



Financial report of  
WP Capital Group  
Q1 2023



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## Management Team

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A modern office interior featuring a wall with vertical wooden slats. A glowing white sign on the wall reads "WP holding". The ceiling has several pendant lights, including a large copper-colored one and several smaller spherical ones. A large red geometric pattern is overlaid on the bottom half of the image.

**WP holding**

# Management's report on the activities of WP Capital Group

for the period of 3 months ending 31 March 2023

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

The financial data for the three and nine months ending 31 March 2023 and 2022 was not audited by an independent auditor. The information presented in the following table should be read in conjunction with the information included in the consolidated financial statements.

### SELECTED FINANCIAL DATA FROM THE CONSOLIDATED INCOME STATEMENT FOR THE PERIOD OF 3 MONTHS ENDING 31 MARCH 2023

The table below presents the main items of the income statement for the period of nine months ended 31 March 2023 and 2022:

PLN'000	Three months ending 31 March 2023	Three months ending 31 March 2022	Change	Change %
<b>Segment Advertising and subscription</b>				
Sales	163 181	131 413	31 768	24,2%
Cash sales	158 334	126 486	31 848	25,2%
Adjusted EBITDA (IFRS 16)	59 883	60 562	(679)	(1,1%)
<b>Segment Travel</b>				
Sales	92 477	35 326	57 151	161,8%
Cash sales	92 477	35 326	57 151	161,8%
Adjusted EBITDA (IFRS 16)	10 041	6 098	3 943	64,7%
<b>Segment Consumer Finance</b>				
Sales	49 087	32 113	16 974	52,9%
Cash sales	49 087	32 113	16 974	52,9%
Adjusted EBITDA (IFRS 16)	6 217	5 638	579	10,3%
<b>Segment Other</b>				
Sales	9 051	16 265	(7 214)	(44,4%)
Cash sales	9 051	16 265	(7 214)	(44,4%)
Adjusted EBITDA (IFRS 16)	(139)	66	(205)	(310,6%)
<b>Segments total</b>				
Sales	310 455	213 153	97 302	45,6%
Cash sales	305 608	208 226	97 382	46,8%
Adjusted EBITDA (IFRS 16)	76 002	72 364	3 638	5,0%
EBITDA (IFRS 16)	75 625	67 348	8 277	12,3%
Amortization and depreciation	(36 995)	(21 849)	(15 146)	69,3%
Operating profit	38 630	45 499	(6 869)	(15,1%)
Result on financial activities	(12 512)	8 817	(21 329)	(241,9%)
Profit before tax	26 118	54 316	(28 198)	(51,9%)
Net profit attributable to the owners of parent company	14 393	43 405	(29 012)	(66,8%)
Net profit	16 309	45 102	(28 793)	(63,8%)

#### Sales revenue in 1Q 2023 increased by 46% YoY to PLN 310.5m.

- In the Advertising and Subscriptions segment, cash revenue increased by 25% YoY to PLN 158.3 million, mainly due to higher subscription revenue, as well as the inclusion of the results of the Audioteka, Benchmark, Mediapop Group companies in 4Q 2022. Adjusted EBITDA decreased by 1% YoY to PLN 59.9m, driven by negative macroeconomic factors putting pressure on the profitability of the high-margin advertising business as well as temporary significant increase in users' interest in news portals in the base period. In addition, the decrease in the segment's EBITDA margin compared to 1Q 2022 was mainly driven by the consolidation of Audioteka, whose business model is characterised by lower profitability compared to the advertising business.
- In the Travel segment, revenue increased by 162% YoY to PLN 92.5m, driven by very strong revenue growth of Wakacje.pl, and the consolidation of Szallas Group revenue from November 2022. Adjusted EBITDA was 65% higher YoY, to PLN 10.0m. In 1Q 2023, the impact of the Szallas Group consolidation on the segment's adjusted EBITDA was negative, which is related to the high seasonality of the local travel business (with the highest contribution in Q3).
- In the Consumer Finance segment, revenue increased by 53% YoY to PLN 49.1m, mainly due to strong growth in Superauto, the new car finance intermediary company. The segment's adjusted EBITDA increased by 11% YoY to PLN 6.2m.

**Adjusted EBITDA in 1Q 2023 was PLN 76.0m, up 5% YoY.** EBITDA in 1Q 2023 was adjusted by PLN 0.4m, primarily the impact of one-off costs related to transaction and restructuring processes and a gain on barter transactions.

**Pro forma:** Group revenue increased by 23% in 1Q 2023, compared to 1Q 2022 revenue on a pro forma basis, and adjusted EBITDA was at a comparable level to 1Q 2022, on a pro forma basis, which is in line with management's estimate published in April 2023. It is attributable to the seasonally high contribution of the high-margin advertising business, which was under pressure of negative macroeconomic factors.

The contribution of the newly acquired companies to EBITDA in 1Q 2023 was influenced by the Szallas Group's business model, characterised by high seasonality, with the highest EBITDA recognised in Q3. The acquisition of the companies in 2022 and the recognition of their results for the first time involved higher interest and commission expenses and additional amortisation, including amortisation of identified intangible assets as part of the purchase price allocation (PPA).

**Depreciation and amortisation of tangible and intangible assets in 1Q 2023 amounted to PLN 37.0m, PLN 15.1m more than in 1Q 2022.** The impact of the consolidation of companies acquired in 2022 on amortisation in 1Q 2023 was approximately PLN 11.7 million (including amortisation of the balance sheet of the companies and identified intangible assets recognised on the Group's balance sheet as part of the purchase price allocation (PPA) process of these companies).

**The result on financing activities in 1Q 2023 was negative, at PLN -12.5m, compared with PLN +8.8m in 1Q 2022.** This was due to significantly higher interest and commission expenses (at PLN 15.8m in 1Q 2023, compared to PLN 3.6m in 1Q 2022) due to higher debt related to acquisitions made during 2022 and rising interest rates. In addition, 1Q 2022 financial income from the revaluation of financial assets of PLN 12.2m was recognised (including PLN 7.2m in related to the sale of eSky shares and PLN 5.0m in connection with the change in accounting treatment of Digitics shares).

**Net profit attributable to equity holders of the parent amounted to PLN 14.1m in 1Q 2023, compared to PLN 43.4m in 1Q 2022.** In the comparable period of the previous year, net profit was positively impacted by the revaluation of financial assets of PLN 12.2m (including PLN 7.2m in connection with the sale of eSky shares and PLN 5.0m in connection with the change in accounting treatment of Digitics shares), and negatively impacted by the write-down of Domodi goodwill (PLN 2.8m).

**Cash flow from operations in 1Q 2023 increased by 83% YoY to PLN 108.1m,** driven by improved operating performance as well as seasonally positive change in working capital.

**Cash flow from investing activities in 1Q 2023 amounted to PLN -37.4m.** Expenditure on the acquisition of intangible assets and property, plant and equipment (CAPEX) in 1Q 2023 amounted to PLN 29.7m.

**Net debt at the end of March 2023 under IFRS 16 amounted to PLN 499.1m,** compared to PLN 551.3m at the end of December 2022. The ratio of net debt to pro forma EBITDA at the end of March 2023 was 1.2x.



## ENTITIES CONSOLIDATED IN THE THREE QUARTERS OF 2023 AND 2022

The consolidated results of the Group for the first quarter of 2023 and 2022 included the results of the following subsidiaries:

No.	Name of subsidiary	Date of taking control	% of shares	Period covered by consolidation	
				31 March 2023	31 March 2022
1	Wirtualna Polska Media S.A.	22 December 2010	100%	full period	full period
2	Totalmoney.pl Sp. z o.o.	1 December 2014	100%	full period	full period
3	Businessclick.pl Sp. z o.o.	1 December 2014	100%	full period	full period
4	Domodi.pl Sp. z o.o.	12 September 2014	100%	-	full period
5	Homebook Sp. z o.o.	12 September 2014	100%	-	full period
6	Wakacje.pl S.A.	23 December 2015	100%	full period	full period
7	Nocowanie.pl Sp. z o.o.	7 June 2016	100%	full period	full period
8	Netwizor Sp. z o.o.	13 December 2016	100%	full period	full period
9	Parklot Sp. z o.o.	4 October 2018	100%	full period	full period
10	Extradom.pl Sp. z o.o.	28 October 2018	100%	full period	full period
11	Superauto24.com Sp. z o.o.	20 December 2018	51%	full period	full period
12	Open FM Sp. z o.o.	1 July 2019	100%	full period	full period
13	WP Naturalnie Solar 1 Sp. z o.o.	2 July 2021	100%	full period	full period
14	Stacja Służew Sp. z o.o.	27 May 2021	100%	full period	full period
15	Camellia Investments Kft.	30 August 2022	100%	full period	-
16	Benchmark Sp. z o.o.	15 September 2022	100%	until 9 January 2023	-
17	Audioteka Group	29 September 2022	60%	full period	-
18	Szallas Group	3 November 2022	100%	full period	-
19	Mediapop Sp. z o.o.	7 November 2022	100%	until 1 February 2023	-
20	WP Naturalnie Solar 2 Sp. z o.o.	12 December 2022	100%	full period	-

## SUMMARY OF THE RESULTS OF THE MAIN AREAS OF ACTIVITIES OF WIRTUALNA POLSKA HOLDING

A summary of the financial situation and current trends affecting the main operating segments of the Wirtualna Polska Holding S.A. Capital Group is presented below:

### ADVERTISING AND SUBSCRIPTIONS

In 1Q 2023, Advertising and Subscriptions segment revenue increased by 24% YoY, mainly driven by the consolidation of Audioteka's results, an increase in subscription sales (Pilot WP), as well as revenue generated on third-party advertising inventory (WPartner). Adjusted EBITDA in the period decreased by 1% YoY.

With the acquisition of Audioteka Group, WP Group has significantly strengthened the subscription area. The long-term goal is to increase the share of this area in the segment's revenue.

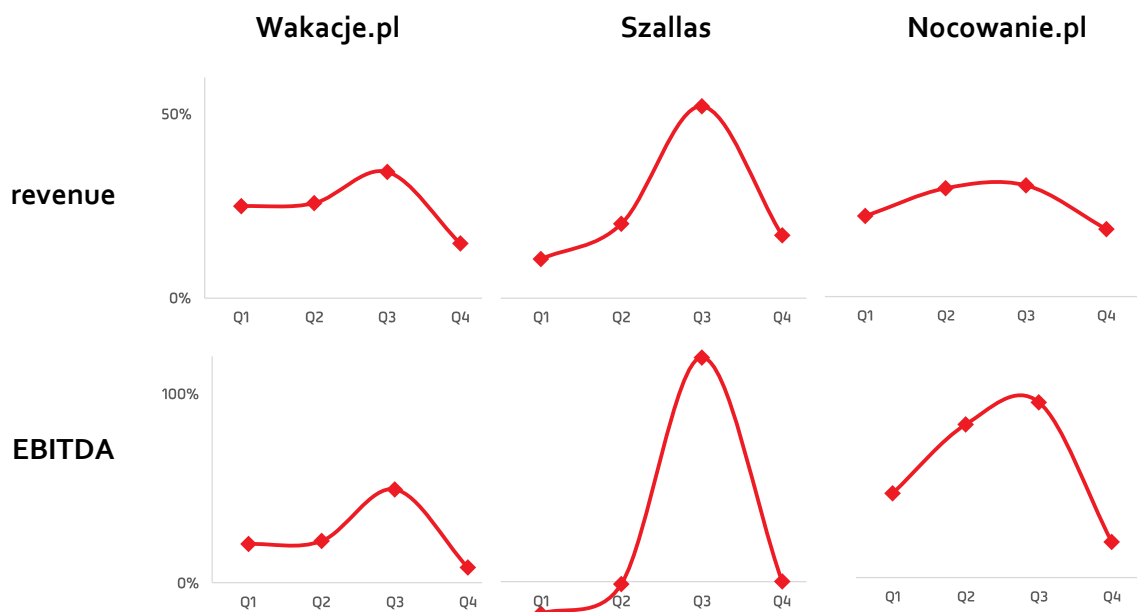
In the coming quarters, the Group expects the share of online advertising in the total advertising market to continue to grow. The advertising market is strongly dependent on the macroeconomic situation, as measured by GDP growth and consumer sentiment, among other factors. In 1Q 2023, GDP fell by 0.2% YoY in real terms, which had a negative impact on the advertising market. In subsequent quarters, macroeconomists at the major banks expect GDP growth to improve, to above 2% in 4Q 2023. The European Commission estimates that in 2023 Poland's GDP will grow by 0.7% in real terms, rebounding to 2.7% in 2024. The forecasted improvement in the macroeconomic environment may translate positively into advertising budgets.

### TRAVEL

In 1Q 2023, revenues of the Travel segment increased by 162% YoY, mainly due to the increase in revenues of the Wakacje.pl company, as well as the contribution of Szallas, which was acquired in November 2022. Adjusted EBITDA was 65% higher compared to 1Q 2022.

The results of the Travel segment are characterised by high seasonality, with the highest share of revenue and EBITDA reported in the third quarter.

**Illustration of the seasonality of the Travel segment's performance: contribution of individual quarters to annual revenue and EBITDA**



**Foreign travel:**

In 1Q 2023, the company observed strong demand for foreign travel. According to data from the Tourist Guarantee Fund, the volume of tour bookings sold by travel agents in Poland in 1Q 2023 was 87% above 1Q 2022 and 32% above pre-pandemic 2019. A further increase in the average tour price is observed in the market.

In the comparable period, in 1Q 2022 last, there was a decline in tour sales as a result of the negative impact of Russia's armed attack on Ukraine on 24 February 2022, visible until mid-March 2022.

In 2023, the company still expects relatively high consumer interest in foreign travel. First minute sales (pre-sales for 2023) have started well. The main risk in the following periods, in the opinion of the Management Board, may be the exhaustion of the supply of travel agency offers in the organised foreign travel market. Additionally, among the risk factors, the Group identifies the negative impact of the macroeconomic environment on consumer spending, as well as staff shortages in the travel sector (especially at airports).

**Local travel:**

As a result of the acquisition of 100% of the shares in Szallas.hu (the transaction was finalised on 3 November 2022), the Wirtualna Polska Group aims to strengthen its position in the domestic travel market in the CEE region. Szallas owns travel platforms for booking accommodation in Hungary as well as the Czech Republic, Romania, Poland and Croatia.

In 1Q 2023, the value of the domestic travel market in the Central and Eastern European region increased YoY, mainly due to price increases. The highest market value growth rates of several per cent were observed in Poland, Romania and Croatia. The macroeconomic situation and high inflation had a negative impact on the local travel market, which is most evident in Hungary and the Czech Republic.

In the coming periods, work is planned to continue on the integration of Szallas, as well as the transformation of the Nocowanie business model towards bookings.

**CONSUMER FINANCE**

In 1Q 2023, segment revenue increased by 53% YoY and EBITDA increased by 10% YoY.

**Superauto**

In 1Q 2023, 139,000 new passenger cars and vans (up to 3,500 tonnes) were registered in Poland, up 18% YoY and 11% less than in pre-pandemic 2019. The average price of a new passenger car according to IBRM Samar in March 2023 was around PLN 167,000, up 8% YoY, but comparable to December 2022. In recent months, the market has seen an increase in the availability of passenger and premium cars.



The relatively high price of new cars and the high interest rate environment negatively translate into purchase interest among customers.

Higher car prices and financing costs have a positive impact on the average commissions generated by the company. The low supply and high price of new cars at authorised dealers, forces consumers to search intensively for the goods directing their attention to the Internet, which accelerates the progressive change in their habits and the adoption of the model of buying a car online, of which Superauto is a beneficiary.

### Totalmoney

In 1Q 2023, according to BIK data, cash loan sales in the market were 17% below 1Q 2022, due to the negative impact of high interest rates (the process of interest rate increases in Poland started in October 2021). In contrast, sales of cash loans, Totalmoney's main product, increased by 10% YoY to PLN 16.6 billion. Increased user interest in cash loans and growing conversions from leads sent to financial institutions translated into increased revenues for Totalmoney.

In the coming months, we assume that the situation in the credit market will stabilise. In the medium term, we expect a positive impact of higher credit costs on the need to compare banks' offers.

## FINANCIAL SITUATION OF THE CAPITAL GROUP

The table below presents the Group's consolidated statement of financial position as at 31 March 2023 and 31 December 2022.

PLN'000	As of 31 March 2023	As of 31 December 2022	Change	Change %
Non-current assets	1 546 186	1 533 609	12 577	0,8%
Current assets	546 027	477 227	68 800	14,4%
Long-term liabilities	665 410	641 903	23 507	3,7%
Short-term liabilities	470 031	446 064	23 967	5,4%
Equity attributable to equity holders of the Parent Company	902 018	870 031	31 987	3,7%
Share capital	1 465	1 464	1	0,1%
Non-controlling interests	54 754	52 838	1 916	3,6%

### Non-current assets

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

PLN'000	As of 31 March 2023	Structure	As of 31 December 2022	Structure	Change	Change %
Property, plant and equipment	109 101	7,1%	109 258	7,1%	(157)	(0,1%)
Goodwill	711 445	46,0%	701 314	45,7%	10 131	1,4%
Investments accounted for using the equity method	63 619	4,1%	62 222	4,1%	1 397	2,2%
Other intangible assets	622 134	40,2%	621 400	40,5%	734	0,1%
Non-current programming assets	17 288	1,1%	15 988	1,0%	1 300	8,1%
Long-term receivables	1 264	0,1%	1 243	0,1%	21	1,7%
Other financial assets	18 106	1,2%	18 566	1,2%	(460)	(2,5%)
Deferred tax assets	3 229	0,2%	3 618	0,2%	(389)	(10,8%)
<b>Non-current assets</b>	<b>1 546 186</b>	<b>100,0%</b>	<b>1 533 609</b>	<b>100,0%</b>	<b>12 577</b>	<b>0,8%</b>

In the analyzed period, property, plant and equipment decreased in value by PLN 157 thousand. Amortisation cost for the analysed period amounted to PLN 7,721 thousand, with the value of acquired fixed assets of PLN 3,749 thousand. At the same time, the group recognized new and revalued existing fixed assets used under a lease agreement by PLN 3,930 thousand. In the first quarter of 2023, the Group liquidated fixed assets with a net value of PLN 115 thousand.

Goodwill shown in the consolidated financial statements of the Capital Group as at March 31, 2023 increased by PLN 10,131 compared to the previous year, which results from the revaluation of the balance sheet value of goodwill recognized in foreign currencies.

The value of investments accounted for using the equity method increased by PLN 1,397 thousand as a result of recognition of the profit generated by the associates attributable to the WPH Capital Group.

Expenditures on intangible assets (PLN 23,571 thousand) were lower than depreciation costs in the current period (PLN 29,274 thousand). In the current period, the Group incurred expenditure mainly on capitalized development projects and on the purchase of new systems used in the Group's operations. In addition, the balance sheet valuation as at March 31, 2023 of intangible assets originally recognized in a foreign currency resulted in an additional increase in intangible assets by PLN 6,437 thousand.

As at March 31, 2023, other financial assets of the Group included shares in Digitics S.A. worth PLN 5 million, shares in Teroplan S.A. (PLN 8,735 thousand) and Molieraz shares (PLN 2,778 thousand, a decrease in the current period by PLN 185 thousand). As part of other financial assets, the Group also recognizes a lease receivable in the amount of PLN 1,542 thousand due to sublease of office space, recognized in accordance with IFRS as finance lease (PLN 1,868 thousand as at December 31, 2022).

## Current assets

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

PLN'000	As of 31 March 2023	Structure	As of 31 December 2022	Structure	Change	Change %
Cash trade receivables	207 825	38,1%	194 403	40,7%	13 422	6,9%
Barter receivables	4 253	0,8%	5 489	1,2%	(1 236)	(22,5%)
Contract assets	2 110	0,4%	5 420	1,1%	(3 310)	(61,1%)
State receivables	14 605	2,7%	11 780	2,5%	2 825	24,0%
Income tax receivables	679	0,1%	504	0,1%	175	34,7%
Current programming assets	849	0,2%	1 125	0,2%	(276)	(24,5%)
Short-term receivables from financial activities	1 121	0,2%	1 199	0,3%	(78)	(6,5%)
Other short-term financial assets	12 817	2,3%	12 307	2,6%	510	4,1%
Accrued expenses	6 812	1,2%	5 284	1,1%	1 528	28,9%
Inventory	25 999	4,8%	26 777	5,6%	(778)	(2,9%)
Other current assets	37 573	6,9%	27 510	5,8%	10 063	36,6%
Cash and cash equivalents	231 384	42,4%	185 429	38,9%	45 955	24,8%
<b>Current assets</b>	<b>546 027</b>	<b>100,0%</b>	<b>477 227</b>	<b>100,0%</b>	<b>68 800</b>	<b>14,4%</b>

The increase in the value of current assets is mainly due to the change in the value of cash resulting from positive cash flows generated in the first quarter of the year. A detailed analysis of changes in the value of cash is presented in the next part of the report on the analysis of the cash flow statement.

The increase in cash trade receivables was mainly the result of a significantly higher level of sales (and thus significantly higher trade receivables) in Wakacje. The company's revenues in the first quarter of 2023 were approximately PLN 28 million higher than in the fourth quarter of 2022. At the same time, there was a decrease in receivables in the Advertising and subscriptions segment, whose cyclical nature is characterized by lower revenues in the first quarter as compared to the last quarter.

The increase in the value of other current assets is mainly related to the development of Superauto's operations and the increase in the balance of advance payments made for the purchase of goods.

## Long-term liabilities

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

PLN'000	As of 31 March 2023	Structure	As of 31 December 2022	Structure	Change	Change %
Bank loans and other loans	552 547	83,0%	521 119	81,2%	31 428	6,0%
Leasing liabilities due to the right of use the assets	45 363	6,8%	48 060	7,5%	(2 697)	(5,6%)
Liabilities related to business combinations	-	0,0%	2 323	0,4%	(2 323)	(100,0%)
Liabilities in respect of purchase of property, plant and equipment and intangible assets	1 800	0,3%	3 550	0,6%	(1 750)	(49,3%)
Deferred tax liabilities	64 573	9,7%	65 634	10,2%	(1 061)	(1,6%)
Other	1 127	0,2%	1 217	0,2%	(90)	(7,4%)
<b>Long-term liabilities</b>	<b>665 410</b>	<b>100,0%</b>	<b>641 903</b>	<b>100,0%</b>	<b>23 507</b>	<b>3,7%</b>

As at March 31, 2023, the total value of long-term and short-term loans and borrowings decreased by PLN 5 million, which resulted from the repayment of the principal part of the loan according to the schedule. On 23 February, 2023, the Group signed an annex to the loan agreement, extending, among others, the repayment schedule of the loan taken from Tranche Capex in 2022 by another year, i.e. to the first quarter of 2024. Taking into account the impact of this annex, the value of the long-term liability increased by PLN 37 million, while the short-term part was reduced. In accordance with the Group's

accounting policy, the value of the short-term part of the loan is recognized in the amount of the expected principal and interest payments, which the Group will be obliged to incur for the next twelve months after the balance sheet date.

Liabilities related to business combinations decreased by PLN 2,323 thousand due to the fact that the last installment of the retained purchase price for shares in Extradom Sp. z o.o. was transferred to short-term liabilities.

In addition in March 2022 the Group repaid another instalment of the liability for the television broadcasting licence. In January 2016 the Group recognised liability related to the television broadcasting licence binding from 14 January 2016 to 13 January 2026. The total liability amounted to PLN 13,545 thousand and is paid in ten equal annual instalments, PLN 1,355 thousand each. As at 31 March 2023, with eight instalments paid, the value of the liability calculated at the amortised cost equals PLN 3,452 thousand, out of which PLN 1,658 thousand is recognised as long-term.

## Short-term liability

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

PLN'ooo	As of 31 March 2023	Structure	As of 31 December 2022	Structure	Change	Change %
Bank loans and other loans	113 431	24,1%	149 856	33,6%	(36 425)	(24,3%)
Leasing liabilities due to the right of use the assets	19 177	4,1%	17 653	4,0%	1 524	8,6%
Cash trade payables	193 834	41,2%	132 790	29,8%	61 044	46,0%
Barter trade payables	2 602	0,6%	5 249	1,2%	(2 647)	(50,4%)
Contract and refund liabilities	55 953	11,9%	49 660	11,1%	6 293	12,7%
State liabilities	20 087	4,3%	18 137	4,1%	1 950	10,8%
Wages and salaries payables	20 739	4,4%	22 563	5,1%	(1 824)	(8,1%)
Liabilities in respect of purchase of property, plant and equipment and intangible assets	6 777	1,4%	8 365	1,9%	(1 588)	(19,0%)
Other short-term payables	16 645	3,5%	14 892	3,3%	1 753	11,8%
Provision for employee benefits	8 004	1,7%	6 822	1,5%	1 182	17,3%
Other provisions	1 043	0,2%	882	0,2%	161	18,3%
Contingent liabilities related to business combinations	4 242	0,9%	4 090	0,9%	152	3,7%
Liabilities related to business combinations (other than earn-out)	4 337	0,9%	9 874	2,2%	(5 537)	(56,1%)
Current income tax liabilities	3 160	0,7%	5 231	1,2%	(2 071)	(39,6%)
<b>Short-term liabilities</b>	<b>470 031</b>	<b>100,0%</b>	<b>446 064</b>	<b>100,0%</b>	<b>23 967</b>	<b>5,4%</b>

In the analyzed period, the short-term portion of loans and borrowings decreased by PLN 36,425 thousand, which resulted from the factors described in the part of the report concerning long-term liabilities.

The increase in cash trade liabilities resulted mainly from the specificity of the activities of the Tourism segment companies (Holidays and Szallas) and the seasonality of their operations. The companies, outside the periods of their highest seasonality, collect advance payments and prepayments from customers for services whose completion date and settlement date may be distant from the payment date. The Tourism Segment generates the highest sales in the third quarter of the year, while in the first two quarters clients make reservations and prepayments.

The increase in liabilities due to contracts with customers is mainly due to the fact that in the first quarter of the year refunds of salaries for the previous year are usually still settled, while liabilities resulting from current sales are calculated.

Decrease in liabilities related to business combination is due to repayment of next installment of the retained purchase price for shares in Extradom Sp. z o.o.

## Equity

PLN'000	As of 31 March 2023	Structure	As of 31 December 2022	Structure	Change	Change %
Equity attributable to equity holders of the Parent Company, including	902 018	94,3%	870 031	94,3%	31 987	3,7%
Share capital	1 465	0,2%	1 464	0,2%	1	0,1%
Supplementary capital	328 103	34,3%	327 972	35,5%	131	0,0%
Other reserves	35 621	3,7%	18 159	2,0%	17 462	96,2%
Retained earnings	536 829	56,1%	522 436	56,6%	14 393	2,8%
<b>Non-controlling interests</b>	<b>54 754</b>	<b>5,7%</b>	<b>52 838</b>	<b>5,7%</b>	<b>1 916</b>	<b>3,6%</b>
<b>Equity</b>	<b>956 772</b>	<b>100,0%</b>	<b>922 869</b>	<b>100,0%</b>	<b>33 903</b>	<b>3,7%</b>

In the first quarter of 2023, the equity attributable to the parent company's shareholders increased by PLN 31,987 thousand. The change in equity attributable to the parent company's shareholders resulted from the following events:

- an increase by PLN 14,393 thousand due to the generated net profit attributable to the shareholders of the parent company;
- increase by PLN 132 thousand due to registration, admission to trading and issuing shares under share option plans, out of which PLN 1 thousand increased share capital and the remaining part – PLN 131 thousand was booked as supplementary capital;
- increase by PLN 176 thousand due to vesting of the rights to the consecutive tranche of share options under the existing incentive scheme;
- increase by PLN 17,471 thousand for the recognition of exchange differences from translation of foreign entities (presented in other reserves);
- reduction in capital by PLN 185 thousand due to the revaluation of the shares of Moliera 2, which were classified as financial assets at fair value through other comprehensive income.

In the first quarter of 2023 the non-controlling interests increased by a total of PLN 1,916 thousand of which PLN 1,326 due to the allocation to the non-controlling shareholders of an appropriate part of the net result for the period earned by Superauto24.com Sp. z o.o. and respectively PLN and 589 thousand earned by Audioteka Group.

## Description of cash flows in the first quarter of 2023

PLN'000	Three months ending 31 March 2023	Three months ending 31 March 2022
Net cash flows from operating activities	108 094	59 165
Net cash flows from investing activities	(37 392)	(1 646)
Net cash flows from financing activities	(24 233)	(10 877)
<b>Total net cash flows</b>	<b>46 469</b>	<b>46 642</b>

EBITDA generated by the Group amounted PLN 75,625 thousand, adjusted by the positive change in the working capital of PLN 45,247 thousand and current tax payments of PLN 13,402, contributed to positive cash flows from operating activities in the amount of PLN 108,094 thousand.

Cash flows from investing activities were negative and in the analyzed period amounted to PLN 37,392 thousand which was mainly due to expenditure incurred (CAPEX) on the purchase of fixed and intangible assets of total value of PLN 29,697 thousand, the repayment of another part of the retained purchase price for shares in Extradom Sp. z o.o. (PLN 5,240 thousand) and repayment of the liability under the subscription warrants held, entitling to further increase of its share in the capital of Audioteka S.A. (PLN 2,682 thousand).

Cash flows from financing activities were negative and in the current period amounted to PLN 24,233 thousand, which was mainly due to repayment of bank loans (PLN 5,373 thousand), lease payments (PLN 3,657 thousand) and payment of bank interest and commissions (PLN 15,402 thousand). As part of financial activities, the Group also showed the inflow of PLN 132 thousand due to an increase in share capital related the issue of further shares under the existing incentive programs and the change in the debt balance under the stock loan intended for financing or refinancing the purchase of vehicles sold as part of the activities of Superauto.

Moreover, due to the strengthening of the Polish currency in relation to EUR and USD, the Group revalued the cash held in foreign currencies and recognized exchange differences in the amount of PLN 514 thousand.



## 2. CHARACTERISTICS OF THE WIRTUALNA POLSKA HOLDING CAPITAL GROUP

### GENERAL INFORMATION AND PARENT COMPANY'S SCOPE OF ACTIVITIES

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

The Company was established for an indefinite term. The company core business comprises holding and management activities.

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

### LINE OF BUSINESS

The Wirtualna Polska Group is a technology holding. It conducts media, advertising, subscription and e-commerce activities. It is the owner of the WP Home Page, operates specialized topical websites and offers online subscription products (Audioteka, Pilot WP, Patronite). In the e-commerce services, the Group has presence mainly in the travel sector (among others, Wakacje.pl, Szallas Group, Nocowanie.pl) and the financial services sector (Superauto.pl and Totalmoney.pl).

Our key business priorities include:

- creation and online distribution of quality content;
- engagement of our subscribers;
- sales of advertising services;
- inspiring and helping users in their daily online shopping decisions;
- offering e-commerce services (financial and travel).

We create WP Group's services on the basis of innovative solutions that allow us to expand the group of recipients and deliver services and advertisements tailored to the needs of users and advertisers.

The Group does business in the following areas:

## Advertising & Subscriptions

WP Group is one of the largest internet groups in Poland, and its websites and services attract more than 23 million users every month. It creates content, sells advertising on its own space and outdoor advertising, and also sells subscription products (access to TV programs through the Pilot WP service, audiobooks produced and distributed by Audioteka, electronic mail services).

Wirtualna Polska Media operates on the Polish online advertising market offering its customers a wide range of advertising products. These include, among others, display ads, including video ads, email ads, ads for mobile devices and ads based on the performance model (i.e. billed for page views, form filling, registrations, purchase of goods or services, lead generation or performance marketing). WP has been developing sales in an automated model that provides a number of powerful metrics to measure conducted campaigns.

### Our sites and content

WP journalists prepare dozens of materials, including interviews, video reports, opinions, reportage and news. They provide current news, comment on current events, and present tidbits from the world of entertainment. It is thanks to them that Wirtualna Polska is a place to which Internet users return every day.

The WP portfolio contains a number of thematic sites. Every day we present the most important news from Poland and from across the globe, we run the most popular financial service in Poland, we provide a complete overview of sports news, and deliver automotive, technology, lifestyle and entertainment content.

### **E-mail**

WP Poczta and Poczta o2 are services that make communication easier for our users. They offer, among other things, unlimited mailbox capacity and attachments up to 100 MB. They stand out for their high level of security and solutions for businesses.

One of the main tools being developed as part of the email services is 1login from WP. Not only does it allow for additional two-factor account security, but it also allows for simpler logging to many other services. At the end of 2022, the mail had 8.3 million users per month. More and more third-party partners are giving their recipients the option to log in and authenticate their data through a 1login account from WP.

### **Television**

In WP TV's schedule one can find foreign films and series that have not been aired in Polish open television channels before. The station shows original news programs, entertainment programs, and documentaries and series on interior design and refurbishment. In 2022, WP TV maintained its no. 1 position on MUX8 in the 16-59 commercial group and in terrestrial distribution; the average share in the 16-59 group is 0.67%<sup>1</sup>

WP TV is available in terrestrial channels on the 8th multiplex (MUX8), on Cyfrowy Polsat and CANAL+ platforms, in the best cable networks and the Pilot WP service.

### **Radio**

OpenFM is the most popular Polish Internet radio. Listeners have access to nearly 200 diverse music stations, divided into thematic categories. The service is available at [www.open.fm](http://www.open.fm) and through a mobile app for Android and iOS platforms.

### **Subscriptions**

The Wirtualna Polska Group is consistently building its position in subscription services. Pilot WP is one of the key services here, allowing traditional TV channels to be viewed online, as well as audiobooks from Audioteka, a company acquired in 2022 and the leader in the Polish audiobook market. Through its platform, it offers over 20 thousand titles to its customers, both under a subscription model (Audioteka Club) and through retail sales (Audioteka Store). Audioteka's competitive advantage comes from developing its own content, including well-known blockbusters such as the Game of Thrones and Solaris.

## **Travel**

The Group is in the business of organized international travel (Wakacje.pl) as well as individual, local travel (Szallas Group, Nocowanie.pl).

The Group's travel websites provide a comprehensive offer for travelers and those looking for accommodation in Poland and abroad. Wakacje.pl is the largest online tourism intermediary in Poland and a dynamically developing chain of brick-and-mortar salons across Poland. Every day, the site features the latest offers from the biggest and most respected tour operators. Wakacje.pl helps consumers make informed travel decisions with a unique database of hotel and destination reviews and the largest travel discussion forum with new topics and travel stories posted every day. Users interested in domestic holidays can use services of nocowanie.pl, which offers the largest database of domestic accommodation in Poland. The Szallas Group, acquired in 2022, is the leading platform offering local tourism services in the Central and Eastern Europe region.

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<sup>1</sup> Survey for Jan-Dec 2022, Nielsen.

Superauto is an online car financing intermediary (offering leases, loans, insurance) and is the largest company selling

















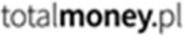



## Consumer Finance

new cars on the Polish Internet. It presents a broad range of new cars from authorized dealers of various brands. The highest standard of service provided by a team of experienced consultants allows individuals and companies to finance the purchase of a new car with a lease or a loan or through a rental arrangement without leaving home.

Totalmoney is a leading platform to compare various financial products, including cash loans. WP Group websites offer comparisons and selection of the best offers of insurance, bank and private loans, cards and accounts. Totalmoney experts use simple language to create content that helps users navigate the complex world of finance. They also produce professional rankings and analysis for those who want in-depth knowledge.

The Group additionally sells house designs through Extradom. It also has "green assets", that is farms operating under the WP Naturalnie brand, which produce energy from renewable sources.

In the specified business areas, the Wirtualna Polska Group has a number of strong, recognizable brands:

Advertising and Subscriptions					
					
					
Travel					
Consumer Finance					
Other					

We want to remain a partner of first choice, providing engaging information, entertainment and services, and inspiring daily decisions. We prepare WP Group's services based on innovative solutions that allow us to expand our audience and deliver services and advertising with precision.

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

No	Entity	Real users (million)	Page views (billion)	Time spent (million hours)
1	Google Group	28,5	5,9	672,2
2	Meta Platforms Group	25,9	1,2	641,2
3	<b>Wirtualna Polska Group</b>	<b>22,8</b>	<b>3,2</b>	<b>59,3</b>
4	RAS Polska Group	21,6	2,4	47,9
5	Polsat-Interia Group	21,2	1,9	42,5
6	Allegro Group	20,4	2,6	36,2
7	Agora Group	19,3	0,6	14,2
8	OLX Group	18,7	1,0	26,9
9	Polska Press Group	17,5	0,7	3,9
10	ZPR Media Group	16,6	0,3	13,4

Source: Mediapanel, April 2023

## STRUCTURE OF THE WIRTUALNA POLSKA HOLDING CAPITAL GROUP

The following table presents the structure of the Group as of 31 March 2023.

Entity	Headquarter	Parent company	Parent company's share
<b>Holdin</b>			
<b>g</b> Wirtualna Polska Holding S.A.	Poland, Warszawa		
<b>Advertising and Subscription</b>			
Wirtualna Polska Media S.A.	Poland, Warszawa	Wirtualna Polska Holding	100%
Netwizor sp. z o.o.	Poland, Warszawa	Wirtualna Polska Media	100%
BusinessClick sp. z o.o.	Poland, Warszawa	Wirtualna Polska Media	100%
Open FM sp. z o.o.	Poland, Warszawa	Wirtualna Polska Media	100%
Stacja Służew sp. z o.o.	Poland, Warszawa	Wirtualna Polska Media	100%
WEV Partners Limited	Cyprus	Stacja Służew	100%
Audioteka S.A. (Grupa *)	Poland, Czechia, Lithuania, Turkey	Stacja Służew	61%
<b>Travel</b>			
Wakacje.pl S.A.	Poland, Gdańsk	Wirtualna Polska Media	100%
Nocowanie.pl sp. z o.o.	Poland, Lublin	Wirtualna Polska Media	100%
Camellia Investments Kft	Hungary	Wirtualna Polska Media	100%
Szallas Group**	Hungary, Czechia, Romania, Croatia, Poland	Camellia Investments Kft	100%
<b>Consumer Finance</b>			
Totalmoney sp. z o.o.	Poland, Wrocław	Wirtualna Polska Media	100%
Superauto24.com sp. z o.o.	Poland, Chorzów	Wirtualna Polska Holding	51%
<b>Other</b>			
Extradom sp. z o.o.	Poland, Wrocław	Wirtualna Polska Holding	100%
WP Naturalnie Solar 1 sp. z o.o.	Poland	Wirtualna Polska Media	100%
Casalan Investments sp. z o.o.	Poland	Wirtualna Polska Media	100%

Entity	Headquarter	Parent company	Parent company's share	Effective stake of WPH
<b>* Audioteka Group</b>				
Audioteka S.A.	Poland, Warszawa	Stacja Służew		61%
Audiotéka CZ s.r.o.	Czechia	Audioteka S.A.	50%	31%
Audioteka Yayincilik Hizmetleri A.Ş.	Turkey	Audioteka S.A.	51%	31%
UAB "AMK"	Lithuania	Audioteka S.A.	70%	43%
Audio Apps Sp. z o.o.	Poland, Warszawa	Audioteka S.A.	100%	61%

Entity	Headquarter	Parent company	Parent company's share	Effective stake of WPH
<b>** Szallas Group</b>				
Szallas.hu. ZRT	Hungary	Camellia Investments Kft	100%	100%
Szallas es Utazas Kft.	Hungary	Szallas.hu. ZRT	100%	100%
Utazok.hu Kft.	Hungary	Szallas es Utazas Kft.	100%	100%
Travelminit SRL	Romania	Szallas.hu. ZRT	100%	100%
Online Holding SRL	Czechia	Szallas.hu. ZRT	100%	100%
Hotel.cz a.s.	Czechia	Online Holding SRL	100%	100%
Noclegi.pl sp. z o.o.	Poland	Szallas.hu. ZRT	100%	100%
Szallas d.o.o.	Croatia	Szallas.hu. ZRT	100%	100%

### Changes in the Group's structure

On January 10, 2023, Benchmark Sp. z o.o. and Wirtualna Polska Media S.A. were merged by transferring all assets of Benchmark to Wirtualna Polska Media.

On February 1, 2023, Parklot Sp. z o.o. and Wakacje.pl S.A. were merged by transferring all of Parklot's assets to Wakacje.pl.

On February 2, 2023, Mediapop Sp. z o.o. and Wirtualna Polska Media S.A. were merged by transferring all of Mediapop's assets to Wirtualna Polska Media.

### Changes in the Group's structure after the balance sheet date

On Mai 4, 2023, Noclegi.pl Sp. z o.o. and Nocowanie.pl S.A. were merged by transferring all of Noclegi's assets to Nocowanie.pl.

Apart from the events described above, there were no significant changes in the Group's capital structure.



### **3. FACTORS AND EVENTS, ESPECIALLY THOSE OF AN EXTRAORDINARY NATURE, THAT SIGNIFICANTLY AFFECT THE OPERATIONS AND FINANCIAL RESULTS OF THE COMPANY AND THE GROUP**

In the period under review, the following significant factors influenced the financial and operational performance of the Company and the Group:

- political and economic situation in Poland and worldwide;
- significant acquisitions made by the Group in previous periods;
- financing costs related to acquisitions.

#### **Political and economic situation in Poland and worldwide**

On 24 February 2022, Russia launched an armed attack on Ukraine. Subsequently, a number of countries, including those in the European Union and the United States, imposed a series of sanctions on Russia, including significant import restrictions, as well as a ban on the SWIFT (Society for Worldwide Interbank Financial Telecommunication) system. On the day the conflict broke out, the Wirtualna Polska Holding Group launched a more intense monitoring of the situation. We observed an increased interest in news topics on our services, especially those directly related to the situation in Ukraine. The risk of cyberattacks has also increased.

As a result of the increased uncertainty in the political and economic environment immediately following the outbreak of the conflict, we saw a negative impact on the Group's revenues in both the media and e-commerce businesses. Afterwards, we witnessed a gradual improvement in both advertising and e-commerce revenues.

Over 2022, there was a deterioration in the macroeconomic environment, demonstrated by a decline in GDP growth, rising interest rates, as well as continued high inflation.

As the Wirtualna Polska Group does not carry out operations in Russia, Belarus or Ukraine, such revenue or costs do not have a direct influence on the present situation.

#### **Significant acquisitions made by the Group in previous periods**

In 2022, the Wirtualna Polska Group made a number of acquisitions that affected the Group's results. Detailed information on the acquisitions is presented in the consolidated financial statements for 2022.

The acquisitions performed in 2022 and the first time recognition of results of the respective companies involved additional costs associated with the acquisition processing (i.e., legal services, transaction costs, market, legal, financial and tax due diligence, PCC), higher interest and commission costs, and additional depreciation and amortization, including depreciation of identified intangible assets as part of the purchase price allocation (PPA).

#### **Financing costs related to acquisitions**

The Group uses borrowings to finance its acquisition activities.

In 2022, the Group's debt increased, mainly due to the financing of the acquisition of shares in the Szallas Group shares (PLN 399 million), as well as part of the shares in Audioteka (PLN 45 million).

As of 31 March 2023, the debt under the loan agreement amounted to PLN 666 million, compared to PLN 231,8 million at the end of 31 March 2022. Net debt in relation to pro forma adjusted EBITDA as of 31 March 2022 was 1.2x.

The interest rate applicable to the loan is WIBOR 3M plus margin as stipulated in the agreement.

In the first quarter of 2023, the Group's costs on account of interest and commissions, which were mostly attributable to interest relating to the loan drawn under the loan agreement, amounted to PLN 16 million. The amount of these costs in future periods will depend on the WIBOR 3M rate, which as at March 31, 2023 amounted to 6.89%.

Aside from the aforementioned factors, in the first quarter of 2023 there were no extraordinary factors or events significantly affecting the financial results.

#### **4. FACTORS THAT, IN THE OPINION OF THE MANAGEMENT BOARD, WILL AFFECT THE FINANCIAL RESULTS OF THE COMPANY AND THE GROUP IN FUTURE PERIODS**

The operations of the Company and of the Group will be affected principally, as in the past, by the following factors:

##### **Political and economic situation in the region and worldwide**

The Group operates in the Central and Eastern Europe, in the advertising and e-commerce industry, whose rate of growth is strongly positively correlated with the economic growth and the macroeconomic situation. Consequently, the Group's operations are influenced by macroeconomic factors affecting the situation in the region, which in turn is significantly affected by the economic situation in the European Union and worldwide.

At present, due to the uncertainty in the political and economic environment, financial institutions in Poland expect a low GDP growth in 2023, coupled with a continued high inflation.

Goldman Sachs's projections of the GDP growth in 2023 in the CEE-4 region are as follows: 0.9% in Poland, 0.6% in Hungary, 0.7% in the Czech Republic and 1.9% in Romania. At the same time, they assume a significant improvement in 2024, when the GDP growth is expected to reach 4.7% in Poland, 4.3% in Hungary, 4.1% in the Czech Republic and 4.5% in Romania.

The European Commission expects the GDP to grow in 2023 by 0.7% in Poland, 0.5% in Hungary, 0.2% in the Czech Republic and 3.2% in Romania and by 1.0% in the entire EU. Regarding 2024, the European Commission expects the GDP to grow by 2.7% in Poland, 2.8% in Hungary, 2.6% in the Czech Republic and 3.5% in Romania and by 1.7% in the entire EU. The inflation projected for 2023 remains high: 16.4% in Hungary, 11.7% in Poland, 11.9% in the Czech Republic and 9.7% in Romania. At the same time, the European Commission expects the inflation to decline significantly in 2024, to 6.0% in Poland, 4.0% in Hungary, 3.4% in the Czech Republic and 4.6% in Romania.

Changes in the economic situation, as reflected in the rate of growth of GDP, affect the purchasing power of the Group's customers and consumers of its products and services, as well as the propensity for consumer spending or saving, thereby affecting the amount of advertising budgets of the Group's customers, and thus the demand for the Group's advertising products, as well as e-commerce products and services.

##### **Competition in 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. The Group's ability to maintain its competitive position is influenced by many factors – brand recognition and Group reputation, attractiveness and quality of the published content, user base and the ability to analyse and process user data. It cannot be ruled out that due to various reasons remaining outside of the Group's control, the Group will not be able to strengthen its current position as one of two leading entities among Polish internet sites. Moreover, an increase in competition in the markets in which the Group operates can put downward price pressure on offered products and services, in particular on various forms of online advertising, as well as necessitate increased spending on marketing activities or research and development related to the introduction of new products and services, their updates or innovative solutions.

The Group realises its e-commerce activities via several entities, operating in various markets (i.a. tourism, finance, fashion, internal design, house design, car sales). Each of these markets is characterised by different competitiveness, moreover, in some of these markets the Group's suppliers are also direct competitors. What is more, the e-commerce market is characterised by a large number of new entrants, which further increases competition. Group entities are mostly leaders in their categories, in particular as measured by number of users. However, it cannot be ruled out that part or all of Group

entities operating in the e-commerce market will not be able to strengthen or maintain their competitive positions due to several factors, most of which remain outside of the Group's control.

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

The Group's success depends on the development of services and technology, as well as on the number of internet users, which in turn determines the development of the online advertisement and e-commerce markets. In 2022 93.3% of households (0,9 p.p. increase compared to 2021) (source: Information Society 2022 – Central Statistical Office). 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.

Despite the projections that the internet will continue to develop in Poland, its current growth dynamics can diminish materially in the following years. As of the date of this report, the penetration rate for the internet in Poland is relatively high and growing each year, which successively limits the further growth potential of the market. Therefore, it can be forecasted that further growth will relate primarily to broadband and mobile internet technology, among others. Slowing down of the growth dynamics of the internet in the future can have a negative impact on the Group's prospective development and the realisation of its strategy.

In the past years, the e-commerce market in Poland has grown steadily, both in terms of nominal numbers as well as measured as a percentage of the total retail market. After the dynamic growth of the e-commerce market in 2020 and 2021, related to the restrictions caused by the COVID-19 pandemic, in 2022 there was observed a stabilization of the share of online trade in retail sales in Poland. At the same time, last year saw an increase in the popularity of the omnichannel (multi-channel) sales model, as well as q-commerce (quick commerce, or "delivery on demand"). However, it cannot be ruled out that due to factors remaining outside of the Group's control, such as a change in consumer habits, the trend of migration to online retail stops, which could negatively impact the Group's development possibilities in the e-commerce segment.

#### **■ 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.

#### **■ 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.

In 2022, the Group made a number of company acquisitions. Details of the acquisitions were described in the consolidated financial statements for 2022. The conducted acquisitions may have a material impact on the results achieved by the Group in consecutive periods.

Acquisition of companies in 2022 and in subsequent periods will be related to additional costs associated with the higher interest and commission costs, and additional depreciation and amortization, including depreciation of identified intangible assets as part of the purchase price allocation (PPA).

## **5. SIGNIFICANT CONTRACTS AND EVENTS WHICH TOOK PLACE IN THE FIRST QUARTER OF 2023**

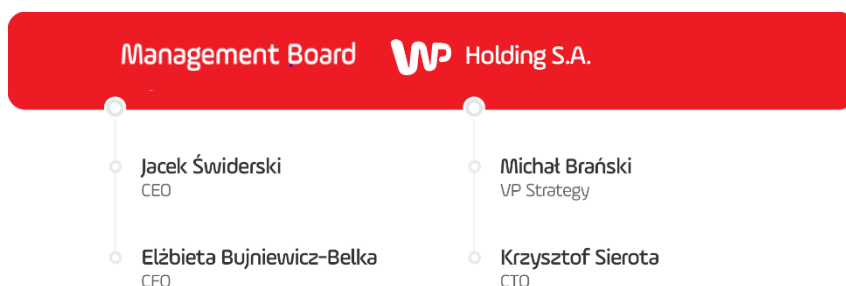
No significant events occurred in the analyzed period.

## 6. SHARES AND SHAREHOLDERS

### COMPOSITION AND CHANGES TO THE BODIES OF WIRTUALNA POLSKA HOLDING S.A.

#### MANAGEMENT BOARD

As of the date of preparing this report the composition of the Management Board was as follows:



#### SUPERVISORY BOARD

As of the date of this report the composition of Supervisory Board was as follows :



#### 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 April 12, 2023, the Management Board of WPH SA applied to the Supervisory Board of the Company with a recommendation to pay a dividend of PLN 2.50 per share. The recommendation was adopted by the Company's Supervisory Board on April 12, 2023.



## SHARE CAPITAL

As of 31 March 2023 the share capital of the Company consisted of 29.291.058 shares with a par value of PLN 0.05 each, entitling 40.580.767 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;
- 782.72 D series ordinary bearer shares;
- 3,339,744 E series ordinary bearer shares;
- 255,494 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 trade.

### Shareholders with at least 5% voting rights

In accordance with notifications received by the Company Wirtualna Polska Holding SA and to the best of its knowledge, as of 31 March 2023 the structure of shareholders who hold, directly or indirectly by their subsidiaries, at least 5% of the total voting rights at the General Shareholders' Meetings of the Company is as follows

Shareholder	Number of shares	% of share capital	Number of votes	% of votes
Jacek Świdorski through subsidiaries, including: Orfe S.A.	3 785 667	12,92%	7 548 904	18,60%
Michał Brański through subsidiaries, including: 10X S.A.	3 781 416	12,91%	7 544 652	18,59%
Krzysztof Sierota through subsidiaries, including: Albemuth Inwestycje S.A.	3 767 488	12,86%	7 530 724	18,56%
	3 777 164	12,90%	7 540 400	18,58%
	3 763 236	12,85%	7 526 472	18,55%
<b>Founders together *</b>	<b>11 344 247</b>	<b>38,73%</b>	<b>22 633 956</b>	<b>55,78%</b>
Allianz OFE Allianz DFE II Allianz OFE	3 676 553	12,55%	3 676 553	9,06%
Others	14 270 258	48,72%	14 270 258	35,17%
<b>Total</b>	<b>29 291 058</b>	<b>100,00%</b>	<b>40 580 767</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, 10XSA 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.

On 9 Mai 2023 KDPW registered and WSE admitted to trading 2.066 series D ordinary bearer shares and 2.774 ordinary bearer series F shares. After registration, admission to trading and issuing of the above mentioned shares, the share capital of the Company amounts to PLN 1.464.794,90 and is divided into 29.295.898 shares with a nominal value of PLN 0.05, entitling to 40.585.607 votes at the General Meeting.

In accordance with notifications received by the Company Wirtualna Polska Holding SA and to the best of its knowledge, as at the date of approval of this financial 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 as follows:

Shareholder	Number of shares	% of share capital	Number of votes	% of votes
Jacek Świdorski through subsidiaries, including: Orfe S.A.	3 785 667	12,92%	7 548 904	18,60%
Michał Brański through subsidiaries, including: 10X S.A.	3 781 416	12,91%	7 544 652	18,59%
Krzysztof Sierota through subsidiaries, including: Albemuth Inwestycje S.A.	3 767 488	12,86%	7 530 724	18,56%
	3 777 164	12,90%	7 540 400	18,58%
	3 763 236	12,85%	7 526 472	18,55%
<b>Founders together *</b>	<b>11 344 247</b>	<b>38,73%</b>	<b>22 633 956</b>	<b>55,78%</b>
Allianz OFE Allianz DFE II Allianz OFE	3 676 553	12,55%	3 676 553	9,06%
Others	14 275 098	48,72%	14 275 098	35,17%
<b>Total</b>	<b>29 295 898</b>	<b>100,00%</b>	<b>40 585 607</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, 10XSA 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.

## 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 S.A., having preferential rights as to voting, so that one share entitles two votes at the general meeting and 22,430 ordinary bearer shares held by Orfe SA, which in total constitute a 12.92% interest in the Company's share capital, representing 7,548,904 votes at the general shareholders meeting of the Company and constituting 18.60% of the overall number of votes;
- Krzysztof Sierota is indirectly entitled to exercise voting rights attached to 3,763,236 series A registered shares in the Company, held by Albemuth Inwestycje S.A., having preferential rights as to voting, so that one share entitles two votes at the general meeting and 13,928 ordinary bearer shares held by Highcastle Sp. z o.o., which constitute a 12.90% interest in the Company's share capital, representing 7,540,400 votes at the general shareholders meeting of the Company and constituting 18.58% of the overall number of votes;
- Michał Brański is indirectly entitled to exercise voting rights attached to 3,763,236 series A registered shares in the Company, held by 10X S.A., having preferential rights as to voting, so that one share entitles two votes at the general meeting and 13,928 ordinary bearer shares held by Now2 Sp. z o.o., which constitute a 12.91% interest in the Company's share capital, representing 7,544,652 votes at the general shareholders meeting of the Company and constituting 18.59% of the overall number of votes.
- 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 phases of the implementation of the incentive plan Elżbieta Bujniewicz-Belka acquired 93,318 D series ordinary bearer shares issued based on the resolution approving the issue of D series shares. Elżbieta Bujniewicz-Belka owns additional 564 shares purchased in September 2017. Elżbieta Bujniewicz-Belka is entitled to acquire for a maximum of 120,000 series F ordinary bearer shares issued under the second managerial option program on the basis of the resolution on the issue of series F shares.

Additional information on the structure and changes in equity and voting rights are described in note 22 to the consolidated financial statements.

## INFORMATION ON AGREEMENTS ON 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 23 to the condensed consolidated financial statements of the Group for the period of 3 months ended March 31, 2023.

#### ■ 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 first incentive scheme is described in note 23 to the condensed consolidated financial statements of the Group for the period of 3 months ended March 31, 2023.

## **PURCHASE OF OWN SHARES**

As of 31 March 2023, neither Wirtualna Polska Holding nor any other any other company belonging to the Group does not hold any its own shares.

## **7. ADDITIONAL INFORMATION**

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

Detailed information on the first incentive scheme is described in note 33 to the condensed consolidated financial statements of the Group for the period of 3 months ended March 31, 2023.

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

The Group did not publish any forecasts of results for the year 2022.

### **LITIGATION PENDING BEFORE THE COURT, THE APPROPRIATE ARBITRATION BODY OR THE PUBLIC ADMINISTRATION BODY**

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

During 3 months of 2023 the provision for court proceedings increased by PLN 154 thousand.

### **INFORMATION ON TRANSACTIONS WITH RELATED ENTITIES**

All transactions with related entities are concluded on an arm's length basis. Detailed information on transactions with related entities are presented in note 29 of the consolidated financial statements for the 3 months ending 31 March 2023.

### **INFORMATION ON GUARANTEES AND WARRANTIES GRANTED IN RESPECT OF LOANS, BORROWINGS AND LOANS GRANTED**

#### **Guarantees granted to third-party entities**

In the period under consideration 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.

#### **Intragroup guarantees**

As of the date of the report, the companies: Wirtualna Polska Holding SA, Wakacje.pl SA , Totalmoney.pl Sp. z o.o., Extradom.pl sp. z o.o., Stacja Służew Sp. z o.o. and Camellia Investments Kft. are guarantors of the bank loan agreement concluded on February 25, 2020 by and between Wirtualna Polska Media SA, Wirtualna Polska Holding SA, mBank SA,

Powszechna Kasa Oszczędności Bank Polski SA, ING Bank Śląski SA, Bank Polska Kasa Opieki SA and BNP Paribas Bank Polska SA.

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

### **Loans granted**

As of 31 March 2023 Wirtualna Polska Holding SA and Wirtualna Polska Media SA granted loans to other Group members and associates as well as an unrelated entity in order to finance their acquisitions and current operations.

The Parent Company does not have any loans granted by related companies.

## **INFORMATION ON SIGNED AND TERMINATED CONTRACTS ON FINANCIAL LOANS IN A GIVEN YEAR**

### **Loans taken from financial institutions**

According to the financing model adopted in the Capital Group, only Wirtualna Polska Holding SA and the subsidiary Wirtualna Polska Media SA are the parties to the loan taken from external institutions (apart from the overdraft), and both borrowers and selected companies belonging to the capital group are the guarantors of this agreement. The description of the parameters of the loan received and the changes that took place during the year are described in detail in Note 35 to the financial statements.

### **Intragroup loans**

As at 31 March 2023, Wirtualna Polska Holding SA and Wirtualna Polska Media SA are parties to loans granted to companies owned by the capital group, as well as an unrelated entity intended for financing acquisitions and current operating activities. The parent company does not have any loans from other companies of the capital group.

## **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 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.

## **8. SELECTED CONSOLIDATED FINANCIAL DATA IN EURO**

The following tables set out selected consolidated financial data for the period of 3 months ending 31 March 2023 and 2022. 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 consolidated financial statements for the period of 3 months ending 31 March 2023 as well as the information included in point 1 of this report.

	Three months ending	Three months ending	Three months ending	Three months ending
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	PLN'000		EUR'000	
<b>Segments total</b>				
Sales	310 455	213 153	66 047	45 867
Cash sales	304 908	208 226	64 867	44 807
Adjusted EBITDA (IFRS 16)	76 002	72 364	16 169	15 572
EBITDA (IFRS 16)	75 625	67 348	16 089	14 492
Amortization and depreciation	(36 995)	(21 849)	(7 870)	(4 702)
Operating profit	38 630	45 499	8 218	9 791
Result on financial activities	(12 512)	8 817	(2 662)	1 897
Profit before tax	26 118	54 316	5 556	11 688
Net profit	16 309	45 102	3 470	9 705

	As of	As of	As of	As of
	31 March 2023	31 December 2022	31 March 2023	31 December 2022
	PLN'000		EUR'000	
Total assets	2 092 213	2 010 836	447 484	428 759
Non-current assets	1 546 186	1 533 609	330 700	327 002
Current assets	546 027	477 227	116 785	101 756
Long-term liabilities	665 410	641 903	142 318	136 869
Short-term liabilities	470 031	446 064	100 531	95 112
Equity	956 772	922 869	204 635	196 778
Share capital	1 465	1 464	313	312
Non-controlling interests	54 754	52 838	11 711	11 266

	Three months ending	Three months ending	Three months ending	Three months ending
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	PLN'000		EUR'000	
Net cash flows from operating activities	108 094	59 165	22 996	12 731
Net cash flows from investing activities	(37 392)	(1 646)	(7 955)	(354)
Net cash flows from financing activities	(24 233)	(10 877)	(5 155)	(2 341)
<b>Total net cash flows</b>	<b>46 469</b>	<b>46 642</b>	<b>9 886</b>	<b>10 037</b>

Conversion into euro was performed based on the following principles:

- amounts presented in zloty as of 31 March 2023 were converted into euro at the exchange rate of 4.6755 (the NBP exchange rate as of 31 March 2023),
- amounts presented in zloty as of 31 December 2022 were converted into euro at the exchange rate of 4.6899 (the NBP exchange rate as of 31 December 2022),
- amounts presented in zloty for the period of three months ending 31 March 2023 were converted into euro at the exchange rate of 4.7005 (the arithmetic mean of the NBP exchange rates as of the last day of each month of the first quarter of 2023),
- amounts presented in zloty for the period of three months ending 31 March 2022 were converted into euro at the exchange rate of 4.6472 (the arithmetic mean of the NBP exchange rates as of the last day of each month of the first quarter of 2022),





# Condensed interim consolidated financial statements of WP Capital Group

for the period of 3 months ending 31 March 2023

## CONDENSED CONSOLIDATED INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME

PLN'000	Note	Three months ending 31 March 2023	Three months ending 31 March 2022
Sales	10	310 455	213 153
Cost of goods sold		(27 001)	(20 649)
Amortization and depreciation		(38 556)	(23 146)
Materials and energy used		(4 454)	(1 719)
Costs of the employee option scheme	22	(176)	(629)
Other external services		(111 745)	(53 864)
Other salary and employee benefit expenses		(87 283)	(63 276)
Other operating expenses	14	(5 087)	(3 185)
Impairment of goodwill		-	(2 783)
Other operating income/gains	13	2 477	1 597
<b>Operating profit</b>		<b>38 630</b>	<b>45 499</b>
Finance income	15	3 410	12 465
Finance costs	15	(17 319)	(3 648)
Share in the profit/loss of investments accounted for using the equity method		1 397	-
<b>Profit before tax</b>		<b>26 118</b>	<b>54 316</b>
Income tax	16	(9 809)	(9 214)
<b>Profit from continuing operations</b>		<b>16 309</b>	<b>45 102</b>
Profit from discontinued operations		-	-
<b>Net profit</b>		<b>16 309</b>	<b>45 102</b>
<b>Other comprehensive income/(losses) re-classifiable to profit and loss:</b>		<b>17 471</b>	<b>-</b>
Foreign exchange differences on translation of foreign units		17 471	-
<b>Other comprehensive income/(losses) non re-classifiable to profit and loss</b>		<b>(185)</b>	<b>(925)</b>
Income/(losses) on remeasurements of defined benefit plans		-	(925)
Profit (loss) on assets measured at fair value through other comprehensive income		(185)	-
<b>Other comprehensive income</b>		<b>17 286</b>	<b>(925)</b>
<b>Comprehensive income</b>		<b>33 595</b>	<b>44 177</b>
<b>Net profit attributable to:</b>			
Equity holders of the Parent Company		14 393	43 405
Non-controlling interests		1 916	1 697
<b>Comprehensive income attributable to:</b>			
Equity holders of the Parent Company		31 679	42 480
Non-controlling interests		1 916	1 697

PLN'000	Note	Three months ending 31 March 2023	Three months ending 31 March 2022
<b>Net profit per share (in PLN)</b>			
Basic, incl.:	17	0,56	1,54
from continued operations		0,56	1,54
from discontinued operations		-	-
Diluted, incl.:	17	0,55	1,53
from continued operations		0,55	1,53
from discontinued operations		-	-

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

PLN'000	Note	As of 31 March 2023	As of 31 December 2022
<b>Non-current assets</b>			
Property, plant and equipment	18	109 101	109 258
Goodwill	20	711 445	701 314
Intangible assets	18	622 134	621 400
Other financial assets	18	18 106	18 566
Investments accounted for using the equity method	18	63 619	62 222
Non-current programming assets	18	17 288	15 988
Long-term receivables		1 264	1 243
Deferred tax assets	16	3 229	3 618
<b>Total non-current assets</b>		<b>1 546 186</b>	<b>1 533 609</b>
<b>Current assets</b>			
Current programming assets	18	849	1 125
Trade and other receivables	18	274 299	251 085
		12 817	12 307
Income tax receivables		679	504
Inventory		25 999	26 777
Cash and cash equivalents		231 384	185 429
<b>Total current assets</b>		<b>546 027</b>	<b>477 227</b>
<b>TOTAL ASSETS</b>		<b>2 092 213</b>	<b>2 010 836</b>
<b>Equity</b>			
<b>Equity attributable to equity holders of the Parent Company</b>			
Share capital	21	1 465	1 464
Supplementary capital		328 103	327 972
Other reserves		35 621	18 159
Retained earnings		536 829	522 436
<b>Equity attributable to equity holders of the Parent Company</b>		<b>902 018</b>	<b>870 031</b>
Non-controlling interests		54 754	52 838
<b>Equity</b>		<b>956 772</b>	<b>922 869</b>
<b>Long-term liabilities</b>			
Bank loans and other loans	23	552 547	521 119
Leasing liabilities due to the right of use the assets	23	45 363	48 060
Other long-term liabilities	25	1 929	6 092
Long-term provisions, incl.:	24	998	998
Provision for employee benefits		998	998
Deferred tax liabilities	16	64 573	65 634
<b>Total long-term liabilities</b>		<b>665 410</b>	<b>641 903</b>
<b>Short-term liabilities</b>			
Bank loans and other loans	23	113 431	149 856
Leasing liabilities due to the right of use the assets	23	19 177	17 653
Trade and other payables	25	325 216	265 620
Short-term provisions, incl.:	24	9 047	7 704
Provision for employee benefits		8 004	6 822
Other provisions		1 043	882
Current income tax liabilities		3 160	5 231
<b>Total current liabilities</b>		<b>470 031</b>	<b>446 064</b>
<b>Total liabilities</b>		<b>1 135 441</b>	<b>1 087 967</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2 092 213</b>	<b>2 010 836</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

PLN'000	Note	Share capital	Supplementary capital	Other reserves	Retained earnings	Equity attributable to equity holders of the Parent Company	Non-controlling interests	Equity
<b>Equity as of 1 January 2023</b>		<b>1 464</b>	<b>327 972</b>	<b>18 159</b>	<b>522 436</b>	<b>870 031</b>	<b>52 838</b>	<b>922 869</b>
Net profit		-	-	-	14 393	14 393	1 916	16 309
Other comprehensive income		-	-	17 286	-	17 286	-	17 286
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>17 286</b>	<b>14 393</b>	<b>31 679</b>	<b>1 916</b>	<b>33 595</b>
Option scheme	21, 22	1	131	176	-	308	-	308
<b>Changes in equity</b>		<b>1</b>	<b>131</b>	<b>17 462</b>	<b>14 393</b>	<b>31 987</b>	<b>1 916</b>	<b>33 903</b>
<b>Equity as of 31 March 2023</b>		<b>1 465</b>	<b>328 103</b>	<b>35 621</b>	<b>536 829</b>	<b>902 018</b>	<b>54 754</b>	<b>956 772</b>

PLN'000	Note	Share capital	Supplementary capital	Other reserves	Retained earnings	Equity attributable to equity holders of the Parent Company	Non-controlling interests	Equity
<b>Equity as of 1 January 2022</b>		<b>1 462</b>	<b>327 085</b>	<b>13 172</b>	<b>387 025</b>	<b>728 744</b>	<b>14 568</b>	<b>743 312</b>
Net profit		-	-	-	170 531	170 531	7 793	178 324
Other comprehensive income		-	-	2 508	-	2 508	-	2 508
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>2 508</b>	<b>170 531</b>	<b>173 039</b>	<b>7 793</b>	<b>180 832</b>
Option scheme		2	887	2 479	-	3 368	-	3 368
Dividend payment for owners of the parent company		-	-	-	(35 120)	(35 120)	-	(35 120)
Acquisition of a subsidiary		-	-	-	-	-	30 477	30 477
<b>Changes in equity</b>		<b>2</b>	<b>887</b>	<b>4 987</b>	<b>135 411</b>	<b>141 287</b>	<b>38 270</b>	<b>179 557</b>
<b>Equity as of 31 December 2022</b>		<b>1 464</b>	<b>327 972</b>	<b>18 159</b>	<b>522 436</b>	<b>870 031</b>	<b>52 838</b>	<b>922 869</b>

PLN'000	Note	Share capital	Supplementary capital	Other reserves	Retained earnings	Equity attributable to equity holders of the Parent Company	Non-controlling interests	Equity
<b>Equity as of 1 January 2022</b>		<b>1 462</b>	<b>327 085</b>	<b>13 172</b>	<b>387 025</b>	<b>728 744</b>	<b>14 568</b>	<b>743 312</b>
Net profit		-	-	-	43 405	43 405	1 697	45 102
Other comprehensive income		-	-	(925)	-	(925)	-	(925)
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>(925)</b>	<b>43 405</b>	<b>42 480</b>	<b>1 697</b>	<b>44 177</b>
Option scheme		-	245	629	-	875	-	875
<b>Changes in equity</b>		<b>-</b>	<b>245</b>	<b>(296)</b>	<b>43 405</b>	<b>43 355</b>	<b>1 697</b>	<b>45 052</b>
<b>Equity as of 31 March 2022</b>		<b>1 462</b>	<b>327 330</b>	<b>12 876</b>	<b>430 430</b>	<b>772 099</b>	<b>16 265</b>	<b>788 364</b>

**CONDENSED CONSOLIDATED**

**CASH FLOW STATEMENT**

PLN'000	Note	Three months ending 31 March 2023	Three months ending 31 March 2022
<b>Cash flows from operating activities</b>			
Profit before tax		26 118	54 316
<b>Adjustments for:</b>			
Amortization and depreciation		95 378	17 538
Payments for programming rights		38 556	23 146
Profit (loss) on disposal/liquidation/revaluation of property, plant and equipment and intangible assets and programming rights		(3 708)	(2 861)
Finance costs		142	197
Share in the profit/loss of investments accounted for using the equity method		17 319	3 648
Financial income from revaluation of financial and investment receivables and investment		(1 397)	-
Financial income on exchange differences		(2 273)	(12 163)
Costs of the employee option scheme		-	(163)
Other adjustments		-	2 783
		176	629
		1 316	(48)
<b>Changes in working capital</b>			
Change in trade and other receivables	30	(23 357)	(7 862)
Change in inventory		778	(3 053)
Change in trade and other payables	30	66 483	12 103
Change in provisions		1 343	1 182
<b>Cash flows used in operations</b>		<b>121 496</b>	<b>71 854</b>
Income tax paid		(13 402)	(12 689)
<b>Net cash flows from operating activities</b>		<b>108 094</b>	<b>59 165</b>
<b>Cash flows from investing activities</b>			
Sale of intangible assets and property, plant and equipment		227	353
Purchase of intangible assets and property, plant and equipment		(29 697)	(20 506)
Repayment of liabilities arising from business combinations		(7 922)	(2 879)
Repayment of loans granted and investment receivables		-	123
		-	24 368
Acquisition of other financial assets		-	(3 105)
<b>Net cash flows from investing activities</b>		<b>(37 392)</b>	<b>(1 646)</b>
<b>Net cash flows from financing activities</b>			
Inflows from share capital increase		132	246
Bank loans and other loans received		67	719
Repayment of finance leases		(3 657)	(3 287)
Repayment of bank commissions		(568)	(709)
Interest paid	34	(14 834)	(2 675)
Repayment of loans received	34	(5 373)	(5 171)
<b>Net cash flows from financing activities</b>		<b>(24 233)</b>	<b>(10 877)</b>
<b>Total net cash flows</b>		<b>46 469</b>	<b>46 642</b>
Impact of exchange differences on cash and cash equivalents		(514)	476
<b>Change in cash and cash equivalents</b>		<b>45 955</b>	<b>47 118</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>185 429</b>	<b>135 364</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>231 384</b>	<b>182 482</b>



## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

The Wirtualna Polska Holding SA Capital Group ("the Group", "the Capital Group", "Wirtualna Polska Holding Group") is composed of Wirtualna Polska Holding SA ("the Company", "the Parent Company", "Wirtualna Polska Holding") and its 27 consolidated subsidiaries.

The Parent Company was registered in Poland and its seat is in Warsaw at Żwirki i Wigury 16.

Wirtualna Polska Holding and the remaining Capital Group's companies were formed for an indefinite period. The Group's core business is media, advertising and e-commerce activities. The Group is the owner of the WP Homepage, it also has specialized thematic websites and offers subscription services. In the e-commerce industry, the Group operates mainly in the areas of tourism (including Wakacje.pl, Szallas Group, Nocowanie.pl) and consumer finance (Superauto.pl and Totalmoney.pl).

The group conducts its activities mainly on the Internet.

### 2. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES

#### BASIS FOR PREPARATION

These condensed interim financial statements have been prepared on the assumption that the Group will continue as a going concern, in accordance with IAS 34 "Interim Financial Reporting" ("IAS 34"). The accounting policies used in the preparation of the condensed interim consolidated financial statements for the period of three months ending 31 March 2023 are consistent with those used in the consolidated financial statements for the year ending 31 December 2022, except for new and changed accounting standards.

The financial statements for the year ending 31 December 2022 have been prepared in accordance with IFRS standards which were binding in the European Union in the financial year ending 31 December 2022.

The consolidated statement of financial positions as of 31 March 2023, consolidated income statement and other comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity for three months ending 31 March 2023 were not audited. The consolidated financial statements as of 31 December 2022 and for twelve months ending 31 December 2022 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 2022.

#### NEW AND AMENDED STANDARDS AND INTERPRETATIONS

Since the publication of the Consolidated Financial Statements for the year ended December 31, 2022, prepared in accordance with IFRS, no new standards and interpretations have been published.

In these interim condensed consolidated financial statements, the Group took into account the following amendments to standards and interpretations that were approved by the European Union with the effective date for annual periods beginning on or after January 1, 2023:

- IFRS 17 "Insurance Contracts" and amendments to IFRS 17
- Amendments to IFRS 17 "Insurance contracts" - first application of IFRS 17 and IFRS 9 - Comparative information
- Amendments to IAS 1 "Presentation of financial statements" - and IFRS Board Guidelines - disclosures regarding accounting policies,
- Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" - definition of accounting estimates,

- Amendments to IAS 12 "Income taxes" - deferred tax relating to assets and liabilities arising from a single transaction

### **3. APPROVAL FOR PUBLICATION OF CONSOLIDATED FINANCIAL STATEMENTS**

These condensed consolidated financial statements have been approved for publication by the Management Board of Wirtualna Polska Holding SA on 22 Mai, 2023.

### **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 2022.

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.

#### **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.

#### **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.

After considering 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.

## **COST CAPITALISATION**

The Group is constantly developing its services and implementing new projects aimed at meeting the needs of users of the services provided by the Group. Development expenditures that meet the capitalization criteria are recognized as intangible assets. When assessing the fulfilment of the capitalization criteria, the Group takes into account in particular:

- the technical feasibility of completing the intangible asset so that it is fit for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of appropriate technical, financial and other means to complete the development work and use or sell the intangible asset;
- the ability to reliably determine the expenditure incurred during development work that can be assigned to this intangible asset.

Development expenditure that does not meet the capitalization criteria is recognized as remuneration costs. In the presented periods development costs recognized as an expense are not recognized as an asset in the next period. The value of capitalized development costs is measured at the production cost, based on the incurred expenditure, which includes, in particular, employee costs with related overheads in relation to employees involved in a given project, costs of cooperating persons, costs of external services and other project costs. Unsuccessful development project is written off as a one-off cost at the time of the decision to end a given project. Projects in progress are regularly monitored for impairment.

## **APPROACH TO BARTER TRANSACTIONS**

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

## **LITIGATION**

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

## **IMPAIRMENT TESTS**

Goodwill and intangible assets were subject to an impairment test as of 31 December 2022. Details of the test are discussed in Note 21 the Group's consolidated financial statements for 2022.

In the opinion of the Management Board, in the first quarter of 2023, there were no additional indications of impairment of individual CGUs, therefore no update of the tests was carried out.

## **ALLOWANCES FOR TRADE RECEIVABLES**

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

## **ESTIMATE OF THE ANNUAL REBATES LIABILITY**

As a part of cooperation with clients, the Group grants annual rebates. These rebates are granted to clients individually or in groups based on turnover value or percentage achieved. During the year the Group estimates annual rebates liabilities based on current turnover forecast and recognizes them as a reduction of revenues for the period. The annual rebates are a variable

consideration recognized to the extent to which it is highly probable that there will be no reversal of a significant part of revenues. The final amounts of rebates are known after the end of the financial year.

#### **RECOGNITION OF REVENUE FROM AGENCY SALES ON CAR SALES**

The Group sells goods both in the agency model, acting as an intermediary between the end customer and the supplier of the goods, as well as in the model of full control over the sales process to the end customer. For each sale, the Group assesses whether it acts as an intermediary or as a seller. If the Group acts as an intermediary, revenue is recognized in the amount of the commission received from the seller of the goods. Otherwise, revenue is recognized in the full amount due from the end customer.

#### **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.

#### **DEFERRED TAX ASSET**

##### **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, 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 market-wide forecasts and the Management Board's expectations. Deterioration of tax results in the future might result in the assumption becoming unjustified.

#### **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.

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

## **5. INFORMATION ON SEASONALITY OF GROUP'S OPERATIONS**

Revenues from the Media and Subscriptions segment are characterized by seasonality, so that revenues in the first and third quarters are lower than in the second and fourth quarters of a year.

Revenues from the Tourism segment show high seasonality and the highest revenue levels are generated in the third quarter of a year.

The Group's other revenues do not show any significant seasonality.

## 6. INFORMATION ON SEGMENT REPORTING

Following a number of significant acquisitions and the resulting change in the Group's structure, the Management Board has changed the way it analyses the Group's results and makes key decisions. The Management Board has identified three main operating segments: Advertising and Subscriptions (publishing and media activities as well as B2C services offered in the subscription model), Tourism (brokerage in the sale of domestic and foreign tourist services) and Consumer finance (activities generating revenues mainly from intermediation in obtaining financing). In addition, there has been separated the Other segment, which brings together the Group's activities that do not meet the criterion of individual separation (sale of house designs and generation of green electricity).

Three months ending 31 March 2023	Advertising and subscription	Travel	Consumer Finance	Other	Inter-segment transactions	Total
<b>Sales</b>	<b>163 181</b>	<b>92 477</b>	<b>49 087</b>	<b>9 051</b>	<b>(3 341)</b>	<b>310 455</b>
including cash sales	158 334	92 477	49 087	9 051	(3 341)	305 608
<b>Adjusted EBITDA (note 10)</b>	<b>59 883</b>	<b>10 041</b>	<b>6 217</b>	<b>(139)</b>	<b>-</b>	<b>76 002</b>

Three months ending 31 March 2022	Advertising and subscription	Travel	Consumer Finance	Other	Inter-segment transactions	Total
<b>Sales</b>	<b>131 413</b>	<b>35 326</b>	<b>32 113</b>	<b>16 265</b>	<b>(1 964)</b>	<b>213 153</b>
including cash revenue	126 486	35 326	32 113	16 265	(1 964)	208 226
<b>Adjusted EBITDA</b>	<b>60 562</b>	<b>6 098</b>	<b>5 638</b>	<b>66</b>	<b>-</b>	<b>72 364</b>

The Management Board analyses the results of the segments only up to the adjusted EBITDA level as described in the note 11 of the consolidated financial statements.

The Management Board does not analyse the operating segments in relation to their asset's value.

The Group's operating segments are presented consistently with the internal reporting submitted to the Parent Company's Management Board, which is the main body responsible for making operational decisions.

## 7. THE GROUP'S STRUCTURE

The Group's structure and its changes are described in detail in point 2 of the Management Board's report, which is an integral part of this report.

## 8. EVENTS AND FACTORS WITH SIGNIFICANT IMPACT ON BUSINESS AND FINANCIAL RESULTS OF THE GROUP

Factors and events having a significant impact on the operations and financial results of the Group are described in detail in point 3 of the Management Board's report, which is an integral part of this report.

## 9. SIGNIFICANT CONTRACTS AND EVENTS WHICH TOOK PLACE IN THE FIRST QUARTER OF 2023

Significant contracts and events that occurred in the first quarter of 2023 are described in detail in point 5 of the Management Board's report, which is an integral part of this report.

## 10. SALES

PLN'000	Three months ending 31 March 2023	Three months ending 31 March 2022
<b>Cash sales in segments</b>	<b>308 949</b>	<b>210 190</b>
Sales - Advertising & subscriptions	158 334	126 486
Sales - Travel	92 477	35 326
Sales - Consumer finance	49 087	32 113
Sales - Other	9 051	16 265
Sales - Barter	4 847	4 927
Intra-group adjustments (between segments)	(3 341)	(1 964)
<b>Total</b>	<b>310 455</b>	<b>213 153</b>



PLN'000	Three months ending 31 March 2023	Three months ending 31 March 2022
Sales of services settled in cash	274 656	184 994
Sales of merchandises settled in cash	30 952	23 232
Sales - Barter	4 847	4 927
<b>Total</b>	<b>310 455</b>	<b>213 153</b>

PLN'000	Three months ending 31 March 2023	Three months ending 31 March 2022
Domestic sales	222 646	156 297
Export sales	87 809	56 856
European Union	75 443	47 825
Outside European Union	12 366	9 031
<b>Total</b>	<b>310 455</b>	<b>213 153</b>

The Group manages a well-diversified portfolio of customers and suppliers. In both the first quarter of 2023 and 2022 there was one customer whose turnover exceeded 10% of the Group's consolidated revenue. This customer is in a stable financial situation and there were no payment delays during the long-term cooperation. Therefore, the Management Board sees no risk of excessive concentration of income.

## 11. EBITDA AND ADJUSTED EBITDA

The Group's EBITDA is calculated as operating profit plus depreciation and amortization (except for amortization of programming rights), and the Group's adjusted EBITDA is calculated as EBITDA adjusted for events, including: transaction costs related to acquisitions, result on barter transactions, 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.

PLN'000	Three months ending 31 March 2023	Three months ending 31 March 2022
<b>Profit before tax</b>	<b>26 118</b>	<b>54 316</b>
Share in profits of investments accounted for using the equity method and dividends from associates	(1 397)	-
Finance costs	17 319	3 648
Finance income	(3 410)	(12 465)
<b>Operating profit</b>	<b>38 630</b>	<b>45 499</b>
Amortization and depreciation, w/o d&a of acquired programming rights	36 995	21 849
<b>EBITDA</b>	<b>75 625</b>	<b>67 348</b>
<b>Adjustments, including:</b>		
Restructuring and transaction costs - external services	825	1 980
Restructuring and transaction costs - salaries	298	5
Restructuring and transaction costs - other operating costs and revenues	463	99
Costs of the employee option scheme	176	629
Net result of barter transactions settlements	(1 355)	(461)
Revaluation and liquidation of non-financial assets	(30)	(19)
Impairment of goodwill	-	2 783
<b>Adjusted EBITDA from continued operations</b>	<b>76 002</b>	<b>72 364</b>
Adjusted EBITDA from discontinued operations	-	-
<b>Adjusted EBITDA</b>	<b>76 002</b>	<b>72 364</b>

The costs of restructuring and transaction services include mainly the costs of advisory services, costs of due diligence and other transaction costs related to potential acquisitions and changes in the structure and organization of the group.

## 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 and restructuring, result on settlement of barter transactions, 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.

PLN'000	Three months ending 31 March 2023	Three months ending 31 March 2022
<b>Profit before tax</b>	<b>26 118</b>	<b>54 316</b>
<b>Adjustments, including:</b>		
Restructuring and transaction costs - external services	825	1 980
Restructuring and transaction costs - salaries	298	5
Restructuring and transaction costs - other operating costs and revenues	463	99
Costs of the employee option scheme	176	629
Net result of barter transactions settlements	(1 355)	(461)
Revaluation and liquidation of non-financial assets	(30)	(19)
Impairment of goodwill	-	2 783
<b>Adjustments total</b>	<b>377</b>	<b>5 016</b>
<b>Adjusted profit before tax</b>	<b>26 495</b>	<b>59 332</b>

### 13. OTHER OPERATING INCOME/GAINS

The following table presents the other operating income/gains in the first quarter of 2023 and 2022:

PLN'000	Three months ending 31 March 2023	Three months ending 31 March 2022
Revenue from grants	657	402
Liabilities expired	363	19
Repayment of receivables previously written off	5	54
Currency exchange differences from operating activities	73	364
Other	1 379	758
<b>Total</b>	<b>2 477</b>	<b>1 597</b>

### 14. OTHER OPERATING EXPENSES

The following table presents the other operating expenses incurred by the Group in the first quarter of 2023 and 2022:

PLN'000	Three months ending 31 March 2023	Three months ending 31 March 2022
Representation and other costs by type, including:	2 340	950
Representation	653	287
Other costs by type	1 687	663
Revaluation of receivables	373	211
Taxes and charges	971	1 045
Revaluation of provisions	154	70
Revaluation and liquidation of non-financial assets	170	197
Other	1 113	712
<b>Total</b>	<b>5 087</b>	<b>3 185</b>

### 15. FINANCE INCOME AND COST

The following table presents the financial income incurred by the Group:

PLN'000	Three months ending 31 March 2023	Three months ending 31 March 2022
Interest income	1 410	128
Currency exchange differences	7	164
Revaluation of financial assets	1 993	12 163
Other	-	10
<b>Total</b>	<b>3 410</b>	<b>12 465</b>

The following table presents the financial cost incurred by the Group:

PLN'000	Three months ending 31 March 2023	Three months ending 31 March 2022
Interests and commissions	15 786	3 632
Reversal of discount on investment liabilities	152	-
Currency exchange differences	503	9
Revaluation of financial assets	53	-
Other	825	7
<b>Total</b>	<b>17 319</b>	<b>3 648</b>

## 16. CURRENT AND DEFERRED INCOME TAX

The following table present current and deferred income tax:

PLN'000	Three months ending 31 March 2023	Three months ending 31 March 2022
<b>Current income tax</b>	<b>11 125</b>	<b>12 824</b>
For the financial year	11 125	12 824
Adjustments to previous year	-	-
<b>Deferred tax</b>	<b>(1 316)</b>	<b>(3 610)</b>
Temporary differences arising and reversed	(1 316)	(3 610)
<b>Total income tax</b>	<b>9 809</b>	<b>9 214</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.

PLN'000	As at 31 December 2022	Three months ending 31 March 2022
<b>Profit before tax</b>	<b>26 118</b>	<b>54 316</b>
<b>Corporate income tax at the statutory rate of 19%</b>	<b>4 962</b>	<b>10 320</b>
Tax effects of the following items:		
Revenues and costs non-taxable permanent differences	(12)	1 375
Unrecognized tax assets	3 696	114
Reconciliation of tax losses without deferred tax asset recognized	-	(2 599)
Reconciliation of tax losses without deferred tax asset recognized	2 067	-
Other	(904)	4
<b>Total income tax</b>	<b>9 809</b>	<b>9 214</b>

The Capital Group consists of entities which settle according to different tax rates. The main differences in the tax rates applicable in the countries of registration of the Group companies are presented in the table below:

Year	Applicable income tax rate
Poland	19%
Hungary	9%
Czech Republic	19%
Romania	16%

In addition, as income tax, the Group presents the local business tax paid in Hungary ("Local business tax") and contribution to innovation ("Innovation contribution"). The basis for calculating these taxes is the total net sales revenue less the cost of goods sold (COGS), the work of subcontractors, the costs of materials, brokerage services and research and development (R&D) costs. The combined tax rate for local business tax and innovation contributions is 2.3%.

Tax settlements and other regulated areas of activities (for example, customs or foreign currency issues) may be subject to inspections by administrative bodies which are entitled to impose high penalties and sanctions. The lack of reference to established legal regulations in Poland results in ambiguities and inconsistencies in the binding regulations. Frequent differences of opinion as to the legal interpretation of tax regulations, both internally within the state bodies and between the state bodies and enterprises, result in areas of uncertainty and conflict. Due to these factors the tax risk in Poland is considerably higher than in countries with more precisely developed tax systems. Tax settlements may be subject to inspections within five years from the end of the year in which tax was paid. As a result of inspections, the Group's tax settlements may be increased by additional tax liabilities. The Group is of the opinion that as of 31 December 2021 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.

The table below shows the items for which the asset or provision for deferred tax was created.

	1 January 2023	Financial result	Other comprehensive income	31 March 2023
<b>Deferred tax assets:</b>				
Change in tax values of assets as a result of internal reorganization of the Group	747	(2)	-	745
Utilized tax losses	1 391	851	-	2 242
Write-downs of assets	1 760	125	-	1 885
Differences in tax and carrying amounts of liabilities and receivables	26 144	5 985	-	32 129
Other differences	2 042	(144)	-	1 898
<b>Deferred tax asset</b>	<b>32 084</b>	<b>6 815</b>	-	<b>38 899</b>
<b>Deferred tax liability:</b>				
Differences in carrying and tax amount of property, plant and equipment	81 983	5 373	644	88 000
Other	12 117	126	-	12 243
<b>Deferred tax liability</b>	<b>94 100</b>	<b>5 499</b>	<b>644</b>	<b>100 243</b>
<b>Deferred tax assets/liability net</b>	<b>(62 016)</b>	<b>1 316</b>	<b>(644)</b>	<b>(61 344)</b>

PLN'000	31 March 2023	31 December 2022
Offsetting of deferred tax liability	(35 670)	(28 466)
<b>Deferred tax assets after offsetting</b>	<b>3 229</b>	<b>3 618</b>
<b>Deferred tax liabilities after offsetting</b>	<b>64 573</b>	<b>65 634</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 2022 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 here 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.

## 17. 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).

PLN'000	Three months ending 31 March 2023	Three months ending 31 March 2022
<b>Net profit</b>	<b>16 309</b>	<b>45 102</b>
Weighted average number of shares shown for the purpose of calculating basic earnings per share (no. of units)	29 267 573	29 254 055
Effect of diluting the number of ordinary shares	191 075	225 478
Weighted average number of ordinary shares shown for the purpose of calculating diluted earnings per share (no. of units)	29 458 648	29 479 533
Basic (in PLN)	0,56	1,54
Diluted (in PLN)	0,55	1,53

## 18. CHANGES IN ALLOWANCES FOR ASSETS

In The first quarter of 2023 the Group adjusted the value of allowances for trade receivables by PLN 373 thousand. In the same period write-downs on intangible assets and property, plant and equipment and programming assets of PLN 170 thousand were recorded.

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

In the period from 1 January 2023 to 31 March 2023 the Group purchased property, plant and equipment of PLN 3.8 million and intangible assets of PLN 23,5 million. In addition, the acquisition of programming assets amounted to PLN 3.7 million.

As of 31 March 2023 and 31 December 2022 the Group did not have any material commitments to purchase property, plant or equipment and intangible assets.

## 20. GOODWILL

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

Cash generating unit	As at 31 March 2023	As at 31 December 2022
<b>Segment Advertising and subscription</b>	<b>252 091</b>	<b>252 091</b>
Advertising and Subscription activities	178 898	178 898
Audioteka	73 193	73 193
<b>Travel</b>	<b>358 033</b>	<b>347 902</b>
International travel	85 157	85 157
Szallas	246 620	236 489
Nocowanie	26 256	26 256
<b>Consumer Finance</b>	<b>45 967</b>	<b>45 967</b>
Superauto	18 533	18 533
Financial lead generation	27 434	27 434
<b>Other</b>	<b>58 317</b>	<b>58 317</b>
Extradom	58 317	58 317
<b>Goodwill (gross)</b>	<b>714 408</b>	<b>704 277</b>
Goodwill revaluation write-off:		
Advertising and Subscription activities	(2 963)	(2 963)
<b>Goodwill (net)</b>	<b>711 445</b>	<b>701 314</b>

The cash generating unit of Publishing and Advertising activities holds the trademark "WP.pl" with a carrying amount of PLN 102,500 thousand, which has been attributed with an unspecified useful life and is tested for impairment.

### Impairment tests

Impairment test were conducted as at 31 December 2022. In the opinion of the Management Board, in the first quarter of 2023, there were no additional indications of impairment of individual CGUs, therefore no update of the tests was carried out.

## 21. SHARE CAPITAL

As of 31 March 2023, the share capital was divided into 29.291.058 shares with a nominal value of PLN 0.05 each, including 11.289.709 voting preference shares and 18.001.349 ordinary shares.



The share capital structure was as follows:

Shareholder	Number of shares	% of share capital	Number of votes	% of votes
Jacek Świdorski through subsidiaries, including: Orfe S.A.	3 785 667	12,92%	7 548 904	18,60%
Michał Brański through subsidiaries, including: 10X S.A.	3 781 416	12,91%	7 544 652	18,59%
Krzysztof Sierota through subsidiaries, including: Albemuth Inwestycje S.A.	3 777 164	12,90%	7 540 400	18,58%
<b>Founders together*</b>	<b>11 344 247</b>	<b>38,73%</b>	<b>22 633 956</b>	<b>55,78%</b>
Allianz OFE Allianz DFE II Allianz OFE	3 676 553	12,55%	3 676 553	9,06%
Others	14 270 258	48,72%	14 270 258	35,17%
<b>Total</b>	<b>29 291 058</b>	<b>100,00%</b>	<b>40 580 767</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

As of 31 December 2022, the share capital was divided into 29.284.372 shares with a nominal value of PLN 0.05 each, including 11.289.709 voting preference shares and 17.994.663 ordinary shares. The share capital structure was as follows:

Shareholder	Number of shares	% of share capital	Number of votes	% of votes
Jacek Świdorski through subsidiaries, including: Orfe S.A.	3 785 667	12,93%	7 548 904	18,61%
Michał Brański through subsidiaries, including: 10X S.A.	3 781 416	12,91%	7 544 652	18,59%
Krzysztof Sierota through subsidiaries, including: Albemuth Inwestycje S.A.	3 777 164	12,90%	7 540 400	18,58%
<b>Founders together*</b>	<b>11 344 247</b>	<b>38,74%</b>	<b>22 633 956</b>	<b>55,78%</b>
AVIVA OFE	2 799 520	9,56%	2 799 520	6,90%
Others	15 140 605	51,70%	15 140 605	37,32%
<b>Total</b>	<b>29 284 372</b>	<b>100,00%</b>	<b>40 574 081</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

The share capital of the Company was fully paid up as of 31 March 2023 and 31 December 2022.

### Share capital increase

On 10 February 2023 KDPW registered and WSE admitted to trading 4.132 series D ordinary bearer shares and 2.554 ordinary bearer series F shares. After registration, admission to trading and issuing of the above mentioned shares, the share capital of the Company amounts to PLN 1.462.853,80 and is divided into 29.291.058 shares with a nominal value of PLN 0.05, entitling to 40.580.767 votes at the General Meeting.

### Changes in the share capital after the balance sheet date

On 9 Mai 2023 KDPW registered and WSE admitted to trading 2.066 series D ordinary bearer shares and 2.774 ordinary bearer series F shares. After registration, admission to trading and issuing of the above mentioned shares, the share capital of the Company amounts to PLN 1.464.794,90 and is divided into 29.295.898 shares with a nominal value of PLN 0.05, entitling to 40.585.607 votes at the General Meeting.

Shareholder	Number of shares	% of share capital	Number of votes	% of votes
Jacek Świdorski through subsidiaries, including: Orfe S.A.	3 785 667	12,92%	7 548 904	18,60%
Michał Brański through subsidiaries, including: 10X S.A.	3 781 416	12,91%	7 544 652	18,59%
Krzysztof Sierota through subsidiaries, including: Albemuth Inwestycje S.A.	3 777 164	12,90%	7 540 400	18,58%
<b>Founders together*</b>	<b>11 344 247</b>	<b>38,73%</b>	<b>22 633 956</b>	<b>55,78%</b>
Allianz OFE Allianz DFE II Allianz OFE	3 676 553	12,55%	3 676 553	9,06%
Others	14 275 098	48,72%	14 275 098	35,17%
<b>Total</b>	<b>29 295 898</b>	<b>100,00%</b>	<b>40 585 607</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.

## I Significant changes of shareholders

On January 5, 2023, the Company received information that on December 30, 2022, as a result of the merger of Powszechne Towarzystwo Emerytalne Allianz Polska S.A. with Aviva Powszechne Towarzystwo Emerytalne Aviva Santander Spółka Akcyjna, the share in the share capital and in the total number of votes of the Company on the accounts of Allianz OFE, Allianz DFE and Drugi Allianz OFE increased above 5%.

On May 16, 2023, the Company received information that on May 12, 2023, as a result of the liquidation of the Second Allianz Polska Otwarty Fundusz Emerytalny by transferring its assets to Allianz OFE, the share in the total number of votes of Wirtualna Polska Holding S.A. on Allianz OFE accounts was above 5%.

After the change, the share capital structure was as follows:

Shareholder	Number of shares	% of share capital	Number of votes	% of votes
Jacek Świdorski through subsidiaries, including: Orfe S.A.	3 785 667	12,92%	7 548 904	18,60%
Michał Brański through subsidiaries, including: 10X S.A.	3 781 416	12,91%	7 544 652	18,59%
Krzysztof Sierota through subsidiaries, including: Albemuth Inwestycje S.A.	3 767 488	12,86%	7 530 724	18,56%
	3 777 164	12,89%	7 540 400	18,58%
	3 763 236	12,85%	7 526 472	18,54%
<b>Founders together*</b>	<b>11 344 247</b>	<b>38,72%</b>	<b>22 633 956</b>	<b>55,77%</b>
Allianz OFE	3 597 103	12,28%	3 597 103	8,86%
Others	14 354 548	49,00%	14 354 548	35,37%
<b>Total</b>	<b>29 295 898</b>	<b>100,00%</b>	<b>40 585 607</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

## I Dividend policy

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 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 April 12, 2023, the Management Board of WPH SA applied to the Supervisory Board of the Company with a recommendation to pay a dividend of PLN 2.50 per share. The recommendation was adopted by the Company's Supervisory Board on April 12, 2023.

## 22. INCENTIVE SCHEMES – SHARE-BASED PAYMENTS

### I First incentive scheme

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

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

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

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

On 20 April 2016, the Ordinary Shareholders Meeting of the Company passed a resolution on changing the existing Incentive Scheme. According to the introduced changes, the vesting period for Managerial Shares has been extended and can take place no later than 14 January 2025. The participants in the scheme are entitled to acquire the subscription warranties and to subscribe to shares within 10 working days from the end of each subsequent quarter of the acquisition of rights specified in the schedule.

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

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

The total costs recognized in the financial result for the period ending 31 March 2023 in respect of the scheme amounted to PLN 157 thousand and the total cost recognized in the previous periods amounted to PLN 8,287 thousand.

	Share options (no. of units)
<b>As at 1 January 2023</b>	<b>54 856</b>
Awarded	-
Non executed	-
Executed	(4 132)
<b>As at 31 March 2023</b>	<b>50 724</b>
Including the number of options vested as of the balance sheet date	29 473

The exercise price of the options outstanding as of 30 September 2022 amounted to PLN 12.17.

## **I** 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 costs recognized in the financial result for the period ending 31 March 2023 in respect of the scheme amounted to PLN 18 thousand and the total cost recognized in the previous periods amounted to PLN 8,960 thousand.

	Share options (no. of units)
<b>As at 1 January 2023</b>	<b>214 367</b>
Awarded	-
Non executed	-
Executed	(2 555)
<b>As at 31 March 2023</b>	<b>211 812</b>
Including the number of options vested as of the balance sheet date	193 937

The exercise price of the options outstanding as of 30 September 2022 amounted to PLN 32.

## 23. LOANS AND LEASES

PLN'000	As at 31 March 2023	As at 31 December 2022
<b>Long-term</b>		
Bank loans	552 547	521 119
A liability for the right of use buildings	44 669	47 378
Finance lease	694	682
	<b>597 910</b>	<b>569 179</b>
<b>Short-term</b>		
Bank loans	99 537	135 760
Other borrowings	13 894	14 096
A liability for the right of use buildings	18 606	16 937
Finance lease	571	716
	<b>132 608</b>	<b>167 509</b>
<b>Total</b>	<b>730 518</b>	<b>736 688</b>

### **I Bank loans**

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

- I** financing of acquisitions and investment expenses up to the total amount of PLN 602 million (Capex Loan Tranche);
- I** refinancing current indebtedness under the credit facility agreements executed on 12 December 2017 with consortium of banks comprising mBank SA, Powszechna Kasa Oszczędności Bank Polski SA and ING Bank SA;
- I** financing current activities and a revolving facility up to PLN 30 million.

The credit facilities bear interest of 3-M WIBOR plus a margin depending on the Group's net debt to EBITDA ratio. The refinancing was concluded on 17 April 2020.

On 23 February, 2023, the Group signed an annex to the loan agreement, extending the availability period of both Capex Loan Tranches from 36 to 48 months and postponing the repayment schedule of the loan taken from Tranche Capex in 2022 by another year, i.e. to the first quarter of 2024.

According to the current schedule, as at March 31, 2023, the Borrowers are required to repay the debt on the following dates:

- Tranche A in the amount of PLN 53.1 million in eleven equal quarterly installments;
- Tranche B in the amount of PLN 145 million on the final maturity date, which is the 7th anniversary of signing the loan agreement
- Capex 1 Loan Tranche, used before 2022, in the amount of PLN 4 million in eleven equal quarterly installments
- Capex 1 Loan Tranche, used in 2022, in the amount of PLN 177 million in eight equal quarterly installments, payable starting from the first quarter of 2024;
- Capex 2 Loan Tranche in the amount of PLN 266 million on the final maturity date, which falls on the 7th anniversary of signing the agreement

As at 31 March 2023, the Group presented the loan, divided into long- and short-term parts based on the repayment schedule in force under the loan agreement. The short-term part was calculated as the sum of payments for the next twelve months, based on the loan payment schedule.

As at the date of this report, the debt under the New Credit Facilities Agreement is secured by:

- financial and registered pledges over the shares in WPM, Totalmoney.pl sp. z o.o., Wakacje.pl SA; Digitics S.A, and Extradom.pl sp. z o.o., Camellia Investments Kft and Szallas.hu Zrt;
- registered pledges over set of assets and rights of the Company, WPM, Totalmoney.pl sp. z o.o., Wakacje.pl S.A., Extradom.pl sp. z o.o and Stacja Służew Sp. z o.o., Camellia Investments Kft and Szallas.hu Zrt;
- ordinary and registered pledges over the rights to trademarks of the WPM and Wakacje.pl SA;

- financial and registered pledges on all bank accounts of the Company, WPM, Totalmoney.pl sp. z o.o, Wakacje.pl SA, Extradom.pl sp. z o.o. and Stacja Służew Sp. z o.o., Camellia Investments Kft and Szallas.hu Zrt as well as the powers of attorney to such bank accounts;
- the agreement for the assignment of rights under the insurance policies, selected commercial receivables and the intercompany loans of the WPM;
- submission to enforcement relating to the claims of Lenders by the Company, WPM, Totalmoney.pl sp. z o.o. and Wakacje.pl SA; Extradom.pl sp. z o.o and Stacja Służew Sp. z o.o., Camellia Investments Kft and Szallas.hu Zrt;
- a subordination agreement concerning any existing or future receivables with respect to WPM concerning the receivables of the Lenders.

Management Board monitors the financial ratios defined in the loan agreement on an ongoing basis. The loan agreement obliges the Group, inter alia, to maintain the financial leverage ratio calculated as the ratio of net debt to normalized EBITDA below the level specified in the agreement. As of the date of the preparation of this report, this ratio was satisfactory and there were no indications of a risk of not complying with the requirements concerning its value as defined in the loan agreement.

### **I Other loans**

The Group is a party to a stock loan signed in 2021, intended to finance the purchase of vehicles sold as part of the operations of Superauto. On 31 March 2023, the maximum loan limit was PLN 15 million. As at March 31, 2023, Superauto used 14.1 Million of the available credit line.

### **I Liabilities related to the right to use assets**

The Group, as a lessee, recognizes all identified contracts in accordance with one model where the statement of financial position recognizes the asset for the right to use the leased asset in correspondence with the liability resulting from the lease contracts.

### **I Lease liabilities related to other fixed assets**

The Group is a lessee of cars as well as computer and server equipment, the contracts are signed for a period not exceeding 5 years. Lease liabilities are effectively secured because the rights to the leased assets return to the lessee in the event of a breach of contract by the lessee.

## **24. PROVISIONS**

The following table presents the composition of provisions as of 31 March 2023 and 31 December 2022.

PLN'000	As at 31 March 2023	As at 31 December 2022
<b>Provision for employee benefits</b>	<b>9 002</b>	<b>7 820</b>
provision for pension benefits	998	998
holiday pay provision	8 004	6 822
<b>Other provisions, including:</b>	<b>1 043</b>	<b>882</b>
Provisions for litigation	858	704
Other	185	178
<b>Total</b>	<b>10 045</b>	<b>8 702</b>

## 25. TRADE AND OTHER PAYABLES

The following table presents the structure of trade and other payables as of 31 March 2023 and 31 December 2022.

PLN'000	As at 31 March 2023	As at 31 December 2022
<b>Long-term</b>		
Liabilities related to business combinations	-	2 323
Liabilities in respect of purchase of property, plant and equipment and intangible assets	1 800	3 550
Other	129	219
	<b>1 929</b>	<b>6 092</b>
<b>Short-term</b>		
Trade payables	193 834	132 790
Contingent liabilities related to business combinations	4 242	4 090
Liabilities related to business combinations	4 337	9 874
Contract liabilities	14 626	13 493
Refund liabilities	41 327	36 167
State liabilities	20 087	18 137
Barter liabilities	2 602	5 249
Wages and salaries payables	20 739	22 563
Liabilities in respect of purchase of property, plant and equipment and intangible assets	6 777	8 365
Other	16 645	14 892
	<b>325 216</b>	<b>265 620</b>

### Contingent liabilities related to business combinations

On November 7, 2022 Wirtualna Polska Media S.A. acquired 100% of shares in Mediapop sp. z o.o. The sale price of the shares is PLN 28 million and is payable on the date of conclusion of the agreement. WPM is also obliged to pay additional remuneration for the sale of the shares in the maximum amount of up to PLN 9 million ("Earn-Out") paid under the conditions and in the circumstances specified in the Agreement. As at March 31, 2023, the Management Board estimated the earn-out liability in the amount of PLN 4,2 million.

### Liability due to the acquisition of companies or enterprises

*Extradom.pl Sp. z o.o.*

Wirtualna Polska Holding SA and the entity selling the shares in Extradom.pl Sp. z o.o. determined that part of the selling price in the amount of PLN 15,525 thousand will be retained by WPH in order to hedge standard risks in this type of transactions. This amount will be repaid annually for the next 6 years and will be increased by interest payable in arrears in installments and calculated on the amount of the unpaid part of the retained amount due to the seller and will be reduced by any amounts deducted by WPH in accordance with the share sale agreement. As at 31 March 2023, the liability for the acquisition of Extradom amounts to PLN 2.373 thousand and is entirely short term.

## 26. LIGATION

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

In the analyzed period, the provision for court proceedings increased by PLN 154 thousand.

## 27. 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).

PLN'000	Level 1	Level 2	Level 3	Total
<b>Assets and liabilities measured at fair value</b>				
Assets measured at fair value through profit or loss	-	26 543	-	26 543
Assets measured at fair value through other comprehensive income	2 778	-	-	2 778
Financial liabilities measured at fair value through profit or loss	-	-	(4 242)	(4 242)
	<b>2 778</b>	<b>26 543</b>	<b>(4 242)</b>	<b>25 079</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.

#### Level 3 financial Instruments

The following table presents changes in level 3 liabilities for the 31 March 2023 and 31 December 2022:

PLN'000	Contingent liabilities related to business combinations	
	As at 31 March 2023	As at 31 December 2022
<b>At the beginning of the period</b>	<b>4 090</b>	-
Revaluation earn-out liability - Superauto24.com Sp. z o.o.	-	4 090
Gains and losses recognized in the financial result	152	-
<b>At the end of the period</b>	<b>4 242</b>	<b>4 090</b>

## 28. 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.

### **Currency risk**

The WPH Capital Group conducts international operations and therefore is exposed to the risk of changes in exchange rates, in particular HUF and CZK in relation to transactions carried out by subsidiaries in the Group, for which these currencies are functional currencies, and EUR and USD in relation to sale of advertising services to foreign clients, investment purchases and, above all, office space rental agreements, which are largely denominated in EUR. The main balance sheet items exposed to currency risk are trade payables, lease liabilities (rental of offices), trade receivables and cash.

The Group does not hedge the currency risk by concluding long-term transactions securing the currency risk. In 2022, the Group did not have any currency options or any other instruments hedging the currency risk.

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

### **Credit risk**

The credit risk to which the Group is exposed arises mainly from trade receivables and cash in the bank:

#### • Trade receivables

The Group concludes transactions with firms having a good reputation on the market and with a long relationship history which so far had no problems with the settlement of liabilities to the Group. All clients who wish to use trade credit are subjected to initial verification procedures. Moreover, due to the on-going monitoring of the balances of receivables, the Group's exposure to bad debt risk is insignificant. Due to a specific nature of the market on which the Group operates,

receivables overdue up to 90 days are not considered irregular (unless the Group has information of a given client's financial difficulties). This results from the fact that the Group's clients are mainly agents (media houses, etc.) acting on behalf of the end clients. Therefore, it is frequently the case that the Group's clients suspend payment until funds from the end client are transferred to their account. There is no significant concentration of credit risk in the Group, and receivables are usually paid up within 60 days.

- **Cash in the bank**

The Group places its cash solely in financial institutions with the best reputation. The maximum exposure to credit risk corresponds to the carrying amount of the above financial assets.

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

- **Cash flow and fair value risk resulting from interest rate fluctuations**

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

The Group actively analyses its exposure to interest rate fluctuations. Simulations of various scenarios are conducted, taking into account refinancing, renewal of the existing positions, alternative financing and hedges. Based on these scenarios, the Group calculates the effect of specific interest rate fluctuations on the financial result. These scenarios are only created for liabilities which constitute the largest interest-bearing items. Based on various scenarios, the Group manages its cash flow risk relating to interest rate fluctuations.

In the period of three months ending 31 March 2023 and 2022, the Group did not use any interest rate risk hedging instruments. The Group estimates that a change of interest rate by 1 p.p. would result in approximately PLN 6,7 million of additional financial interest costs per annum.

- **Liquidity risk**

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

- **Capital management**

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

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

The Group controls its capital balances using the leverage ratio, which is calculated as the ratio of net debt to total equity plus net debt. The Group's net debt includes interest-bearing loans and borrowings, less cash and cash equivalents.

## 29. RELATED PARTY DISCLOSURES

As of 31 March 2023 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.

The following transactions were concluded with related entities:

PLN'000	Three months ending 31 March 2023	Three months ending 31 March 2022
<b>Purchases</b>		
Subsidiary of a member of the Supervisory Board of the Parent Company	1	-
Associates	121	-
<b>Total</b>	<b>122</b>	<b>-</b>
<b>Sales</b>		
Associates	283	-
Sale of advertising for a company in which the Group has an investment in a minority stake	30	23
<b>Total</b>	<b>313</b>	<b>23</b>

As at March 31, 2023 and December 31, 2022, the Group has the following related party settlements:

PLN'000	As at 31 March 2023	As at 31 December 2022
<b>Liabilities</b>		
Associates	6	-
Subsidiary of a member of the Management or Supervisory Board of the Parent Company	1	-
<b>Total</b>	<b>7</b>	<b>-</b>
<b>Receivables</b>		
Associates	1 136	481
Sale of advertising for a company in which the Group has an investment in a minority stake	16	28
<b>Total</b>	<b>1 152</b>	<b>509</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.

PLN'000	Three months ending 31 March 2023	Three months ending 31 March 2022
Short-term employee benefits (salaries and mark-ups)	1 766	1 943
Stock-based incentive scheme	6	318
<b>Total</b>	<b>1 772</b>	<b>2 261</b>

### 30. EXPLANATIONS TO THE CASHFLOW STATEMENT

PLN'000	Three months ending 31 March 2023	Three months ending 31 March 2022
<b>Change in receivables and other short-term assets arises from the following items:</b>	<b>(23 357)</b>	<b>(7 862)</b>
Change in receivables and other short-term assets per balance sheet	(23 214)	6 102
Change in long-term receivables per balance sheet	(21)	(19)
Change in assets relating to financial activities	(78)	-
Receivables and other assets of companies as of the date of obtaining control	-	(13 976)
Other	(44)	31
<b>Change in short-term liabilities arises from the following items:</b>	<b>66 483</b>	<b>12 103</b>
Change in short-term liabilities per balance sheet	59 596	16 797
Adjustment for a change in investment liabilities	6 973	(4 415)
Change in long-term deferred income	(90)	(295)
Other	4	16

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.

### 31. 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

As of the date of this report, the companies: Wirtualna Polska Holding SA, Wirtualna Polska Media SA, Wakacje.pl SA, Totalmoney.pl Sp. z o.o., Extradom.pl sp. z o.o., Stacja Służew Sp. z o.o., Szallas.hu zrt, and Camellia Investments kft. were guarantors of the bank loan agreement concluded by and between Wirtualna Polska Media SA, Wirtualna Polska Holding SA, mBank SA, Powszechna Kasa Oszczędności Bank Polski SA, ING Bank Śląski SA, Bank Polska Kasa Opieki SA oraz BNP Paribas Bank Polska SA.

Apart from the information presented above, no other significant events occurred until the date of this report.

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

#### Consolidated income statement and other comprehensive income

	Three months ending	Three months ending	Three months ending	Three months ending
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	PLN'000		EUR'000	
<b>Segments total</b>				
Sales	310 455	213 153	66 047	45 867
Cash sales	304 908	208 226	64 867	44 807
Adjusted EBITDA (IFRS 16)	76 002	72 364	16 169	15 572
EBITDA (IFRS 16)	75 625	67 348	16 089	14 492
Amortization and depreciation	(36 995)	(21 849)	(7 870)	(4 702)
Operating profit	38 630	45 499	8 218	9 791
Result on financial activities	(12 512)	8 817	(2 662)	1 897
Profit before tax	26 118	54 316	5 556	11 688
Net profit	16 309	45 102	3 470	9 705

#### Consolidated statement of financial position

	As of	As of	As of	As of
	31 March 2023	31 December 2022	31 March 2023	31 December 2022
	PLN'000		EUR'000	
<b>TOTAL ASSETS</b>	2 092 213	2 010 836	447 484	428 759
Non-current assets	1 546 186	1 533 609	330 700	327 002
Current assets	546 027	477 227	116 785	101 756
Long-term liabilities	665 410	641 903	142 318	136 869
Short-term liabilities	470 031	446 064	100 531	95 112
Equity	956 772	922 869	204 635	196 778
Share capital	1 465	1 464	313	312
Non-controlling interests	54 754	52 838	11 711	11 266

#### Consolidated cash flow statement

	Three months ending	Three months ending	Three months ending	Three months ending
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	PLN'000		EUR'000	
Net cash flows from operating activities	108 094	59 165	22 996	12 731
Net cash flows from investing activities	(37 392)	(1 646)	(7 955)	(354)
Net cash flows from financing activities	(24 233)	(10 877)	(5 155)	(2 341)
<b>Total net cash flows</b>	<b>46 469</b>	<b>46 642</b>	<b>9 886</b>	<b>10 037</b>

Conversion into euro was performed based on the following principles:

- amounts presented in zloty as of 31 March 2023 were converted into euro at the exchange rate of 4.6755 (the NBP exchange rate as of 31 March 2023),
- amounts presented in zloty as of 31 December 2022 were converted into euro at the exchange rate of 4.6899 (the NBP exchange rate as of 31 December 2022),
- amounts presented in zloty for the period of three months ending 31 March 2023 were converted into euro at the exchange rate of 4.7005 (the arithmetic mean of the NBP exchange rates as of the last day of each month of the first quarter of 2023),
- amounts presented in zloty for the period of three months ending 31 March 2022 were converted into euro at the exchange rate of 4.6472 (the arithmetic mean of the NBP exchange rates as of the last day of each month of the first quarter of 2022),

### **33. 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.



A photograph of a modern office building courtyard with a red diagonal overlay. The building has multiple floors with large windows, some of which are lit up. The courtyard is filled with tall, dry grass. The red overlay is a large, solid red shape that covers the bottom half of the image and extends diagonally upwards from the bottom left corner.

# Condensed interim standalone financial statements of Wirtualna Polska Holding S.A.

for the period of 3 months ending 30 March 2023



## CONDENSED INTERIM STANDALONE STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME

PLN'000	Note	Three months ending 31 March 2023	Three months ending 31 March 2022
<b>Sales</b>		-	-
Amortization and depreciation		-	(1)
Materials and energy used		(13)	(2)
Costs of the employee option scheme		(6)	(318)
Other external services		(362)	(227)
Other salary and employee benefit expenses		(1 232)	(1 355)
Other operating expenses		(98)	(48)
Impairment of shares held in subsidiaries	8	-	(11 369)
Profit from valuation of financial investments		185	-
Other operating income		-	6
<b>Income (loss) on operating activity</b>		<b>(1 526)</b>	<b>(13 314)</b>
Finance income	11	2 479	1 595
Finance costs	11	(737)	(345)
<b>Profit before tax</b>		<b>216</b>	<b>(12 064)</b>
Income tax		(38)	-
<b>Net profit</b>		<b>178</b>	<b>(12 064)</b>
<b>Other comprehensive income (loss)</b>		<b>(5 371)</b>	<b>(926)</b>
<b>Comprehensive income</b>		<b>(5 193)</b>	<b>(12 990)</b>

## CONDENSED INTERIM STANDALONE STATEMENT OF FINANCIAL POSITION

PLN'000	Note	As at 31 March 2023	As at 31 December 2022
<b>Non-current assets</b>			
Property, plant and equipment		-	-
Investments in subsidiaries and related companies	8	329 587	329 603
Loans granted	8	67 712	52 987
		<b>397 299</b>	<b>382 590</b>
<b>Current assets</b>			
Loans granted		5 594	5 270
Guarantees granted		732	-
Trade receivables and other assets		20 124	58 156
Short-term financial assets		7 172	6 987
Cash and cash equivalents		26 075	9 361
		<b>59 697</b>	<b>79 774</b>
<b>TOTAL ASSETS</b>		<b>456 996</b>	<b>462 364</b>
<b>Equity</b>			
Share capital	9	1 465	1 464
Supplementary capital		328 103	327 972
Other reserves		10 209	10 219
Retained earnings		91 664	91 485
		<b>431 441</b>	<b>431 140</b>
<b>Long-term liabilities</b>			
Loans and leases	10	16 059	16 446
Other long-term liabilities		-	2 322
		<b>16 059</b>	<b>18 768</b>
<b>Short-term liabilities</b>			
Loans and leases	10	3 564	3 649
Trade and other payables		5 461	8 371
Bank loans and other loans		15	18
Current income tax liabilities		456	418
		<b>9 496</b>	<b>12 456</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>456 996</b>	<b>462 364</b>

## CONDENSED INTERIM STANDALONE STATEMENT OF CHANGES IN EQUITY

PLN'000	Share capital	Supplementary capital	Other reserves	Retained earnings	Equity
<b>Equity as of 1 January 2023</b>	<b>1 464</b>	<b>327 972</b>	<b>10 219</b>	<b>91 485</b>	<b>431 140</b>
Net profit	-	-	-	178	178
Other comprehensive loss	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	<b>178</b>	<b>178</b>
Share capital increase	1	131	-	-	132
Incentive scheme - share-based payments	-	-	175	-	175
Valuation update	-	-	(185)	-	(185)
<b>Equity as of 31 March 2023</b>	<b>1 465</b>	<b>328 103</b>	<b>10 209</b>	<b>91 663</b>	<b>431 440</b>

PLN'000	Share capital	Supplementary capital	Other reserves	Retained earnings	Equity
<b>Equity as of 1 January 2022</b>	<b>1 462</b>	<b>327 085</b>	<b>13 108</b>	<b>42 839</b>	<b>384 494</b>
Net profit	-	-	-	83 765	83 765
Other comprehensive loss	-	-	(5 371)	-	(5 371)
<b>Total comprehensive income</b>	-	-	<b>(5 371)</b>	<b>83 765</b>	<b>78 394</b>
Share capital increase	2	887	-	-	889
Incentive scheme - share-based payments	-	-	2 482	-	2 482
Dividend paid	-	-	-	(35 120)	(35 120)
<b>Equity as of 31 December 2022</b>	<b>1 464</b>	<b>327 972</b>	<b>10 219</b>	<b>91 485</b>	<b>431 140</b>

PLN'000	Share capital	Supplementary capital	Other reserves	Retained earnings	Equity
<b>Equity as of 1 January 2022</b>	<b>1 462</b>	<b>327 085</b>	<b>13 108</b>	<b>42 839</b>	<b>384 494</b>
Net profit	-	-	-	(12 064)	(12 064)
Other comprehensive loss	-	-	(926)	-	(926)
<b>Total comprehensive income</b>	-	-	<b>(926)</b>	<b>(12 064)</b>	<b>(12 990)</b>
Share capital increase	1	245	-	-	246
Incentive scheme - share-based payments	-	-	630	-	630
<b>Equity as of 31 March 2023</b>	<b>1 463</b>	<b>327 330</b>	<b>12 812</b>	<b>30 775</b>	<b>372 380</b>

## CONDENSED INTERIM STANDALONE CASH FLOW STATEMENT

PLN'000	Three months ending 31 March 2023	Three months ending 31 March 2022
<b>Cash flows from operating activities</b>		
<b>Profit before tax</b>	<b>216</b>	<b>(12 064)</b>
<b>Adjustments for:</b>	<b>(1 921)</b>	<b>10 427</b>
Amortization and depreciation	-	1
Impairment of investment in subsidiaries	-	11 369
Profit from valuation of financial investments	(185)	-
Finance income and costs	(1 742)	(1 250)
Costs of employee option scheme	6	318
Other	-	(11)
<b>Changes in working capital</b>	<b>37 668</b>	<b>1 039</b>
Change in trade and other receivables	12 37 753	3 636
Change in trade and other payables	12 (82)	(2 597)
Change in reserves	(3)	-
<b>Net cash flows from operating activities</b>	<b>35 963</b>	<b>(598)</b>
<b>Cash flows from investing activities</b>		
Granting loans	(15 000)	-
Repayment of loans granted	-	2 000
Repayment of interest on loans granted	1 783	650
Repayment of investment liability	(5 240)	(2 879)
<b>Net cash flows from investing activities</b>	<b>(18 457)</b>	<b>(229)</b>
<b>Net cash flows from financing activities</b>		
Payments due to share capital increase	132	246
Interest paid	(441)	(231)
Interest received on funds in bank accounts	189	-
Loans repaid	(481)	(481)
<b>Net cash flows from financing activities</b>	<b>(601)</b>	<b>(466)</b>
<b>Total net cash flows</b>	<b>16 905</b>	<b>(1 293)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>9 361</b>	<b>3 870</b>
Impact of changes due to exchange differences on cash and cash equivalents	(191)	-
<b>Cash and cash equivalents at the end of the period</b>	<b>26 075</b>	<b>2 577</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 Żwirki i Wigury 16.

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

## **2. BASIS OF PREPARATION**

These condensed interim financial statements have been prepared on the assumption that the Company will continue as a going concern, in accordance with IAS 34 “Interim Financial Reporting” (“IAS 34”). The accounting policies used in the preparation of the condensed interim standalone financial statements for the period of six months ending 31 March 2022 are consistent with those used in the standalone financial statements for the year ending 31 December 2022.

The financial statements for the year ending 31 December 2022 have been prepared in accordance with IFRS standards which are binding in the European Union in the financial year ending 31 December 2022.

Standalone statement of financial position as of 31 March 2023 standalone income statement and other comprehensive income, standalone cash flow statement and standalone statement of changes in equity for three months ending 31 March 2023 was not audited. Standalone financial statements as of 31 December 2022 and for twelve months ending 31 December 2022 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 2022.

The Company as a Parent Company prepared condensed interim consolidated financial statements which were approved by the Management Board on 22 Mai 2023. These financial statements should be read in conjunction with the consolidated financial statements.

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

Since the publication of the Consolidated Financial Statements for the year ended December 31, 2022, prepared in accordance with IFRS, no new standards and interpretations have been published.

## **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 22 Mai 2022.

## **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 2022.

### **(a) Deferred tax asset**

As a result of IFRS adoption, the value of shares held in Grupa Wirtualna Polska Sp. z o.o. decreased by PLN 148,155 thousand due to valuation of these shares to fair value as of 31.12.2012. This caused the deductible temporary difference arose on this investment of PLN 148,155 thousand. Due to the fact that the Company does not plan to sell its shares in the foreseeable future, pursuant to IAS 12.44, no deferred tax asset was recorded on this temporary difference of PLN 28.155 thousand in the financial statements.

Additionally, on 25 November 2016 the Company concluded the agreement concerning the early settlement of earn-out amounts in connection with the agreement for the purchase of shares in NextWeb Media Sp. z o.o. The amount paid in this respect amounted to PLN 15.5 million and was by PLN 3.431 thousand higher than originally included in the purchase price of shares the discounted value of this liability. The total amount paid was recognized as the tax purchase price of shares in NextWeb Media Sp. z o.o. (and after the merger in Grupa Wirtualna Polska Sp. z o.o.). Due to such tax recognition the temporary difference arose in the value of shares in respect to which no deferred tax asset was recorded by the Company.

In 2022, due to the Company's sale of shares in several entities, it was necessary to pay income tax. However, in the opinion of the Management Board, in the coming periods the Company's tax costs will significantly exceed tax revenues. Therefore, the Management decided not to create the deferred tax asset.

As at March 31, 2023, the total amount of tax loss for which no asset was recognised amounted to PLN 127,664 thousand.

**(b) Impairment of investment in subsidiaries**

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

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

**(c) Impairment of financial assets -loans**

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

**5. CHANGE IN ALLOWANCES FOR ASSETS**

The Management Board has not identified any premises for impairment of the remaining CGUs, therefore the tests performed as at 31 December 2021 were not updated.

**6. PROPERTY, PLANT, EQUIPMENT AND INTANGIBLE ASSETS**

In the period from January 1, 2023 to March 31, 2023 the Company did not purchase any property, plant and equipment or intangible assets.

**7. RELATED PARTY DISCLOSURE**

The following transactions were concluded with related entities.

PLN'000	Three months ending 31 March 2023	Three months ending 31 March 2022
<b>Purchases</b>	<b>72</b>	<b>82</b>
Subsidiaries	72	82
<b>Other income (including income from the sale of shares)</b>	<b>-</b>	<b>28</b>
Subsidiaries	-	28
<b>Interest income, guarantees, dividends and reversals of impairment losses on loans granted</b>	<b>1 966</b>	<b>1 606</b>
Subsidiaries	1 966	1 606
<b>Guarantee costs</b>	<b>27</b>	<b>28</b>
Subsidiaries	27	28

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

PLN'000	As of 31 March 2023	As of 31 December 2022
<b>Receivables</b>	<b>20 000</b>	<b>58 127</b>
Subsidiaries	20 000	58 127
<b>Loans and guarantees granted</b>	<b>68 580</b>	<b>53 117</b>
Subsidiaries	68 580	53 117
<b>Liabilities</b>	<b>106</b>	<b>18</b>
Subsidiaries	106	18



The table below presents the remuneration payable or paid to the Members of the Management and Supervisory Board.

PLN'000	Three months ending 31 March 2023	Three months ending 31 March 2022
Short-term employee benefits (salaries and mark-ups)	877	816
Stock-based incentive scheme	6	318
<b>Total</b>	<b>883</b>	<b>1 134</b>

## 8. OTHER FINANCIAL ASSETS

As of 31 March 2023 the structure of shares held by the Company was as follows:

Name of the company	Value of shares at purchase price (PLN'000)	Revaluation adjustments	Carrying value of shares (PLN'000)	Percentage of shares held	Percentage of votes held
Wirtualna Polska Media S.A.	211 760	-	211 760	100%	100%
Extradom.pl Sp. z o.o.	75 759	-	75 759	100%	100%
Superauto24.com Sp. z o.o.	25 500	-	25 500	51%	51%
Molieraz S.A.	10 050	(7 222)	2 828	5%	5%
Teroplan S.A.	8 144	591	8 735	12%	13%
Digitics S.A.	5 000	-	5 000	8%	8%
OPEN FM Sp. z o.o.	5	-	5	100%	100%
<b>As of 31 March 2022</b>	<b>336 218</b>	<b>(6 445)</b>	<b>329 587</b>		

As of 31 December 2022 the structure of shares held by the Company was as follows:

Name of the company	Value of shares at purchase price (PLN'000)	Revaluation adjustments	Carrying value of shares (PLN'000)	Percentage of shares held	Percentage of votes held
Wirtualna Polska Media S.A.	211 590	-	211 590	100%	100%
Extradom.pl Sp. z o.o.	75 759	-	75 759	100%	100%
Superauto24.com Sp. z o.o.	25 500	-	25 500	51%	51%
Molieraz S.A.	10 050	(7 037)	3 013	5%	5%
Teroplan S.A.	8 144	592	8 736	12%	13%
Digitics S.A.	5 000	-	5 000	8%	8%
OPEN FM Sp. z o.o.	5	-	5	100%	100%
<b>As of 31 December 2022</b>	<b>336 048</b>	<b>(6 445)</b>	<b>329 603</b>		

### Loans granted

In the first quarter of 2023 the related entity Wirtualna Polska Media SA repaid the loan interest of PLN 1.783 thousand.

## 9. SHARE CAPITAL

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.

## 10. LOANS GRANTED

PLN'000	As of 31 March 2023	As of 30 December 2022
<b>Long-term</b>		
Bank loans	16 059	16 446
	<b>16 059</b>	<b>16 446</b>
<b>Short-term</b>		
Bank loans	3 564	3 649
	<b>3 564</b>	<b>3 649</b>

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

- financing of acquisitions and investment expenses up to the total amount of PLN 602 million (Capex Loan Tranche);

- ▮ refinancing current indebtedness under the credit facility agreements executed on 12 December 2017 with consortium of banks comprising mBank SA, Powszechna Kasa Oszczędności Bank Polski SA and ING Bank SA;
- ▮ financing current activities and a revolving facility up to PLN 30 million.

The credit facilities bear interest of 3-M WIBOR plus a margin depending on the Group's net debt to EBITDA ratio. The refinancing was concluded on 17 April 2020.

According to the current schedule of a new loan agreement, after refinancing, the company is required to repay the debt on the following dates:

- Tranche A in the amount of PLN 5.2 million in eleven equal quarterly installments;
- Tranche B in the amount of PLN 14.4 million on the final maturity date, which is the 7th anniversary of signing the loan agreement

As at 31 March 2023, the Group presented the loan, divided into long- and short-term parts based on the repayment schedule in force under the loan agreement. The short-term part was calculated as the sum of payments for the next twelve months, based on the loan payment schedule.

## 11. FINANCE INCOME AND COST

Following tables present financial income and cost for the period of 3 months ending 31 March 2023 and 2022

PLN'000	Three months ending 31 March 2023	Three months ending 31 March 2022
Interest on loans	1 747	650
Income from guarantees	732	951
Other	-	(6)
<b>Total</b>	<b>2 479</b>	<b>1 595</b>

PLN'000	Three months ending 31 March 2023	Three months ending 31 March 2022
Interest and commissions	513	317
Guarantees costs	28	28
<b>Total</b>	<b>737</b>	<b>345</b>

## 12. EXPLANATIONS TO THE CASH FLOW STATEMENT

PLN'000	Three months ending 31 March 2023	Three months ending 31 March 2022
<b>Change in receivables and short-term assets arises from the following items:</b>	<b>38 764</b>	<b>3 636</b>
Change in trade receivables and other receivables per balance sheet	38 032	2 685
Guarantees granted	732	951
<b>Change in short-term liabilities arises from the following items:</b>	<b>(2 440)</b>	<b>(2 597)</b>
Change in trade liabilities, accruals, operating provisions and other long term liabilities per balance sheet	(2 910)	(642)
Adjustment for a change in investment liabilities	498	(1 928)
Adjustment for change in liabilities in respect of financing activities	(28)	(28)
Other	-	1

## 13. EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events after the balance sheet date other than those described in Note 33 to the condensed consolidated financial statements.

## 14. SELECTED STANDALONE FINANCIAL DATA CONVERTED INTO EURO

### Income statement and other comprehensive income

	Three months ending	Three months ending	Three months ending	Three months ending
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	PLN'000		EUR'000	
Sales	-	-	-	-
Operating loss	(1 526)	(13 314)	(325)	(2 865)
Profit before tax	216	(12 064)	46	(2 596)
Net profit	178	(12 064)	38	(2 596)

### Statement of financial position

	As of	As of	As of	As of
	31 March 2023	31 December 2022	31 March 2023	31 December 2022
	PLN'000		EUR'000	
Total assets	456 996	462 364	97 743	98 587
Non-current assets	397 299	382 590	84 975	81 577
Current assets	59 697	79 774	12 768	17 010
Long-term liabilities	16 059	18 768	3 435	4 002
Short-term liabilities	9 496	12 456	2 031	2 656
Equity	431 441	431 140	92 277	91 929
Share capital	1 465	1 464	313	312

### Statement of cash flows

	Three months ending	Three months ending	Three months ending	Three months ending
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	PLN'000		EUR'000	
Net cash flows from operating activities	35 963	(598)	7 651	(129)
Net cash flows from investing activities	(18 457)	(229)	(3 927)	(49)
Net cash flows from financing activities	(601)	(466)	(128)	(100)
Total net cash flows	16 905	(1 293)	3 596	(278)

Conversion into euro was performed based on the following principles:

- amounts presented in zloty as of 31 March 2023 were converted into euro at the exchange rate of 4.6755 (the NBP exchange rate as of 31 March 2023),
- amounts presented in zloty as of 31 December 2022 were converted into euro at the exchange rate of 4.6899 (the NBP exchange rate as of 31 December 2022),
- amounts presented in zloty for the period of three months ending 31 March 2023 were converted into euro at the exchange rate of 4.7005 (the arithmetic mean of the NBP exchange rates as of the last day of each month of the first quarter of 2023),
- amounts presented in zloty for the period of three months ending 31 March 2022 were converted into euro at the exchange rate of 4.6472 (the arithmetic mean of the NBP exchange rates as of the last day of each month of the first quarter of 2022),