Standalone financial statements of Wirtualna Polska Holding S.A.

for the year ended 31 December 2019

Standalone statement of income and other comprehensive income

PLN'000	Note	Twelve months ending 31 December 2019	Twelve months ending 31 December 2018
Sales		**-**	**-**
Amortization and depreciation		(14)	(14)
Materials and energy used		(9)	(6)
Costs of the employee option scheme		(636)	32
Other external services		(2 332)	(4 570)
Other salary and employee benefit expenses		(3 178)	(3 048)
Other operating expenses	4	(362)	(340)
Dividends received		29 324	-
Operating profit/ (loss)		**22 793**	**(7 946)**
Finance income	5	4 927	9 763
Finance costs	6	(19 550)	(959)
Revaluation of liability to buy non-controlling interests and other liabilities arising from business combinations		834	-
Profit before tax		**9 004**	**858**
Income tax	7	(125)	(450)
Net profit		**8 879**	**408**
Other comprehensive income/ (losses)		-	-
Comprehensive income		**8 879**	**408**

WP Holding SA

Standalone statement of financial position

PLN'000	Note	As of 31 December 2019	As of 31 December 2018
Non-current assets			
Intangible assets	9	5	18
Investments in subsidiaries and associates	10	429 073	427 623
Loans granted	10	68 714	85 869
Deferred tax asset	14	-	125
		497 792	**513 635**
Current assets			
Trade receivables and other assets		187	1 511
Cash and cash equivalents		1 286	3 254
		1 473	**4 765**
TOTAL ASSETS		**499 265**	**518 400**
Equity			
Share capital	12	1 451	1 449
Supplementary capital		321 969	320 895
Other reserves		10 432	7 801
Retained earnings		86 445	106 562
		420 297	**436 707**
Long-term liabilities			
Bank loans and leases	15	54 497	56 426
Other long-term liabilities	16	15 902	18 395
Deferred tax liabilities		-	-
		70 399	**74 821**
Short-term liabilities			
Bank loans and leases	15	4 307	2 196
Trade and other payables	16	4 262	4 676
Current income tax liabilities		-	-
		8 569	**6 872**
TOTAL EQUITY AND LIABILITES		**499 265**	**518 400**

Holding SA

Standalone statement of changes in equity

PLN'000	Equity				
	Share capital	Supplementary capital	Other reserves	Retained earnings	Total
Equity as of 1 January 2019	1 449	320 895	7 801	106 561	**436 706**
Net profit	-	-	-	8 879	8 879
Total comprehensive income	**-**	**-**	**-**	**8 879**	**8 879**
Share capital increase	2	1 074	-	-	1 076
Incentive scheme - share-based payments	-	-	2 631	-	2 631
Dividend paid	-	-	-	(28 995)	(28 995)
Equity as of 31 December 2019	**1 451**	**321 969**	**10 432**	**86 445**	**420 297**

PLN'000	Equity				
	Share capital	Supplementary capital	Other reserves	Retained earnings	Total
Equity as of 1 January 2018	**1 443**	**318 759**	**6 439**	**134 454**	**461 095**
Change of accounting policy				(552)	(552)
Equity adjusted	**1 443**	**318 759**	**6 439**	**133 902**	**460 543**
Net profit	-	-	-	408	408
Total comprehensive income	**-**	**-**	**-**	**408**	**408**
Share capital increase	6	2 136	-	-	**2 142**
Incentive scheme - share-based payments	-	-	1 362	-	**1 362**
Dividend paid	**-**	**-**	**-**	(27 748)	**(27 748)**
Equity as of 31 December 2018	**1 449**	**320 895**	**7 801**	**106 561**	**436 706**

As of 31 December 2019, the equity of PLN 86.445 thousand may be used for the dividend payment.

Standalone cash flow statement

PLN'000		Twelve months ending 31 December 2019	Twelve months ending 31 December 2018
Cash flows from operating activities			
Profit before tax		**9 004**	**858**
Adjustments for:		**14 426**	**(8 829)**
Amortization and depreciation		14	14
Revaluation of investment liabilities		(834)	-
Finance income and costs		14 623	(8 804)
Costs of employee option scheme		636	(32)
Other adjustments		(13)	(7)
Changes in working capital		**(1 119)**	**1 870**
Change in trade and other receivables	20	181	345
Change in trade and other payables	20	(1 300)	1 525
Income tax paid		(117)	(6 950)
Income tax return		1 260	-
Net cash flows from operating activities		**23 454**	**(13 051)**
Cash flows from investing activities			
Repayment of guarantees granted		1 366	2 182
Loans granted		-	(3 998)
Repayment of loans granted		17 200	94 598
Repayment of interest on loans granted		3 115	7 137
Purchase of shares		(12 758)	(202 913)
Repayment of investment liability		(1 616)	-
Net cash flows from investing activities		**7 307**	**(102 994)**
Net cash flows from financing activities			
Payments due to share capital increase		1 332	2 142
Loans received		-	144 958
Repayment of guarantees received		(1 361)	(226)
Repayment of bank commissions		(1 518)	(988)
Interest paid		(2 196)	(341)
Interest received on cash at banks		9	11
Dividends paid to the shareholders of the Parent Company		(28 995)	(27 748)
Net cash flows from financing activities		**(32 729)**	**117 808**
Total net cash flows		**(1 968)**	**1 763**
Cash and cash equivalents at the beginning of the period		**3 254**	**1 491**
Cash and cash equivalents at the end of the period		**1 286**	**3 254**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Wirtualna Polska Holding SA („Company") is entered in the Register of Business Entities maintained by the District Court for the Capital City of Warsaw in Warsaw, XIII Division of the National Court Register, under KRS No. 407130. The REGON number assigned by the Statistical Office is: 016366823. Company headquarters is located in Warsaw at Żwirki i Wigury 16.

The Company was established for an indefinite term. The company's core business comprises the holding activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these standalone financial statements are set out below. The policies were applied in all the periods presented on a consistent basis, unless otherwise stated.

2.1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union and were in force as at 31 December 2019.

The financial statements have been prepared on a historical cost basis.

The financial statements have been prepared on the assumption that the Company will continue as a going concern for at least 12 months from the date of preparing these financial statements.

In order to fully understand the financial position and results of the Company as the Parent Company of the Capital Group, these financial statements should be read in conjunction with annual consolidated financial statements of the Capital Group Wirtualna Polska Holding SA for the year ending 31 December 2019, published on 12 March 2020.

2.2. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

IFRS 16 „Leases"

IFRS 16 "Leasing" was published by the International Accounting Standards Board on 13 January 2016 and is effective for annual periods beginning on 1 January 2019 or after that date.

The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset and liability arising from the payment obligation. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognize: (a) assets and liabilities for all leases with a period of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Company has been applying IFRS 16 since 1 January 2019. The Management Board appointed a project team who conducted a detailed analysis of the company's agreements with respect to their recognition in accordance with the new standard and assess the impact of this change on the Company's financial statements. The team identified one rent agreement which has an irrevocable period of validity below 12 months. Consequently, the Company decided to use the exemption provided for such contract in IFRS 16.

IFRIC 23: Uncertainty related to the recognition of income tax

IFRIC 23 explains the recognition and measurement requirements in IAS 12 related to situation of uncertainty regarding the recognition of income tax. The guidelines apply for annual periods beginning on or after 1 January 2019. The application of the standard from 1 January 2019 did not affect the amount of tax assets and liabilities recognized by the Company in previous periods.

Annual amendments to IFRS 2015 – 2017

In December 2017, the International Accounting Standards Board published 'Annual amendments to IFRS 2015-2017', which introduce changes to 4 standards: IFRS 3 'Business combinations', IFRS 11 'Joint arrangements', IAS 12 'Income tax' and IAS 23 "Borrowing costs". The amendments explain and specify the guidelines of the standards for recognition and measurement.

IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies (Policy), Changes in Estimates and Correction of Errors"

The Council has published a new definition of the term "materiality". The amendments to IAS 1 and IAS 8 explain the definition of materiality and increase consistency between standards, but they are not expected to have a significant impact on the preparation of financial statements. The change is mandatory for annual periods beginning on or after 1 January 2020.

Issued and non-binding changes to standards and interpretations not listed above will not have a significant impact on the Company's financial statements.

2.3. SEGMENT REPORTING

The Company's operating segments are presented consistently with the internal reporting submitted to the Management Board, which is the main body responsible for making operational decisions. As of the date of preparing these financial statements, holding management activity is the only operating segment.

2.4. MEASUREMENT OF ITEMS DENOMINATED IN FOREIGN CURRENCIES

(a) Functional and presentation currencies

The items contained in the financial statements are valued in the currency of the basic economic environment in which the Company conducts its operations ("the functional currency"). The financial statements are presented in the Polish zloty (PLN), which is the functional currency of the Company.

(b) Transactions and balances

Transactions denominated in foreign currencies are translated into the functional currency at the exchange rate as at the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

2.5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment items are measured at cost (cost of purchase or manufacture), less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their initial cost less their residual values. As of 31 December 2019 and 31 December 2018 the Company had no property, plant and equipment.

The useful life estimates and the depreciation method are verified at the end of each financial year.

Gains and losses on disposal of property, plant and equipment items are determined by comparing sales prices with carrying amounts and recognized in profit or loss in "Other operating income/gains" or "Other operating expenses" respectively.

2.6. INTANGIBLE ASSETS

Purchased intangible assets are carried at the amounts corresponding to the costs incurred on their purchase. These costs are amortized over the estimated useful lives of 5 years.

The useful life estimates and amortization method are verified at the end of each financial year.

2.7. IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment occurs when the carrying amount of an asset or cash generating unit exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use.

2.8. FINANCIAL ASSETS

Classification of financial instruments

In accordance with the new standard, at the moment of initial recognition, the Company classifies financial assets to one out of three categories:

- financial assets at amortized cost;
- financial assets at fair value through profit or loss;
- financial assets at fair value through other comprehensive income.

The classification depends on the financial asset's management model adopted by the Company and the contractual terms of cash flows. The Company reclassifies investments in debt instruments only when the management model of these assets changes.

Financial assets measured at amortized cost

A financial asset is classified as measured at amortized cost if the following two conditions are met:

- assets are maintained as part of a business model whose purpose is to maintain them in order to obtain cash flows arising from the contract;
- at specified times the contractual terms of the financial asset create cash flows representing only the principal and interest repayment ('SPPI').

The Company checks if the classification test based on IFRS (so-called SPPI test) is passed - i.e. it checks whether cash flows from receivables represent only repayment of principal and interests.

If the test is passed, the Company measures the asset at amortized cost. The Company classifies cash and cash equivalents, loans granted, trade receivables and other receivables as assets measured at amortized cost.

Financial assets measured at fair value through other comprehensive income

Financial assets from which flows constitute only repayment of capital and interest, and which are maintained in order to collect contractual payments or for sale are valued at fair value through other comprehensive income. Changes in the carrying amount are recognized in other comprehensive income, except for profits and losses due to impairment, interest income and foreign exchange differences that are recognized in profit or loss. In case the financial asset is derecognized, the total profit or loss previously recognized in other comprehensive income is transferred from equity to the financial result and recognized as other gains / losses.

Financial assets measured at fair value through profit or loss

Assets that do not meet the measurement criteria to be recognized at amortized cost or at fair value through other comprehensive income are measured at fair value through profit or loss.

Impairment of financial assets

IFRS 9 requires an estimate of the expected loss, regardless of whether or not there were any reasons to create such a write-off. The standard provides for a 3-stage classification of financial assets in terms of their impairment:

(i) the first level of risk, i.e. balances for which there has been no significant increase in credit risk since the initial recognition and for which the expected loss is determined based on the probability of default within 12 months;

(ii) second level of risk - balances for which there has been a significant increase in credit risk since the initial recognition and for which the expected loss is determined based on the probability of default throughout the entire loan term;

(iii) third level of risk - balances with identified impairment.

With respect to trade receivables that do not contain a significant funding factor, the standard requires a simplified approach and valuation of an allowance based on expected credit losses for the entire life of the instrument. The Company has no trade receivables that would have an important financing factor, therefore classified its trade receivables only to the second risk group and receivables with identified impairment to the third risk group. The Company performed a portfolio analysis of receivables based on the existing credit classification of contractors and applied a simplified matrix of write-offs in individual age ranges based on expected loan losses over the entire lifetime of receivables for individual receivables portfolios. The analysis was made based on the indicators of expected non-performance of liabilities determined based on historical data.

Investments in subsidiaries and affiliates

Investments in subsidiaries and associates are recognized at the purchase price in accordance with IAS 27 "Standalone Financial Statements. The purchase price is increased by transaction costs directly allocated to them and reduced by impairment losses.

2.9. NON-CURRENT ASSETS HELD FOR SALE

Non-current assets are classified as held for sale if their carrying amount will be recovered mainly through a sale transaction and the sale is considered highly probable. They are recorded at the lower of: their carrying amount and fair value less costs to sell.

2.10. TRADE RECEIVABLES

Trade receivables are amounts due from customers mainly for services provided in the course of normal business activities. Receivables payable within one year (or in the course of normal business activities, if it is longer) are classified as current assets. Otherwise, they are shown as non-current assets. Trade receivables are initially carried at fair value. After initial recognition, receivables are stated at amortized cost using the effective interest rate method, taking account of impairment losses. In the case of short-term receivables, valuation at amortized cost corresponds to the amount due.

2.11. LOANS GRANTED

Loans include financial assets arising when the cash is directly delivered to the counterparty, with fixed or determinable payments, excluding financial assets intended for sale in the short term. The Company includes into this category only loans granted to subsidiaries. The company classifies in this category only loans granted to subsidiaries. For each loan agreement, the Company verifies whether the classification test according to IFRS 9, so-called SPPI test – i.e. check if payments for receivables represent only repayment of principal and interest. If the test is met, the Company measures the given asset loan at amortized cost. Interest accrued is recognized in financial revenues in the period to which they relate. The amount of revaluation write-offs for loans at amortized cost is determined in accordance with the three-stage model of expected losses.

2.12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include mainly cash in hand and at bank.

Cash equivalents are current investments with high liquidity, easily exchangeable for specific amounts of cash and exposed to insignificant risk of value fluctuations, with original maturity not exceeding three months.

2.13. SHARE CAPITAL

Share capital is stated at the amount specified in the Memorandum of Association and entered in the Court Register.

2.14. DIVIDEND DISTRIBUTION

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.15. LOANS AND BORROWINGS

Loans and borrowings are recognized initially at fair value, net of transaction costs incurred. Loans and borrowings are subsequently shown at amortized cost. Any differences between the proceeds (net of transaction costs) and the redemption value are recognized in the statement of profit and loss over the period of the relevant agreements using the effective interest rate method.

Fees for availability of loan are recorded as transaction costs to an extent to which it is probable that the loan shall be used in whole or in part in the future. In this case, the fees are deferred until the time the loan is actually used. Where it is not probable that a loan would be used in whole or in part, the fee is capitalized as an advance payment for liquidity-related services and amortized over the period of the loan to which it relates.

2.16. TRADE PAYABLES

Trade payables are obligations to pay for goods and services acquired in the course of normal business activities. Trade payables are classified as short-term liabilities if their settlement is expected within one year (or in the normal business cycle of the enterprise, if longer). Otherwise, they are shown as long-term.

Trade payables are initially recognized at fair value and subsequently they are stated at amortized cost using the effective interest rate method. In the case of short-term liabilities, valuation at amortized cost corresponds to the amount due.

2.17. CURRENT AND DEFERRED INCOME TAX

Corporate income tax for a reporting period comprises current and deferred tax. Current income tax is calculated on the basis of taxable income (tax base) for a given financial year and the binding tax rate, based on the binding tax regulations.

Deferred income tax liabilities and assets are recorded on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is not recorded if it arose on initial recognition of goodwill or initial recognition of an asset or a liability as part of a transaction other than a business combination, which does not affect profit or loss or taxable income (tax loss).

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilized.

Deferred income tax is determined using tax rates (and laws) that were enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax is recognized in profit or loss, except for situations when it relates to items recorded in other comprehensive income or directly in equity. Deferred tax is then also recorded in other comprehensive income or in equity.

Deferred tax assets and liabilities can be balanced off when the entity has an enforceable title to balance off its current income tax receivables and liabilities and when the deferred tax assets and provisions relate to income tax imposed on the same tax-payer by the same tax authorities.

When there is a deductible temporary difference between the carrying and tax amount of the investment in subsidiaries, for which the Company does not plan to sell its shares in the foreseeable future, no deferred tax asset is recorded on this temporary difference in the financial statements.

2.18. INCENTIVE SCHEME – SHARE-BASED PAYMENTS

The Company runs equity settled and cash settled share-based incentive scheme.

Equity settled share-based incentive schemes

The Company obtains services from its employees in return for the Company's equity instruments (options). The fair value of the employee services obtained in return for granting options is recognized as cost. The aggregate amount to be recorded in costs is determined with reference to fair values of the granted options:

- taking into account all market conditions (such as the entity's share price);
- without taking into account the effect of all the conditions related to years of service and non-market vesting conditions (e.g. profitability of sales, sales growth targets and the indicated mandatory period of an employee's employment in a given entity); and
- taking into account the effect of all non-vesting conditions (for example, a requirement for the employees to hold the instruments obtained).

Non-market conditions have been included in the assumptions related to the expected number of options which will be vested. The aggregate cost is recorded over the entire vesting period, which is the period during which all the vesting conditions must be fulfilled.

Additionally, in certain circumstances the employees may render services before the date of the share options being granted to them. In such case, the fair value as of the date of granting the share options is estimated in order to record the costs over the period from the employees starting to render their services until the date of the options being actually granted to them. At the end of each reporting period, the entity reviews the adopted estimates of the expected number of options vested as a result of satisfying non-market vesting conditions. The entity presents the effect of a potential adjustment of the initial estimates in the statement of profit and loss, with an appropriate adjustment in equity. The entity issues new shares the moment the options have been exercised. Funds obtained after deducting all costs that can be directly attributed to the transaction increase share capital (the par value) and share premium at the moment the options have been exercised.

Social insurance contributions payable in connection with granting the share options are considered an integral part of the benefit granted, and the costs are treated as a cash-settled transaction.

The costs of the scheme related to the Company are recognized in costs for the period, while the costs attributable to subsidiaries increase the value of the investments in these companies.

Cash settled share-based incentive schemes

Under cash settled share-based payments, the entity measures the services obtained and the liability incurred at fair value of the liability. Until the time the liability is settled, at each reporting date and at the settlement date, the entity measures the liability at fair value over the vesting period for the employees. The cost of the scheme is charged to profit or loss for the period.

2.19. PROVISIONS

Provisions are recognized when there is an obligation (legal or constructive) following from past events and when it is certain or highly probable that meeting the obligation will lead to the necessity of an outflow of funds embodying economic benefits and the amount of the liability can be reliably assessed. Provisions are measured at the present value of the expenditure which according to expectations will be necessary to fulfill the obligation.

2.20. REVENUE RECOGNITION

The Company recognizes revenue from sales when it transfers control over the promised goods or services to the client and in the amount of the transaction price to which it is expected to be entitled, taking into account adjustments resulting from variable remuneration elements such as rebates and the right to return the goods. Depending on the fulfilment of certain criteria, revenues are recognized over time in a way that illustrates the degree of fulfilment of the contract, or recognized at a point in time, when the control over the goods or services is transferred to the customer.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. The main assumptions relating to the future and other key sources of uncertainty as of the balance sheet date, involving a significant risk of material adjustments to the carrying values of assets and liabilities in the following financial year, are discussed below.

(a) Deferred tax asset

As a result of IFRS adoption, the value of shares held in Grupa Wirtualna Polska Sp. z o.o. decreased by PLN 148,155 thousand due to valuation of these shares to fair value as of 31.12.2012. This caused the deductible temporary difference arose on this investment of PLN 148,155 thousand. Due to the fact that the Company does not plan to sell its shares in the foreseeable future, pursuant to IAS 12.44, no deferred tax asset was recorded on this temporary difference of PLN 28,155 thousand in the financial statements.

Additionally, on 25 November 2016 the Company concluded the agreement concerning the early settlement of earn-out amounts in connection with the agreement for the purchase of shares in NextWeb Media Sp. z o.o. The amount paid in this respect amounted to PLN 15.5 million and was by PLN 3,431 thousand higher than originally included in the purchase price of shares the discounted value of this liability. The total amount paid was recognized as the tax purchase price of shares in NextWeb Media Sp. z o.o. (and after the merger in Grupa Wirtualna Polska Sp. z o.o.). Due to such tax recognition the temporary difference arose in the value of shares in respect to which no deferred tax asset was recorded by the Company.

In the opinion of the Management Board, the Company's tax costs will significantly exceed tax revenues in the coming periods. Therefore, the tax asset or liability would not be settled or realized. Analyzing the company's net tax position, it would indicate a deferred tax asset, however, the Management decided not to create the deferred tax asset and reserve.

(b) *Impairment of investment in subsidiaries*

An impairment loss of financial assets is recognized when there is objective evidence that one or more events have had a negative effect on the estimated future cash flows of that asset. If the carrying amount of the asset is greater than its recoverable amount, the asset is impaired and its carrying amount is reduced to its recoverable amount. Impairment losses are recognized in the income statement.

Impairment losses are reversed if a subsequent increase in recoverable value can be related objectively to the event occurring after the impairment losses were recognized.

(c) *Impairment of financial assets -loans*

The amount of revaluation write-offs for loans at amortized cost is determined in accordance with the three-grade model of expected loan losses . The Company carried out an individual analysis of each loan in order to assign these items to one of three levels. Next, the probability of failure to meet the obligation was determined. The expected credit loss was calculated based on the probability of default, the repayment profile agreed in the loan agreement.

4. OTHER OPERATING EXPENSES

PLN'000	Twelve months ending 31 December 2019	Twelve months ending 31 December 2018
Representation and other costs by type	164	122
Taxes and charges	198	213
Currency exchange differences	-	5
Total	**362**	**340**

5. FINANCE INCOME

PLN'000	Twelve months ending 31 December 2019	Twelve months ending 31 December 2018
Interest income on loans granted	3 116	7 114
Interest income on cash at banks	9	9
Income from guarantees	1 366	2 182
Other	436	458
Total	**4 927**	**9 763**

6. FINANCE COSTS

PLN'000	Twelve months ending 31 December 2019	Twelve months ending 31 December 2018
Interest and commissions	4 306	724
Currency exchange differences	9	8
Reversal of the discount from contingent liabilities due to the acquisition of a subsidiary	435	-
Impairment losses on financial assets	13 439	
Guarantee costs	1 361	227
Total	**19 550**	**959**

7. CURRENT AND DEFERRED INCOME TAX

PLN'000	Twelve months ending 31 December 2019	Twelve months ending 31 December 2018
Current income tax	**-**	**(142)**
For the financial year	-	(142)
Deferred tax (note 14)	**(125)**	**(308)**
Temporary differences arising and reversed	(125)	(308)
Total income tax	**(125)**	**(450)**

The notional amount of corporate income tax on profit before tax of the Company differs as follows from the income tax amount shown in the profit or loss.

in PLN'000	Twelve months ending 31 December 2019	Twelve months ending 31 December 2018
Profit before tax	**9 004**	**858**
Income tax at the statutory rate of 19%	**1 711**	**163**
Tax effects of the following items:		
ESOP	121	-
Dividends received	(5 572)	-
Non-deductible costs and income	78	34
Unrecognized asset from tax loss	3 660	253
Other	127	-
Total income tax	**125**	**450**

Tax settlements and other regulated areas of activities (for example, customs or foreign currency issues) may be subject to inspections by administrative bodies which are entitled to impose high penalties and sanctions. The lack of reference to established legal regulations in Poland results in ambiguities and inconsistencies in the binding regulations. Frequent differences of opinion as to the legal interpretation of tax regulations, both internally within the state bodies and between the state bodies and enterprises, result in areas of uncertainty and conflict arising. Due to these factors the tax risk in Poland is considerably higher than that usually existing in countries with better developed tax systems. Tax settlements may be subject to inspections within 5 years from the end of the year in which tax was paid. As a result of inspections, the Company's tax settlements may be increased by additional tax liabilities. The Company is of the opinion that as of 31 December 2019 and 2018 there were no premises to record a provision against identifiable and measurable tax risk.

As a result of the General Anti-Avoidance Rule (GAAR), effective July 15, 2016, which aims to prevent the creation and use of artificial legal structures created to avoid taxation in Poland, the Parent Entity's Management has carried out a comprehensive analysis of the tax situation of the Group's entities, identified and evaluated transactions and operations that could potentially be covered by GAAR and considered their impact on deferred tax, tax value of assets, and tax risk. In the opinion of the Management Board, the analysis did not indicate the need to adjust the current and deferred income tax items. Nevertheless, in the opinion of the Management Board, in case of GAAR there is an inherent uncertainty as to the interpretation of the tax law adopted by the Company that may affect the ability to realize deferred tax assets in future periods and the payment of additional tax for past periods.

8. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit for the period attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the year. The dilutive items include shares under the option scheme (Note 13). The option scheme had a dilutive impact in 2019 and 2018.

PLN'000	Twelve months ending 31 December 2019	Twelve months ending 31 December 2018
Net profit	**8 879**	**408**
Weighted average number of shares shown for the purpose of calculating basic earnings per share (no. of units)	28 989 659	28 891 220
Effect of diluting the number of ordinary shares	161 842	182 410
Weighted average number of ordinary shares shown for the purpose of calculating diluted earnings per share (no. of units)	29 151 501	29 073 630
Basic (in PLN)	0,31	0,01
Diluted (in PLN)	*0,30*	*0,01*

9. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

In the period from 1 January 2019 to 31 December 2019 the Company did not purchase property, plant and equipment. As of 31 December 2019 and 2018 the Company has no property, plant and equipment.

Changes in intangible assets are as follows:

PLN'000	Other intangible assets
Gross carrying amount as of 1 January 2019	**69**
Gross carrying amount as of 31 December 2019	**69**
Accumulated depreciation as of 1 January 2019	**51**
Additions due to:	**14**
- depreciation	14
Accumulated depreciation as of 31 December 2019	**65**
Net carrying amount as of 31 December 2019	**5**

PLN'000	Other intangible assets
Gross carrying amount as of 1 January 2018	**69**
Gross carrying amount as of 31 December 2018	**69**
Accumulated depreciation as of 1 January 2018	**37**
Additions due to:	**14**
- depreciation	14
Accumulated depreciation as of 31 December 2018	**51**
Net carrying amount as of 31 December 2018	**18**

As of 31 December 2019 and 31 December 2018 the Company did not have any commitments to purchase property, plant and equipment and intangible assets.

The Company does not use contracts classified as finance leases.

10. LONG-TERM FINANCIAL ASSETS

The following table shows changes in the value of long-term investments during the financial year ending 31 December 2019.

PLN'000	Shares	Loans granted	Total long-term financial assets
As of 1 January 2019	**427 623**	**86 093**	**513 716**
Additions	**14 889**	**3 115**	**18 004**
Purchase of shares	12 758	-	**12 758**
Valuation to fair value	391	-	**391**
Costs of the option scheme in the subsidiary	1 740	-	**1 740**
Interests accrued using effective interest rate	-	3 115	**3 115**
Decreases	**-**	**(20 315)**	**(20 315)**
Repayment of loan principal	-	(17 200)	(17 200)
Repayment of interests	-	(3 115)	(3 115)
As of 31 December 2019	**442 512**	**68 893**	**511 405**
Impairment allowance as of 1 January 2019	**-**	**224**	**224**
Increases	**13 439**	**-**	**13 439**
Allowances	13 439	-	13 439
Decreases	**-**	**(45)**	**(45)**
Release of allowance	-	(45)	(45)
Impairment allowance as of 31 December 2019	**13 439**	**179**	**13 618**
Net value as of 31 December 2019	**429 073**	**68 714**	**497 787**

The following table shows changes in the value of long-term investments during the financial year ending 31 December 2018.

PLN'000	Shares	Loans granted	Total long-term financial assets
As of 1 January 2018	**203 402**	**262 202**	**465 604**
Additions	**224 221**	**11 110**	**235 331**
Purchase of shares	222 827	-	**222 827**
Loans granted	-	3 998	**3 998**
Costs of the option scheme in the subsidiary	1 394	-	**1 394**
Interests accrued using effective interest rate	-	7 112	**7 112**
Decreases	**-**	**(187 219)**	**(187 219)**
Repayment of loan principal	-	(95 498)	**(95 498)**
Compensation of loans granted	-	(84 584)	**(84 584)**
Repayment of interests	-	(7 137)	**(7 137)**
As of 31 December 2018	**427 623**	**86 093**	**513 716**
Impairment allowance as of 1 January 2018	**-**	**-**	**-**
Change of accounting policies	-	681	**681**
Impairment allowance as of 1 January 2018 (restated)	**-**	**681**	**681**
Decreases	**-**	**(457)**	**(457)**
Release of allowance	-	(457)	(457)
Impairment allowance as of 31 December 2018	**-**	**224**	**224**
Net value as of 31 December 2018	**427 623**	**85 869**	**513 492**

Wirtualna Polska Media SA

On 10 February 2014 the Company signed with its subsidiary o2 Sp. z o.o. (currently Wirtualna Polska Media SA) a loan agreement of PLN 200,000 thousand. As at 31 December 2019 the total limit of the loan was PLN 250,000 thousand. The loan could have been paid in one or several tranches.

In 2014 the subsidiary used PLN 178,500 thousand of the loan to finance the purchase of shares in Wirtualna Polska SA

In the following periods subsequent tranches in the total amount of PLN 75,895 thousand were used to finance the acquisition activity and partial repayment of the bank loan. Until the end of 2018, Wirtualna Polska Media repaid the loan principal of PLN 207,545 thousand and interest of PLN 34,731 thousand.

In 2019 Wirtualna Polska Media SA repaid the loan principal of PLN 12,500 thousand and interest of PLN 2,919 thousand.

The loan bears an interest rate of WIBOR for 3-month deposits plus the margin specified in the agreement. The loan can be repaid at any time, but no later than 31 December 2021. The interests are repaid quarterly.

Totalmoney.pl Sp. z o.o.

On 16 September 2015 the Company granted to its subsidiary Totalmoney.pl Sp. z o.o. the loan of PLN 10,869 thousand, which was used for the purchase of shares in companies Finansowysupermarket.pl Sp. z o.o. and WebBroker Sp. z o.o. Until the end of 2018, Totalmoney.pl Sp. z o.o. repaid the loan principal of PLN 4,169 thousand and interest of PLN 1,291 thousand.
In 2019 Totalmoney.pl Sp. z o.o. repaid the loan principal of PLN 4,700 thousand and interest of PLN 197 thousand.

The loan bears an interest rate of WIBOR for 3-month deposits plus the margin specified in the agreement. The loan can be repaid at any time, but no later than 31 December 2021. The interests are repaid quarterly.

WP1 Sp. z o.o.

On 20 November 2015 the Company granted to its subsidiary WP1 Sp. z o.o. the loan of PLN 50 thousand. In 2016 the Company signed amendments to the loan agreement concluded with the subsidiary WP1 Sp. z o.o. which increase the available loan limit to PLN 20 million. During 2016 and 2017 the company WP1 Sp. z o.o. used the subsequent tranches of the loan of PLN 8,150 thousand and PLN 11,273 thousand accordingly.

The loan bears an interest rate of WIBOR for 3-month deposits plus the margin specified in the agreement. The loan can be repaid at any time, but no later than 31 December 2021. After the merger between Wirtualna Polska Media and WP1, all obligations related to the loans were transferred to Wirtualna Polska Media. The interests are repaid quarterly.

In connection with application IFRS 9 the Company recognized an allowance for impairment of loans. As of 31 December 2019, the impairment loss amounted to PLN 179 thousand PLN. The following table presents an analysis of the credit risk assessment levels of loans measured at amortized cost.

Estimated rating	As of 31 December 2019	As of 1 January 2019
Baa3	68 893	86 093
Gross carrying amount	**68 893**	**86 093**
Impairment loss	179	224
Net carrying amount	**68 714**	**85 869**

Shares

As of 31 December 2019 the structure of shares held by the Company is as follows:

Name of the company	Value of shares at purchase price (PLN'000)	Revaluation adjustments	Carrying value of shares (PLN'000)	Percentage of shares held	Percentage of votes held
Wirtualna Polska Media S.A.	206 173	-	206 173	100%	100%
Domodi Sp. z o.o.	120 277	(13 439)	106 838	49%	49%
Extradom.pl Sp. z o.o.	75 759	-	75 759	100%	100%
Superauto24.com Sp. z o.o.	25 500	-	25 500	51%	51%
Teroplan Sp. z o.o.	8 144	-	8 144	13%	13%
Digitics S.A.	5 000	-	5 000	20%	20%
WPZ Sp. z o.o.	1 654	-	1 654	100%	100%
OPEN FM Sp. z o.o.	5	-	5	100%	100%
As of 31 December 2019	**442 512**	**(13 439)**	**429 073**		

As of 31 December 2018 the structure of shares held by the Company were as follows:

Name of the company	Value of shares at purchase price (PLN'000)	Revaluation adjustments	Carrying value of shares (PLN'000)	Percentage of shares held	Percentage of votes held
Wirtualna Polska Media S.A.	205 370	-	205 370	100%	100%
Domodi Sp. z o.o.	120 165	-	120 165	49%	49%
Extradom.pl Sp. z o.o.	75 759	-	75 759	100%	100%
Superauto24.com Sp. z o.o.	25 500	-	25 500	51%	51%
WPZ Sp. z o.o.	829	-	829	100%	100%
As of 31 December 2018	**427 623**	**-**	**427 623**		

Impairment of shares in Domodi Sp. z o.o.

In the process of preparing the standalone financial statements the Management tested the valuation of financial assets held by verifying the long-term financial forecasts, the obtainable residual value of the assets and other assumptions made in the asset valuation models.

The conducted analyzes showed the necessity to adjust the valuation of shares in the Domodi Sp. z o.o.

The WP Capital Group acquired shares in Domodi both through Wirtualna Polska Holding S.A. as well as through its subsidiary Wirtualna Polska Media SA. As at the date of this report, the total value of shares acquired by the Group in Domodi was PLN 151.7m, including:

- 1,334 shares, representing 51% of the share capital, acquired in 2014 by Wirtualna Polska Media S.A. with a total value of PLN 31.5m

- 1,282 shares, representing 49% of the share capital, acquired in 2018 by Wirtualna Polska Holding S.A. though the exercise of the put option for non-controlling interests, with a total value of PLN 120.2m.

The estimated recoverable amount of Domodi in accordance with the company's financial forecasts amounts to PLN 218.0m, which is by PLN 66.3m (i.e. by 44%) higher than the sum of investment in Domodi presented in the standalone financial statements of the Company and Wirtualna Polska Media SA. The proportional allocation of the total recoverable amount to Wirtualna Polska Holding S.A. and Wirtualna Polska Media S.A. resulted in an impairment allowance for Domodi shares in WPH in the amount of PLN 13.4m, which is equivalent to 11.1% of their value.

The allowance made in the individual financial statement of WPH will not affect the consolidated financial statement of the Capital Group. It is non-cash and has no impact on the current financial position of the Company and the Capital Group.

Teroplan Sp. z o. o.

On 18 March 2019, the Company acquired 13.11% of shares in the share capital of Teroplan SA, the owner of the e-podróżnik.pl website. The final purchase price of 13.11% of shares was PLN 7,753 thousand PLN and was financed from the Company's own funds. The e-podróżnik.pl website offers the possibility to purchase tickets from over 400 domestic and international carriers, as well as bus and railway connections. The service facilitates daily travel by providing the largest timetable in Poland, covering over 1,200 carriers. Every month, e-podróżnik.pl is used by more than 3 million passengers. Teroplan SA is a company that introduces many technological innovations for the passenger transport industry. It implements, among others, a system that will automate route and price planning as well as vehicle management processes. The project is in line with the latest global trends in the application of artificial intelligence technology in the processes of management and use of big data information.

The value of shares was increased by direct costs related to the transaction in the total value of PLN 11 thousand.

Digitics S.A.

On 6 March 2019, Wirtualna Polska Holding SA entered into a conditional investment agreement with INNC Limited, Michał Laskowski and Digitics SA, the conditions of which were met on 16 April 2019, based on which, after meeting the conditions precedent set out in the contract, WPH acquired the right to purchase 20% of shares in the share capital of Digitics SA, entitling to 20% of votes at the General Meeting of Shareholders in exchange for a cash contribution of PLN 2.5 million. At the same time, the agreement entitled WPH to subscribe for 20,000 subscription warrants convertible to 20,000 shares to Digitics SA by the end of 2019 in exchange for a further contribution of PLN 2.5 million. The subscription of new shares allows WPH to maintain a 20% stake in the share capital of Digitics SA. The contribution was made in June 2019.

In addition, the investment agreement provides for a conditional option mechanism enabling WPH to acquire the remaining shares of Digitics SA. The option mechanism shell be initialized if the companies LTM EBITDA exceeds the contractual value for 4 consecutive months. If this condition is met, WPH will have the right and obligation to acquire:

- shares in such a number that together with the shares already held by WPH will entitle WPH to 51% of votes at the general meeting of the company. The price will be calculated as the product of the multiple set out in the investment agreement and LTM EBITDA in the month the contractual threshold is met;
- shares in such a number that together with the shares already held by WPH will entitle WPH to 75% of votes at the general meeting of the company. The price will be calculated as the product of the multiple set out in the investment agreement and EBITDA for the first full financial year following the year in which the contractual threshold of EBITDA is met;
- shares in such a number that together with the shares already held by WPH will entitle WPH to 100% of votes at the general meeting of the company. The price will be calculated as the product of the multiple set out in the investment agreement and EBITDA for the second full financial year following the year in which the contractual threshold of EBITDA is met.

In a situation where the company does not met the EBITDA threshold, the maximum value of the investment will not exceed PLN 5 million. The Group sees no grounds to recognize the put option liability for other shares of Digitics SA.

Open FM sp. z o. o.

On 1 July 2019, OPEN FM Sp. z o.o. was registered. As of 31 December 2019, on shares with a total value of PLN 402,209 thousand a financial pledge was established as collateral for the repayment of a loan taken by the Company and subsidiary.

11. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

PLN'000	As of 31 December 2019	As of 31 December 2018
Receivables from related parties	24	215
State receivables	142	1 286
Prepayments	21	10
Total	**187**	**1 511**

As of 31 December 2019 and 31 December 2018 there are no receivables that are individually considered as non-collectible.

Throughout 2019 and as of 31 December 2019, the Company did not create any impairment allowance on receivables based on expected credit loss model.

12. SHARE CAPITAL

Share capital structure

As of 31 December 2019, the share capital was composed of 29,011,826 shares with a par value of PLN 0.05 each, including 11,289,709 preferred voting shares and 17,722,117 ordinary shares. The structure of share capital was as follows::

Shareholder	Number of shares	% of share capital	Number of votes	% of votes
Jacek Świderski through subsidiares including:	3 777 164	13,02%	7 540 401	18,71%
Orfe S.A.	3 763 237	12,97%	7 526 474	18,68%
Michał Brański through subsidiares including:	3 777 164	13,02%	7 540 400	18,71%
10X S.A.	3 763 236	12,97%	7 526 472	18,68%
Krzysztof Sierota through subsidiares including:	3 777 164	13,02%	7 540 400	18,71%
Albemuth Inwestycje S.A.	3 763 236	12,97%	7 526 472	18,68%
Total of Founders*	**11 331 492**	**39,06%**	**22 621 201**	**56,13%**
AVIVA OFE	2 190 044	7,55%	2 190 044	5,43%
Other	15 490 290	53,39%	15 490 290	38,44%
Total	**29 011 826**	**100,00%**	**40 301 535**	**100,00%**

* Founders in connection with the shareholders agreement concluded on 19 March 2015 by the Founders and their subsidiaries (Orfe SA, 10X SA and Albemuth Inwestycje SA) concerning joint voting at the general meeting of the Company and conducting a long-term policy towards the Company exercise voting rights jointly.

As of 31 December 2018, the share capital was composed of 28.955.568 shares with a par value of PLN 0.05 each, including 11,289,709 preferred voting shares and 17,665,859 ordinary shares. The structure of share capital was as follows:

Shareholder	Number of shares	% of share capital	Number of votes	% of votes
Jacek Świderski through subsidiares including:	3 777 164	13,04%	7 540 401	18,74%
Orfe S.A.	3 763 237	13,00%	7 526 474	18,70%
Michał Brański through subsidiares including:	3 777 164	13,04%	7 540 400	18,74%
10X S.A.	3 763 236	13,00%	7 526 472	18,70%
Krzysztof Sierota through subsidiares including:	3 777 164	13,04%	7 540 400	18,74%
Albemuth Inwestycje S.A.	3 763 236	13,00%	7 526 472	18,70%
Total of Founders*	**11 331 492**	**39,13%**	**22 621 201**	**56,21%**
AVIVA OFE	2 033 159	7,02%	2 033 159	5,05%
Other	15 590 917	53,84%	15 590 917	38,74%
Total	**28 955 568**	**100,00%**	**40 245 277**	**100,00%**

* Founders in connection with the shareholders agreement concluded on 19 March 2015 by the Founders and their subsidiaries (Orfe SA, 10X SA and Albemuth Inwestycje SA) concerning joint voting at the general meeting of the Company and conducting a long-term policy towards the Company exercise voting rights jointly.

The share capital of the Company was fully paid up as of 31 December 2019 and 2018.

Significant changes of shareholders

In 2019, there were no significant changes in shareholders.

Share capital increase

On 1 March 2019 KDPW registered and WSE admitted to trading 13,777 series D ordinary bearer shares and 5,085 ordinary bearer series F shares. After registration, admission to trading and issuing of the above mentioned shares, the share capital of the Company amounts to PLN 1,448,721.50 and is divided into 28,974,430 shares with a nominal value of PLN 0.05, entitling to 40,264,139 votes at the General Meeting.

On 24 May 2019 KDPW registered and WSE admitted to trading 12,389 series D ordinary bearer shares and 8,595 ordinary bearer series F shares. After registration, admission to trading and issuing of the above mentioned shares, the share capital of the Company amounts to PLN 1,449,770.70 and is divided into 28,995,414 shares with a nominal value of PLN 0.05, entitling to 40,285,123 votes at the General Meeting.

On 30 August 2019 KDPW registered and WSE admitted to trading 10,287 series D ordinary bearer shares and 6,125 ordinary bearer series F shares. After registration, admission to trading and issuing of the above mentioned shares, the share capital of the Company amounts to PLN 1,450,591.30 and is divided into 29,011,826 shares with a nominal value of PLN 0.05, entitling to 40,301,535 votes at the General Meeting.

Series D and F shares were acquired in the exercise of rights from private share offer on subscription warrants of series B and C by authorized employees and associates of the Company under the Managerial Options Program.

After registration, admission to trading and issuing of the above mentioned shares, the share capital of the Company amounts to PLN 1,450,591.30 and is divided into 29,011,826 shares with a nominal value of PLN 0.05, entitling to 40,301,535 votes at the General Meeting, including:

- 11.289.709 registered series A preference shares; preference for 11,289,709 series A shares applies to voting rights at the General Meeting in such a way that there are two votes per share;
- 1,100,000 ordinary series A bearer shares;
- 12,221.811 ordinary series B bearer shares;
- 301,518 ordinary series C bearer shares;
- 642,220 ordinary series D bearer shares;
- 3,339,744 ordinary series E bearer shares;
- 116,824 ordinary series F bearer shares.

The total number of votes from all the Company's shares is: 40,301,535.

Changes in the share capital after the balance sheet date

On 31 January 2019 KDPW registered and WSE admitted to trading 4,102 series D ordinary bearer shares and 6,385 ordinary bearer series F shares. After registration, admission to trading and issuing of the above mentioned shares, the share capital of the Company amounts to PLN 1,451,115.65 and is divided into 29,022,313 shares with a nominal value of PLN 0.05, entitling to 40,312,022 votes and the shareholders structure is presented in next table.

Shareholder	Number of shares	% of share capital	Number of votes	% of votes
Jacek Świderski through subsidiaries including among others:	3 777 164	13,01%	7 540 401	18,71%
Orfe SA	3 763 237	12,97%	7 526 474	18,68%
Michał Brański through subsidiaries including among others:	3 777 164	13,01%	7 540 400	18,71%
10X SA	3 763 236	12,97%	7 526 472	18,68%
Krzysztof Sierota through subsidiaries including among others:	3 777 164	13,01%	7 540 400	18,71%
Albemuth Inwestycje SA	3 763 236	12,97%	7 526 472	18,68%
Founders together*	**11 331 492**	**39,04%**	**22 621 201**	**56,12%**
Aviva OFE	2 190 044	7,55%	2 190 044	5,43%
Other	15 500 777	53,41%	15 500 777	38,45%
Total	**29 022 313**	**100,00%**	**40 312 022**	**100,00%**

Dividend policy and profit distribution

On 20 December 2017, the Management Board of Wirtualna Polska Holding S.A adopted a dividend policy. The policy assumes a dividend payment at the level above PLN 1 per share, but not more than 70% of the consolidated net profit of the Capital Group reported in the consolidated financial statements for a given financial year.

When recommending the payment of a dividend by WPH S.A, the Management Board of WPH SA will consider all the relevant factors, including in particular the current financial situation of the Group, its investment plans and potential acquisition targets as well as the expected level of free cash in WPH SA in the financial year in which the payment of dividends is due.

The dividend policy shall be first applied for the distribution of consolidated net profit of the Group for the financial year ending 31 December 2016.

The following table shows dividend allocation and payment of the parent company:

PLN'000	Twelve months ending 31 December 2019	Twelve months ending 31 December 2018
Dividends declared and paid for the current and previous years	28 995	27 748
Dividend per 1 share	1,00	0,96

13. INCENTIVE SCHEME – SHARE BASED PAYMENTS

First Incentive Schemes

On 23 October 2014, the Company's shareholders signed an agreement which stipulates the establishment of an incentive scheme granting the Company's share options to key people working for the Capital Group in which the Company is the Parent Company. The total number of shares earmarked for the scheme is 1,230,576 and this shall not exceed 5% of the Company's share capital. The rights were awarded on 12 August 2014, and they are vested in the beneficiaries gradually (so-called vesting), on a quarterly basis, as a rule over a period no longer than 6 years. The scheme includes a requirement of being currently employed as a condition for the rights to the options vesting.

In connection with the above arrangements, there is an incentive scheme whose basic principles are defined in Resolution No. 6 of the Extraordinary General Meeting dated 12 December 2014. On the basis of the existing incentive plan, selected members of the Supervisory Board and Management Board as well as selected employees or co-workers of the Company or other companies of the Group which concluded the management option agreement with the Company or other Group's companies are entitled to acquire Company shares.

The existing incentive scheme includes two phases of the realization of the right to acquire Company shares: (i) acquiring series C shares due to the realization of rights under the management option contract until the end of December 2014 and (ii) acquiring series D shares due to the realization of rights starting from January 2015.

The scheme was classified as an equity settled share-based incentive scheme.

On 20 April 2016, the Ordinary Shareholders Meeting of the Company passed a resolution on changing the existing Incentive Scheme.

According to the introduced changes, the vesting period for Managerial Shares has been extended and can take place no later than 14 January 2025. The participants in the scheme are entitled to acquire the subscription warranties and to subscribe to shares within 10 working days from the end of each subsequent quarter of the acquisition of rights specified in the schedule.

After the modification of the scheme, the weighted average fair value of the options awarded during the period, determined using the BMS valuation model developed by Fisher Black, Myron Scholes and Robert Merton amounted to PLN 5.50 per option. The key input data for the model were as follows: the weighted average share price as of the date of awarding the options, the exercise price, volatility of rates of return on shares between 20.64%-23.04%, a dividend rate of 0.0%, the six-year planned vesting period and the annual risk-free interest rate of 1.56%-2.14%. The total established value of the scheme after the modification amounted to PLN 6,770 thousand which is PLN 341 thousand higher than the valuation of the scheme before the changes to the vesting period.

On September 26, 2016, the Extraordinary General Meeting of Shareholders of the Company No. 3 was adopted, pursuant to which subscription warrants issued after the date of adopting the above resolution are non-transferable, the issue of subscription warrants under the Managerial Options Program will be carried out in a private placement addressed to a maximum of 149 Eligible Persons, and the shares will be offered as a private placement addressed to a total of no more than 149 Eligible Persons who will be entitled to subscription warrants.

	Share options (no. of units)
As of 1 January 2019	**257 229**
Awarded	-
Non executed	(20 484)
Executed	(40 555)
As of 31 December 2019	**196 190**
Including the number of options vested as of the balance sheet date	54 528

The exercise price of the options outstanding as of 31 December 2019 amounted to PLN 12.17.

Second Incentive Scheme

On 15 February 2016, the Supervisory Board of the Company passed a resolution adopting the rules of the new incentive scheme granting the Company's F series ordinary share options to key people working for the Capital Group in which the Company is the Parent Company. The total number of shares earmarked for the scheme is 593,511 and it shall not exceed 5% of the Company's share capital.

The issue price of F series shares was determined by the Management Board at PLN 32, which is the price at which the shares were acquired under the initial public offering. Participants in the scheme will be entitled to exercise their rights to shares no later than 5 March 2025, and rights to shares will be acquired gradually in accordance with the schedule set out in individual contracts between the Company and the participants in the scheme. The scheme includes a requirement of being currently employed as a condition for the rights to the options vesting. The participants in the scheme will be able to subscribe to shares within 10 working days from the end of each subsequent quarter; however, the vesting in three consecutive quarters after the day of initial public offering was suspended and was cumulative at the end of the second quarter of 2016.

The weighted average fair value of the options awarded during the period, determined using the binomial valuation model, amounted to PLN 15.23 per option. The key input data for the model were as follows: the share price as of the date of awarding the options, the exercise price, volatility of rates of return on shares between 18.6%-19.4%, a dividend rate of 0.0%, the expected vesting period and the annual risk-free interest rate of 1.68%-3.18%.

The scheme was classified as equity settled share-based incentive scheme.

	Share options (no. of units)
As of 1 January 2019	**349 400**
Awarded	120 000
Non executed	
Executed	(26 190)
As of 31 January 2019	**443 210**
Including the number of options vested as of the balance sheet date	109 504

The exercise price of the options outstanding as of 31 December 2019 amounted to PLN 32, and the period remaining to the end of contractual life of the option is between 3 and 5 years.

14. DEFERRED TAX ASSET AND LIABILITY

Deferred income tax in connection with the occurrence of tax losses that can be settled in subsequent financial years is recognized in assets if the realization of the related tax benefits is probable due to the deduction of future taxable income by those losses. Due to the nature of the business (holding activity) and the realization of income only in the form of dividends from subsidiaries, it was recognized that in the following years the deferred tax asset and liability cannot be realized. As a result, deferred tax asset and liability were released.

PLN'000	As of 1 January 2019	Financial result	Change of accounting policy	As of 31 December 2019
Deferred tax assets:				
Write-off due to an impairment loss on financial assets	43	43	-	-
Differences in tax and carrying amounts of liabilities	249	249	-	-
Deferred tax assets	**292**	**292**	**-**	**-**
Deferred tax liability:				
Differences in tax and carrying amounts of liabilities	167	167	-	-
Deferred tax liability:	**167**	**167**	**-**	**-**
Deferred tax assets/liability net	**125**	**125**	**-**	**-**

As at 31.12.2019 the Company did not create any deferred tax assets or liabilities. It is expected that the asset / liability would not be realized in the foreseeable future.

As of 31 December 2019, the amount of tax losses on which deferred tax was not recognized was PLN 7,548 thousand. As of 31 December 2019, tax losses in the amount of PLN 3,109 thousand and PLN 3,774 thousand, expire in 2023 and 2024 respectively. If the Management Board decided to create deferred tax, it would be recognized in the company's assets.

15. LOANS AND BORROWINGS RECEIVED

PLN'000	As of 31 December 2019	As of 31 December 2018
Long-term		
Bank loans	54 497	56 426
	54 497	**56 426**
Short-term		
Bank loans	4 307	2 196
	4 307	2 196
Total	**58 804**	**58 622**

On 12 December 2017, Wirtualna Polska Media SA as a borrower, the Company, Money.pl sp. z o.o., Wakacje.pl SA and Nocowanie.pl sp. z o.o. - as the guarantors entered into a credit facility agreements with mBank SA, Powszechna Kasa Oszczędności Bank Polski SA and ING Bank Śląski as lenders. New lenders extended loans to WPM up to the the total amount of PLN 500 million designated for:

- Financing and refinancing investment expenses and acquisitions
- refinancing current indebtedness under the credit facility agreement executed on 24 march 2015
- financing current activities and a revolving facility.

Under the agreement concluded with mBank SA, Powszechna Kasa Oszczędności Bank Polski SAand ING Bank Śląski, the Company undertaken to join the agreement as an additional guarantor and to establish the security for the loan, among others:

- financial and registered pledge on shares held by the Company in share capitals of significant Subsidiaries;
- financial and registered pledge on bank account;
- registered pledge on items and rights;
- transfer of rights from insurances and other agreements;

The fair value of the loan as of 31 December 2019 amounts to PLN 286.829 thousand.

On 29 October 2018, Wirtualna Polska Holding S.A., Wirtualna Polska Media S.A. and other subsidiaries, concluded an amending agreement to the loan agreement of 12 December 2017 concluded with mBank S.A. with headquarters in Warsaw, as a lender, financing organizer, agent and security agent, and ING Bank Śląski S.A. based in Katowice as a creditor and Powszechna Kasa Oszczędności Bank Polski S.A. with its registered office in Warsaw as the lender.

Pursuant to the amendment agreement, the value of the CAPEX loan tranche was increased by PLN 100 million and Wirtualna Polska Holding SA entered into a loan agreement as the only borrower authorized to continue using the entire available CAPEX loan tranche.

The following investment credit facilities were available to Wirtualna Polska Holding:

- tranche CAPEX 3 in the amount of PLN 115,827 thousand, with the availability period ending on 12 December 2020,to be repaid in twelve equal quarterly installments payable starting from the fourth quarter of 2020;
- tranche CAPEX 4 in the amount of PLN 156,069 thousand, with the availability period ending on 12 December 2020,to be should be repaid on the final maturity date which will fall on the 7th anniversary of the conclusion of the new loan agreement;

The loan agreement bears an interest rate of 3M WIBOR plus a specified margin depending on the ratio of the Group's net debt to EBITDA. Receivables of the new lenders in respect of the loan granted are secured as follows:

- financial and registered pledges on shares in Wirtualna Polska Media S.A., Totalmoney.pl Sp. z o.o., Domodi Sp. z o.o. and Wakacje.pl S.A.;
- registered pledges on items and rights of Wirtualna Polska Media S.A., Totalmoney.pl Sp. z o.o. and Wakacje.pl S.A., Domodi Sp. z o.o.
- ordinary and registered pledges on the rights to the trademarks of Wirtualna Polska Media S.A. and Wakacje.pl S.A. and Domodi Sp. z o.o.
- financial and registered pledges on bank accounts maintained for Wirtualna Polska Holding S.A., Wirtualna Polska Media S.A., Totalmoney.pl Sp. z o.o., Wakacje.pl S.A and Domodi Sp. z o.o. together with powers of attorney to those bank accounts;
- transfer of rights from agreements mentioned in the new loan agreement (including insurance policies, commercial contracts, intercompany loans) Wirtualna Polska Media SA;
- declarations on submission to enforcement procedures by Wirtualna Polska Holding S.A., Wirtualna Polska Media S.A.,Totalmoney.pl Sp. z o.o., Wakacje.pl SA and Domodi Sp. z o.o. and
- a subordination agreement for the repayment of indicated existing and future dues in respect of Wirtualna Polska Media SA to the dues of the new borrowers.

On 7 November 2018 the Company utilized PLN 52,924 thousand of CAPEX tranche to finance the first instalment for the shares in Extradom.pl Sp. z o.o. and then on 20 December 2018 refinanced another PLN 6,551 thousand for the payment of the second instalment.

During 2019, the Company did not utilize any part of the loan.

The debt from the loan agreement was presented in the balance sheet as of 31 December 2019 as long and short term. The short-term part was calculated as the sum of planned payments for 12 consecutive months according to the repayment schedule.

The table below presents the fair and carrying values of the loan.

PLN'000	Carrying amount	Fair value
Bank loans	58 804	59 573
Total	**58 804**	**59 573**

The fair value of loans concluded by the Company as of 31 December 2019 is PLN 59,573 thousand.

The Group had the following undrawn credit lines:

PLN'000	As of 31 December 2019
Expiring within one year	212 421
Expiring after one year	20 000
Total	**232 421**

The following table presents changes in the value of loans and leases during the year 2019:

Description	Loans
Amount as of 1 January 2019	**58 622**
Additions due to:	***2 378***
- interest accrued	2 378
Disposals due to:	***(2 196)***
- repayment of interest	(2 196)
Amount as of 31 December 2019	**58 804**

On 25 February 2020, the Company and Wirtualna Polska Media S.A. as borrowers and its subsidiaries TotalMoney.pl sp. z o.o., Wakacje.pl S.A. and Domodi sp. z o.o. - as the guarantors entered into a senior term, capex and overdraft facilities agreements with a bank consortium comprising: (i) mBank S.A. („Facility Agent") (ii) Powszechna Kasa Oszczędności Bank Polski SA, (iii) ING Bank Śląski SA, (iv) Bank Polska Kasa Opieki SA (v) BNP Paribas Bank Polska SA as lenders pursuant to which the Lenders extended loans to the Company and WPM up to the total amount of PLN 978 mln designated for:

- financing of acquisitions and investment expenses up to the total amount of PLN 602 million (Capex Loan Tranche)
- refinancing current indebtedness under the credit facility agreements executed on December 12, 2017 with consortium of banks comprising mBank S.A. – as a lender and facilities agent, Powszechna Kasa Oszczędności Bank Polski S.A. and ING Bank Śląski S.A
- financing current activities and a revolving facility

The credit facilities bear interest of 3-M WIBOR plus a margin depending on the Group's net debt to EBITDA ratio.

The debt repayment is scheduled as follows:

- PLN 138.4m in twenty equal quarterly instalments payable from the 1st quarter of 2021;
- PLN 207.6 m on the final maturity date occurring on the 7th anniversary of signing of the New Credit Facilities Agreement;
- up to PLN 240.8m of Capex Loan Tranche in sixteen equal quarterly instalments payable from the 1st quarter of 2022;
- up to PLN 361.2m of Capex Loan Tranche on the final maturity date occurring on the 7th anniversary of signing of the New Credit Facilities Agreement.

The Lenders receivables under the New Credit Facilities Agreement will be secured by:

- financial and registered pledges over the shares in WPM, TotalMoney.pl sp. z o.o., Domodi sp. z o.o., Wakacje.pl S.A.;
- registered pledges over set of assets and rights of the Company, WPM, TotalMoney.pl sp. z o.o., Wakacje.pl S.A.;

- ordinary and registered pledges over the rights to trademarks of the WPM, Domodi sp. z o.o. and Wakacje.pl S.A.;
- financial and registered pledges on all bank accounts of the Company, WPM, TotalMoney.pl sp. z o.o., Domodi sp. z o.o., Wakacje.pl S.A., as well as the powers of attorney to such bank accounts;
- the agreement for the assignment of rights under the insurance policies, selected commercial receivables and the intercompany loans of the WPM;
- submission to enforcement relating to the claims of Lenders by the Company, WPM, TotalMoney.pl sp. z o.o., Domodi sp. z o.o. and Wakacje.pl S.A.; and
- a subordination agreement concerning any existing or future receivables with respect to WPM concerning the receivables of the Lenders.

16. TRADE AND OTHER LIABILITIES

PLN'000	As of 31 December 2019	As of 31 December 2018
Long-term		
Contingent liabilities	3 997	4 396
Liabilities related to business combinations (other than earn-out)	11 905	13 999
	15 902	**18 395**

PLN'000	As of 31 December 2019	As of 31 December 2018
Short-term		
Trade cash payables	521	1 557
Liabilities related to business combinations (other than earn-out)	2 546	1 603
State liabilities	21	413
Wages and salaries payables	1 060	933
Liabilities related to financial activity	114	170
Total	**4 262**	**4 676**

Liabilities related to business combinations

Extradom Sp. z o.o.

Wirtualna Polska Holding SA and an entity selling shares in Extradom.pl Sp. z o.o. determined that a part of the selling price in the amount of PLN 15,525 thousand will be retained by WPH in order to hedge the standard risks in this type of transactions. This amount will be repaid annually for the next 6 years and will be increased by interest payable accrued on the unpaid amount due to the seller of the retained amount and will be reduced by any amounts withheld by WPH pursuant to the share sale agreement.

As of 31 December 2019 the long-term liability amounts to PLN 11,905 thousand and short-term liability amounts to PLN 2,546 thousand.

Contingent liabilities related to business combinations

Superauto24.com Sp. z o.o.

The investment agreement on acquisition of 51% stake in Superauto24.com Sp. z o.o. stated that the sale price may be increased by no more than PLN 5,000 thousand subject to the implementation of the financial objective set out in the agreement for the financial year 2019.

During 2019, a contract amendment was signed with minority shareholders, as a result of which settlement with minority shareholders will be based on the results of 2020. The value of future payments will not exceed PLN 11 million. The company revalue the contingent liability based on forecasted results and changed payment schedule. As a result, the liability was reduced by PLN 0.8 million. The re-valuation of the liability was recognized in financial income under "Revaluation of liability to buy non-controlling interests and other liabilities arising from business combinations ".

17. OBJECTIVES AND PRINCIPLES OF FINANCIAL RISK MANAGEMENT

The Company is exposed to credit risk and liquidity risk. Neither as of 31 December 2019 and 2018, were the Company's operations subject to significant currency risk due to an insignificant share of currency transactions in the Company's total transactions. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk is managed by the centralized Cash Flow Management Department of the Company which executes the policy approved by the Management Board. The Company's Cash Flow Management Department identifies and evaluates financial risks and safeguards the Company against them in strict cooperation with operating units. The Management Board sets in writing the general principles for risk management and the policy concerning the specific areas such as currency risk, interest rate risk, credit risk, application of derivatives and other non-derivative financial instruments and investing of liquidity surpluses.

Credit risk

The credit risk to which the Company is exposed arises mainly from trade receivables, loans granted and cash at bank:

- Trade receivables and loans granted

The Company concludes transactions with related parties only, therefore in Management Board's opinion the credit risk is immaterial.

- Cash at banks

The Company places its cash solely in financial institutions with the best reputation.

PLN'000	As of 31 December 2019	As of 31 December 2018
Banks with high rating	1 286	3 254
Loans granted	68 714	85 869
Total cash at banks	**70 000**	**89 123**

The maximum exposure to credit risk corresponds to the carrying amount of the above financial assets.

Write-offs for impairment of cash and cash equivalents were determined individually for each balance related to a given financial institution. External bank ratings and publicly available information on default rates for a given rating set by Moody's Investors Service agencies were used to assess credit risk. The analysis showed that these assets have a low credit risk as at the reporting date. The company benefited from the simplification allowed by the standard and the impairment loss was determined based on 12-month loan losses. Calculation of the write-off showed a negligible amount of the impairment loss.

Cash flow and fair value risk resulting from interest rate fluctuations

In the Company's case, interest rate risk is related to long-term loans and borrowing. Loans and borrowing with floating interest rates expose the Company to the risk of cash flow fluctuations as a result of changes in interest rates.

The Company actively analyses its exposure to interest rate fluctuations. Simulations of various scenarios are conducted, taking into account refinancing, renewal of the existing positions, alternative financing and hedges. Based on these scenarios, the Company calculates the effect of specific interest rate fluctuations on the financial result. These scenarios are only created for liabilities which constitute the largest interest-bearing items. Based on various scenarios, the Company manages its cash flow risk relating to interest rate fluctuations - considering using swaps under which floating interest rates are swapped for fixed. The economic result of applying such swaps is that loans and advances with floating interest rates are transformed into instruments bearing fixed interest rates. The Company estimates that a change of interest rate by 1 p.p. would result in additional PLN 0,6 million of financial interest costs per annum.

Liquidity risk

The table below presents the Company's financial liabilities as of 31 December 2019 and as of 31 December 2018 by maturity, based on undiscounted contractual payments.

PLN'000	up to 3 months	3 to 12 months	1 to 5 years
as of 31 December 2019			
Interest-bearing bank loans	546	3 761	63 738
Trade payables, accruals, operating provisions and other financial liabilities	4 262	-	16 905
as of 31 December 2018			
Interest-bearing bank loans	541	1 655	56 426
Trade payables, accruals, operating provisions and other financial liabilities	4 676	-	18 999

The Company monitors liquidity risk using a periodic liquidity planning tool. The tool takes into account the maturities of investments and financial assets (e.g. receivables, long-term financial assets), as well as expected cash flows from operating activities.

18. CAPITAL MANAGEMENT

The principal objective of the capital management within the Company is to maintain a sound credit rating and safe capital ratios to support the Company's operating activity and to increase shareholder value.

The Company manages the capital structure and introduces changes to it based on changes in economic circumstances. In order to maintain or adjust the capital structure, the Company may change the payment of a dividend to the shareholders, return capital to shareholders or issue new shares.

Current operations are financed with the Company's own resources.

19. RELATED PARTY DISCLOSURES

The following transactions were concluded with related entities:

PLN'000	Twelve months ending 31 December 2019	Twelve months ending 31 December 2018
Purchase		
Subsidiares	501	694
Total	**501**	**694**
Sales of service		
Subsidiares	44	164
Total	**44**	**164**
Interest income, guarantees, dividends and reversals of impairment losses on loans granted		
Subsidiares	33 851	9 752
Total	**33 851**	**9 752**
Interest and guarantees costs		
Subsidiares	1 360	295
Total	**1 360**	**295**

Balances of receivables and payables as of the balance sheet date arising from sale/purchase of goods/services.

PLN'000	As of 31 December 2019	As of 31 December 2018
Receivables		
Subsidiares	24	215
Total	**24**	**215**
Loans granted		
Subsidiares	68 714	85 869
Total	**68 714**	**85 869**
Liabilities		
Subsidiares	177	87
Total	**177**	**87**

Benefits payable or paid to the Company's Management and Supervisory Board Members:

PLN'000	Twelve months ending 31 December 2019	Twelve months ending 31 December 2018
Short-term employee costs (salaries and related benefits)	3 178	3 048
Incentive scheme - share-based payments	636	-
Total	**3 814**	**3 048**

20. EXPLANATION TO THE CASH FLOW STATEMENT

PLN'000	As of 31 December 2019	As of 31 December 2018
Change in receivables and short-term assets arises from the following items:	**181**	**345**
Change in trade receivables and other receivables per balance sheet	1 324	(798)
Change in income tax receivables - adjustment	(1 143)	1 143
Change in short-term liabilities arises from the following items:	**(1 300)**	**1 525**
Change in trade liabilities, accruals, operating provisions and other long-term liabilities per balance sheet	(414)	21 689
Adjustment for a change in investment liabilities	(943)	(19 991)
Change in liabilities in respect of financing activities	56	(170)
Other	1	(3)
Purchase of shares in a subsidiary	**(12 758)**	**(202 913)**
Nominal purchase price	(12 747)	(220 855)
Recognition of liability on purchase of shares	-	19 921
Taxes and charges directly related to the purchase increasing the value of the investment	(11)	(1 979)

As of 31 December 2019 and 2018, cash and cash equivalents comprised solely cash at banks and in hand of the Company. As of 31 December 2019 and 2018, Company's bank account was subject to the financial pledge established as the security for the repayment of the loan described in Note 15.

21. INFORMATION ABOUT REMUNERATION OF ENTITY AUTHORISED TO PERFORM AN AUDIT OF THE FINANCIAL STATEMENTS

On 2 August 2019, the Company concluded an agreement on the audit of Company's financial statements for the financial years 2019-2020 with PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. (former PricewaterhouseCoopers sp. z o.o.) with its registered office in Warsaw, ul. Polna 11.

The following table includes the list of services provided for the Company by the entity authorized to audit financial statements or the company from its group, as well as remuneration for these services (in PLN thousand) for the period of 12 months ending 31 December 2019 and 31 December 2018.

PLN'000	Twelve months ending 31 December 2019	Twelve months ending 31 December 2018
Audit of the annual financial statements	70	65
Review of interim financial statements	79	77
Other services	-	38
Total	**149**	**180**

22. WYBRANE JEDNOSTKOWE DANE FINANSOWE Z PRZELICZENIEM NA EUR

	Twelve months ending 31 December 2019	Twelve months ending 31 December 2018	Twelve months ending 31 December 2019	Twelve months ending 31 December 2018
	PLN'000		EUR'000	
Sales	-	-	-	-
Operating profit/ (loss)	22 793	(7 946)	5 298	(1 862)
Profit before tax	9 004	858	2 093	201
Net profit	8 879	408	2 064	96

	Twelve months ending 31 December 2019	Twelve months ending 31 December 2018	Twelve months ending 31 December 2019	Twelve months ending 31 December 2018
	PLN'000		EUR'000	
Net cash flows from operating activities	23 454	(13 051)	5 452	(3 059)
Net cash flows from investing activities	7 307	(102 994)	1 699	(24 138)
Net cash flows from financing activities	(32 729)	117 808	(7 608)	27 610
Total net cash flows	(1 968)	1 763	(457)	413

	As of 31 December 2019	As of 31 December 2018	As of 31 December 2019	As of 31 December 2018
	PLN'000		EUR'000	
Total assets	499 265	518 400	117 240	120 558
Non-current assets	497 792	513 635	116 894	119 450
Current assets	1 473	4 765	346	1 108
Long-term liabilities	70 399	74 821	16 531	17 400
Short-term liabilities	8 569	6 872	2 012	1 598
Equity	420 297	436 707	98 696	101 560
Share capital	1 451	1 449	341	337

Conversion into euro was performed based on the following principles:

- amounts presented in zloty as of 31 December 2019 were converted into euro at the exchange rate of 4.2585 (the NBP exchange rate as of 31 December 2019),
- amounts presented in zloty as of 31 December 2018 were converted into euro at the exchange rate of 4.3 (the NBP exchange rate as of 31 December 2018),
- amounts presented in zloty for the period of twelve months ending 31 December 2019 were converted into euro at the exchange rate of 4.3018 (the arithmetic mean of the NBP exchange rates as of the last day of each month of 2019),

- amounts presented in zloty for the period of twelve months ending 31 December 2018 were converted into euro at the exchange rate of 4.2669 (the arithmetic mean of the NBP exchange rates as of the last day of each month of 2018).

23. ADDITIONAL INFORMATION ON RESULTS OF THE FOURTH QUARTER OF 2019 (UNAUDITED)

(PLN'000)	Three months ending 31 December 2019	Three months ending 31 December 2018
Sales	**-**	**-**
Amortization and depreciation	(4)	(4)
Materials and energy used	(6)	(5)
Costs of the employee option scheme	(159)	-
Other external services	(442)	(2 019)
Other salary and employee benefit expenses	(774)	(839)
Other operating expenses	(109)	(161)
Other operating income/gains	-	-
Dividends received	-	-
Gain/loss on disposal of other financial assets	-	-
Operating loss	**(1 494)**	**(3 028)**
Finance income	1 467	1 634
Finance costs	(14 954)	(890)
Profit before tax	**(14 981)**	**(2 284)**
Income tax	(278)	181
Net profit	**(15 259)**	**(2 103)**

24. EVENTS AFTER BALANCE SHEET DATE

New loan agreement

On 25 February 2020, a loan agreement was concluded between Wirtualna Polska Holding and Wirtualna Polska Media SA - as borrowers, Domodi sp. z o.o., TotalMoney.pl sp. z o.o, Wakacje.pl SA, - as guarantors and a consortium of banks composed of: mBank SA, (Credit Agent), Powszechna Kasa Oszczędności Bank Polski SA, ING Bank Śląski SA, Bank Polska Kasa Opieki SA and BNP Paribas Bank Polska SA as the lenders, on the basis of which the lenders granted the Company and WPM loans in the total amount of up to PLN 978 million.

Until the date of these financial statements, there were no other significant events after the balance sheet date.

25. OTHER INFORMATION THE COMPANY CONSIDERS MATERIAL TO THE ASSESSMENT OF THE COMPANY'S HUMAN RESOURCES, ASSETS AND FINANCIAL POSITION, ITS RESULTS AND CHANGES AND INFORMATION WHICH IS MATERIAL TO THE ASSESSMENT OF THE COMPANYP'S ABILITY TO DISCHARGE ITS LIABILITIES

Apart from the events described in this document and in the Management's commentary, until the day of publication of this report, no other events occurred which would be material to the assessment of the Company's ability to discharge its liabilities.

In the opinion of the Management Board of Wirtualna Polska Holding SA the presented information describes exhaustively the human resources, assets and financial position of the Company. No other events took place which have not been disclosed by the Company and which could be considered material to the assessment of its respective position.

Holding SA

Management Board representation regarding the Financial Statements and the Management Report for the year ending 31 December 2019 as well as the entity authorized to perform audit.

I. The representation regarding the financial statements and the management report for the year ending 31 December 2019

The Management Board of Wirtualna Polska Holding SA confirms that, to the best of their knowledge, the annual standalone financial statements together with comparative figures, have been prepared according to all applicable accounting standards and reflect a true and fair view of the state of affairs and the financial results of the Issuer for the period in question. Moreover, the Management Board of Wirtualna Polska Holding SA confirms that the combined report of the management board on the activities of the Company and its Capital Group shows a true view of the development and achievements and state of affairs of the Company, including an evaluation of dangers and risks.

II. The representation regarding the entity authorized to perform audit

The Management Board of Wirtualna Polska Holding SA confirms that the entity authorized to the audit of the financial statements, auditing annual standalone financial statements, has been elected according to applicable rules and that this entity as well as certified auditors engaged in the audit of this financial statements met objectives to present an objective and independent opinion about the audited annual consolidated financial statements in accordance with legal regulations and professional rules.

In addition, the Management Board declares that the applicable regulations related to the rotation of the audit firm and key statutory auditor and the mandatory grace periods are observed, and that the issuer has a policy regarding the selection of the audit company and a policy regarding the provision to the issuer by the audit company, an entity associated with an audit firm or a member of its network of additional non-audit services, including services conditionally exempted from the prohibition of the audit firm's provision.

WP Holding SA

Supervisory Board Representation regarding the policy for selecting an audit firm to conduct the audit and evaluation of the Financial Statements and the Management Report for the year ending 31 December 2019

I. Representation regarding the policy for selecting an audit firm to conduct the audit

The Supervisory Board confirms that:

- On 25 March 2019 the Supervisory Board of the Company acting according to provisions of law, professional rules and the opinion of the Audit Committee elected an auditor authorized to review and audit the financial statements and consolidated financial statements of the Company for the years 2019-2020,
- The auditing company and the members of the audit team met the conditions for preparing an impartial and independent audit report on the annual financial statements in accordance with applicable regulations, professional standards and professional ethics,
- The Company complies with the applicable regulations related to the rotation of the auditing company and the key statutory auditor and mandatory grace periods,
- The Company has a policy regarding the selection of an audit firm and a policy for providing the issuer by an auditing company, an entity related to the auditing company or a member of its network of additional non-audit services, including conditionally exempt services from the audit company,
- The requirements regarding the appointment, composition and operation of the Audit Committee are met, including the compliance of most of its members with independence criteria, as well as requirements regarding knowledge and skills in the industry in which the Company operates, and in the field of accounting or auditing,
- The Audit Committee performed its tasks provided for in the applicable regulations.

II. Evaluation of the Financial Statements and the Management's Board Report for the year 2019

The Supervisory Board of Wirtualna Polska Holding SA., in accordance with the dispositions of art. 382 § 3 of the Code of Commercial Companies, evaluated:

Standalone financial statements of Wirtualna Polska Holding SA for the year ended 31 December 2019, including:

- Standalone income statement and other comprehensive income, showing for the year ended 31 December 2019 net profit in the amount of PLN 8,879 thousand,
- Standalone statement of the financial position, showing total assets as of 31 December 2019 in the amount of PLN 499,265 thousand,
- Standalone statement of changes in equity showing decrease in equity in the amount of PLN 16,410 thousand and total value of equity in the amount of PLN 420,297 thousand as of 31 December 2019,
- Standalone cash flow statement showing decrease in cash and cash equivalents in the amount of PLN 1,968 thousand and total value of cash and cash equivalents of PLN 1,286 thousand as of 31 December 2019 ,
- Notes to the standalone financial statements.

Having analyzed the above mentioned documents, the Supervisory Board concluded as follows:

Standalone financial statements of Wirtualna Polska Holding SA for the year ended 31 December 2019 have been prepared in a manner consistent with the accounting records and documents as well as with the actual state and in accordance with the law, in particular the Accounting Act dated 29 September 1994, taking into account the principles of International Financial Reporting Standards and International Accounting Standards.