Quarterly Financial Report

WP Capital Group

for the period of 3 months ending

31 March 2019

TABLE OF CONTENTS

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Management's Report on the activities of WP Capital Group for the period of 3 months ending 31 March 2019

TABLE OF CONTENTS

1. SELECTED FINANCIAL DATA

The following tables set out selected consolidated financial data for the period of 3 month ending 31 March 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 months ending 31 March 2019 as well as the information included in point 3 of this report.

	Three months ending 31 March 2019	Three months ending 31 March 2018	Three months ending 31 March 2019	Three months ending 31 March 2018
	PLN'000		EUR'000	
Segment ONLINE				
Sales	152 390	114 915	35 458	27 502
Cash sales	147 849	110 891	34 401	26 539
Adjusted EBITDA (in accordance with IAS 17)*	43 994	37 497	10 236	8 974
EBITDA (in accordance with IAS 17)*	42 251	34 590	9 831	8 278
Adjusted EBITDA (in accordance with IFRS 16)**	45 806	-	10 658	-
EBITDA (in accordance with IFRS 16)**	44 063	-	10 252	-

	Three months ending 31 March 2019	Three months ending 31 March 2018	Three months ending 31 March 2019	Three months ending 31 March 2018
	PLN'000		EUR'000	
Segment TV				
Sales	4 605	2 895	1 071	693
Cash sales	4 605	2 895	1 071	693
Adjusted EBITDA (in accordance with IAS 17)*	(1 763)	(2 522)	(410)	(604)
EBITDA (in accordance with IAS 17)*	(1 783)	(2 588)	(415)	(619)
Adjusted EBITDA (in accordance with IFRS 16)**	(1 763)	-	(410)	-
EBITDA (in accordance with IFRS 16)**	(1 783)	-	(415)	-

	Three months ending 31 March 2019	Three months ending 31 March 2018	Three months ending 31 March 2019	Three months ending 31 March 2018
	PLN'000		EUR'000	
Segmenty łącznie				
Sales	156 995	117 810	36 529	28 195
Cash sales	152 454	113 786	35 473	27 232
Adjusted EBITDA (in accordance with IAS 17)*	42 231	34 975	9 826	8 370
EBITDA (in accordance with IAS 17)*	40 468	32 002	9 416	7 659
Adjusted EBITDA (in accordance with IFRS 16)**	44 043	-	10 248	-
EBITDA (in accordance with IFRS 16)**	42 280	-	9 838	-
Amortisation and depreciation of tangible and intangible assets	(16 381)	(13 453)	(3 811)	(3 220)
Operating profit	23 717	18 549	5 518	4 439
Result on financial activities	(3 906)	(6 058)	(909)	(1 450)
Profit before tax	19 811	12 491	4 610	2 989
Net profit	14 368	8 329	3 343	1 993

* EBITDA in accordance with IAS 17 includes the rent of office space and presents it in external services . It 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 of buildings.

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	As of 31 March 2019	As of 31 December 2018	As of 31 March 2019	As of 31 December 2018
	PLN'000		EUR'000	
Total assets	1 086 059	1 063 446	252 496	247 313
Non-current assets	887 641	854 666	206 366	198 760
Current assets	198 418	208 780	46 130	48 553
Long-term liabilities	415 678	404 565	96 640	94 085
Short-term liabilities	187 244	191 121	43 532	44 447
Equity	483 137	467 760	112 323	108 781
Share capital	1 450	1 449	337	337
Non-controlling interests	10 960	10 680	2 548	2 484

	Three months ending 31 March 2019	Three months ending 31 March 2018	Three months ending 31 March 2019	Three months ending 31 March 2018
	PLN'000		EUR'000	
Net cash flows from operating activities	52 630	42 147	12 246	10 087
Net cash flows from investing activities	(51 061)	(107 093)	(11 881)	(25 630)
Net cash flows from financing activities	(10 657)	78 041	(2 480)	18 677
Total net cash flows	**(9 088)**	**13 095**	**(2 115)**	**3 134**

Conversion into euro was performed based on the following principles:

- amounts presented in zloty as of 31 March 2019 were converted into euro at the exchange rate of 4.3013 (the NBP exchange rate as of 31 March 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 three months ending 31 March 2019 were converted into euro at the exchange rate of 4.2978 (the arithmetic mean of the NBP exchange rates as of the last day of each month of the first quarter of 2019),
- amounts presented in zloty for the period of three months ending 31 March 2018 were converted into euro at the exchange rate of 4.1784 (the arithmetic mean of the NBP exchange rates as of the last day of each month of the first quarter 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 and management 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.

According to the Gemius/PBI study, there were 21.8 million real users of all Internet products of the WP Group in April 2019; they made 2.8 billion page views, spending 121 million hours on the portals. The Group's reach is 77.1%

Media

Portals and content

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. 13 productions are made on a regular basis at WP. The most popular formats include, among others, the daily "Tłit" and "Money. To się liczy." In December 2018, these two were viewed a total of 17.4 million and 14 million times, respectively. 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

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. In 2018, we completed the process of migration of the email system to the new one that ensures the top level of security and provides further development opportunities.

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: "Klika Pudelka," 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 (Channel 170) 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.

Fashion

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 market position against competitors.

No	Name	Real Users (mln)	Page views (bln)	Time spent (mln h)
1	Grupa Google	26.6	7.7	218
2	facebook.com	22.0	4.1	136
3	**Grupa Wirtualna Polska**	**21.8**	**2.8**	**121**
4	Grupa RAS Polska	21.0	2.1	70
5	youtube.com	19.1	0.9	41
6	Grupa Interia.pl	19.0	1.4	60
7	Grupa Allegro	17.8	2.0	31
8	Grupa Polska Press	17.6	0.7	5
9	Grupa Gazeta.pl	17.2	0.5	14
10	Grupa OLX	17.1	4.4	49

Source: Gemius/ PBI research, April 2019

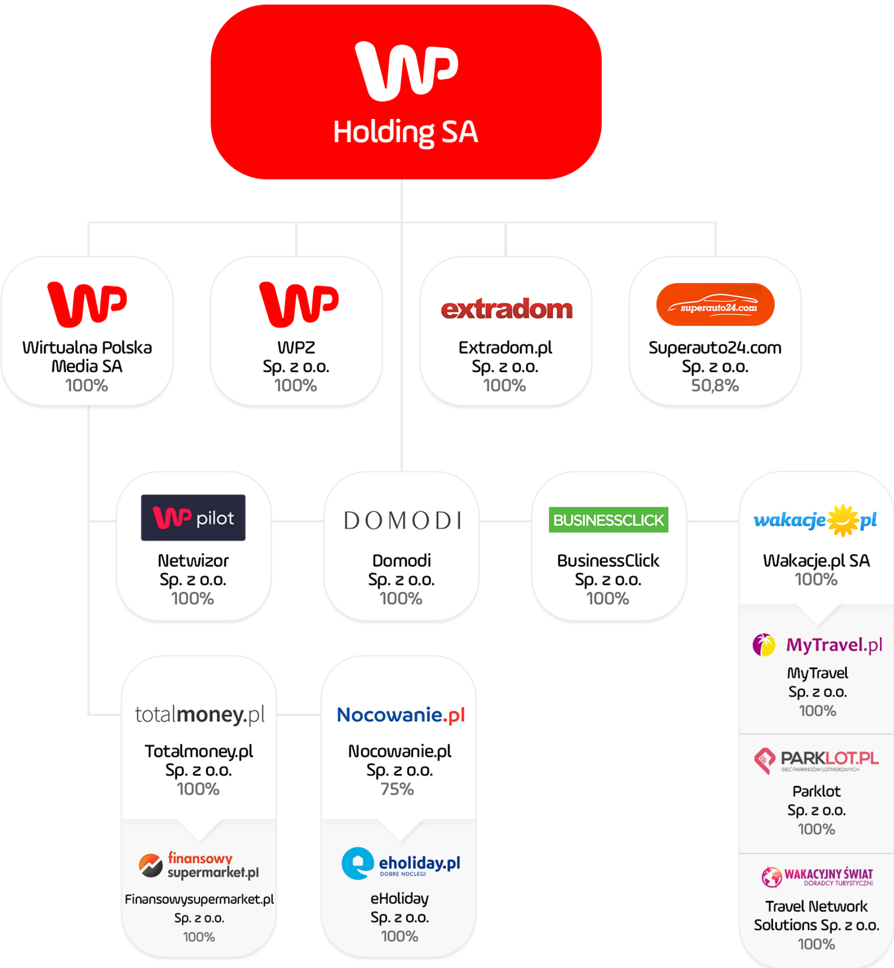
The table below presents the Group's position in various categories, according to published Megapanel PBI/Gemius data of April 2019:

Category	Real Users (RU)	Place
Business, finance, law	8 558 772	1
Lifestyle	11 768 757	1
Gossip, celebrities life	6 654 562	1
New Technologies	6 044 982	1
Sport	6 022 383	1
Children, family	3 808 933	1
Tourism	5 253 366	2
Email services	9 239 048	2
Health and medicine	6 269 081	2
Motorization	3 838 950	2
Culture and Entertainment	7 331 228	3
Information and journalism	9 829 504	5
E-commerce	4 732 670	7

Source: Gemius/ PBI research, April 2019

Structure of the Wirtualna Polska Holding Capital Group

The following diagram presents the structure of the Group as of 31 March 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. Purcase price amounted to PLN 6.8 mln

On 18 March 2019 Wirtualna olska 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 dated 6 March 2019, Wirtualna Polska Holding SA concluded with INNC Limited, Michał Laskowski and Digitics SA an investment agreement under which WPH acquired 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 months ending 31 March 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 months ending 31 March 2019 and 2018.

PLN'000	Three months ending 31 March 2019	Three months ending 31 March 2018	Change	Change %
ONLINE Segment				
Sales	152 390	114 915	37 475	32,6%
Cash sales	147 849	110 891	36 958	33,3%
Adjusted EBITDA (in accordance with IAS 17)*	43 994	37 497	6 497	17,3%
EBITDA (in accordance with IAS 17)*	42 251	34 590	7 661	22,1%
Adjusted EBITDA (in accordance with IFRS 16)**	45 806	-	-	n/a
EBITDA (in accordance with IFRS 16)**	44 063	-	-	n/a
TV Segment				
Sales	4 605	2 895	1 710	59,1%
Cash sales	4 605	2 895	1 710	59,1%
Adjusted EBITDA (in accordance with IAS 17)*	(1 763)	(2 522)	759	(30,1%)
EBITDA (in accordance with IAS 17)*	(1 783)	(2 588)	805	(31,1%)
Adjusted EBITDA (in accordance with IFRS 16)**	(1 763)	-	-	n/a
EBITDA (in accordance with IFRS 16)**	(1 783)	-	-	n/a
Segments total				
Sales	156 995	117 810	39 185	33,3%
Cash sales	152 454	113 786	38 668	34,0%
Adjusted EBITDA (in accordance with IAS 17)*	42 231	34 975	7 256	20,7%
EBITDA (in accordance with IAS 17)*	40 468	32 002	8 466	26,5%
Adjusted EBITDA (in accordance with IFRS 16)**	44 043	-	-	n/a
EBITDA (in accordance with IFRS 16)**	42 280	-	-	n/a
Amortisation and depreciation of tangible and intangible assets	(16 381)	(13 453)	(2 928)	21,8%
Operating profit	23 717	18 549	5 168	27,9%
Result on financial activities	(3 906)	(6 058)	2 152	(35,5%)
Profit before tax	19 811	12 491	7 320	58,6%
Net profit	14 368	8 329	6 039	72,5%

The consolidated results of the Group for the first quarter 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	
				31 December 2018	31 December 2017
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	-
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%	from 26 February 2019	-

(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 quarter of 2019 by PLN 37,475 thousand i.e. by 32,6% compared to the sales for the corresponding period of the previous year, whereas the cash sales increased by PLN 36,958 thousand, i.e. by 33.3%.

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 96.5% in 2018.

The main ratios analyzed 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 comparing data for previous years were calculated (including for 2018). In order to ensure full comparability of data, the following analysis takes into account the Group's EBITDA for three months of 2019 calculated according to IAS 17.

In the period of three months of 2019 the adjusted EBITDA of the online segment amounted to PLN 43,994 thousand which was by PLN 6,497 thousand (i.e. by 17.3%) higher compared to the value of this ratio in the previous year.

In the analyzed period, the total costs normalizing the Group's EBITDA of the online segment amounted to PLN 1.8 million and was by PLN 1.1 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 1.4 million) and non-cash employee option scheme costs (PLN 0.6 million).

Moreover, EBITDA for the period was adjusted by temporary result on barter transactions (PLN 0.2 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 4,605 thousand comprised of cash sales and were PLN 1,710 thousand, i.e. 59.1% higher than in the previous year.

Thanks to the implementation of programming and organizational changes in 2018, the Group reduced the negative results of this segment. The EBITDA amounted to PLN (1,783) thousand and was by PLN 805 thousand higher than in the same period of 2018.

JOINT PERFORMANCE OF SEGMENTS

In the first quarter of 2019 and 2018 both the total Group's adjusted and unadjusted EBITDA increased by PLN 7,256 thousand and PLN 8,466 thousand respectively.

Operating profit increased by PLN 5,168 despite the increase in depreciation and amortization by PLN 2,928 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 1,645 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:

PLN'000	Since 1 January 2019 to the acquisition date: 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 31 March 2019 and 31 December 2018:

PLN'000	As of 31 March 2019	As of 31 December 2018	Change PLN'000	Change %
Non-current assets	887 641	854 666	32 975	3,9%
Current assets	198 418	208 780	(10 362)	(5,0%)
Long-term liabilities	415 678	404 565	11 113	2,7%
Short-term liabilities	187 244	191 121	(3 877)	(2,0%)
Equity attributable to equity holders of the Parent Company	472 177	457 080	15 097	3,3%
Share capital	1 450	1 449	1	0,1%
Non-controlling interests	10 960	10 680	280	2,6%

The analysis of changes in the Group's balance sheet has been prepared as of 31 March 2019 compared to 31 December 2018. The change in Group's assets and liabilities was partially caused by the acquisitions concluded during the year.

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 31 March 2019	Structure 2019	As of 31 December 2018	Structure 2018	Change PLN'000	Change %
Property, plant and equipment	55 635	6,3%	58 252	6,8%	(2 617)	(4,5%)
Right to use of the buildings	24 950	2,8%		0,0%	24 950	-
Goodwill	357 701	40,3%	352 090	41,2%	5 611	1,6%
Other intangible assets	406 716	45,8%	406 664	47,6%	52	0,0%
Non-current programming assets	6 085	0,7%	5 385	0,6%	700	13,0%
Long-term receivables	358	0,0%	501	0,1%	(143)	(28,5%)
Other non-current assets	25 273	2,8%	16 612	1,9%	8 661	52,1%
Deferred tax assets	10 923	1,2%	15 162	1,8%	(4 239)	(28,0%)

In the analysed period, the net value of the property, plant and equipment decreased by PLN 2,617 thousand. The capital expenditure for the period amounted to PLN 2,094 thousand and were related mainly to equipment for the development of mail and portals infrastructure (PLN 1,767 thousand). Depreciation cost in 2019 amounted to PLN 4,629 thousand and the liquidation cost amounted to PLN 83 thousand.

In 2019, the Group's balance sheet presented a new category of assets, which is the right to use of the buildings. 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. This category shows assets resulting from lease agreements signed by the Group, which under the previous standard were not classified as financial lease. 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. Change in the value of the asset in relation to the amounts estimated as at 1 January 2019 results from the recognition on 31 March 2019 of a new asset due to the lease of the office by Domodi Sp. z o.o. in Wroclaw, whose initial value was estimated at PLN 7,862 thousand. In addition, in the analyzed period, the Group recognized in operating costs depreciation of the right to use the building in the amount of PLN 2,182 thousand. PLN 418 thousand was presented in costs normalizing the value of the profit before tax of the Group, as it results from accelerating the depreciation on current headquarters in Warsaw and Wroclaw due to the signing of new lease agreements..

In the first quarter of 2019, the value of other intangible assets remained at the level similar to the end of 2018.The expenditures in the amount of PLN 11,805 thousand were just slightly higher than depreciation (PLN 11,753 thousand).

In the first quarter of 2019 the Group mainly incurred expenditures on capitalized development projects (PLN 6,545 thousand) and the purchase of licenses (PLN 2,156 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 of PLN 504 thousand.

The value of goodwill as at 31 March 2019 increased by PLN 5,611 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.

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

Non-current programming assets increased by PLN 700 thousand. In the analysed period the Group incurred expenditure of PLN 2,140 thousand, while the amortization and depreciation costs was PLN 1,371 thousand and revaluation write-down of these assets amounted to PLN 313 thousand.

Current assets

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

PLN'000	As of 31 March 2019	Structure 2019	As of 31 December 2018	Structure 2018	Change PLN'000	Change %
Cash trade receivables	92 948	46,8%	110 752	53,0%	(17 804)	(16,1%)
Barter receivables	2 713	1,4%	1 481	0,7%	1 232	83,2%
Contract assets	22 431	11,3%	11 248	5,4%	11 183	99,4%
State receivables	10 828	5,5%	8 153	3,9%	2 675	32,8%
Other current assets	8 826	4,4%	7 114	3,4%	1 712	24,1%
Current programming assets	3 125	1,6%	3 369	1,6%	(244)	-
Cash and cash equivalents	57 547	29,0%	66 663	31,9%	(9 116)	(13,7%)
Current assets	**198 418**	**100,0%**	**208 780**	**100,0%**	**(10 362)**	**-5,0%**

The decrease in the value of current assets resulted, among other factors, 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 settlements. These receivables were repaid in the first quarter of 2019. In addition, the decrease in receivables as at 31 March 2019 compared to December 2018 results also from the typical seasonality observed in the Group's revenues.

The balance of receivables due to barter transactions is higher than at the end of the previous year by PLN 1,322 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 11,183 thousand. The increase in value results from the fact that in the first quarter, trips are sold, whose travel dates and final settlement will take place mostly in the third quarter.

Other current assets increased by PLN 1,712 thousand. Public-law receivables increased mainly due to the overpayment of corporate income tax, which increased by PLN 1,092 thousand compared to 31 December 2018 and increase in VAT receivable by PLN 1,415 thousand.

The short-term part of programming assets at the end of the first quarter of 2019 was at a level similar to the end of the previous year.

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 31 March 2019	Structure 2019	As of 31 December 2018	Structure 2018	Change PLN'000	Change %
Loans and leases of fixed assets	332 481	80,0%	337 220	83,4%	(4 739)	(1,4%)
Lease liabilities related to right to use of the buildings	19 457	4,7%	-	0,0%	19 457	-
Contingent liabilities related to business combinations	15 938	3,8%	18 395	4,5%	(2 457)	(13,4%)
Liabilities with respect to the put option for non-controlling interests	22 032	5,3%	21 764	5,4%	268	1,2%
Liabilities in respect of purchase of property, plant and equipment and intangible assets	7 492	1,8%	8 990	2,2%	(1 498)	(16,7%)
Deferred tax liability	17 763	4,3%	17 719	4,4%	44	0,2%
Deferred income	515	0,1%	477	0,1%	38	8,0%
Long-term liabilities	**415 678**	**100,0%**	**404 565**	**100,0%**	**11 113**	**2,7%**

The main change causing the increase in long-term liabilities was the recognition on 1 January 2019 of finance liabilities related to right to use of the building in accordance with the IFRS 16 in the total value of PLN 22,031 thousand out of which PLN 13,608 thousand PLN was recognised as long-term. 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 for the three months ending 31 March 2019. As at 31 March 2019, additional liability related to the lease of the office by Domodi Sp. z o.o. in Wrocław was recognised in the amount of PLN 7,862 thousand, out of which PLN 7.334 thousand is presented as long-term and PLN 528 thousand as short-term.

In the first quarter of 2019, the Group's liabilities due to loans, borrowings and leasing of property, plant and equipment decreased their value by PLN 4,739 thousand. This decrease was caused, among other factors by the repayment at the end of March 2019 of the next tranche of the investment loan in the amount of PLN 4,338 thousand and the settlement of 250 thousand of the loan granted from the minority shareholder, the balance of which as at 31 March 2019 is PLN 1,387 thousand.

Liabilities related to business combinations decreased by PLN 2,457 thousand as a result of the repayment in January 2019 of the first instalment of the retained purchase price for Extradom Sp. z o.o.

Liabilities with respect to the put option for non-controlling interests in Nocowanie.pl Sp. z o.o. increased by PLN 268 thousand due to the reversal of the discount on this liability in the first quarter of 2019.

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 31 March 2019, with four instalments paid, the value of the liability calculated at the amortised cost equals PLN 9,077 thousand, PLN 7,492 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 31 March 2019	Structure 2019	As of 31 December 2018	Structure 2018	Change PLN'000	Change %
Loans and leases of fixed assets	31 696	16,9%	31 939	16,7%	(243)	(0,8%)
Lease liabilities related to right to use of the buildings	8 552	4,6%	-	0,0%	8 552	nd
Cash trade and other payables	57 714	30,8%	55 894	29,2%	1 820	3,3%
Barter trade and other payables	1 216	0,6%	1 792	0,9%	(576)	(32,1%)
Contract and refund liabilities	40 165	21,5%	32 566	17,0%	7 599	n/a
State liabilities	10 556	5,6%	8 582	4,5%	1 974	23,0%
Wages and salaries payables	8 229	4,4%	9 554	5,0%	(1 325)	(13,9%)
Liabilities in respect of purchase of property, plant and equipment and intangible assets	5 192	2,8%	9 478	5,0%	(4 286)	(45,2%)
Other short term payables	7 470	4,0%	9 006	4,7%	(1 536)	(17,1%)
Provision for employee benefits	4 709	2,5%	3 828	2,0%	881	23,0%
Other provisions	1 888	1,0%	1 988	1,0%	(100)	(5,0%)
Contingent liabilities related to business combinations	6 052	3,2%	5 849	3,1%	203	3,5%
Liabilities raleted to business combinations (other than earn-out)	3 147	1,7%	18 694	9,8%	(15 547)	(83,2%)
Current income tax liabilities	658	0,4%	1 951	1,0%	(1 293)	(66,3%)
Short-term liabilities	**187 244**	**100,0%**	**191 121**	**100,0%**	**(3 877)**	**(2,0%)**

The drop in the short-term liabilities was mainly due to the settlement in 2019 of the liability related to the acquisition 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 4,286 thousand compared to December 2018.

On the other hand, a significant increase was recorded in short-term leases related to the right to use of buildings, recognized by the Group as of 1 January 2019 in connection with the first application of IFRS 16. This issue is described in more detail in the long-term liabilities' part of the report.
Moreover, in the analysed period, a significant increase was recorded in contract and refund liabilities The liability for the return of remuneration increased by PLN 6,892 thousand, which results from the fact that in the first quarter of the year, liabilities for the previous year are usually still not settled and simultaneously accrual for current sales is recorded. At the same time, the contract liabilities with customers also increased by PLN 707 thousand.

Other liabilities did not change significantly.

Equity

PLN'000	As of 31 March 2019	Structure 2019	As of 31 December 2018	Structure 2018	Change PLN'000	Change %
Equity attributable to equity holders of the Parent Company, including:	472 177	97,7%	457 080	97,7%	15 097	3,3%
Share capital	1 450	0,3%	1 449	0,3%	1	0,1%
Supplementary capital	321 224	66,5%	320 895	68,6%	329	0,1%
Revaluation reserve	152	0,0%	55	0,0%	97	176,4%
Other reserves	(3 192)	(0,7%)	(3 774)	(0,8%)	582	(15,4%)
Retained earnings	152 543	31,6%	138 455	29,6%	14 088	10,2%
Non-controlling interests	10 960	2,3%	10 680	2,3%	280	2,6%
Equity	**483 137**	**100,0%**	**467 760**	**100,0%**	**15 377**	**3,3%**

During the three months of 2019, the equity attributable to the parent company's shareholders increased by PLN 15,097 thousand in total. The change in equity attributable to the parent company's shareholders resulted from the following events:

- Increase by PLN 331 thousand due to registration, admission to trading and issuing shares under share option plans, out of which PLN 2 thousand increased share capital and the remaining part - PLN 329 thousand was booked as supplementary capital
- increase by PLN 97 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 582 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 three months ending 31 March 2019 of PLN 14,088 thousand.

In the first quarter of 2019 the non-controlling interests increased by PLN 280 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.

Cash flows of the Group

PLN'000	Three months ending 31 March 2019	Three months ending 31 March 2018
Net cash flows from operating activities	52 630	42 147
Net cash flows from investing activities	(51 061)	(107 093)
Net cash flows from financing activities	(10 657)	78 041
Total net cash flows	**(9 088)**	**13 095**

During three months of 2019, the EBITDA generated by the Group of PLN 40,468 thousand contributed to generating a positive cash flow of PLN 52,630 thousand from operating activities.

Cash flows from investing activities were negative and amounted to PLN (51,061) 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 16,650 thousand) and the repayment of the first part of the retained purchase price of shares in Extradom Sp. z o.o. (PLN 1,526 thousand). In the first quarter of 2019 the Group purchased 100% of shares in Travel Network Solutions Sp. z o.o. for PLN 6,750 thousand and 13% of shares in Teroplan Sp. z o.o. for PLN 7,754 thousand. Moreover, investing cash flows resulted from expenditure incurred (CAPEX) on the purchase of intangibles and fixed assets (PLN 18,197 thousand).

Cash flows from financing activities in the first quarter of 2019 amounted to PLN (10,657) thousand mainly due to the repayment of one loan installment (PLN 4,338 thousand) and repayment of a part of the loan to a minority shareholder (PLN 250 thousand). At the same time, the Group repaid interest and bank commissions in the amount of PLN 4,093 thousand. As part of financing activities the Group recognized inflows due to share capital increased under share option plans (PLN 331 thousand), the financial lease repayment of PLN (453) thousand and the lease repayment on the right to use of the buildings (PLN 1,883 thousand).

Selected financial ratios of the online segment

Financial ratios ONLINE SEGMENT	Three months ending 31 March 2019	Three months ending 31 March 2018
Sales (PLN'000)	152 390	114 915
Sales (YoY increase)	32,6%	11,9%
Cash sales	147 849	110 891
Cash sales (YoY increase)	33,3%	17,4%
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)	1,66	1,61

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 quarter of 2019 were 32.6% higher than the sales calculated on the basis of the financial data for the corresponding period of the previous year.

Extradom is the only entity in the Group that sales goods and recognizes the revenues in the full value of prices of the good sold (GMV). The above model reduces 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. Due to the early stage of its development, the ratios of the segment would be difficult to analyse and would be prone to high volatility.

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;
- launch of 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 31 March 2019 the balance of the Group's liability resulting from loan agreement amounted to PLN 360 million.

During the three months of 2019, the Group's interest and commissions expenses, the bulk of which resulted from interest on the bank loan, amounted to PLN 4,375 thousand. The amount of these costs in consecutive periods will depend on WIBOR 3M which amounted to 1.72% as at 31 March 2019.

- **The launch of 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 4,605 thousand. At the same time, this segment generated a negative EBITDA of PLN 1,783 thousand.

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 of 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 ul. 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 31 March 2019 and as of the date of preparing this report the composition of the Management Board was as follows

Management Board WP Holding S.A.

- Jacek Świderski
  CEO
- Elżbieta Bujniewicz-Belka
  CFO
- Michał Brański
  VP Product Strategy
- Krzysztof Sierota
  VP Engineering

As of 31 March 2019 the composition of Supervisory Board was as follows :

Supervisory Board WP Holding S.A.

- Jarosław Mikos
  Chairman of the Board
  /Member of Audit Committee
- Beata Barwińska-Piotrowska
  Member of the Board
- Krzysztof Krawczyk
  Member of the Board
  /Chairman of Audit Committee
- Mariusz Jarzębowski
  Member of the Board
  /Member of Audit Committee
- Piotr Walter
  Member of the Board
- Aleksander Wilewski
  Member of the Board

There were no changes in the composition of either the Management or the Supervisory Board in 2019.

Structure of share capital

As of 31 March 2019 the share capital of the Company consisted of 28,974,430 shares with a par value of PLN 0.05 each, entitling 40,264,139 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;
- 619,544 D series ordinary bearer shares;
- 3,339,744 E series ordinary bearer shares;
- 102,104 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 the dividend in 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.

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 31 March 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	13,04%	7 540 401	18,73%
Orfe S.A.	3 763 237	12,99%	7 526 474	18,69%
Michał Brański through subsidiaries including among others:	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 among others:	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	2 033 159	7,02%	2 033 159	5,05%
Other	15 609 779	53,87%	15 609 779	38,77%
Total	**28 974 430**	**100,00%**	**40 264 139**	**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 (nominal value of PLN 933) 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 21 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 24 to the consolidated financial statements of the Group for the period of three months ending 31 March 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 24 to the consolidated financial statements of the Group for the period of three months ending 31 March 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 35 to the consolidated financial statements for the period of 3 months ending 31 March 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 quarter of 2019 the provision for court proceedings decreased by PLN 100 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 32 of the consolidated financial statements for the 3 months ending 31 March 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 31 December 2018 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 26 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 31 March 2019 the loan balance equals PLN 1,387 thousand.

Inter-company loans

As of 31 March 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.

Consolidated Financial Statements of WP Capital Group for the period of 3 months ending 31 March 2019

CONSOLIDATED INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME

[PLN'000]	Note	Three months ending 31 March 2019	Three months ending 31 March 2018
Sales	10	**156 995**	**117 810**
Cost of goods sold		(8 468)	-
Amortization and depreciation		(16 381)	(13 453)
Amortization and depreciation of acquired programming rights		(1 371)	(727)
Amortisation of right to use of the buildings		(2 182)	-
Materials and energy used		(1 698)	(1 621)
Costs related to acquisitions of subsidiaries and restructuring, including:	11,12	(1 379)	(2 001)
External services	11,12	(915)	(472)
Salary and employee benefit expense	11,12	(185)	(636)
Other operating expenses	11,12	(279)	(893)
Costs of the employee option scheme	24	(582)	(327)
Other external services		(51 236)	(42 242)
Other salary and employee benefit expenses		(47 450)	(36 514)
Other operating expenses	14	(2 756)	(2 559)
Other operating income/gains	13	225	183
Gain/loss on disposal of other financial assets		-	-
Operating profit		**23 717**	**18 549**
Finance income	15	1 207	609
Finance costs	16	(5 113)	(4 981)
Revaluation of commitments to purchase non-controlling interests and other liabilities on business combinations		-	(1 686)
Profit before tax		**19 811**	**12 491**
Income tax	17	(5 443)	(4 162)
Net profit		**14 368**	**8 329**
Other comprehensive income	25	**97**	169
Comprehensive income		**14 465**	**8 498**
Net profit attributable to:			
Equity holders of the Parent Company		14 088	7 138
Non-controlling interests		280	1 191
Comprehensive income attributable to:			
Equity holders of the Parent Company		14 185	7 307
Non-controlling interests		280	1 191
Net profit attributable to equity holders of the Parent Company per share (in PLN)			
Basic	18	0,49	0,25
Diluted	18	0,48	0,25

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

PLN'000	Note	As of 31 March 2019	As of 31 December 2018
Non-current assets			
Property, plants and equipment	19,20	55 635	58 252
Right to use of the buildings	19,20	24 950	-
Goodwill	21,22	357 701	352 090
Trademarks	19,20	177 297	178 544
Homepage and WP mail	19,20	119 340	120 961
Other intangible assets	19,20	110 079	107 159
Non-current programming assets	19,20	6 085	5 385
Long-term receivables		358	501
Other financial assets		25 273	16 612
Deferred tax assets	17	10 923	15 162
		887 641	**854 666**
Current assets			
Current programming assets		3 125	3 369
Trade and other receivables	19	137 746	138 748
Cash and cash equivalents		57 547	66 663
		198 418	**208 780**
TOTAL ASSETS		**1 086 059**	**1 063 446**
Equity			
Equity attributable to equity holders of the Parent Company			
Share capital	23	1 450	1 449
Supplementary capital		321 224	320 895
Revaluation reserve	25	152	55
Other reserves		(3 192)	(3 774)
Retained earnings		152 543	138 455
		472 177	**457 080**
Non-controlling interest		***10 960***	***10 680***
		483 137	**467 760**
Long-term liabilities			
Loans and leases of fixed assets	26	332 481	337 220
Lease liabilities related to right to use of the buildings		19 457	-
Other long-term liabilities	28	45 977	49 626
Deferred tax liability	17	17 763	17 719
		415 678	**404 565**
Short-term liabilities			
Loans and leases of fixed assets	26	31 696	31 939
Lease liabilities related to right to use of the buildings		8 552	-
Trade and other payables	28	139 741	151 415
Provisions for employee benefits	27	4 709	3 828
Other provisions	27	1 888	1 988
Current income tax liabilities		658	1 951
		187 244	**191 121**
TOTAL EQUITY AND LIABILITIES		**1 086 059**	**1 063 446**

WP Holding SA

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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 2019		**1 449**	**320 895**	**55**	**(3 774)**	**138 455**	**457 080**	**10 680**	**467 760**
Net profit/ (loss)		-	-	-	-	14 088	14 088	280	14 368
Other comprehensive income	25	-	-	97	-	-	97	-	97
Total comprehensive income		**-**	**-**	**97**	**-**	**14 088**	**14 185**	**280**	**14 465**
Option scheme	24	1	329	-	582	-	912	-	912
Equity as of 31 March 2019		**1 450**	**321 224**	**152**	**(3 192)**	**152 543**	**472 177**	**10 960**	**483 137**

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)		-	-	-	-	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 minority recognition 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**

Holding SA

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)		-	-	-	-	7 138	7 138	1 191	8 329
Other comprehensive income		-	-	169	-	-	169	-	169
Total comprehensive income		**-**	**-**	**169**	**-**	**7 138**	**7 307**	**1 191**	**8 498**
Option scheme		-	-	-	327	-	327	-	327
Acquisition of non-controlling interest						8 838	8 838	(10 307)	(1 469)
Adjustment to minority recognition on acquisition		-	-	-	-	-	-	100	100
Dividend paid		-	-	-	-		-	(4 506)	(4 506)
Equity as of 31 March 2018		**1 443**	**318 759**	**(377)**	**(36 657)**	**127 852**	**411 020**	**5 957**	**416 977**

CONSOLIDATED CASH FLOW STATEMENT

PLN'000	Note	Three months ending 31 March 2019	Three months ending 31 March 2018
Cash flows from operating activities			
Profit before tax		**19 811**	**12 491**
Adjustments for:		**22 688**	**18 643**
Amortisation and depreciation		16 381	13 453
Amortisation of programming assets		1 371	727
Amortisation of right to use of the buildings		2 182	-
Payments for programming rights		(2 432)	(2 174)
Losses on the sale /liquidation/revaluation of property, plant and equipment and intangible assets		349	92
Finance income and costs		5 113	4 981
Finance income on revaluation of other financial assets and investment liabilities		(908)	-
Revaluation of contingent liabilities arising from business combinations and commitments to purchase non-controlling interests		-	1 686
Costs of the employee option scheme		582	327
Other adjustments		50	(449)
Changes in working capital		**13 889**	**12 761**
Change in trade and other receivables	33	2 563	(897)
Change in trade and other payables	33	10 557	12 858
Change in provisions	33	769	800
Income tax paid		(3 787)	(1 780)
Income tax refunded		29	32
Net cash flows from operating activities		**52 630**	**42 147**
Cash flows from investing activities			
Sale of intangible assets and property, plant and equipment		109	13
Purchase of intangible assets and property, plant and equipment		(18 197)	(16 522)
Repayment of contingent liabilities arising from business combinations		(18 266)	(3 998)
Acquisition of subsidiary (less cash acquired)	33	(6 715)	-
Exercising of the option to acquire non-controlling interest	-	-	(86 586)
Acquisition of other investment assets		(7 754)	-
Other		(238)	-
Net cash flows from investing activities		**(51 061)**	**(107 093)**
Net cash flows from financing activities			
Payments due to share capital increase		331	-
Loans received		29	85 484
Repayment of finance leases		(453)	(130)
Payments for right to use of the buildings		(1 883)	-
Repayment of bank commissions		(648)	(585)
Interest paid		(3 445)	(2 222)
Repayment of loans received		(4 588)	-
Dividends to non-controlling shareholders		-	(4 506)
Net cash flows from financing activities		**(10 657)**	**78 041**
Total net cash flows		**(9 088)**	**13 095**
Cash and cash equivalents at the beginning of the period		**66 663**	**46 442**
Impact of exchange differences on cash and cash equivalents		(28)	(28)
Cash and cash equivalents at the end of the period		**57 547**	**59 509**

Notes to 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 15 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 three 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 31 March 2019, consolidated income statement and other comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity for three months ending 31 March 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 analyzes 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.

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:

- all contracts, except for 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 from the right to use the real estate will be presented as "Assets due to the right to use of the building". The rights to use cars and technical devices 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, plants and equipment	58 252	-	58 252
Right to use of the buildings	-	19 270	19 270
Other non-current assets	796 414	(140)	796 274
Non-current asset	**854 666**	**19 130**	**873 796**
Current assets	**208 780**	**-**	**208 640**
TOTAL ASSETS	**1 063 446**	**19 130**	**1 082 436**
Equity	**467 760**	**-**	**467 760**
Loans and leases of fixed assets	337 220	-	337 220
Lease liabilities related to right to use of the buildings	-	13 608	13 608
Other long-term liabilities	67 345	-	67 345
Long-term liabilities	**404 565**	**13 608**	**418 173**
Loans and leases of fixed assets	31 939	-	31 939
Lease liabilities related to right to use of the buildings	-	8 423	8 423
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**

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:

- exclude 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

Discount rates adopted by the Company for the purpose of valuation in accordance with IFRS 16 were based on WIOBOR and EURIBOR rates, adjusted for the margin used by companies of the group to incur debt. Discount rates include the maturity and currency of contracts and are not differentiated by type of asset.

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

PLN'000	Three months ending 31 MAarch 2019 (in accordance with IAS 17)	IFRS 16 Adjustment	Three months ending 31 March 2019 (in accordance with IFRS 16)
Sales	**156 995**		**156 995**
Cos of goods sold	(8 468)		(8 468)
Amortisation and depreciation	(16 381)		(16 381)
Amortisation of programming assets	(1 371)		(1 371)
Amortisation of right to use of the building	-	(2 182)	(2 182)
Materials and energy used	(1 698)		(1 698)
Costs related to acquisitions of subsidiaries and restructuring	(1 379)		(1 379)
Costs of the employee option scheme	(582)		(582)
Other external services	(53 048)	1 812	(51 236)
Other salary and employee benefit expenses	(47 450)		(47 450)
Other operating expenses	(2 756)		(2 756)
Other operating income/gains	225		225
Gain/loss on disposal of other financial assets	-		-
Operating profit	**24 087**	**(370)**	**23 717**
Finance income	1 207		1 207
Finance costs	(5 012)	(101)	(5 113)
Profit before tax	**20 282**	**(471)**	**19 811**
Income tax	(5 532)	89	(5 443)
Net profit	**14 750**	**(382)**	**14 368**

- **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.

- **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 previously issued and non-binding amendments to standards and interpretations will not have a material impact on the consolidated financial statements of the Group.

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 17 May 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 31 March 2019 amounted to PLN 11,443 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 31 March 2019 amounted to PLN 35,486 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 28).

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 2.8%. An increase in the discount rate of 1 p.p. decreases the liability by 1.7%.

The commitment was initially estimated at PLN 11,571 thousand. As of 31 March 2019 the value of these commitments amounted to PLN 22,032 thousand and as of 31 December 2018 amounted to PLN 21,763 thousand.

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".

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. As of 31 March 2019, the Group did not identify any indications of impairment.

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., 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 and perspective, the Management Board decided to present information regarding this segment from 2016.

Three months ending 31 March 2019 (PLN'000)	Segment Online	Segment TV	Total
Sales	152 390	4 605	156 995
including cash sales	147 849	4 605	152 454
EBITDA MSSF 16 (NOTE 11)	44 063	(1 783)	42 280
Adjusted EBITDA MSSF 16 (NOTE 11)	45 806	(1 763)	44 043

Threee months ending 31 March 2018 (PLN'000)	Online Segment	TV Segment	Total
Sales	114 915	2 895	117 810
including cash sales	110 891	2 895	113 786
EBITDA MSR 17	34 590	(2 588)	32 002
Adjusted EBITDA MSR 17	37 497	(2 522)	34 975

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 31 March 2019 the Capital Group represented: the parent company Wirtualna Polska Holding SA and 15 subsidiaries. The consolidated financial statements of the Group comprise the Company and the following subsidiaries:

No.	Name of subsidiary	Location	% of shares 31 March 2019	% of shares 31 grudnia 2018 roku
1	Wirtualna Polska Media S.A.	Poland, Warsaw	100%	100%
2	Totalmoney.pl Sp. z o.o.	Poland, Wroclaw	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, Wroclaw	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	WP Z 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, Wroclaw	100%	100%
13	Parklot Sp. z o.o.	Poland, Warsaw	100%	100%
14	Superauto24.com Sp. z o.o.	Poland, Chorzow	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. Purchase price amounted to PLN 6.8 million.

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 dated 6 March 2019, Wirtualna Polska Holding SA concluded with INNC Limited, Michał Laskowski and Digitics SA an investment agreement under which WPH acquired 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 QUARTER 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;
- launch of 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. 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 million) 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 31 March 2019 the balance of the Group's liability resulting from loan agreement amounted to PLN 360 million.

During the nine months of 2019, the Group's interest and commissions expenses, the bulk of which resulted from interest on the bank loan, amounted to PLN 4,375 thousand. The amount of these costs in consecutive periods will depend on WIBOR 3M which was 1.72% as of 31 March 2019.

The activities in the television advertising market

The results of the Group for 2018 and 2019 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 4,605 thousand. At the same time, this segment generated a negative EBITDA of PLN 1,783 thousand in the three months.

Apart from the factors referred to above during the period of three months ending 31 March 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 THREE MONTHS OF 2018

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.

Other

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

10. SALES

PLN'000	Three months ending 31 March 2019	Three months ending 31 March 2018
Sales in ONLINE segment, including:	**152 390**	**114 915**
Sales of services settled in cash	147 849	110 891
Sales of services settled in barter	4 541	4 024
Sales in TV segment, including:	**4 605**	**2 895**
Sales of services settled in cash	4 605	2 895
Sales of services settled in barter	-	-
Total	**156 995**	**117 810**

PLN'000	Three months ending 31 March 2019	Three months ending 31 March 2018
Domestic sales	124 534	91 313
Export sales	32 461	26 497
European Union	28 927	22 393
Outside European Union	3 534	4 104
Total	**156 995**	**117 810**

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 the comparative data for previous years (including for 2018)were calculated.

PLN'000	Three months ending 31 March 2019 (in accordance with IFRSF 16)	Three months ending 31 March 2019 (in accordance with IAS 17)	Three months ending 31 March 2018 (in accordance with IAS 17)
Profit before tax	**19 811**	**19 811**	**12 491**
Impact of IFRS 16	-	471	-
Profit before tax adjusted	**19 811**	**20 282**	**12 491**
Finance costs	5 113	5 012	4 981
Finance income	(1 207)	(1 207)	(609)
Revaluation of commitments to purchase non-controlling interests	-	-	1 686
Operating profit	**23 717**	**24 087**	**18 549**
Amortisation of right to use assets	2 182		
Amortisation of fixed and intangible assets	16 381	16 381	13 453
EBITDA	**42 280**	**40 468**	**32 002**
Adjustments:			
Restructuring and transaction costs - external services	915	915	472
Restructuring and transaction costs – salary and employee benefit expenses	185	185	636
Restructuring and transaction costs -other operating expenses and gains	279	279	893
Costs of the employee option scheme	582	582	327
Net result on barter transactions settlement	(219)	(219)	538
Revaluation and liquidation of non-financial assets	36	36	96
Other	(15)	(15)	11
Adjusted EBITDA	**44 043**	**42 231**	**34 975**

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 comparing 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. Due to signing of new lease agreements in Warsaw and Wroclaw, the Management decided that the depreciation of the current right to use of headquarters in these cities should be accelerated as the buildings will be vacant prior to the original termination date of the contract.

PLN'000	Three months ending 31 March 2019 (in accordance with IFRSF 16)	Three months ending 31 March 2019 (in accordance with IAS 17)	Three months ending 31 March 2018 (in accordance with IAS 17)
Profit before tax	**19 811**	**19 811**	**12 491**
Impact of IFRS 16	-	471	
Profit before tax adjusted	**19 811**	**20 282**	
Adjustments:			
Restructuring and transaction costs - external services	915	915	472
Restructuring and transaction costs – salary and employee benefit expenses	185	185	636
Restructuring and transaction costs -other operating expenses and gains	279	279	893
Costs of the employee option scheme	582	582	327
Net result on barter transactions settlement	(219)	(219)	538
Revaluation and liquidation of non-financial assets	36	36	96
Revaluation of commitments to purchase non-controlling interests and other liabilities related to business combinations	-	-	1 686
Accelerated amortisation of rights to use of the buildings	418	-	-
Other	(15)	(15)	11
Total Adjustments	**2 181**	**1 763**	**4 659**
Adjusted profit before tax	**21 992**	**22 045**	**17 150**

13. OTHER OPERATING INCOME/GAINS

The following table presents other operating income/gains:

PLN'000	Three months ending 31 March 2019	Three months ending 31 March 2018
Revenues from grants	144	98
Liabilities expired and forgiven	1	14
Repayment of receivables previously written off	-	10
Other	80	61
Total	**225**	**183**

14. OTHER OPERATING EXPENSES

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

PLN'000	Three months ending 31 March 2019	Three months ending 31 March 2018
Representation and other costs by type, including:	1 092	826
Representation	441	479
Other costs by type	651	347
Write-downs of receivables	164	241
Taxes and charges	799	563
Revaluation of provisions	239	287
Revaluation and liquidation of non-financial assets	342	96
Los on sale of non-financial assets	7	-
Other costs by type	113	546
Costs related to acquisitions of subsidiaries and restructuring	279	893
Total	**3 035**	**3 452**
including:		
Restructuring related costs	279	893
Other operating expenses	2 756	2 559

15. FINANCE INCOME

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

PLN'000	Three months ending 31 March 2019	Three months ending 31 March 2018
Interest income	82	74
Currency exchange differences	209	-
Other	916	535
Total	**1 207**	**609**

16. FINANCE EXPENSES

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

PLN'000	Three months ending 31 March 2019	Three months ending 31 March 2018
Interest and commissions	4 375	2 985
Reversal of discount on investment liabilities	470	1 878
Revaluation of financial assets	-	88
Other	268	30
Total	**5 113**	**4 981**

17. CURRENT AND DEFERRED INCOME TAX

The following table presents the current and deferred income tax incurred by the Group in the first quarter of 2019 and 2018

PLN'000	Three months ending 31 March 2019	Three months ending 31 March 2018
Current income tax	**1 407**	**585**
For the financial year	1 407	585
Adjustments to previous year	-	-
Deferred tax	**4 036**	**3 577**
Temporary differences arising and reversed	4 036	3 577
Total income tax	**5 443**	**4 162**

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	Three months ending 31 March 2019	Three months ending 31 March 2018
Profit before tax	**19 811**	**12 491**
Corporate income tax at the statutory rate of 19%	**3 764**	**2 373**
Tax effects of the following items:		
Revenues and costs non-taxable permanent differences	1 122	1 290
Revaluation of commitments to purchase non-controlling interests	-	320
The reversal of the discount on commitments to purchase non-controlling interest	87	310
Activated portion of tax loss on the sale of WP Shopping	503	31
Other	(33)	(162)
Total income tax	**5 443**	**4 162**

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	31 March 2019
Deferred tax assets:					
Change in tax values of assets as a result of internal reorganization of the Group	12 534	(1 091)	-	-	11 443
Unutilized tax losses	41 022	(5 536)	-	-	35 486
Write-downs of assets	995	583			1 578
Differences in tax and carrying amounts of liabilities	12 759	3 136	3 110		19 005
Other differences	689	144			833
Deferred tax assets:	**67 999**	**(2 764)**	**3 110**	**-**	**68 345**
Deferred tax liability:					
Differences in carrying and tax amounts of property, plant and equipment	67 975	2 456	3 110	247	73 788
Other	2 581	(1 184)			1 397
Deferred tax liability	**70 556**	**1 272**	**3 110**	**247**	**75 185**
Deferred tax assets/liability net	**(2 557)**	**(4 036)**	**-**	**(247)**	**(6 840)**

PLN'000	31 March 2019	1 January 2019
Offsetting of deferred tax liability	(57 422)	(52 837)
Deferred tax assets after offsetting	**10 923**	**15 162**
Deferred tax liabilities after offsetting	**17 763**	**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 31 March 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 24).

PLN'000	Three months ending 31 March 2019	Three months ending 31 March 2018
Net profit attributable to equity holders of the Parent Company	**14 088**	**7 138**
Weighted average number of shares shown for the purpose of calculating basic earnings per share (no. of units)	28 961 926	28 855 224
Effect of diluting the number of ordinary shares	174 637	212 857
Weighted average number of ordinary shares shown for the purpose of calculating diluted earnings per share (no. of units)	29 136 563	29 068 081
Basic (in PLN)	0,49	0,25
Diluted (in PLN)	*0,48*	*0,25*

19. CHANGES IN ALLOWANCES FOR ASSETS

During the three months ending 31 March 2019 the Group adjusted the value of allowances for trade receivables by PLN 164 thousand.

In the first three months of 2019 write-downs on intangible assets and property, plant and equipment and programming assets of PLN 342 thousand were recorded.

20. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

In the period from 1 January 2019 to 31 March 2019 the Group purchased property, plant and equipment of PLN 2.1 million and intangible assets of PLN 10.5 million. In addition, the acquisition of programming assets amounted to PLN 2.1 million. As of 31 March 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 31 March 2019	As of 31 December 2018
Wirtualna Polska Media S.A.	Publishing and Advertising activities	92 040	92 040
Money.pl Sp. z o.o. (the Group)	Publishing and Advertising activities	11 550	11 550
Money.pl Sp. z o.o. (the 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	15 372	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	17 940	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 book value)		**357 881**	**352 270**
Goodwill impairment loss:			
http Sp. z o.o.	Publishing and Advertising activities	(180)	(180)
Goodwill (net book value)		**357 701**	**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 stores. After this transaction, Wakacje.pl group will comprise over 350 stationary offices operating under the following brands: Wakacje.pl, My Travel and Wakacyjny Świat, which constitutes 70%. the domestic market of salons of the agency networks. Some of the Wakacyjny Świat salons 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 411 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 quarter 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 31 March 2019 (data included in these consolidated financial statements). The presented data have not been audited by a certified auditor

Since 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)

Since the acquisition date to 31.03.2019	
PLN'000	Travel Newtork Solutions Sp. z o.o.
Sales	427
Cash sales	427
EBITDA	(52)
Adjusted EBITDA	(52)
Net profit	(58)

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-travelersnik.pl uses over 3 million passengers. Teroplan S.A. 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 processes and vehicle management processes. The project is in line with the latest global trends in the application of artificial intelligence technology in the management and use of information contained in big data collections.

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 of Digitics SA by the end of 2019 in exchange for a further contribution of PLN 2.5 million. The subscription of new shares will allow WPH to maintain a 20% stake in the share capital of Digitics SA.

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 its 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 meet 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.

23. SHARE CAPITAL

As of 31 March 2019, the share capital was composed of 28,974,430 shares with a par value of PLN 0.05 each, including 11,289,709 preferred voting shares and 17,684,721 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:	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:	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:	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	2 033 159	7,02%	2 033 159	5,05%
Others	15 609 779	53,87%	15 609 779	38,77%
Total	**28 974 430**	**100,00%**	**40 264 139**	**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:	3 777 164	13,04%	7 540 401	18,74%
Orfe S.A.	3 763 237	13,00%	7 526 474	18,70%
Michał Brański through subsidiaries:	3 777 164	13,04%	7 540 400	18,74%
10X S.A.	3 763 236	13,00%	7 526 472	18,70%
Krzysztof Sierota through subsidiaries:	3 777 164	13,04%	7 540 400	18,74%
Albemuth Inwestycje S.A.	3 763 236	13,00%	7 526 472	18,70%
Founders together*	**11 331 492**	**39,13%**	**22 621 201**	**56,21%**
AVIVA OFE	2 033 159	7,02%	2 033 159	5,05%
Others	15 590 917	53,84%	15 590 917	38,74%
Total	**28 955 568**	**100,00%**	**40 245 277**	**100,00%**

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

- **Significant changes of shareholders**

There were no significant changes to the shareholders' structure in the first quarter 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.

- **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.

24. 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 31 March 2019 in respect of the scheme amounted to PLN 141 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	(13 777)
As of 31 March 2019	**222 968**
Including the number of options vested as of the balance sheet date	28 268

The exercise price of the options outstanding as of 31 March 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 5.5 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 estimated option value in the scheme amounted to PLN 9,039 thousand.

The total costs recognized in the financial result for the period ending 31 March 2019 in respect of the scheme amounted to PLN 442 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	(5 085)
As of 31 March 2019	**464 315**
Including the number of options vested as of the balance sheet date	57 261

The exercise price of the options outstanding as of 31 March 2019 amounted to PLN 32, and the period remaining to the end of contractual life of the option is between 3.5 and 6 years.

25. DISCLOSURE OF COMPONENTS OF OTHER COMPREHENSIVE INCOME

Hedge accounting

As at 31 December 2019 the Group was not a party to active hedging transactions.

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. The surplus of the amount paid for early termination of hedging transactions over the valuation of these instruments as at the settlement date in the amount of PLN 630 thousand is, in the Group's opinion, the cost of arranging additional financing and will be settled over the period of financing.

26. LOANS AND LEASES

PLN'000	As of 31 March 2019	As of 1 January 2019 RESTATED	As of 31 December 2018
Long-term			
Bank loans	329 270	333 436	333 436
Other loans	1 387	1 662	1 662
Finance liabilities related to right to use of the building	19 457	13 608	-
Finance lease of other fixed assets	1 824	2 122	2 122
	351 938	**350 828**	**337 220**
Short-term:			
Bank loans	30 519	30 607	30 607
Finance liabilities related to right to use of the building	8 552	8 423	-
Finance lease of other fixed assets	1 177	1 332	1 332
	40 248	31 939	**31 939**
Total:	**392 186**	**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.

In accordance with IAS 39, the Group classified refinancing as a modification of existing debt, and not its expiration. The Group carried out a test which showed that the discounted present value of cash flows resulting from the provisions of the new loan agreement, including all paid fees, reduced by fees received and discounted using the original effective interest rate, differs by less than 10% from the discounted present value other cash flows due to current financing. As refinancing is not treated as the expiration of an old liability, all costs and charges incurred adjust the carrying amount of the liability and are depreciated in the period remaining until the maturity date of the modified liability.

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 1 January 2018, in connection with the first application of IFRS 9, a recalculation was made using the effective interest rate before the change in the terms of the contract, which resulted in an increase in liabilities due to loans from PLN 211,650 thousand. PLN up to PLN 218,615 thousand. Adjustment of PLN 6,940 thousand PLN was recognized in the retained earnings as at 1 January 2018.

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;

In 2018 the Group utilized PLN 153,378 thousand of CAPEX tranche. In the first quarter of 2019 the Group did not utilise any further tranches.

The debt from the loan agreement was presented in the balance sheet as of 31 March 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 31 March, 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 31 March 2019, the loan accounted for PLN 1,387 thousand.

Finance leases

From 1 January 2019, the Group applied IFRS 16 "Leases" 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 as the right to use of 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.

27. PROVISIONS

PLN'000	As of 31 March 2019	As of 31 December 2018
Provision for employee benefits	**4 709**	**3 828**
provision for pension benefits	307	307
holiday pay provision	4 402	3 521
Other provisions, including:	**1 888**	**1 988**
Provisions for litigation	1 888	1 988
Total	**6 597**	**5 816**

PLN'000	As of 31 March 2019	As of 31 December 2018
Provision for employee benefits		
At the beginning of the period	**3 828**	**3 244**
Recorded during the year	881	558
Business combinations	-	26
At the end of the period	**4 709**	**3 828**
Other provisions		
At the beginning of the period	**1 988**	**1 845**
Recorded during the year	302	1 378
Utilized	(339)	(810)
Released	(63)	(425)
At the end of the period	**1 888**	**1 988**

28. TRADE AND OTHER PAYABLES

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

PLN'000	As of 31 March 2019	As of 1 January 2019 RESTATED	As of 31 December 2018
Long-term			
Contingent liabilities related to business combinations	4 396	4 396	4 396
Liabilities related to business combinations	11 542	13 999	13 999
Liabilities with respect to the put option for non-controlling interests	22 032	21 764	21 764
Liabilities in respect of purchase of property, plant and equipment and intangible assets	7 492	8 990	8 990
Other	515	477	477
	45 977	**49 626**	**49 626**
Short-term			
Contingent liabilities related to business combinations	57 714	55 894	55 894
Liabilities related to business combinations (other than earn-out)	6 052	5 849	5 849
Liabilities with respect to the put option for non-controlling interests	3 147	18 694	18 694
Contract and refund liabilities	40 165	32 566	32 566
State liabilities	10 556	8 582	8 582
Barter liabilities	1 216	1 792	1 792
Wages and salaries payables	8 229	9 554	9 554
Liabilities in respect of purchase of property, plant and equipment and intangible assets	5 192	9 478	9 478
Other	7 470	6 105	9 006
Total	**139 741**	**148 514**	**151 415**

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

29. 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 100 thousand.

30. 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 31 March 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	-	25 273	-	**25 273**
Contingent liabilities related to business combinations	-	-	(10 448)	**(10 448)**
Total liabilities	**-**	**25 273**	**(10 448)**	**14 825**

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 31 March 2019:

PLN'000	Contingent liabilities related to business combinations	
	As of 31 March 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	-	(1 325)
Repayment of liability related to acquisition of Allani Sp. z o.o.	-	(5 608)
Gains and losses recognized in financial result	203	1 010
At the end of the period	**10 448**	**10 245**

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

PLN'000	Carrying amount	Fair value
Loans	361 176	362 183
Finance leases liabilities	3 001	3 001
Finance liabilities related to right to use of the buildings	28 009	28 054
All	**364 177**	**365 184**

31. 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 31 March 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 31 March 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 31 March 2019	As of 31 December 2018
Banks with high rating	57 547	66 663
Total cash at banks	**57 547**	**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.

32. RELATED PARTY DISCLOSURES

As of 31 March 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	Three months ending 31 March 2019	Three months ending 31 March 2018
Purchases		
Subsidiary of a member of the Management or Supervisory Board of the Parent Company	105	-
Total	**105**	**-**
Sales:		
Subsidiary of a member of the Supervisory Board of the Parent Company	372	62
Total	**372**	**62**

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

PLN'000	As of 31 March 2019	As of 31 December 2018
Liabilities		
Subsidiary of a member of the Management or Supervisory Board of the Parent Company	112	24
Total	**112**	**24**
Receivables		
Subsidiary of a member of the Supervisory Board of the Parent Company	351	-
Total	**351**	**-**

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	Three months ending 31 March 2019	Three months ending 31 March 2018
Short-term employee costs (salaries and related benefits)	1 650	1 397
Incentive scheme – share-based payments	159	-
Total	**1 809**	**1 397**

33. EXPLANATIONS TO THE CASHFLOW STATEMENT

PLN'000	Three months ending 31 March 2019	Three months ending 31 March 2018
Change in receivables and other short-term assets arises from the following items:	**2 563**	**(897)**
Change in receivables and other short-term assets per balance sheet	1 002	596
Change in long-term receivables per balance sheet	143	44
Change in assets relating to financing activities	55	(2 265)
Receivables and other assets of companies as of the date of obtaining control	412	-
Change in accounting policies	(140)	(346)
Change in income tax receivables	1 092	1 074
Other	(1)	-
Change in short-term liabilities arises from the following items:	**10 557**	**12 858**
Change in short-term liabilities per balance sheet	(11 674)	(18 319)
Adjustment for a change in investment liabilities	19 630	31 156
Change in accounting policies	2 907	
Liabilities taken over as a result of obtaining control	(349)	-
Change in long-term deferred income	38	173
Change in liabilities in respect of financing activities	-	(300)
Other	5	(1)
Change in provisions arises from the following items:	**769**	**800**
Change in short-term provisions per balance sheet	781	800
Other	(12)	
Purchase of shares in a subsidiary	**(6 715)**	**(86 586)**
Nominal purchase price	(6 750)	(86 586)
Cash and cash equivalents in subsidiaries as of the date of the acquisition's settlement	35	

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.

34. 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.

35. 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.

36. SELECTED CONSOLIDATED FINANCIAL DATA CONVERTED INTO EUR

Consolidated income statement and other comprehensive income

	Three months ending 31 March 2019	Three months ending 31 March 2018	Three months ending 31 March 2019	Three months ending 31 March 2018
	PLN'000		EUR'000	
Segment ONLINE				
Sales	152 390	114 915	35 458	27 502
Cash sales	147 849	110 891	34 401	26 539
Adjusted EBITDA (in accordance with IAS 17)	43 994	37 497	10 236	8 974
EBITDA (in accordance with IAS 17)	42 251	34 590	9 831	8 278
Adjusted EBITDA (in accordance with IFRS 16)	45 806	-	10 658	-
EBITDA (in accordance with IFRS 16)	44 063	-	10 252	-

	Three months ending 31 March 2019	Three months ending 31 March 2018	Three months ending 31 March 2019	Three months ending 31 March 2018
	PLN'000		EUR'000	
Segment TV				
Sales	4 605	2 895	1 071	693
Cash sales	4 605	2 895	1 071	693
Adjusted EBITDA (in accordance with IAS 17)	(1 763)	(2 522)	(410)	(604)
EBITDA (in accordance with IAS 17)	(1 783)	(2 588)	(415)	(619)
Adjusted EBITDA (in accordance with IFRS 16)	(1 763)	-	(410)	-
EBITDA (in accordance with IFRS 16)	(1 783)	-	(415)	-

	Three months ending 31 March 2019	Three months ending 31 March 2018	Three months ending 31 March 2019	Three months ending 31 March 2018
	PLN'000		EUR'000	
Both segments				
Sales	156 995	117 810	36 529	28 195
Cash sales	152 454	113 786	35 473	27 232
Adjusted EBITDA (in accordance with IAS 17)	42 231	34 975	9 826	8 370
EBITDA (in accordance with IAS 17)	40 468	32 002	9 416	7 659
Adjusted EBITDA (in accordance with IFRS 16)	44 043	-	10 248	-
EBITDA (in accordance with IFRS 16)	42 280	-	9 838	-
Amortisation and depreciation of tangible and intangible assets	(16 381)	(13 453)	(3 811)	(3 220)
Operating profit	23 717	18 549	5 518	4 439
Result on financial activities	(3 906)	(6 058)	(909)	(1 450)
Profit before tax	19 811	12 491	4 610	2 989
Net profit	14 368	8 329	3 343	1 993

Consolidated statement of financial position

	As of 31 March 2019	As of 31 December 2018	As of 31 March 2019	As of 31 December 2018
	PLN'000		EUR'000	
Total assets	1 086 059	1 063 446	252 496	247 313
Non-current assets	887 641	854 666	206 366	198 760
Current assets	198 418	208 780	46 130	48 553
Long-term liabilities	415 678	404 565	96 640	94 085
Short-term liabilities	187 244	191 121	43 532	44 447
Equity	483 137	467 760	112 323	108 781
Share capital	1 450	1 449	337	337
Non-controlling interests	10 960	10 680	2 548	2 484

Consolidated cash flow statement

	Three months ending 31 March 2019	Three months ending 31 March 2018	Three months ending 31 March 2019	Three months ending 31 March 2018
	PLN'000		EUR'000	
Net cash flows from operating activities	52 630	42 147	12 246	10 087
Net cash flows from investing activities	(51 061)	(107 093)	(11 881)	(25 630)
Net cash flows from financing activities	(10 657)	78 041	(2 480)	18 677
Total net cash flows	**(9 088)**	**13 095**	**(2 115)**	**3 134**

Conversion into euro was performed based on the following principles:

- amounts presented in zloty as of 31 March 2019 were converted into euro at the exchange rate of 4.3013 (the NBP exchange rate as of 31 March 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 three months ending 31 March 2019 were converted into euro at the exchange rate of 4.2978 (the arithmetic mean of the NBP exchange rates as of the last day of each month of the first quarter of 2019),

- amounts presented in zloty for the period of three months ending 31 March 2018 were converted into euro at the exchange rate of 4.1784 (the arithmetic mean of the NBP exchange rates as of the last day of each month of the first quarter of 2018).

37. 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.

Standalone Financial Statements of Wirtualna Polska Holding SA for the period of 3 months ending 31 March 2019

Standalone income statement and other comprehensive income

in PLN'000	Note	For the period of 3 months ending 31 March 2019	For the period of 3 months ending 31 March 2018
Sales		**-**	**-**
Amortization and depreciation		(3)	(3)
Materials and energy used		(3)	(1)
Costs of the employee option scheme		(159)	32
Other external services		(600)	(675)
Other salary and employee benefit expenses		(978)	(202)
Other operating expenses		(89)	(45)
Dividends received		-	-
Operating loss		**(1 831)**	**(894)**
Finance income		1 223	3 294
Finance costs		(1 382)	(69)
Profit before tax		**(1 990)**	**2 331**
Income tax		112	(441)
Net profit		**(1 878)**	**1 890**
Other comprehensive income		-	-
Comprehensive income		**(1 878)**	**1 890**

Standalone statement of financial position

in PLN'000	Note	As of 31 March 2019	As of 31 December 2018
Non-current assets			
Intangible assets		15	18
Investments in subsidiaries	9	435 799	427 623
Loans granted	9	76 394	85 869
Deferred tax asset		237	125
		512 445	**513 635**
Current assets			
Trade receivables and other assets		1 835	1 511
Cash and cash equivalents		1 080	3 254
		2 915	**4 765**
TOTAL ASSETS		**515 360**	**518 400**
Equity			
Share capital	10	1 450	1 449
Supplementary capital		321 224	320 895
Other reserves		8 383	7 801
Retained earnings		104 684	106 562
		435 741	**436 707**
Long-term liabilities			
Loans and leases		56 420	56 426
Other long-term liability		16 403	18 395
Deferred tax liability		-	-
		72 823	**74 821**
Short-term liabilities			
Loans and leases		2 202	2 196
Trade and other payables		4 594	4 676
Current income tax liabilities		-	-
		6 796	**6 872**
TOTAL EQUITY AND LIABILITIES		**515 360**	**518 400**

Standalone statement of changes in equity

in PLN'000	Equity				
	Share capital	Supplementary capital	Share capital	Retained earnings	Share capital
Equity as of 1 January 2019	1 449	320 895	7 801	106 562	**436 707**
Net profit/loss	-	-	-	(1 878)	(1 878)
Total comprehensive income	**-**	**-**	**-**	**(1 878)**	**(1 878)**
Share capital increase	1	329	-	-	330
Incentive scheme - share-based payments	-	-	582	-	582
Equity as at 31 March 2019	**1 450**	**321 224**	**8 383**	**104 684**	**435 741**

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	Share capital	Retained earnings	Share capital
Equity as of 1 January 2018	**1 443**	**318 759**	**6 439**	**134 454**	**461 095**
Net profit/ (loss)	-	-	-	1 890	1 890
Total comprehensive income	**-**	**-**	**-**	**1 890**	**1 890**
Incentive scheme - share-based payments	-	-	326	-	326
Equity as at 31 March 2018	**1 443**	**318 759**	**6 765**	**136 344**	**463 311**

Standalone cash flow statement

in PLN'000	For the period of 3 months ending 31 March 2019	For the period of 3 months ending 31 March 2018
Cash flows from operating activities		
Profit before tax	**(1 990)**	**2 331**
Adjustments for:	**306**	**(3 252)**
Amortization and depreciation	3	3
Finance income and costs	159	(3 225)
Costs of the employee option scheme	159	(32)
Other adjustments	(15)	2
Changes in working capital	**(778)**	**378**
Change in trade and other receivables	131	108
Change in trade and other payables	(909)	270
Change in provisions	-	-
Income tax paid	(117)	(245)
Income tax return	-	-
Net cash flows from operating activities	**(2 579)**	**(788)**
Cash flows from investing activities		
Repayment of liabilities related to acquisition of subsidiary	(1 616)	-
Repayment of guarantees granted		
Loans granted	-	(3 998)
Repayment of loans granted	9 500	10 000
Repayment of interest on loans granted	858	2 758
Acquisition of subsidiary	(7 753)	(87 475)
Net cash flows from investing activities	**989**	**(78 715)**
Net cash flows from financing activities		
Payments due to share capital increase	330	-
Loans received	-	85 484
Repayment of bank commissions	(376)	-
Interest paid	(541)	(69)
Interest received on cash at banks	3	3
Net cash flows from financing activities	**(584)**	**85 418**
Total net cash flows	**(2 174)**	**5 915**
Cash and cash equivalents at the beginning of the period	**3 254**	**1 491**
Cash and cash equivalents at the end of the period	**1 080**	**7 406**

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 31 March 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 31 March 2019, standalone income statement and other comprehensive income, standalone cash flow statement and standalone statement of changes in equity for three months ending 31 March 2019 was not audited. Standalone financial statements as of 31 December 20178 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 17 May 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 is going to apply 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 17 May 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.

(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 31 March 2019 the Company decreased its allowances for loans granted by PLN 24 thousand.

6. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

In the period from 1 January 2019 to 31 March 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 3 months ending 31 March 2019	For the period of 3 months ending 31 March 2018
Purchase		
Subsidiaries	81	258
Total	**81**	**258**
Sales of services		
Subsidiaries	-	-
Total	**-**	**-**
Interest income, guarantees and dividends		
Subsidiaries	1 221	3 290
Total	**1 221**	**3 290**
Interest and guarantees costs		
Subsidiaries	340	69
Total	**340**	**69**

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

in PLN'000	As of 31 March 2019	As of 31 December 2018
Receivables		
Subsidiaries	19	215
Total	**19**	**215**
Loans granted		
Subsidiaries	76 931	85 869
Total	**76 931**	**85 869**
Liabilities		
Subsidiaries	420	87
Total	**420**	**87**

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

in PLN'000	For the period of 3 months ending 31 March 2019	For the period of 3 months ending 31 March 2018
Short-term employee costs (salaries and related benefits)	900	202
Incentive scheme - share-based payments	159	-
Total	**1 059**	**202**

8. LONG-TERM FINANCIAL ASSETS

Shares

As of 31 March 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.	205 559	-	205 559	100%	100%
Domodi Sp. z o.o.	120 193		120 193	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	100%	100%
WPZ Sp. z o.o.	1 035	-	1 035	100%	100%
As at 31 March 2019	**435 799**	**-**	**435 799**		

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
Grupa Wirtualna Polska 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.

Loans granted
During the first three months of 2019, the subsidiary Wirtualna Polska Media SA repaid PLN 9,500 thousand of the capital and PLN 788 thousand of interest. TotalMoney.pl Sp. z o.o. repaid the accrued interest on the loan in the amount of PLN 70 thousand.
In the analyzed period, the write-down for loans granted for potential credit risk decreased by PLN 24 thousand.

9. SHARE CAPITAL

Detailed information about the structure and changes in Company's equity and dividend declared is presented in Note 23 to the condensed consolidated interim financial statements

10. LOANS AND BORROWINGS RECEIVED

in PLN'000	As of 31 March 2019	As of 31 December 2018
Long-term:		
Bank loans	56 420	56 426
	56 420	**56 426**
Short-term		
Bank loans	2 202	2 196
	2 202	2 196
Total	**58 622**	**58 622**

Detailed information on the credit granted to the Company is described in note 26 of the condensed consolidated financial statements.

11. EXPLANATION TO THE CASH FLOW STATEMENT

PLN'000	As of 31 March 2019	As of 31 December 2018
Change in receivables and other short-term assets arises from the following items:	**131**	**98**
Change in receivables and other short-term assets per balance sheet	(324)	98
Changes in guarantees receivable	338	-
Change in income tax receivables	117	-
Change in short-term liabilities arises from the following items:	**(909)**	**(118)**
Change in short-term liabilities per balance sheet	(2 074)	(111)
Adjustment for a change in investment liabilities	1 501	(7)
Change in liabilities in respect of financing activities	(340)	
Other	4	-
Purchase of shares in a subsidiary	**(202 913)**	**-**
Nominal purchase price	(7 742)	-
Taxes and charges directly related to the purchase increasing the value of the investment	(11)	-

12. EVENTS AFTER BALANCE SHEET DATE

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

13. SELECTED STANDALONE FINANCIAL DATA CONVERTED INTO EUR

Income statement and other comprehensive income

	For the period of 3 months ending 31 March 2019	For the period of 3 months ending 31 March 2018	For the period of 3 months ending 31 March 2019	For the period of 3 months ending 31 March 2018
	PLN'000		EUR'000	
Sales	-	-	-	-
Operating loss	(1 831)	(894)	(426)	(214)
Profit before tax	(1 990)	2 331	(463)	558
Net profit	(1 878)	1 890	(437)	452

Statement of financial position

	As of 31 March 2019	As of 31 December 2018	As of 31 March 2019	As of 31 December 2018
	PLN'000		EUR'000	
Assets Total	515 360	518 400	119 815	120 558
Non-current assets	512 445	513 635	119 137	119 450
Current assets	2 915	4 765	678	1 108
Long-term liabilities	72 823	74 821	16 930	17 400
Short-term liabilities	6 796	6 872	1 580	1 598
Equity	435 741	436 707	101 304	101 560
Share capital	1 450	1 449	337	337

Cash flow statement

	For the period of 3 months ending 31 March 2019	For the period of 3 months ending 31 March 2018	For the period of 3 months ending 31 March 2019	For the period of 3 months ending 31 March 2018
	PLN'000		EUR'000	
Net cash flows from operating activities	(2 579)	(788)	(600)	(189)
Net cash flows from investing activities	989	(78 715)	230	(18 839)
Net cash flows from financing activities	(584)	85 418	(136)	20 443
Total net cash flows	(2 174)	5 915	(506)	1 416

Conversion into euro was performed based on the following principles:

- amounts presented in zloty as of 31 March 2019 were converted into euro at the exchange rate of 4.3013 (the NBP exchange rate as of 31 March 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 three months ending 31 March 2019 were converted into euro at the exchange rate of 4.2978 (the arithmetic mean of the NBP exchange rates as of the last day of each month of the first quarter of 2019),
- amounts presented in zloty for the period of three months ending 31 March 2018 were converted into euro at the exchange rate of 4.17784 (the arithmetic mean of the NBP exchange rates as of the last day of each month of the first quarter of 2018).