

# ***FINANCIAL REPORT***

FOR THE PERIOD OF 3 AND 9 MONTHS ENDING  
30 SEPTEMBER 2018

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# MANAGEMENT'S REPORT ON THE ACTIVITIES OF THE CAPITAL GROUP FOR THE PERIOD OF 3 AND 9 MONTHS ENDING 30 SEPTEMBER 2018

## MANAGEMENT TEAM OF WIRTUALNA POLSKA HOLDING SA CAPITAL GROUP



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## 1. SELECTED FINANCIAL DATA

The following tables set out selected consolidated financial data for the 3 and 9 month period ending 30 September 2018 and 2017. The selected financial data presented in the tables below is expressed in thousands of PLN, unless otherwise stated. This information should be read in conjunction with condensed interim consolidated financial statements for the period of 3 and 9 months ending 30 September 2018 as well as the information included in point 3 of this report.

	Nine months ending 30 Sept. 2018	Nine months ending 30 Sept. 2017	Nine months ending 30 Sept. 2018	Nine months ending 30 Sept. 2017
	in PLN'000		in EUR'000	
<b>ONLINE segment</b>				
Sales	383 113	323 370	90 070	75 971
Cash sales	367 133	299 841	86 313	70 443
Adjusted EBITDA	127 348	104 840	29 940	24 631
EBITDA	122 155	100 639	28 719	23 644

	Nine months ending 30 Sept. 2018	Nine months ending 30 Sept. 2017	Nine months ending 30 Sept. 2018	Nine months ending 30 Sept. 2017
	in PLN'000		in EUR'000	
<b>TV segment</b>				
Sales	10 740	4 675	2 525	1 098
Cash sales	10 740	4 675	2 525	1 098
Adjusted EBITDA	(6 032)	(10 646)	(1 418)	(2 501)
EBITDA	(6 098)	(10 975)	(1 434)	(2 578)

	Nine months ending 30 Sept. 2018	Nine months ending 30 Sept. 2017	Nine months ending 30 Sept. 2018	Nine months ending 30 Sept. 2017
	in PLN'000		in EUR'000	
<b>Segments total</b>				
Sales	393 853	328 045	92 595	77 069
Cash sales	377 873	304 516	88 838	71 541
Adjusted EBITDA	121 316	94 194	28 521	22 129
EBITDA	116 057	89 664	27 285	21 065
Amortization and depreciation of fixed assets and intangibles	(40 668)	(37 346)	(9 561)	(8 774)
Operating profit	75 389	52 318	17 724	12 291
Result on financial activities	(10 278)	(12 811)	(2 416)	(3 010)
Profit before tax	65 111	39 507	15 308	9 282
Net profit	49 396	30 353	11 613	7 131

	Three months ending 30 Sept. 2018	Three months ending 30 Sept. 2017	Three months ending 30 Sept. 2018	Three months ending 30 Sept. 2017
	in PLN'000		in EUR'000	
<b>ONLINE segment</b>				
Sales	139 981	111 487	32 721	26 086
Cash sales	134 114	104 087	31 349	24 355
Adjusted EBITDA	46 976	36 698	10 982	8 588
EBITDA	44 640	37 427	10 435	8 761

	Three months ending 30 Sept. 2018	Three months ending 30 Sept. 2017	Three months ending 30 Sept. 2018	Three months ending 30 Sept. 2017
	in PLN'000		in EUR'000	
<b>TV segment</b>				
Sales	3 818	2 130	892	499
Cash sales	3 818	2 130	892	499
Adjusted EBITDA	(1 634)	(2 840)	(381)	(663)
EBITDA	(1 634)	(3 138)	(381)	(733)

	Three months ending 30 Sept. 2018	Three months ending 30 Sept. 2017	Three months ending 30 Sept. 2018	Three months ending 30 Sept. 2017
	in PLN'000		in EUR'000	
<b>Segments total</b>				
Sales	143 799	113 617	33 613	26 584
Cash sales	137 932	106 217	32 241	24 854
Adjusted EBITDA	45 342	33 858	10 600	7 924
EBITDA	43 006	34 289	10 054	8 028
Amortization and depreciation of fixed assets and intangibles	(14 097)	(12 611)	(3 294)	(2 950)
Operating profit	28 909	21 678	6 760	5 077
Result on financial activities	(1 305)	(4 077)	(299)	(954)
Profit before tax	27 604	17 601	6 461	4 124
Net profit	21 665	13 575	5 072	3 181

	As of 30 Sept. 2018	As of 31 Dec. 2017	As of 30 Sept. 2018	As of 31 Dec. 2017
	in PLN'000		in EUR'000	
Total assets	891 799	893 906	208 784	214 320
Non-current assets	749 939	752 229	175 572	180 352
Current assets	141 860	141 677	33 212	33 968
Long-term liabilities	325 652	307 292	76 240	73 675
Short-term liabilities	132 946	166 686	31 125	39 964
Equity	433 201	419 928	101 419	100 680
Share capital	1 447	1 443	339	346
Non-controlling interests	3 327	19 479	779	4 670

	Nine months ending 30 Sept. 2018	Nine months ending 30 Sept. 2017	Nine months ending 30 Sept. 2018	Nine months ending 30 Sept. 2017
	in PLN'000		in EUR'000	
Net cash flows from operating activities	129 942	80 420	30 549	18 893
Net cash flows from investing activities	(172 408)	(51 085)	(40 533)	(12 002)
Net cash flows from financing activities	53 586	(44 304)	12 598	(10 409)
Total net cash flows	11 120	(14 969)	2 614	(3 517)

Conversion into euro was performed based on the following principles:

- amounts presented in zloty as of 30 September 2018 were converted into euro at the exchange rate of 4.2714 (the NBP exchange rate as of 30 September 2018),
- amounts presented in zloty as of 31 December 2017 were converted into euro at the exchange rate of 4.1709 (the NBP exchange rate as of 31 December 2017),

- amounts presented in zloty for the period of nine months ending 30 September 2018 were converted into euro at the exchange rate of 4.2535 (the arithmetic mean of the NBP exchange rates as of the last day of each month of the three quarters of 2018),
- amounts presented in zloty for the period of nine months ending 30 September 2017 were converted into euro at the exchange rate of 4.2565 (the arithmetic mean of the NBP exchange rates as of the last day of each month of the three quarters of 2017).

## **2. OPERATIONS OF THE WIRTUALNA POLSKA HOLDING CAPITAL GROUP**

### **2.1. The Scope of Group's operations**

The Group is pursuing a mission of being the partner of first choice for the Poles, providing opinion-forming information, entertainment and services as well as inspiration in daily decisions. It wants to be a trustworthy brand both in terms of content and offer for all its users and contractors.

The Group owns the horizontal internet portal, the leader on the Polish internet market – Wirtualna Polska. It comprises numerous specialist vertical portals with a variety of topics including entertainment (WP Film, Teleshows, OpenFM and WP Pilot), health, parenting and lifestyle portals (WP abcZdrowie, WP Parenting, WP Kobieta, Kafeteria, Pudelek, WP Gwiazdy), business (Money, WP Finanse), sport (WP SportoweFakty) or technology (WP Tech, dobreprogramy.pl). Portals are visited by 6.3 million users daily\*. The Group owns also radio stations and WP television, as well as e-commerce services with lots of interesting offers.

The Group engages in advertising activity by offering i.a. lead generation to online stores within marketplaces of various categories. Domodi, Allani and Homebook offer fashion products and home decorations. TotalMoney.pl and FinansowySupermarket.pl are advanced platforms and tools making it possible to purchase and sell financial products and services, save money and manage private budgets. Wakacje.pl, Nocowanie.pl and eHoliday.pl websites provide offers for travelers and those looking for accommodation. WP abcZdrowie provides a medical knowledge and healthy lifestyle database. The users can ask experts in various fields directly and can quickly make an appointment with a physician without having to register. E-commerce from WP Group comprises comprehensive solutions, a guarantee that the recipient will be reached effectively, as well as provides the users with information about trends and shopping recommendations.

The Group has one of the largest bases of electronic mail users in Poland that, as of September 2018 amounted to 9.7 million real users\*\*\* (for comparison Google 8.0 million\*\*\*\*, Grupa Onet-RASP 5.0 million in the same month). The Group constantly introduces new functionalities in WP and o2 mail services. Both are distinguished by a high level of security and offer a range of solutions for business, such as the ability to send authorized mailing or match advertising services to the profile and interests of users, while respecting their right to privacy protection. According to the Group's internal data as of September 2018, the Group had 10.2 million active e-mail accounts (including 7.0 million active WP e-mail accounts and 3.2 million active o2 e-mail accounts).

WP Group operates on the Polish online advertising market by offering its customers a wide range of advertising products: modern display advertising, such as video online advertising, email advertising, advertisements for mobile devices and advertisements based on the advertising effectiveness model (i.e. settled for visiting the website, completing the form, registration, purchase of goods or services, lead generation, performance marketing). In 2018, WP has replaced the standard CPM settlement with a much more reliable vCPM (cost per viewed mille) model. It is available in page view/impression campaigns and in programmatic campaigns on platforms which support these solutions. According to the IAB definition, an ad is viewable if at least half of its graphic creation stays in the browser for at least one second. The introduction of the vCPM index is a response to market needs. As a result, the customers obtain even more reliable results of their campaigns. Great popularity of WP Group's websites and services makes it possible to reach a broad group of users with the advertising message. According to the latest Gemius/PBI Survey for September 2018, Wirtualna Polska Group portals were visited by 21.1 million real users who generated 2.7 billion page views. Altogether, they spent 116 million on the websites. The Group's reach amounts to 77,1%.\*\*

\* Gemius/ PBI research, daily data September 2018

\*\*aggregate data for desktop and mobile

\*\*\* Gemius/PBI research

\*\*\*\* Gemius/PBI research in case of unaudited Google applies to using mail only through website. Additionally, Gemius reports the number of RU for Google application at the level of 7.2 mln RU, but there is no data for the total number of RU both for application and the website.

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	25,8	5,6	193
2	<b>Grupa Wirtualna Polska</b>	<b>21,1</b>	<b>2,7</b>	<b>116</b>
3	facebook.com	21,1	3,1	116
4	Grupa RAS Polska	20,9	2,0	71
5	youtube.com	19,2	1,2	53
6	Grupa Interia.pl	18,2	1,2	55
7	Grupa Allegro	17,5	1,8	28
8	Grupa OLX	16,6	3,8	45
9	Grupa Gazeta.pl	16,5	0,6	13
10	Grupa Polska Press	16,2	0,5	4

Source: Gemius/ PBI research, September 2018

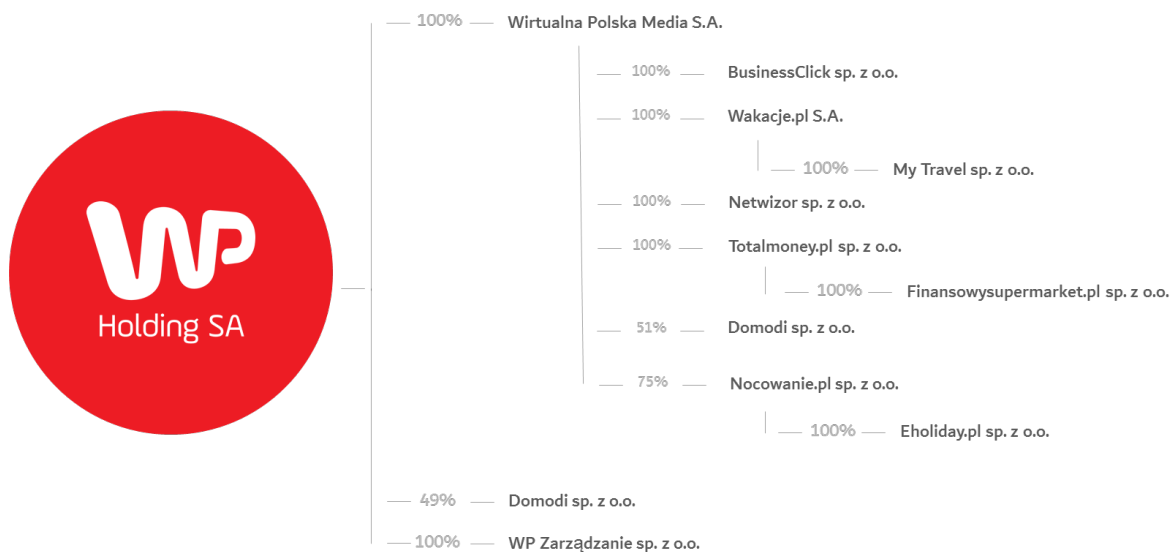
The table below presents the Group's position in various categories, according to published Megapanel PBI/Gemius data of September 2018:

Category	Real Users (RU)	Place
Business, finance, law	7 324 823	1
Children, family	3 311 496	1
New Technologies	6 374 523	1
Email services	9 675 310	1
Lifestyle	11 652 097	1
Tourism	4 532 964	1
Health and medicine	6 759 231	2
Sport	6 558 245	2
Motorization	3 957 295	2
Culture and Entertainment	7 689 771	3
E-commerce	5 087 204	4
Information and journalism	8 127 951	5

Source: Gemius/ PBI research, September 2018

## 2.2. Structure of the Wirtualna Polska Holding SA Capital Group

The following diagram presents the structure of the Group as of 30 September 2018, including the percentage of voting rights at the General Shareholders' Meeting to which the shareholder is entitled.





### ***Changes in the Group's structure in 2018***

On 15 March 2018, Wirtualna Polska Holding SA and shareholders of Domodi Sp. s o.o. concluded with the participation of Wirtualna Polska Media SA a share purchase agreement on the basis of which the Company acquired a total of 918 shares, representing approximately 35% of the share capital of Domodi and entitling to exercise about 35% of votes at the shareholders' meeting of Domodi.

On 4 September 2018, the Company concluded with the minority shareholders of Domodi a sales agreement under which the Company acquired a total of 364 shares with a par value of PLN 200 each, representing approximately 14% of the share capital of Domodi and entitling to exercise approximately 14% of votes at the Shareholders' Meeting of Domodi. After the settlement of both transactions, the Group owns 100% of shares in Domodi entitling to exercise 100% of votes at the shareholders' meeting.

On 22 March 2018, Wirtualna Polska Holding SA and shareholders of Dobreprogramy Sp. z o.o. concluded a share purchase agreement on the basis of which the Company acquired a total of 980 shares, representing approximately 49% of the share capital of Dobreprogramy and entitling to exercise about 49% of votes at the shareholders' meeting of Domodi. Prior to the transaction, the Group had a controlling stake of 51% of shares in Dobreprogramy. As a result of the transaction, a total of 100% of Dobreprogramy shares are owned by the companies of the WPH Capital Group.

On 17 May 2018 Wakacje.pl SA acquired 100% of shares in My Travel Sp. z o.o.

On 6 February 2018, Brand New Media Sp. z o.o. and Totalmoney.pl Sp. z o.o. merged by transferring all assets of Brand New Media Sp. z o.o. to Totalmoney.pl Sp. z o.o pursuant to article 492 section 1 item 1 of the Polish Commercial Companies Code.

On 16 March 2018 Money.pl Sp. z o.o. changed its name to Totalmoney.pl Sp. z o.o.

On 31 July 2018, dobreprogramy Sp. z o.o., http Sp. z o.o Wirtualna Polska Media SA merged by transferring all assets of dobreprogramy Sp. z o.o. and http Sp. z o.o to Wirtualna Polska Media SA.

On 4 October 2018 Wakacje.pl SA acquired 100% of shares in Parklot Sp. z o.o.

On 29 October 2018 Wirtualna Polska Holding SA concluded with ASP Capital Sp. z o.o. a share purchase agreement under which the Company acquired a total of 14.163 shares in Extradom.pl Sp. z o.o. representing 100% of share capital and entitling to exercise 100% of votes at the shareholders' meeting.

There were no other changes to the Group's structure other than those mentioned above.

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

The financial data for the periods of three and nine months ending 30 September 2018 and 30 September 2017 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.

### 3.1. SELECTED FINANCIAL DATA FROM THE CONSOLIDATED INCOME STATEMENT

The following table presents the main positions of the income statement for the nine months of 2018 and 2017.

in PLN'000	Nine months ending 30 Sept. 2018	Nine months ending 30 Sept. 2017	Change	Change %
<b>ONLINE segment</b>				
Sales	383 113	323 370	59 743	18,5%
Cash sales	367 133	299 841	67 292	22,4%
Adjusted EBITDA	127 348	104 840	22 508	21,5%
EBITDA	122 155	100 639	21 516	21,4%
<b>TV segment</b>				
Sales	10 740	4 675	6 065	129,7%
Cash sales	10 740	4 675	6 065	129,7%
Adjusted EBITDA	(6 032)	(10 646)	4 614	(43,3%)
EBITDA	(6 098)	(10 975)	4 877	(44,4%)
<b>Segments total</b>				
Sales	393 853	328 045	65 808	20,1%
Cash sales	377 873	304 516	73 357	24,1%
Adjusted EBITDA	121 316	94 194	27 122	28,8%
EBITDA	116 057	89 664	26 393	29,4%
Amortization and depreciation of fixed assets and intangibles	(40 668)	(37 346)	(3 322)	8,9%
Operating profit	75 389	52 318	23 071	44,1%
Result on financial activities	(10 278)	(12 811)	2 533	(19,8%)
Profit before tax	65 111	39 507	25 604	64,8%
Net profit	49 396	30 353	19 043	62,7%

The following table presents the main positions of the income statement for the third quarter of the year 2018 and 2017:

in PLN'000	Three months ending 30 Sept. 2018	Three months ending 30 Sept. 2017	Change	Change %
<b>ONLINE segment</b>				
Sales	139 981	111 487	28 494	25,6%
Cash sales	134 114	104 087	30 027	28,8%
Adjusted EBITDA	46 976	36 698	10 278	28,0%
EBITDA	44 640	37 427	7 213	19,3%
<b>TV segment</b>				
Sales	3 818	2 130	1 688	79,2%
Cash sales	3 818	2 130	1 688	79,2%
Adjusted EBITDA	(1 634)	(2 840)	1 206	(42,5%)
EBITDA	(1 634)	(3 138)	1 504	(47,9%)
<b>Segments total</b>				
Sales	143 799	113 617	30 182	26,6%
Cash sales	137 932	106 217	31 715	29,9%
Adjusted EBITDA	45 342	33 858	11 484	33,9%
EBITDA	43 006	34 289	8 717	25,4%
Amortization and depreciation of fixed assets and intangibles	(14 097)	(12 611)	(1 486)	11,8%
Operating profit	28 909	21 678	7 231	33,4%
Result on financial activities	(1 305)	(4 077)	2 772	(68,0%)
Profit before tax	27 604	17 601	10 003	56,8%
Net profit	21 665	13 575	8 090	59,6%

The consolidated results of the Group for the nine months of 2018 and 2017 included the results of the following subsidiaries:

No.	Name of subsidiary	Date of taking control	% of shares held	Period covered by consolidation	
				30 Sept. 2018	31 Sept. 2017
1	Wirtualna Polska Media SA	22 December 2010	100%	full period	full period
2	http Sp. z o.o. <sup>(2)</sup>	23 March 2009	100%	-	full period
3	Totalmoney.pl Sp. z o.o. (previously Money.pl Sp. z o.o.)	1 December 2014	100%	full period	full period
4	Businessclick Sp. z o.o.	1 December 2014	100%	full period	full period
5	Brand New Media Sp. z o.o. <sup>(1)</sup>	1 December 2014	100%	-	full period
6	dobreprogramy Sp. z o.o. <sup>(2)</sup>	14 November 2013	100%	-	full period
7	Domodi Sp. z o.o.	12 September 2014	100%	full period	full period
8	Finansowysupermarket.pl Sp. z o.o.	16 September 2015	100%	full period	full period
9	Wakacje.pl SA	23 December 2015	100%	full period	full period
10	Nocowanie.pl Sp. z o.o.	7 June 2016	75%	full period	full period
11	Netwizor Sp. z o.o.	13 December 2016	100%	full period	full period
12	eHoliday.pl Sp. z o.o.	18 October 2017	75%	full period	-
13	WP Zarządzanie Sp. z o.o.	29 December 2017	100%	full period	-
14	My Travel Sp. z o.o.	17 May 2018	100%	since 17 May 2018	-

<sup>(1)</sup> On 6 February 2018, Brand New Media Sp. z o.o. and Totalmoney.pl Sp. z o.o. merged by transferring all assets of Brand New Media Sp. z o.o. to Totalmoney.pl Sp. z o.o.

<sup>(2)</sup> On 31 July 2018, dobreprogramy Sp. z o.o., http Sp. z o.o. Wirtualna Polska Media SA merged. The 2018 results of http Sp. z o.o. and dobreprogramy.pl Sp. z o.o. are presented as part of Wirtualna Polska Media SA results.

## ONLINE SEGMENT

The sales of services in the online segment increased in the nine months of 2018 by PLN 59,743 thousand i.e. by 18.5% compared to the sales for the corresponding period of the previous year, whereas the cash sales increased by PLN 67,292 thousand, i.e. by 22.4%.

In the third quarter of 2018 total sales increased by PLN 28,494 thousand i.e. by 25.6% compared to the sales for the corresponding period of the previous year, whereas cash sales increased by PLN 30,027 thousand, i.e. by 28.8%.

Cash-settled transactions represented the majority of the Group's sales and amounted to 95.83% of the Group's sales in the nine months of 2018 and 92.73% in the same period of 2017.

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.

The main feature of the business model of the ONLINE segment is high operational profitability. In the period of the nine months of 2018 the adjusted EBITDA of the online segment amounted to PLN 127,348 thousand which was by PLN 22,508 thousand (i.e. by 21.5%) higher compared to the value of this ratio in the same period of the previous year.

In the analysed period, the total costs normalizing the Group's EBITDA of the online segment amounted to PLN 5.2 million and was by PLN 1 million higher than in the same period of the previous year. The Group's EBITDA of the online segment in the three quarters of 2018 was adjusted by, among other things, restructuring and integration costs (PLN 4.9 million), non-cash employee option scheme costs (PLN 1.1 million) and costs of revaluation and liquidation of non-financial assets (PLN 0.3 million).

At the same time, EBITDA for the period was decreased by temporary gain on barter transactions (PLN 1.1 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 three quarters of 2018, the total results of the Group were significantly affected by costs connected with the WP Television, launched in December 2016. The TV segment is at an early stage of development, therefore the costs incurred in the current period on the development of this segment are higher than the revenues generated. In the Management Board's opinion in long-term perspective, the expenditures currently incurred should result in the market share increase, and consequently in revenue and profitability increase of this segment.

In the analysed period, total sales of TV segment of PLN 10,740 thousand comprised of cash sales. This segment generated a negative EBITDA of PLN 6,098 thousand in the nine months of 2018.

### JOINT PERFORMANCE OF SEGMENTS

In the three quarters of 2018 both adjusted and unadjusted EBITDA increased by PLN 27,122 thousand and PLN 26,393 thousand accordingly, despite the negative operating results of the TV segment. The operating profit increased as well by PLN 23,071 thousand, despite amortization increase of PLN 3,322 thousand compared to the previous year.

### 3.2. Explanations regarding the consolidated sales and results of the entities acquired in 2018 and 2017

The following table presents sales and EBITDA of subsidiaries acquired in 2018 (My Travel Sp. z o.o.) and in the last quarter of 2017 (eHoliday.pl Sp. z o.o.) for the period from the beginning of 2017 to 30 September 2017, which were not included in the comparative data.

in PLN'000	eHoliday Sp. z o.o.	My Travel Sp. z o.o.
Sales	5 282	9 477
Cash sales	5 237	9 477
EBITDA	2 959	407
Adjusted EBITDA	2 978	302

### 3.3. Financial position of the Group

The following table presents the consolidated statement of the Group's financial position as of the end of September 2018 and 31 December 2017:

in PLN'000	As of 30 Sept. 2018	As of 31 Dec. 2017	Change PLN'000	Change %
Non-current assets	749 939	752 229	(2 290)	(0,3%)
Current assets	141 860	141 677	183	0,1%
Long-term liabilities	325 652	307 292	18 360	6,0%
Short-term liabilities	132 946	166 686	(33 740)	(20,2%)
Equity attributable to equity holders of the Parent Company	429 874	400 449	29 425	7,3%
Share capital	1 447	1 443	4	0,3%
Non-controlling interests	3 327	19 479	(16 152)	(82,9%)

The analysis of changes in the Group's balance sheet has been prepared as of 30 September 2018 compared to 31 December 2017. In the nine months of 2018 the Group acquired 100% shares in My Travel Sp. z o.o. 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:

in PLN'000	As of 30 Sept. 2018	Structure 2018	As of 31 Dec. 2017	Structure 2017	Change PLN'000	Change %
Property, plant and equipment	56 136	7,5%	63 013	8,4%	(6 877)	(10,9%)
Goodwill	274 107	36,6%	259 594	34,5%	14 513	5,6%
Other intangible assets	379 397	50,6%	380 051	50,5%	(654)	(0,2%)
Non-current programming assets	7 815	1,0%	8 463	1,1%	(648)	(7,7%)
Long-term receivables	341	0,0%	155	0,0%	186	120,0%
Other financial assets	16 444	2,2%	16 031	2,1%	413	2,6%
Deferred tax assets	15 699	2,1%	24 922	3,3%	(9 223)	(37,0%)
<b>Non-current assets</b>	<b>749 939</b>	<b>100,0%</b>	<b>752 229</b>	<b>100,0%</b>	<b>(2 290)</b>	<b>(0,3%)</b>

In the analyzed period, the net value of the property, plant and equipment decreased by PLN 6,877 thousand. The capital expenditure for the period amounted to PLN 6,011 thousand and were related mainly to equipment for the development of mail and portals infrastructure (PLN 3,170 thousand) and sales & advertising systems (PLN 1,484 thousand).

In the analyzed period, the Group's intangible assets decreased by PLN 654 thousand. Capital expenditure amounted to PLN 27,587 thousand and depreciation and liquidation costs amounted to PLN 28,241 thousand. In the nine months of

2018 the Group incurred expenditures (PLN 16,159 thousand) mainly on capitalized development projects. At the same time due to the acquisition of 100% shares in My Travel Sp. z o.o. the Group recognized additional intangible assets in the amount of PLN 6,868 thousand.

Non-current programming assets decreased by PLN 648 thousand mainly due to transferring of the programing rights worth PLN 1,456 thousand to the short-term part of the balance sheet. In the analyzed period the Group incurred expenditure of PLN 3,317 thousand and the amortization and depreciation costs of PLN 2,509 thousand.

### Current assets

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

in PLN'000	As of 30 Sept. 2018	Structure 2018	As of 31 Dec. 2017	Structure 2017	Change PLN'000	Change %
Cash trade receivables	66 261	46,7%	78 665	55,5%	(12 404)	(15,8%)
Barter receivables	4 439	3,1%	1 515	1,1%	2 924	193,0%
State receivables	6 736	4,7%	6 371	4,5%	365	5,7%
Other current assets	5 468	3,9%	8 684	6,1%	(3 216)	(37,0%)
Current programming assets	1 456	1,0%	-	0,0%	1 456	-
Cash and cash equivalents	57 500	40,5%	46 442	32,8%	11 058	23,8%
<b>Current assets</b>	<b>141 860</b>	<b>100,0%</b>	<b>141 677</b>	<b>100,0%</b>	<b>183</b>	<b>0,1%</b>

In the analyzed period the current assets increased slightly.

The Group successfully increased its level of cash. The detailed analysis of changes in cash is presented in the following part of the report describing the cash flow statement.

The increase in barter receivables results mainly from the character of these settlements. The balances of barter receivables and payables during the year are usually higher than at the end of the year when most of the barter agreements are settled on an annual basis and balances are offset at the end of the year

In the third quarter of 2018 the programing rights worth PLN 1,456 thousand were transferred to the short-term part of the balance sheet as the license period ends within the next twelve months after the balance sheet date.

Cash trade receivables slightly decreased, which was caused partly by sales seasonality (lower online advertising sales in the third quarter compared to fourth quarter) and by improved turnover ratio.

Other current assets decreased by PLN 3,216 thousand. As of 31 December 2017, those assets included the arrangement fee for the investment loan tranche which was not utilized at that time. As the loan tranche was utilized in March 2018 to finance the acquisition of Domodi shares, the arrangement fee is recognized as part of the bank loan valued at the amortized cost.

State receivables remained at a similar level as at the end of the previous year.

### Long-term liabilities

in PLN'000	As of 30 Sept. 2018	Structure 2018	As of 31 Dec. 2017	Structure 2017	Change PLN'000	Change %
Loans and leases	285 294	87,6%	203 507	66,2%	81 787	40,2%
Contingent liabilities related to business combinations	-	0,0%	3 618	1,2%	(3 618)	(100,0%)
Liabilities with respect to the put option for non-controlling interests	19 911	6,1%	78 763	25,6%	(58 852)	(74,7%)
Liabilities in respect of purchase of property, plant and equipment and intangible assets	8 902	2,7%	10 141	3,3%	(1 239)	(12,2%)
Deferred tax liability	10 989	3,4%	10 879	3,5%	110	1,0%
Deferred income	556	0,2%	384	0,1%	172	44,8%
<b>Long-term liabilities</b>	<b>325 652</b>	<b>100,0%</b>	<b>307 292</b>	<b>100,0%</b>	<b>18 360</b>	<b>6,0%</b>

In the analyzed period, long-term liabilities increased by PLN 18,360 thousand.

The main transaction resulting in the rise of long-term debt was financing the purchase of 35% stake of Domodi Sp. z o.o. shares by drawing PLN 85,484 thousand of additional investment loan. Additionally, in the third quarter of 2018 the Group also utilized PLN 8,420 thousand of investment loan to refinance part of its CAPEX expenditures.

At the same time, due to the final settlement of both options for minority stake in Domodi, the value of liabilities with respect to the put option for non-controlling interests decreased significantly and as of 30 September 2018 it comprises only of the put option for the non-controlling shares in Nocowanie.pl Sp. z o.o.

A corresponding change took also place regarding the earn-out liability related to the acquisition of Allani shares, which as at the balance sheet date is completely settled.

In March 2018 the Group repaid the third instalment of the liability for the television broadcasting license. In January 2016 the Group recognized liability related to the television broadcasting license binding from 14 January 2016 to 13 January 2026. The total liability amounts to PLN 13,545 thousand and is paid in ten equal annual instalments, PLN 1,355 thousand each. As at 30 September 2018, with three instalments paid, the value of the liability calculated at the amortized cost equals PLN 10,416 thousand, PLN 8,902 thousand of which is recognized as long-term.

### Short-term liabilities

in PLN'000	As of 30 Sept. 2018	Structure 2018	As of 31 Dec. 2017	Structure 2017	Change PLN'000	Change %
Loans and leases	29 425	22,1%	13 341	8,0%	16 084	120,6%
Cash trade and other payables	45 557	34,3%	37 799	22,7%	7 758	20,5%
Barter trade and other payables	3 202	2,4%	1 935	1,2%	1 267	65,5%
Dividend liability	-	0,0%	-	0,0%	-	-
State liabilities	9 050	6,8%	6 028	3,6%	3 022	50,1%
Wages and salaries payables	8 268	6,2%	6 649	4,0%	1 619	24,3%
Deferred income	10 213	7,7%	8 323	5,0%	1 890	22,7%
Liabilities in respect of purchase of property, plant and equipment and intangible assets	3 796	2,9%	13 300	8,0%	(9 504)	(71,5%)
Other short term payables	6 576	4,9%	4 882	2,9%	1 694	34,7%
Provision for employee benefits	3 618	2,7%	3 244	1,9%	374	11,5%
Other provisions	1 645	1,2%	1 845	1,1%	(200)	(10,8%)
Contingent liabilities related to business combinations	8 293	6,2%	4 771	2,9%	3 522	73,8%
Liabilities with respect to the put option for non-controlling interests and other acquisitions	368	0,3%	58 616	0,0%	(58 248)	(99,4%)
Current income tax liabilities	2 935	2,2%	5 953	3,6%	(3 018)	(50,7%)
<b>Short-term liabilities</b>	<b>132 946</b>	<b>100,0%</b>	<b>166 686</b>	<b>100,0%</b>	<b>(33 740)</b>	<b>(20,2%)</b>

In the analyzed period, short-term liabilities decreased by PLN 33,740 thousand.

The drop in the short-term liabilities was mainly due to the final settlement of the Domodi options, which valuation as of 31 December 2017 amounted to PLN 58,616 thousand.

Liabilities in respect of purchase of property, plant and equipment and intangible assets decreased significantly by PLN 9,504 thousand.

On the other hand, short-term loans and leases increased by PLN 16,048 thousand. In accordance with the repayment schedule the liability comprises four tranches of principal repayment (one tranche as of 31 December 2017) which resulted in the increase by PLN 13,014 thousand. At the same time, as the next loan tranche for the purchase of Domodi shares was utilized, the value of interest to be paid within the next 12 months increased as well.

At the same time trade liabilities increased significantly mainly due to the seasonality of operations of Wakacje.pl and higher level of settlements with tour operators at the end of the third quarter compared to the end of 2017 (additional liabilities of PLN 2.6 million). Additionally, the Group recognized in its balance sheet liabilities of My Travel Sp. z o.o. which was acquired in 2018 (extra liabilities of PLN 2.7 million). Moreover, in the third quarter of 2018 Wirtualna Polska Holding SA was in several M&A projects and therefore used transaction advisors services, which translated into an increase in the Group's liabilities.

The short term part of the contingent liabilities related to business combinations comprises mainly of the earn-out related to the acquisition of My Travel Sp. z o.o., which discounted value amounts to PLN 7,468 thousand. In 2018 the Group repaid its contingent liabilities related to business combination with Allani.



The barter liabilities increased by PLN 1,267 thousand due to a temporary result on barter transactions in the nine months of 2018. The balances of barter receivables and payables during the year are usually higher than at the end of the year when most of the barter agreements are settled and balances are offset.

### Equity

in PLN'000	As of 30 Sept. 2018	Structure 2018	As of 31 Dec. 2017	Structure 2017	Change PLN'000	Change %
Equity attributable to equity holders of the Parent Company, including:	429 874	99,2%	400 449	95,4%	29 425	7,3%
Share capital	1 447	0,3%	1 443	0,3%	4	0,3%
Supplementary capital	320 620	74,0%	318 759	75,9%	1 861	0,6%
Revaluation reserve	(71)	0,0%	(546)	(0,1%)	475	(87,0%)
Other reserves	(4 069)	(0,9%)	(36 984)	(8,8%)	32 915	(89,0%)
Retained earnings	111 947	25,8%	117 777	28,0%	(5 830)	(5,0%)
Non-controlling interests	3 327	0,8%	19 479	4,6%	(16 152)	(82,9%)
<b>Equity</b>	<b>433 201</b>	<b>100,0%</b>	<b>419 928</b>	<b>100,0%</b>	<b>13 273</b>	<b>3,2%</b>

In the three quarters of 2018, the equity attributable to the parent company's shareholders increased by PLN 29,425 thousand in total. The change in equity attributable to the parent company's shareholders resulted from the following events:

- Increase by PLN 1,865 thousand due to registration, admission to trading and issuing shares under share option plans, out of which PLN 4 thousand increased share capital and the remaining part - PLN 1,861 thousand was booked as supplementary capital
- increase by PLN 475 thousand due to the downward valuation of interest rate swap liability, hedging the interest payments to the bank increased the capital;
- the increase in other reserves of PLN 1,062 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 nine months ending 30 September 2018 of PLN 47,413 thousand.
- decrease by PLN 5,901 thousand due to change in accounting policy resulting from the adoption of MSSF9
- increase by PLN 12,259 resulting from the transfer of part of the equity attributable to the non-controlling interest as a result of the acquisition of additional 49% shares in Domodi Sp. z o.o. and the remaining 49% of shared in Dobreprogramy Sp. z o.o.
- decrease by PLN 27,748 due to the resolution of the Ordinary Shareholders Meeting to pay dividend to shareholders, of which PLN 7,576 thousand is the total net profit recognized in the standalone financial statements for the fiscal year 2017, and PLN 20.172 thousand comes from the company's profits from previous years.
- As a result of the settlement of the options for the acquisition of non-controlling shares of Domodi the Group reclassified the reserve capital resulting from the initial recognition of this option to retained earnings in the amount of PLN 31,853 thousand. This change did not affect the total value of equity attributable to the shareholders of the parent company.

In the nine months of 2018, the non-controlling interests decreased by PLN 16,152 thousand. The allocation to the non-controlling shareholders of an appropriate part of the result for the period earned by Domodi Sp. z o.o., Dobreprogramy Sp. z o.o. and Nocowanie.pl Sp. z o.o. amounted to PLN 1,983 thousand. At the same time, the dividend assigned to those shareholders amounted to PLN 4,506 thousand. As a result of the acquisition of additional 49% of shares in Domodi Sp. z o.o. and 49% of shared in Dobreprogramy Sp. z o.o. the non-controlling interest decreased by PLN 13,729 thousand. In the three quarters of 2018 the Group adjusted the provisional purchase price allocation for eHoliday.pl Sp. z o.o. which resulted in the increase by PLN 100 thousand of the non-controlling interest.

### 3.4. Cash flows of the Group

in PLN'000	Nine months ending 30 Sept. 2018	Nine months ending 30 Sept. 2017
Net cash flows from operating activities	129 942	80 420
Net cash flows from investing activities	(172 408)	(51 085)
Net cash flows from financing activities	53 586	(44 304)
<b>Total net cash flows</b>	<b>11 120</b>	<b>(14 969)</b>

During the nine months of 2018, the EBITDA generated by the Group of PLN 116,057 thousand contributed to generating a positive cash flow of PLN 129,942 thousand from operating activities.

Cash flows from investing activities were negative and amounted to PLN (172,408) thousand in the analyzed period which was mainly due to acquisition of 49% of shares in Domodi Sp. z o.o. (PLN 85,484 thousand in March 2018 and PLN 33,397 thousand in September 2018) and 100% shares in My Travel Sp. z o.o. (PLN 7,943 thousand decreased by cash and cash equivalents of My Travel at the acquisition date in the amount of PLN 1,084 thousand and increased by first earn-out payment of PLN 2,692 thousand). Moreover, investing cash flows resulted from repayment of contingent liability related to the acquisition of Allani Sp. z o.o. (PLN 5,608 thousand), repayment of deferred purchase price for eHoliday.pl Sp. z o.o. (PLN 1,200 thousand), early settlement of contingent liability related to acquisition of Netwizor Sp. z o.o. (PLN 1,002 thousand), the acquisition of and 49% of shares in Dobreprogramy Sp. z o.o. (PLN 1,102 thousand) and expenditure incurred (CAPEX) on the purchase of intangibles and fixed assets (PLN 35,212 thousand). The Group generated PLN 148 thousand cash inflows resulting from the sale of fixed assets.

Cash flows from financing activities in the nine months of 2018 amounted to PLN 53,586 thousand mainly due to the new investment loan tranches in the amount of PLN 85,484 thousand utilized to finance the acquisition of Domodi Sp. z o.o. and in the amount of PLN 8,420 thousand to refinance part of the Group's CAPEX expenditures. At the same time, the Group repaid its interest and bank commissions in the amount of PLN 9,286 thousand. As part of financing activities the Group recognized payments due to share capital increased under share option plans (PLN 1,865 thousand), the financial lease repayment of PLN (643) thousand and the dividend payment to its shareholders in the amount of PLN (27,748) thousand and to the non-controlling interest in the amount of PLN 4,506 thousand.

### 3.5. Selected financial ratios of the online segment

Financial ratios ONLINE SEGMENT	Nine months ending 30 Sept. 2018	Nine months ending 30 Sept. 2017
Sales (PLN'000)	383 113	323 370
Sales (YoY increase)	18,5%	10,7%
Cash sales	367 133	299 841
Cash sales (YoY increase)	22,4%	12,5%
Adjusted EBITDA margin (on cash sales)	35%	35%
Financial leverage ratio (Net debt//Adjusted EBITDA LTM)	1,49	1,25

The main financial ratios analyzed 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 nine months of 2018 were 22,4% higher than the sales calculated on the basis of the financial data for the corresponding period of the previous year.

In the analyzed period, the EBITDA margin of the online segment remained at the similar level as in the same period for the previous year.

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 analyze the financial ratios of the TV segment. due to the early stage of its development, the ratios of the segment would be unreliable 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.

##### **4.1. Material acquisitions made by the Group**

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. 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.

##### **4.2. 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 behavior, within the limits set by the provisions of the law. Thanks to access to a large amount of data on user behaviors (in particular on the content and services used by users) and the progress in the ability to analyze 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.

##### **4.3. 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 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.

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

As of 30 September 2018 the balance of the Group's liability resulting from loan agreement amounted to PLN 309.8 million.

During the nine months of 2018, the Group's interest and commissions expenses, the bulk of which resulted from interest on the bank loan, amounted to PLN 9,979 thousand. The amount of these costs in consecutive periods will depend on WIBOR 3M which was 1.72% as of 30 September 2018.

##### **4.4. The launch of activities in the television advertising market**

In the nine months of 2018, the results of the Capital Group were significantly influenced by costs connected to the development of the WP Television launched in December 2016. This project is at an early stage of development, therefore the expenditures incurred in the current period on the development of this activity are higher than the revenue generated. In the opinion of the Management Board, the expenditures currently incurred should result in the increase in market share in the long-term perspective, and consequently into the increase in revenues and the increase in profitability of this segment.

In the analyzed period television advertising revenue amounted to PLN 10,740 thousand. At the same time, this segment generated a negative EBITDA of PLN 6,098 thousand in the nine months.

Apart from the factors referred to above during the period of nine months ending 30 September 2018 there were no extraordinary factors or events which would have a significant impact on the financial results achieved.

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

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

- the economic situation in Poland;
- competition on the Polish advertising market;
- the growth rate of expenses on online advertising and the development of electronic commerce in Poland;
- active acquisition activities;
- Continuing activity in the TV advertising market.

### **5.1. 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.

### **5.2. 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.

### **5.3. 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 Wakacje.pl S.A, Nocowanie.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.

#### **5.4. 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.

#### **5.5. Continuing activity in the TV advertising market**

Having obtained a broadcasting license for the transmission of a television program 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 program. Advertising revenue is obtained through an advertising broker – i.e. TVN Media.

### **6. SIGNIFICANT EVENTS WHICH TOOK PLACE IN THE THREE QUARTERS OF 2018**

#### **6.1. Annex to the Domodi Shareholders' agreement and purchase of 35% of shares in Domodi**

Annex to the Domodi Shareholders' agreement and purchase of 35% of shares in Domodi

On March 15, 2018, by way of an Annex, the parties to the shareholder agreement decided to change the conditions for the option to purchase a minority stake in Domodi shares, which originally assumed the purchase of shares in two equal tranches of 24.5% each, after the end of the 2017 and 2019 financial years. Before the annex was signed the estimated discounted value of the Group's liabilities on put option amounted to PLN 59.3 million with respect to the first option after the end of 2017 and PLN 60.3 million with respect to the second option after the end of 2019.

The amended Shareholders' Agreement gives Wirtualna Polska Media SA or Wirtualna Polska Holding SA the option to purchase 35% of shares in Domodi in 2018 and the right to exercise options for the remaining 14% of shares for the next ten years, with the first possibility to exercise the option after the end of 2018. Prior to the transaction, Wirtualna Polska Media SA had a controlling stake of 51% of shares in Domodi. As a result of the transaction, a total of approximately 86% of Domodi shares entitling to exercise approximately 86% of votes at the Domodi shareholders' meeting are owned by the Group's companies.

The sale price for all the purchased Shares is PLN 85,484 thousand. The transfer of rights to shares took place on March 22, 2018 upon payment of the price on the terms specified in the agreement. The acquisition of shares was financed from a loan granted to Wirtualna Polska Holding SA by Wirtualna Polska Media SA with funds from the tranche of the Capex Loan under the loan agreement of 12 December 2017.

In connection with the signed annex, the value of the liability due to the modified option for the remaining 14% of shares in Domodi was estimated by the Management Board at discounted value of approximately PLN 36 million. The difference in the discounted valuation of liabilities in the amount of approximately PLN 1.7 million was recognized in the Group's result as an additional financial cost in the first quarter of 2018.

#### **6.2. Early settlement of put option liability on the remaining 14% of shares in Domodi**

On 4 September 2018, the Company an annex to the shareholders agreement of 12 September 2014, pursuant to which the parties of the shareholders agreement accelerated the second option of purchasing a minority stake in Domodi Sp. z o.o. and subsequently concluded a sale purchase agreement under which the Company acquired a total of 364 shares with a par value of PLN 200 each, representing approximately 14% of the share capital of Domodi and entitling to exercise approximately 14% of votes at the shareholders' meeting.

After the settlement of the transaction, the Group owns 100% of shares in Domodi entitling to exercise 100% of votes at the shareholders' meeting.

The selling price for all shares purchased is approximately PLN 33.4 million.

The value of the option liability for the purchase of the minority stake in Domodi on the previous balance sheet date amounted to PLN 36.2 million and was PLN 2.8 million higher than the final exercise price. Therefore, in the third quarter of 2018, the Group's consolidated financial statements showed gain of PLN 2.8 million on the revaluation of the liability to buy out non-controlling shares.

The purchase of shares was financed from the Group's own funds.

### **6.3. Acquisition of My Travel Sp. z o.o.**

On 17 May 2018 Wakacje.pl SA concludes share purchase agreement with three natural persons and EVG Invest sp. o.o. under which Wakacje.pl will acquire a total of 700 shares with a par value of PLN 500 each, in the share capital of My Travel Sp. z o. o., representing 100% of the share capital and entitling to exercise 100% of votes at the shareholders' meeting of MyTravel. Details of the transaction are described in Note 20 of condensed consolidated financial statement.

### **6.4. Other**

Additionally, during the first three quarters of 2018 there were some changes in the group structure due to mergers (described in detail in point 2.2. of this report).

## **7. SHARES AND SHAREHOLDERS**

### **7.1. Composition and changes to the bodies of Wirtualna Polska Holding SA**

**As of 30 September 2018 and as of the date of preparing this report the composition of the Management Board was as follows:**

Jacek Świdorski	- President of the Management Board
Krzysztof Sierota	- Member of the Management Board
Michał Brański	- Member of the Management Board
Elżbieta Bujniewicz - Belka	- Member of the Management Board, CFO

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

**As of 30 September 2018 the composition of Supervisory Board was as follows :**

Jarosław Mikos	- Chairman of the Supervisory Board
Krzysztof Krawczyk	- Vice-Chairman of the Supervisory Board
Beata Barwińska-Piotrowska	- Member of the Supervisory Board
Mariusz Jarzębowski	- Member of the Supervisory Board
Piotr Walter	- Member of the Supervisory Board
Aleksander Wilewski	- Member of the Supervisory Board

During the period covered in this report, there were no changes to the composition of the Supervisory Board.

### **7.2. Structure of share capital**

As of 30 September 2018 the share capital of the Company amounted PLN 1,447,062.80 and consisted of 28, 941,256 shares with a par value of PLN 0.05 each, entitling 40,230,965 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;
- 596,540 D series ordinary bearer shares;
- 3,339,744 E series ordinary bearer shares;
- 91,934 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.

### **7.3. 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:

- the current financial situation of the Capital Group,
- the investment plans of the Group,
- the potential acquisition targets of companies belonging to the Group,
- 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 25 April 2018, the Ordinary General Meeting of the Company adopted a resolution according to which it decided to allocate the whole of the net profit of the Company for the financial year 2017 in the amount of PLN 7,576 PLN and the amount of PLN 20,204 PLN from the retained earnings of the Company as payment of a dividend. The Ordinary General Meeting of the Company has decided to set a dividend day on 10 September 2018 and the dividend payment date on 20 July 2018.

#### 7.4. Shareholders with at least 5% of the total voting rights

In accordance with notifications received by the Company Wirtualna Polska Holding SA and to the best of its knowledge, as of 30 September 2018 and as of the date of this report, 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 presented in the following table.

Shareholder	Number of shares	% of share capital	Number of votes	% of votes
Jacek Świdorski through subsidiaries:	3 777 164	13,05%	7 540 401	18,74%
Orfe SA	3 763 237	13,00%	7 526 474	18,71%
Michał Brański through subsidiaries:	3 777 164	13,05%	7 540 400	18,74%
10X SA	3 763 236	13,00%	7 526 472	18,71%
Krzysztof Sierota through subsidiaries:	3 777 164	13,05%	7 540 400	18,74%
Albemuth Inwestycje SA	3 763 236	13,00%	7 526 472	18,71%
Founders together*	<b>11 331 492</b>	<b>39,15%</b>	<b>22 621 201</b>	<b>56,23%</b>
<b>AVIVA OFE</b>	<b>2 033 159</b>	<b>7,03%</b>	<b>2 033 159</b>	<b>5,05%</b>
<b>Others</b>	<b>15 576 605</b>	<b>53,82%</b>	<b>15 576 605</b>	<b>38,72%</b>
<b>Total</b>	<b>28 941 256</b>	<b>100,00%</b>	<b>40 230 965</b>	<b>100,00%</b>

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

#### 7.5. 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 Świdorski is indirectly entitled to exercise voting rights attached to 3,763,237 series A registered shares in the Company, held by Orfe SA, 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 13.10% interest in the Company's share capital, representing 7,540,401 votes at the general shareholders meeting of the Company and constituting 18.74% 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 SA, 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 13.10% interest in the Company's share capital, representing 7,540,000 votes at the general shareholders meeting of the Company and constituting 18.74% 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 SA, 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 13.10% interest in



the Company's share capital, representing 7,540,000 votes at the general shareholders meeting of the Company and constituting 18.74% 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 is entitled to participate in the next phase of the implementation of the incentive plan and owns additional 564 shares purchased in September 2017.

Additional information on the structure and changes in equity and voting rights are described in note 21 to the condensed interim consolidated financial statements.

## **7.6. 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 22 to the condensed interim consolidated financial statements of the Group for the period of 3 and 9 months ending 30 September 2018.

#### ***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 22 to the condensed interim consolidated financial statements of the Group for the period of 3 and 9 months ending 30 September 2018.

## **7.7. Purchase of own shares**

As of the date of preparing this report, the Company does not hold any own shares.

## **8. ADDITIONAL INFORMATION**

### **8.1. Management comments on the feasibility of previously published forecasts for the year**

The Group did not publish any forecasts of results for the year 2018.

### **8.2. Events after the balance sheet date**

Detailed information on post- balance sheet events is provided in note 32 to the condensed interim consolidated financial statements for the period of 3 and 9 months ending 30 September 2018.

### **8.3. 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 that would be individually material for the Group.

### **8.4. 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 31 to the condensed interim consolidated financial statements for the period of 3 and 9 months ending 30 September 2018.

## **8.5. 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 SA

### **Inter-company guarantees**

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

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

### **Loans granted**

As of 30 September 2018 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 related companies.

## **8.6. 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 until the end of the third quarter, the only company which was allowed to enter loan agreement with external institutions was Wirtualna Polska Media SA. However, the Issuer and selected Capital Group's entities are guarantors of this loan.

Starting from the fourth quarter of 2018, in connection with the signed annex to the loan agreement (described in detail in note 32 of the interim condensed consolidated financial statements for the period of 3 and 9 months ending 30 September 2018), the only company authorized to continue using the available CAPEX facility is Wirtualna Polska Holding SA.

There were no new bank loan agreements signed in the analyzed period.

### **Loans granted by non-controlling shareholder**

On 11 October 2017 the non-controlling shareholders granted to Nocowanie.pl Sp. z o.o. 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.

**8.7. 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.

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Jacek Świdorski,  
President of the Management Board

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Michał Brański,  
Member of the Management Board

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Krzysztof Sierota,  
Member of the Management Board

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Elżbieta Bujniewicz-Belka,  
Member of the Management Board

Warsaw, 12 November 2018



**CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE PERIOD OF 3 AND 9 MONTHS ENDING  
30 SEPTEMBER 2018**

## INTERIM CONSOLIDATED INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME

in PLN'000	Note	Nine months ending 30 Sept. 2018	Nine months ending 30 Sept. 2017	Three months ending 30 Sept. 2018	Three months ending 30 Sept. 2017
<b>Sales</b>	10	<b>393 853</b>	<b>328 045</b>	<b>143 799</b>	<b>113 617</b>
Amortization and depreciation of fixed assets and intangibles		(40 668)	(37 346)	(14 097)	(12 611)
Amortization and depreciation of acquired programming rights		(2 509)	(2 365)	(953)	(649)
Materials and energy used		(4 152)	(4 369)	(1 335)	(1 453)
Costs related to acquisitions of subsidiaries and restructuring, including:	11,12	(4 987)	(2 730)	(2 045)	(802)
<i>External services</i>	11,12	(2 700)	(858)	(1 716)	(102)
<i>Salary and employee benefit expense</i>	11,12	(860)	(1 846)	5	(662)
<i>Other operating expenses and gains</i>	11,12	(1 427)	(26)	(334)	(38)
Costs of the employee option scheme	22	(1 062)	(1 028)	(312)	(321)
Other external services		(142 214)	(126 565)	(54 424)	(44 015)
Other salary and employee benefit expenses		(115 597)	(95 268)	(39 011)	(30 596)
Other operating expenses	13	(8 352)	(6 890)	(3 212)	(1 888)
Other operating income/gains	13	1 077	834	499	396
<b>Operating profit</b>		<b>75 389</b>	<b>52 318</b>	<b>28 909</b>	<b>21 678</b>
Finance income	14	2 010	248	37	64
Finance costs	14	(13 392)	(13 059)	(4 132)	(4 141)
Revaluation of commitments to purchase non-controlling interests		1 104	-	2 790	-
<b>Profit before tax</b>		<b>65 111</b>	<b>39 507</b>	<b>27 604</b>	<b>17 601</b>
Income tax	15	(15 715)	(9 154)	(5 939)	(4 026)
<b>Net profit</b>		<b>49 396</b>	<b>30 353</b>	<b>21 665</b>	<b>13 575</b>
<b>Other comprehensive income/(losses)</b>	23	475	(1 627)	144	(2 746)
<b>Comprehensive income</b>		<b>49 871</b>	<b>28 726</b>	<b>21 809</b>	<b>10 829</b>
<b>Net profit attributable to:</b>					
Equity holders of the Parent Company		47 413	27 073	21 435	12 699
Non-controlling interests		1 983	3 280	229	876
<b>Comprehensive income attributable to:</b>					
Equity holders of the Parent Company		47 888	25 446	21 579	9 953
Non-controlling interests		1 983	3 280	229	876
<b>Net profit attributable to equity holders of the Parent Company per share (in PLN)</b>					
Basic	16	1,64	0,94	0,74	0,44
Diluted	16	1,63	0,93	0,74	0,43

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in PLN'000	Note	As of 30 Sept. 2018	As of 31 Dec. 2017
<b>Non-current assets</b>			
Property, plant and equipment	17,18	56 136	63 013
Goodwill	19, 20	274 107	259 594
Trademarks	17,18	154 110	157 073
Homepage and WP mail	17,18	122 582	127 445
Other intangible assets	17,18	102 705	95 533
Non-current programming assets	17,18	7 815	8 463
Long-term receivables		341	155
Other financial assets		16 444	16 031
Deferred tax assets	15	15 699	24 922
		<b>749 939</b>	<b>752 229</b>
<b>Current assets</b>			
Current programming assets		1 456	-
Trade and other receivables	17	82 904	95 235
Cash and cash equivalents		57 500	46 442
		<b>141 860</b>	<b>141 677</b>
<b>TOTAL ASSETS</b>		<b>891 799</b>	<b>893 906</b>
<b>Equity</b>			
<b>Equity attributable to equity holders of the Parent Company</b>			
Share capital	21	1 447	1 443
Supplementary capital		320 620	318 759
Revaluation reserve	23	(71)	(546)
Other reserves		(4 069)	(36 984)
Retained earnings		111 947	117 777
		<b>429 874</b>	<b>400 449</b>
<b>Non-controlling interests</b>		<b>3 327</b>	<b>19 479</b>
		<b>433 201</b>	<b>419 928</b>
<b>Long-term liabilities</b>			
Loans and leases	24	285 294	203 507
Other long-term liabilities	27	29 369	92 906
Deferred tax liability	15	10 989	10 879
		<b>325 652</b>	<b>307 292</b>
<b>Short-term liabilities</b>			
Loans and leases	24	29 425	13 341
Trade and other payables	27	95 323	142 303
Provisions for employee benefits	26	3 618	3 244
Other provisions	26	1 645	1 845
Current income tax liabilities		2 935	5 953
		<b>132 946</b>	<b>166 686</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>891 799</b>	<b>893 906</b>

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in 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
<b>Equity as of 1 January 2018</b>		<b>1 443</b>	<b>318 759</b>	<b>(546)</b>	<b>(36 984)</b>	<b>117 777</b>	<b>400 449</b>	<b>19 479</b>	<b>419 928</b>
Change of accounting policy		-	-	-	-	(5 901)	(5 901)	-	(5 901)
<b>Equity adjusted</b>		<b>1 443</b>	<b>318 759</b>	<b>(546)</b>	<b>(36 984)</b>	<b>111 876</b>	<b>394 548</b>	<b>19 479</b>	<b>414 027</b>
Net profit/ (loss)		-	-	-	-	47 413	47 413	1 983	49 396
Other comprehensive income	23	-	-	475	-	-	475	-	475
<b>Total comprehensive income</b>		-	-	<b>475</b>	-	<b>47 413</b>	<b>47 888</b>	<b>1 983</b>	<b>49 871</b>
Option scheme	22	4	1 861	-	1 062	-	2 927	-	2 927
Acquisition of non-controlling interest		-	-	-	31 853	(19 594)	12 259	(13 729)	(1 470)
Adjustement to minority recognition on aquisition	20	-	-	-	-	-	-	100	100
Dividend distribution	21	-	-	-	-	(27 748)	(27 748)	(4 506)	(32 254)
<b>Equity as of 30 September 2018</b>		<b>1 447</b>	<b>320 620</b>	<b>(71)</b>	<b>(4 069)</b>	<b>111 947</b>	<b>429 874</b>	<b>3 327</b>	<b>433 201</b>

in 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
<b>Equity as of 1 January 2017</b>		<b>1 434</b>	<b>315 830</b>	<b>(839)</b>	<b>(38 310)</b>	<b>114 143</b>	<b>392 258</b>	<b>16 467</b>	<b>408 725</b>
Net profit/ (loss)		-	-	-	-	35 325	35 325	4 707	40 032
Other comprehensive income		-	-	293	-	-	293	-	293
<b>Total comprehensive income</b>		-	-	<b>293</b>	-	<b>35 325</b>	<b>35 618</b>	<b>4 707</b>	<b>40 325</b>
Option scheme		9	2 929	-	1 326	-	4 264	-	4 264
Dividend distribution		-	-	-	-	(31 691)	(31 691)	(2 591)	(34 282)
Acquisition of a subsidiary		-	-	-	-	-	-	896	896
<b>Equity as of 31 December 2017</b>		<b>1 443</b>	<b>318 759</b>	<b>(546)</b>	<b>(36 984)</b>	<b>117 777</b>	<b>400 449</b>	<b>19 479</b>	<b>419 928</b>

in 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		
<b>Equity as of 1 January 2017</b>		<b>1 434</b>	<b>315 830</b>	<b>(839)</b>	<b>(38 310)</b>	<b>114 143</b>	<b>392 258</b>	<b>16 467</b>	<b>408 725</b>
Net profit/ (loss)		-	-	-	-	27 073	27 073	3 280	30 353
Other comprehensive income		-	-	(1 627)	-	-	(1 627)	-	(1 627)
<b>Total comprehensive income</b>		-	-	<b>(1 627)</b>	-	<b>27 073</b>	<b>25 446</b>	<b>3 280</b>	<b>28 726</b>
Option scheme	8	2 529	-	-	1 028	-	3 565	-	3 565
Dividend declared		-	-	-	-	(31 691)	(31 691)	(2 591)	(34 282)
<b>Equity as of 30 September 2017</b>		<b>1 442</b>	<b>318 359</b>	<b>(2 466)</b>	<b>(37 282)</b>	<b>109 525</b>	<b>389 578</b>	<b>17 156</b>	<b>406 734</b>

## INTERIM CONSOLIDATED CASH FLOW STATEMENT

in PLN'000	Note	Nine months ending 30 Sept. 2018	Nine months ending 30 Sept. 2017
<b>Cash flows from operating activities</b>			
<b>Profit before tax</b>		<b>65 111</b>	<b>39 507</b>
<b>Adjustments for:</b>		<b>50 614</b>	<b>48 078</b>
Amortization and depreciation		40 668	37 346
Amortization and depreciation of acquired programming rights		2 509	2 365
Payments for programming rights		(5 408)	(5 891)
Losses on the sale /liquidation/revaluation of property, plant and equipment and intangible assets		310	566
Finance cost		13 392	13 059
Revaluation of commitments to purchase non-controlling interests		(1 104)	-
Costs of the employee option scheme		1 062	1 028
Other adjustments		(815)	(395)
<b>Changes in working capital</b>		<b>23 050</b>	<b>(2 502)</b>
Change in trade and other receivables	33	13 132	(214)
Change in trade and other payables	33	9 769	(2 770)
Change in provisions	33	149	482
Income tax paid		(10 554)	(6 677)
Income tax refunded		1 721	2 014
<b>Net cash flows from operating activities</b>		<b>129 942</b>	<b>80 420</b>
<b>Cash flows from investing activities</b>			
Sale of intangible assets and property, plant and equipment		148	205
Purchase of intangible assets and property, plant and equipment		(35 212)	(35 665)
Repayment of contingent liabilities arising from business combinations		(10 502)	
Acquisition of subsidiary	33	(7 961)	
Exercising of the option to acquire non-controlling interest		(118 881)	
Acquisition of financial assets classified as available for sale		-	(15 625)
<b>Net cash flows from investing activities</b>		<b>(172 408)</b>	<b>(51 085)</b>
<b>Net cash flows from financing activities</b>			
Payments due to share capital increase		1 865	2 537
Loans received		93 904	15 011
Repayment of finance leases		(643)	(666)
Repayment of bank commissions		(1 306)	(717)
Interest paid		(7 980)	(6 011)
Repayment of loans received		-	(20 176)
Dividends paid to the shareholders of the parent company		(27 748)	(31 691)
Dividends paid to minority shareholders		(4 506)	(2 591)
<b>Net cash flows from financing activities</b>		<b>53 586</b>	<b>(44 304)</b>
<b>Total net cash flows</b>		<b>11 120</b>	<b>(14 969)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>46 442</b>	<b>45 150</b>
Impact of exchange differences on cash and cash equivalents		(62)	-
<b>Cash and cash equivalents at the end of the period</b>		<b>57 500</b>	<b>30 181</b>

## **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 subsidiaries.

As of 30 September 2018 Wirtualna Polska Holding Capital Group composed of the Parent Company and 11 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, Domodi.pl, Money.pl, Kafeteria.pl, Biztok.pl, abcZdrowie.pl, wakacje.pl, nocowanie.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. BASIS FOR PREPARATION OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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 policies used in the preparation of the condensed interim consolidated financial statements for the period of nine months ending 30 September 2018 are consistent with those used in the consolidated financial statements for the year ending 31 December 2017, except for new and changed accounting standards binding since 1 January 2018. New accounting principles adopted on 1 January 2018 are described in Note 2.1.

The financial statements for the year ending 31 December 2017 have been prepared in accordance with IFRS standards which are binding in the European Union in the financial year ending 31 December 2017.

The consolidated statement of financial positions as of 30 September 2018, consolidated income statement and other comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity for nine months ending 30 September 2018 were not audited. The consolidated financial statements as of 31 December 2017 and for twelve months ending 31 December 2017 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 2017.

#### **2.1. New and amended standards and interpretations**

##### **IFRS 9 "Financial instruments"**

The Group adopted IFRS 9 from 1 January 2018, which resulted in changes in accounting policies and adjustments to amounts recognized in the financial statements. The Group applied the standard retrospectively but used the option not to transform the comparative data. As a result comparative data is based on accounting principles used and described by the Group in the financial statements for the year ended 31 December 2017.

##### **Changed accounting policy:**

##### **Classification of financial instruments**

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

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

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

### ***Financial assets measured at amortized cost***

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

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

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

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

### ***Financial assets measured at fair value through other comprehensive income***

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

### ***Financial assets measured at fair value through profit or loss***

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

### ***Impairment of financial assets***

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

- (i) the first level of risk, i.e. balances for which there has been no significant increase in credit risk since the initial recognition and for which the expected loss is determined based on the probability of default within 12 months;
- (ii) second level of risk - balances for which there has been a significant increase in credit risk since the initial recognition and for which the expected loss is determined based on the probability of default throughout the entire loan term;
- (iii) third level of risk - balances with identified impairment.

With respect to trade receivables that do not contain a significant funding factor, the standard requires a simplified approach and valuation of an allowance based on expected credit losses for the entire life of the instrument. The Group has no trade receivables that would have an important financing factor, therefore classified its trade receivables only to the second risk group and receivables with identified impairment to the third risk group.

A portfolio analysis of receivables was carried out, based on the credit classification of contractors existing in the Group, and a simplified matrix of write-downs was applied on the basis of expected losses over the entire lifetime of receivables for individual receivables portfolios. The analysis was made based on the indicators of expected non-performance of liabilities determined based on historical data.

### ***First adoption of IFRS 9***

- ***Impairment allowances determined by the expected loss method - trade receivables***

As at 1 January 2018, the Group recalculated its allowances for trade receivables, which resulted in an increase in the impairment loss by PLN 346 thousand. The amount of this adjustment was applied to the retained earnings as at 1 January 2018.

- ***Revaluation write-offs determined by the expected loss method – cash and cash equivalents***

The Group estimated cash write-offs, based on the probability of banks' default, on whose accounts cash is allocated as at 30 September 2018. This probability was established on the basis of the external ratings of these banks and the publicly available information of rating agencies regarding the probability of default.



The Management Board refrained from creating a revaluation write-off due to immateriality.

- **Valuation of a financial liability due to a change in the terms of the loan agreement in 2017**

The effects of changing the terms of the loan agreement (Note 24), which are recognized in the financial statements for the year 2017 by adjusting the effective interest rate on the liability in order to settle the difference between the carrying amount and the discounted value of modified future payments over the expected financing period, under IFRS 9 are recognized in profit or loss.

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

**IFRS 15 "Revenue from contracts with customers"**

The standard is binding for the annual periods starting on or after 1 January 2018.

The principles set out in IFRS 15 will apply to all contracts resulting with revenues. The core principle of the new standard is recognizing revenue at the moment of transferring goods or services to the customer in an amount of the transaction price. All goods or services sold in bundles that can be made distinct within a bundle should be recorded separately; moreover, all discounts and rebates relating to the transaction price should in principle be allocated to the individual elements of a bundle. When an amount of revenue is variable, the variable amounts are classified as revenue according to the new standard if it is highly probable that the revenue recognition will not be reversed in the future as a result of revaluation. Moreover, according to IFRS 15 costs incurred to obtain and secure a contract with a customer should be capitalized and deferred over the period of consuming the benefits from the contract.

The Group applied to apply IFRS 15 from 1 January 2018.

The Group has analyzed its main revenue streams, namely:

- Revenue from the sale of online advertising in the inefficient model;
- Revenue from the sale of online advertising in the efficiency model;
- Revenues from the sale of special shares;
- Revenues from intermediation in the sale of tourist services;
- Revenue from the sale of TV advertising;
- Revenues from the sale of subscriptions

The Group analyzed the structure and characteristics of transactions that are carried out within the above mentioned revenue streams. No material aspects have been identified in which the method of recognizing revenues, valuation or presentation used by the Group would be different from the one permitted by IFRS 15. As a result of the conducted analysis, no need to introduce adjustments in connection with the application of IFRS 15 from January 1, 2018 has been identified.

**Explanations to IFRS 15 "Revenue from contracts with customers"**

Explanations to IFRS 15 "Revenues from contracts with customers" were published on 12 April 2016 and apply to financial statements prepared after 1 January 2018.

The explanations provide additional information and explanations regarding the main assumptions adopted in IFRS 15, including on the identification of separate duties, determining whether the entity acts as an intermediary (agent), or is the main supplier of goods and services (principal) and the method of recording revenue from licenses.

In addition to the additional explanations, exemptions and simplifications were introduced for units applying the new standard for the first time.

The Group applied the Notes to IFRS 15 from 1 January 2018.

**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 is going to apply IFRS 16 from 1 January 2019. The Management Board has appointed a project team whose aim will be to conduct a detailed analysis of the company's agreements with respect to their recognition in accordance with the new standard and to assess the impact of this change on the consolidated financial statements.

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 condensed interim consolidated financial statements have been approved for publication by the Management Board of Wirtualna Polska Holding SA on 12 November 2018.

### **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 2017.

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.

#### **4.1. Deferred tax asset**

##### **a) Deferred tax asset on contributing to the business**

In 2011, the Parent Company contributed its business with a fair value of PLN 311,000 thousand to the subsidiary Wirtualna Polska Media SA. As a result of this transaction, a temporary difference arose in the consolidated financial statements between the tax and carrying value of the contributed business's assets of PLN 265,195 thousand. A deferred tax asset was recorded on this difference which as of 30 September 2018 amounted to PLN 13,641 thousand (PLN 16,855 thousand as of 31 December 2017).

##### **b) 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 SA, on 1 September 2014, a demerger of WP Shopping Sp. z o.o. (former Wirtualna Polska SA) was carried out. The demerger was carried out by transferring a business unit of WP Shopping Sp. z o.o. (former Wirtualna Polska SA) 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 and the operations of the e-Commerce Centre were continued at WP Shopping Sp. z o.o. (former Wirtualna Polska SA). Moreover, all assets and liabilities which were not clearly designated as remaining with WP Shopping Sp. z o.o. (former Wirtualna Polska SA), shall transfer to Wirtualna Polska Media SA.

As a result of the merger, the majority of WP Shopping Sp. z o.o.'s (former Wirtualna Polska SA) 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 total value of tax asset on tax losses amounts to PLN 39,902 thousand as of 30 September 2018.

c) **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 2023, 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.

#### **4.2. 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.

#### **4.3. 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.

#### **4.4. 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 judgement of which is probable in the Group's opinion.

#### **4.5. 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 27).

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. An increase in the forecasted growth dynamics of revenues by 1 p.p. per annum in the years 2018–2019 increases the value of liabilities by 2.3%. An increase in the forecasted EBITDA margin by 1 p.p. per annum in the years 2018–2019 increases the value of the liabilities by 2.3%. An increase in the discount rate of 1 p.p. decreases the liability by 2.6%.

The commitment was initially estimated at PLN 11,571 thousand. As of 30 September 2018 the value of these commitments amounted to PLN 19,911 thousand and as of 31 December 2017 amounted to PLN 19,194 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".

#### **4.6. 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.

#### **4.7. Impairment tests**

Goodwill and intangible assets were subject to an impairment test as of 31 December 2017. Details of the test are discussed in Note 19 to the Group's consolidated financial statements for the year 2017. As of 30 September 2018 no impairment triggers were identified by the Group for other CGUs.

#### **4.8. Allowances for trade receivables**

The Group, based on the portfolio analysis of receivables, estimates the expected loss based on the probability of default throughout the lifetime of the receivables, regardless of whether or not there were any indications to create such a write-off. The analyses were made based on the indicators of expected non-performance of liabilities determined based on historical data.

#### **4.9. 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 final amounts of rebates are known after the end of the financial year and may differ from the estimates adopted during the period.

#### **4.10. 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 SA and Nocowanie.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 launch of the development of the television program in Multiplex 8, the Management Board re-segmented its activities and analyzes Capital Group's activity regarding revenue streams and the EBITDA operating result, dividing it 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.

Nine months ending 30 Sept. 2018 In PLN'000	Online Segment	TV Segment	Total
<b>Sales</b>	<b>383 113</b>	<b>10 740</b>	<b>393 853</b>
including cash sales	367 133	10 740	377 873
<b>EBITDA</b>	<b>122 155</b>	(6 098)	116 057
<b>Adjusted EBITDA</b>	<b>127 348</b>	<b>(6 032)</b>	<b>121 316</b>

Nine months ending 30 Sept. 2017 In PLN'000	Online Segment	TV Segment	Total
<b>Sales</b>	<b>323 370</b>	<b>4 675</b>	<b>328 045</b>
including cash sales	299 841	4 675	304 516
<b>EBITDA</b>	<b>100 639</b>	(10 975)	89 664
<b>Adjusted EBITDA</b>	<b>104 840</b>	<b>(10 646)</b>	<b>94 194</b>

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

## 7. THE GROUP'S STRUCTURE

As of 30 September 2018 the Capital Group represented: the parent company Wirtualna Polska Holding SA and 11 subsidiaries.

The condensed interim consolidated financial statements of the Group comprise the Company and the following subsidiaries:

No.	Name of subsidiary	Registered office	% of shares held	
			30 Sept. 2018	31 December 2017
1	Wirtualna Polska Media SA	Poland, Warsaw	100%	100%
2	http Sp. z o.o.	Poland, Warsaw	-	100%
3	Totalmoney.pl Sp. z o.o.	Poland, Wrocław	100%	100%
4	Businessclick Sp. z o.o.	Poland, Warsaw	100%	100%
5	Brand New Media Sp. z o.o. <sup>(1)</sup>	Poland, Wrocław	-	100%
6	dobreprogramy Sp. z o.o. <sup>(2)</sup>	Poland, Wrocław	-	51%
7	Finansowysupermarket.pl Sp. z o.o.	Poland, Wrocław	100%	100%
8	Domodi Sp. z o.o.	Poland, Wrocław	100%	51%
9	Wakacje.pl SA	Poland, Gdańsk	100%	100%
10	Nocowanie.pl Sp. z o.o.	Poland, Lublin	75%	75%
11	Netwizor Sp. z o.o.	Poland, Warsaw	100%	100%
12	eHoliday.pl Sp. z o.o.	Poland, Warsaw	75%	75%
13	WP Zarządzanie Sp. z o.o.	Poland, Warsaw	100%	100%
14	My Travel Sp. z o.o.	Poland, Warsaw	100%	-

<sup>(1)</sup> On 6 February 2018, Brand New Media Sp. z o.o. and Totalmoney.pl Sp. z o.o. merged by transferring all assets of Brand New Media Sp. z o.o. to Totalmoney.pl Sp. z o.o.

<sup>(2)</sup> On 31 July 2018, dobreprogramy Sp. z o.o., http Sp. z o.o. Wirtualna Polska Media SA. merged

Most of the Group's companies are focused on selling advertisements on the Internet, except for Wakacje.pl SA and My Travel Sp. z o.o. which sell tourist trips online, as well as offline via franchise network of stores. Netwizor Sp. z o.o runs internet services connected to the distribution of television channels on the Internet.

### ***Changes in the Group's structure in 2018***

On 15 March 2018, Wirtualna Polska Holding SA and shareholders of Domodi Sp. s o.o. concluded with the participation of Wirtualna Polska Media SA a share purchase agreement on the basis of which the Company acquired a total of 918 shares, representing approximately 35% of the share capital of Domodi and entitling to exercise about 35% of votes at the shareholders' meeting of Domodi.

On 4 September 2018, the Company concluded with the minority shareholders of Domodi a sales agreement under which the Company acquired a total of 364 shares with a par value of PLN 200 each, representing approximately 14% of the share capital of Domodi and entitling to exercise approximately 14% of votes at the Shareholders' Meeting of Domodi. After the settlement of both transactions, the Group owns 100% of shares in Domodi entitling to exercise 100% of votes at the shareholders' meeting.

On 22 March 2018, Wirtualna Polska Holding SA and shareholders of Dobreprogramy Sp. z o.o. concluded a share purchase agreement on the basis of which the Company acquired a total of 980 shares, representing approximately 39% of the share capital of Dobreprogramy and entitling to exercise about 49% of votes at the shareholders' meeting of Domodi. Prior to the transaction, the Group had a controlling stake of 51% of shares in Dobreprogramy. As a result of the transaction, a total of 100% of Dobreprogramy shares are owned by the companies of the WPH Capital Group.

On 17 May 2018 Wakacje.pl Sp. z o.o. acquired 100% of shares in My Travel Sp. z o.o.

On 6 February 2018, Brand New Media Sp. z o.o. and Totalmoney.pl Sp.z o.o. merged by transferring all assets of Brand New Media Sp. z o.o. to Totalmoney.pl Sp.z o.o pursuant to article 492 section 1 item 1 of the Polish Commercial Companies Code.

On 16 March 2018 Money.pl Sp. z o.o. changed its name to Totalmoney.pl Sp. z o.o.

On 31 July 2018, dobreprogramy Sp. z o.o., http Sp. z o.o Wirtualna Polska Media SA. merged by transferring all assets of dobreprogramy Sp. z o.o. and http Sp. z o.o to Wirtualna Polska Media SA

On 4 October 2018 Wakacje.pl SA acquired 100% of shares in Parklot sp. z o.o.

On 29 October 2018 Wirtualna Polska Holding SA concluded with ASP Capital Sp. z o.o. a share purchase agreement under which the Company acquired a total of 14.163 shares in Extradom.pl Sp. z o.o. representing 100% of share capital and entitling to exercise 100% of votes at the shareholders' meeting.

There were no other changes to the Group's structure other than those mentioned above.

## ***8. EVENTS WITH SIGNIFICANT IMPACT ON BUSINESS AND FINANCIAL RESULTS OF THE GROUP IN THE NINE MONTHS OF 2018***

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 (former Enovatis SA) In 2016, the Group's purchased Totalmoney.pl Sp. z o.o., Nocowanie.pl Sp. z o.o. and Netwizor Sp. z o.o. In 2017 the Group acquired eHoliday.pl Sp. z o.o. and in 2018 My Travel Sp. z o.o. was acquired. The acquisitions mentioned above had a significant impact on the increase in revenues and EBITDA compared with the same period of the previous year. They also had a significant impact on the amount of depreciation in the consolidated financial statements of the Group, as in the process of purchase price allocation of these entities a number of trademarks and customer relations have been identified which are currently depreciated and the costs are included in the consolidated financial results of the Group.

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

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

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

### ***Finance cost related to the acquisitions***

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

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

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

As of 30 September 2018 the balance of the Group's liability resulting from loan agreement amounted to PLN 309.8 million.

During the nine months of 2018, the Group's interest and commissions expenses, the bulk of which resulted from interest on the bank loan, amounted to PLN 9,979 thousand. The amount of these costs in consecutive periods will depend on WIBOR 3M which was 1.72% as of 30 September 2018.

### ***The launch of activities in the television advertising market***

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

In the analysed period television advertising revenue amounted to PLN 10,740 thousand. At the same time, this segment generated a negative EBITDA of PLN 6,098 thousand in the nine months.

Apart from the factors referred to above during the period of nine months ending 30 September 2018 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 NINE MONTHS OF 2018**

### ***Annex to the Domodi Shareholders' agreement and purchase of 35% of shares in Domodi***

On March 15, 2018, by way of an Annex, the parties to the shareholder agreement decided to change the conditions for the option to purchase a minority stake in Domodi shares, which originally assumed the purchase of shares in two equal tranches of 24.5% each, after the end of the 2017 and 2019 financial years. Before the annex was signed the estimated discounted value of the Group's liabilities on put option amounted to PLN 59.3 million with respect to the first option after the end of 2017 and PLN 60.3 million with respect to the second option after the end of 2019.

The amended Shareholders' Agreement gave Wirtualna Polska Media SA or Wirtualna Polska Holding SA the option to purchase 35% of shares in Domodi in 2018 and the right to exercise options for the remaining 14% of shares for the next ten years, with the first possibility to exercise the option after the end of 2018. Prior to the transaction, Wirtualna Polska Media SA had a controlling stake of 51% of shares in Domodi.

The sale price for all the purchased Shares was PLN 85,484 thousand. The transfer of rights to shares took place on March 22, 2018 upon payment of the price on the terms specified in the agreement. The acquisition of shares was financed from a loan granted to Wirtualna Polska Holding SA by Wirtualna Polska Media SA with funds from the tranche of the Capex Loan under the loan agreement of 12 December 2017.

In connection with the signed annex, the value of the liability due to the modified option for the remaining 14% of shares in Domodi was estimated by the Management Board at discounted value of approximately PLN 36 million. The difference in the discounted valuation of liabilities in the amount of approximately PLN 1.7 million was recognized in the Group's result as an additional financial cost in the first quarter of 2018.

Following the transaction, the Group recognized PLN 7,952 thousand of retained earnings, which were previously attributed to non-controlling interest. As a result of the settlement of the first option for the acquisition of non-controlling shares of Domodi the Group reclassified some of the reserve capital resulting from the initial recognition of this option to retained earnings in the amount of PLN 22,809 thousand. This change did not affect the total value of equity attributable to the shareholders of the parent company.

### ***Early settlement of put option liability on the remaining 14% of shares in Domodi***

On 4 September 2018, the Company an annex to the shareholders agreement of 12 September 2014, pursuant to which the parties of the shareholders agreement accelerated the second option of purchasing a minority stake in Domodi Sp. z o.o. and subsequently concluded a sale purchase agreement under which the Company acquired a total of 364 shares with a par value of PLN 200 each, representing approximately 14% of the share capital of Domodi and entitling to exercise approximately 14% of votes at the shareholders' meeting.

After the settlement of the transaction, the Group owns 100% of shares in Domodi entitling to exercise 100% of votes at the shareholders' meeting.

The selling price for all shares purchased was approximately PLN 33.4 million and was financed from the Group's own funds.

The value of the option liability for the purchase of the minority stake in Domodi on the previous balance sheet date amounted to PLN 36.2 million and was PLN 2.8 million higher than the final exercise price. Therefore, in the third quarter of 2018, the Group's consolidated financial statements showed gain of PLN 2.8 million on the revaluation of the liability to buy out non-controlling shares.

### ***Acquisition of My Travel Sp. z o.o.***

On 17 May 2018 Wakacje.pl SA concludes share purchase agreement with three natural persons and EVG Invest sp. o.o. under which Wakacje.pl will acquire a total of 700 shares with a par value of PLN 500 each, in the share capital of My Travel sp. z o.o., representing 100% of the share capital and entitling to exercise 100% of votes at the shareholders' meeting of MyTravel. Details of the transaction are described in Note 20.



## Other

Additionally, during the nine months of 2018 there were several changes in the group structure due to mergers (described in detail in note 7).

## 10. SALES

in PLN'000	Nine months ending 30 Sept. 2018	Nine months ending 30 Sept. 2017	Three months ending 30 Sept. 2018	Three months ending 30 Sept. 2017
Sales of services settled in cash	377 873	304 516	137 932	106 217
Sales of services settled in barter	15 980	23 529	5 867	7 400
<b>Total</b>	<b>393 853</b>	<b>328 045</b>	<b>143 799</b>	<b>113 617</b>

in PLN'000	Nine months ending 30 Sept. 2018	Nine months ending 30 Sept. 2017	Three months ending 30 Sept. 2018	Three months ending 30 Sept. 2017
Domestic sales	310 802	258 652	114 099	91 717
Export sales	83 051	69 393	29 700	21 900
European Union	70 187	62 477	25 540	19 014
Outside European Union	12 864	6 916	4 160	2 886
<b>Total</b>	<b>393 853</b>	<b>328 045</b>	<b>143 799</b>	<b>113 617</b>

## 11. EBITDA AND ADJUSTED EBITDA

The Group's EBITDA is calculated as operating profit plus depreciation and amortization, 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.

in PLN'000	Nine months ending 30 Sept. 2018	Nine months ending 30 Sept. 2017	Three months ending 30 Sept. 2018	Three months ending 30 Sept. 2017
<b>Profit before tax</b>	<b>65 111</b>	<b>39 507</b>	<b>27 604</b>	<b>17 601</b>
Finance costs	13 392	13 059	4 132	4 141
Finance income	(2 010)	(248)	(37)	(64)
Revaluation of commitments to purchase non-controlling interests	(1 104)	-	(2 790)	-
<b>Operating profit</b>	<b>75 389</b>	<b>52 318</b>	<b>28 909</b>	<b>21 678</b>
Amortization and depreciation of fixed assets and intangibles	40 668	37 346	14 097	12 611
<b>EBITDA</b>	<b>116 057</b>	<b>89 664</b>	<b>43 006</b>	<b>34 289</b>
Adjustments including:				
Restructuring and transaction costs - external services	2 700	858	1 716	102
Restructuring and transaction costs - salary and employee benefit expenses	860	1 846	(5)	662
Restructuring and transaction costs - other operating expenses and gains	1 427	26	334	38
Costs of the employee option scheme	1 062	1 028	312	321
Gain/loss on disposal of other financial assets	-	-	-	-
Net result on barter transactions settlement	(1 100)	231	(248)	(1 784)
Revaluation and liquidation of non-financial assets	310	541	227	230
Other	-	-	-	-
<b>Adjusted EBITDA</b>	<b>121 316</b>	<b>94 194</b>	<b>45 342</b>	<b>33 858</b>

## 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.

in PLN'000	Nine months ending 30 Sept. 2018	Nine months ending 30 Sept. 2017	Three months ending 30 Sept. 2018	Three months ending 30 Sept. 2017
<b>Profit before tax</b>	<b>65 111</b>	<b>39 507</b>	<b>27 604</b>	<b>17 601</b>
Adjustments including:				
Restructuring and transaction costs - external services	2 700	858	1 716	102
Restructuring and transaction costs – salary and employee benefit expenses	860	1 846	(5)	662
Restructuring and transaction costs -other operating expenses and gains	1 427	26	334	38
Costs of the employee option scheme	1 062	1 028	312	321
Net result on barter transactions settlement	(1 100)	231	(248)	(1 784)
Revaluation and liquidation of non-financial assets	310	541	227	230
Revaluation of commitments to purchase non-controlling interests	(1 104)	-	(2 790)	-
Other	-	-	-	-
<b>Total adjustments</b>	<b>4 155</b>	<b>4 530</b>	<b>(454)</b>	<b>(431)</b>
<b>Adjusted profit before tax</b>	<b>69 266</b>	<b>44 037</b>	<b>27 150</b>	<b>17 170</b>

In the opinion of the Group's Management Board, the result on barter transactions does not form a basis for evaluating the results realized during the period. 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 recognized. Some barter transactions are executed in different reporting periods but the result on the individual contracts over their entire period is equal to zero.

## 13. OTHER OPERATING INCOME/GAINS AND OTHER OPERATING EXPENSES

The following table presents other operating income/gains:

in PLN'000	Nine months ending 30 Sept. 2018	Nine months ending 30 Sept. 2017	Three months ending 30 Sept. 2018	Three months ending 30 Sept. 2017
Revenues from grants	332	504	128	272
Liabilities expired and forgiven	66	148	8	85
Repayment of receivables previously written off	182	18	8	8
Other	497	164	355	31
<b>Total</b>	<b>1 077</b>	<b>834</b>	<b>499</b>	<b>396</b>

in PLN'000	Nine months ending 30 September 2018	Nine months ending 30 September 2017	Three months ending 30 September 2018	Three months ending 30 September 2017
Representation and other costs by type, including:	2 727	2 443	782	(23)
Representation	1 341	839	455	239
Other costs by type	1 386	1 604	327	(262)
Write-downs of receivables	1 240	504	801	201
Taxes and charges	1 953	1 697	671	595
Revaluation of provisions	417	543	(56)	288
Revaluation and liquidation of non-financial assets	257	541	174	230
Loss on sale of non-financial assets	53	25	53	25
Other	1 705	1 137	787	572
Costs related to acquisitions of subsidiaries and restructuring	1 427	26	334	38
<b>Total</b>	<b>9 779</b>	<b>6 916</b>	<b>3 546</b>	<b>1 926</b>
including:				
Restructuring related costs	1 427	26	334	38
Other operating expenses	8 352	6 890	3 212	1 888

#### 14. FINANCE INCOME AND EXPENSES

in PLN'000	Nine months ending 30 Sept. 2018	Nine months ending 30 Sept. 2017	Three months ending 30 Sept. 2018	Three months ending 30 Sept. 2017
Interest income	257	248	91	64
Other	1 753	-	(54)	
<b>Total</b>	<b>2 010</b>	<b>248</b>	<b>37</b>	<b>64</b>

in PLN'000	Nine months ending 30 Sept. 2018	Nine months ending 30 Sept. 2017	Three months ending 30 Sept. 2018	Three months ending 30 Sept. 2017
Interest and commissions	9 979	7 294	3 550	2 367
Reversal of discount on investment liabilities	3 041	5 159	568	1 768
Revaluation of financial assets	88	-		
Other	284	606	14	6
<b>Total</b>	<b>13 392</b>	<b>13 059</b>	<b>4 132</b>	<b>4 141</b>

#### 15. CURRENT AND DEFERRED INCOME TAX

in PLN'000	Nine months ending 30 Sept. 2018	Nine months ending 30 Sept. 2017	Three months ending 30 Sept. 2018	Three months ending 30 Sept. 2017
<b>Current income tax</b>	<b>5 570</b>	<b>7 115</b>	<b>3 610</b>	<b>4 401</b>
For the financial year	5 570	7 115	3 610	4 401
<b>Deferred tax</b>	<b>10 145</b>	<b>2 039</b>	<b>2 329</b>	<b>(375)</b>
Temporary differences arising and reversed	10 145	2 039	2 329	(375)
<b>Total income tax</b>	<b>15 715</b>	<b>9 154</b>	<b>5 939</b>	<b>4 026</b>

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:

in PLN'000	Nine months ending 30 Sept. 2018	Nine months ending 30 Sept. 2017	Three months ending 30 Sept. 2018	Three months ending 30 Sept. 2017
<b>Profit before tax</b>	<b>65 111</b>	<b>39 507</b>	<b>27 604</b>	<b>17 601</b>
<b>Corporate income tax at the statutory rate of 19%</b>	<b>12 371</b>	<b>7 506</b>	<b>5 245</b>	<b>3 344</b>
Tax effects of the following items:				
Revenues and costs non-taxable permanent differences	3 123	684	1 051	368
Revaluation of commitments to purchase non-controlling interests	478	-	158	-
The reversal of the discount on commitments to purchase non-controlling interest	(210)	871	(653)	297
Unrecognized tax assets	478	193	295	162
Other	(525)	(100)	(157)	(145)
<b>Total income tax</b>	<b>15 715</b>	<b>9 154</b>	<b>5 939</b>	<b>4 026</b>

The table below presents titles for deferred tax asset and liabilities.

in PLN'000	1 January 2018	Financial result	Change of accounting policy	Business combinations	30 September 2018
<b>Deferred tax assets:</b>					
Change in tax values of assets as a result of internal reorganization of the Group	16 855	(3 214)	-	-	13 641
Unutilized tax losses	51 044	(11 142)	-	-	39 902
Write-downs of assets	971	629	66	-	1 666
Differences in tax and carrying amounts of liabilities	11 326	(802)	1 318	1 208	13 050
Other differences	776	(32)	-	-	743
<b>Deferred tax assets</b>	<b>80 972</b>	<b>(14 561)</b>	<b>1 384</b>	<b>1 208</b>	<b>69 002</b>
<b>Deferred tax liability:</b>					
Differences in carrying and tax amounts of property, plant and equipment	63 731	(4 295)	-	1 291	60 727
Other	3 198	(121)	-	488	3 565
<b>Deferred tax liability</b>	<b>66 929</b>	<b>(4 416)</b>	<b>-</b>	<b>1 779</b>	<b>64 292</b>
<b>Deferred tax assets/liability net</b>	<b>14 043</b>	<b>(10 145)</b>	<b>1 384</b>	<b>(571)</b>	<b>4 710</b>

in PLN'000	30 September 2018	31 December 2017
Offsetting of deferred tax liability	(53 303)	(56 050)
<b>Deferred tax assets after offsetting</b>	<b>15 699</b>	<b>24 922</b>
<b>Deferred tax liabilities after offsetting</b>	<b>10 989</b>	<b>10 879</b>

Tax settlements and other regulated areas of activities (for example, customs or foreign currency issues) may be subject to inspections by administrative bodies which are entitled to impose high penalties and sanctions. The lack of reference to established legal regulations in Poland results in ambiguities and inconsistencies in the binding regulations. Frequent differences of opinion as to the legal interpretation of tax regulations, both internally within the state bodies and between the state bodies and enterprises, result in areas of uncertainty and conflict. Due to these factors the tax risk in Poland is considerably higher than in countries with more precisely developed tax systems. Tax settlements may be subject to inspections within five years from the end of the year in which tax was paid. As a result of inspections, the Group's tax settlements may be increased by additional tax liabilities. The Group is of the opinion that as of 30 September 2018 there were no premises to record a provision against identifiable and measurable tax risk.

As a result of the General Anti-Avoidance Rule (GAAR), effective July 15, 2016, which aims to prevent the creation and use of artificial legal structures created to avoid taxation in Poland, the Parent Entity's Management has carried out a comprehensive analysis of the tax situation of the Group's entities, identified and evaluated transactions and operations that could potentially be covered by GAAR and considered their impact on deferred tax, tax value of assets, and tax risk. In the opinion of the Management Board, the analysis did not indicate the need to adjust the current and deferred income tax items. Nevertheless, in the opinion of the Management Board, in case of GAAR

there is an inherent uncertainty as to the interpretation of the tax law adopted by the Company that may affect the ability to realize deferred tax assets in future periods and the payment of additional tax for past periods.

## 16. 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 22).

in PLN'000	Nine months ending 30 Sept. 2018	Nine months ending 30 Sept. 2017
<b>Net profit attributable to equity holders of the Parent Company</b>	<b>47 413</b>	<b>27 073</b>
Weighted average number of shares shown for the purpose of calculating basic earnings per share (no. of units)	28 873 402	28 746 945
Effect of diluting the number of ordinary shares	187 616	219 224
Weighted average number of ordinary shares shown for the purpose of calculating diluted earnings per share (no. of units)	29 061 018	28 966 169
Basic (in PLN)	1,64	0,94
Diluted (in PLN)	1,63	0,93

## 17. CHANGES IN ALLOWANCES FOR ASSETS

On 1 January 2018, in connection with the first application of IFRS 9, write-offs for trade receivables were recalculated, which resulted in an increase of PLN 346 thousand. The amount of this adjustment was applied to the retained earnings as at 1 January 2018. During the nine months ending 30 September 2018 the Group adjusted the value of allowances for trade receivables by PLN 1.240 thousand.

In the nine months of 2018 write-downs on intangible assets and property, plant and equipment of PLN 257 thousand were recorded.

## 18. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

In the period from 1 January 2018 to 30 September 2018 the Group purchased property, plant and equipment of PLN 6.0 million and intangible assets of PLN 27.5 million. In addition, the acquisition of programming assets amounted to PLN 3.3 million. As of 30 September 2018 and 31 December the Group did not have any commitments to purchase property, plant or equipment.

## 19. GOODWILL

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

in PLN'000	Cash generating unit	As of 30 Sept. 2018	As of 31 Dec. 2017
Wirtualna Polska Media SA	Publishing and Advertising activities	92 040	92 040
Money.pl Sp. z o.o. Capital Group	Publishing and Advertising activities	11 550	11 550
Money.pl Sp. z o.o. Capital Group	Financial lead generation	7 808	7 808
NextWeb Media Sp. z o.o.	Publishing and Advertising activities	19 072	19 072
Finansowy supermarket.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 SA	Wakacje.pl	62 888	62 888
TotalMoney.pl Sp. z o.o.	Financial lead generation	8 820	8 820
Nocowanie.pl Sp. z o.o.	Nocowanie	16 793	16 793
Netwizor.pl Sp. z o.o.	Publishing and Advertising activities	2 272	2 272
eHoliday Sp. z o.o.	Nocowanie	9 463	9 764
My Travel Sp. Z o.o.	Wakacje.pl	14 814	-
http Sp. z o.o.	Publishing and Advertising activities	180	180
<b>Goodwill (gross)</b>		<b>274 287</b>	<b>259 774</b>
Impairment of goodwill:			
http Sp. z o.o.	Publishing and Advertising activities	(180)	(180)
<b>Goodwill (net)</b>		<b>274 107</b>	<b>259 594</b>

In the case of the acquisitions of eHoliday.pl Sp. z o.o. and MyTravel Sp. z o.o. the goodwill presented above is based on the provisional settlement of the purchase price.

## 20. ACQUISITION AND BUSINESS COMBINATIONS

### **MyTravel Sp. z o.o.**

On 17 May 2018 Wakacje.pl SA concluded with three natural persons and EVG Invest sp. o.o. a shares purchase agreement under which Wakacje.pl acquired a total of 700 shares with a par value of PLN 500 each, in the share capital of My Travel sp. z o.o. representing 100% of the share capital and entitling to exercise 100% of votes at the shareholders' meeting of MyTravel.

The final sale price was determined as the product of the normalized MyTravel EBITDA for the financial year 2018 and the multiplier established by the parties. The sale price will be paid in three instalments. The Management Board of WPH expects that the final settlement of the sale price will take place in the third quarter of 2019. The parties agreed that the sale price will not be lower than PLN 10,000 thousand and will not be higher than PLN 19,000 thousand.

The first sale price tranche was set at approximately PLN 7,943 thousand. The second tranche amounted to PLN 2,692 thousand. The payment of both tranches took place in the reporting period and was financed from Wakacje.pl own funds.

My Travel operates a franchise network for the sale of tours and other tourist services. As part of the network, there are 116 stationary salons, which ensures its position as the largest agency network on the Polish market.

Goodwill on the acquisition of PLN 14,662 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 3,647 thousand (including PLN 3,331 thousand of trade receivables). As of the date of the control takeover, receivables in the amount of PLN 1,005 were considered as uncollectible.

Costs related to the purchase transaction in the amount of PLN 280 thousand were recognized in the consolidated statement of profit or loss and other comprehensive income for the period of nine months ending 30 September 2018 as "Costs related to purchases of subsidiaries and restructuring". The next table lists the remuneration paid and the fair values of the assets and liabilities acquired as at the acquisition date. As at 30 September 2018, the acquisition is settled temporarily.

in PLN'000	My Travel Sp. z o.o.
Cash and cash equivalents - payment for the shares	7 939
Additional consideration	9 751
<b>Total</b>	<b>17 690</b>
Non-controlling interests measured at the value of share in net assets	-
Cash and cash equivalents	1 084
Property, plant and equipment	150
Trademark	-
Client relations	6 796
Copyrights and other intangible assets	72
Trade and other receivables	3 647
Trade and other liabilities	(7 874)
Deferred tax	(972)
Provisions for employee benefits	(27)
<b>Total identifiable net assets</b>	<b>2 876</b>
<b>Goodwill</b>	<b>14 814</b>

For information purposes, the next table presents unaudited financial results of My Travel Sp. z o.o. from January 1, 2018 until the date of taking control and from the date of taking control to 30 September 2018 (data included in these consolidated financial statements). The presented data have not been audited by a certified auditor:

in PLN'000	Since 01.01.2018 until acquisition date	Since acquisition date until 30.09.2018
Sales	6 163	6 652
Cash sales	6 163	6 652
EBITDA	(594)	575
Adjusted EBITDA	(127)	717
Net profit	(558)	438

### ***eHoliday.pl Sp. z o.o.***

On 18 October 2017 Nocowanie.pl Sp. z o.o. acquired 100% of shares in eHoliday.pl Sp. z o.o. with headquarters in Warsaw. The purchased shares represent 100% of votes at the general meeting of the acquired company. The eHoliday.pl Sp. z o.o. is the owner of the eholiday.pl website - one of the national leaders in the accommodation booking market.

The final, non-adjustable purchase price of 100% shares was PLN 11,250 thousand. Nocowanie.pl financed the investment with its own funds and partly with the loan granted by Wirtualna Polska Media SA (in the amount of PLN 6,488 thousand) and by the minority shareholder of Nocowanie.pl Sp. z o.o. (in the amount of PLN 2,162 thousand). The Group is also obliged to pay additional remuneration of PLN 1,200 thousand to some of the previous shareholders.

The goodwill on the acquisition was initially calculated in the amount of PLN 9,764 thousand. In the first quarter of 2018 the Group changed the calculation by PLN 301 thousand due to recognition of additional deferred tax asset. As at 30 September 2018, the acquisition is settled temporarily.

in PLN'000	Purchase price allocation as of 31 Dec. 2017	Adjustement	Purchase price allocation as of 30 Sept. 2018
Cash and cash equivalents - payment for the shares	11 250	-	11 250
Additional consideration	1 200	-	1 200
<b>Total</b>	<b>12 450</b>	-	<b>12 450</b>
<b>Non-controlling interests measured at the value of share in net assets</b>	<b>896</b>	100	<b>996</b>
Cash and cash equivalents	847	-	847
Property, plant and equipment	29	-	29
Trademark	2 610	-	2 610
Client relations	3 143	-	3 143
Copyrights and other intangible assets	228	-	228
Trade and other receivables	305	-	305
Trade and other payables	(2 481)	-	(2 481)
Deferred tax	(1 094)	(401)	(693)
Provisions for employee benefits	(5)	-	(5)
<b>Total identifiable net assets</b>	<b>3 582</b>	<b>(401)</b>	<b>3 983</b>
<b>Goodwill</b>	<b>9 764</b>	<b>(301)</b>	<b>9 463</b>



## 21. SHARE CAPITAL

The structure of share capital as of 30 September 2018 is as follows:

Shareholder	Number of shares	% of share capital	Number of votes	% of votes
Jacek Świdorski through subsidiaries:	3 777 164	13,05%	7 540 401	18,74%
Orfe SA	3 763 237	13,00%	7 526 474	18,71%
Michał Brański through subsidiaries:	3 777 164	13,05%	7 540 400	18,74%
10X SA	3 763 236	13,00%	7 526 472	18,71%
Krzysztof Sierota through subsidiaries:	3 777 164	13,05%	7 540 400	18,74%
Albemuth Inwestycje SA	3 763 236	13,00%	7 526 472	18,71%
Founders together*	<b>11 331 492</b>	<b>39,15%</b>	<b>22 621 201</b>	<b>56,23%</b>
<b>AVIVA OFE</b>	<b>2 033 159</b>	<b>7,03%</b>	<b>2 033 159</b>	<b>5,05%</b>
<b>Others</b>	<b>15 576 605</b>	<b>53,82%</b>	<b>15 576 605</b>	<b>38,72%</b>
<b>Total</b>	<b>28 941 256</b>	<b>100,00%</b>	<b>40 230 965</b>	<b>100,00%</b>

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

### Significant changes of shareholders

On 9 March 2018 the Management Board obtained a notification from AVIVA Powszechne Towarzystwo Emerytalne Aviva BZ WBK SA concerning a change in shareholding of the Companies' shares by Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK. As a result of a transaction of acquiring shares of the Company concluded on 2 March 2018, Aviva OFE holds 2,033,159 shares of the Company which constituted 5.06% of the total number of votes.

### Share capital increase

On June 29 the KDPW registered and WSE admitted to trading:

- 30,836 series D ordinary bearer shares with a nominal value of PLN 0.05 each, issued as part of the conditional share capital increase pursuant to resolution No. 6 of the Extraordinary General Meeting of the Company dated 14 January 2015
- 17,920 ordinary bearer series F shares with a nominal value of PLN 0.05 each, issued as part of the conditional share capital increase based on Resolution No. 3 of the Extraordinary General Meeting of the Company

In connection with the above, acquisition of rights stemming from 48.756 ordinary bearer shares of the Company, including 30.836 ordinary bearer series D shares with a nominal value of 0.05 PLN and 17,920 ordinary bearer series F shares with a nominal value of 0.05 PLN has occurred, and increase in the Company's share capital by PLN 2,437.80, i.e. from PLN 1,442,761.20 to PLN 1,445,199.00 took place.

On 19 September 2018 the KDPW registered and WSE admitted to trading:

- 13,899 series D ordinary bearer shares with a nominal value of PLN 0.05 (in words: five groszy) each, issued as part of the conditional share capital increase pursuant to resolution No. 6 of the Extraordinary General Meeting of the Company dated 14 January 2015
- 23,377 ordinary bearer series F shares with a nominal value of PLN 0.05 each, issued as part of the conditional share capital increase based on Resolution No. 3 of the Extraordinary General Meeting of the Company with on 5 March 2015

In connection with the above, acquisition of rights stemming from 37,276 ordinary bearer shares of the Company, including 13,899 ordinary bearer series D shares with a nominal value of 0.05 PLN and 23,377 ordinary bearer series F shares with a nominal value of 0.05 PLN has occurred, and increase in the Company's share capital by PLN 1,863.80, i.e. from PLN 1,445,199.00 to PLN 1,447,062.80 took place.

The series D and F shares were taken as a result of exercising the rights acquired through private placement of series B and C subscription warrants of the Company by eligible employees and associates of the Company as part of the Managerial Option.



After registration, admission to trading and issuing of the above mentioned shares, the share capital of the Company amounts to PLN 1,447,062.80 and is divided into 28,941,256 shares with a nominal value of PLN 0.05, entitling to 40,230,965 votes at the General Meeting, including:

- 11,289,709 registered series A preference shares; preference for 11,289,709 series A shares applies to voting rights at the general meeting in such a way that there are two votes per share;
- 1,100,000 ordinary series A bearer shares;
- 12,221,811 ordinary series B bearer shares;
- 301,518 ordinary series C bearer shares;
- 596,540 ordinary series D bearer shares;
- 3,339,744 ordinary series E bearer shares;
- 91,934 ordinary series F bearer shares.

The total number of votes from all the Company's shares is: 40,230,965.

### **Dividend policy**

In 2015 and 2016 the Parent Company of the Group did not pay any dividend. On 20 December 2016, the Management Board of Wirtualna Polska Holding S.A adopted a dividend policy. The policy assumes a dividend payment at the level above PLN 1 per share, but not more than 70% of the consolidated net profit of the Capital Group reported in the consolidated financial statements for a given financial year.

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

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

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

in PLN'000	Nine months ending 30 Sept. 2018	Nine months ending 30 Sept. 2017
Dividend passed and paid during the period for the current and prior years	27 748	32 116
Dividend liabilities at the end of the period	-	32 116
Dividend per share in PLN	0,96	1,10

### **Profit distribution**

On 25 April 2018 the Ordinary General Meeting of Wirtualna Polska Holding S.A adopted a resolution according to which it has decided to allocate the Company's net profit for the financial year 2017 of PLN 7,576 thousand and amount of PLN 20,204 thousand from the Company's profits from previous years, to pay dividends to the Shareholders of the Company. The Ordinary General Meeting of the Company has decided to set a dividend day on 10 September 2018 and the dividend payment date on 20 July 2018. The final dividend paid to shareholders amounted to PLN 27,748 thousand.

## **22. 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.

The expected total cost of the scheme as of the balance sheet date to be recognized in the financial statements over the following periods of its validity amounted to PLN 1,247 thousand. The total costs recognized in the financial result for the period ending 30 September 2018 in respect of the scheme amounted to PLN 296 thousand and the total cost recognized in the previous periods amounted to PLN 5,245 thousand.

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.

	No. of shares
<b>As of 1 January 2018</b>	<b>203 670</b>
Awarded	118 145
Non executed	(12 709)
Executed	(44 735)
<b>As of 30 September 2018</b>	<b>264 371</b>
Including the number of options vested as of the balance sheet date	36 640

The exercise price of the options outstanding as of 30 September 2018 amounted to PLN 12.17, and the period remaining to the end of the contractual life of the option is between 3 and 6 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 2016.

The weighted average fair value of the options awarded during the period, determined using the binomial valuation model, amounted to PLN 15.23 per option. The key input data for the model were as follows: the share price as of the date of awarding the options, the exercise price, volatility of rates of return on shares between 18.6%-19.4%, a dividend rate of 0.0%, the expected vesting period and the annual risk-free interest rate of 1.68%-3.18%. The total estimated option value in the scheme amounted to PLN 9,039 thousand.

The total expected cost of the scheme as of the balance sheet date to be recognized in the financial statements over the following periods of its validity amounted to PLN 7,075 thousand. The total costs recognized in the financial result for the period ending 30 September 2018 in respect of the scheme amounted to PLN 772 thousand and the cost recognized in the previous periods amounted to PLN 1,192 thousand.

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

	No. of shares
<b>As of 1 January 2018</b>	<b>418 699</b>
Awarded	50 000
Non executed	(25 000)
Executed	(41 297)
<b>As of 30 September 2018</b>	<b>402 402</b>
Including the number of options vested as of the balance sheet date	37 033

The exercise price of the options outstanding as of 30 September 2018 amounted to PLN 32, and the period remaining to the end of contractual life of the option is between 5 and 7 years.

### 23. HEDGE ACCOUNTING

As at 30 September 2018 the Group was not a party to any active hedging transactions.

On 28 April 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 SA, 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.

### 24. LOANS AND LEASES

in PLN'000	As of 30 September 2018	As of 1 January 2018	As of 31 December 2017
<b>Long-term:</b>			
Bank loans	281 244	206 114	199 174
Loans from shareholders	2 163	2 162	2 162
Finance leases	1 887	2 171	2 171
	<b>285 294</b>	<b>210 447</b>	<b>203 507</b>
<b>Short-term:</b>			
Bank loans	28 529	12 518	12 518
Finance leases	896	823	823
	<b>29 425</b>	<b>13 341</b>	<b>13 341</b>
<b>Total</b>	<b>314 719</b>	<b>223 788</b>	<b>216 848</b>

### **Bank loans**

On 12 December 2017 Wirtualna Polska Media SA and mBank SA, 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.

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 was 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 installments 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 twelve equal quarterly installments payable starting from the 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 SA, Money.pl Sp. z o.o., Domodi Sp. z o.o., Nocowanie.pl Sp. z o.o. and Wakacje.pl SA;
- registered pledges on items and rights of Wirtualna Polska Holding SA, Wirtualna Polska Media SA, Money.pl Sp. z o.o. and Wakacje.pl SA;
- ordinary and registered pledges on the rights to the trademarks of Wirtualna Polska Media SA, Money.pl Sp. z o.o. and Wakacje.pl SA;
- financial and registered pledges on bank accounts maintained for Wirtualna Polska Holding SA, Wirtualna Polska Media SA, Money.pl Sp. z o.o. and Wakacje.pl S.A together with powers of attorney to those bank accounts;
- financial and registered 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 SA; Money.pl Sp. z o.o. and Wakacje.pl SA;
- declarations on submission to enforcement procedures by Wirtualna Polska Holding SA, Wirtualna Polska Media SA, Money.pl Sp. z o.o. and Wakacje.pl SA 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 22 March 2018 the Group utilized PLN 85,484 thousand of CAPEX tranche to finance acquisition of 35% of minority shares in Domodi.

On 9 July 2018 the Group utilized PLN 8,420 thousand of CAPEX tranche to refinance part of its CAPEX expenditures incurred on purchase of tangible and intangible assets.

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

The debt from the loan agreement was presented in the balance sheet as of 30 September 2018 as long and short term. The short-term part was calculated as the sum of planned payments for 12 consecutive months according to the repayment schedule.

### **Loans**

As of 30 September 2018, the Group had an unpaid loan to a minority shareholder of Nocowanie.pl Sp. z o.o. drawn to finance the acquisition of 100% shares in eHoliday.pl Sp. z o.o.

The loan bears interest at the WIBOR rate for 3-month deposits plus a margin set in the contract. The principal may be repaid at any time, no later than 16 October 2020 with interest payable on quarterly basis.

As at 30 September 2018 the loan accounted for PLN 2,163 thousand.

## **25. CONTINGENT LIABILITIES**

Contingent liabilities arising from acquisitions of subsidiaries result mainly from the arrangements made with the former owners of My Travel Sp. z o.o. As of 30 September 2018, the estimated non-discounted amount of all future payments that the Group may be obliged to make based under the arrangements adopted amounted to PLN 9,208 thousand. The fair value of contingent consideration of PLN 8,293 thousand was in all cases estimated using the income method. Valuations of both obligations are at level 3 of the fair value hierarchy. Further information is disclosed in note 29.

## **26. PROVISIONS**

in PLN'000	As of 30 Sept. 2018	As of 31 Dec. 2017
<b>Provision for employee benefits</b>	<b>3 618</b>	<b>3 244</b>
provision for pension benefits	256	249
holiday pay provision	3 362	2 995
<b>Other provisions, including:</b>	<b>1 645</b>	<b>1 845</b>
Provisions for litigation	1 645	1 845
<b>Total</b>	<b>5 263</b>	<b>5 089</b>

in PLN'000	As of 30 Sept. 2018	As of 31 Dec. 2017
<b>Provision for employee benefits</b>		
<b>At the beginning of the period</b>	<b>3 244</b>	<b>3 276</b>
Recorded during the year	348	93
Utilized	-	(60)
Released	-	(72)
Business combinations	26	7
<b>At the end of the period</b>	<b>3 618</b>	<b>3 244</b>
<b>Other provisions:</b>		
<b>At the beginning of the period</b>	<b>1 845</b>	<b>1 511</b>
Recorded during the year	512	783
Utilized	(493)	(201)
Released	(219)	(248)
<b>At the end of the period</b>	<b>1 645</b>	<b>1 845</b>

## 27. TRADE AND OTHER PAYABLES

The following table presents the structure of trade and other payables as of 30 September 2018 and 31 December 2017.

in PLN'000	As of 30 Sept. 2018	As of 31 Dec. 2017
<b>Long-term:</b>		
Contingent liabilities related to business combinations	-	3 618
Liabilities with respect to the put option for non-controlling interests	19 911	78 763
Liabilities in respect of purchase of property, plant and equipment and intangible assets	8 902	10 141
Deferred income	556	384
	<b>29 369</b>	<b>92 906</b>
<b>Short-term:</b>		
Trade payables	45 557	37 799
Contingent liabilities related to business combinations	8 293	4 771
Liabilities related to business combinations (other than earn-out)	368	58 616
State liabilities	9 050	6 028
Barter liabilities	3 202	1 935
Wages and salaries payables	8 268	6 649
Liabilities in respect of purchase of property, plant and equipment and intangible assets	3 796	13 300
Deferred income	10 213	8 323
Other	6 576	4 882
<b>Total</b>	<b>95 323</b>	<b>142 303</b>

## 28. 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 adjudgment 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 analyzed period, the provision for court proceedings increased by PLN 200 thousand.

## 29. 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 liabilities measured at fair value as of 30 September 2018.

in PLN'000	Level 1	Level 2	Level 3	Total
<b>Assets and liabilities measured at fair value</b>				
Contingent liabilities related to business combinations	-	-	(8 293)	<b>(8 293)</b>
<b>Total assets and liabilities</b>	-	-	<b>(8 293)</b>	<b>(8 293)</b>

#### 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 period of 9 months ending 30 September 2018 and twelve months of the year 2017:

in PLN'000	Contingent consideration under business combinations	
	As of 30 Sept. 2018	As of 31 Dec. 2017
<b>At the beginning of the period</b>	<b>7 189</b>	<b>6 075</b>
Acquisition of My Travel Sp. z o.o.	9 898	-
Revaluation of liability related to acquisition of Netwizor Sp. z o.o.	(371)	-
Additional earn-out Allani Sp. z o.o.	168	342
Repayment of earn-out MyTravel Sp. z o.o.	(2 692)	-
Repayment of earn-out Netwizor Sp. z o.o.	(1 002)	-
Repayment of earn-out Allani Sp. z o.o.	(5 608)	-
Gains and losses recognized in financial result	711	772
<b>At the end of the period</b>	<b>8 293</b>	<b>7 189</b>

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

in PLN'000	Carrying amount	Fair value
Bank loans	311 936	310 885
Finance leases liabilities	2 783	2 783
<b>Total</b>	<b>314 719</b>	<b>313 668</b>

### 30. 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 December 2017 the Group's operations were not subject to significant currency risk due to an insignificant share of currency transactions in the Group's total transactions. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group utilizes derivative financial instruments to hedge against some risks. Since 2014, The Group has swap instruments to economically hedge against interest rate risk arising from loan agreements concluded. In connection with the new loan agreement signed on December 12, 2017, the Group terminated IRS transactions and as at 30 September 2018, 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. For the existing receivables, the Group estimates the expected credit loss throughout the lifetime of the receivables. The analyses are made based on the indicators of expected non-performance of liabilities determined based on historical data.

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..

in PLN'000	As of 30 Sept. 2018	As of 31 Dec. 2017
Banks with high rating	57 500	46 442
<b>Total cash at banks</b>	<b>57 500</b>	<b>46 442</b>

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

### **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. 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.

In both 2018 and 2017 all loans and credits of the Group were in PLN.

### **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.

## **31. RELATED PARTY DISCLOSURES**

As of 30 September 2018 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 Świdorski, 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

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

in PLN'000	As of 30 Sept. 2018	As of 31 Dec. 2017
<b>Liabilities</b>		
Subsidiary of a member of the Management Board of the Parent Company	26	3
<b>Total</b>	<b>26</b>	<b>3</b>
<b>Receivables'</b>		
Subsidiary of a member of the Management or Supervisory Board of the Parent Company	-	659
<b>Total</b>	<b>-</b>	<b>659</b>

The following transactions were concluded with related entities:

in PLN'000	Nine months ending 30 Sept. 2018	Nine months ending 30 Sept. 2017
<b>Purchases:</b>		
Subsidiary of a member of the Management Board of the Parent Company	3	5
<b>Total</b>	<b>3</b>	<b>5</b>
<b>Sales</b>		
Subsidiary of a member of the Management or Supervisory Board of the Parent Company	525	-
<b>Total</b>	<b>525</b>	<b>-</b>

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

in PLN'000	Nine months ending 30 Sept. 2018	Nine months ending 30 Sept. 2017
Short-term employee costs (salaries and related benefits)	4 399	2 857
Incentive scheme – share-based payments	-	108
<b>Total</b>	<b>4 399</b>	<b>2 965</b>

## 32. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

### Acquisition of 100% shares Extradom.pl Sp. z o.o.

On October 29, 2018, Wirtualna Polska Holding SA and ASP Capital Sp. z o.o. concluded sales purchase agreement of 14,163 shares in the share capital of Extradom.pl sp. z o.o. representing a total of 100% of all shares in the Extradom share capital, entitling to exercise 100% of votes at the Shareholders' Meeting.

Extradom is the market leader in the sales of architectural projects online with a dozen percent share in the entire architectural design market. Marketplace run by Extradom aggregates over 18.000 projects from leading Polish architectural studios, giving the user a wide range of professional advice during the selection process. Among the architectural studios Extradom has a strong recognizable brand and is their trusted partner that gives easy access to the online market.

The selling price for the shares is PLN 75.0 million

The price will be paid in instalments. The first instalment in the amount of PLN 52.9 million was paid on 8 November 2018 and was financed with the bank loan. The second instalment in the amount of PLN 6.5 million shall be paid between 5 and 15 December 2018.

Ownership of 12,603 shares in Extradom, representing approximately 88.99% of all shares in its share capital and entitling to exercise about 88.99% of votes at the shareholders meeting, was transferred to the Company after payment of the first instalment. Ownership of 1,560 shares in Extradom, representing approximately 11.01% of all shares in Extradom's share capital and entitling to exercise about 11.01% of votes at the Shareholders Meeting, will be transferred to the Company after the payment of the second instalment.

At the same time, the parties agreed that a part of the sale price in the amount of PLN 15.5 million will be withheld by the Company in order to hedge the standard risks in such transactions and will be payable in the following manner:

- PLN 1,526 thousand no later than on 10 January 2019
- PLN 2,094 thousand no later than on 10 January 2020
- PLN 2,163 thousand no later than on 10 January 2021
- PLN 2,680 thousand no later than on 10 January 2022
- PLN 4,734 thousand no later than on 10 January 2023
- PLN 2,328 thousand no later than on 10 January 2024

The amounts specified above will be increased by interest accrued on the unpaid amount of the retained amount due to the seller, and will be reduced by any amounts withheld by WPH pursuant to the share sale agreement.

#### **Amendment to the loan agreement**

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 will be increased by PLN 100 million and Wirtualna Polska Holding SA will enter into a loan agreement as the only borrower authorized to continue using the entire available CAPEX Loan Tranche.

### **33. EXPLANATIONS TO THE CASHFLOW STATEMENT**

in PLN'000	Nine months ending 30 Sept. 2018	Nine months ending 30 Sept. 2017
<b>Change in receivables and other short-term assets arises from the following items:</b>	<b>13 132</b>	<b>(214)</b>
Change in receivables and other short-term assets per balance sheet	12 331	(51)
Change in long-term receivables per balance sheet	(186)	(104)
Change in assets relating to financing activities	(2 375)	8
Receivables and other assets of acquired companies as of the date of obtaining control	3 647	-
Change of accounting policy	(346)	-
Change in income tax receivables	60	(67)
Other	1	-
<b>Change in short-term liabilities arises from the following items:</b>	<b>9 769</b>	<b>(2 770)</b>
Change in short-term liabilities per balance sheet	(46 980)	46 074
Adjustment for a change in the liability in respect of swap instruments	-	66
Adjustment for a change in investment liabilities	64 230	(48 464)
Revaluation of investment liabilities recognized in operating cost	298	-
Liabilities of acquired companies as of the date of obtaining control	(7 648)	-
Change in long-term deferred income	172	(493)
Change in liabilities in respect of financing activities	(300)	49
Other	(3)	(2)
<b>Change in provisions arises from the following items:</b>	<b>149</b>	<b>482</b>
Change in short-term provisions per balance sheet	174	482
Provisions of acquired companies as of the date of obtaining control	(25)	-
<b>Acquisition of subsidiary</b>	<b>(7 961)</b>	<b>-</b>
Purchase price	(9 045)	-
Cash and cash equivalents in subsidiaries as of the date of the acquisition's settlement	1 084	-

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

### 34. SELECTED CONSOLIDATED FINANCIAL DATA CONVERTED INTO EUR

#### Consolidated income statement and other comprehensive income

	Nine months ending 30 Sept. 2018	Nine months ending 30 Sept. 2017	Nine months ending 30 Sept. 2018	Nine months ending 30 Sept. 2017
	in PLN'000		in EUR'000	
<b>ONLINE segment</b>				
Sales	383 113	323 370	90 070	75 971
Cash sales	367 133	299 841	86 313	70 443
Adjusted EBITDA	127 348	104 840	29 940	24 631
EBITDA	122 155	100 639	28 719	23 644

	Nine months ending 30 Sept. 2018	Nine months ending 30 Sept. 2017	Nine months ending 30 Sept. 2018	Nine months ending 30 Sept. 2017
	in PLN'000		in EUR'000	
<b>TV segment</b>				
Sales	10 740	4 675	2 525	1 098
Cash sales	10 740	4 675	2 525	1 098
Adjusted EBITDA	(6 032)	(10 646)	(1 418)	(2 501)
EBITDA	(6 098)	(10 975)	(1 434)	(2 578)

	Nine months ending 30 Sept. 2018	Nine months ending 30 Sept. 2017	Nine months ending 30 Sept. 2018	Nine months ending 30 Sept. 2017
	in PLN'000		in EUR'000	
<b>Segments total</b>				
Sales	393 853	328 045	92 595	77 069
Cash sales	377 873	304 516	88 838	71 541
Adjusted EBITDA	121 316	94 194	28 521	22 129
EBITDA	116 057	89 664	27 285	21 065
Amortization and depreciation of fixed assets and intangibles	(40 668)	(37 346)	(9 561)	(8 774)
Operating profit	75 389	52 318	17 724	12 291
Result on financial activities	(10 278)	(12 811)	(2 416)	(3 010)
Profit before tax	65 111	39 507	15 308	9 282
Net profit	49 396	30 353	11 613	7 131

#### Consolidated statement of financial position

	As of 30 Sept. 2018	As of 31 Dec. 2017	As of 30 Sept. 2018	As of 31 Dec. 2017
	in PLN'000		in EUR'000	
Total assets	891 799	893 906	208 784	214 320
Non-current assets	749 939	752 229	175 572	180 352
Current assets	141 860	141 677	33 212	33 968
Long-term liabilities	325 652	307 292	76 240	73 675
Short-term liabilities	132 946	166 686	31 125	39 964
Equity	433 201	419 928	101 419	100 680
Share capital	1 447	1 443	339	346
Non-controlling interests	3 327	19 479	779	4 670

### **Consolidated cash flow statement**

	Nine months ending 30 Sept. 2018	Nine months ending 30 Sept. 2017	Nine months ending 30 Sept. 2018	Nine months ending 30 Sept. 2017
	in PLN'000		in EUR'000	
Net cash flows from operating activities	129 942	80 420	30 549	18 893
Net cash flows from investing activities	(172 408)	(51 085)	(40 533)	(12 002)
Net cash flows from financing activities	53 586	(44 304)	12 598	(10 409)
<b>Total net cash flows</b>	<b>11 120</b>	<b>(14 969)</b>	<b>2 614</b>	<b>(3 517)</b>

Conversion into euro was performed based on the following principles:

- amounts presented in zloty as of 30 September 2018 were converted into euro at the exchange rate of 4.2714 (the NBP exchange rate as of 30 September 2018),
- amounts presented in zloty as of 31 December 2017 were converted into euro at the exchange rate of 4.1709 (the NBP exchange rate as of 31 December 2017),
- amounts presented in zloty for the period of nine months ending 30 September 2018 were converted into euro at the exchange rate of 4.2535 (the arithmetic mean of the NBP exchange rates as of the last day of each month of the three quarters of 2018),
- amounts presented in zloty for the period of nine months ending 30 September 2017 were converted into euro at the exchange rate of 4.2565 (the arithmetic mean of the NBP exchange rates as of the last day of each month of the three quarters of 2017).

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

#### **Guarantees granted to non-Group entities**

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

#### **Inter-company guarantees**

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

**36. 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.

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Jacek Świdorski,  
President of the Management Board

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Michał Brański,  
Member of the Management Board

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Krzysztof Sierota,  
Member of the Management Board

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Elżbieta Bujniewicz-Belka,  
Member of the Management Board

Warsaw, 12 November 2018

**CONDENSED INTERIM STANDALONE  
FINANCIAL STATEMENTS  
FOR THE PERIOD OF 3 AND 9 MONTHS ENDING  
30 SEPTEMBER 2018**

**Interim standalone income statement and other comprehensive income**

in PLN'000	For the 9 months ended 30 September 2018	For the 9 months ended 30 September 2017	For the 3 months ended 30 September 2018 *	For the 3 months ended 30 September 2017 *
<b>Sales</b>	-	<b>5 657</b>	-	<b>1 876</b>
Amortization and depreciation	(10)	(10)	(3)	(3)
Materials and energy used	(1)	(12)	-	(3)
Costs of the employee option scheme	32	(907)	-	(278)
Other external services	(2 551)	(986)	(1 603)	(303)
Other salary and employee benefit expenses	(2 209)	(4 664)	(636)	(1 345)
Other operating expenses	(179)	(196)	(83)	(87)
Dividends received	-	238	-	-
<b>Operating loss</b>	<b>(4 918)</b>	<b>(880)</b>	<b>(2 325)</b>	<b>(143)</b>
Finance income	8 129	9 105	2 223	2 972
Finance costs	(69)	(1)	-	-
<b>Profit before tax</b>	<b>3 142</b>	<b>8 224</b>	<b>(102)</b>	<b>2 829</b>
Income tax	(631)	(1 707)	(15)	(601)
<b>Net profit</b>	<b>2 511</b>	<b>6 517</b>	<b>(117)</b>	<b>2 228</b>
<b>Other comprehensive income</b>	-	-	-	-
<b>Comprehensive income</b>	<b>2 511</b>	<b>6 517</b>	<b>(117)</b>	<b>2 228</b>

**Interim standalone statement of financial position**

in PLN'000	Note	As of 30 September 2018	As of 31 December 2017
<b>Non-current assets</b>			
Intangible assets		22	32
Investments in subsidiaries	9	326 068	203 402
Loans granted	9	111 002	262 202
Deferred tax asset		505	304
		<b>437 597</b>	<b>465 940</b>
<b>Current assets</b>			
Trade receivables and other assets		2 176	713
Cash and cash equivalents		1 815	1 491
		<b>3 991</b>	<b>2 204</b>
<b>TOTAL ASSETS</b>		<b>441 588</b>	<b>468 144</b>
<b>Equity</b>			
Share capital	10	1 447	1 443
Supplementary capital		320 620	318 759
Other reserves		7 506	6 439
Retained earnings		108 665	134 454
		<b>438 238</b>	<b>461 095</b>
<b>Long-term liabilities</b>			
Deferred tax liability		-	-
		-	-
<b>Short-term liabilities</b>			
Trade and other payables		3 350	1 382
Current income tax liabilities		-	5 667
		<b>3 350</b>	<b>7 049</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>441 588</b>	<b>468 144</b>



## Interim standalone statement of change in equity

in PLN'000	Equity				
	Share capital	Supplementary capital	Other reserves	Retained earnings	Total
<b>Equity as of 1 January 2018</b>	1 443	318 759	6 439	134 454	<b>461 095</b>
Change in accounting policy				(552)	<b>(552)</b>
<b>Equity as of 1 January 2018 - adjusted</b>	<b>1 443</b>	<b>318 759</b>	<b>6 439</b>	<b>133 902</b>	<b>460 543</b>
Net profit	-	-	-	2 511	2 511
<b>Total comprehensive income</b>	-	-	-	<b>2 511</b>	<b>2 511</b>
Share capital increase	4	1 861	-	-	1 865
Incentive scheme - share-based payments	-	-	1 067	-	1 067
Distribution of net profit	-	-	-	(27 748)	(27 748)
<b>Equity as at 30 September 2018</b>	<b>1 447</b>	<b>320 620</b>	<b>7 506</b>	<b>108 665</b>	<b>438 238</b>

in PLN'000	Equity				
	Share capital	Supplementary capital	Other reserves	Retained earnings	Total
<b>Equity as of 1 January 2017</b>	<b>1 434</b>	<b>315 830</b>	<b>5 113</b>	<b>158 568</b>	<b>480 945</b>
Net profit	-	-	-	7 577	7 577
<b>Total comprehensive income</b>	-	-	-	<b>7 577</b>	<b>7 577</b>
Share capital increase	9	2 929	-	-	2 938
Incentive scheme - share-based payments	-	-	1 326	-	1 326
Distribution of net profit	-	-	-	(31 691)	(31 691)
<b>Equity as at 31 December 2017</b>	<b>1 443</b>	<b>318 759</b>	<b>6 439</b>	<b>134 454</b>	<b>461 095</b>

in PLN'000	Equity				
	Share capital	Supplementary capital	Other reserves	Retained earnings	Total
<b>Equity as of 1 January 2017</b>	<b>1 434</b>	<b>315 830</b>	<b>5 113</b>	158 568	<b>480 945</b>
Net profit	-	-	-	6 517	6 517
<b>Total comprehensive income</b>	-	-	-	<b>6 517</b>	<b>6 517</b>
Share capital increase	8	2 529	-	-	2 537
Incentive scheme - share-based payments	-	-	1 028	-	1 028
Distribution of net profit	-	-	-	(31 693)	<b>(31 693)</b>
<b>Equity as at 30 September 2017</b>	<b>1 442</b>	<b>318 359</b>	<b>6 141</b>	<b>133 392</b>	<b>459 334</b>

## Interim standalone cash flow statement

in PLN'000	For the 9 months ended 30 September 2018	For the 9 months ended 30 September 2017
<b>Cash flows from operating activities</b>		
<b>Profit before tax</b>	<b>3 142</b>	<b>8 224</b>
<b>Adjustments for:</b>	<b>(8 084)</b>	<b>(8 429)</b>
Amortization and depreciation	10	10
Finance income and costs	(8 060)	(9 104)
Costs of the employee option scheme	-	(238)
Dividends received	(32)	907
Other adjustments	(2)	(4)
<b>Changes in working capital</b>	<b>2 121</b>	<b>(798)</b>
Change in trade and other receivables	514	(275)
Change in trade and other payables	1 607	(523)
Income tax paid	(6 598)	(472)
Income tax return		3
<b>Net cash flows from operating activities</b>	<b>(9 419)</b>	<b>(1 472)</b>
<b>Cash flows from investing activities</b>		
Dividends received	-	238
Loans granted	(3 998)	(10 190)
Repayment of loans granted	69 400	24 405
Repayment of interest on loans granted	6 007	15 503
Repayment of liabilities due to contingent consideration	(121 207)	-
<b>Net cash flows from investing activities</b>	<b>(49 798)</b>	<b>29 956</b>
<b>Net cash flows from financing activities</b>		
Payments due to share capital increase	1 865	2 538
Loans received	85 484	6
Interest paid	(69)	-
Interest received on cash at banks	9	5
Dividends paid to shareholders	(27 748)	(31 693)
<b>Net cash flows from financing activities</b>	<b>59 541</b>	<b>(29 144)</b>
<b>Total net cash flows</b>	<b>324</b>	<b>(660)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1 491</b>	<b>1 273</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>1 815</b>	<b>613</b>

## **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 and management activities.

## **2. BASIS FOR PREPARATION OF THE CONDENSED INTERIM FINANCIAL STATEMENTS**

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 policies used in the preparation of the condensed interim standalone financial statements for the period of nine months ending 30 September 2018 are consistent with those used in the standalone financial statements for the year ending 31 December 2017, except for the change in accounting policy due to adoption of MSSF 9, described in detail in note 2.1.

The financial statements for the year ending 31 December 2017 have been prepared in accordance with IFRS standards which are binding in the European Union in the financial year ending 31 December 2017.

Standalone statement of financial position as of 30 September 2018, standalone income statement and other comprehensive income, standalone cash flow statement and standalone statement of changes in equity for nine months ending 30 September 2018 was not audited. Standalone financial statements as of 31 December 2017 and for twelve months ending 31 December 2017 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 2017.

The Company as a Parent Company prepared condensed interim consolidated financial statements which were approved by the Management Board on 12 November 2018. These financial statements should be read in conjunction with the consolidated financial statements.

### **2.2. NEW AND AMENDED STANDARDS AND INTERPRETATIONS**

#### **IFRS 9 “Financial instruments”**

The Company adopted IFRS 9 from 1 January 2018, which resulted in changes in accounting policies and adjustments to amounts recognized in the financial statements. The Company applied the standard retrospectively but used the option not to transform the comparative data. As a result comparative data is based on accounting principles used and described by the Group in the financial statements for the year ended 31 December 2017.

#### **Changes in the accounting policy:**

##### **Classification of financial instruments**

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

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

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

### **Financial assets measured at amortized cost**

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

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

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

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

### **Financial assets measured at fair value through other comprehensive income**

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

### **Financial assets measured at fair value through profit or loss**

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

### **Impairment of financial assets**

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

- (i) the first level of risk, i.e. balances for which there has been no significant increase in credit risk since the initial recognition and for which the expected loss is determined based on the probability of default within 12 months;
- (ii) second level of risk - balances for which there has been a significant increase in credit risk since the initial recognition and for which the expected loss is determined based on the probability of default throughout the entire loan term;
- (iii) third level of risk - balances with identified impairment.

With respect to trade receivables that do not contain a significant funding factor, the standard requires a simplified approach and valuation of an allowance based on expected credit losses for the entire life of the instrument. The Company has no trade receivables that would have an important financing factor, therefore classified its trade receivables only to the second risk group and receivables with identified impairment to the third risk group.

A portfolio analysis of receivables was carried out, based on the credit classification of contractors existing in the Company, and a simplified matrix of write-downs was applied on the basis of expected losses over the entire lifetime of receivables for individual receivables portfolios. The analysis was made based on the indicators of expected non-performance of liabilities determined based on historical data.

### **First adoption of IFRS 9**

#### **• Loans granted**

The business model for loans granted has been assessed. As part of the analysis, it was established that all loans are meant to be recovered. The SPPI test was carried out by analyzing the contractual terms of the loans. All loans granted by the Company met the SPPI test, therefore they are valued at amortized cost.

The Management assessed the credit risk related to the loans granted using the expected loss method. The value of impairment allowance amounted to PLN 683 thousand and was recognized in retained earnings as of 1 January 2018.

#### **• Impairment allowances determined by the expected loss method - trade receivables**

A portfolio analysis of receivables was carried out, based on the credit classification of contractors existing in the Company, and a simplified matrix of write-downs was applied on the basis of expected losses over the entire lifetime of

receivables for individual receivables portfolios. The analysis was made based on the indicators of expected non-performance of liabilities determined based on historical data.

The Management Board estimates that the adjustment resulting from the calculation of expected loss is insignificant and therefore the Company did not adjust the retained earnings as at 1 January 2018 due to this.

#### **IFRS 15 "Revenue from contracts with customers"**

The standard is binding for the annual periods starting on or after 1 January 2018. The Company applied the standard since 1 January 2018.

The principles set out in IFRS 15 will apply to all contracts resulting with revenues. The core principle of the new standard is recognizing revenue at the moment of transferring goods or services to the customer in an amount of the transaction price. All goods or services sold in bundles that can be made distinct within a bundle should be recorded separately; moreover, all discounts and rebates relating to the transaction price should in principle be allocated to the individual elements of a bundle. When an amount of revenue is variable, the variable amounts are classified as revenue according to the new standard if it is highly probable that the revenue recognition will not be reversed in the future as a result of revaluation. Moreover, according to IFRS 15 costs incurred to obtain and secure a contract with a customer should be capitalized and deferred over the period of consuming the benefits from the contract.

The Management Board analyzed changes introduced by the standard and did not identify any significant impact on method and value of the revenue recognition in 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 12 November 2018.

### **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 2017.

#### Accounting estimates and judgments

Income tax	The Company recognizes a deferred tax asset based on the assumption that a tax profit will be generated in the future enabling its utilization. Deterioration of tax results in the future might result in the assumption becoming unjustified.
Deferred tax asset	As a result of IFRS adoption, the value of shares held in Wirtualna Polska Media SA 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 in the financial statements.
Impairment tests	The value of shares held by the Company was subject to an impairment test as of 31 December 2017. At the end of June 2017 the Management Board analyzed potential triggers of impairment of these assets and did not identify the need for write-downs.

### **5. INFORMATION ON SEASONALITY IN COMPANY'S OPERATIONS**

The Company's revenues do not show seasonality.

### **6. CHANGES IN ALLOWANCES FOR ASSETS**

In the period from 1 January 2018 to 30 September 2018 the Company decreased its allowances for loans granted by PLN 392 thousand.

### **7. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS**

In the period from 1 January 2018 to 30 September 2018 the Company did not purchase any intangible assets and

property, plant and equipment.

## 8. RELATED PARTY DISCLOSURES

The following table presents the value of transactions concluded with related entities:

In PLN'000	For the 9 months ended 30 September 2018	For the 9 months ended 30 September 2017
<b>Purchase</b>		
Subsidiaries	531	733
<b>Total</b>	<b>531</b>	<b>733</b>
<b>Sales of services</b>		
Subsidiaries	-	5 657
<b>Total</b>	<b>-</b>	<b>5 657</b>
<b>Interest income, guarantees and dividends</b>		
Subsidiaries	7 728	9 339
<b>Total</b>	<b>7 728</b>	<b>9 339</b>
<b>Interest costs</b>		
Subsidiaries	69	-
<b>Total</b>	<b>69</b>	<b>-</b>

The table below presents balances of receivables and payables with related entities as of the balance sheet date:

in PLN'000	As of 30 September 2018	As of 31 December 2017
<b>Receivables</b>		
Subsidiaries	1 761	702
<b>Total</b>	<b>1 761</b>	<b>702</b>
<b>Loans granted</b>		
Subsidiaries	111 291	262 202
<b>Total</b>	<b>111 291</b>	<b>262 202</b>
<b>Liabilities</b>		
Subsidiaries	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

The benefits payable or paid to the Company's Management and Supervisory Board Members

in PLN'000	For the 9 months ended 30 September 2018	For the 9 months ended 30 September 2017
Short-term employee costs (salaries and related benefits)	2 027	3 981
Incentive scheme - share-based payments	-	108
<b>Total</b>	<b>2 027</b>	<b>4 089</b>

## 9. OTHER FINANCIAL ASSETS

### Investments in subsidiaries

The structure of shares is as follows:

Company's name	Value of shares at purchase price	Adjustments	Carrying value of shares	Percentage of shares held	Percentage of votes held
Wirtualna Polska Media SA	205 473	-	205 473	100%	100%
Domodi Sp. z o.o.	120 138	-	86 384	49%	49%
WP Zarządzanie Sp. z o.o.	457	-	457	100%	100%
<b>As of 30 September 2018</b>	<b>326 068</b>	<b>-</b>	<b>292 314</b>		

As of 31 December 2017 the structure of shares was following:

Company's name	Value of shares at purchase price	Adjustments	Carrying value of shares	Percentage of shares held	Percentage of votes held
Wirtualna Polska Media SA	196 646	-	196 646	100%	100%
Http Sp. z o.o.	52	-	52	100%	100%
Dobreprogramy Sp. z o.o.	6 697	-	6 697	51%	51%
WP Zarządzanie Sp. z o.o.	7	-	7	100%	100%
<b>As of 31 December 2017</b>	<b>203 402</b>	<b>-</b>	<b>203 402</b>		

On 15 March 2018, Wirtualna Polska Holding SA entered into a share purchase agreement with the minority shareholders of Domodi Sp. z o.o. based on which the Company acquired 918 shares of PLN 200 nominal value, entitling to approx., 35% share in capital and votes. The purchase price for all the purchased Shares is PLN 85,484 thousand. The transfer of rights to shares took place on 22 March 2018 upon payment of the price on the terms specified in the agreement. The acquisition of shares was financed from a loan granted to Wirtualna Polska Holding SA by Wirtualna Polska Media SA with funds from the tranche of the Capex Loan under the bank loan agreement of 12 December 2017.

On 22 March 2018, Wirtualna Polska Holding SA and shareholders of Dobreprogramy Sp. z o.o. concluded a share purchase agreement on the basis of which the Company acquired a total of 980 shares, representing approximately 49% of the share capital of Dobreprogramy and entitling to exercise about 49% of votes at the shareholders' meeting of Domodi. Prior to the transaction, the Group had a controlling stake of 51% of shares in Dobreprogramy. As a result of the transaction, a total of 100% of Dobreprogramy shares is owned by the Group.

On 4 September 2018, the Company an annex to the shareholders agreement of 12 September 2014, pursuant to which the parties of the shareholders agreement accelerated the second option of purchasing a minority stake in Domodi Sp. z o.o. and subsequently concluded a sale purchase agreement under which the Company acquired a total of 364 shares with a par value of PLN 200 each, representing approximately 14% of the share capital of Domodi and entitling to exercise approximately 14% of votes at the shareholders' meeting.

After the settlement of the transaction, the Company owns 49% of shares in Domodi, entitling to exercise 49% of votes at the shareholders' meeting.

The selling price for all shares purchased is approximately PLN 33.4 million. The purchase of shares was financed from the Company's own funds.

### **Loans granted**

In the nine months of 2018 the Company granted a new loan of PLN 3,998 thousand to Domodi Sp. z o.o. which was used for the settlement of Domodi's earn-out liabilities toward previous Allani shareholder.

Until 30 September 2018 the subsidiary Wirtualna Polska Media SA repaid PLN 68.400 thousand of its loan principal and PLN 5,655 thousand of due interests. At the same time, a netting was made with the loan granted to the Company by Wirtualna Polska Media SA for the purchase of shares in Domodi Sp. z o.o. in the amount of PLN 85,484 thousand. TotalMoney.pl Sp. z o.o. repaid PLN 1 million of the capital part of loan and PLN 255 thousand of accrued interests. In the three quarters of 2018 Domodi Sp. z o.o. repaid the accrued interest on its loan in the amount of PLN 84 thousand.

In the analyzed period allowances for loans granted decreased by PLN 392 thousand.

## **10. EQUITY**

Detailed information about the structure and changes in Company's equity and dividend declared is presented in Note 21 to the condensed consolidated interim financial statements.



## **11. EVENTS AFTER THE BALANCE SHEET DATE**

### ***Acquisition of 100% shares Extradom.pl Sp. z o.o.***

On October 29, 2018, Wirtualna Polska Holding SA and ASP Capital Sp. z o.o. concluded sales purchase agreement of 14,163 shares in the share capital of Extradom.pl sp. z o.o. representing a total of 100% of all shares in the Extradom share capital, with a, entitling to exercise 100% of votes at the Shareholders' Meeting.

Extradom is the market leader in the sales of architectural projects online with a dozen percent share in the entire architectural design market. Marketplace run by Extradom aggregates over 18.000 projects from leading Polish architectural studios, giving the user a wide range of professional advice during the selection process. Among the architectural studios Extradom has a strong recognizable brand and is their trusted partner that gives easy access to the online market.

The selling price for the shares is PLN 75.0 million

The price will be paid in instalments. The first instalment in the amount of PLN 52.9 million was paid on 8 November 2018 and was financed with the bank loan. The second instalment in the amount of PLN 6.5 million shall be paid between 5 and 15 December 2018.

Ownership of 12,603 shares in Extradom, representing approximately 88.99% of all shares in Extradom's share capital and entitling to exercise about 88.99% of votes at the shareholders meeting, was transferred to the Company after payment of the first instalment. Ownership of 1,560 shares in Extradom, representing approximately 11.01% of all shares in Extradom's share capital and entitling to exercise about 11.01% of votes at the Shareholders Meeting, will be transferred to the Company after the payment of the second instalment.

At the same time, the parties agreed that a part of the sale price in the amount of PLN 15.5 million will be withheld by the Company in order to hedge the standard risks in such transactions and will be payable in the following manner:

- PLN 1,526 thousand no later than on 10 January 2019
- PLN 2,094 thousand no later than on 10 January 2020
- PLN 2,163 thousand no later than on 10 January 2021
- PLN 2,680 thousand no later than on 10 January 2022
- PLN 4,734 thousand no later than on 10 January 2023
- PLN 2,328 thousand no later than on 10 January 2024

The amounts specified above will be increased by interest accrued on the unpaid amount of the retained amount due to the seller, and will be reduced by any amounts withheld by WPH pursuant to the share sale agreement.

### ***Amendment to the loan agreement***

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 will be increased by PLN 100 million and Wirtualna Polska Holding SA will enter into a loan agreement as the only borrower authorized to continue using the entire available CAPEX Loan Tranche.

## 12. SELECTED STANDALONE FINANCIAL DATA CONVERTED INTO EURO

### Income statement and other comprehensive income

	For the 9 months ended 30 September 2018	For the 9 months ended 30 September 2017	For the 9 months ended 30 September 2018	For the 9 months ended 30 September 2017
	In PLN'000		In EUR'000	
Sales	-	5 657	-	1 332
Operating loss	(4 918)	(880)	(1 160)	(207)
Profit before tax	3 142	8 224	741	1 936
Net profit	2 511	6 517	592	1 534

	For the 3 months ended 30 September 2018	For the 3 months ended 30 September 2017	For the 3 months ended 30 September 2018	For the 3 months ended 30 September 2017
	In PLN'000		In EUR'000	
Sales	-	1 876	-	439
Operating loss	(1 859)	(143)	(435)	(33)
Profit before tax	209	2 829	47	662
Net profit	135	2 228	30	521

### Statement of financial position

	As of 30 September 2018	As of 31 December 2017	As of 30 September 2018	As of 31 December 2017
	In PLN'000		In EUR'000	
Total assets	441 588	468 144	101 244	112 241
Non-current assets	437 597	465 940	100 329	111 712
Current assets	3 991	2 204	915	528
Long-term liabilities	-	-	-	-
Short-term liabilities	3 350	7 049	768	1 690
Equity	438 238	461 095	100 476	110 550
Share capital	1 447	1 443	332	346

### Cash flow statement

	For the 9 months ended 30 September 2018	For the 9 months ended 30 September 2017	For the 9 months ended 30 September 2018	For the 9 months ended 30 September 2017
	In PLN'000		In EUR'000	
Net cash flows from operating activities	(9 419)	(1 472)	(2 222)	(347)
Net cash flows from investing activities	(49 798)	29 956	(11 746)	7 053
Net cash flows from financing activities	59 541	(29 144)	14 044	(6 862)
<b>Total net cash flows</b>	<b>324</b>	<b>(660)</b>	<b>76</b>	<b>(155)</b>

Conversion into euro was performed based on the following principles:

- amounts presented in zloty as of 30 September 2018 were converted into euro at the exchange rate of 4.2714 (the NBP exchange rate as of 30 September 2018),
- amounts presented in zloty as of 31 December 2017 were converted into euro at the exchange rate of 4.1709 (the NBP exchange rate as of 31 December 2017),
- amounts presented in zloty for the period of nine months ending 30 September 2018 were converted into euro at the exchange rate of 4.2535 (the arithmetic mean of the NBP exchange rates as of the last day of each month of the three quarters of 2018),

- amounts presented in zloty for the period of nine months ending 30 September 2017 were converted into euro at the exchange rate of 4.2565 (the arithmetic mean of the NBP exchange rates as of the last day of each month of the three quarters of 2017).

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Jacek Świderski,  
President of the Management Board

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Michał Brański,  
Member of the Management Board

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Krzysztof Sierota,  
Member of the Management Board

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Elżbieta Bujniewicz-Belka,  
Member of the Management Board

Warszawa, 12 November 2018