

INDEPENDENT AUDITOR'S REPORT

(Translated in English language by the company based on the 2018 annual consolidated financial statements prepared in Bulgarian language.)

TO THE SHAREHOLDERS OF BILLBOARD AD

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of BILLBOARD AD and its subsidiaries (the "Group"), including the consolidated statement of financial position as of December 31, 2018 and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended and the explanatory notes to the consolidated financial statements also including summary of the significant accounting policies.

In our opinion, the enclosed consolidated financial statements present fairly, in all material aspects, the consolidated financial position of the Group as of December 31, 2018 and the consolidated financial results from its operations and its consolidated cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRS) adopted for use in the European Union (EU).

Basis to express audit opinion

We conducted our audit in accordance with the International Audit Standards (IAS). Our responsibilities under these standards are further described in the section of our report "Responsibilities of the auditor for the audit of the consolidated financial statements." We are independent from the Group in accordance with the Code of Ethics for Professional Accountants of the International Ethic Standards for Accountants Council (the Code of IESAC), together with the ethical requirements of the Independent Financial Audit Act (IFAA), applicable to our audit of the consolidated financial statements in Bulgaria, as we have fulfilled our other ethical responsibilities in accordance with the IFAA and the Code of IESAC. We believe that the audit evidence obtained by us are sufficient and appropriate to provide basis for our opinion.

Key Audit Issues

Key audit issues are those issues which, according to our professional judgment, were of the greatest significance in the audit of the consolidated financial statements for the current period. These issues were addressed as part of our audit of the consolidated financial statements as a whole and the formation of our opinion thereon, as we do not provide a separate opinion on these issues.

Classification, Subsequent Measurement and Impairment of Financial Assets, transition to IFRS 9 "Financial Instruments". (IFRS 9)
--

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. The Standard is effective for annual periods beginning on or after 01.01.2018. IFRS 9 introduces a new approach for classification and measurement of financial assets, reflecting the business model for management of the assets as well as the characteristics of their cash flow and a new model of the expected credit loss on impairment of financial assets. Applying the standard requires significant judgment and interpretation on the part of the Company. Considering the accounting policies chosen and the assumptions made by the management in applying IFRS 9 as of January 1, 2018 on the classification and subsequent measurement of financial assets held, we have identified this issue as a key audit issue.

Key Audit Issue

How this key audit question was addressed while conducting our audit

Financial assets - current and non-current - BGN 509 thousand, Current trade and other receivables - BGN 7 413 thousand - classification and measurement in accordance with IFRS 9

Appendices 1.4, 1.8 and 1.9. of the consolidated financial statements

We focused in this field because:

- The financial assets of the Group amounting to BGN 509 thousand include loans granted. The trade receivables amounting to BGN 6 264 thousand represent amounts owed by customers for goods or services sold in the ordinary course of business, do not contain an essential financing component and are due for settlement within a short period of time. Based on the business model for management and characterizing their cash flows, the Group classifies receivables from loans granted and trade receivables in the reporting category at depreciation cost. For this type of assets, IFRS 9 requires recognition of impairment on the basis of expected credit losses.

- The process of classification and measurement of the financial assets in accordance with the provisions of IFRS 9 and the impairment includes a certain degree of uncertainty and subjectivity in the estimated assumptions, as well as multiple judgments in measuring the expected credit losses as well as complexity in the initial application, and transition to the new requirements.

In this field our audit procedures included:

- We have reviewed the business model of the Group in terms of management and classification of each category of financial assets in order to ascertain whether the requirements of IFRS 9 have been complied with;
- We have reviewed and measured the new impairment models based on the expected credit losses.
- We have obtained understanding and valued the reasonableness and relevance of the results obtained from the applied impairment models as well as the key judgments and assumptions used by the management;
- We have reviewed the completeness and adequacy of the disclosures in the financial statements in terms of the financial assets, including the effect of the transition on January 1, 2018 to determine whether they are in compliance with IFRS 9.

Valuation of real estate property - land under the fair value model

Real estate properties – land valued under the fair value model – BGN 4 489 thousand

Enclosure 1.1. to the consolidated financial statements

The Group has adopted the revaluation model

In this field our audit procedures included:

- We took into consideration the competence and objectivity of the independent valuator appointed by the Group. In addition we reviewed the scope of his work and the conditions under which he was engaged.

for subsequent valuation of property - land and as of the date of the financial statements a revaluation was made based on the valuation made by certified independent valuers of those assets. The valuation of properties at fair value is an approximate valuation associated with the use of specific methods and models. Real estate properties - land are located in areas with inactive market.

Due to the specific characteristics of the evaluation process and the location of the properties we have identified this issue as a key audit issue.

- We reviewed the key assumptions in the process of defining the fair value of the real estate properties and in particular the valuation models and the significant estimates applied.
- Comparing these data with market data and the specific for the Group historical information to assess the relevance of these estimates.
- Testing selected incoming data based on which the valuation of the real estate properties was made.

We reviewed the disclosure appropriateness and completeness of the results from the revaluation of the real estate properties - land in accordance with IAS 16 Property, plant and equipment.

Information other than the consolidated financial statements and the audit report thereon

The management is responsible for the other information. The other information consists of consolidated activity report and a corporate governance declaration, prepared by the management in accordance with Chapter Seven of the Accountancy Act but does not include the consolidated financial statements and our audit report thereon, as we received the other information prior to the date of our audit report.

Our opinion as regards the consolidated financial statements does not cover the other information and we do not express any form of conclusion of certainty about it unless explicitly stated in our report and to the extent to which it is indicated.

With regard to our audit of the consolidated financial statements, our responsibility is to read the other information and thus to consider whether this other information is materially inconsistent with the consolidated financial statements or with our knowledge, gained during the audit, or otherwise it seems therefore to contain substantially incorrect reporting.

In the event that, based on the work we have done, we reach the conclusion that there is substantially incorrect reporting in that other information, we are required to report on this fact.

We have nothing to report in this respect.

Responsibilities of the management and the people engaged with general management in terms of the consolidated financial statements

The management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the IFRS applicable in the EU and for such an internal control system as the management has considered being necessary to ensure the preparation of the consolidated financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the consolidated financial statements the management is responsible for valuating the Group's ability to continue functioning as an active enterprise, disclosing, when applicable, issues related to the active enterprise assumption and using the accounting basis based on the active enterprise assumption, unless the management intends to liquidate the Group or to suspend its operations, or if the management does not actually have any alternative but to do so.

People, engaged with general management, are responsible for supervising the financial reporting processes of the Group.

Responsibilities of the auditor for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance on whether the consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an audit report that includes our audit opinion. Reasonable assurance is a high level of assurance but it does not guarantee that an audit conducted in accordance with the IAS will always reveal materially incorrect reporting whenever such reporting exists. Incorrect reportings may occur as a result of fraud or error and are considered to be material if it could reasonably be expected that they, individually or in the aggregate, could influence the economic decisions of users based on these consolidated financial statements.

As part of the audit in accordance with IAS, we use professional judgment and preserve professional skepticism throughout the whole audit. We also:

- identify and assess risks from material misstatements in the consolidated financial statements, whether due to fraud or error, develop and implement audit procedures in response to these risks and obtain sufficient and appropriate audit evidence to provide the basis for our opinion. The risk for a given significant misstatement not to be revealed, resulting from fraud is higher than the risk of material misstatements resulting from error due to the fact that fraud may involve secret collusions, falsification, deliberate omissions, statements aimed at misleading the auditor and neglecting or circumventing internal controls.
- obtain understanding of the internal control related to the audit in order to develop audit procedures that are appropriate in the particular 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 the accounting estimates and related disclosures made by the management.
- reach a conclusion on the appropriateness of the accounting basis based on the active enterprise assumption, use by management and, based on the audit evidence obtained as to whether there is a material uncertainty related to events or conditions that might provoke significant doubts on the Group's ability to continue functioning as an active enterprise. If we reach the conclusion that there is a significant uncertainty, we are required to draw attention in our audit report to the disclosures related to this uncertainty in the financial statements or in the event that these disclosures are inadequate to modify our opinion. Our conclusions are based on

audit evidence obtained to the date of our audit report. Future events or conditions may, however, cause the Group to suspend its operations as an active enterprise.

— evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures and whether the consolidated financial statements present fundamental transactions and events in a manner that achieves fair presentation.

— obtain sufficient and appropriate audit evidence about the companies's financial information or business activities within the Group to express an opinion on the consolidated financial statements. We bear responsibility for instructing, supervising and executing the Group's audit. We bear the exclusive responsibility for our audit opinion.

We communicate with the people engaged with general management, among other issues, the planned scope and timing of the audit and the significant audit findings, including significant deficiencies in internal control that we identify during our audit.

We also provide the people engaged with general management with a statement that we have fulfilled the relevant ethical requirements in terms of independence and that we will communicate with them all relations and other issues that could reasonably be regarded as relevant to our independence, and where applicable - the related precautions.

Among the issues communicated with the people engaged with general management, we set up those issues that were of the greatest significance during the audit of the consolidated financial statements for the current period and which are therefore key audit issues. We describe these issues in our audit report, except for the occasions where the law or other regulations prevent public disclosure of information on this issue or where, in extremely rare cases, we decide that a question should not be communicated in our report, since it could reasonably be expected that the adverse consequences of this action would exceed the benefits in terms of public interest in this communication.

Report in relation to other legal and regulatory requirements

Additional issues subject to reporting based on the Accountancy Act and the Law on Public Offering of Securities

In addition to our responsibilities and reporting under the International Audit Standards described above under the section "Information other than the consolidated financial statements and the auditor's report thereon" in terms of the consolidated activity report and the corporate governance declaration of the Group, we have also conducted procedures added to those required under the International Audit Standards, pursuant to the "Instructions on new and extended audit reports and communication on the part of the auditor" of the professional organization of Certified Public Accountants in Bulgaria, the Institute of Certified Public Accountants (ICPA)". These procedures concern verifications on the availability as well as verifications on the form and content of such other information with the objective to help us form our opinion on whether the other information includes disclosures and reports provided for in Chapter Seven of the Accountancy Act and the Law on Public Offering of Securities (Art. 100n, para. 10 of the Law on

Public Offering of Securities in relation to Art. 100n, para. 8, item. 3 and 4 of Law on Public Offering of Securities) applicable in Bulgaria.

Opinion in relation to art. 37, para. 6 of the Accountancy Act

Based on the procedures performed our opinion is that:

- a) The information included in the consolidated activity report for the financial year, for which the consolidated financial statements are prepared, is consistent with the consolidated financial statements.
- b) The consolidated activity report was prepared in accordance with the requirements of Chapter Seven of the Accountancy Act and Art. 100(n), para. 7 of the Law on Public Offering of Securities.
- c) The corporate governance declaration of the Group for the financial year, for which the consolidated financial statements are prepared, contains the information required under art. 100(n), para. 8 of the Law on Public Offering of Securities.

Opinion in relation to art. 100 (n), para. 10 in relation to art. 100n, para. 8, item 3 and 4 of the Law on Public Offering of Securities

Based on the audit procedures performed and the acquired knowledge and understanding of the Group's activities and the environment where it operates, in our opinion, the description of the main characteristics of the internal control and risk management systems of the Group in relation to the financial reporting process, which is part of the consolidated activity report (as part of the contents of the corporate governance declaration) and the information under Article 10, Paragraph 1, Letters "c", "d", "f", "h" and "i" of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 regarding take-over offers, does not contain cases of materially incorrect reporting.

Reporting pursuant to Art. 10 of Regulation (EC) No 537/2014 in relation to the requirements of Art. 59 of the Independent Financial Audit Act

Pursuant to the requirements of the Independent Financial Audit Act in relation to Art. 10 of Regulation (EC) No 537/2014, we further report the information as stated below.

— Magdalena Tsvetkova was appointed to be a statutory auditor of the financial statement for the year ended on December 31, 2018 of BILLBOARD AD at the General Meeting of Shareholders held on 29.06.2017 for a period of two years.

— The audit of the consolidated financial statements for the year ended on December 31, 2018 of the Group represents a third full continuous commitment to a statutory audit of this Group, performed by us.

— We confirm that our audit opinion expressed by us is consistent with the additional report provided to the Audit Committee of BILLBOARD AD pursuant to the requirements of Art. 60 of the Independent Financial Audit Act.

— We confirm that we have not provided the banned services except for the audit as specified under Art. 64 of the Independent Financial Audit Act.

— We confirm that we have preserved our independence in relation to the Group when conducting the audit.

Magdalena Cvetkova

Certified auditor

Sofia

No 61 „Manastirski livadi – B“,

April 25, 2019