Financial Report

WP Capital Group

for the period of 3 and 6 months ending

30 June 2019

TABLE OF CONTENTS

MANAGEMENT'S REPORT ON THE ACTIVITIES OF WIRTUALNA POLSKA HOLDING SA AND ITS CAPITAL GROUP FOR PERIOD OF 3 AND 6 MONTHS ENDING 30 JUNE 2019 4

MANAGEMENT BOARD'S REPRESENTATION 30

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2019 31

CONDENSED INTERIM STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2019 69

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Management's Report on the activities of the Capital Group period of 3 and 6 months ending 30 June 2019

TABLE OF CONTENTS

1. SELECTED CONSOLIDATED FINANCIAL DATA 6

2. OPERATIONS OF THE WIRTUALNA POLSKA HOLDING CAPITAL GROUP 7

3. DISCUSSION ON THE OPERATING RESULTS AND THE FINANCIAL SITUATION OF THE GROUP 12

4. FACTORS AND EVENTS, ESPECIALLY THOSE OF AN EXCEPTIONAL NATURE, SIGNIFICANTLY AFFECTING THE OPERATIONS AND FINANCIAL RESULTS OF THE COMPANY AND THE CAPITAL GROUP 21

5. FACTORS THAT, IN THE MANAGEMENT BOARD'S OPINION, WILL HAVE AN IMPACT ON THE FINANCIAL RESULTS OF THE COMPANY AND THE GROUP IN SUBSEQUENT PERIODS 23

6. SIGNIFICANT CONTRACTS AND EVENTS IN TRE FIRST QUARTER OF 2019 24

7. SHARES AND SHAREHOLDERS 24

8. ADDITIONAL INFORMATION 27

1. SELECTED FINANCIAL DATA

The following tables set out selected consolidated financial data for the period of 6 months ending 30 June of 2019 and 2018. The selected financial data presented in the tables below is expressed in thousands of PLN, unless otherwise stated. This information should be read in conjunction with condensed interim consolidated financial statements for the period of 3 and 6 months ending 30 June 2019 as well as the information included in point 3 of this report.

	Six months ending 30 June 2019	Six months ending 30 June 2018	Six months ending 30 June 2019	Six months ending 30 June 2018
	PLN'000		EUR'000	
Segment ONLINE				
Sales	325 876	243 132	75 995	57 349
Cash sales	315 551	233 019	73 588	54 964
Adjusted EBITDA (IAS 17)*	94 050	80 372	21 933	18 958
EBITDA (IAS 17)*	92 673	77 515	21 612	18 284
Adjusted EBITDA (IFRS 16)**	97 990	-	22 852	-
EBITDA (IFRS 16)**	96 613	-	22 530	-

	Six months ending 30 June 2019	Six months ending 30 June 2018	Six months ending 30 June 2019	Six months ending 30 June 2018
	PLN'000		EUR'000	
Segment TV				
Sales	9 632	6 922	2 246	1 633
Cash sales	9 632	6 922	2 246	1 633
Adjusted EBITDA (IAS 17)*	(3 061)	(4 398)	(714)	(1 037)
EBITDA (IAS 17)*	(3 082)	(4 464)	(719)	(1 053)
Adjusted EBITDA (IFRS 16)**	(3 061)	-	(714)	-
EBITDA (IFRS 16)**	(3 082)	-	(719)	-

	Six months ending 30 June 2019	Six months ending 30 June 2018	Six months ending 30 June 2019	Six months ending 30 June 2018
	PLN'000		EUR'000	
Total				
Sales	335 508	250 054	78 242	58 982
Cash sales	325 183	239 941	75 834	56 597
Adjusted EBITDA (IAS 17)*	90 989	75 974	21 219	17 921
EBITDA (IAS 17)*	89 591	73 051	20 893	17 231
Adjusted EBITDA (IFRS 16)**	94 929	-	22 138	-
EBITDA (IFRS 16)**	93 531	-	21 812	-
Amortization and depreciation of tangible and intangible assets	(37 856)	(26 571)	(8 828)	(6 267)
Operating profit	55 675	46 480	12 984	10 964
Result on financial activities	(20 479)	(8 973)	(4 776)	(2 117)
Profit before tax	35 196	37 507	8 208	8 847
Net profit	22 836	27 731	5 325	6 541

* EBITDA in accordance with IAS 17 includes the costs of renting office space and recognizes them with external services and is fully comparable to data for the previous year

** EBITDA in accordance with IFRS 16 means operating profit increased by depreciation costs of property, plant and equipment, intangible assets and rights to use buildings.

	As of 30 June 2019	As of 31 December 2018	As of 30 June 2019	As of 31 December 2018
	PLN'000		EUR'000	
Total assets	1 086 055	1 063 446	255 422	247 313
Non-current assets	881 992	854 666	207 430	198 760
Current assets	204 063	208 780	47 992	48 553
Long-term liabilities	404 124	404 565	95 043	94 085
Short-term liabilities	218 864	191 121	51 473	44 447
Equity	463 067	467 760	108 906	108 781
Share capital	1 450	1 449	341	337
Non-controlling interests	10 817	10 680	2 544	2 484

	Six months ending 30 June 2019	Six months ending 30 June 2018	Six months ending 30 June 2019	Six months ending 30 June 2018
	PLN'000		EUR'000	
Net cash flows from operating activities	107 830	78 032	25 146	18 406
Net cash flows from investing activities	(69 668)	(125 153)	(16 247)	(29 521)
Net cash flows from financing activities	(50 540)	75 593	(11 786)	17 831
Total net cash flows	**(12 378)**	**28 472**	**(2 887)**	**6 716**

Conversion into euro was performed based on the following principles:

- amounts presented in zloty as of 30 June 2019 were converted into euro at the exchange rate of 4.2520 (the NBP exchange rate as of 30 June 2019),
- amounts presented in zloty as of 31 December 2018 were converted into euro at the exchange rate of 4.3000 (the NBP exchange rate as of 31 December 2018),
- amounts presented in zloty for the period of six months ending 30 June 2019 were converted into euro at the exchange rate of 4.2881 (the arithmetic mean of the NBP exchange rates as of the last day of each month of the first two quarters of 2019),
- amounts presented in zloty for the period of six months ending 30 June 2018 were converted into euro at the exchange rate of 4.2395 (the arithmetic mean of the NBP exchange rates as of the last day of each month of the first two quarters of 2018).

2. OPERATIONS OF THE WIRTUALNA POLSKA HOLDING CAPITAL GROUP

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. The Company headquarters is located in Warsaw at Jutrzenki 137 A.

The Company was established for an unspecified term. The company core business comprises holding activities.

The Company is the Parent Company of Wirtualna Polska Holding Capital Group.

The scope of Group's operations

Wirtualna Polska operates on the Polish online advertising market, offering a wide range of advertising products to its customers. These consists of e.g. modern display advertising, including online video advertising, email advertising, mobile device advertising and efficiency model based advertising (i.e. billed for website accesses, filling out forms, registrations, purchase of goods or services, lead generation, performance marketing). WP has been developing its

sales according to an intelligent programming model, which provides many advanced metrics to measure its campaigns.

The Group pursues a mission to be the partner of first choice for the Poles by delivering engaging news, entertainment and services, and inspiring the Poles in their everyday decisions. The Group strives to be a reliable and trustworthy brand in terms of content and offer, for the users and business partners alike. The basis of our business is trust, thanks to which we can provide engaging information, entertainment and services, and inspire in everyday decisions. We are constantly looking for new solutions to meet the needs of our users together with advertising and e-commerce partners.

According to the Gemius/PBI study, there were 20.9 million real users of all Internet products of the WP Group in July 2019. The Group's reach is 74.6%

Media

Portals and content

WP o2 money.pl dobreprogramy WP SportoweFakty WP magazyn

Every day, our journalists provide current information, commented current events and presented titbits from the world of entertainment. It is thanks to them that Wirtualna Polska is the place where Internet users return to every day; because of their work, we have been named the most opinion-forming Internet medium in the ranking of the Institute of Media Monitoring.
For us and our users, Wirtualna Polska the centre of everything that happens in Poland. Every day, thanks to the team of Wirtualna Polska's employees and co-workers, WP Homepage is a reliable and interesting source of information and gains a growing audience. Several productions are made on a regular basis at WP. The most popular formats include, among others, the daily "Tłit" and "Money. To się liczy." We also present our media offer in an interesting and unconventional way in the o2 portal where Internet users can find all the necessary information and a high dose of entertainment.
We also create a number of thematic portals. The most important local and international news is reported on the WP Wiadomości portal, whereas comments can be found at WP Opinie. The premium content is displayed at WP Magazyn. We operate the most popular financial portal in Poland: money.pl. The most complete overview of sports news can be found at WP SportoweFakty. WP Parenting is a place for all parents and parents-to-be. Lifestyle content is available on WP Kobieta, Kafeteria , WP Turystyka and WP Kuchnia portals. Automotive enthusiasts will find a bunch of interesting information at WP Moto and WP Autocult. We own the popular entertainment and cultural portals: Pudelek, WP Gwiazdy, WP Teleshow, WP Film and WP Książki. Technology fans frequently visit WP Tech and dobreprogramy.pl. We also offer specialist portals: WP Fotoblogia, WP Gadżetomania and WP Komórkomania. Our users can find healthcare advice at WP abcZdrowie.

Email

WP poczta o2 POCZTA

Other services that bring us closer to our users and give us the opportunity to contact them on a daily basis are WP Poczta and o2 email. WP Poczta offers e.g. the unlimited mailbox capacity, attachments up to 100 MB. o2 email enables e.g. chatting online with other users and watching YouTube videos within the content of messages. Both email offers stand out because of the high level of security and ensure a range of business solutions, such as the possibility to send authorised email messages or tailoring advertising services to the profile and interests of individual

users, while respecting their right to privacy protection.

Television

WP TV has been broadcast since December 2016. The line-up features foreign movies and series not previously broadcast on Polish open-television channels, original feature programmes, such as "Tłit" and "Money. To się liczy," entertainment programmes: „Hot lista OPEN.FM" and a number of documentaries and lifestyle programmes, including the popular ones involving interior design and renovation. The station is available for terrestrial broadcasting using the eighth multiplex (MUX8), on the NC+ platform and in the best cable networks. The TV line-up strategy is the combination of original productions with a valuable offer of foreign productions.

Video

We also provide our users with the possibility of online TV reception through the WP Pilot Internet platform and mobile application, enabling to watch a total of over 80 TV channels, more than 25 of which are completely free of charge. The service is available via the Internet website, applications on Android and iOS devices, Chromecast, and on TV sets offering the Android TV service.

Radio

OpenFM is the most popular Polish Internet radio. It offers over a hundred different music stations with almost two thousand hours of music a day. The stations are divided into thematic categories. Thanks to advanced streaming technology, the application does not require a broadband connection or large data packets. The service is available at www.open.fm and via the mobile application on Android and iOS devices.

E-commerce

E-commerce of the WP Group is an extensive solution that guarantees the effective reach to recipients, providing users with information about trends and purchase recommendations. The Group operates in the areas of tourism, fashion, interior design and house design, financial services, health and medicine, and automotive sector.

Travel

Tourist portals included in the Group provide a complete offer to travellers and those looking for accommodation in Poland and abroad. Wakacje.pl is the first tourist portal in Poland and a dynamically developing network of brick-and-mortar shops throughout Poland. Every day, the portal presents current offers of the largest renowned tour operators. Wakacje.pl supports consumers in purchasing decisions due to a unique database of reviews related to hotels and destinations, and thanks to the largest tourist discussion forum, featuring interesting daily topics and travel reports. Users interested in domestic holiday can use nocowanie.pl and eholiday.pl portals that have the biggest database of domestic accommodation in Poland.
In 2018, Wakacje.pl acquired the My Travel chain (the latter also specialises in outbound tourism). As a result of the merger of the points of sale under both brands, we have become the market leader in organised outbound tourism sold in brick-and-mortar shops. At the end of 2018, the chain consisted of almost 250 shops. In the first quarter of

2019, the number of stationary points increased as a result of the acquisition of 100% of shares in Travel Network Solutions Sp. z o.o. - owner of the Wakacyjny Świat travel agency network. The expansion of the chain results from a development strategy in both online and offline sales channels. Organised outbound tourism is characterised by high ROPO (Research Online Purchase Offline). The integration of sales channels enables WP's tourist brands to be close to consumers, including those who are not yet ready to buy holidays online.
Wakacje.pl has expanded its portfolio by the Parklot.pl brand. It is a marketplace that has been operating since September 2016 and enables to book places at almost 50 car parks at the main airports in Poland. Today, Parklot.pl is the top portal in its category in terms of the number of users.

Moda

DOMODI ALLANI

The mission to support our users in their everyday decisions is also demonstrated by the services offered in the two largest fashion search engines in Poland: domodi.pl and allani.pl. These portals offer several hundred thousand products from hundreds of online shops. Additionally, user can find advice on current fashion trends in articles available on these portals and on the YouTube channel.

Interior design and house design

homebook extradom Największe Biuro Projektów Domów

Homebook.pl is a modern platform for interior design professionals and enthusiasts. It offers users the possibility to search among hundred thousand products from hundreds of shops in the home and interior category. It also has an extensive inspiration section where interior design, advice and trends are presented, and a database of interior design specialists.
In 2018, the WP Group was expanded by Extradom.pl, a company specialising in online sales of architectural projects, aggregating over 18 thousand construction designs. The acquisition enabled the integration of consumers' purchasing journey from the house design, through building materials, up to the interior design. Apart from the sale of architectural designs, the company has created the first social portal in Poland for people building houses, being a source of inspiration and practical information about the construction process.

Financial services

direct.money.pl totalmoney.pl finansowy supermarket.pl

We also assist users in important financial decisions. WP Group's services compare and enable to select the best insurance, credit, loan, card or account offers. Our experts use plain language, and the content they create makes it possible to find one's way through the complex world of finance. For those interested in in-depth knowledge, they also prepare professional rankings and analyses.

Health

WP abcZdrowie

Digitalisation of healthcare is one of the most important trends on the market that becomes increasingly visible in Poland. Wirtualna Polska would also like to become a part of this trend. The editorial team of WP abcZdrowie publishes materials created in participation with recognised specialists dealing with health, lifestyle and proper nutrition, also offering an extensive module of expert questions and answers. We make easier reaching the database of doctors throughout Poland and making appointments directly on the portal or by phone.

Automotive sector

Purchasing and financing a car is another segment of e-commerce that expanded WP's offer in 2018. WP Holding became the majority shareholder of the company Superauto24.com. The portal presents a wide range of new cars from authorised dealers of different brands. The highest standard of services provided by a team of experienced consultants enables individual and corporate customers to finance purchase of a new car without leaving home, by way of lease, rental or credit.

The table below presents the Group's position in various categories, according to published Megapanel PBI/Gemius data of July 2019:

Category	Real Users (RU)	Place
Lifestyle	11 167 493	1
Business, finance, law	7 911 339	1
Tourism	7 184 368	1
Gossip, celebrities life	6 926 172	1
New Technologies	6 632 402	1
Women's websites	6 255 942	1
Sport	6 061 885	1
Children, family	4 214 261	1
Email services	9 164 784	2
Health and medicine	4 799 442	2
Motorization	4 047 404	2
Culture and Entertainment	7 222 288	3
Information and journalism	9 401 844	4
E-commerce	4 050 705	9

Source: Gemius/ PBI research, July 2019

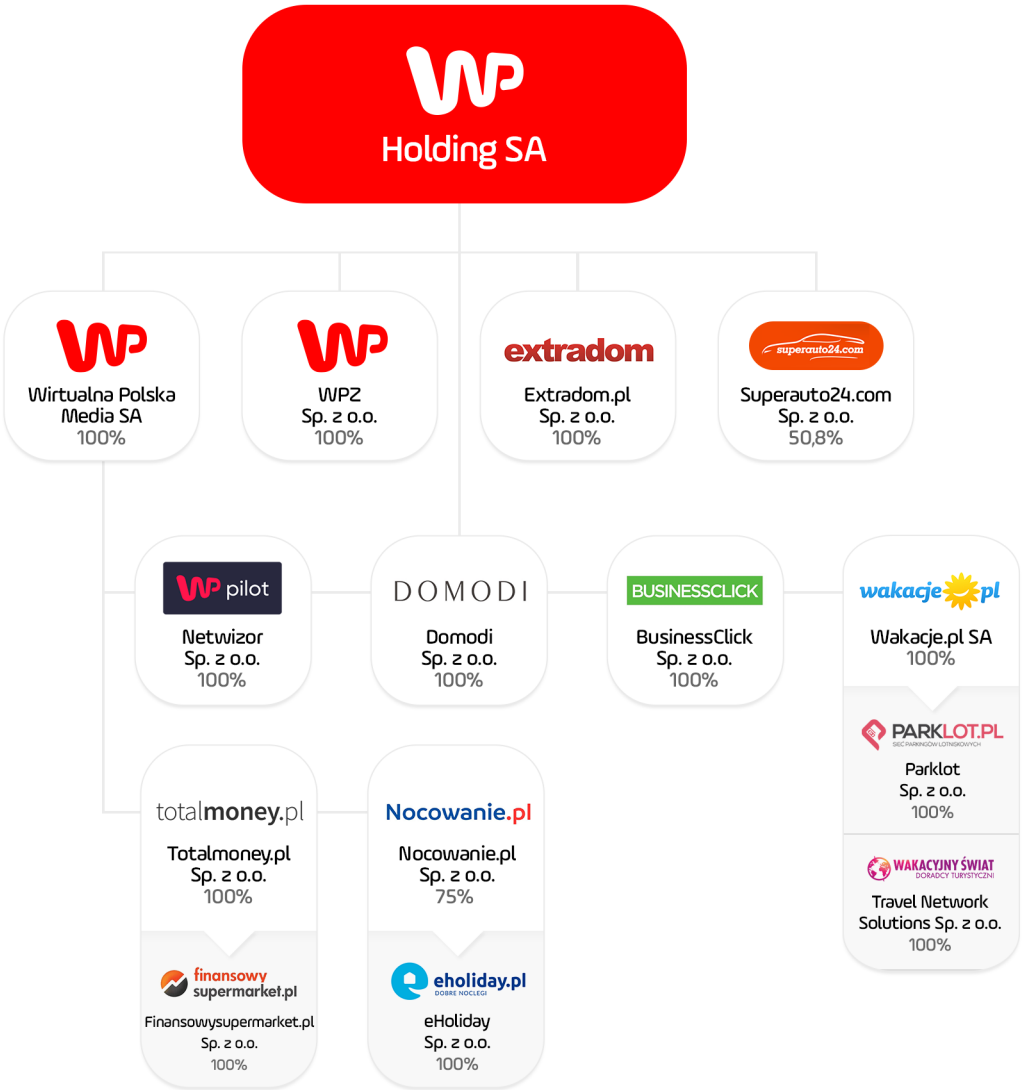
The table below presents the Group's market position against competitors.

No	Name	Real Users (mln)
1	Google Group	26.1
2	facebook.com	21.6
3	**Wirtualna Polska Group**	20.9
4	RAS Polska Group	19.8
5	youtube.com	19.0
6	Interia.pl Group	18.3
7	OLX Group	18.0
8	Allegro Group	17.2
9	Polska Press Group	16.2
10	Gazeta.pl Group	15.5

Source: Gemius/ PBI research, July 2019

Structure of the Wirtualna Polska Holding Capital Group

The following diagram presents the structure of the Group as of 30 June 2019, including the percentage of voting rights at the General Shareholders' Meeting to which the shareholder is entitled.



Changes in the Group's structure in 2019

On 26 February 2019 Wakacje.pl SA acquired 100% of shares in Travel Network Solutions Sp. z o.o., owner of the Wakacyjny Świat travel agency network. On 18 March 2019 Wirtualna Polska Holding SA acquired 13.1% of shares in Teroplan SA, owner of e-podroznik.pl portal.

On 16 April 2019 after meeting the conditions precedent of the investment agreement of 6 March 2019, Wirtualna Polska Holding SA concluded with INNC Limited, Michał Laskowski and Digitics SA an investment agreement under which WPH acquired the right to acquire 20% of shares in share capital of Digitics SA.

Mergers in 2019

On 1 April 2019 My Travel Sp. z o.o. and Wakacje.pl Sp. z o.o. merged by transferring all assets of My Travel Sp. z o.o. to Wakacje.pl Sp. z o.o.

3. DISCUSSION ON THE OPERATING RESULTS AND THE FINANCIAL SITUATION OF THE WIRTUALNA POLSKA HOLDING CAPITAL GROUP

The financial data for the periods of three and six months ending 30 June 2019 and 2018 was not audited. The information presented in the following tables should be read in conjunction with the information included in the condensed consolidated financial statements

Selected financial data from the consolidated income statement

The following table presents the main positions of the income statement for the period of 3 and 6 months ending 30 June 2019 and 2018.

PLN'000	Six months ending 30 June 2019	Six months ending 30 June 2018	Change	Change %
ONLINE Segment				
Sales	325 876	243 132	82 744	34,0%
Cash sales	315 551	233 019	82 532	35,4%
Adjusted EBITDA (IAS 17)	94 050	80 372	13 678	17,0%
EBITDA (IAS 17)	92 673	77 515	15 158	19,6%
Adjusted EBITDA (IFRS 16)	97 990	-	-	n/a
EBITDA (IFRS 16)	96 613	-	-	n/a
TV Segment				
Sales	9 632	6 922	2 710	39,2%
Cash sales	9 632	6 922	2 710	39,2%
Adjusted EBITDA (IAS 17)	(3 061)	(4 398)	1 337	(30,4%)
EBITDA (IAS 17)	(3 082)	(4 464)	1 382	(31,0%)
Adjusted EBITDA (IFRS 16)	(3 061)	-	-	n/a
EBITDA (IFRS 16)	(3 082)	-	-	n/a
Segments total				
Sales	335 508	250 054	85 454	34,2%
Cash sales	325 183	239 941	85 242	35,5%
Adjusted EBITDA (IAS 17)	90 989	75 974	15 015	19,8%
EBITDA (IAS 17)	89 591	73 051	16 540	22,6%
Adjusted EBITDA (IFRS 16)	94 929	-	-	nd.
EBITDA (IFRS 16)	93 531	-	-	nd.
Amortisation and depreciation of tangible and intangible assets	(37 856)	(26 571)	(11 285)	42,5%
Operating profit	55 675	46 480	9 195	19,8%
Result on financial activities	(20 479)	(8 973)	(11 506)	128,2%
Profit before tax	35 196	37 507	(2 311)	(6,2%)
Net profit	22 836	27 731	(4 895)	(17,7%)

PLN'000	Three months ending 30 June 2019	Three months ending 30 June 2018	Change	Change %
ONLINE Segment				
Sales	173 486	128 217	45 269	35,3%
Cash sales	167 702	122 128	45 574	37,3%
Adjusted EBITDA (IAS 17)	50 056	42 875	7 181	16,7%
EBITDA (IAS 17)	50 422	42 925	7 497	17,5%
Adjusted EBITDA (IFRS 16)	52 184	-	-	n/a
EBITDA (IFRS 16)	52 550	-	-	n/a
TV Segment				
Sales	5 027	4 027	1 000	24,8%
Cash sales	5 027	4 027	1 000	24,8%
Adjusted EBITDA (IAS 17)	(1 298)	(1 876)	578	(30,8%)
EBITDA (IAS 17)	(1 299)	(1 876)	577	(30,8%)
Adjusted EBITDA (IFRS 16)	(1 298)	-	-	n/a
EBITDA (IFRS 16)	(1 299)	-	-	n/a
Segments total				
Sales	178 513	132 244	46 269	35,0%
Cash sales	172 729	126 155	46 574	36,9%
Adjusted EBITDA (IAS 17)	48 758	40 999	7 759	18,9%
EBITDA (IAS 17)	49 123	41 049	8 074	19,7%
Adjusted EBITDA (IFRS 16)	50 886	-	-	nd.
EBITDA (IFRS 16)	51 251	-	-	nd.
Amortisation and depreciation of tangible and intangible assets	(19 293)	(13 118)	(6 175)	47,1%
Operating profit	31 958	27 931	4 027	14,4%
Result on financial activities	(16 573)	(2 915)	(13 658)	468,5%
Profit before tax	15 385	25 016	(9 631)	(38,5%)
Net profit	8 468	19 402	(10 934)	(56,4%)

The consolidated results of the Group for the first two quarters of 2019 and 2018 included the results of the following subsidiaries:

No.	Name of subsidiary	Date of taking control	% of shares held	Period covered by consolidation	
				30 June 2019	30 June 2018
1	Wirtualna Polska Media S.A.	22 December 2010	100%	full period	full period
2	Totalmoney.pl Sp. z o.o.	1 December 2014	100%	full period	full period
3	Businessclick Sp. z o.o.	1 December 2014	100%	full period	full period
4	Domodi Sp. z o.o.	12 September 2014	100%	full period	full period
5	Finansowysupermarket.pl Sp. z o.o.	16 September 2015	100%	full period	full period
6	Wakacje.pl S.A.	23 December 2015	100%	full period	full period
7	Nocowanie.pl Sp. z o.o.	7 June 2016	75%	full period	full period
8	Netwizor Sp. z o.o.	13 December 2016	100%	full period	full period
9	eHoliday.pl Sp. z o.o.	18 October 2017	75%	full period	full period
10	WPZ Sp. z o.o.	29 December 2017	100%	full period	full period
11	My Travel Sp. z o.o.[2]	17 May 2018	100%	full period	since 17 May 2018
12	Parklot Sp. z o.o.	4 October 2018	100%	full period	-
13	Extradom.pl Sp. z o.o.	28 October 2018	100%	full period	-
14	Superauto24.com Sp. z o.o.	20 December 2018	51%	full period	-
15	Travel Network Solutions Sp. z o.o.[1]	26 February 2019	100%	since 26 February2019	-

[1] On 26 February 2019 Wakacje.pl SA purchased 100% of shares in Travel Network Solutions

[2] On 1 April 2019, My Travel Sp. z o.o. and Wakacje.pl SA. merged by transferring all assets of My Travel Sp. z o.o. to Wakacje.pl S.A.

ONLINE SEGMENT

The sales of services in the online segment increased in the first two quarters of 2019 by PLN 82,744 thousand i.e. by 34.0% compared to the sales for the corresponding period of the previous year, whereas the cash sales increased by PLN 82,532 thousand, i.e. by 35.4%.

In the second quarter of 2019 alone, total sales increased by PLN 45,269 thousand, i.e. 35.3% compared to sales revenues for the corresponding period of the previous year, with the corresponding increase in cash sales of PLN 45,574 thousand, i.e. 37.3%.

In both periods, cash-settled transactions represented the majority of the Group's sales and amounted to 97% of the Group's sales in 2019 and 96% in 2018.

The main ratios analysed by the Management Board for the purpose of evaluation of the Group's financial results are EBITDA and adjusted EBITDA. The Group's EBITDA is calculated as operating profit plus amortization and depreciation while the Group's adjusted EBITDA is calculated as EBITDA adjusted for one-off events such as: costs of transaction advisory, and restructuring, management option scheme costs, result of the disposal of other financial assets, net result of the settlement of barter transactions and the costs of revaluation and liquidation of non-current assets.

On 1 January 2019 the Group implemented the new standard regarding leases (IFRS 16), which significantly affects the value of EBITDA. This financial report presents the EBITDA indicator in two variants, i.e. consistent with the current IFRS 16 and calculated on the basis of the previous IAS 17, which was in force when preparing comparable data for previous years (including for 2018). In order to ensure full comparability of data, the following analysis takes into account the Group's 2019 results calculated using IAS 17.

In the period of six months of 2019 the adjusted EBITDA of the online segment amounted to PLN 94,050 thousand which was by PLN 13,678 thousand (i.e. by 17.0%) higher compared to the value of this ratio in the previous year.

In the analysed period, the net value of positions normalizing the Group's EBITDA of the online segment amounted to PLN 1.4 million and was by PLN 1.5 million lower than in the same period of the previous year. The Group's EBITDA of the online segment in 2019 was adjusted by, among other things, restructuring and integration costs (PLN 2.1 million) and non-cash employee option scheme costs (PLN 1.2 million). Moreover, EBITDA for the period was adjusted by temporary gain on barter transactions (PLN 1.9 million). Due to the equivalence of mutual benefits arising from barter transactions, such transactions are offset over a longer period, although temporarily a positive or a negative result might be recorded.

TV SEGMENT

In the analysed period, total sales of TV segment of PLN 9,632 thousand comprised of cash sales and were by PLN 2,710 thousand, i.e. 39.2% higher than in the previous year.

After the implementation of programming and organizational changes in 2018, the Group reduced the negative results of this segment. The EBITDA amounted to PLN (3,082) thousand and was by PLN 1,382 thousand higher than in the same period of 2018.

JOINT PERFORMANCE OF SEGMENTS

In the first half of 2019 and 2018 both the total Group's adjusted and unadjusted EBITDA increased by PLN 15,015 thousand and PLN 16,540 thousand respectively.

Operating profit increased by PLN 9,195 despite increase in depreciation and amortization (calculated according to IAS 17) by PLN 6,480 thousand. Additional amortization and depreciation is mainly due to the Group's investment expenditure, as well as additional depreciation and amortization of fixed and intangible assets (including customer relations and trademarks) of entities which joined the Group during the year 2018 and 2019 (a total of PLN 3,400 thousand of additional depreciation).

Explanations regarding the consolidated sales and results of the entities acquired in 2018

The following table presents the financial results of My Travel Sp. z o.o., Extradom.pl Sp. z o.o., Parklot Sp. z o.o. and Superauto24.com Sp. z o.o. – companies acquired in 2018, for the period from the beginning of the year to the acquisition date (not included in the consolidated financial results for 2018).

PLN'000	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018
My Travel Sp. z o.o.					
Sales	3 421	2 139	-	-	**5 560**
Cash sales	3 421	2 139	-	-	**5 560**
EBITDA	80	(417)	-	-	**(337)**
Adjusted EBITDA	80	42	-	-	**122**
Extradom.pl Sp. z o.o.					
Sales	9 072	8 397	8 824	6 682	**32 975**
Cash sales	9 072	8 397	8 824	6 682	**32 975**
EBITDA	1 562	1 373	972	979	**4 886**
Adjusted EBITDA	1 619	1 514	1 504	1 091	**5 728**
Parklot Sp. z o.o.					
Sales	350	733	1 291	463	**2 837**
Cash sales	350	733	1 291	463	**2 837**
EBITDA	64	283	115	90	**552**
Adjusted EBITDA	64	283	115	90	**552**
Superauto24.com Sp. z o.o.					
Sales	1 676	1 918	2 062	2 587	**8 243**
Cash sales	1 676	1 918	2 062	2 587	**8 243**
EBITDA	924	1 065	1 030	1 815	**4 834**
Adjusted EBITDA	924	1 065	1 030	1 815	**4 834**
ALL					
Sales	14 519	13 187	12 177	9 732	**49 615**
Cash sales	14 519	13 187	12 177	9 732	**49 615**
EBITDA	2 630	2 304	2 117	2 884	**9 935**
Adjusted EBITDA	2 687	2 904	2 649	2 996	**11 236**

Explanations regarding the consolidated sales and results of the entities acquired in 2019

The following table presents the financial results of Travel Network Solutions Sp. z o.o. – company acquired in 2019, for the period from the beginning of the year to the acquisition date:

	Since 1 January 2019 to the acquisition date:
PLN'000	Travel Newtork Solutions Sp. z o.o.
Sales	743
Cash sales	743
EBITDA	(91)
Adjusted EBITDA	(91)
Net Profit	(95)

Financial position of the Group

The following table presents the consolidated statement of the Group's financial position as of 30 June 2019 and 31 December 2018:

PLN'000	As of 30 June 2019	As of 31 December 2018	Change PLN'000	Change %
Non-current assets	881 992	854 666	27 326	3,2%
Current assets	204 063	208 780	(4 717)	(2,3%)
Long-term liabilities	404 124	404 565	(441)	(0,1%)
Short-term liabilities	218 864	191 121	27 743	14,5%
Equity attributable to equity holders of the Parent Company	452 250	457 080	(4 830)	(1,1%)
Share capital	1 450	1 449	1	0,1%
Non-controlling interests	10 817	10 680	137	1,3%

The analysis of changes in the Group's balance sheet has been prepared as of 30 June 2019 compared to 31 December 2018. The acquisitions carried out during the year and the changes in accounting policy introduced from January 2019 due to the first application of the new IFRS 16 had a significant impact on the change in the Group's assets and liabilities in the analysed period.

Changes in the individual balance sheet items are discussed below.

Non-current assets

The following table presents the structure and changes in non-current assets by balance sheet category:

PLN'000	As of 30 June 2019	Structure 2019	As of 31 December 2018	Structure 2018	Change PLN'000	Change %
Property, plant and equipment	77 029	8,7%	58 252	6,8%	18 777	32,2%
Goodwill	358 454	40,6%	352 090	41,2%	6 364	1,8%
Investments accounted for using the equity method	4 446	0,5%	-	0,0%	4 446	nd
Other intangible assets	404 098	45,8%	406 664	47,6%	(2 566)	(0,6%)
Non-current programming assets	6 248	0,7%	5 385	0,6%	863	16,0%
Long-term receivables	158	0,0%	501	0,1%	(343)	(68,5%)
Other non-current assets	25 915	2,9%	16 612	1,9%	9 303	56,0%
Deferred tax assets	5 644	0,6%	15 162	1,8%	(9 518)	(62,8%)
Non-current assets	**881 992**	**100,0%**	**854 666**	**100,0%**	**27 326**	**3,2%**

In the analysed period, the net value of the property, plant and equipment increased by PLN 18,777 thousand.

In 2019, this category included new class of assets, which is the right to use the building. The recognition of this asset is the effect of the implementation of the new International Financial Reporting Standard No. 16 (IFRS 16) from 1 January 2019. The value of the right to use buildings recognized as at 1 January 2019 amounted to PLN 19,270 thousand. Details on the effects of applying this standard are described in note 2 to the consolidated financial statements. On 31 March 2019 the Group recognised new lease of the office by Domodi Sp. z o.o. in Wrocław, whose initial value was estimated at PLN 8,502 thousand. In the period under consideration, the Group recognized in operating costs the depreciation of the right to use the building in the amount of PLN 4,805 thousand out of which PLN 974 thousand has been included in the costs normalizing the value of profit before tax, as it results from the accelerated cessation of the use of the current headquarters in Warsaw and Wroclaw.

The capital expenditure excluding the right to use the building for the period amounted to PLN 4,956 thousand and was related mainly to equipment for the development of mail and portals infrastructure (PLN 3,579 thousand). At the same time, the value of equipment recognised under new finance leases agreements was PLN 466 thousand. Depreciation cost of property plant and equipment (excluding the right to use the building) in 2019 amounted to PLN 9,160 thousand and the liquidation costs amounted to PLN 180 thousand.

The value of goodwill as at 30 June 2019 increased by PLN 6,364 thousand compared to the end of the preceding year due to the recognition of new provisional goodwill on the acquisitions of Travel Network Solutions SA (PLN 5,612 thousand) and the adjustment to the purchase price allocation of Superauto24.com Sp. z o.o. (PLN 633 thousand) and My Travl.pl Sp. z o.o. (PLN 120 thousand)

As a result of the acquisition of 20% of shares in the capital of Digitics S.A. The Group recognized investments accounted for using the equity method. The purchase price of this investment in the amount of PLN 5 million was reduced by part of the Group's loss generated by the company in the amount of PLN 554 thousand. The value of investment in Digitics SA as at 30 June 2019 amounts to PLN 4,446 thousand.

In the first two quarters of 2019, the value of other intangible assets decreased by PLN 2,566 thousand, as the depreciation cost of PLN 23,889 thousand exceeded the expenditures (PLN 20,058 thousand). In the six months of 2019 the Group mainly incurred expenditures on capitalized development projects (PLN 13,729 thousand) and the purchase of licenses (PLN 2,740 thousand). As a result of purchase price allocation of the new acquisitions the Group recognized new trademarks in the amount of PLN 719 thousand and new client relations in the amount of PLN 504 thousand.

Non-current programming assets increased by PLN 863 thousand. In the analysed period the Group incurred expenditure of PLN 3,503 thousand. At the same time the amortization and depreciation costs amounted to PLN 2,884 thousand and revaluation write-down of these assets amounted to PLN 374 thousand.

Other non-current assets increased their value due to the acquisition in March 2019 13% of shares in for Teroplan Sp. z o.o. for the amount of PLN 7,754 thousand.

Current assets

The following table presents changes in current assets by balance sheet category:

PLN'000	As of 30 June 2019	Structure 2019	As of 31 December 2018	Structure 2018	Change PLN'000	Change %
Cash trade receivables	101 382	49,7%	110 752	53,0%	(9 370)	(8,5%)
Barter receivables	4 173	2,0%	1 481	0,7%	2 692	181,8%
Contract assets	23 561	11,5%	11 248	5,4%	12 313	109,5%
State receivables	6 952	3,4%	8 153	3,9%	(1 201)	(14,7%)
Dividend receivables	56	0,0%	-	0,0%	56	n/a
Other current assets	10 933	5,4%	7 114	3,4%	3 819	53,7%
Current programming assets	2 751	1,3%	3 369	1,6%	(618)	(18,3%)
Cash and cash equivalents	54 255	26,6%	66 663	31,9%	(12 408)	(18,6%)
Current assets	**204 063**	**100,0%**	**208 780**	**100,0%**	**(4 717)**	**(2,3%)**

The decrease in the value of current assets resulted, among others, from the decrease in net cash receivables. This decrease concerned mainly companies operating in foreign tourism, which as at 31 December 2018 had over PLN 9 million in receivables from an additional annual settlement. These receivables were repaid in the first quarter of 2019.

The balance of receivables due to barter transactions is higher than at the end of the previous year by PLN 2,692 thousand, which is typical for barter settlements. Barter settlements during the financial year usually show higher balances of receivables and liabilities than at the end of the year, when the majority of barter contracts are settled on an annual basis and their settlements are usually offset at the end of the year.

Contract assets including provision on commission on sale of travel services increased by PLN 12,313 thousand. The increase in value results from the fact that in the first two quarters, trips are sold, whose travel dates and final settlement will take place mostly in the third quarter.

Other current assets increased by PLN 3,819 thousand, mainly as a result of increased value settlements with online payment operators in companies operating in foreign tourism. This increase is related to the seasonality of this activity.

The detailed analysis of changes in cash level is given in the cash flow part of the report.

Long-term liabilities

The following table presents changes in long-term liabilities by balance sheet category:

PLN'000	As of 30 June 2019	Structure 2019	As of 31 December 2018	Structure 2018	Change PLN'000	Change %
Loans	325 627	80,6%	335 098	82,8%	(9 471)	(2,8%)
Leases	20 053	5,0%	2 122	0,5%	17 931	845,0%
Contingent liabilities related to business combinations	16 355	4,0%	18 395	4,5%	(2 040)	(11,1%)
Liabilities with respect to the put option for non-controlling interests	17 613	4,4%	21 764	5,4%	(4 151)	(19,1%)
Liabilities in respect of purchase of property, plant and equipment and intangible assets	7 584	1,9%	8 990	2,2%	(1 406)	(15,6%)
Deferred tax liability	16 682	4,1%	17 719	4,4%	(1 037)	(5,9%)
Deferred income	210	0,1%	477	0,1%	(267)	(56,0%)
Long-term liabilities	**404 124**	**100,0%**	**404 565**	**100,0%**	**(441)**	**(0,1%)**

The main change in long-term liabilities was the recognition on 1 January 2019 of leases related to right to use of the building in accordance with the IFRS 16 in the total value of PLN 22,031 thousand as of that date. PLN 13,608 thousand PLN was a long-term liability. Details regarding the impact of this standard on the consolidated financial statements of the Group are presented in Note 2 to the consolidated financial statements of the Group for the six months ending 30 June 2019. In the current period additional liability related to the lease of the office by Domodi Sp. z o.o. in Wrocław was recognised in the amount of PLN 8,502 thousand and the Group repaid leasing instalments in the total amount of PLN 3.941 thousand.

In the first half of 2019, the Group's liabilities due to loans decreased their value by PLN 9,471 thousand. This decrease was caused, among others by the repayment of two tranches of the investment loan in the amount of PLN 8,676 thousand and

the partial repayment of a loan granted to the Group by a minority shareholder in the amount of PLN 1,000. The remaining balance of this loan as at 30 June 2019 is PLN 660 thousand.

Liabilities related to business combinations decreased by PLN 2,040 thousand as a result of the repayment in January 2019 of the first part of the retained purchase price of shares in Extradom Sp. z o.o.

In the current period, the Management Board updated the results forecasts for 2019 and 2020 for Nocowanie.pl Sp. z o.o. and eHoliday.pl Sp. z o.o. Valuation of the put option for non-controlling shares in Nocowanie.pl Sp. z o.o. depends on, among others EBITDA of both companies for 2019 for the first option and 2020 for the second option. Due to the higher than originally forecasted results of these companies, the Management Board decided to update the valuation of option liability included in the financial statements of the Group and increase it by PLN 11,610 thousand. The total liability after the update is PLN 33,915 thousand, out of which PLN 17,613 thousand relates to the second option and is presented as a long-term liability. At the same time, the liability under the first option, settled based on the results of 2019, in the amount of PLN 16,302 thousand was transferred to the short-term part.

In March 2019 the Group repaid another instalment of the liability for the television broadcasting licence. In January 2016 the Group recognised liability related to the television broadcasting licence binding from 14 January 2016 to 13 January 2026. The total liability amounts to PLN 13,545 thousand and is paid in ten equal annual instalments, PLN 1,355 thousand each. As at 30 June 2019, with four instalments paid, the value of the liability calculated at the amortised cost equals PLN 9,155 thousand, PLN 7,584 thousand of which is recognised as long-term.

Short-term liabilities

The following table presents changes in short-term liabilities by balance sheet category:

PLN'000	As of 30 June 2019	Structure 2019	As of 31 December 2018	Structure 2018	Change PLN'000	Change %
Loans	30 538	14,0%	30 607	16,0%	(69)	(0,2%)
Leases	9 627	4,4%	1 332	0,7%	8 295	622,7%
Cash trade and other payables	62 998	28,8%	55 894	29,2%	7 104	12,7%
Barter trade and other payables	1 693	0,8%	1 792	0,9%	(99)	(5,5%)
Contract and refund liabilities	46 738	21,4%	32 566	17,0%	14 172	n/a
State liabilities	11 979	5,5%	8 582	4,5%	3 397	39,6%
Wages and salaries payables	10 958	5,0%	9 554	5,0%	1 404	14,7%
Liabilities in respect of purchase of property, plant and equipment and intangible assets	5 274	2,4%	9 478	5,0%	(4 204)	(44,4%)
Other short term payables	6 535	3,0%	9 006	4,7%	(2 471)	(27,4%)
Provision for employee benefits	5 165	2,4%	3 828	2,0%	1 337	34,9%
Other provisions	1 420	0,6%	1 988	1,0%	(568)	(28,6%)
Contingent liabilities related to business combinations	5 917	2,7%	5 849	3,1%	68	1,2%
Liabilities related to business combinations (other than earn-out)	2 559	1,2%	18 694	9,8%	(16 135)	(86,3%)
Liabilities with respect to the put option for non-controlling interests	16 302	7,4%	-	0,0%	16 302	na
Current income tax liabilities	1 161	0,5%	1 951	1,0%	(790)	(40,5%)
Short-term liabilities	**218 864**	**100,0%**	**191 121**	**100,0%**	**27 743**	**14,5%**

The main factors affecting the increase in the value of short-term liabilities were the recognition of the short-term part of the liability under the put option for non-controlling interests (PLN 16,302 thousand) and the recognition of short-term leases due to the right to use buildings, recognized by the Group on 1 January 2019, in connection with the first application of IFRS 16. Both liabilities related to the right to use buildings as well as liabilities under the put option are described in detail in part of the report concerning long-term liabilities.

In addition, in the period under review, contract and refund liabilities increased significantly. The payback obligation increased by PLN 11,859 thousand, which results from the fact that usually in the first half of the year annual rebates for the previous year are still not settled, while the liabilities arising from current sales are calculated and added. At the same time, liabilities due to contracts with customers increased by PLN 2,313 thousand in the analysed period, mainly as a result of the increase in the value of sales of subscription services in companies dealing in domestic tourism.

Cash trade liabilities also increased significantly, which is primarily due to the seasonal nature of the business of the Wakacje.pl and a higher balance of settlements with tour operators at the end of the second quarter. The increase was also caused by including the payables of Travel Network Solutions sp. z o.o. which was acquired during 2019.
At the same time, the Group settled liabilities due to the purchase of Superauto24.com Sp. z o.o. in the amount of PLN 16,650 thousand.

Liabilities in respect of purchase of property, plant and equipment and intangible assets decreased significantly by PLN 4,204 thousand compared to December 2018. Other liabilities did not change significantly.

Equity

PLN'000	As of 30 June 2019	Structure 2019	As of 31 December 2018	Structure 2018	Change PLN'000	Change %
Equity attributable to equity holders of the Parent Company, including:	452 250	97,7%	457 080	97,7%	(4 830)	(1,1%)
Share capital	1 450	0,3%	1 449	0,3%	1	0,1%
Supplementary capital	321 649	69,5%	320 895	68,6%	754	0,2%
Revaluation reserve	202	0,0%	55	0,0%	147	267,3%
Other reserves	(2 602)	(0,6%)	(3 774)	(0,8%)	1 172	(31,1%)
Retained earnings	131 551	28,4%	138 455	29,6%	(6 904)	(5,0%)
Non-controlling interests	10 817	2,3%	10 680	2,3%	137	1,3%
Equity	**463 067**	**100,0%**	**467 760**	**100,0%**	**(4 693)**	**(1,0%)**

During the six months of 2019, the equity attributable to the parent company's shareholders decreased by PLN 4,830 thousand in total. The change in equity attributable to the parent company's shareholders resulted from the following events:

- Increase by PLN 755 thousand due to registration, admission to trading and issuing shares under share option plans, out of which PLN 1 thousand increased share capital and the remaining part - PLN 754 thousand was booked as supplementary capital
- increase by PLN 147 thousand due to the downward valuation of interest rate swap liability, hedging the interest payments to the bank increased the capital;
- the increase in other reserves of PLN 1,172 thousand due to vesting of the rights to the consecutive tranche of share options under the existing incentive scheme;
- the net profit attributable to the parent company's shareholders for the six months ending 30 June 2019 of PLN 22,091 thousand.
- decrease by PLN 28,995 thousand due to dividend payment to the shareholders of the parent company, of which PLN 408 thousand is the distribution of net profit disclosed in the standalone financial statements for the financial year 2018, and the rest comes from the Company's retained earnings.

In the first two quarters of 2019 the non-controlling interests increased by PLN 137 thousand due to the allocation to the non-controlling shareholders of an appropriate part of the result for the period earned by Nocowanie.pl Sp. z o.o., eHoliday.pl Sp. z o.o. and Superauto24.com Sp. z o.o. (PLN 754 thousand). At the same time, the provisional purchase price allocation of Superauto24.com was adjusted, which resulted in a decrease in the value of non-controlling interests by PLN 608 thousand.

Cash flows of the Group

PLN'000	Six months ending 30 June 2019	Six months ending 30 June 2018
Net cash flows from operating activities	107 830	78 032
Net cash flows from investing activities	(69 668)	(125 153)
Net cash flows from financing activities	(50 540)	75 593
Total net cash flows	**(12 378)**	**28 472**

During six months of 2019, the EBITDA generated by the Group of PLN 89,591 thousand contributed to generating a positive cash flow of PLN 107,830 thousand from operating activities.

Cash flows from investing activities were negative and amounted to PLN (69,668) thousand in the analysed period which was mainly due to the repayment of the liability related to acquisition of Superauto24.com Sp. z o.o. (PLN 16,924 thousand), the repayment of the first part of the retained purchase price of shares in Extradom Sp. z o.o. (PLN 1,616 thousand) and repayment of the liability towards previous owners of Netwizor Sp. z o.o. (PLN 334 thousand). In the first quarter of 2019 the Group purchased 100% of shares in Travel Network Solutions Sp. z o.o. (PLN 6,750 thousand less the balance of cash acquired in the amount of PLN 35 thousand), 13% of shares in Teroplan Sp. z o.o. for PLN 7,742 thousand and 20% of shares in Digitics S.A. Moreover, investing cash flows resulted from expenditure incurred (CAPEX) on the purchase of intangibles and fixed assets (PLN 31,218 thousand).

Cash flows from financing activities in the first two quarters of 2019 amounted to PLN (50,540) thousand mainly due to the dividend payment to the shareholders of the parent company (PLN 28,995 thousand), the repayment of two loan instalments (PLN 8,676 thousand) and repayment of a part of the loan to a minority shareholder (PLN 1,000 thousand). At the same time, the Group repaid interest and bank commissions in the amount of PLN 8,198 thousand. As part of financing activities the Group recognized inflows due to share capital increased under share option plans (PLN 756 thousand), the financial lease repayment of PLN (4,627) thousand.

Selected financial ratios of the online segment

Financial ratios ONLINE SEGMENT	Six months ending 30 June 2019	Six months ending 30 June 2018
Sales (PLN'000)	325 876	243 132
Sales (YoY increase)	34,0%	14,7%
Cash sales	315 551	233 019
Cash sales (YoY increase)	35,4%	19,0%
Adjusted EBITDA margin in accordance with IAS 17 (on cash sales)	30%	34%
Financial leverage ratio (Net debt//Adjusted EBITDA LTM in accordance with IAS 17)	1,59	1,42

The main financial ratios analysed by the Group's Management Board comprise cash proceeds from sales and their growth, the adjusted EBITDA margin and adjusted gross margin.
The cash sales for the first two quarters of 2019 were 34.0% higher than the sales calculated on the basis of the financial data for the corresponding period of the previous year.

Extradom as the only entity in the Group deals in the sale of projects understood as goods and in its revenues it recognizes the full value of the goods sold. The inclusion of the results in the above model affects the reduction of the EBITDA margin of the entire Group.

In addition to the above-mentioned ratios, the Group's Management Board monitors the financial ratios defined in the loan agreement on an ongoing basis. As of the date of the preparation of this report, these ratios were satisfactory and there were no indications of a risk of not complying with the requirements concerning their value as defined in the loan agreement.

The Group does not present and analyse the financial ratios of the TV segment.

4. FACTORS AND EVENTS, ESPECIALLY THOSE OF AN EXCEPTIONAL NATURE, SIGNIFICANTLY AFFECTING FINANCIAL RESULTS ACHIEVED

In the period under analysis, the following significant factors had an impact on the Group's financial and operating results:

- material acquisitions made by the Group in the previous periods;
- increased effectiveness resulting from the use of the Group's data resources and big data tools;
- costs of funding related to the acquisitions;
- activities in the TV sector.

Material acquisitions made by the Group in the previous periods

Since 2014, the Group has been intensively involved in acquisitions of other entities operating on the internet advertising and e-commerce market, including generating leads on the e-commerce market. In 2015 the Group acquired shares in the following companies: NextWeb Media sp. z o.o., Blomedia.pl Sp. z o.o., Finansowysupermarket.pl Sp. z o.o., Web Broker Sp. z o.o., Allani Sp. z o.o. and Wakacje.pl SA In 2016, the Group's purchased Totalmoney.pl Sp. z o.o., Nocowanie.pl Sp. z o.o. and Netwizor Sp. z o.o., in 2017 the Group was joined by eHoliday.pl Sp. z o.o. and in 2018 by My Travel Sp. z o.o., Extradom.pl Sp. z o.o., Superauto24.com Sp. z o.o. In 2019 the Group acquired shares in Travel Network Solutions Sp. z o.o. The acquisitions mentioned above had a significant impact on the increase in revenues and EBITDA compared with the same period of the previous year. They also had a significant impact on the amount of depreciation in the consolidated financial statements of the Group, as in the process of purchase price allocation of these entities a number of trademarks and customer relations have been identified which are currently depreciated and the cots are included in the consolidated financial results of the Group.

Increase in effectiveness as a result of using the Group's data resources and big data tools

The Group has one of the largest databases of users of internet portals and the largest database of email users in Poland. Achieving the highest rank was possible, among other things, thanks to acquisitions made by the Group.

Having a large number of service and content users gives the Group access to information on user behaviour, within the limits set by the provisions of the law. Thanks to access to a large amount of data on user behaviours (in particular on the content and services used by users) and the progress in the ability to analyse extensive data resources over recent years (tools for analysis of large and diverse data sets, generated with high frequency, so called big data), the Group has a significant potential for increasing its operating effectiveness, among other things, through the personalization of content, and personalization of advertisements which are more effective, by eliminating the advertisements of products in which a given user is not interested.

Borrowings related to the acquisitions

The Group's acquisition activities are supported by external financing.

The Group's debt results, among others, from the loan financing of part of the purchase price (PLN 175 million) of shares in Wirtualna Polska S.A., purchase price of the shares in Money.pl Sp. z o.o. (PLN 47 million), part of the purchase price of the shares in Wakacje.pl SA (PLN 50 million), part of the purchase price of the shares in Nocowanie.pl Sp. z o.o. (PLN 12 million), Domodi Sp. z o.o. (PLN 85 million) and Extradom Sp. z o.o. (60 million) as well as refinancing part of the investment expenditure to purchase fixed and intangible assets.

The loan bears an interest rate of 3M WIBOR plus the margin specified in the agreement.

As of 30 June 2019 the balance of the Group's liability resulting from loan agreement amounted to PLN 355 million.

During the six months of 2019, the Group's interest and commissions expenses, the bulk of which resulted from interest on the bank loan, amounted to PLN 8,676 thousand. The amount of these costs in consecutive periods will depend on WIBOR 3M which amounted to 1.72% as at 30 June 2019.

Activities in the television advertising market

In 2019 and 2018, the results of the Capital Group were significantly influenced by costs connected to the development of the WP Television launched in December 2016. In the opinion of the Management Board, the expenditures currently incurred should result in the increase in market share in the long-term perspective, and consequently into the increase in the value of revenues and the increase in profitability of this segment.

In the analysed period television advertising revenue amounted to PLN 9,632 thousand. At the same time, this segment generated a negative EBITDA of PLN 3,082 thousand.

Apart from the factors described above, during the six months ended 30 June 2019, there were no non-typical factors or events having a significant impact on the financial results achieved.

5. FACTORS THAT, IN MANAGEMENT BOARD'S OPINION, WILL HAVE AN IMPACT ON THE FINANCIAL RESULTS OF THE CAPITAL GROUP IN SUBSEQUENT PERIODS

As in the past, the Group's operations will be affected mainly by the following factors:

Economic situation in Poland

The Group conducts operations in Poland in the advertising sector, the dynamics of which are in principle strongly positively correlated with the economic growth and macroeconomic situation in Poland. As a consequence, the Group's business activities are affected by macroeconomic factors which shape the situation on the Polish market, which in turn is significantly affected by the EU and global economic situation.

Changes in the economic situation, which are reflected by the GDP growth, affect the purchasing power of the Group's clients and the consumers of its products and services, as well as the inclination to spend or save, thus shaping the level of advertising budgets of the Group's customers and at the same time the demand for the Group's advertising products.

Competition on the Polish market

Both globally and in Poland, the internet advertising market is characterized by fierce competition. The Group's direct competition includes entities which own domestic portals and websites, in particular onet.pl, interia.pl or gazeta.pl. Moreover, the Group competes with entities which own international portals and websites, especially in the area of electronic mail (e.g. Yahoo!, Gmail, Hotmail, AOL) and website services (e.g. Google, Facebook, Twitter).

Moreover, although not directly, the Group's competition also includes other entities operating on the widely defined advertising market, including in particular television stations, newspapers and radio. These entities compete with one another in terms of product and service prices, especially advertising rates, the ability to reach potential customers with a profile sought by the advertisers, attractiveness and quality of published materials, shaping of trends on the market or ability to quickly adapt to such trends, and in terms of brand strength.

As of the date of publication of the report the Group is one of the two leading entities among domestic portals and websites. In line with its strategy, the Group will strive to strengthen its leading position among the portals and website services present on the Polish market. Holding the leading position is important due to the so-called leadership premium, i.e. the advertisers' tendency to prefer placing advertisements on portals and website services holding the leading position on the market in terms of the offered reach, which has a significant effect on the income generated.

Growth of expenditure on online advertising and the development of e-commerce in Poland

The Group's results depend on the growth of expenditure on online advertising and the development of e-commerce. The development of the online advertising market and e-commerce depends largely on the continued popularization of the internet. The propagation of access to the internet accompanies growth in the online advertising market in Poland; further dynamic growth is expected.

Moreover, in recent years a change in the manner of accessing the internet has been observed which may also have a material impact on the growth of the markets on which the Group operates. In the era of rapid development of the technical capabilities of equipment, each year the number of households and enterprises using mobile internet connections has grown. Therefore, both changes in the trends for internet use and the increase in connection speed may have an impact on the growth of particular segments of the internet advertising market.

The share of the Polish e-commerce market in the whole retail market is increasing systematically in line with the proliferation of the internet and the increase in consumer confidence in e-commerce. According to estimations the Polish market will be the fastest growing B2C e-commerce market in the European Union. Despite the fact that the market is growing very quickly, Poles are spending less on the Internet than is the average for the European Union; nevertheless, internet spending is increasing year on year. The development of e-commerce also has an impact on the Group's results.

The Group is exposed to the advertising e-commerce market via activities of e.g. Wakacje.pl S.A., Nocowanie.pl Sp. z o.o., eHoliday.pl Sp. z o.o , Domodi Sp. z o.o. and Money.pl Sp. z o.o. companies, and also partially via e-commerce advertising activities of the Wirtualna Polska website. Therefore, the development of the electronic market in Poland will have a positive impact on the Group's operations.

Active acquisition activities

In accordance with the strategy adopted by the Group, the Management Board analyses on a current basis the investing options in companies which provide services similar or complementary to the Group's services and may supplement the

portfolio of the Group's products and services. Potential acquisitions may have a material impact on the results achieved by the Group in consecutive periods.

Continuing the activity in the TV advertising market

Having obtained a broadcasting licence for the transmission of a television programme in Multiplex 8, in December 2016 the Group started operating on the television advertising market. This activity will have a significant impact on the cash revenue generated by the Group as well as on the costs incurred in the subsequent periods, including the costs of the programming assets and fees incurred in connection with the streaming of the programme. Advertising revenue is obtained through an advertising broker – i.e. TVN Media.

6. SIGNIFICANT CONTRACTS AND EVENTS WHICH TOOK PLACE IN THE FIRST QUARTER OF 2019

Signing a contract for a new office in Warsaw

On 12 February 2019, Wirtualna Polska Media SA has concluded a lease agreement with VASTINT POLAND Sp. z o.o. The subject of the contract is the lease of office space located in the Warsaw Business Garden office complex at ul. Żwirki i Wigury 16 in Warsaw. The Lease Agreement was concluded for a period of 7 years from 15 January 2020.

The total estimated value of payments (excluding indexing costs) during the lease period (expressed in EUR and translated at the average exchange rate announced by the National Bank of Poland on the day preceding the date of conclusion of the contract) will amount to approximately PLN 41 million. Starting from 1 March 2021, the landlord will be entitled to make annual indexation of fees paid by the lessee based on the average annual rate of change of the HICP index determined for all European Union countries. The contract was concluded on market terms commonly used for this type of contracts.

In accordance with IFRS 16, the Group will recognize the right to use the building and the corresponding liability on the date the asset is available for use (not earlier than in January 2020).

Due to the early vacation of the Oxygen Park building at Jutrzenki 137a in Warsaw, the Group will recognize in 2019 a maximum of PLN 1.5 million of additional one-off costs of depreciation of the right to use existing office space resulting from financial leasing recognized in accordance with IFRS 16 effective from 1 January 2019. In addition, the Group will also accelerate depreciation of expenditures incurred for adaptation of the existing office space, which will result in an increase in depreciation of improvements in foreign fixed assets in 2019 by approx. PLN 1 million.

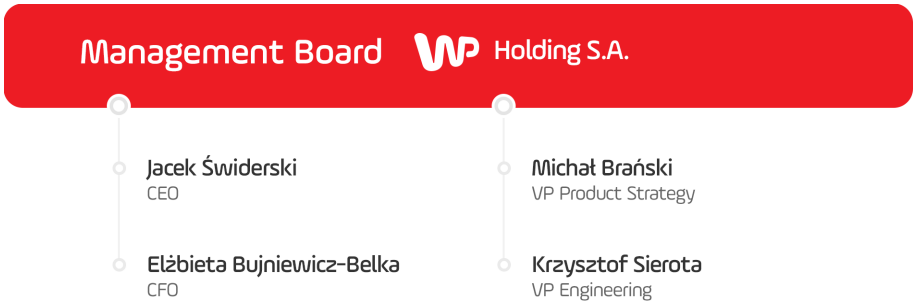
Acquisition of Travel Network Solutions Sp. z o.o.

On 26 February 2019, Wakacje.pl S.A., a subsidiary of WPH concluded shares purchase agreement under which Wakacje.pl acquired a total of 2.300 shares in the share capital of Travel Network Solutions sp. z o. o. representing 100% of the share capital and entitling to exercise 100% of votes at the shareholders' meeting. Detailed information of the transaction is described in Note 22 of the consolidated financial statements.

7. SHARES AND SHAREHOLDERS

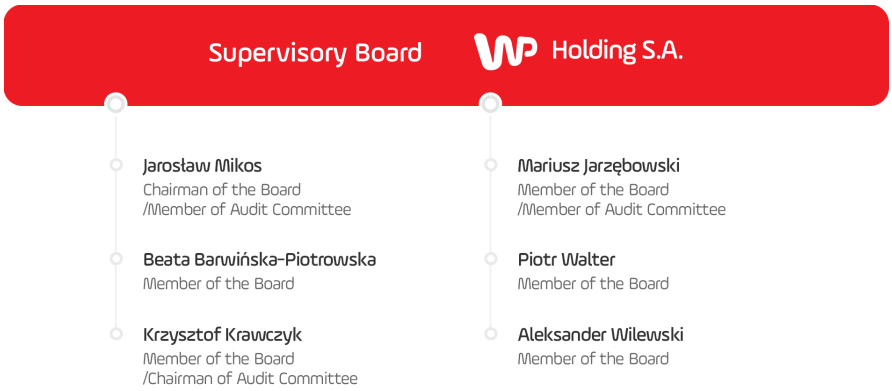
Composition and changes to the bodies of Wirtualna Polska Holding S.A.

As of 30 June 2019 and as of the date of preparing this report the composition of the Management Board was as follows



In the period covered by this report, there were no changes in the composition of the Company's Management Board.

As of 30 June 2019 the composition of Supervisory Board was as follows :



Structure of share capital

As of 30 June 2019 the share capital of the Company consisted of 28,995,414 shares with a par value of PLN 0.05 each, entitling 40,285,123 votes at the General Meeting, including:

- 11,289,709 A series registered preference shares; preference of 11,289,709 A series shares relates to voting rights at the General Meeting in such way that one share gives two votes;
- 1,100,000 A series ordinary bearer shares;
- 12,221,811 B series ordinary bearer shares;
- 301,518 C series ordinary bearer shares;
- 631,933 D series ordinary bearer shares;
- 3,339,744 E series ordinary bearer shares;
- 110,699 F series ordinary bearer shares.

B, C, D, E and F series shares as well as A series without any preference in terms of voting bearer shares are admitted to trading on the regulated market.

Dividend policy

On 20 December 2016, the Management Board of Wirtualna Polska Holding S.A adopted a dividend policy.

According to the adopted policy, the Management Board will propose the payment of a dividend to the General Meeting at a level above PLN 1 per share, but not more than 70% of the consolidated net profit of the Capital Group reported in the financial statement for a given fiscal year.

When recommending the payment of a dividend, the Management Board will consider all the relevant factors, including in particular:

a) the current financial situation of the Capital Group,
b) the investment plans of the Group,
c) the potential acquisition targets of companies belonging to the Group,
d) the expected level of free cash in the WPH in the financial year in which the payment of dividends are due.

The dividend policy applies starting from the distribution of the consolidated net profit of the Capital Group for the year ending 31 December 2016. The decision on dividend payment by WPH SA shall be taken by the General Meeting.

On 14 May 2019, the General Meeting of the parent company adopted a resolution regarding the payment of dividend to the amount of PLN 1.00 per share, in the total amount not higher than PLN 29,061 thousand , by allocating for this purpose:

- the Company's net profit shown in the Company's separate financial statements for the financial year 2018 in the amount of PLN 408 thousand and
- PLN 28,653 thousand from the Company's profits from previous years.

The dividend date was set at 7 June 2019, and the dividend payment date is 17 June 2019. The final amount of dividend paid to shareholders was PLN 28,995 thousand.

Shareholders with at least 5% of the total voting rights

In accordance with notifications received by the Company Wirtualna Polska Holding SA and to the best of its knowledge, as of 30 June 2019 the structure of shareholders who hold, directly or indirectly by their subsidiaries, at least 5% of the total voting rights at the General Shareholders' Meetings of the Company is as follows:

Shareholder	Number of shares	% of share capital	Number of votes	% of votes
Jacek Świderski through subsidiaries including among others:	3 777 164	13,03%	7 540 401	18,72%
Orfe S.A.	3 763 237	12,98%	7 526 474	18,68%
Michał Brański through subsidiaries including among others:	3 777 164	13,03%	7 540 400	18,72%
10X S.A.	3 763 236	12,98%	7 526 472	18,68%
Krzysztof Sierota through subsidiaries including among others:	3 777 164	13,03%	7 540 400	18,72%
Albemuth Inwestycje S.A.	3 763 236	12,98%	7 526 472	18,68%
Founders together*	**11 331 492**	**39,08%**	**22 621 201**	**56,15%**
AVIVA OFE	2 190 044	7,55%	2 190 044	5,44%
Other	15 473 878	53,37%	15 473 878	38,41%
Total	**28 995 414**	**100,00%**	**40 285 123**	**100,00%**

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

Number of shares held by members of the management and supervisory bodies

As of the date of this report, the number of shares of Wirtualna Polska Holding SA held by members of the managing and supervisory bodies is as follows:

- Jacek Świderski is indirectly entitled to exercise voting rights attached to 3,763,237 series A registered shares in the Company, held by Orfe S.A., having preferential rights as to voting, so that one share entitles two votes at the general meeting and 13,927 ordinary bearer shares held by Bridge20 Enterprises Limited, which constitute a 13.04% interest in the Company's share capital, representing 7,540,401 votes at the general shareholders meeting of the Company and constituting 18.73% of the overall number of votes;
- Krzysztof Sierota is indirectly entitled to exercise voting rights attached to 3,763,236 series A registered shares in the Company, held by Albemuth Inwestycje S.A., having preferential rights as to voting, so that one share entitles two votes at the general meeting and 13,928 ordinary bearer shares held by Highcastle Sp. z o.o., which constitute a 13.04% interest in the Company's share capital, representing 7,540,000 votes at the general shareholders meeting of the Company and constituting 18.73% of the overall number of votes; and
- Michał Brański is indirectly entitled to exercise voting rights attached to 3,763,236 series A registered shares in the Company, held by 10X S.A., having preferential rights as to voting, so that one share entitles two votes at the general meeting and 13,928 ordinary bearer shares held by Now2 Sp. z o.o., which constitute a 13.04% interest in the Company's share capital, representing 7,540,000 votes at the general shareholders meeting of the Company and constituting 18.73% of the overall number of votes.

- In addition, under the first phase of the implementation of the incentive plan, Elżbieta Bujniewicz-Belka (Member of the Management Board) acquired 18,664 ordinary bearer shares of the new C series issued based on the resolution approving the issue of C series shares. In the next phase of the implementation of the incentive plan Elżbieta Bujniewicz-Belka acquired 83,466 D series ordinary bearer shares issued based on the resolution approving the issue of D series shares. Elżbieta Bujniewicz-Belka owns additional 564 shares purchased in September 2017. In addition, Elżbieta Bujniewicz-Belka is entitled to subscribe for up to 120,000 series F ordinary bearer shares issued as part of the second incentive scheme based on the F series share issue resolution, with the subscription in 40,000 shares, if the conditions specified in the management option agreement concluded with the Company are fulfilled.

Additional information on the structure and changes in equity and voting rights are described in note 24 to the consolidated financial statements.

Information on agreements concerning changes in the shareholding structure

Incentive scheme – share-based payments and its control system

First incentive scheme

On 23 October 2014, the Parent 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 Group. The total number of shares earmarked for the scheme is 1,230,576 and it 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.

Detailed information on the first incentive scheme is described in note 25 to the consolidated financial statements of the Group for the period of three and six months ending 30 June 2019.

Second incentive scheme

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

Detailed information on the second incentive scheme is described in note 25 to the consolidated financial statements of the Group for the period of three and six months ending 30 June 2019.

Purchase of own shares

As of the date of preparing this report, neither Wirtualna Polska Holding nor any other any other company belonging to the Group does not hold any own shares.

8. ADDITIONAL INFORMATION

Events after the balance sheet date

Detailed information of post- balance sheet events is provided in note 36 to the consolidated financial statements for the period of 3 and 6 months ending 30 June 2019.

Management comments on the feasibility of previously published forecasts for the year

The Group did not publish any forecasts of results for the year 2019.

Litigation pending before the court, the appropriate arbitration body or the public administration body

If the Group is a defendant in a litigation case, a provision is booked for the case based on its actual status and the cost estimation prepared by the Legal Department. The provisions were recorded in the amount of the claims and court fees, whose ad-judgment is probable in the Group's opinion. Currently, there are no pending court proceedings, arbitration or proceedings before the administrative authority in respect of liabilities or receivables of Wirtualna Polska Holding SA and its subsidiaries in the total amount of at least 10% of the Wirtualna Polska Holding SA 's equity.

During the first half of 2019 the provision for court proceedings decreased by PLN 568 thousand.

Information on transactions with related entities

All transactions with related entities are concluded on an arm's length basis. Detailed information on transactions with related entities are presented in note 33 of the consolidated financial statements for the 3 and 6 months ending 30 June 2019.

Information on guarantees and warranties granted in respect of loans, borrowings and loans granted.

Guarantees granted to third-party entities

In the period under analysis none of the Group companies granted any warranties in respect of loans or borrowings or guarantees – in aggregate to one company or an entity related to that company – the total value of which would constitute at least 10% of the equity of Wirtualna Polska Holding S.A.

Inter-company guarantees

The companies: Extradom.pl Sp. z o.o., TotalMoney.pl Sp. z o.o., Domodi Sp. z o.o., Wakacje.pl SA and Nocowanie.pl Sp. z o.o. are guarantors of the bank loan agreement concluded by and between Wirtualna Polska Media S.A., Wirtualna Polska Holding SA, mBank S.A., PKO BP and ING Bank Śląski.

The total guarantee amount corresponds to the current balance of the debt of Wirtualna Polska Media SA and Wirtualna Polska Holding SA of the credit agreement.

Loans granted

As of 30 June 2019 Wirtualna Polska Holding SA and Grupa Wirtualna Polska SA have granted loans to other Group members in order to finance their acquisitions and current operations. The Parent Company does not have any loans granted by related companies.

Information on agreements on credits and loans raised and terminated in the financial year

Loans granted by financial institutions

In accordance with the financial model adopted by the Capital Group the only company which enters loan agreement with external institutions is Wirtualna Polska Holding SA and its subsidiary Wirtualna Polska Media SA However, both companies and selected Capital Group's entities are guarantors of this loan.

The detailed description of the bank loan received and changes during the year are further described in note 27 to the consolidated financial statements.

Loans granted by non-controlling shareholder

On 11 October 2017 the non-controlling shareholders granted a loan in the amount of PLN 2,162 thousand to finance the acquisition of eHoliday.pl Sp. z o.o. shares. The loan bears interest at the WIBOR rate for 3-month deposits plus a margin set in the contract. The principal may be repaid at any time, no later than 16 October 2020, but interest on the loan is repaid on a quarterly basis. As of 30 June 2019 the loan balance equals PLN 660 thousand.

Inter-company loans

As of 30 June 2019 Wirtualna Polska Holding SA and Wirtualna Polska Media SA have granted loans to other Group members in order to finance their acquisitions and current operations. The Parent Company does not have any loans granted by other Group's entities.

Other information which in Group's opinion is material to the assessment of the human resources, assets and financial position, its result and changes and information which is material to the assessment of the Group's ability to discharge its liabilities

Apart from the events described in this document and in the condensed interim consolidated financial statements, until the date of publication of this report no other events occurred which would be material to the assessment of the Group's ability to discharge its liabilities.

In the opinion of the Management Board of Wirtualna Polska Holding SA the presented information exhaustively describes the human resources, asset and financial position of the Group. 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.

MANAGEMENT BOARD'S REPRESENTATION

The Management Board of Wirtualna Polska Holding SA confirms that, to their best knowledge, the condensed interim consolidated 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's Capital Group. Moreover, the Management Board of Wirtualna Polska Holding SA confirms that the report of the management board on the activities of the issuer's Capital Group shows true view of the development and achievements and state of affairs of the Issuer's Capital Group, including an evaluation of dangers and risks.

The Management Board of Wirtualna Polska Holding SA confirms that the entity authorised to the audit of the financial statements, reviewing condensed interim consolidated financial statements, has been elected according to applicable rules and that this entity as well as certified auditors engaged in the review of this financial statements met objectives to present an objective and independent report on the reviewed condensed consolidated financial statements in accordance with legal regulations and professional standards.

Condesed interim consolidated financial statements for the period of 3 and 6 months ending 30 June 2019

INTERIM CONSOLIDATED INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME

PLN'000	Note	Six months ending 30 June 2019	Six months ending 30 June 2018	Three months ending 30 June 2019	Three months ending 30 June 2018
Sales	**10**	**335 508**	**250 054**	**178 513**	**132 244**
Cost of goods sold		(16 419)	-	(7 951)	-
Amortization and depreciation		(37 856)	(26 571)	(19 293)	(13 118)
Amortization and depreciation of acquired programming rights		(2 884)	(1 556)	(1 513)	(829)
Use of materials and energy		(2 840)	(2 817)	(1 142)	(1 196)
Costs related to public offering, acquisitions of subsidiaries and restructuring, including:	11,12	(2 053)	(2 942)	(674)	(941)
External services	11,12	(972)	(984)	(57)	(512)
Salary and employee benefit expense	11,12	(384)	(865)	(199)	(229)
Other operating expenses	11,12	(697)	(1 093)	(418)	(200)
Costs of the employee option scheme	25	(1 172)	(750)	(590)	(423)
Other external services		(112 953)	(87 790)	(61 717)	(45 548)
Other salary and employee benefit expenses		(98 048)	(76 586)	(50 598)	(40 072)
Other operating expenses	14	(5 930)	(5 140)	(3 174)	(2 581)
Other operating income/gains	13	322	578	97	395
Operating profit		**55 675**	**46 480**	**31 958**	**27 931**
Finance income	15	1 818	1 973	611	1 364
Finance costs	16	(10 189)	(9 260)	(5 076)	(4 279)
Revaluation of commitments to purchase non-controlling interests and other liabilities on business combinations	29	(11 610)	(1 686)	(11 610)	-
Dividends received		56	-	56	-
Share in profits of investments accounted for using the equity method		(554)	-	(554)	-
Profit before tax		**35 196**	**37 507**	**15 385**	**25 016**
Income tax	17	(12 360)	(9 776)	(6 917)	(5 614)
Net profit		**22 836**	**27 731**	**8 468**	**19 402**
Other comprehensive income/(losses) non-reclassificable to profit and loss	26	**147**	331	50	162
Comprehensive income		**22 983**	**28 062**	**8 518**	**19 564**
Net profit attributable to:					
Equity holders of the Parent Company		22 091	25 978	8 003	18 840
Non-controlling interests		745	1 754	465	563
Comprehensive income attributable to:					
Equity holders of the Parent Company		22 238	26 309	8 053	19 002
Non-controlling interests		745	1 754	465	563
Net profit attributable to equity holders of the Parent Company per share (in PLN)					
Basic	18	0,76	0,90	0,27	0,65
Diluted	18	0,76	0,89	0,28	0,64

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

PLN'000	Note	As of 30 June 2019	As of 31 December 2018
Non-current assets			
Property, plants and equipment	19,20	77 029	58 252
Goodwill	21,22	358 454	352 090
Trademarks	19,20	175 360	178 544
Homepage and WP mail	19,20	117 719	120 961
Other intangible assets	19,20	111 019	107 159
Non-current programming assets	19,20	6 248	5 385
Investments accounted for using the equity method		4 446	-
Long-term receivables		158	501
Other financial assets	22	25 915	16 612
Deferred tax assets	17	5 644	15 162
		881 992	**854 666**
Current assets			
Current programming assets		2 751	3 369
Trade and other receivables	19	147 057	138 748
Cash and cash equivalents		54 255	66 663
		204 063	**208 780**
TOTAL ASSETS		**1 086 055**	**1 063 446**
Equity			
Equity attributable to equity holders of the Parent Company			
Share capital	24	1 450	1 449
Supplementary capital		321 649	320 895
Revaluation reserve	26	202	55
Other reserves		(2 602)	(3 774)
Retained earnings		131 551	138 455
		452 250	**457 080**
Non-controlling interest		***10 817***	***10 680***
		463 067	**467 760**
Long-term liabilities			
Loans	27	325 627	335 098
Leases	27	20 053	2 122
Other long-term liabilities	29	41 762	49 626
Deferred tax liability	17	16 682	17 719
		404 124	**404 565**
Short-term liabilities			
Loans	27	30 538	30 607
Leases	27	9 627	1 332
Trade and other payables	29	170 953	151 415
Provisions for employee benefits	28	5 165	3 828
Other provisions	28	1 420	1 988
Current income tax liabilities		1 161	1 951
		218 864	**191 121**
TOTAL EQUITY AND LIABILITIES		**1 086 055**	**1 063 446**

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

PLN'000	Note	Equity attributable to equity holders of the Parent Company						Non-controlling interest	Equity
		Share capital	Supplementary capital	Revaluation reserve	Other reserves	Retained earnings	Total		
Equity as of 1 January 2019		**1 449**	**320 895**	**55**	**(3 774)**	**138 455**	**457 080**	**10 680**	**467 760**
Net profit/ (loss)		-	-	-	-	22 091	22 091	745	22 836
Other comprehensive income	26	-	-	147	-	-	147	-	147
Total comprehensive income		**-**	**-**	**147**	**-**	**22 091**	**22 238**	**745**	**22 983**
Option scheme	25	1	754	-	1 172	-	1 927	-	1 927
Adjustment to non-controlling interest recognised on acquisition	23	-	-	-	-	-	-	(608)	(608)
Dividend paid	24	-	-	-	-	(28 995)	(28 995)	-	(28 995)
Equity as of 30 June 2019		**1 450**	**321 649**	**202**	**(2 602)**	**131 551**	**452 250**	**10 817**	**463 067**

PLN'000	Note	Equity attributable to equity holders of the Parent Company						Non-controlling interest	Equity
		Share capital	Supplementary capital	Revaluation reserve	Other reserves	Retained earnings	Total		
Equity as of 1 January 2018		**1 443**	**318 759**	**(546)**	**(36 984)**	**117 777**	**400 449**	**19 479**	**419 928**
Change of accounting policy						(5 901)	(5 901)		(5 901)
Equity adjusted		**1 443**	**318 759**	**(546)**	**(36 984)**	**111 876**	**394 548**	**19 479**	**414 027**
Net profit/ (loss)		-	-	-	-	73 921	73 921	2 076	75 997
Other comprehensive income		-	-	601	-	-	601	-	601
Total comprehensive income		**-**	**-**	**601**	**-**	**73 921**	**74 522**	**2 076**	**76 598**
Option scheme		6	2 136	-	1 357	-	3 499	-	3 499
Acquisition of non-controlling interest		-	-	-	31 853	(19 594)	12 259	(13 729)	(1 470)
Acquisition of a subsidiary		-	-	-	-	-	-	7 260	7 260
Adjustment to non-controlling interest recognised on acquisition		-	-	-	-	-	-	100	100
Dividend paid		-	-	-	-	(27 748)	(27 748)	(4 506)	(32 254)
Equity as of 31 December 2018		**1 449**	**320 895**	**55**	**(3 774)**	**138 455**	**457 080**	**10 680**	**467 760**

PLN'000	note	Equity attributable to equity holders of the Parent Company						Non-controlling interests	Equity
		Share capital	Supplementary capital	Revaluation reserve	Other reserves	Retained earnings	Total		
Equity as of 1 January 2018		**1 443**	**318 759**	**(546)**	**(36 984)**	**117 777**	**400 449**	**19 479**	**419 928**
Change of accounting policy						(5 901)	(5 901)		(5 901)
Equity adjusted		**1 443**	**318 759**	**(546)**	**(36 984)**	**111 876**	**394 548**	**19 479**	**414 027**
Net profit/ (loss)		-	-	-	-	25 978	25 978	1 754	27 732
Other comprehensive income		-	-	331	-	-	331	-	331
Total comprehensive income		**-**	**-**	**331**	**-**	**25 978**	**26 309**	**1 754**	**28 063**
Option scheme		2	946	-	750	-	1 698	-	1 698
Acquisition of non-controlling interest		-	-	-	22 809	(13 971)	8 838	(10 307)	(1 469)
Adjustment to non-controlling interest recognised on acquisition		-	-	-	-	-	-	100	100
Dividend paid		-	-	-	-	(27 780)	(27 780)	(4 506)	(32 286)
Equity as of 30 June 2018		**1 445**	**319 705**	**(215)**	**(13 425)**	**96 103**	**403 613**	**6 520**	**410 133**

INTERIM CONSOLIDATED CASH FLOW STATEMENT

PLN'000	Note	Six months ending 30 June 2019	Six months ending 30 June 2018
Cash flows from operating activities			
Profit before tax		**35 196**	**37 507**
Adjustments for:		**59 983**	**33 251**
Amortisation and depreciation		37 856	26 571
Amortisation of programming assets		2 884	1 556
Payments for programming rights		(3 074)	(5 968)
Losses on the sale /liquidation/revaluation of property, plant and equipment and intangible assets		481	83
Finance income and costs		10 189	9 260
Share in profits of investments accounted for using the equity method		554	-
Financial income from revaluation of other financial assets and investment liabilities		(1 561)	-
Revaluation of commitments to purchase non-controlling interests and other liabilities on business combinations		11 610	1 686
Costs of the employee option scheme		1 172	750
Other adjustments		(128)	(687)
Changes in working capital		**16 098**	**14 490**
Change in trade and other receivables	34	(9 638)	(9 280)
Change in trade and other payables	34	24 979	22 945
Change in provisions	34	757	825
Income tax paid		(6 109)	(8 791)
Income tax refunded		2 662	1 575
Net cash flows from operating activities		**107 830**	**78 032**
Cash flows from investing activities			
Sale of intangible assets and property, plant and equipment		120	41
Purchase of intangible assets and property, plant and equipment		(31 218)	(25 265)
Repayment of contingent liabilities arising from business combinations		(18 874)	(6 484)
Acquisition of subsidiary (less cash acquired)	34	(6 715)	(7 961)
Exercising of the option to acquire non-controlling interest	-	-	(85 484)
Acquisition of other financial assets		(7 742)	-
Acquisition of investments accounted for using the equity method		(5 000)	-
Other		(239)	-
Net cash flows from investing activities		**(69 668)**	**(125 153)**
Net cash flows from financing activities			
Payments due to share capital increase		756	948
Loans received		200	85 558
Repayment of finance leases		(4 627)	(422)
Repayment of bank commissions		(1 232)	(913)
Interest paid		(6 966)	(5 072)
Repayment of loans received		(9 676)	-
Dividend paid to equity holders of the Parent Company		(28 995)	-
Dividends to non-controlling shareholders		-	(4 506)
Net cash flows from financing activities		**(50 540)**	**75 593**
Total net cash flows		**(12 378)**	**28 472**

Notes to condensed interim consolidated financial statements

1. GENERAL INFORMATION

The Wirtualna Polska Holding SA Capital Group ("the Group", "the Capital Group", "Wirtualna Polska Holding Group") is composed of Wirtualna Polska Holding SA ("the Company", "the Parent Company", "Wirtualna Polska Holding") and its 14 consolidated subsidiaries.

Wirtualna Polska Holding and the remaining Capital Group's companies were formed for an indefinite period. The Group's core operations comprise sale of advertising services on the Internet and operating Internet portals such as WP.pl, o2.pl, pudelek.pl, money.pl, abcZdrowie.pl, aggregators such as Domodi.pl, wakacje.pl, nocowanie.pl , eholiday.pl, superauto24.com or extradom.pl, as well as providing electronic services (WP e-mail, o2 e-mail).

The Parent Company was registered in Poland and its seat is in Warsaw at Jutrzenki 137A.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS FOR PREPARATION

These condensed interim financial statements have been prepared on the assumption that the Group will continue as a going concern, in accordance with IAS 34 "Interim Financial Reporting" ("IAS 34"). The accounting polices used in the preparation of the condensed interim consolidated financial statements for the period of the first six months of 2019 are consistent with those used in the consolidated financial statements for the year ending 31 December 2018, except for new and changed accounting standards binding since 1 January 2019, described in the next point of the financial report.

The financial statements for the year ending 31 December 2018 have been prepared in accordance with IFRS standards which are binding in the European Union in the financial year ending 31 December 2018.

The consolidated statement of financial positions as of 30 June 2019, consolidated income statement and other comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity for three months ending 30 June 2019 were not audited. The consolidated financial statements as of 31 December 2018 and for twelve months ending 31 December 2018 were audited by independent certified auditor, who issued an unqualified opinion.

These condensed interim consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements for the year 2018.

NEW AND AMENDED STANDARDS AND INTERPRETATIONS

In these consolidated financial statements, the following standards, which came into force on 1 January 2019, were applied for the first time:

- **IFRS 16 „Leases"**

IFRS 16 „Leases" was published by the International Accounting Standards Board on 13 January 2016 and is binding for the annual periods starting on or after 1 January 2019.

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 recognise: (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 Group applied IFRS 16 from 1 January 2019.

The group classified the contract as a leasing agreement when it gives the lessee the right to control the use of the identified asset. As a result of the analyses carried out, the Group identified two main categories of leasing agreements:

- real estate: sales rooms, offices, technical areas;
- other leases: cars and technical devices

As of 1 January 2019, the Group, as the lessee, recognises all identified contracts in accordance with one model, in which the asset is recognized in the statement of financial position in correspondence with the liability under the lease agreements.

Lease liability includes future discounted lease payments for identified contracts. The accounting for these items in the statement of financial position depends on:

- duration of the contracts adopted for particular types of contracts: this period includes the non-cancellable lease period, periods resulting from the lease extension option, if it can be assumed with reasonable assurance that the lessee will use these options and periods resulting from the lease termination option, if it can be with reasonable certainty assume that the lessee will not use these options. While determining the leasing period, legal and custom regulations applicable in the Polish legal environment as well as the specificity of contracts in the Group were also taken into account;
- structure of fixed and variable payments in the contract;
- determination of the marginal interest rate when the interest rate of the lease cannot be easily determined. Discount rates adopted by the Group include the contract currency and are not differentiated by type of asset.

At the commencement date, the Group measures the asset due to the right of use at cost. The cost of an asset due to the right of use includes:

- the amount of the initial measurement of the lease liability in accordance with the description above
- any lease payments paid on or before the start date, less any lease incentives received
- any initial direct costs incurred by the lessee, and
- an estimate of the costs to be borne by the lessee in connection with the dismantling and removal of the underlying asset, renovation of the place where it was, or renovation of the underlying asset to the condition required by the terms of the lease, unless these costs are incurred in order to produce inventory.

Property, plant and equipment used under finance leases are depreciated over the shorter of the two periods: useful life of the asset or lease period.

The above elements affecting the recognition of lease agreements in accordance with IFRS 16 are based on the subjective assessment of the Management Board taking into account current interpretations of IFRS 16. Subjective assessment and estimates of the Management Board may change as a result of new interpretations of IFRS 16 issued by the International Accounting Standards Board and / or in the case of when the development of the generally accepted practice of applying accounting principles will lead to the development of more transparent interpretations in this respect.

The Group decided to apply two exemptions provided for in the leasing standard and to recognize the following types of contracts in operating costs:

- contracts whose leasing period is shorter than 12 months;
- contracts for which the underlying asset is worth less than USD 5,000.

As at 1 January 2019, the Group applied the "modified retrospective method" without transforming the comparative data.

The next table presents the impact of applying IFRS 16 on the statement of financial position as at 1 January 2019. Assets recognised under lease agreements are shown in the same positions in which the relevant assets would be presented if they were owned by the Group companies, i.e. in property, plant and equipment. The application of IFRS 16 from 1 January 2019 did not result in recognition of any additional leases of property, plant and equipment other than real property.

PLN'000	As of 1 January 2019	IFRS 16 Adjustment	As of 1 January 2019 (RESTATED)
Property, plant and equipment	58 252	19 270	77 522
Other non-current assets	796 414	(140)	796 274
Non-current asset	**854 666**	**19 130**	**873 796**
Current assets	**208 780**	**-**	**208 780**
TOTAL ASSETS	**1 063 446**	**19 130**	**1 082 576**
Equity	**467 760**	**-**	**467 760**
Loans	335 098	-	335 098
Lease liabilities	2 122	13 608	15 730
Other long-term liabilities	67 345	-	67 345
Long-term liabilities	**404 565**	**13 608**	**418 173**
Loans	30 607	-	30 607
Lease liabilities	1 332	8 423	9 755
Other short-term liabilities	159 182	(2 901)	156 281
Short-term liabilities	**191 121**	**5 522**	**196 643**
TOTAL EQUITY AND LIABILITIES	**1 063 446**	**19 130**	**1 082 576**

As at 1 January 2019, the total value of assets under lease and rental agreements consists of the following assets:

- Assets due to the right to use buildings PLN 19,270 thousand
- Means of transport (recognized according to IAS 17 as at 31 December 2018) PLN 1,487 thousand
- IT equipment (recognized according to IAS 17 as at 31 December 2018) PLN 1,978 thousand

The main differences between off-balance sheet liabilities as at 31 December 2018 and the lease liability recognized as at the date of first application result from:

- excluding from the valuation according to IFRS 16 agreements with a minimum non-cancellable lease period of less than twelve months;
- including in the valuation of the liability as at the date of the first application of the discounted cash flows
- Changes in estimated lease periods and cash flow values

Discount rates adopted by the Group take into consideration the maturity and currency of contracts and are not differentiated by type of asset. The discount rate applied by the Group is 3.22% for contracts settled in national currency and 1.19% for contracts settled in other currencies.

PLN'000	
Future minimum lease payments under operating leases as of 31 December 2018 (disclosed in accordance with IAS 17)	17 722
Financial leasing liabilities recognized in accordance with IAS 17 as at 31 December 2018	3 454
Exemption for short-term leasing and low-value assets	(680)
The difference resulting from the estimated lease periods, the value of expected cash flows and the discount rate	4 988
Lease liability for property, plant and equipment and right to use of the building as of 1 January 2019	**25 485**

For information purposes, the impact of applying IFRS 16 on the results for the first two quarters of 2019 is presented below.

PLN'000	Six months ending 30 June 2019 (IFRS 16)	IFRS 16 Adjustment	Six months ending 30 June 2019 (IAS 16)
Sales	**335 508**	**-**	**335 508**
Cos of goods sold	(16 419)	-	(16 419)
Amortisation and depreciation	(37 856)	4 805	(33 051)
Amortisation of programming assets	(2 884)	-	(2 884)
Materials and energy used	(2 840)	-	(2 840)
Costs related to acquisitions of subsidiaries and restructuring	(2 053)	-	(2 053)
Costs of the employee option scheme	(1 172)	-	(1 172)
Other external services	(112 953)	(3 940)	(116 893)
Other salary and employee benefit expenses	(98 048)	-	(98 048)
Other operating expenses	(5 930)	-	(5 930)
Other operating income/gains	322	-	322
Operating profit	**55 675**	**865**	**56 540**
Finance income	1 818	-	1 818
Finance costs	(10 189)	221	(9 968)
Revaluation of commitments to purchase non-controlling interests and other liabilities on business combinations	(11 610)	-	(11 610)
Dividends received	56	-	56
Share in profits of investments accounted for using the equity method	(554)	-	(554)
Profit before tax	**35 196**	**1 086**	**36 282**
Income tax	(12 360)	(206)	(12 566)
Net profit	**22 836**	**880**	**23 716**

Net earnings per share attributable to shareholders of the Parent Entity decreased as a result of changes in accounting policy by PLN 0.03. The changes introduced affected the results of the ONLINE segment only.

- **IFRIC 23: Uncertainty related to the recognition of income tax**

IFRIC 23 clarifies the recognition and measurement requirements in IAS 12 in a situation of uncertainty related to the recognition of income tax. The guidelines are valid for annual periods beginning on 1 January 2019 or after that date. The application of the standard from 1 January 2019 did not affect the amount of tax assets and liabilities recognized by the Group in previous periods.

- **Annual changes to IFRS 2015 - 2017**

In December 2017, the International Accounting Standards Board published "Annual changes to IFRS 2015-2017", which introduce changes to four standards: IFRS 3 "Business combinations", IFRS 11 "Joint arrangements", IAS 12 "Income taxes" and IAS 23 "Costs of external financing". The amendments contain explanations and clarify the guidelines for recognition and valuation standards.

- **IFRS 3 "Business combinations"**

As a result of the amendment to IFRS 3, the definition of "venture" has been modified. The currently introduced definition has been narrowed down and is likely to result in more acquisitions as a purchase of assets. Amendments to IFRS 3 are effective for annual periods beginning on 1 January 2020 or after that date. As at the date of preparation of these consolidated financial statements, this change has not yet been approved by the European Union.

- **IAS 1 "Presentation of financial statements" and IAS 8 "Accounting principles (policy), changes in estimates and correcting errors"**

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

date. As at the date of preparation of these consolidated financial statements, these changes have not yet been approved by the European Union.

The amendments to standards and interpretations not listed above which have been published but are not yet binding will have no effect on the financial statements of the Group.

3. APPROVAL FOR PUBLICATION OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements have been approved for publication by the Management Board of Wirtualna Polska Holding SA on 26 August 2019.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements in accordance with IFRS EU requires making the judgments, estimates and assumptions which affects the reported values of assets and liabilities and revenues and expenses in the period. Estimates and judgments are subject to a constant verification and are based on previous experience and other factors, including expectations on future events which seem reasonable in this situation.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equate to the actual results.

The main accounting estimates and assumptions made in these consolidated financial statements were the same as in financial statements for the year ending 31 December 2018.

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.

Deferred tax asset

- **Deferred tax asset on contributing to the business**

In 2011, the Parent Company contributed its business with a fair value of PLN 311,000 thousand to the subsidiary Wirtualna Polska Media SA. As a result of this transaction, a temporary difference arose in the consolidated financial statements between the tax and carrying value of the contributed business's assets of PLN 265,195 thousand. A deferred tax asset was recorded on this difference which as of 30 June 2019 amounted to PLN 10,343 thousand (PLN 12,534 thousand as of 31 December 2018).

- **Asset arising on the loss realised on the sale of WP Shopping shares**

As part of Group's plan to locate all of its editorial and advertising activity in Wirtualna Polska Media, on 1 September 2014, a demerger of WP Shopping Sp. z o.o. was carried out. The demerger was carried out by transferring a business unit of WP Shopping Sp. z o.o. to Wirtualna Polska Media SA (the so-called spin-off). As a result of the demerger, the Editorial and Advertising Division was transferred to Wirtualna Polska Media SA (WPM) and the operations of the e-Commerce Centre were continued at WP Shopping Sp. z o.o. Moreover, all assets and liabilities which were not clearly designated as remaining with WP Shopping Sp. z o.o., shall transfer to Wirtualna Polska Media SA.
As a result of the merger, the majority of WP Shopping Sp. z o.o.'s assets and liabilities were transferred to Wirtualna Polska Media SA. The transaction did not result in changing the tax value of the investment in this subsidiary.

In December 2016, Wirtualna Polska Media SA sold all of its shares in WP Shopping Sp. z o.o. to an external entity Nextfield Investments Limited. The tax loss on the sale of shares in WP Shopping as per individual accounting books of Wirtualna Polska Media SA amounted to PLN 377,652 thousand. The Company has prepared detailed tax and financial projections for the following years, showing the estimated taxable income on the basis of which the Management Board has decided to recognize in 2016 an additional asset on the tax loss in GWP of PLN 54,996 thousand. The company updated its financial and tax forecasts for the following years, and recognised additional tax loss in 2018 in the amount of PLN 6,292. The total value of deferred tax asset recognized on tax losses as of 30 June 2019 amounted to PLN 29,364 thousand.

- **Recovery of the deferred tax asset**

The Group recognizes a deferred tax asset based on the assumption that a tax profit will be generated in the future enabling its utilization. The Parent Company's Management Board has prepared financial projections until 2025,

which confirm that sufficiently high taxable income will be generated in the future to enable the utilization of the asset. The financial model has been developed based on general market forecasts and the Management Board's expectations. Deterioration of tax results in the future might result in the assumption becoming unjustified.

Amortisation and depreciation rates

The depreciation and amortization rates are established based on the expected useful lives of property, plant and equipment and intangible assets. The Group performs annual verifications of the adopted useful lives based on the current estimates. In particular, with reference to the WP.pl trademark, the Group estimated that the useful life of the trademark is indefinite. The factors considered by the Group when assessing the useful life of the "WP.pl" trademark are as follows:

- the expected usage of the brand and whether the brand could be managed efficiently,
- technical, technological, commercial or other types of obsolescence,
- stability of the sector in which the brand is used and changes in demand on the market of selling advertisements on the Internet,
- expected actions taken by competitors or potential competitors on the market of selling advertisements on the Internet,
- the level of subsequent expenditure required to obtain the expected future economic benefits from the trademark,
- whether the useful life of the brand is dependent on the useful lives of other assets.

Having considered the above factors the Group concluded that there is no foreseeable limit to the period over which the "WP.pl" trademark is expected to generate net cash flow for the Group, therefore, the useful life of the "WP.pl" trademark was assessed as indefinite.

In each reporting period the Group reviews whether events and circumstances continue to support the indefinite useful life assessment of the "WP.pl" trademark. If the review results in a change in the useful life assessment from indefinite to definite this change is accounted for as a change in the accounting estimate.

Approach to barter transactions

In the course of its operations the Group sells advertising services via barter transactions. The Group recognizes revenues and expenses on barter transactions when the exchanged advertising services are provided in various media or advertising services are exchanged for content provided on website pages, and when the fair value of the services provided can be established.

Litigation

If the Group is a defendant in a litigation case, a provision is booked for the case based on its actual status and the cost estimation prepared by the Legal Department. The provisions were recorded to the amount of claims and court fees the ad judgement of which is probable in the Group's opinion.

Valuation on the option-related commitment to purchase non-controlling interests

Commitments in respect of put options for non-controlling interests are subsequently measured at the amount being the best present estimate of the discounted purchase price (the commitments are presented as other liabilities; see note 29).

As of the date of preparing these financial statements the Group has option-related commitment to purchase non-controlling interests in Nocowanie.pl Sp. z o.o.

Nocowanie.pl Sp. z o.o.

The basic assumptions being the basis for the options' valuation are as follows: forecasted EBITDA and its average annual growth rate, which are the basis for the calculation of the option exercise price and discount rate of 5,02%. An increase in the forecasted growth dynamics of revenues by 1 p.p. per annum in the years 2019–2020 increases the value of liabilities by 1.2%. An increase in the forecasted EBITDA margin by 1 p.p. per annum in the years 2019-2020 increases the value of the liabilities by 1.8%. An increase in the discount rate of 1 p.p. decreases the liability by 1.2%.

The commitment was initially estimated at PLN 11,571 thousand. As of 30 June 2019 the value of these commitments amounted to PLN 33,913 thousand and as of 31 December 2018 amounted to PLN 21,763 thousand.

Details regarding the change of the value of the liability during the year 2019 are described in Note 29 of the condensed consolidated financial statement.

Any changes in the value of these liabilities, resulting from discount settlement after the initial recognition, are presented in profit or loss as financial income/costs. Changes in the value resulting from an update of the forecasted results as the basis for estimating future liability are recognized as "Revaluation of commitments to purchase non-controlling interests and other liabilities resulting from business combinations".

Determining the value of trademarks and other intangible assets related to acquisitions

As part of the settlement of the acquired subsidiaries, the Group made significant estimates as to the valuation of intangible assets such as trademarks, client relationships, home page and WP e-mail. The estimates were based on revenues and costs to be generated by the acquired subsidiaries, as anticipated by the Group. In the case of trademarks, the Royalty Relief Method was adopted. The method focuses on determining the hypothetical royalties that would be charged to the company for using the trademark had the Company not been its owner.

Impairment tests

Goodwill and intangible assets were subject to an impairment test as of 31 December 2018. The details of the test are described in Note 19 to the Group's consolidated financial statements for 2018. As of 30 June 2019, the Group updated the test for CGU Lead Generation Fashion / Interior. The test proved no impairment for this CGU. The Group did not identify the existence of indications of impairment for other CGU's.

Allowances for trade receivables

The Group creates allowance based on expected credit loss in the entire life of the receivables for each receivables portfolio. The Group conducted a portfolio analysis of receivables based on current credit ratings of clients and used simplified matrix of allowances in particular ageing segments. The analysis was conducted based on expected credit loss ratios determined on historical data.

Estimate of the annual rebates liability

As a part of cooperation with media houses, the Group grants annual rebates. These rebates are granted to media houses individually or in groups based on turnover value or percentage achieved. During the year the Group estimates annual rebates liabilities based on current turnover forecast and recognizes them as a reduction of revenues for the period. The annual rebates are a variable consideration recognized to the extent to which it is highly probable that there will be no reversal of a significant part of revenues The final amounts of rebates are known after the end of the financial year.

Estimate of liabilities due to contingent consideration related to business combinations

Agreements concluded by the Group within the acquisition activities often provide additional contingent consideration for sold shares or ventures. Additional consideration is usually dependent on financial or operating results of entities acquired. The final value of the contingent consideration is known after the end of the conditional period and may differ from the estimates at the moment of acquisition.

Changes in the fair value of contingent consideration as a result of additional information that the acquirer obtained after the date of acquisition about facts and circumstances that existed at the acquisition date are recognized as the purchase price adjustment. Changes in valuation due to differences in financial or operating results from the level assumed at initial recognition are presented in the income statement and other comprehensive income.

The Group analyses the conditions necessary for the payment of additional consideration at each time based on requirements of IFRS 3 and includes in purchase price this part of contingent consideration which is not the consideration other than due to transfer of rights to shares.

5. INFORMATION ON SEASONALITY IN GROUP'S OPERATIONS

Advertising revenues are subject to seasonality - revenues in the first and third quarters are lower than in the second and fourth quarters of the year, except for revenues generated by Wakacje.pl S.A., MyTravel Sp. z o.o., Travel Network Solution Sp. z o.o., Nocowanie.pl Sp. z o.o. and eHoliday.pl Sp. z o.o., which operate in tourism sector and their revenues reach the highest levels in the third quarter of the year. Other Group's revenues do not show seasonality.

6. INFORMATION ON SEGMENT REPORTING

Starting from 2016, after obtaining the final decision of the National Broadcasting Council and after the launch of the television program in Multiplex 8, the Management Board re-segmented its activities and analyses Capital Group's activity regarding revenue streams and the EBITDA operating result, divided into two segments – i.e. Online and TV. The main operating segment continues to be Online – i.e. the Group's activity on the Internet. Although the TV segment did not meet the requirements of IFRS 8 as to its separation in the current and previous periods, however, due to the significant difference in its character, the Management Board decided to present information regarding this segment from 2016.

Six months ending 30 June 2019	Segment Online	Segment TV	Total
Sales	325 876	9 632	335 508
including cash sales	315 551	9 632	325 183
EBITDA (NOTE 11)	96 613	(3 082)	93 531
Adjusted EBITDA (NOTE 11)	97 990	(3 061)	94 929

Six months ending 30 June 2018 (PLN'000)	Online Segment	TV Segment	Total
Sales	243 132	6 922	250 054
including cash sales	233 019	6 922	239 941
EBITDA (NOTE 11)	77 515	(4 464)	73 051
Adjusted EBITDA(NOTE 11)	80 372	(4 398)	75 974

The Management Board does not analyse the operating segments in relation to their asset's value. The Group's operating segments are presented consistently with the internal reporting submitted to the Parent Company's Management Board, which is the main body responsible for making operational decisions.

7. THE GROUP'S STRUCTURE

As of 30 June 2019 the Capital Group represented: the parent company Wirtualna Polska Holding SA and 14 subsidiaries. The consolidated financial statements of the Group comprise the Company and the following subsidiaries:

No.	Name of subsidiary	Location	% of shares	
			30 June 2019	31 grudnia 2018 roku
1	Wirtualna Polska Media S.A.	Poland, Warsaw	100%	100%
2	Totalmoney.pl Sp. z o.o.	Poland, Wrocław	100%	100%
3	Businessclick Sp. z o.o.	Poland, Warsaw	100%	100%
4	Finansowysupermarket.pl Sp. z o.o.	Poland, Warsaw	100%	100%
5	Domodi Sp. z o.o.	Poland, Wrocław	100%	100%
6	Wakacje.pl S.A.	Poland, Gdańsk	100%	100%
7	Nocowanie.pl Sp. z o.o.	Poland, Lublin	75%	75%
8	Netwizor Sp. z o.o.	Poland, Warsaw	100%	100%
9	eHoliday.pl Sp. z o.o.	Poland, Warsaw	75%	75%
10	WPZ Sp. z o.o.	Poland, Warsaw	100%	100%
11	My Travel Sp. z o.o.[2]	Poland, Warsaw	100%	100%
12	Extradom.pl Sp. z o.o.	Poland, Wrocław	100%	100%
13	Parklot Sp. z o.o.	Poland, Warsaw	100%	100%
14	Superauto24.com Sp. z o.o.	Poland, Chorzów	51%	51%
15	Travel Network Solutions Sp. z o.o.[1]	Poland, Warszawa	100%	-

[1] On 26 February 2019 Wakacje.pl SA purchased 100% of shares in Travel Network Solutions

[2] On 1 April 2019, My Travel Sp. z o.o. and Wakacje.pl SA. merged by transferring all assets of My Travel Sp. z o.o. to Wakacje.pl S.A.

The Group's activities are focused on selling advertisements on the Internet. Furthermore, Wakacje.pl SA, MyTravel Sp. z o.o. and Travel Network Solutions Sp. z o.o. which operate on the tourism sector in addition to online travel trips, also give customers the opportunity to buy offline through a franchise network of fixed-line stores. Business other than sale of advertisement is run by Netwizor Sp. z o.o., which provides internet services connected with the distribution of television channels on the Internet and by Extradom which deals in the sale of architectural projects online. Extradom is the only entity in the Group deals with the sale of projects understood as goods and recognizes in its revenues the full value of the goods sold.

- ***Changes in the Group's structure in 2019***

On 26 February 2019 Wakacje.pl SA acquired 100% of shares in Travel Network Solutions Sp. z o.o., owner of the Wakacyjny Świat travel agency network.

On 18 March 2019 Wirtualna Polska Hoding SA acquired 13.1% of shares in Teroplan SA, owner of e-podroznik.pl portal.
On 16 April 2019 after meeting the conditions precedent of the investment agreement of 6 March 2019, Wirtualna Polska Holding SA concluded with INNC Limited, Michał Laskowski and Digitics SA an investment agreement under which WPH acquired the right to acquire 20% of shares in share capital of Digitics SA.

- **Mergers in 2019**

On 1 April 2019 My Travel Sp. z o.o. and Wakacje.pl Sp. z o.o. merged by transferring all assets of My Travel Sp. z o.o. to Wakacje.pl Sp. z o.o.

8. EVENTS WITH SIGNIFICANT IMPACT ON BUSINESS AND FINANCIAL RESULTS OF THE GROUP IN THE FIRST TWO QUARTERS OF 2019

In the period under analysis, the following significant factors had an impact on the Group's financial and operating results:

- material acquisitions made by the Group in the previous periods;
- increased effectiveness resulting from the use of the Group's data resources and big data tools;
- costs of funding related to the acquisitions;
- activities in the television sector.

- **Material acquisitions made by the Group in the previous periods**

In 2014-2018 the Group acquired other entities operating on the internet advertising and e-commerce markets, including generating leads on the e-commerce market. In 2015 the Group acquired shares in the following companies: NextWeb Media sp. z o.o., Blomedia.pl Sp. z o.o., Finansowysupermarket.pl Sp. z o.o., Web Broker Sp. z o.o., Allani Sp. z o.o. and Wakacje.pl SA (former Enovatis SA) In 2016, the Group's purchased Totalmoney.pl Sp. z o.o., Nocowanie.pl Sp. z o.o. and Netwizor Sp. z o.o. In 2017 the Group acquired eHoliday.pl Sp. z o.o. and in 2018 My Travel Sp. z o.o. was acquired. In the first quarter of 2019 the Group acquired shares of Travel Network Solutions Sp. z o.o. The acquisitions mentioned above had a significant impact on the increase in revenues and EBITDA compared with the same period of the previous year. They also had a significant impact on the amount of depreciation in the consolidated financial statements of the Group, as in the process of purchase price allocation of these entities a number of trademarks and customer relations have been identified which are currently depreciated and the costs are included in the consolidated financial results of the Group.

- **Increase in effectiveness as a result of using the Group's data resources and big data tools**

The Group has one of the largest databases of users of internet portals and the largest database of email users in Poland. Achieving the highest rank was possible, among other things, thanks to acquisitions made by the Group.

Having a large number of service and content users gives the Group access to information on user behaviour, within the limits set by the provisions of the law. Thanks to access to a large amount of data on user behaviours (in particular on the content and services used by users) and the progress in the ability to analyse extensive data resources over recent years (tools for analysis of large and diverse data sets, generated with high frequency, so called big data), the Group has a significant potential for increasing its operating effectiveness, among other things, through the personalization of content, and personalization of advertisements which are more effective, by eliminating the advertisements of products in which a given user is not interested.

- **Finance cost related to the acquisitions**

The Group's acquisition activities are supported by external financing.

The Group's debt results, among others, from the loan financing of part of the purchase price (PLN 175 million) of shares in Wirtualna Polska SA, purchase price of the shares in Money.pl Sp. z o.o. (PLN 47 million), part of the purchase price of the shares in Wakacje.pl SA (former Enovatis SA) (PLN 50 million), part of the purchase price of the shares in Nocowanie.pl Sp. z o.o. (PLN 12 million), purchase price of the shares in Domodi Sp. z o.o. (PLN 85 mln) and refinancing part of the investment expenditure to purchase fixed and intangible assets (PLN 15 million).

The loan bears an interest rate of 3M WIBOR plus the margin specified in the agreement.

As of 30 June 2019 the balance of the Group's liability resulting from loan agreement amounted to PLN 355 million.

During the six months of 2019, the Group's interest and commissions expenses, the bulk of which resulted from interest on the bank loan, amounted to PLN 8,676 thousand. The amount of these costs in consecutive periods will depend on WIBOR 3M which was 1.72% as of 30 June 2019.

- **Activities in the television advertising market**

The results of the Capital Group were significantly influenced by costs connected to the development of the WP Television launched in December 2016. This project is at an early stage of development, therefore the expenditures incurred in the current period on the development of this activity are higher than the revenue generated. In the opinion of the Management Board, the expenditures currently incurred should result in the increase in market share in the long-term perspective, and consequently into the increase in the value of revenues and the increase in profitability of this segment.

In the analysed period television advertising revenue amounted to PLN 9,632 thousand. At the same time, this segment generated a negative EBITDA of PLN 3,082 thousand.

Apart from the factors referred to above during the period of six months ending 30 June 2019 there were no extraordinary factors or events which would have a significant impact on the financial results achieved.

9. SIGNIFICANT EVENTS WHICH TOOK PLACE DURING THE SIX MONTHS OF 2019

Signing a contract for a new office in Warsaw

On 12 February 2019, Wirtualna Polska Media SA has concluded a lease agreement with VASTINT POLAND Sp. z o.o. The subject of the contract is the lease of office space located in the Warsaw Business Garden office complex at ul. Żwirki i Wigury 16 in Warsaw. The Lease Agreement was concluded for a period of 7 years from 15 January 2020.

The total estimated value of payments (excluding indexing costs) during the lease period (expressed in EUR and translated at the average exchange rate announced by the National Bank of Poland on the day preceding the date of conclusion of the contract) will amount to approximately PLN 41 million. Starting from 1 March 2021, the landlord will be entitled to make annual indexation of fees paid by the lessee based on the average annual rate of change of the HICP index determined for all European Union countries. The contract was concluded on market terms commonly used for this type of contracts.

In accordance with IFRS 16, the Group will recognize the right to use the building and the corresponding liability on the date the asset is available for use (not earlier than in January 2020).

Due to the early vacation of the Oxygen Park building at Jutrzenki 137a in Warsaw, the Group will recognize in 2019 a maximum of PLN 1.5 million of additional one-off costs of depreciation of the right to use existing office space resulting from financial leasing recognized in accordance with IFRS 16 effective from 1 January 2019. In addition, the Group will also accelerate depreciation of expenditures incurred for adaptation of the existing office space, which will result in an increase in depreciation of improvements in foreign fixed assets in 2019 by approx. PLN 1 million.

Acquisition of Travel Network Solutions Sp. z o.o.

On 26 February 2019, Wakacje.pl S.A., a subsidiary of WPH concluded shares purchase agreement under which Wakacje.pl acquired a total of 2.300 shares in the share capital of Travel Network Solutions sp. z o. o. representing 100% of the share capital and entitling to exercise 100% of votes at the shareholders' meeting. Detailed information of the transaction is described in Note 22 of the condensed consolidated financial statements.

Other

Other than those mentioned above, there have not been any other significant events until the date of this report.

10. SALES

PLN'000	Six months ending 30 June 2019	Six months ending 30 June 2018	Three months ending 30 June 2019	Three months ending 30 June 2018
Sales in ONLINE segment, including:	**325 876**	**243 132**	**173 486**	**128 217**
Sales of services settled in cash	315 551	233 019	167 702	122 128
Sales of services settled in barter	10 325	10 113	5 784	6 089
Sales in TV segment, including:	**9 632**	**6 922**	**5 027**	**4 027**
Sales of services settled in cash	9 632	6 922	5 027	4 027
Sales of services settled in barter	-	-	-	-
Total	**335 508**	**250 054**	**178 513**	**132 244**

(w tys. zł)	Six months ending 30 June 2019	Six months ending 30 June 2018	Three months ending 30 June 2019	Three months ending 30 June 2018
Domestic sales	266 815	196 703	142 281	105 390
Export sales	68 693	53 351	36 232	26 854
European Union	61 171	44 647	32 244	22 254
Outside European Union	7 522	8 704	3 988	4 600
Total	**335 508**	**250 054**	**178 513**	**132 244**

11. EBITDA AND ADJUSTED EBITDA

The Group's EBITDA is calculated as operating profit plus depreciation and amortization (except for amortization of programming rights), and the Group's adjusted EBITDA is calculated as EBITDA adjusted for events, including: transaction costs related to acquisitions, result on barter transactions, income from revaluation of non-operational provisions, revaluation of non-current assets and costs of the management option scheme. EBITDA and adjusted EBITDA are presented because in the Group's opinion they are a useful measure of the results of operations. The EBITDA and adjusted EBITDA ratios are not defined by IFRS and should not be treated as an alternative to the profit/(loss) categories provided for in IFRS as a measure of operating results nor as a measure of cash flow from operating activities based on IFRS. Neither can they be treated as a liquidity ratio

The Group implemented the new leasing standard (IFRS 16) on 1 January 2019. The new standard significantly affects the value of the EBITDA ratio, thus the financial report presents the EBITDA indicator in two variants, one compliant with the current IFRS 16 and the second calculated on the basis of the previous IAS 17 standard, which was in force when comparing the comparative data for previous years (including for 2018).

PLN'000	6 months ending 30 June 2019 (IFRS 16)	6 months ending 30 June 2019 (IAS 17)	6 months ending 30 June 2018 (IAS 17)	3 months ending 30 June 2019 (IFRS 16)	3 months ending 30 June 2019 (IAS 17)	3 months ending 30 June 2018 (IAS 17)
Profit before tax	**35 196**	**35 196**	**37 507**	**15 385**	**15 385**	**25 016**
Impact of IFRS 16	-	1 086	-	-	615	-
Profit before tax adjusted	**35 196**	**36 282**	**37 507**	**15 385**	**16 000**	**25 016**
Share in profits of investments accounted for using the equity method	554	554	-	554	554	-
Finance costs	10 189	9 968	9 260	5 076	4 956	4 279
Finance income	(1 818)	(1 818)	(1 973)	(611)	(611)	(1 364)
Revaluation of commitments to purchase non-controlling interests	11 610	11 610	1 686	11 610	11 610	-
Dividends received	(56)	(56)	-	(56)	(56)	-
Operating profit	**55 675**	**56 540**	**46 480**	**31 958**	**32 453**	**27 931**
Amortisation of right to use assets	4 805	-	-	2 623	-	-
Amortisation of fixed and intangible assets	33 051	33 051	26 571	16 670	16 670	13 118
EBITDA	**93 531**	**89 591**	**73 051**	**51 251**	**49 123**	**41 049**
Adjustments:						
Restructuring and transaction costs - external services	972	972	984	57	57	512
Restructuring and transaction costs – salary and employee benefit expenses	384	384	865	199	199	229
Restructuring and transaction costs -other operating expenses and gains	697	697	1 093	418	418	200
Costs of the employee option scheme	1 172	1 172	750	590	590	423
Net result on barter transactions settlement	(1 912)	(1 912)	(852)	(1 693)	(1 693)	(1 390)
Revaluation and liquidation of non-financial assets	106	106	83	70	70	(13)
Other	(21)	(21)		(6)	(6)	(11)
Adjusted EBITDA	**94 929**	**90 989**	**75 974**	**50 886**	**48 758**	**40 999**

12. ADJUSTED PROFIT BEFORE TAX

The adjusted profit before tax of the Group is calculated as profit before tax adjusted for events, comprising: transaction costs related to acquisitions, result on settlement of barter transactions, income from revaluation of non-operational provisions, revaluation of non-current assets, costs of the management option scheme and valuation of interest rate hedging instrument as well as costs recognized due to refinancing of the Group's debt and revaluation of commitments to purchase non-controlling interests. The adjusted profit before tax is not defined by IFRS and should not be treated as an alternative to the profit/(loss) categories provided for in IFRS as a measure of operating results nor as a measure of cash flow from operating activities based on IFRS. Neither can it be treated as a liquidity ratio.

The Group implemented the new leasing standard (IFRS 16) on 1 January 2019. The new standard significantly affects the value of the gross profit, thus the financial report presents the EBITDA indicator in two variants, one compliant with the current IFRS 16 and the second calculated on the basis of the previous IAS 17 standard, which was in force when preparing the comparative data for previous years (including for 2018).

In addition, from 2019 to gross profit is adjusted with the part of depreciation of the right to use buildings resulting from the acceleration of depreciation of this right. Acceleration of depreciation is due to signing of new lease agreements in Warsaw and Wrocław, resulting with earlier than expected cease of initial lease contracts on current headquarters in these cities.

PLN'000	6 months ending 30 June 2019 (IFRS 16)	6 months ending 30 June 2019 (IAS 17)	6 months ending 30 June 2018 (IAS 17)	3 months ending 30 June 2019 (IFRS 16)	3 months ending 30 June 2019 (IAS 17)	3 months ending 30 June 2018 (IAS 17)
Profit before tax	**35 196**	**35 196**	**37 507**	**15 385**	**15 385**	**25 016**
Impact of IFRS 16	-	1 086	-	-	615	-
Profit before tax adjusted	**35 196**	**36 282**		**15 385**	**16 000**	
Adjustments:						
Restructuring and transaction costs - external services	972	972	984	57	57	512
Restructuring and transaction costs – salary and employee benefit expenses	384	384	865	199	199	229
Restructuring and transaction costs -other operating expenses and gains	697	697	1 093	418	418	200
Costs of the employee option scheme	1 172	1 172	750	590	590	423
Net result on barter transactions settlement	(1 912)	(1 912)	(852)	(1 693)	(1 693)	(1 390)
Revaluation and liquidation of non-financial assets	106	106	83	70	70	(13)
Revaluation of commitments to purchase non-controlling interests	11 610	11 610	1 686	11 610	11 610	-
Accelerated amortisation of rights to use of the buildings and other fixed assets	1 154	180	-	736	180	-
Other	(21)	(21)	-	(6)	(6)	(11)
Total Adjustments	**14 162**	**13 188**	**4 609**	**11 981**	**11 425**	**(50)**
Adjusted profit before tax	**49 358**	**49 470**	**42 116**	**27 366**	**27 425**	**24 966**

13. OTHER OPERATING INCOME/GAINS

The following table presents other operating income/gains:

PLN'000	Six months ending 30 June 2019	Six months ending 30 June 2018	Three months ending 30 June 2019	Three months ending 30 June 2018
Revenues from grants	271	204	127	106
Liabilities expired and forgiven	4	58	3	44
Repayment of receivables previously written off	-	174	-	164
Other	47	142	(33)	81
Total	**322**	**578**	**97**	**395**

14. OTHER OPERATING EXPENSES

The following table presents the other operating expenses incurred by the Group in the first 3 and 6 months of 2019 and 2018:

PLN'000	Six months ending 30 June 2019	Six months ending 30 June 2018	Three months ending 30 June 2019	Three months ending 30 June 2018
Representation and other costs by type, including:	2 695	1 945	1 603	1 119
Representation	1 452	886	1 011	407
Other costs by type	1 243	1 059	592	712
Write-downs of receivables	233	439	69	198
Taxes and charges	1 810	1 282	1 011	719
Revaluation of provisions	500	473	261	186
Revaluation and liquidation of non-financial assets	481	83	139	(13)
Los on sale of non-financial assets	-	-		-
Other costs by type	211	918	91	372
Costs related to acquisitions of subsidiaries and restructuring	697	1 093	418	200
Total	**6 627**	**6 233**	**3 592**	**2 781**
including:				
Restructuring related costs	697	1 093	418	200
Other operating expenses	5 930	5 140	3 174	2 581

15. FINANCE INCOME

The following table presents the financial income incurred by the Group in the first 3 and 6 months of 2019 and 2018:

PLN'000	Six months ending 30 June 2019	Six months ending 30 June 2018	Three months ending 30 June 2019	Three months ending 30 June 2018
Interest income	210	166	128	92
Currency exchange differences	48	1 115	(154)	1 115
Profit on revaluation of financial assets	1 553	328	637	157
Other	-	364	-	-
Total	**1 818**	**1 973**	**611**	**1 364**

16. FINANCE EXPENSES

The following table presents the financial expenses incurred by the Group in the first 3 and 6 months of 2019 and 2018:

PLN'000	Six months ending 30 June 2019	Six months ending 30 June 2018	Three months ending 30 June 2019	Three months ending 30 June 2018
Interest and commissions	8 676	6 429	4 301	3 444
Reversal of discount on investment liabilities	1 244	2 473	774	595
Revaluation of financial assets	-	88	-	-
Other	269	270	1	240
Total	**10 189**	**9 260**	**5 076**	**4 279**

17. CURRENT AND DEFERRED INCOME TAX

The following table presents the current and deferred income tax incurred by the Group in the first 3 and 6 months of 2019 and 2018.

PLN'000	Six months ending 30 June 2019	Six months ending 30 June 2018	Three months ending 30 June 2019	Three months ending 30 June 2018
Current income tax	**4 126**	**1 960**	**2 719**	**1 375**
For the financial year	4 126	1 960	2 719	1 375
Deferred tax	**8 234**	**7 816**	**4 198**	**4 239**
Temporary differences arising and reversed	8 234	7 816	4 198	4 239
Total income tax	**12 360**	**9 776**	**6 917**	**5 614**

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

PLN'000	Six months ending 30 June 2019	Six months ending 30 June 2018	Three months ending 30 June 2019	Three months ending 30 June 2018
Profit before tax	**35 196**	**37 507**	**15 385**	**25 016**
Corporate income tax at the statutory rate of 19%	**6 687**	**7 126**	**2 923**	**4 753**
Tax effects of the following items:				
Revenues and costs non-taxable permanent differences	2 109	2 072	987	782
Revaluation of commitments to purchase non-controlling interests	2 206	320	2 206	-
The reversal of the discount on commitments to purchase non-controlling interest	177	443	90	133
Tax assets not recognised	1 149	183	646	152
Other	32	(368)	65	(206)
Total income tax	**12 360**	**9 776**	**6 917**	**5 614**

The following table presents the components of the deferred tax asset and liability.

PLN'000	1 January 2019	Financial result	Change of accounting policy	Business combinations	30 June 2019
Deferred tax assets:					
Change in tax values of assets as a result of internal reorganization of the Group	12 534	(2 191)	-	-	10 343
Unutilized tax losses	41 022	(11 658)	-	-	29 364
Write-downs of assets	995	466	-	-	1 461
Differences in tax and carrying amounts of liabilities	12 759	4 833	3 635	-	21 227
Other differences	689	567	-	-	1 256
Deferred tax assets:	**67 999**	**(7 983)**	**3 635**	**-**	**63 651**
Deferred tax liability:					
Differences in carrying and tax amounts of property, plant and equipment	67 975	(2 613)	3 635	247	69 244
Other	2 581	2 864	-	-	5 445
Deferred tax liability	**70 556**	**251**	**3 635**	**247**	**74 689**
Deferred tax assets/liability net	**(2 557)**	**(8 234)**	**-**	**(247)**	**(11 038)**

PLN'000	30 June 2019	1 January 2019
Offsetting of deferred tax liability	(58 007)	(52 837)
Deferred tax assets after offsetting	**5 644**	**15 162**
Deferred tax liabilities after offsetting	**16 682**	**17 719**

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. Due to these factors the tax risk in Poland is considerably higher than in countries with more precisely developed tax systems. Tax settlements may be subject to inspections within five years from the end of the year in which tax was paid. As a result of inspections, the Group's tax settlements may be increased by additional tax liabilities. The Group is of the opinion that as of 30 June 2019 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.

18. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit for the period attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares in issue during the year. The dilutive items include shares under the option scheme (Note 25).

PLN'000	Six months ending 30 June 2019	Six months ending 30 June 2018	Three months ending 30 June 2019	Three months ending 30 June 2018
Net profit attributable to equity holders of the Parent Company	**22 091**	**25 978**	**8 003**	**18 840**
Weighted average number of shares shown for the purpose of calculating basic earnings per share (no. of units)	28 972 561	28 855 495	28 972 561	28 855 495
Effect of diluting the number of ordinary shares	167 647	195 459	167 647	195 459
Weighted average number of ordinary shares shown for the purpose of calculating diluted earnings per share (no. of units)	29 140 208	29 050 954	29 140 208	29 050 954
Basic (in PLN)	0,76	0,90	0,27	0,65
Diluted (in PLN)	*0,76*	*0,89*	*0,28*	*0,65*

19. CHANGES IN ALLOWANCES FOR ASSETS

During the three months ending 30 June 2019 the Group adjusted the value of allowances for trade receivables by PLN 233 thousand.

In the first three months of 2019 write-downs on intangible assets and property, plant and equipment and programming assets of PLN 481 thousand were recorded.

20. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

In the period from 1 January 2019 to 30 June 2019 the Group purchased property, plant and equipment of PLN 4.9 million and intangible assets of PLN 19.6 million. The value of fixed assets recognized during 2019 on the basis of new lease contracts for means of transport and office space rental amounted to PLN 8.9 million. In addition, the acquisition of programming assets amounted to PLN 3.5 million. As of 30 June 2019 and 31 December 2018 the Group did not have any commitments to purchase property, plant or equipment and intangible assets.

21. GOODWILL

The table below presents the allocation of goodwill to the consolidated subsidiaries.

PLN'000	Cash generating unit	As of 30 June 2019	As of 31 December 2018
Wirtualna Polska Media S.A.	Publishing and Advertising activities	92 040	92 040
Money.pl Group	Publishing and Advertising activities	11 550	11 550
Money.pl Group	Financial lead generation	7 808	7 808
NextWeb Media Sp. z o.o.	Publishing and Advertising activities	19 072	19 072
Finansowysupermarket.pl sp. z o.o.	Financial lead generation	6 148	6 148
dobreprogramy Sp. z o.o.	Publishing and Advertising activities	3 593	3 593
Domodi Sp. z o.o.	Lead Generation fashion/interior	9 349	9 349
Allani Sp. z o.o.	Lead Generation fashion/interior	9 497	9 497
Wakacje.pl S.A.	International travel	62 888	62 888
TotalMoney.pl Sp. z o.o.	Financial lead generation	8 820	8 820
Nocowanie.pl Sp. z o.o.	Domestic travel	16 793	16 793
Netwizor.pl Sp. z o.o.	Publishing and Advertising activities	2 272	2 272
eHoliday.pl Sp. z o.o.	Domestic travel	9 463	9 463
My Travel Sp. Z o.o.	International travel	15 492	15 372
Extradom.pl Sp. z o.o.	Extradom	58 317	58 317
Parklot Sp. z o.o.	International travel	1 168	1 168
Superauto24.com Sp. z o.o.	Superauto24	18 573	17 940
http Sp. z o.o.	Publishing and Advertising activities	180	180
Travel Network Solutions Sp. z o.o.	International travel	5 611	
Goodwill (gross value)		**358 634**	**352 270**
Impairment allowances:			
http Sp. z o.o.	Publishing and Advertising activities	(180)	(180)
Goodwill (net value)		**358 454**	**352 090**

22. ACQUISITION AND BUSINESS COMBINATIONS in 2019

Travel Network Solutions Sp. z o.o.

On 26 February 2019 Wakacje.pl SA acquired 2,300 shares in the share capital of Travel Network Solutions Sp. z o.o., representing 100% of the share capital and entitling to 100% votes at the Travel Network Solutions general meeting.

The final, non-adjusting purchase price of 100% shares was PLN 6,750 thousand and was financed from the Group's own funds.

Wakacyjny Świat is the owner of the franchise chain Wakacyjny Świat, with 103 sale offices. After this transaction, Wakacje.pl group will comprise over 350 sale offices operating under the following brands: Wakacje.pl, My Travel and Wakacyjny Świat, which constitutes 70% of the domestic market. Some of the Wakacyjny Świat sale offices are located in towns where Wakacje.pl and My Travel are not present.

Goodwill on the acquisition of PLN 5,611 thousand is attributable to the client base acquired and economies of scale expected as a result of the combination of the Group's operations with entity acquired. No portion of goodwill recorded will be deductible for income tax purposes. The fair value of trade and other receivables amounted to PLN 412 thousand (including PLN 361 thousand of trade receivables). As of the date of the control takeover, receivables in the amount of PLN 11 were considered as uncollectible.

Costs related to the purchase transaction in the amount of PLN 106 thousand were recognized in the consolidated statement of profit or loss and other comprehensive income for the first half of 2019 as "Costs related to purchases of subsidiaries and restructuring".

PLN'000	Travel Network Solutions Sp. z o.o.
Cash and cash equivalents - payment for the shares	6 750
Total purchase price	**6 750**
Cash and cash equivalents	35
Property, plant and equipment	1
Trademark	719
Client relations	504
Copyrights and other intangible assets	65
Trade and other receivables	412
Trade and other payables	(350)
Deferred tax	(247)
Total identifiable net assets	**1 139**
Goodwill	**5 611**

For information purposes, the next table presents unaudited financial results of the acquired company from 1 January 2019 until the date of taking control and from the date of taking control to 30 June 2019 (data included in these consolidated financial statements). The presented data have not been audited by a certified auditor

From 01.01.2019 to the acquisition date	
PLN'000	Travel Newtork Solutions Sp. z o.o.
Sales	743
Cash sales	743
EBITDA	(91)
Adjusted EBITDA	(91)
Net profit	(95)

From the acquisition date to 30.06.2019	
PLN'000	Travel Newtork Solutions Sp. z o.o.
Sales	2 711
Cash sales	2 711
EBITDA	362
Adjusted EBITDA	278
Net profit	278

Teroplan Sp. z o.o.

On 18 March 2019, Wirtualna Polska Holding S.A. acquired 13.11% shares in the share capital of Teroplan SA, the owner of the e-podróżnik.pl website. The final purchase price of 13.11% shares was PLN 7,753 thousand and was financed from the Group'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.

Digitics SA

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. Due to the initial stage of this project and the high probability of not realizing the contracted EBITDA level, the Group sees no grounds to recognize the put option liability for other shares of Digitics SA.
The investment agreement grants WPH certain personal corporate rights that gives the Group the ability to exert significant influence over the company's operations. Consequently, the Group will present the investment in Digitics SA as an investment associated company consolidated with the equity method. In the first half of 2019 the initial value of investment was decreased by PLN 554 thousand of net loss generated by the company and attributable to the Group.

23. CHANGES IN PURCHASE PRICE ALLOCATION

In these financial statements, an adjustment has been made in relation to the information contained in the published consolidated statements for the year ended 31 December 2018 in relation to the acquisition of Superauto24.com Sp. z o.o. and MyTravel Sp. z o.o.

MyTravel Sp. z o.o.

The next table lists the remuneration paid and the fair values of the assets and liabilities of My Travel Sp. z o.o. shown as at the acquisition date. As at 30 June 2019, the settlement is final.

PLN'000	PPA as of 31.12.2018	Adjustment	PPA as of 30.06.2019
Cash and cash equivalents - payment for the shares	7 939	-	7 939
Additional remuneration - deferred payment	9 751	-	9 751
Total	**17 690**	**-**	**17 690**
Values of identifiable assets and liabilities acquired			
Cash and cash equivalents	1 084	-	1 084
Property, plant and equipment	150	-	150
Trademark	2 211	-	2 211
Client relations	3 306	-	3 306
Copyrights and other intangible assets	72	-	72
Trade and other receivables	4 236	(120)	4 116
Trade and other payables	(7 874)	-	(7 874)
Deferred tax	(840)	-	(840)
Provisions for employee benefits	(27)	-	(27)
Total identifiable net assets	**2 318**	**(120)**	**2 198**
Goodwill	**15 372**	**120**	**15 492**

Superauto24.com Sp. z o.o.

The next table lists the remuneration paid and the fair values of acquired assets and liabilities of Superauto24.com Sp. z o.o. shown as at the acquisition date. As at 30 June 2019, the settlement is provisional

PLN'000	PPA as of 31.12.2018	Adjustment	PPA as of 30.06.2019
Cash and cash equivalents - payment for the shares	450	-	450
Cash paid for the capital increase	20 650	-	20 650
Additional remuneration - deferred payment	4 396	-	4 396
Total	**25 496**	**-**	**25 496**
Non-controlling interest valued at the amount of the share in net assets	7 259	(608)	6 651
Values of identifiable assets and liabilities acquired			
Cash and cash equivalents	20 999	-	20 999
Property, plant and equipment	802	(272)	530
Trademark	6 402	-	6 402
Client relations	6 554	-	6 554
Trade and other receivables	1 240	(493)	747
Trade and other payables	(18 720)	(476)	(19 196)
Deferred tax	(2 462)	-	(2 462)
Total identifiable net assets	**14 815**	**(1 240)**	**13 574**
Goodwill	**17 940**	**633**	**18 573**

24. SHARE CAPITAL

As of 30 June 2019, the share capital was composed of 28,995,414 shares with a par value of PLN 0.05 each, including 11,289,709 preferred voting shares and 17,705,705 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 subsidiaries including:	3 777 164	13,04%	7 540 401	18,73%
Orfe S.A.	3 763 237	12,99%	7 526 474	18,69%
Michał Brański through subsidiaries including:	3 777 164	13,04%	7 540 400	18,73%
10X S.A.	3 763 236	12,99%	7 526 472	18,69%
Krzysztof Sierota through subsidiaries including:	3 777 164	13,04%	7 540 400	18,73%
Albemuth Inwestycje S.A.	3 763 236	12,99%	7 526 472	18,69%
Founders together*	**11 331 492**	**39,11%**	**22 621 201**	**56,18%**
AVIVA OFE	2 190 044	7,55%	2 190 044	5,44%
Others	15 473 878	53,37%	15 473 878	38,41%
Total	**28 995 414**	**100,00%**	**40 285 123**	**100,00%**

*Founders (i.e. Jacek Świderski, Michał Brański and Krzysztof Sierota) in connection with the shareholders agreement concluded on 19 March 2015 by the Founders and their subsidiaries (Orfe S.A., 10X SA and Albemuth Inwestycje S.A.) 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 subsidiaries including:	3 777 164	13,09%	7 540 401	18,78%
Orfe S.A.	3 763 237	13,04%	7 526 474	18,75%
Michał Brański through subsidiaries including:	3 777 164	13,09%	7 540 400	18,78%
10X S.A.	3 763 236	13,04%	7 526 472	18,75%
Krzysztof Sierota through subsidiaries including:	3 777 164	13,09%	7 540 400	18,78%
Albemuth Inwestycje S.A.	3 763 236	13,04%	7 526 472	18,75%
Founders together	**11 331 492**	**39,27%**	**22 621 201**	**56,35%**
AVIVA OFE	**2 033 159**	**7,05%**	**2 033 159**	**5,06%**
Others	**15 490 573**	**53,68%**	**15 490 573**	**38,59%**
Total	**28 855 224**	**100,00%**	**40 144 933**	**100,00%**

The share capital of the Company was fully paid up as of 30 June 2019 and 31 December 2018.

Significant changes of shareholders

There were no significant changes to the shareholders' structure in the first half of 2019.

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 and the shareholders structure is as presented in next table.

On 24 May 2019, KDPW registered and admitted to trading 12,389 series D ordinary bearer shares and 8,595 series F ordinary bearer shares. After registration, admission to trading and issuing of the abovementioned shares, the Company's share capital 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.

Changes in the share capital after the balance sheet date

Until the date of approval of the condensed consolidated financial statements, there were no other changes in the share capital.

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.

There were no dividend payments in the first quarter of 2019 and 2018.

On 14 May 2019, the General Meeting of the parent company adopted a resolution regarding the payment of dividend to the amount of PLN 1.00 per share, in the total amount not higher than PLN 29,061 thousand , by allocating for this purpose:

- the Company's net profit shown in the Company's separate financial statements for the financial year 2018 in the amount of PLN 408 thousand and
- PLN 28,653 thousand from the Company's profits from previous years.

The dividend date was set at 7 June 2019, and the dividend payment date is 17 June 2019. The total value of dividend paid amounted to PLN 28,995 thousand

25. INCENTIVE SCHEMES – 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 26 September 2016, the resolution no. 3 of the Extraordinary Shareholders Meeting of the Company was passed. On the basis of the resolution, the subscription warrants issued after the date of adoption of this resolution are non-transferable, the issuance of subscription warrants under the incentive scheme will be carried out by a private placement addressed to no more than 149 entitled people, and shares will be offered by a private placement addressed to no more than 149 entitled people who will be entitled to subscribe to subscription warrants.

The total costs recognized in the financial result for the period ending 30 June 2019 in respect of the scheme amounted to PLN 289 thousand and the total cost recognized in the previous periods amounted to PLN 5,609 thousand.

	Share options (no. of units)
As of 1 January 2019	**257 229**
Awarded	-
Non executed	(20 484)
Executed	(26 166)
As of 30 June 2019	**210 579**
Including the number of options vested as of the balance sheet date	41 742

The exercise price of the options outstanding as of 30 June 2019 amounted to PLN 12.17, and the period remaining to the end of the contractual life of the option is between 1.5 and 5 years.

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 2017.

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 total costs recognized in the financial result for the period ending 30 June 2019 in respect of the scheme amounted to PLN 883 thousand and the total cost recognized in the previous periods amounted to PLN 2,187 thousand.

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	(13 680)
As of 30 June 2019	**455 720**
Including the number of options vested as of the balance sheet date	79 192

The exercise price of the options outstanding as of 30 June 2019 amounted to PLN 32, and the period remaining to the end of contractual life of the option is between 3 and 5.5 years.

26. DISCLOSURE OF COMPONENTS OF OTHER COMPREHENSIVE INCOME

On 28 April 2015 the Group concluded four IRS transactions. The IRS floating to fixed transactions was concluded with creditors in relation to PLN 48.8 million of the A tranche of the loan and PLN 77.2 million of the B tranche of the loan. The key parameters of the instruments (interest periods dates, the reference rate, payment schedules and amortization) were consistent with those deriving from the loan agreement. These financial instruments were treated as hedge accounting and recognized in the financial statements of the Group as cash flow hedge under IAS 39.

The loan agreement concluded by the Group with mBank S.A., PKO BP and ING Bank Śląski on 12 December 2017 forced the Group to close earlier existing hedging instruments. However, as the hedging item (the loan) still exists, the valuation of these terminated hedging transactions is invariably shown in other comprehensive income and is settled with the repayment of interest on the loan.

The valuation of hedging transactions made by the Group as of the date of their dissolution amounted to PLN 865 thousand and this value remained in the revaluation reserve is accounted for the initial duration of the contract.

27. LOANS AND LEASES

PLN'000	As of 30 June 2019	As of 1 January 2019 RESTATED	As of 31 December 2018
Long-term			
Bank loans	324 968	333 436	333 436
Other loans	659	1 662	1 662
Finance lease related to right to use of the building	18 345	13 608	-
Finance lease of other fixed assets	1 708	2 122	2 122
	345 680	**350 828**	**337 220**
Short-term:			
Bank loans	30 538	30 607	30 607
Finance lease related to right to use of the building	8 246	8 423	-
Finance lease of other fixed assets	1 381	1 332	1 332
	40 165	31 939	**31 939**
Total:	**385 845**	**382 767**	**369 159**

Bank loans

On 12 December 2017 Wirtualna Polska Media SA and mBank S.A., PKO BP SA and ING Bank Śląski SA concluded a loan agreement to refinance the current debt, finance capital expenditure and acquisitions, and the bank overdraft. The banks granted to Wirtualna Polska Media SA loans in the total amount of up to PLN 500 million.

Refinancing of the current indebtedness resulting from the loan agreement of 24 March 2015 was made on 20 December 2017. From the date of refinancing to the day of preparing these financial statements, no drawdowns or repayment of debt under a new loan agreement took place.

The new 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.

Wirtualna Polska Media SA is obliged to repay the debt as follows:

- tranche A in the amount of PLN 86,750 thousand should be repaid in twenty equal quarterly instalments payable over a period of 5 years after a lapse of 12 months from concluding the new loan agreement;
- tranche B in the amount of PLN 127,449 thousand should be repaid on the final maturity date which will fall on the 7th anniversary of the conclusion of the new loan agreement;
- tranche CAPEX 1 should be repaid in twenty equal quarterly instalments with first instalment due in fourth quarter of 2020;
- tranche CAPEX 2 should be repaid on the final maturity date which will fall on the 7th anniversary of the conclusion of the new loan agreement;

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., Money.pl Sp. z o.o., Domodi Sp. z o.o., Nocowanie.pl Sp. z o.o., Extradom.pl Sp. z o.o. and Wakacje.pl S.A.;
- registered pledges on items and rights of Wirtualna Polska Holding S.A., Wirtualna Polska Media S.A., Money.pl Sp. z o.o. and Wakacje.pl SA, Extradom.pl Sp. z o.o. and Domodi Sp. z o.o.;
- ordinary and registered pledges on the rights to the trademarks of Wirtualna Polska Media S.A., Money.pl Sp. z o.o. and Wakacje.pl SA, Extradom.pl Sp. z o.o. 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., Money.pl Sp. z o.o., Wakacje.pl S.A, Extradom.pl Sp. z o.o. and Domodi Sp. z o.o. together with powers of attorney to those bank accounts;
- financial pledges on bank accounts maintained for Nocowanie.pl 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 Holding SA and Wirtualna Polska Media S.A.; Money.pl Sp. z o.o., Wakacje.pl SA, Extradom.pl Sp. z o.o. and Domodi Sp. z o.o.;
- declarations on submission to enforcement procedures by Wirtualna Polska Holding S.A., Wirtualna Polska Media S.A., Money.pl Sp. z o.o., Wakacje.pl SA, Extradom.pl Sp. z o.o. 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 29 October 2018, Wirtualna Polska Holding SA, Wirtualna Polska Media SA and other subsidiaries, concluded an amending agreement to the loan agreement of 12 December 2017 concluded with mBank SA with headquarters in Warsaw, as a lender, financing organizer, agent and security agent, and ING Bank Śląski SA based in Katowice as a creditor and Powszechna Kasa Oszczędności Bank Polski SA 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 are now 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 instalments 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;

Until June 2019 the Group utilized PLN 153,378 thousand of CAPEX tranche.

The debt from the loan agreement was presented in the balance sheet as of 30 June 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.

Loans

As of 30 June, the Group had an unpaid loan to a minority shareholder of Nocowanie.pl Sp. z o.o. drawn to finance the acquisition of 100% shares in eHoliday.pl Sp. z o.o. The loan bears interest at the WIBOR rate for 3-month deposits plus a margin set in the contract. The principal may be repaid at any time, no later than 16 October 2020 with interest payable on quarterly basis. As at 30 June 2019, the loan accounted for PLN 660 thousand.

Lease liabilities related to right to use of the buildings

On 1 January 2019, the Group applied IFRS 16 "Leasing" for the first time. As of 1 January 2019, the Group, as the lessee, recognizes all identified contracts in accordance with one model, in which the asset is recognized in the statement of financial position of the right to use the leased asset in correspondence with the liability under the lease agreements.

In accordance with the introduced standard, the Group was required to recognize the lease liability in respect of a part of the lease agreements for office space, which in previous periods were classified as operating leases. As at 1 January 2019, the Group applied the "modified retrospective method" without transforming the comparative data.

The additional lease liability recognized as at 1 January 2019 amounted to PLN 22,031 thousand out of which PLN 8,423 was short-term. In March 2019, the Group recognized the asset and liability arising from the new lease agreement for office space by Domodi in the amount of PLN 8.5 million. The Group has signed contracts for a new office space for Wirtualna Polska Media and Totalmoney, whose lease term will start in the future. The Group estimates that the value of liabilities and assets that will be recognized under these contracts will amount to approximately PLN 46 million.

28. PROVISIONS

PLN'000	As of 30 June 2019	As of 31 December 2018
Provision for employee benefits	**5 165**	**3 828**
provision for pension benefits	307	307
holiday pay provision	4 858	3 521
Other provisions, including:	**1 420**	**1 988**
Provisions for litigation	1 420	1 988
Total	**6 585**	**5 816**

PLN'000	As of 30 June 2019	As of 31 December 2018
Provision for employee benefits		
At the beginning of the period	**3 828**	**3 244**
Recorded during the year	1 337	558
Business combinations	-	26
At the end of the period	**5 165**	**3 828**
Other provisions		
At the beginning of the period	**1 988**	**1 845**
Recorded during the year	550	1 378
Utilized	(1 068)	(810)
Released	(50)	(425)
At the end of the period	**1 420**	**1 988**

29. TRADE AND OTHER PAYABLES

The following table presents the structure of trade and other payables as of 30 June 2019 and 31 December 2018.

PLN'000	As of 30 June 2019	As of 1 January 2019 RESTATED	As of 31 December 2018
Long-term			
Contingent liabilities related to business combinations	4 698	4 396	4 396
Liabilities related to business combinations	11 657	13 999	13 999
Liabilities with respect to the put option for non-controlling interests	17 613	21 764	21 764
Liabilities in respect of purchase of property, plant and equipment and intangible assets	7 584	8 990	8 990
Other	210	477	477
	41 762	**49 626**	**49 626**
Short-term			
Trade liabilities	62 998	55 894	55 894
Contingent liabilities related to business combinations	5 917	5 849	5 849
Liabilities related to business combinations (other than earn-out)	2 559	18 694	18 694
Liabilities with respect to the put option for non-controlling interests	16 302	-	-
Contract and refund liabilities	46 738	32 566	32 566
State liabilities	11 979	8 582	8 582
Barter liabilities	1 693	1 792	1 792
Wages and salaries payables	10 958	9 554	9 554
Liabilities in respect of purchase of property, plant and equipment and intangible assets	5 274	9 478	9 478
Other	6 535	6 105	9 006
Total	**170 953**	**148 514**	**151 415**

As at 1 January 2019, in connection with the first application of IFRS 16, the Group eliminated PLN 2,901 thousand from other current liabilities, the value of unsettled amount of contribution and rent-free period. These amounts adjusted the value of the right to use the buildings

- **Revaluation of the liability under the put option for non-controlling interests Nocowanie.pl Sp. z o.o.**

The Management Board updated the results forecasts for 2019 and 2020 for Nocowanie.pl Sp. z o.o. and eHoliday.pl Sp. z o.o. Valuation of the put option for non-controlling interest in Nocowanie.pl Sp. z o.o. depends on, among others EBITDA of both companies for 2019 for the first option and 2020 for the second option. Due to the higher than originally forecasted results of these companies, the Management Board decided to update the valuation of option liability included in the financial statements of the Capital Group and increased it by PLN 11,610 thousand. The effects of the change in the option's valuation were recognized in the financial costs of the second quarter of 2019 and presented in 'Revaluation of the obligation to buy non-controlling interests and other liabilities arising from business combinations'.

30. LITIGATION

If the Group is a defendant in a litigation case, a provision is booked for the case based on its actual status and the cost estimation prepared by the Legal Department. The provisions are recorded in the amount of the claims and court fees, whose ad-judgment is probable in the Group's opinion. Currently, there are no pending court proceedings, arbitration or proceedings before the administrative authority in respect of liabilities or receivables of Wirtualna Polska Holding SA and its subsidiaries in the amount of at least 10% of the Wirtualna Polska Holding SA equity.

In the analysed period, the provision for court proceedings decreased by PLN 568 thousand.

31. FAIR VALUE ESTIMATION

The table below presents financial instruments held by the Group and measured at fair value, by particular valuation methods. Particular levels were defined as follows:

- Input data other than level 1 identifiable or observable quotations for assets or liabilities, directly (i.e. in the form of prices) or indirectly (i.e. on the basis of price-based calculations) (level 2);
- Input data for the valuation of assets or liabilities which are not based on observable market data (i.e. unobservable data) (level 3).

The following table presents the Group's financial assets and liabilities measured at fair value as of 30 June 2019:

in PLN'000	Level 1	Level 2	Level 3	Total
Assets and liabilities measured at fair value				
Assets measured at fair value through profit or loss	-	25 915	-	**25 915**
Contingent liabilities related to business combinations	-	-	(10 615)	**(10 615)**

Level 1 financial Instruments

The fair value of financial instruments traded on an active market is determined by the use of market prices of similar assets or liabilities as at the balance sheet date.

Level 2 financial Instruments

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. Such valuation techniques optimize the use of observable market data where they are available and rely to the smallest extent on specific unit estimates. If all input data necessary to measure an instrument at fair value are indeed observable the instrument is classified to level 2.

If one or a larger number of input data is not based on observable market data, the instrument is classified to level 3.

In measuring the fair value of interest rate swaps, the Group uses the present value of future cash flow based on observable income curves. Analyses of discounted cash flow are used to determine fair value for the remaining financial instruments.

Level 3 financial Instruments

The following table presents changes in level 3 liabilities for the year ending 30 June 2019:

PLN'000	Contingent liabilities related to business combinations	
	As of 30 June 2019	As of 31 December 2018
At the beginning of the period	**10 245**	**7 189**
Acquisition of My Travel Sp. z o.o.	-	9 751
Acquisition of Superauto24.com Sp. z o.o.	-	4 396
Revaluation of liability related to acquisition of Netwizor Sp. z o.o.	-	(371)
Revaluation of liability related to acquisition of Allani	-	168
Revaluation of liability related to acquisition of My Travel Sp. z o.o.	-	(2 273)
Repayment of liability related to acquisition of My Travel Sp. z o.o.	-	(2 692)
Repayment of liability related to acquisition of Netwizor Sp. z o.o	(334)	(1 325)
Repayment of liability related to acquisition of Allani Sp. z o.o.	-	(5 608)
Gains and losses recognized in financial result	704	1 010
At the end of the period	**10 615**	**10 245**

The table below presents the fair and carrying values of financial instruments.

PLN'000	Carrying amount	Fair value
Loans	356 165	357 254
Finance leases liabilities	3 089	3 089
Finance liabilities related to right to use of the buildings	26 591	26 636
Total	**385 845**	**386 979**

32. OBJECTIVES AND PRINCIPLES OF FINANCIAL RISK MANAGEMENT

The Group is exposed to credit risk and liquidity risk and also to cash flow and fair value risks as a result of interest rate fluctuations. As of 30 June 2019 the Group's operations were not subject to significant currency risk due to an insignificant share of currency transactions in the Group's total transactions. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group utilizes derivative financial instruments to hedge against some risks. Since 2014, The Group has swap instruments to economically hedge against interest rate risk arising from loan agreements concluded. In connection with the new loan agreement signed on December 12, 2017, the Group terminated IRS transactions and as at 30 June 2019, it was not a party to any active hedging transactions

Risk is managed by the centralized Cash Flow Management Department of the Group which executes the policy approved by the Management Board. The Group's Cash Flow Management Department identifies and evaluates financial risks and safeguards the Group 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 Group is exposed arises mainly from trade receivables and cash in the bank:

- **Trade receivables**

The Group concludes transactions with firms having a good reputation on the market and with a long relationship history which so far had no problems with the settlement of liabilities to the Group. All clients who wish to use trade credit are subjected to initial verification procedures. Moreover, due to the on-going monitoring of the balances of receivables, the Group's exposure to bad debt risk is insignificant. Due to a specific nature of the market on which the Group operates, receivables overdue up to 90 days are not considered irregular (unless the Group has information of a given client's financial difficulties). This results from the fact that the Group's clients are mainly agents (media houses, etc.) acting on behalf of the end clients. Therefore, it is frequently the case that the Group's clients suspend payment until funds from the end client are transferred to their account. There is no significant concentration of credit risk in the Group, and receivables are usually paid up within 60 days.

- **Cash in the bank**

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

PLN'000	As of 30 June 2019	As of 31 December 2018
Banks with high rating	54 255	66 663
Total cash at banks	**54 255**	**66 663**

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

The Group 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 Group 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 Group manages its cash flow risk relating to interest rate fluctuations – using interest 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. Based on the agreements relating to interest rate swaps, the Group undertakes, together with the other parties, to swap at specific intervals (usually on a quarterly basis) the difference between the fixed and floating interest rates established based on the agreed basis principal.

Until 20 December 2017 the Group was a party in four swap agreements converting floating interest rates into fixed. The instruments were terminated after new loan agreement was signed. The Group estimates that a change of interest rate by 1 p.p. would result in additional PLN 3 million of financial interest costs per annum.

Liquidity risk

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

33. RELATED PARTY DISCLOSURES

As of 30 June 2019 no individual entity can control the Group independently. Nevertheless, in view of the share of the overall number of votes at the General Meeting, the Founders (i.e. Jacek Świderski, Michał Brański and Krzysztof Sierota) and Companies controlled by them (acting in concert on the basis of a cooperation agreement regarding the joint exercise of ownership rights based on holding shares in the Company after the Admission Date) are able to exercise a decisive influence over the decisions regarding the most important corporate issues such as the appointment and dismissal of the President of the Management Board, the appointment and dismissal of the members of the Supervisory Board, the amendment of the Articles of Association, the issuance of new shares in the Company, a decrease of the share capital of the Company, the issuance of convertible bonds, dividend payments and other actions which, pursuant to the Commercial Companies Code, require an ordinary or a qualified majority of votes at the General Meeting.

The ultimate parent of the Capital Group is Wirtualna Polska Holding SA.

The following transactions were concluded with related entities.

PLN'000	Six months ending 30 June 2019	Six months ending 30 June 2018
Purchases		
Subsidiary of a member of the Management or Supervisory Board of the Parent Company	75	2
Total	**75**	**2**
Sales		
Subsidiary of a member of the Supervisory Board of the Parent Company	398	326
Total	**398**	**326**

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

PLN'000	As of 30 June 2019	As of 31 December 2018
Liabilities		
Subsidiary of a member of the Management or Supervisory Board of the Parent Company	-	24
Total	**-**	**24**
Receivables		
Subsidiary of a member of the Supervisory Board of the Parent Company	172	-
Total	**172**	**-**

The benefits payable or paid to the Parent Company's Management and Supervisory Board Members in the analysed period of current year and previous year are presented in the following table.

PLN'000	Six months ending 30 June 2019	Six months ending 30 June 2018
Short-term employee costs (salaries and related benefits)	3 491	2 727
Incentive scheme – share-based payments	159	-
Total	**3 650**	**2 727**

34. EXPLANATIONS TO THE CASHFLOW STATEMENT

PLN'000	Six months ending 30 June 2019	Six months ending 30 June 2018
Change in receivables and other short-term assets arises from the following items:	**(9 638)**	**(9 280)**
Change in receivables and other short-term assets per balance sheet	(8 309)	(10 063)
Change in long-term receivables per balance sheet	343	(131)
Change in assets relating to financing activities	91	(2 357)
Receivables and other assets of companies as of the date of obtaining control	(201)	3 866
Change in accounting policies	(140)	(346)
Change in income tax receivables	(1 399)	(249)
Other	(23)	-
Change in short-term liabilities arises from the following items:	**24 979**	**22 945**
Change in short-term liabilities per balance sheet	19 538	26 538
Adjustment for a change in investment liabilities	3 969	31 610
Adjustment for a change in dividend liability	-	(27 780)
Revaluation of investment liabilities recognized in operating activities	-	332
Change in accounting policies	2 907	-
Liabilities taken over as a result of obtaining control	(1 170)	(7 684)
Change in long-term deferred income	(267)	222
Change in liabilities in respect of financing activities	-	(300)
Other	2	7
Change in provisions arises from the following items:	**757**	**825**
Change in short-term provisions per balance sheet	769	850
Other	(12)	
Purchase of shares in a subsidiary	**(6 715)**	**(7 961)**
Nominal purchase price	(6 750)	(9 045)
Cash and cash equivalents in subsidiaries as of the date of the acquisition's settlement	35	1 084

As of all balance sheet dates above, cash and cash equivalents comprised solely the cash in the bank and in the hands of the Group's companies.

35. INFORMATION ON GUARANTEES AND WARRANTIES GRANTED IN RESPECT OF LOANS

Guarantees granted to non-Group entities

In the period under analysis none of the Group's companies granted any warranties in respect of loans or borrowings or guarantees – in aggregate to one company or an entity related to that company – the total value of which would constitute at least 10% of the Group's equity.

Inter-company guarantees

The companies: Wirtualna Polska Holding S.A., Money.pl Sp. z o.o., Wakacje.pl SA, Extradom.pl Sp. z o.o., Domodi Sp. z o.o. and Nocowanie.pl Sp. z o.o. are guarantors to the new loan agreement concluded by and between Wirtualna Polska Media SA, Wirtualna Polska Holding S.A. and mBank, PKO BP and ING Bank Śląski as of the balance sheet date.

36. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Apart from the changes in the structure of the capital group described in note 7, no other significant events occurred until the date of this report.

37. SELECTED CONSOLIDATED FINANCIAL DATA CONVERTED INTO EUR

Consolidated income statement and other comprehensive income

	Six months ending 30 June 2019	Six months ending 30 June 2018	Six months ending 30 June 2019	Six months ending 30 June 2018
	PLN'000		EUR'000	
Segment ONLINE				
Sales	325 876	243 132	75 995	57 349
Cash sales	315 551	233 019	73 588	54 964
Adjusted EBITDA (IAS 17)	94 050	80 372	21 933	18 958
EBITDA (IAS 17)	92 673	77 515	21 612	18 284
Adjusted EBITDA (IFRS 16)	97 990	-	22 852	-
EBITDA (IFRS 16)	96 613	-	22 530	-

	Six months ending 30 June 2019	Six months ending 30 June 2018	Six months ending 30 June 2019	Six months ending 30 June 2018
	PLN'000		EUR'000	
Segment TV				
Sales	9 632	6 922	2 246	1 633
Cash sales	9 632	6 922	2 246	1 633
Adjusted EBITDA (IAS 17)	(3 061)	(4 398)	(714)	(1 037)
EBITDA (IAS 17)	(3 082)	(4 464)	(719)	(1 053)
Adjusted EBITDA (IFRS 16)	(3 061)	-	(714)	-
EBITDA (IFRS 16)	(3 082)	-	(719)	-

	Six months ending 30 June 2019	Six months ending 30 June 2018	Six months ending 30 June 2019	Six months ending 30 June 2018
	PLN'000		EUR'000	
Total segments				
Sales	335 508	250 054	78 242	58 982
Cash sales	325 183	239 941	75 834	56 597
Adjusted EBITDA (IAS 17)	90 989	75 974	21 219	17 921
EBITDA (IAS 17)	89 591	73 051	20 893	17 231
Adjusted EBITDA (IFRS 16)	94 929	-	22 138	-
EBITDA (IFRS 16)	93 531	-	21 812	-
Amortisation and depreciation of tangible and intangible assets	(37 856)	(26 571)	(8 828)	(6 267)
Operating profit	55 675	46 480	12 984	10 964
Result on financial activities	(20 479)	(8 973)	(4 776)	(2 117)
Profit before tax	35 196	37 507	8 208	8 847
Net profit	22 836	27 731	5 325	6 541

Consolidated statement of financial position

	As of 30 June 2019	As of 31 December 2018	As of 30 June 2019	As of 31 December 2018
	PLN'000		EUR'000	
Total assets	1 086 055	1 063 446	255 422	247 313
Non-current assets	881 992	854 666	207 430	198 760
Current assets	204 063	208 780	47 992	48 553
Long-term liabilities	404 124	404 565	95 043	94 085
Short-term liabilities	218 864	191 121	51 473	44 447
Equity	463 067	467 760	108 906	108 781
Share capital	1 450	1 449	341	337
Non-controlling interests	10 817	10 680	2 544	2 484

Consolidated cash flow statement

	Six months ending 30 June 2019	Six months ending 30 June 2018	Six months ending 30 June 2019	Six months ending 30 June 2018
	PLN'000		EUR'000	
Net cash flows from operating activities	107 830	78 032	25 146	18 406
Net cash flows from investing activities	(69 668)	(125 153)	(16 247)	(29 521)
Net cash flows from financing activities	(50 540)	75 593	(11 786)	17 831
Total net cash flows	**(12 378)**	**28 472**	**(2 887)**	**6 716**

Conversion into euro was performed based on the following principles:

- amounts presented in zloty as of 30 June 2019 were converted into euro at the exchange rate of 4.2520 (the NBP exchange rate as of 30 June 2019),
- amounts presented in zloty as of 31 December 2018 were converted into euro at the exchange rate of 4.3000 (the NBP exchange rate as of 31 December 2018),
- amounts presented in zloty for the period of six months ending 30 June 2019 were converted into euro at the exchange rate of 4.2881 (the arithmetic mean of the NBP exchange rates as of the last day of each month of the first two quarters of 2019),
- amounts presented in zloty for the period of six months ending 30 June 2018 were converted into euro at the exchange rate of 4.2395 (the arithmetic mean of the NBP exchange rates as of the last day of each month of the first two quarters of 2018).

38. OTHER INFORMATION THE GROUP CONSIDERS MATERIAL TO THE ASSESSMENT OF THE GROUP'S HUMAN RESOURCES, ASSETS AND FINANCIAL POSITION, ITS RESULTS AND CHANGES AND INFORMATION WHICH IS MATERIAL TO THE ASSESSMENT OF THE GROUP'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 Group'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 Group. 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.

Condensed interim standalone financial statements of Wirtualna Polska Holding SA for the period of 3 and 6 months ending 30 June 2019

Interim standalone income statement and other comprehensive income

PLN'000	For the period of 6 months ending 30 June 2019	For the period of 6 months ending 30 June 2018	For the period of 3 months ending 30 June 2019	For the period of 3 months ending 30 June 2018
Sales	**-**	**-**	**-**	**-**
Amortization and depreciation	(7)	(7)	(4)	(4)
Materials and energy used	(3)	(1)	-	-
Costs of the employee option scheme	(318)	32	(159)	-
Other external services	(1 450)	(948)	(850)	(273)
Other salary and employee benefit expenses	(1 640)	(1 573)	(662)	(1 371)
Other operating expenses	(199)	(96)	(110)	(51)
Dividends received	29 324	-	29 324	-
Operating loss	**25 707**	**(2 593)**	**27 538**	**(1 699)**
Finance income	2 352	5 906	1 129	2 612
Finance costs	(3 160)	(69)	(1 778)	-
Profit before tax	**24 899**	**3 244**	**26 889**	**913**
Income tax	74	(616)	(38)	(175)
Net profit	**24 973**	**2 628**	**26 851**	**738**
Other comprehensive income	-	-	-	-
Comprehensive income	**24 973**	**2 628**	**26 851**	**738**

Interim standalone statement of financial position

in PLN'000	Note	As of 30 June 2019	As of 31 December 2018
Non-current assets			
Intangible assets		12	18
Investments in shares	8	441 230	427 623
Loans granted	8	71 207	85 869
Deferred tax asset		198	125
		512 647	**513 635**
Current assets			
Trade receivables and other assets		909	1 511
Cash and cash equivalents		1 263	3 254
		2 172	**4 765**
TOTAL ASSETS		**514 819**	**518 400**
Equity			
Share capital	9	1 450	1 449
Supplementary capital		321 649	320 895
Other reserves		8 973	7 801
Retained earnings		102 540	106 562
		434 612	**436 707**
Long-term liabilities			
Loans and leases		56 504	56 426
Other long-term liability		16 603	18 395
Deferred tax liability		-	-
		73 107	**74 821**
Short-term liabilities			
Loans and leases		2 202	2 196
Trade and other payables		4 898	4 676
Current income tax liabilities		-	-
		7 100	**6 872**
TOTAL EQUITY AND LIABILITIES		**514 819**	**518 400**

Interim standalone statement of changes in equity

in PLN'000	Equity				
	Share capital	Supplementary capital	Other reserves	Retained earnings	Total
Equity as of 1 January 2019	1 449	320 895	7 801	106 562	**436 707**
Net profit/loss	-	-	-	24 973	24 973
Total comprehensive income	**-**	**-**	**-**	**24 973**	**24 973**
Share capital increase	1	754	-	-	755
Incentive scheme - share-based payments	-	-	1 172	-	1 172
Distribution of net profit	**-**	**-**	**-**	(28 995)	(28 995)
Equity as at 30 June 2019	**1 450**	**321 649**	**8 973**	**102 540**	**434 612**

in 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/ (loss)	-	-	-	408	408
Total comprehensive income	**-**	**-**	**-**	**408**	**408**
Share capital increase	6	2 136	-	-	2 142
Incentive scheme - share-based payments	-	-	1 362	-	1 362
Distribution of net profit	**-**	**-**	**-**	(27 748)	(27 748)
Equity as at 31 December 2018	**1 449**	**320 895**	**7 801**	**106 562**	**436 707**

in 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**	**133 901**	**460 542**
Net profit/ (loss)	-	-	-	2 628	2 628
Total comprehensive income	**-**	**-**	**-**	**2 628**	**2 628**
Share capital increase	2	946	-	-	948
Incentive scheme - share-based payments	-	-	749	-	749
Distribution of net profit	**-**	**-**	**-**	(27 780)	(27 780)
Equity as at 30 June 2018	**1 445**	**319 705**	**7 188**	**108 749**	**437 087**

Interim standalone cash flow statement

in PLN'000	For the period of 6 months ending 30 June 2019	For the period of 6 months ending 30 June 2018
Cash flows from operating activities		
Profit before tax	**24 899**	**3 244**
Adjustments for:	**1 120**	**(5 852)**
Amortization and depreciation	7	7
Finance income and costs	808	(5 837)
Costs of the employee option scheme	318	(32)
Other adjustments	(13)	10
Changes in working capital	**(1 029)**	**264**
Change in trade and other receivables	137	454
Change in trade and other payables	(1 164)	(190)
Change in provisions	(2)	-
Income tax paid	(117)	(6 247)
Income tax return	1 260	-
Net cash flows from operating activities	**26 133**	**(8 591)**
Cash flows from investing activities		
Repayment of liabilities related to acquisition of subsidiary	(1 616)	-
Loans granted	-	(3 998)
Repayment of loans granted	14 700	10 000
Repayment of interest on loans granted	1 632	4 520
Acquisition of shares	(12 752)	(87 475)
Net cash flows from investing activities	**1 964**	**(76 953)**
Net cash flows from financing activities		
Payments due to share capital increase	755	948
Loans received	-	85 484
Repayment of bank commissions	(757)	-
Interest paid	(1 094)	(69)
Interest received on cash at banks	3	3
Dividends paid	(28 995)	-
Net cash flows from financing activities	**(30 088)**	**86 366**
Total net cash flows	**(1 991)**	**822**
Cash and cash equivalents at the beginning of the period	**3 254**	**1 491**
Cash and cash equivalents at the end of the period	**1 263**	**2 313**

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 Jutrzenki 137 A.

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

2. BASIS OF PREPARATION

These condensed interim financial statements have been prepared on the assumption that the Company will continue as a going concern, in accordance with IAS 34 "Interim Financial Reporting" ("IAS 34"). The accounting polices used in the preparation of the condensed interim standalone financial statements for the period of three months ending 30 June 2019 are consistent with those used in the standalone financial statements for the year ending 31 December 2018, except for the change in accounting policy due to adoption of new standards, described in detail in note 2.1.

The financial statements for the year ending 31 December 2018 have been prepared in accordance with IFRS standards which are binding in the European Union in the financial year ending 31 December 2018.

Standalone statement of financial position as of 30 June 2019, standalone income statement and other comprehensive income, standalone cash flow statement and standalone statement of changes in equity for three months ending 30 June 2019 was not audited. Standalone financial statements as of 31 December 2018 and for twelve months ending 31 December 2018 were audited by independent certified auditor, who issued an unqualified opinion.

These condensed interim standalone financial statements should be read in conjunction with the audited annual standalone financial statements for the year 2018.

The Company as a Parent Company prepared condensed interim consolidated financial statements which were approved by the Management Board on 26 August 2019. These financial statements should be read in conjunction with the consolidated financial statements.

2.1. 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 applied IFRS 16 after from 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.

The amendments to standards and interpretations not listed above which have been published but are not yet binding will have no effect on the financial statements of the Company.

3. APPROVAL FOR PUBLICATION OF THE STANDALONE FINANCIAL STATEMENTS

These condensed interim standalone financial statements have been approved for publication by the Management Board on 26 August 2019.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The main accounting estimates and assumptions made in these condensed interim standalone financial statements were the same as in financial statements for the year ending 31 December 2018.

(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.

(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. As at 30 June 2019, the Company updated the impairment test of shares held in Domodi Sp. z o.o. The conducted test did not show any impairment.

(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

5. CHANGES IN ALLOWANCES FOR ASSETS

In the period from 1 January 2019 to 30 June 2019 the Company decreased its allowances for loans granted by PLN 38 thousand.

6. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

In the period from 1 January 2019 to 30 June 2019 the Company did not purchase any intangible assets and property, plant and equipment.

7. RELATED PARTY DISCLOSURES

The following transactions were concluded with related entities:

in PLN'000	For the period of 6 months ending 30 June 2019	For the period of 6 months ending 30 June 2018
Purchase		
Subsidiaries	144	404
Total	**144**	**404**
Interest income, guarantees and dividends		
Subsidiaries	31 672	5 664
Total	**31 672**	**5 664**
Interest and guarantees costs		
Subsidiaries	680	69
Total	**680**	**69**

During the first two quarters of 2019, the Company received dividends from Wirtualna Polska Media S.A., Domodi Sp. z o.o and Extradom.pl Sp. z o.o.

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

in PLN'000	As of 30 June 2019	As of 31 December 2018
Receivables		
Subsidiaries	693	215
Total	**693**	**215**
Loans granted		
Subsidiaries	71 207	85 869
Total	**71 207**	**85 869**
Liabilities		
Subsidiaries	723	87
Total	**723**	**87**

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

in PLN'000	For the period of 6 months ending 30 June 2019	For the period of 6 months ending 30 June 2018
Short-term employee costs (salaries and related benefits)	1 611	1 339
Incentive scheme - share-based payments	318	-
Total	**1 929**	**1 339**

8. LONG-TERM FINANCIAL ASSETS

Shares

As of 30 June 2019 the structure of shares held by the Company is as follows:

Name of the company	Value of shares at purchase price	Adjustments	Carrying value of shares	Percentage of shares held	Percentage of votes held
Wirtualna Polska Media S.A.	205 756	-	205 756	100%	100%
Domodi Sp. z o.o.	120 221	-	120 221	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.	7 753	-	7 753	13%	13%
Digitics S.A.	5 000	-	5 000	20%	20%
WPZ Sp. z o.o.	1 241	-	1 241	100%	100%
As at 30 June 2019	**441 230**	**-**	**441 230**		

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	Adjustments	Carrying value of shares	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**		

On 18 March 2019, Wirtualna Polska Holding S.A. acquired 13.11% shares in the share capital of Teroplan SA, the owner of the e-podróżnik.pl website. The sale price amounted to PLN 7,753 thousand.
On 16 April 2019 after meeting the conditions precedent of the investment agreement of 6 March 2019, Wirtualna Polska Holding SA concluded with INNC Limited, Michał Laskowski and Digitics SA an investment agreement under which WPH acquired the right to acquire 20% of shares in share capital of Digitics SA. The purchase price was PLN 5,000 thousand.

Loans granted

During the first 6 months of 2019, the subsidiary Wirtualna Polska Media SA repaid PLN 12,500 thousand of the capital and PLN 1,496 thousand of interest. TotalMoney.pl Sp. z o.o. repaid the accrued interest on the loan in the amount of PLN 135 thousand and PLN 2,200 thousand of the capital .
In the analysed period, the write-down for loans granted for potential credit risk decreased by PLN 38 thousand.

9. SHARE CAPITAL

Detailed information about the structure and changes in Company's equity and dividend declared is presented in Note 24 to the condensed consolidated interim financial statements

10. LOANS AND BORROWINGS RECEIVED

in PLN'000	As of 30 June 2019	As of 31 December 2018
Long-term:		
Bank loans	56 504	56 426
	56 504	**56 426**
Short-term		
Bank loans	2 202	2 196
	2 202	**2 196**
Total	**58 706**	**58 622**

Detailed information on the credit granted to the Company is described in note 27 of the condensed consolidated financial statements.

11. FINANCE INCOME AND COST

The tables below present finance income and cost for the period of 6 months ending 30 June 2019 and 2018:

in PLN'000	For the period of 6 months ending 30 June 2019	For the period of 6 months ending 30 June 2018
Loan interest income	1 636	4 500
Income on guarantees	678	1 168
Other	38	238
Total income	**2 352**	**5 906**

in PLN'000	For the period of 6 months ending 30 June 2019	For the period of 6 months ending 30 June 2018
Interest and commissions	2 168	69
Currency exchange differences	10	-
Guarantees cost	680	-
Total cost	**3 160**	**69**

12. EXPLANATION TO THE CASH FLOW STATEMENT

PLN'000	As of 30 June 2019	As of 31 December 2018
Change in receivables and other short-term assets arises from the following items:	**137**	**98**
Change in receivables and other short-term assets per balance sheet	602	98
Changes in guarantees receivable	678	-
Change in income tax receivables	(1 143)	-
Change in short-term liabilities arises from the following items:	**(1 164)**	**(118)**
Change in short-term liabilities per balance sheet	(1 570)	(111)
Adjustment for a change in investment liabilities	1 083	(7)
Change in liabilities in respect of financing activities	(680)	
Other	3	-

13. EVENTS AFTER BALANCE SHEET DATE

Until the date of this report, there were no significant events after the balance sheet date

14. SELECTED STANDALONE FINANCIAL DATA CONVERTED INTO EUR

Income statement and other comprehensive income

	For the period of 6 months ending 30 June 2019	For the period of 6 months ending 30 June 2018	For the period of 6 months ending 30 June 2019	For the period of 6 months ending 30 June 2018
	PLN'000		EUR'000	
Sales	-	-	-	-
Operating loss	25 707	(2 593)	5 995	(612)
Profit before tax	24 899	3 244	5 807	765
Net profit	24 973	2 628	5 824	620

Statement of financial position

	As of 30 June 2019	As of 31 December 2018	As of 30 June 2019	As of 31 December 2018
	PLN'000		EUR'000	
Assets Total	514 819	518 400	121 077	120 558
Non-current assets	512 647	513 635	120 566	119 450
Current assets	2 172	4 765	511	1 108
Long-term liabilities	73 107	74 821	17 194	17 400
Short-term liabilities	7 100	6 872	1 670	1 598
Equity	434 612	436 707	102 214	101 560
Share capital	1 450	1 449	341	337

Cash flow statement

	For the period of 6 months ending 30 June 2019	For the period of 6 months ending 30 June 2018	For the period of 6 months ending 30 June 2019	For the period of 6 months ending 30 June 2018
	PLN'000		EUR'000	
Net cash flows from operating activities	26 133	(8 591)	6 094	(2 026)
Net cash flows from investing activities	1 964	(76 953)	458	(18 151)
Net cash flows from financing activities	(30 088)	86 366	(7 017)	20 372
Total net cash flows	(1 991)	822	(464)	194

Conversion into euro was performed based on the following principles:

- amounts presented in zloty as of 30 June 2019 were converted into euro at the exchange rate of 4.2520 (the NBP exchange rate as of 30 June 2019),
- amounts presented in zloty as of 31 December 2018 were converted into euro at the exchange rate of 4.3000 (the NBP exchange rate as of 31 December 2018),
- amounts presented in zloty for the period of six months ending 30 June 2019 were converted into euro at the exchange rate of 4.2881 (the arithmetic mean of the NBP exchange rates as of the last day of each month of the first two quarters of 2019),
- amounts presented in zloty for the period of six months ending 30 June 2018 were converted into euro at the exchange rate of 4.2395 (the arithmetic mean of the NBP exchange rates as of the last day of each month of the first two quarters of 2018).