it due to the fact that changes regarding the basis of its determination had no significant impact on the audit plan.

Rationale for the materiality benchmark applied We have adopted revenue as the basis for determining materiality because, in our opinion, it is an indicator commonly used by the users of financial statements to evaluate the Company's operations and is a generally adopted benchmark. We adopted the materiality threshold at 0.8% because based on our professional judgement it is within the acceptable quantitative materiality thresholds.

We agreed with the Company's Audit Committee that we would report to them of misstatements identified during our audit of the financial

statements above PLN 0.19 million as well as any misstatements below that amount, that in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. They include the most significant identified risks of material misstatements, including the identified risks of material misstatement resulting from fraud. These matters were addressed in the context of

our audit of the financial statements as a whole, and in forming our opinion thereon. We summarized our response to these risks and, when deemed appropriate, presented the most important observations relating to these risks. We do not provide a separate opinion on these matters.

Key audit matter

How our audit addressed the key audit matter

Impairment charge on receivable from loans granted and the value of investments in subsidiaries.

The financial statement as at 31 of December 2018 presents investments in subsidiaries in the amount of PLN 161.7 million and loans receivables in the amount of PLN 123.1 million. Disclosures are included in notes 13-15 and 27.2 to the financial statement, while in the accounting policy are described in notes 3.5.6 and 3.2.

The company values investments in shares in

Our audit procedures included:

- Understanding and evaluation of the process of calculating an impairment charge related to loans receivables in accordance with the expected credit loss model;
 - To assess the correctness of impairment charges to loans receivables, we critically assessed the classification of loan to the
-



accordance with (MSR) IAS 27 „Separate Financial Statements” at a purchase price less impairment losses determined in accordance with IAS 36 „Impairment of Assets” by calculating the recoverable amount (based on discounted cash flows) in case of occurrence of impairment triggering events. As at 31 December 2018, the total value of impairment losses in investments in shares amounted to 102.3 million PLN and remained unchanged compared to previous year.

The methodology of calculating impairment losses on loans is based on the model of expected credit losses in accordance with IFRS 9 “Financial instruments”. As at the balance sheet date management calculated the impairment loss using the requirements from IFRS 9 and determined impairment losses on the closing balance of loans in the total amount of 99.6 million PLN (as at 1 January 2018 impairment loss including the effect of implementing IFRS 9 amounted to 120.1 million PLN).

Correct determination of impairment charge on loans receivables and investments in shares is an area that requires significant judgment by the Management. Determination of the receivable amount for loans receivables granted and the value of investments in shares of subsidiaries requires from Management, among others, to estimate an expected future cash flows from operating activities. The use of various valuation techniques and assumptions may result in significantly different estimates of impairment charge for loans receivables and value of investments in shares.

Regarding the inherent risk of uncertainly related to significant estimates made by the Management, we decided that it is a key audit matter.

stage of credit risk assessment, we made an independent calculation of write-offs based on the parameters used by the Management and compared, to check if there are any significant differences;

- Understanding and evaluation of the process of identification by the Management of triggering events for impairment of investments in shares, a critical assessment of the existence indications of impairment for these investments.
- Analysis of the calculation of the impairment losses made by the Management, in particular:
 - (a) We analyzed the forecast regarding future cash flows from operating activities,
 - (b) We validated the adopted assumptions based on our knowledge, practice and experience and we compared the estimates with external evidence, if it was available,
 - (c) We verified the mathematical accuracy of the models used to performed tests.
- Assessment of completeness and correctness of disclosures related to impairment loss on loans receivable and the value of investments in shares of subsidiaries.

Based on the procedures performed, we accepted the assumptions adopted by the Management as rational and confirmed by supporting documentation. We did not identified any significant adjustments necessary to be included in the financial statements.

Responsibility of the Management and Supervisory Board for the financial statements

The Management Board of the Company is responsible for the preparation, based on the properly maintained books of account of annual financial statements that give a true and fair view of the Company’s financial position and results of operations, in accordance with the International Financial Reporting Standards as adopted by the European Union, the adopted

accounting policies, the applicable laws and the Company’s Articles of Association, and for such internal control as the Management Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the



Company's Management Board is responsible for assessing the Company'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 either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company's Management Board and members of its Supervisory Board are obliged to ensure that the financial statements comply with the requirements specified in the Accounting Act. Members of the Supervisory Board are responsible for overseeing the financial reporting process.

Auditor's responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 the NSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these financial statements.

The scope of the audit does not cover an assurance on the Company's future profitability or the efficiency and effectiveness of the Company's Management Board conducting its affairs, now or in future.

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

- Identify and assess the risks of material misstatement of the 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's Management Board.
- Conclude on the appropriateness of the Company's Management Board'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee 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 also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 to the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report 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, including the Report on the operations

Other information

Other information comprises a Report on the Company's operations for the financial year ended 31 December 2018 ("the Report on the operations") and the corporate governance statement which is a separate part of the Report on the operations.

Responsibility of the Management and Supervisory Board

The Management Board of the Company is responsible for preparing Other Information in accordance with the law.

The Company's Management Board and the members of the Supervisory Board are obliged to ensure that the Report on the Company's operations including its separate parts complies with the requirements of the Accounting Act.

Registered auditor's responsibility

Our opinion on the audit of the financial statements does not cover Other Information.

In connection with our audit of the financial statements, our responsibility is to read Other Information and, in doing so, consider whether it is materially inconsistent with the information in the financial statements, our knowledge obtained in our audit, or otherwise appears to be materially misstated. If, based on the work performed, we identified a material misstatement in Other Information, we are obliged to inform about it in our audit report. In accordance with the requirements of the Act on the Registered Auditors, we are also obliged to issue an opinion on whether the Report on the operations has been prepared in accordance with the law and is consistent with information included in annual financial statements.

Moreover, we are obliged to issue an opinion on whether the Company provided the required

information in its corporate governance statement.

Opinion on the Report on the operations

Based on the work we carried out during the audit, in our opinion, the Report on the Company's operations:

- has been prepared in accordance with the requirements of Article 49 of the Accounting Act and para. 70 of the Regulation of the Minister of Finance dated 29 March 2018 on current and periodical information submitted by issuers of securities and conditions for considering as equivalent the information required under the legislation of a non-Member State ("Regulation on current information" – Journal of Laws 2018, item 757);
- is consistent with the information in the financial statements.

Moreover, based on the knowledge of the Company and its environment obtained during our audit, we have not identified any material misstatements in the Report on the Company's operations.

Opinion on the corporate governance statement

In our opinion, in its corporate governance statement, the Company included information set out in para. 70.6 (5) of the Regulation on current information. In addition, in our opinion, information specified in paragraph 70.6 (5)(c)–(f), (h) and (i) of the said Regulation included in the corporate governance statement are consistent with the applicable provisions of the law and with information included in the financial statements.



Report on other legal and regulatory requirements

Statement on the provision of non-audit services

To the best of our knowledge and belief, we declare that the non-audit services we have provided to the Company and its subsidiaries are in accordance with the laws and regulations applicable in Poland and that we have not provided any non-audit services prohibited under Article 5(1) of the EU regulation and Article 136 of the Act on Registered Auditors.

The non-audit services which we have provided to the Company and its subsidiaries in the audited period are disclosed in the note 26 to the financial statements.

Appointment

We have been appointed to audit the annual financial statements of the Company by Resolution of the Supervisory Board of March 13, 2018. The financial statements of the Company were audited by us for the first time.

The Key Registered Auditor responsible for the audit on behalf of PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. (formerly: PricewaterhouseCoopers sp. z o.o.), a company entered on the list of Registered Audit Companies with the number 144., is Katarzyna Ignaszak.

Katarzyna Ignaszak
Key Registered Auditor
No. 11715

Warsaw, April 25, 2019