ANNUAL REPORT

JOJ MEDIAHOUSE

2019

JOJ MEDIAHOUSE ANNUAL REPORT 2019

CONTENT

Dear business partners and colleagues,

we live in turbulent times. The past year saw a lot of findings and revelations that unsettled the society but on the other hand also mobilized the people and the media in a positive way. I consider this recognition to be crucial for further development. It brings us hope also in the current situation where we face a tremendous challenge posed by coronavirus COVID-19 pandemic. Thus, let me express my strong belief that we will soon overcome the pandemic also thanks to all measures and we will be gradually returning to the original state and the positive economic growth.

JOJ Media House experienced a very successful year. We strengthened our significant position in the Central European media market and the Group's results have been getting better and better for several years in a row. Investments in advertising have increased year on year but we cannot expect the growth in the following year as a result of the ongoing pandemic. In our view, the important decision for the Group was to further expand our online media presence through the HyperMedia Group and our entry into the digital media agency PTA Group, broadening and diversifying our media portfolio.

The year 2019 saw huge changes in the television industry. The media transfer of the decade took place when Petr Kellner bought CME Company's television channels including Markíza. CME is thus leaving our market after more than twenty years. In 2019, the JOJ Group expanded its portfolio in the Czech Republic by becoming an owner of Československá filmová společnost and its five channels. Regarding the year 2019, I am very content with our television JOJ Group. We beat our competitors at viewership and the market share in primetime at the annual average. A strong autumn season was exceptionally successful as we reigned supreme in the market in an unrivalled way for the whole second half of the year, fulfilling our objectives unequivocally.

I consider the last year successful in the sector of outdoor advertising as well. In Slovakia, it was particularly affected by presidential and parliamentary election campaigns. The changes in the metro advertising operators' positions were extremely significant events. By winning the tenders, the BigBoard Group strengthened its position of clearly the largest OOH operator in the Czech Republic. Austrian Epamedia continues making substantial investments in innovation and digital advertising development with emphasis on environment and sustainability.

I was also delighted with results achieved by our other companies like the Croatian newspapers or Radio Services which made their contribution to the Group's historically best results. And finally, I would therefore like to thank our business partners and investors for their trust and particularly to all employees without whom we would not be able to develop our business and achieve the excellent results.

Most importantly, I wish you all perfect health and success in the year 2020.

Richard Flimel

Chairman of the Board of Directors

JOJ Media House, a.s.

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CORPORATE PROFILE

Since it was incorporated on 6 November 2010, JOJ Media House, a.s., (hereinafter referred to as the "parent company" or the "Company" and jointly with its subsidiaries as the "Group") has ranked among the leading media companies not only in Slovakia and the Czech Republic but also in Austria and Croatia. It continuously strengthens its position.

SLOVAK REPUBLIC

In Slovakia, the Company operates in the following market areas:

TELEVISION BROADCAST AND PRODUCTION SECTOR

→ Slovenská produkčná, a.s. (94.96% share) – Through this company, the Company owns shares in the following companies:
→ MAC TV s.r.o. (100% share) – The company is a holder of a license to broadcast the television stations TV JOJ, PLUS, WAU, RiK and Ťuki TV. It also operates Internet portals of the Group.
→ DONEAL, s.r.o. (100% share) – The company holds a license to broadcast the TV station JOJ Cinema.
→ Magical roof s.r.o. (80% share) – The company is a holder of a license to broadcast the TV channel JOJ FAMILY.
→ Československá filmová společnost, s.r.o. (100% share) – operates television channels CS film, CS mini, Kinosvět, Horor film, War TV and online video portal Film popular.
→ CS filmová, s.r.o. (100% share) – The company holds a license to broadcast TV channel WAR svět válek.
→ PMT, s.r.o. (27% share) – The company ensures the implementation of electronic television audience measurement via people meters.
→ TELEPON PLUS, spol. s r.o. (49% share).

THE OUTDOOR ADVERTISING MARKET

→ Akzent BigBoard, a.s. (100% share) – Through this company, JOJ Media House owns shares in the following companies:
→ BigMedia, spol. s r.o. (100% share) – Exclusive selling ads on the carriers of its parent company and the aforementioned companies,
→ RECAR Slovensko a.s. (100% share) – Advertising in means of transport.
→ RECAR Bratislava a. s. (70% share) – Advertising in means of transport in Bratislava, the capital city of Slovakia.
→ BHB, s.r.o. (51% share) – Selling ads of a particular character.

THE INTERNET AND APPLICATION DEVELOPMENT SECTOR

→ eFabrica, a. s. (72% share) – Its business activities are focused on the development of Internet applications, web design, operation of Internet domains and provision of technical support.

THE RADIO BROADCAST SECTOR

→ Radio Services a.s. (100% share) – The company provides comprehensive services to radio broadcasters.

OTHER SECTORS

→ JOJ Media House, a.s., owns a 30% share in the company Starhouse Media, a.s., which operates in the field of artist management.
→ Lafayette s. r. o. (100% share) – The company currently does not perform any business activity.
→ NIVEL PLUS s.r.o. (100% share) – The company is engaged in newspaper publishing.

CZECH REPUBLIC

THE OUTDOOR ADVERTISING MARKET

As regards the outdoor advertising industry in the Czech Republic, JOJ Media House, a.s., is a 60% shareholder of the company BigBoard Praha, a.s. Through its companies, it is the leader in the Czech outdoor advertising market. BigBoard Praha, a.s., is the owner of business shares in the following companies:

→ BigMedia, spol. s r.o. (100% share) – Rental of advertising space of its network.
→ Czech Outdoor s.r.o. (100% share) – Rental of advertising space.
→ Český billboard, s.r.o. (100% share) – Rental of advertising space.
→ MG Advertising, s.r.o. (50% share) – Rental of advertising space.
→ Barrandia s.r.o. (100% share) – Rental of advertising space.
→ Expiria, a.s. (100% share) – Rental of advertising space.
→ RAILREKLAM, spol. s r.o. (100% share) – Rental of advertising space on the property of the company České dráhy, a.s.
→ outdoor akzent s.r.o. (100% share) – The company is the leader in the Czech market in the field of billboard outdoor advertising.
→ Bilbo City s.r.o. (100% share) – Rental of advertising space.
→ Velonet ČR, s.r.o. (100% share) – Rental of advertising space, bike sharing.
→ Qeep, a.s. (100% share) – The company focuses on large-format outdoor media and LED screens in the city center of Prague.
→ News Advertising s.r.o. (100% share) – Rental of advertising, especially double bigboard spaces.
→ Flowee s.r.o. (65% share) – The company operates the biggest page about modern lifestyle on the Internet in the Czech Republic.
→ Kitchen Lab s.r.o. (70% share) – The company operates the web and mobile application kucharky.cz.
→ Nadační fond BigBoard (100% share) – The aim of the endowment fund is charitable activities and assistance to persons in need.
→ D & C AGENCY s.r.o. (100% share) – The company owns a 48% share in the company ERFLEX, a.s.
→ ERFLEX, a.s. (48% share) – The company primarily deals with building and operating networks of outdoor advertising and navigation spaces,
→ MetroZoom s.r.o. (100% share) – The company sells advertising space in Prague metro stations.
→ HyperMedia, a.s. (60% share) – The Company and its following subsidiary companies' main activities are internet marketing, web representations and operation of discount and other portals,
→ Hyperslevy.cz, s.r.o. (50.5% share),
→ Quantio, s.r.o (66% share),
→ Hyperinzerce, s.r.o. (100% share),
→ Programmatic marketing, s.r.o. (100% share),
→ Eremia, a.s. (100% share),
→ Hyperinzercia, s.r.o. (SK) (100% share),
→ Slovenskainzercia s.r.o. (SK) (100% share),
→ PRAHA TV s.r.o. (34% share) – The Company operates the broadcasting of a Prague regional television channel.

AUSTRIA

JOJ Media House, a.s., is the sole partner of the company Akcie.sk, s.r.o., which owns a 100% share of the company EPAMEDIA – EUROPÄISCHE PLAKAT- UND AUSSENMEDIEN GMBH (hereinafter referred to as the "EPAMEDIA"), which is the second in the outdoor advertising market in Austria. EPAMEDIA is the owner of shares in the following companies:

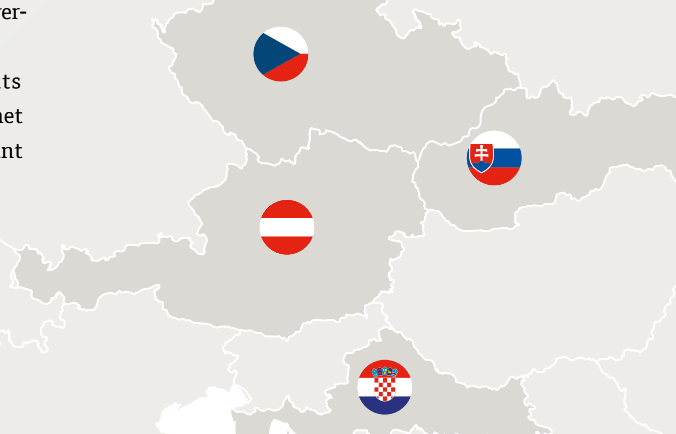
→ R&C Plakatforschung und –Kontrolle Ges.m.b.H. (51% share).

CROATIA

In 2016, JOJ Media House, a.s. has expanded its presence in the media market into the print segment in Croatia, where it owns shares in the following companies:

THE PRINT MEDIA SECTOR

→ NOVI LIST d.d. (84%) – The Novi List newspaper publishing.
→ GLAS ISTRE NOVINE d. o. o. (89%) – The Glas Istre newspaper publishing.
→ RTD d.o.o. (100 %) – The Zadarski List newspaper publishing.
→ INFANTINFO d.o.o. (0.9%) – Radio operation.



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CORPORATE VALUES

THE VISION

JOJ Media House's vision is to become the major Central European media company and secure the long-term satisfaction of its customers with its media services and products for the effective communication of advertising to target groups.

OUR MISSION

The mission of JOJ Media House is to provide high quality media services to society in general as well as to business partners, which we want to ensure through the continuous expanding and improving our products.

STRATEGY

The JOJ Media House strategy is to expand its products via both organic and inorganic growth in Central and Eastern Europe and the streamlining of the activities of individual companies within the Group through synergistic links.

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JOJ MEDIAHOUSE ANNUAL REPORT 2019

MEDIA MARKET ANALYSIS

According to the latest Eurostat estimate, the Euro Area Gross Domestic Product grew by 1.2 % in 2019, which is a slight deceleration compared to 1.9 % in 2018. **On 11 March 2020, the World Health Organization declared the coronavirus situation to be a pandemic,** to which the Governments of individual countries reacted by adopting various measures to prevent the outbreak of the disease, including imposing restrictions on cross-border movement of persons and "blocking" certain sectors until further development of the situation. The economic impacts of those events include disruption of the economic activity, a declining demand for the goods and services and an increase in asset price volatility. As the possibility for people to meet is currently significantly limited, communication is thus gaining on importance especially through the mass media. The affected sectors include business and transport, tourism, entertainment industry, manufacturing, construction industry, retail, insurance industry, education and the financial sector in particular. According to the European Commission, the economic downturn caused by the coronavirus COVID-19 could be as deep as the one that occurred during the financial crisis 10 years ago when the European Union's gross domestic product decreased by 4.3 % in 2009. The overall impact will depend on the duration of measures adopted to prevent the disease from spreading and the amount of rescue packages to revive the economy both on national or European level.

The last-year development of the euro area economies also affected the situation in the media markets, where the companies of the JOJ Media House Group operate. The latest forecasts for advertising spending show that the market is still transforming. According to the latest analysis prepared by GroupM, **a global growth of advertising expenses slowed down slightly in 2019 and the worldwide media investments reached the estimated 591 billion USD in 2019**, which is a growth by 3.4 % compared to the previous year. The growth is supported by Asian countries the most. As regards distribution and growth within segments, no major changes are expected compared to the previous years. Digital advertising continues to grow at the fastest rate, and its share in the total media mix will thus grow to the estimated 49 % in 2020.

MEDIA MARKET IN THE SLOVAK REPUBLIC

Gross domestic product of Slovakia grew by 2.3% in 2019. Slovakia entered the new year in the expectation of favorable economic development. However reacting to a potential serious threat to the public health posed by COVID-19 pandemic, the Slovak Government declared a state of emergency on 16 March 2020 and adopted measures to prevent the outbreak of the disease. All those event have considerably changed a perspective on further economic development. The situation is changing day by day and uncertainty is increasing. **The National Bank of Slovakia has thus published three scenarios of expected development** instead of their standard forecast. The development scenarios imply that the economic downturn could reach 1.4 to 9.4 % compared to the last year, depending on the situation at Slovakia's business partners' in particular. All the scenarios consider kick-starting the economy already from the second half of this year. The revival should therefore be quite strong in 2021.

OUTLOOK FOR THE YEAR 2020 (YEAR-ON-YEAR GROWTH IN %)

	Scenario 1	Scenario 2	Scenario 3
GDP	-1.4	-4.5	-9.4
Employability	0.3	-1.7	-3.1
Inflation	2.3	2.1	-2.0

Source: NBS – Medium Term Forecast P1Q -2020

In the 1st quarter of the year 2019, the Slovak economy grew by 0.9 % quarter on quarter. The economic growth was based mainly on export performance and a contribution of domestic demand was smaller compared to the last year. Export profited especially from increased production in the automobile industry. A smaller household consumption dynamics occurred in domestic demand. As expected, a growth of employment rate decelerated slightly. Despite the smaller domestic demand, the employment rate increased in services and construction industry especially. A dynamic growth of salaries reflected mainly the increase in salaries in public administration.

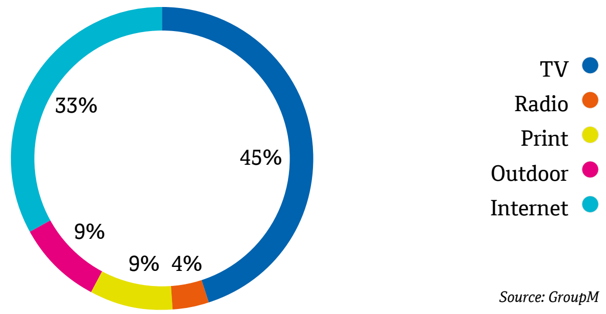
In the 2nd quarter of 2019, the Slovak economy significantly slowed down to 2.0 % year on year under the influence of global development. The impact of protectionist measures and uncertainty in the exit of the United Kingdom from the European Union were reflected in the export downturn. Regarding domestic demand, private consumption increased mildly in the environment of favorable development. The expectations for its more considerable acceleration were not fulfilled on the labor market. Investment demand declined as a result of lingering uncertainty.

This year, slack global business also decelerates the Slovak economy under the influence of protectionist measures and higher uncertainty. The year-on-year growth of gross domestic product fell to 1.3 % (seasonally uncleared) **in the 3rd quarter of 2019.** It was significantly less than expected. Net export had a dampening impact within the structure. Domestic components remained resistant for the time being. Consumer demand and, surprisingly, investment activity went up. Labor market indicators were affected by problems of export-oriented sectors.

The fourth quarter of the last year saw several positive surprises in production structure and volume. Moreover, several partial economic development indicators improved slightly at the beginning of year.

The Slovak media market had a successful year **with 3.2 % increase in advertising expenses**. According to a GroupM estimate, 369 million euros were channeled to the Slovak media, with 358 million euros a year earlier. Based on its estimates in January 2019, the media agency UNIMEDIA predicted an overall increase to 2.9 % in 2020 in the Slovak media market. They expect that the print media will lose their position of the third commercially strongest media type, outrun by the outdoor advertising. Among other things, parliamentary elections which took place in Slovakia at the end of February were helping the outdoor.

SHARE OF MEDIA TYPES IN THE MEDIA MARKET OF THE SLOVAK REPUBLIC IN 2019



Source: GroupM

THE TELEVISION ADVERTISING MARKET

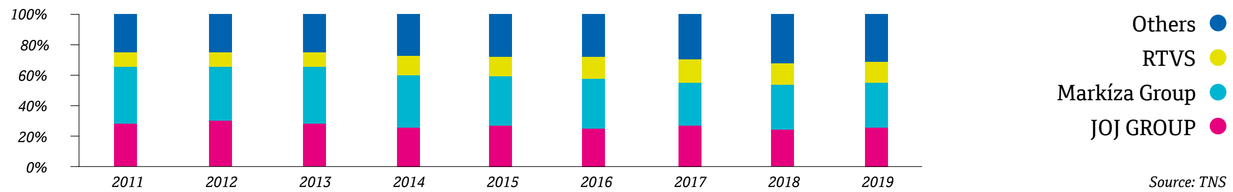
In 2019, the Euro Area economy along with the Slovak economy was growing, and the development also had a positive impact on investments in the media market. According to GroupM estimates, the TV advertising sector grew by 2.6 %. TV continues to hold its dominant position in the Slovak media market with a **market share of 45 %**.

The TV advertising market can be considered stable, as there was no entry of a new competitor or significant legislative amendments in 2019. On the other hand, our major competitor changed its owner when **Czech billionaire Peter Kellner's PPF Group** agreed to take over Central European Media Enterprises (CME). The agreement has already been approved by the CME General Assembly. Regulatory authorities' approvals are needed yet. A new European directive was adopted in autumn 2018 to change the rules on audiovisual media services in the Union's countries. Countries including Slovakia are to implement the Directive by 2020. The directive will bring more changes, which will affect TV advertising as well as YouTube and social networks and support European audio-visual content on Netflix.

Major providers of television advertising continue to remain:

- **MARKÍZA - SLOVAKIA, spol. s r.o.** (a member of the group of Central European Media Enterprises Ltd. as at the Publication Date of this Annual Report), which operates the broadcast of TV channels: Markíza, Doma, Dajto, and Markíza International.
- **Rozhlas a televízia Slovenska** – Public service television that operates the broadcasting of channels Jednotka and Dvojka.
- **JOJ GROUP**, which operates the broadcasting of channels JOJ, PLUS, WAU, RiK, Ťuki TV, JOJ Cinema, JOJ Family and lately also CS film, CS mini, Kinosvět, Horor film, War TV after acquiring 100% share in the company Československá filmová společnost, s.r.o..

PRIME TIME DEVELOPMENT BY YEARS (SHR % 12-54)



Source: TNS

OUTDOOR ADVERTISING MARKET

According to GroupM estimates, the Slovak **outdoor advertising market grew by 2.5% in 2019**. It will probably not keep its 9% share in the advertising market and its share is likely to drop the next year. JOJ Media House is the leader on the outdoor advertising market, owning a 100% share in Akzent BigBoard, a.s. which started its business activities in 2008 and managed to build a strong group of companies engaged in outdoor advertising. The Akzent BigBoard Group is constantly strengthening its position in the outdoor advertising market, not only by expanding the product portfolio, but also by providing complex services and streamlining the organizational structure and administrative difficulty in selling outdoor advertising. We evaluate the development of the outdoor advertising market in the past year positively. There was no entry of a major competitor on this market. **The beginning of year 2020 saw parliamentary elections**, which helped the outdoor advertising and social networks, thanks to which political parties had already started communicating in the second half of 2019.

RADIO ADVERTISING MARKET

On 21 April 2015, JOJ Media House, a.s., entered the radio advertising market by acquiring the company Harad, a.s., a parent company of Radio Services, s.r.o. This company provides comprehensive services to radio broadcasters from the sale of the advertising space to ensuring the production of broadcasting content. Since 1 January 2016, Radio Services, a.s., has been exclusively selling commercial space of four established nationwide radio stations: **Rádio Vlna, Rádio Anténa Rock, Rádio Jemné and Rádio Europa 2.** Through this connection, the company has increased a market share, thus delivering an unrivaled product suitable for any advertiser. The most notable competitors include Rádio Expres, Rádio Slovensko, and Fun rádio. In November 2018, the Constitutional Court decided, after more than two years, that mandatory quotas for Slovak music on radio were not in contradiction with the Constitution. No radio exemption had been granted for 2019, and the mandatory share of home music thus applied to every radio station from January. According to GroupM estimates , **the radio advertising sector grew by 3.1 % in 2019**. Prior to the outbreak of COVID-19 pandemic, they had also estimated a similar growth in the following year.

THE PRINT MEDIA MARKET

In October 2016, JOJ Media House expanded its activities to the print media segment by the purchase of a 100% share in the company NIVEL PLUS s.r.o., which publishes **Bratislavské noviny**. This is a free newspaper published every two weeks and delivered to the mailboxes of 180 households in Bratislava. Thereby it ranks among one of the largest periodicals in Slovakia. In addition, since May 2018, we have also begun publishing the regional periodical **Petržalské noviny** in the volume of 40,800 copies every 2 weeks.

THE AUSTRIAN MEDIA MARKET

Before the coronavirus pandemic broke out, an outlook for the development of the Austrian economy had been positive with its growth, albeit less optimistic than in previous years. Thanks to the growth of the Austrian economy, an unemployment rate was stabilized below five percent. However, according to the latest forecasts, the pandemic and its prevention measures will cause the economic downturn considerably. According to estimates prepared by the Austrian economic institute WIFO (Österreichische Institut für Wirtschaftsforschung), **Austria's gross domestic product will decrease by 2.5 % in 2020.** The IHS Institute (Institut für Höhere Studien) expects its year-on-year decrease to reach 2.0 %. Substantial supporting measures adopted by the Federal Government are necessary for economic stabilization but they will slash a budget significantly.

Investments in the media sector are expected to have a similar positive trend, and growth in this area is likely to follow the growth of gross domestic product, which is a decrease compared to previous years. According to GroupM estimates, the whole media market grew by 1.6 % this year, compared with last year´s growth by 1.2 %. **In 2019, the outdoor advertising sector saw 4.0 % growth.** Prints and televisions have the largest shares of the market, and the growth of investments is mainly driven by digital advertising. It is expected that 2020 regional elections will mainly help radio station, OOH and regional newspapers.

JOJ Media House has been doing business **on the Austrian outdoor advertising market since 2012**. We consider this market to be developed and stabilized. In recent years, the focus has been on optimizing the portfolio of advertising media and streamlining the organizational structure, which has resulted in positive achievements of the Company.

MEDIA MARKET ANALYSIS

THE CZECH MEDIA MARKET

Compared to the previous year, the year-on-year **rate of economic growth slightly slowed down from 2.8 % to 2.5 %**. At the beginning of year, economists were reckoning on 2% economic growth in the next year. However, the forecasts are changing as a result of the coronavirus pandemic. The Czech economy could sink by ten percent according to the latest estimates made by Deloitte Chief Economist.

According to Nielsen Admosphere data, **the media market in the Czech Republic grew by more than 9 % year-on-year in 2019**. After its previous drop by 1.4 % caused by removal of billboards from highways and 1st class roads as a result of amendments to the Act on Roads, the outdoor advertising was growing again, namely by 3.9 %. Except for television advertising which is characteristically strong in the Czech Republic, that is the highest growth among the offline media types.

The strongest media is TV, which has maintained last year's strong growth and a dominant position in the advertising market (46 %). On-line advertising accounted for 28 %, and print advertising reached 16 % in advertising budgets last year. Radio advertising accounts for 6 % of the total, and **outdoor advertising had a share of 4.3 % in the year 2019**. Last year, Kaufland, Lidl a Alza.cz were using the highest priced ads.

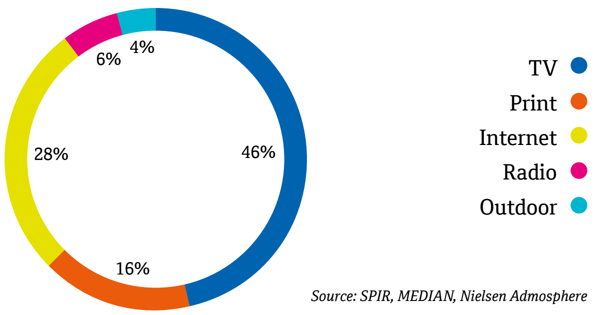
The largest provider of outdoor advertising in the Czech Republic is the BigBoard Group, which belongs to the JOJ Media House Group. **BigBoard is approaching 60 % market share** achieved through acquisitions in addition to organic growth. Last year, changes in positions occupied by operators of advertisements displayed in the metro were the most important events in the market. That market represents roughly 200 mil. Kč and that concern the biggest tenders in the OOH sector for last two years. Winning the tenders, the BigBoard Group ensured its dominant position on the market.

MEDIA MARKET IN CROATIA

After six years of recession, the Croatian economy started to **grow in 2015, and this growth continued at 3.0 % in 2019**. This positive trend was primarily supported by the increase of export and accelerating household consumption. Prior to the outbreak of the coronavirus pandemic, the National Bank forecast a comparable growth for the next year. However, Croatia currently fears devastating pandemic consequences for tourism as the sector produces almost one fifth of Croatian gross domestic product. Croatia keeps pursuing its plans to **adopt euro** despite the economic problems the pandemic has brought to them. If Croatia cooperates closely with the European Commission and starts implementing the required reforms, it has the preconditions for managing the economic difficulties and creating a prosperous economy in the coming years. Croatian kuna could be included in the ERM-2 system in the second half of year 2020. Croatia could thus become a member of the Euro Area by 2025. Prior to joining the euro-zone, the country will have to tackle in particular government debt.

In April 2016, JOJ Media House acquired majority shares in respected regional journals Novi List, Glas Istre, and Zadarski list. With this acquisition, we have expanded our operation in the media market into the print media segment. According to GroupM estimates, **the Croatian media market was growing also that year, namely by 3.2 % year on year**, the bulk of which was the growth of television, internet and outdoor advertising.

SHARE OF MEDIA TYPES IN THE MEDIA MARKET OF THE CZECH REPUBLIC IN 2019



Source: SPIR, MEDIAN, Nielsen Admosphere

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SUMMARY OF BUSINESS
THE OUTDOOR ADVERTISING MARKET

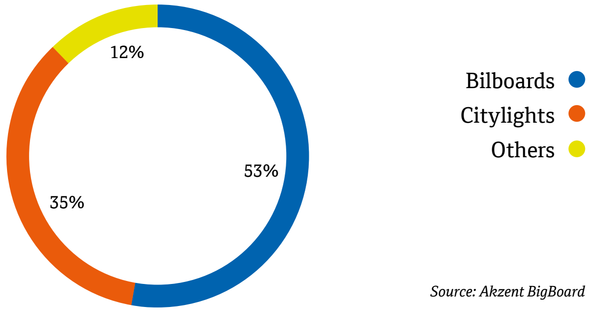
THE OUTDOOR ADVERTISING MARKET IN THE SLOVAK REPUBLIC

The year 2019 was particularly affected by **election campaigns**, namely by presidential campaigns in the first quarter and by parliamentary elections in the fourth quarter. They had favorable impact on the Company's results, yet they forced smaller customers' standard campaigns out of our advertising services with their huge volumes, particularly in billboard and bigboard sections. As the Company has a wide portfolio of products, it was managing to divert the smaller customers to products in transport and CLV carriers.

This year, we were fully focused on projects launched last year. We found the great potential in the **advertising in trains**, which started very well thanks to the trust of our clients. The Patronage project (a name of a train is used in station announcements and trains, train tickets, timetables, search engines and electronic signs) was sold out for the year 2019 to the fullest extent possible. Clients include brands such as Panta Rhei, Andrea Shop, PSS, Tatralandia, Mila, Horalky, University of Žilina and others. Furthermore, in this segment, we focus on sampling promotional materials, where we certainly see great possibilities for development in the form of expanding collaboration with clients looking for effective communication tools. In this case, we believe that it is not just about advertising, but also about making the trip more enjoyable - as clients publish not only their service portfolio in their promotional materials, but also interesting articles or competitions.

An important **strategy of the Company** was to address and attract new and also smaller clients. It also brought positive results, with a large number of advertising campaigns being added to the Company. In the long run, a large portfolio of new and satisfied clients was acquired. The positive outcome also reflected the unconventional cooperation with clients who have not been standard clients in the OOH segment yet. It is a collaboration with e.g. TV JOJ, TV Markíza, or with clients who have been more or less online or television advertisers, such as Alza.sk and Mall.sk.

PERCENTAGE OF SELECTED AKZENT BIGBOARD ADVERTISING SPACE IN 2019

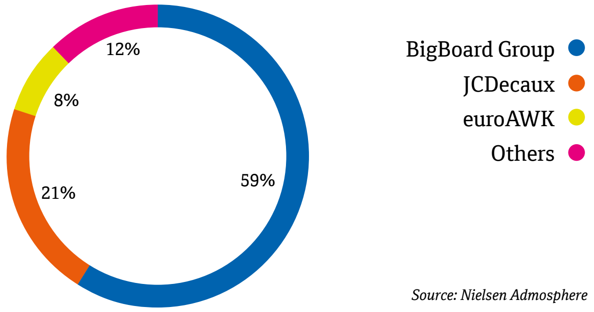


Source: Akzent BigBoard

THE OUTDOOR ADVERTISING MARKET IN THE CZECH REPUBLIC

According to Nielsen Admosphere data, the media market in the Czech Republic **grew by more than 9 % year-on-year in 2019**. The largest advertisers were traditionally the companies Kaufland, Lidl and Alza.cz. After its previous drop by 1.4 % caused by removal of billboards from highways and 1st class roads as a result of amendments to the Road Act, the outdoor advertising was growing again, namely by 3.9 %. Except for television advertising which is characteristically strong in the Czech Republic, it is the highest growth among the offline media types.

MARKET SHARE OF SELECTED OOH COMPANIES IN 2019



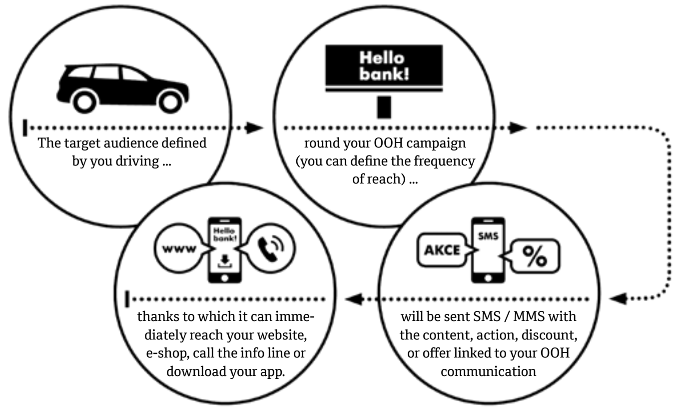
Source: Nielsen Admosphere

The BigBoard Group which belongs to the JOJ Media House holding remains the biggest operator having **59% share in the outdoor advertising market in the Czech Republic**. It includes brands BigBoard, Czech Outdoor, outdoor akzent, BilboCity, BigMedia, Qeep, News Advertising, RAILREKLAM and **the newly established company MetroZoom** which sells advertising spaces in the Prague metro. In 2020, the share will increase as the network of 1095 CLV carriers situated in the Prague metro was acquired from company EuroAWK in July 2019 and the whole network of carriers situated in Prague metro carriages and escalators was taken over in November 2019 only. The projects will thus fully manifest themselves in 2020 only.

The most important events occurring in the market were the afore mentioned **changes in positions of operators of advertisements displayed in the metro**. That market represents roughly 200 mil. Kč and it concerns the biggest tenders in the OOH sector for last two years. By winning the tenders, the BigBoard Group strengthened its position of clearly the largest OOH operator in the Czech Republic. Digitalization of spaces is stagnating for now despite the fact that it is a clear way to higher revenues and bigger influence on a target group. An obstacle is posed by legislation which is very strict and even restrictive in permitting digital LED screens, contrary to countries like Great Britain and France where it is possible to harmonize requirements on modernization with the ones on aesthetics of public space. In addition to a commercial function, LED screens often fulfil a function of information medium for community and safety information.

Solving the situation concerning a future operator of urban furniture in Prague will be **an important event of 2020**. An existing operator's contract expires in June 2021 and it's high time to select a new one to ensure that new furniture is manufactured and installed in time based on a winning design of a design tender which took place already in 2018. Prague realizes the importance of selection, and for that purpose, the city has set up a special committee that recommended that the city of Prague procured the furniture on its own. The reason is the attitude of the current operator who has built up stops in commercially interesting localities only. The Council of the Capital City accepted the solution, therefore Prague is to announce a competitive tendering for leasing advertising spaces on the furniture and for maintaining the furniture. This course of action is not standard but we consider it to be neutral or even positive for the BigBoard Group as it should weaken our major competitor's position.

SMS/MMS REMARKETING OOH



Source: BigPlan Brochure

THE OUTDOOR ADVERTISING MARKET IN AUSTRIA

In 2019, 1.6% growth of the Austrian economy also caused a comparable increase in the media market. The market share of individual segments has not changed considerably. After the last year's slight decrease, **the outdoor advertising market grew by almost 10 %**. A positive growth was also experienced by other sectors of the media market. Digital advertising, which is the preferred promotion method in Austria along with television and print, keeps slowing down its rise significantly. Based on these preliminary results, the growth of the media market is estimated to be up to 2 % in 2020.

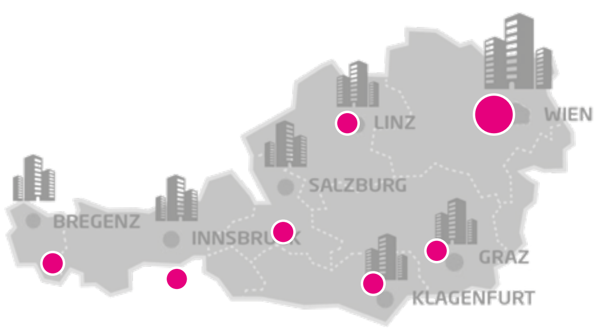
JOJ Media House has been doing business on this market through the company EPAMEDIA since 2012. The company has more than 90 years of tradition in this field, being a market leader in out-of-home advertising in Austria with more than 17 thousand billboards, 1 thousand citylights, 1 thousand posterlights, 51 bigboards and other special types of advertising space. Together, it owns **20,000 spaces** across Austria, belonging to market leaders with an estimated 35% share. A traditional and biggest competitor is the company GEWISTA having 42% share and other companies share 23% share. EPAMEDIA focuses mainly on optimizing the portfolio of advertising media and streamlining the organizational structure, which is reflected in the positive results of the company. Since 2013, the company has been strategically and operationally managed by Brigitte Ecker and Ing. Mag. Alexander Labschütz. With six regional offices and headquarters in Vienna, EPAMEDIA has a **strong representation in all the federal republics**.

EPAMEDIA brought a new era of outdoor advertising to **the town of Villach**. The year was 2018 when the company attracted the attention by building up digital spaces in a town center at the end of the year. Submitting an innovative prototype, EPAMEDIA won a tender organized by the second biggest city of Carinthia. The prototype consists of 75 inch display which can be used by customers for promotional purposes and 55 inch display with a complex civic information system on the other side. At the end of March 2019, 6 digital spaces were built up in the town center.

In future, inhabitants and advertisers will indeed appreciate **advantages of digital surfaces**. In addition to a selfie camera, an NFC for infrastructure of electric and bonus programme for citizens, the spaces offer a number of advantages to advertisers as well. Compared to the billboard, changes in digital themes are made without huge expenses. A bigger number of ads can be released on a single board, the content can be updated very quickly and easily, and it is possible to engage customers interactively, increasing the efficiency and influence of the ads. In addition, using an integrated content management system, we offer our customers a tool for generating overviews which show a detailed list of campaign repetitions and duration. Villach was only the first step in pursuing our digital activities. Currently, in-depth discussions take place with other communities, and we believe that we will soon welcome another cities in our digital family EPAMEDIA.

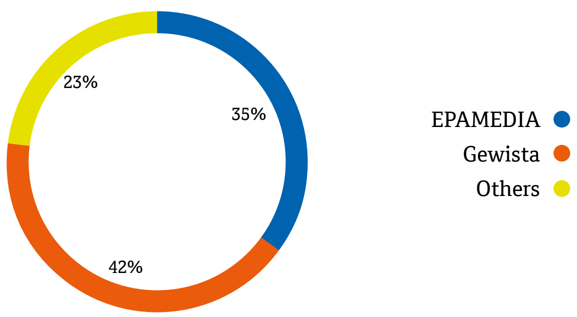
The **environment and sustainable development** play an important role in the company. Since 2017, EPAMEDIA as the first outdoor company in Austria has been producing 100% CO2-neutral campaigns, and in Vienna, it has built up a first stop powered by solar panels only. It uses electric cars and saves energy and paper in paperwork. It also helps its clients and partners improve their carbon footprint. Last year, EPAMEDIA introduces its plan to light billboards using lights powered by solar panels. In the first stage, the company will equip 100 billboards with that type of energy source all over Austria, ensuring that the spaces will not need grid connection. That type of lighting will ensure better visibility in the evening, having a greater value for advertisers.

HEADQUARTERS IN VIENNA AND 6 REGIONAL OFFICES



Source: EPAMEDIA

PERCENTAGE OF OOH ADVERTISING IN THE AUSTRIAN ADVERTISING MARKET IN 2019 BY CARRIER



Source: Estimates of Management

SUMMARY OF BUSINESS THE TV JOJ GROUP

The JOJ Group is the largest media group with the widest coverage in Slovakia.

In the country, it is **the biggest local content creator**, a major **co-producer** and filmmaker as well as **a strong commercial video platform** of the best known domestic web publishers (with Valetin brand).

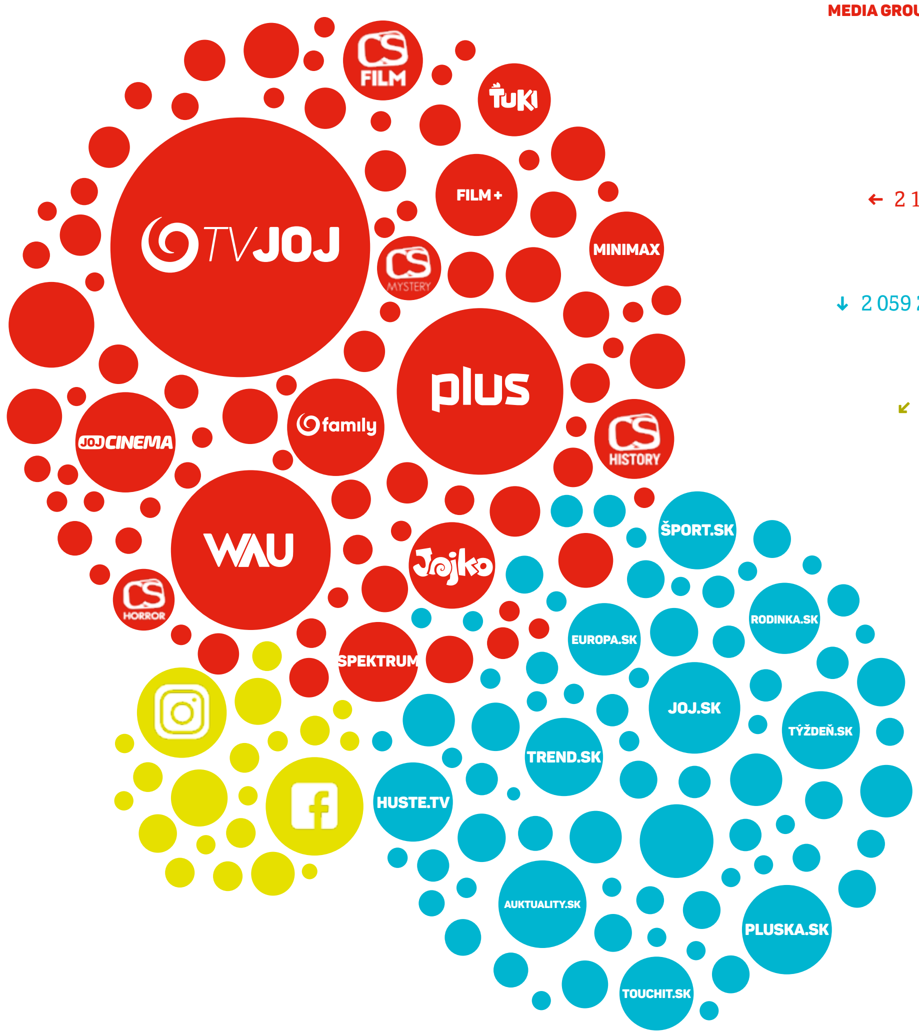
The JOJ Group has the widest influence **with its 15 television channels, more than 40 web portals and almost 1,300,000 fan**s on social networks (Facebook + Instagram + YouTube).

Having the widest coverage in Slovakia, the JOJ Group can be watched by 100 % of inhabitants. Its channels and websites are freely available, thematic and composed to address each and every age and social group. At the time of ever-changing consumer behavior, the JOJ Group is still able to keep its television and online audience's attention as well as its dominant market share in viewership. Its mission is to keep up with its viewers and provide them with relevant content in a place where they are right now and where they expect that. Doing so, it also is successful in making its clients an unrivalled business offer.

The time watched on television and online productions keeps growing year on year, to which the JOJ Group gradually adjusts and **constantly improves its content**. It employs **the biggest number of producers** in the country because it understands that local production is essential in the era of open international market.

Family, entertainment, talents, films, series, ideas, emotions, investigation, regions, assistance, social responsibility and courage... The attributes that define the JOJ Group working with the best for the best in the market.

MEDIA GROUP WITH THE HIGHEST REACH IN SLOVAKIA



← 2 184 000 Slovaks watch JOJ Group's TV channels per day

↓ 2 059 203 unique users visit 40 Valetin's partner webs per month

↙ Profiles of TV JOJ on social media have 576 000 fans

Data sources: PMT/KANTAR SLOVAKIA, Data are analyzed for the period January – September 2019 in LIVE + TS3 on the target group 12+ with guests. IAB monitor, RU monthly, January – September 2019 average

TELEVISIONS

TV JOJ

In March 2019, **TV JOJ** reached the age of seventeen as **a successful and popular television that broadcasts the most watched news and the most diverse programme offer on the market**. In Slovakia, TV JOJ is today **the single full-format commercial television channel available to all its viewers.** It is valued by its viewers mainly for being family friendly as well as for being entertaining, up-to-date, innovative and full of positive energy with which it charges Slovak households daily.

TV JOJ offers programme stability through its popular classic originals the viewers expect while bringing **sheer novelties** to the market every year, setting trends in domestic TV show production as well as in quality and pure entertainment.

The most watched programmes are news programmes TV JOJ News, Best Weather Forecast, Crime News and Sport News. In addition to the news, especially **fun shows and series** are successful in prime time on JOJ, which viewers prefer as opposed to the ones produced by its competitors. The most popular shows are **Incognito**, family show **Seventh Heaven**, and the most epic and watched show in the market **Czechoslovakia's Got Talent**. Concerning series production in 2019, the most successful comedy series were Holidays, Delukse and Undertakers, crime series **Behind the Glass** and miniseries **The Rift**. TV JOJ guarantees its audience the premiere program throughout the year by the original production as well as by the acquisition of **blockbusters** from abroad.

TV JOJ supports filmmaking in Slovakia on a long-term basis not only financially but in particular by providing domestic and foreign producers with a background of local professional creators. Currently, the JOJ Group already is a **co-producer of** nineteen films. Its most successful co-productions include films **The Rift, The Glass Room** and **Through the Fingers** by now.

PLUS

Since the beginning of 2019, the JOJ Group's second television channel has been **more film-oriented** than ever before. In its prime time, it predominantly offers films to its viewers every day. Every evening, PLUS viewers can enjoy **a varied selection of the best films** of recent years as well as older evergreens that are never boring. PLUS' film offer also includes premiere pieces that will also cheer up picky viewers.

In 2019, PLUS brought the sequel to the action series Taken, which is a prequel of the successful 96-hour film series, as well as the spin-off of the popular series Grey's Anatomy about firefighters titled Station 19, the new X- Men: The Gifted, which is based on the Marvel comics and takes place in an alternative reality where all X-Men disappeared. And, last but not least, it broadcast the miniseries The Disappearance, in which the investigation of the disappearance of a small boy on his tenth birthday reveals the hidden family secrets with fatal consequences. Even the fans of old Czechoslovak series came into their own – PLUS has prepared the legendary comedy "Slovácko sa nesúdí" for them.

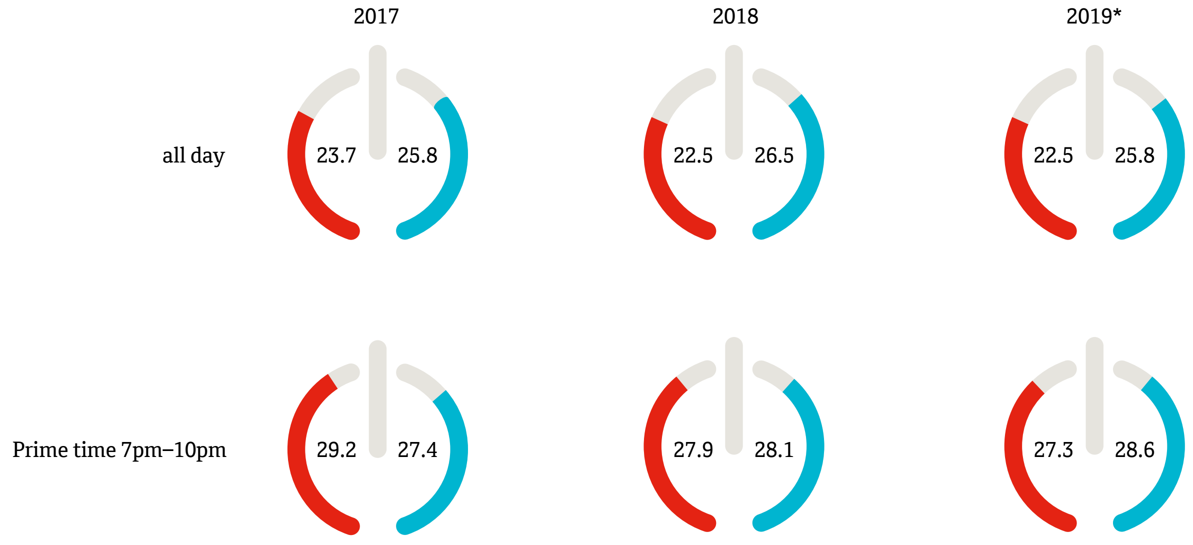
WAU

TV WAU is the JOJ Group's third channel and **crime series** as well as medical environment series are characteristic of its programme. In its offer, its viewers can always find **popular series** like Bones, Dr. House, Criminal Mind, CSI: Las Vegas, Miami and New York.

In 2019, WAU also expanded its broadcast structure with the iconic medical series **Dr. House** and the iconic detective series **Columbo** with legendary Peter Falk in the main role. In addition to the new releases, WAU also broadcast popular reality shows **Botched, Clean House** and **Million Dollar Listing – Los Angeles and New York**.

DOMINANCE OF JOJ GROUP IS BUILT AROUND A STRONG TV LINE-UP

THE EVOLUTION OF THE MARKET SHARE OF JOJ GROUP AND CME GROUP



NUMBER OF MINUTES DAILY SPENT WATCHING JOJ GROUP'S CHANNELS (ATS)

Data sources: PMT/KANTAR SLOVAKIA, Data are analyzed in LIVE + TS3 on the target group 12+ with guests. For ATS, the average of minutes spent per day was used as a parameter – within individuals who met the reach criteria (3 minutes without interruption)

**The data for 2019 include the period January – September*

CHILDREN'S CHANNELS

The JOJ Group as the only media group on the market offers Slovak viewers up to two TV channels broadcasting programmes for children in Slovak language. Over the past three years, families with children have taken a liking to the RiK and Ťuki TV, and the awareness of both brands is still growing in this target group. Moreover, Ťuki proves that the JOJ Group is capable of customizing the television programme as well as the whole channel to its clients´ requirements.

RIK

The programme structure of the children channel RiK consists of the **popular classic Czechoslovak fairy tales, foreign and in particular European acquisitions**, and also the **programmes of its own production**. In 2019, the youngest viewers could look forward to continuing parts of "Sníček", in which their favorite character Hugo took trips to European cities. RiK also prepared the series Paw Patrol, Vicky the Viking, Barbapapa, Space Ranger Roger, Strawberry Shortcake, and Fireman Sam.

At the end of 2019, the channel was rebranded, claiming its allegiance to the huge JOJ Group family with its **new name JOJko**.

ŤUKI TV

Ťuki TV also broadcasts for small viewers exclusively in Slovak. It differs from RiK by its availability to only one Slovak operator's customers. In 2019, children could enjoy new stories on Ťuki TV, including classic Czechoslovak, Czech, Russian and Polish cartoon series such as Mole, Mach and Sebestova, Bob the Builder, Shaun the Sheep, Amalka Fairy Tale, Little Rain Worms and the like. Children did not miss new episodes of original programme formats which are exclusively produced for the TV channel such as an educational and entertainment show Explosion.

Both RiK and Ťuki entertain the youngest viewers not only through television, but also live at many events throughout the year. Children can meet the representatives of their favorite channels and their mascots on excursions directly in JOJ TV in Bratislava or at events all over Slovakia where they all come into their own – they can sing together, compete for beautiful prizes, play different games, take pictures or dance during workshops.

The JOJ Group has also been developing books and CDs with songs under the brand names of its children's channels. It motivates children to read and build fantasy. Bookshops offer books by Ikar publishing house such as "Sníček" (The Little Dreamer), "Zabi nudu!" (Kill Boredom!), "Ťuki a jeho dobrodružstvá" (The Adventures of Ťuki) and "Ťuki a stratený psík" (Ťuki and the Lost Dog) or newcomer "Tajný život v lese" (Secret Life in the Forest).

OTHER CHANNELS

JOJ CINEMA

The latest blockbusters, exclusive Czech and Slovak TV premieres and the world´s most successful films of all genres – not only for film connoisseurs, but also for entire families. all this is broadcast by the JOJ Cinema premium film channel 24 hours a day without advertising.

JOJ Cinema celebrated its fourth birthday in 2019, and its ambition is to continue to offer its viewers a real movie experience. That year´s highlights were stellar high-quality dramas, such as the poignant film Adrift, based on a true story, starring Shailene Woodley, the sci-fi thriller The Circle

with Emma Watson and Tom Hanks in the lead roles, about a company in which there is no problem, the true story Only the Brave about the most elite firefighting team in the United States, and the adventurous thriller Gold with Matthew McConaughey, which is also based on a real story.

The rich programme offer of JOJ Cinema included the Czech and Slovak television premiere of Suburbicon: with Matt Damon and Julianne Moore, the drama Blind with Alec Baldwin in the title role, the sci-fi Valerian and the City of a Thousand Planets directed by Luc Besson, and the adventure film Redbad.

JOJ FAMILY

JOJ Family is a **multi-genre family television channel designed for the Czech audience and for Slovaks living in the Czech Republic**. It offers the best of the original programmes of its mother television JOJ, as well as acquisition and Czech films and series.

In 2019, as part of a new programme slot, JOJ Family broadcast the Czechoslovak series legends, which included, for example, the series Boys and Men, The Natives, "Zákony pohybu" (Laws of Motion) and District to the North.

JOJ Family also offered its viewers the popular German series like Clown, Medicopter 117, Dr. Stefan Frank, "Die Cleveren", Puma, "Die Motorrad-Cops" and In the Name of the Law. JOJ Family broadcast, for example, the latest third series of the original Slovak family series Holidays and its winter special as well as a new series The Rescuers produced by TV JOJ.

CS STANICE

In 2019, the JOJ Group expanded its portfolio in the Czech Republic by becoming an owner of Československá filmová společnost, its five channels and online video portal Film popular. At the end of the year, the channels were re-branded – Horor film channel changed to CS Horror, WAR Svět válek to CS History and Kinosvět to CS Mystery. CS mini ceased to exists only as a brand – the content devoted to children with the greatest hits of Czech and Slovak cartoon and played production has become a part of CS Film channel.

→ **CS FILM** belongs to the most popular television channels, offering the largest number of Czech and Slovak films and being a co-producer of children's series and documentary films as well.

→ **CS MYSTERY** is a galaxy of mysteries and paranormal phenomena, worlds of wars and crimes, conspiracies and alternative history. It brings its viewers documentary films and series.

→ **CS HISTORY** offers military programme, films about historical battles or modern wartime strategies, series about espionage, terrorism as well as threats from the space.

→ **CS HORROR** is the only Central European channel that specializes in broadcasting terrifying films and shows with dark themes. It starts to broadcast at midnight and finishes at six o'clock in the morning.

COMMERCIALLY REPRESENTED CHANNELS

In addition to its own television channels, the JOJ Group´s portfolio includes **representation of foreign channels in our market**.

PRIMA PLUS

Since 2017, the JOJ Group has been selling the Prima PLUS channel owned by the Czech broadcasting company FTV Prima, which brings **the most interesting originals produced by the Czech media group Prima**.

In 2019, the viewers could watch for example premiere episodes of the best Czech late night show – "Show Jana Krause" (Late Night Show Starring Jan Kraus). They did not loose their favorite hobby magazines "Receptář prima nápadů" (Recipe Book of Prima Ideas) or "Vychytávky Ládi Hrušky" (Láďa Hruška's Household Tips & Tricks). Czech chef Zdeňek Pohlreich with his TV show "Ano, šéfe!" (Yes, Chef!) inseparably belongs to the Prima brand, and the show was followed by "Ano, šéfová" (Yes, Chiefess!) with gastronome and entrepreneur Jitka Pagana and her son Santa.

Slovak viewers are beginning to be devoted also to Czech series production – popular crime series, the most true series from medical environment "Modrý Kód" (The Blue Code) with Sabina Laurinová or comedy series "Krejzoví" (The Krejzas) with legendary Václav Postránecký in main role.

The concurrent broadcasting of news programmes of TV Prima and Prima PLUS goes without saying. Thanks to the news programmes, the viewers can stay updated on current events in the Czech Republic as well as take a look into lives of the riches and the famous uncovered in the shows TOP STAR and TOP STAR Magazine weekly hosted by David Gránský who is also known to Slovaks as a host of Czechoslovakia's Got Talent.

AMCNI

The JOJ Group's commercial portfolio within the sale of advertisement in Slovakia also includes **quality thematic channels of AMC Networks International** (AMCNI). Since April 2019, JOJ is an exclusive representative of channels Film+, Spektrum and Minimax for which a **separate SK stream** is in place. They thus broadcast only Slovak commercial breaks with Slovak spots. They are measured separately and their viewership data are available within PMT.

→ **Film+** brings its viewers family entertainment, drama films, popular classic and modern films and a quality content consisting of awarded domestic and foreign films. The channel has a significant distribution position in the market thanks to its availability through a majority of operators.

→ **Spektrum** broadcasts quality, comprehensible, educational and entertaining documentaries for a universal audience. Its programme is rich in world-famous international production and popular local shows from the world of science, technology, history and nature.

→ **Minimax** offers a premiere educational content appropriate for children in 4 to 12 years of age. The television channel is adjusted to the needs of the local market through its whole programme dubbed into Slovak putting an emphasis on a violence-free content and a varied child friendly offer with iconic fairy-tale heroes.

JOJ ONLINE

The JOJ brand is built up not only by television but also by websites, bringing its own production in all the genres and addressing target groups through all platforms – free broadcasting, represented paid channels that complement the additional influence, as well as in the online and mobile environment.

In 2019, **the television websites, the videoportal** with archives of original production, the news portal noviny.sk and the single sport internet television in Slovakia **HUSTE.tv** were supplemented with **a new mobile app**.

The Television catches its viewers´eyes even **on social networks** on a daily basis. Communicating effectively and connecting Facebook with Instagram, it offers its audience an exclusive behind-the-scene view of the creation of individual shows and programmes included in its television programme structure. **Official fan pages of TV JOJ are among the most popular and watched media in Slovakia.**

VALETIN

The year 2019 was undoubtedly the year of VALETIN platform. **Joining forces with the most significant players in the online market in video content creation** was the right step to take. VALETIN is predominantly a partnership platform, and today, it unites and offers **a video inventory on more than 40 online portals**. VALETIN has become a natural part of online video planning thanks to its great influence, absence of unfavorable overlays, strong focus and a simplified purchase.

Our partners connected to VALETIN Network can now address **more than 2 million unique viewers monthly** and they generate **more than 200 million video views together annually**. Approximately 150 million video advertisements were streamed on VALETIN during the last year with the average CTR amounting to 1.83 percent.

The VALETIN portfolio now includes: **The JOJ Group, News and Media Holding, Ringier Axel Springer SK, Týždeň, Radio Services, Bratislavské noviny, Internet.sk, touchIT** and recently also the publishin house **MAFRA Slovakia, Startitup.sk** and **Dobré noviny**.

4.3

SUMMARY OF BUSINESS

RADIO ADVERTISING MARKET

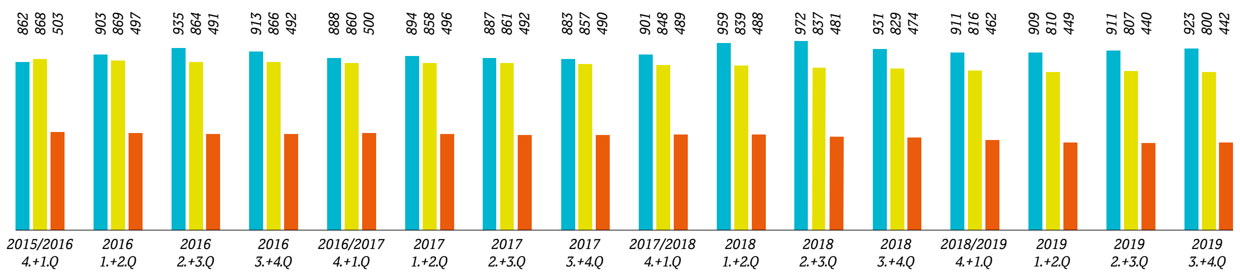
In 2015, the company JOJ Media House, a.s., entered the radio advertising market in Slovakia. Its subsidiary – Radio Services, a.s. provides comprehensive services to broadcasters from the sale of the advertising space to the production of broadcasting content.

We were able to create a portfolio of products intended for target groups that do not affect each other; they are more or less homogeneous units. **Rádio Vlna** is aimed at the oldies format, with a broad range of listeners especially people aged 35-40+. **Rádio Jemné** is targeted to women aged 30+ and **Rádio Anténa Rock** primarily to 30+ men. Since 1 January 2016, in addition to the three full-area radios, Radio Services, a.s. has been trading **Rádio Europa 2** which is a significant revival for the target group of young people aged 14-29. It has also a great impact on listeners aged 30+, i.e. on a good class target group. By this new connection, Radio Services, a.s., has increased its market share and gives customers more opportunities than individual radio stations. Europa 2 exactly fits into the strategy of the company Radio Services, a.s. and, from the perspective of a comprehensive package of products for our clients, we have gained a potent competitive tool. It is a radio that can carry out unique projects of advertisers thanks to its vigor and rapaciousness in a form that no other radio in the market could do so. We named this group the **"Big Four"**, enriching the market by an unrivaled product suitable for any advertiser and a precise focus on a target group and by spending funds on advertising effectively. In addition to classic radio stations, we also have a portfolio of themed radio stations: "Rádio Anténa Rock Hard", "Rádio Jemné Chillout", "Rádio Vlna GOLDEN HITS" and children´s radio "Žofka".

Daily Audience	RADIO SERVICES		RS vs X	Rádio Expres		Fun rádio		SR CELKOVO
	Prj	Shr %	Prj	Prj	Shr %	Prj	Shr %	Prj
2015/2016 4. + 1.Q	862	24.2%	-7	868	23.0%	503	12.7%	3,010
2016 1. + 2.Q	903	24.8%	33	869	23.2%	497	12.8%	2,955
2016 2. + 3.Q	935	25.1%	71	864	23.2%	491	12.4%	2,957
2016 3. + 4.Q	913	25.2%	47	866	22.4%	492	12.1%	2,917
2016/2017 4. + 1.Q	888	24.3%	28	860	21.8%	500	12.0%	2,892
2017 1. + 2.Q	894	24.2%	36	858	22.2%	496	12.3%	2,874
2017 2. + 3.Q	887	25.1%	26	861	23.0%	492	12.4%	2,832
2017 3. + 4.Q	883	24.9%	26	857	23.0%	490	12.3%	2,796
2017/2018 4. + 1.Q	901	24.4%	53	848	23.1%	489	12.5%	2,763
2018 1. + 2.Q	959	25.8%	120	839	22.8%	488	12.2%	2,810
2018 2. + 3.Q	972	26.7%	135	837	22.2%	481	12.4%	2,764
2018 3. + 4.Q	931	25.8%	102	829	22.4%	474	12.8%	2,675
2018/2019 4. + 1.Q	911	25.1%	95	816	22.6%	462	12.5%	2,656
2019 1. + 2.Q	909	25.2%	99	810	22.4%	449	12.2%	2,681
2019 2. + 3.Q	911	24.7%	104	807	21.8%	440	12.3%	2,631
2019 3. + 4.Q	923	24.5%	123	800	21.7%	442	12.3%	2,515

Source: MML-TGI – Extended data – Slovak Republic

DEVELOPMENT OF DAILY LISTENING TO RADIO SERVICES COMPARED TO MAIN COMPETITORS

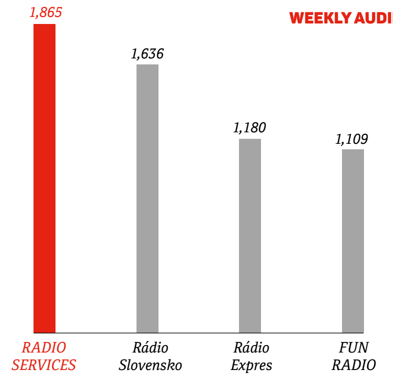


RADIO SERVICES ● Rádio Expres ● Fun rádio ●

Source: MML-TGI – Extended data – Slovak Republic

By combining these four radio stations, **we can reach up to 1,865,000 listeners per week** in a wide range of target groups in Slovakia. That is 923,000 unique listeners a day. In 2019, Radio Services had up to 39% share in expenses spent for radio advertising in the Slovak market. Year-on-year, the share grew by more than 2 % to the detriment of competitors. In its business strategy, Radio Services has always claimed to offer a number of listeners in a broad audience base, and we are already dominating there today. Investments in radio advertising grew by 12.7% compared to 2018. The most notable competitors include Rádio Expres, Rádio Slovensko, and Fun rádio.

WEEKLY AUDIENCE 14+ (IN THOUSANDS)

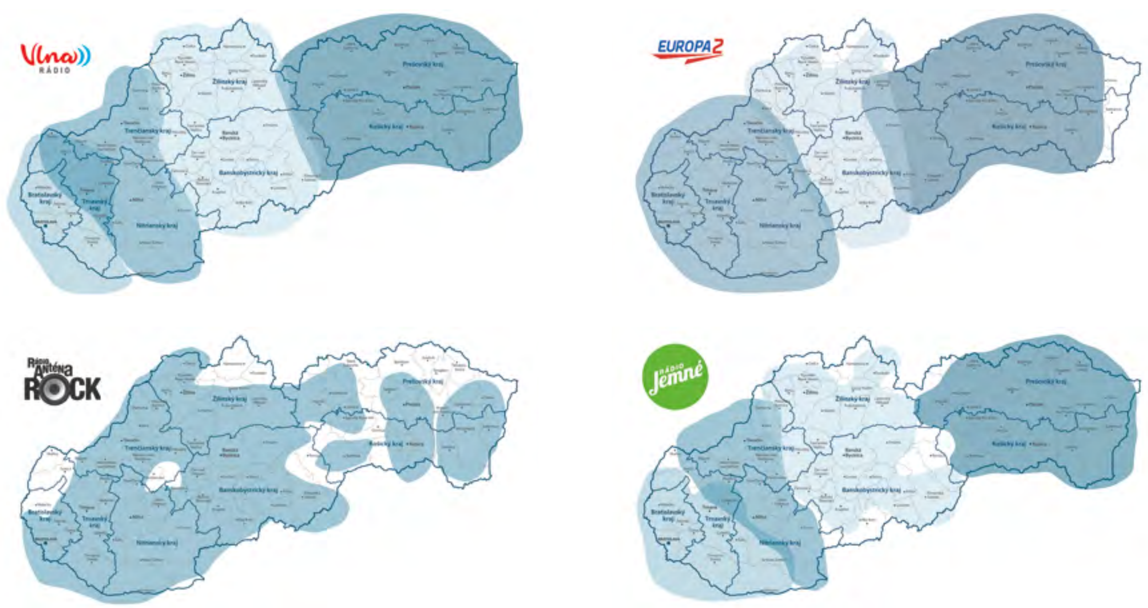


Source: MML-TGI extended data for 3Q and 4Q 2019 Slovak Republic

The **biggest challenge for Radio Services in 2019** was to establish healthy online sales of our products. Europa 2 is already one of the strongest radio market players in the online space. This fact is also confirmed by trends from abroad, where more and more audio streaming is being sold. Most likely, we will produce a larger number of podcasts and focus on selling audio online advertising. Event marketing is also very important. From this point of view, Radio Europa 2 has great potential for us. The event activities related to Rádio Vlna confirmed this trend, and the sale of the Oldies Party has become a major commercial pillar for us.

In May 2019, the Young Entrepreneurs Association of Slovakia along with Radio Services Company opened the first season of competition entitled **Rozhráme tvoj biznis! (We Will Kick-Start Your Business!)**. In addition to providing a support to emerging entrepreneurs, its aim was to point out the fact that radio advertising actually works. The competition was intended for emerging entrepreneurs who offer an interesting product or service in any area. The major emphasis was placed on usability and practicality of the product for the general public. Dozens of young entrepreneurs joined the project. A panel of judges selected four companies which presented them with a story of their brand at the company's Business breakfast. The project included also a competition for 14-day advertising campaign in radios Vlna, Jemné, Europa 2 and Anténa Rock in the value of € 15,000 including production of narrated communication. Radio Services along with the Young Entrepreneurs Association of Slovakia announced a winner of the 1st season, whom was natural lemonades made of honey and herbs Mellos. The company Radio Services a.s. will continue running the project and emerging entrepreneurs can start applying to the competition already in January 2020.

MAPS OF COVERAGE BY INDIVIDUAL RADIOS



SUMMARY OF BUSINESS
PRINT MEDIA SECTOR

THE CROATIAN PRINT MEDIA MARKET

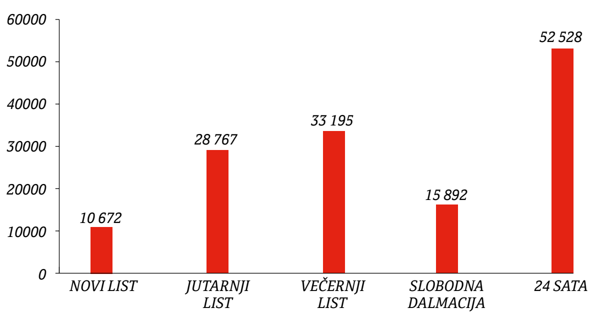
At the end of 2019, JOJ Media House, a.s. owned 84% share in the publishing house NOVI LIST, d.d. and 89% share in GLAS ISTRE d.o.o. and 100% share in RTD d.o.o. With this acquisition, the Group has expanded its operation in the media market into the Croatian print sector. The Group has thus gained the oldest Croatian daily **Novi List**, with its history dating back to 1900, located in the city of Rijeka. It is currently the 6th bestselling daily in Croatia, with average sales of more than 10 thousand copies per day and the most important market player in the Primorje-Gorski Kotar County. In addition to publishing its newspaper, Novi List d.d. performs publishing and printing activities for companies within the Group as well as for external clients. **Glas Istre** Novine d.o.o. based in Pula has been publishing a regional daily of the same name since 1943 when it served as a partisan leaflet during the war. It focuses on the Istrian region where it continues to be the bestselling daily and has achieves up to 30% market share. The company RTD d.o.o. publishes **Zadarski List**. It began to be published in 1994 as a weekly, and four years later it became a daily newspaper, and continues to be to date. Nowadays, this daily is one of the most famous symbols of Zadar, covering the entire surrounding region. As the first one, it always brings topics relevant to the Zadar County where it is the second most sold daily with 10% market share. 381 thousand copies were sold in 2019.

The biggest competitors in the daily segment are the nationwide newspaper 24 sata, Jutarnji list, Večernji list and Slobodna Dalmacija. However, all 3 daily newspapers under JOJ Media House hold significant shares in their regions. We are the **third largest group of newspaper publishers in Croatia**, following the Styria Group and the Hanza Media Group.

The companies achieved **positive results** in the year 2019, compared to the previous year. The companies streamline their processes and reduce staff costs. They invest mainly in their internet portals to improve their readers' access to paid as well as free content. Most of the Croatian regional media revenues come from marketing activities that make up the most important component of their turnover.

Last year, **Novi List** celebrated its uncommon anniversary with the noteworthy marketing campaign "120 Years Together" which reminded us about significant events in the history of the newspapers and the city of Rijeka. They also produced 120-page newspaper supplement which presented their important and long-term team members. Novi List continues to expand its range of activities, for example, on native advertising, video projects, event management, magazine production, and photo studio rental. This year, the benefits of investing in the www.novilist.hr portal have shown - online advertising revenue continues to grow year on year. Novi List actively strengthened its role in society, especially around Rijeka, organizing lifestyle events and various competitions. We are expanding our services for important clients by creating interactive website with topics that respond to their needs and supplement newspaper advertisement this way. This innovative and up-to-date service has been used, for example by companies Podravka, HEP, Sport vision, INA and Tower center Rijeka. This concept is very interesting to newspaper readers and other potential customers, improving their participation in marketing activities. Our marketing department continues preparing and organizing custom-made events for our clients. In 2019, they organized the highly appreciated conference "The Potential of the Port of Rijeka" which was attended by leaders in the marine industry headed by the Minister of Maritime Transport. The discussion opened a number of important questions about the future of the Port of Rijeka. In 2019, the most important event for **Glas Istre** was a conference about tourism particularly aimed at gastronomy this time. It caught great interest of the population, experts and advertisers. They are preparing other conferences with similar topics for the next year. In 2019, Zadarski List celebrated its 25th anniversary in the building of Croatian National Theatre attended by a number of significant guests. On this occasion, a special memorial stamp and postal envelope were issued. In addition, **Zadarski List** continued organizing events to support sportsmen and sportswomen as well as popular fishing competitions "Naj ulov" (The Best Catch"). Moreover, it keeps enhancing and investing in its internet portal, creating a possibility to pre-pay an online newspaper edition.

AVERAGE DAILY SALES OF THE DAILY NEWSPAPERS IN CROATIA IN 2019



Source: Croatian Competition Agency

THE PRINT MEDIA MARKET IN THE SLOVAK REPUBLIC

On 17 October 2016, the company JOJ Media House, a.s., acquired the company NIVEL PLUS s.r.o., whose main activity is publishing the newspapers **Bratislavské noviny and Petržalské noviny** and ensuring the operation of the associated news portals www.bratislavskenoviny and petrzalskenoviny.sk.

Bratislavské noviny originated in 1998, following the Nova Posoniensia newspaper published by Matej Bel in Pressburg in 1721-1722 as well as the rich history of Pressburger Zeitung, which was published between 1764 and 1929. Every 2 weeks, the company publishes **180,000 copies** in 5 versions, separately for each of the Bratislava districts. They are distributed free of charge to mailboxes in the entire city of Bratislava. The newspaper allows the possibility to advertise in the whole edition or in the particular versions to be distributed in the individual districts important for its clients in terms of their business activities and services offered.

Since May 2018, we have also been publishing a regional periodical- Petržalské noviny. Newspapers have been published for 26 years and are distributed free of charge to the mailboxes of Petržalka residents in the **volume of 40,800** copies every 2 weeks. They bring current topics and news and focus on events in the city district of Petržalka.

By jointly selling advertising through the preparation of combined prints and online packages for direct and agency advertisers, we develop publisher´s sales within available media types. **A change was made in a schedule of publishing**. Since the beginning of 2019, we have been publishing the newspaper alternately. Bratislavské noviny are published every second Friday, and on the next week, we publish Petržalské noviny every second Friday as well. This method has proven effective as we can prepare a combined packages and campaigns for our clients not only through the two newspapers but also online. We thus try for development and optimization of the publishing house's sales. Like in the previous year 2018, we prepared the newspaper column BÝVANIE for our readers, which was a part of April edition of Bratislavské noviny. Doing so, we offered our clients a space to present their new real estate development projects in Bratislava.

The portal **bratislavskenoviny.sk** undergone a visual re-design in the second half of the year, becoming responsive also in a mobile version. Compared to previous time periods, the portal experienced a substantial increase in number of visits. In the afore mentioned half-year, **1.4 million real users** visited bratislavskenoviny.sk (Google Analytics Data), which represents a growth by 22.44 percent compared to the first half of the year 2019. The difference in growth is even greater compared to the same time period of the previous year (the second half of 2018), amounting to 42.64 percent. And yet the second half of 2018 can be said to be strong as a number of website visits was positively affected by communal elections. The positive results achieved in the second half of the year 2019 can be ascribed to the editorial team's effort to publish original reader friendly topics and interesting video content in addition to detailed news about the Bratislava Region. We focus on production of a larger number of original topics and reportages and continue providing the news which have won its readers. The emphasis on the photographic processing of presented topics and video content continues to grow. The news website bratislavskenoviny.sk continues to offer advertisers and PR the possibility of affinity purchase of PR or native articles for their clients as well as a possibility to use the portal to support client brands with SEO (search engine optimization) tools.

ZADARMO
Noviny o živote v Bratislave sú distribuované každé dva týždne do všetkých mestských častí.
EV 3101/09 ~ ISSN 1335-5228
IČO: 35712058
Vydáva NIVEL PLUS s.r.o., Ivanská cesta 2D, 821 04 Bratislava
Tlačí MAFRAPRINT
Roznáša spoločnosť SUREMA spol. s.r.o.

Bratislavské Noviny®

Aktuálne správy o dianí v Bratislave
nájdete aj na www.banoviny.sk
a aj na Facebooku www.facebook.com/banoviny
Píšte, pýtajte sa, komentujte

Piatok 1. novembra 2019 | Pressburger Zeitung ~ Pozsonyi Újság ~ Nova Posoniensia | Ročník XXII. ~ Číslo 22

3 Kontrola férového parkovania
Ako dopadlo testovanie „chytrého" policajného auta CamCar a ako budú kontrolovať vodičov v Petržalke, ktorá od tohto mesiaca spúšťa pilotný projekt regulovaného parkovania?

6 Veľký prehľad seniorcentier
Zisťovali sme, kde v našom meste nájdete zariadenia pre seniorov s celoročným pobytom, ktoré však nie sú súkromné s premrštenými cenníkmi. Koľko je v nich čakateľov a aké sú ceny? Budete prekvapení!

11 Z princeznej chudobná svätica
Počas „dušičkového obdobia" si mnohí opäť uvedomujeme, že bez rodičov sme siroty, bez manžela vdovy, bez manželky vdovci. Takýmto ľuďom je patrónkou svätá Alžbeta Durínska. Jej príbeh začal na Bratislavskom hrade. A hoci žila krátko, vzorom by mohla byť pre každého z nás aj dnes.

Tento dom na Velehradskej ulici patrí mestu, prenajímal ho však súkromník.

Nájomné byty ľuďom zúfalo chýbajú, pritom sa „našlo" až 23 prázdnych!

BRATISLAVA
Bývanie s dostupným nájomným potrebujú v Bratislave stovky ľudí, no čakajú naň celé roky. A zrazu sa ukázalo, že predsa len sú nejaké byty voľné! Keď pracovníci magistrátu pred pár mesiacmi spisovali ich evidenciu, „našli" 23 mestských bytov, v ktorých nik nebýva. Budovu v Ružinove, kde je mesto 100-percentným vlastníkom, zas prenajímal súkromník...
Magistrát hovorí o obrovskom dlhu: v rámci hlavných miest V4 máme totiž najnižší počet nájomných bytov. Z celkového počtu vyše 204-tisíc bytov v Bratislave predstavujú iba 1 %, kým v susednom Brne je to 15 % a napríklad vo Viedni dokonca až 60 %... Európsky priemer je 10 % a k tomuto číslu sa chce dopracovať aj magistrát. „Záleží nám na tom, aby aj ľudia s nižším príjmom mali možnosť bývať," uviedol primátor Matúš Vallo.
Aké sú konkrétne plány? Mesto ich zverejnilo pred pár dňami, a to spolu s informáciou o paradoxnej situácii. Bežnému smrteľníkovi sa možno podarí nájsť na zemi jednoeurovku – pracovníci magistrátu však „našli" 23 prázdnych nevyužívaných mestských bytov! Po zrekonštruovaní budú slúžiť na nájomné bývanie, takže bilancia sa v tomto smere aspoň trochu vylepší.
Ďalšie nájomné byty sa budú stavať. Ambíciou vedenia mesta je nastaviť systém výstavby tak, aby v priebehu 10 rokov vedelo zabezpečovať približne 200 nájomných bytov ročne. A ďalších 200 nájomných bytov ročne by malo pribudnúť vďaka spolupráci s developermi či bankami.
Nájomné bývanie pritom nemá riešiť len zložitú sociálnu situáciu ľudí či obyvateľov v reštituovaných bytoch. Ponuka mestských bytov má tiež motivovať záujemcov o zamestnania, ktoré v Bratislave chýbajú, ako sú mestskí policajti, zdravotné sestry či učiteľia.
Pokračovanie na str. 2

Nájomné bývanie v číslach
2 335 nájomných bytov je v Bratislave (878 bytov v priamej správe mesta, ďalšie v správe či vo vlastníctve mestských častí)
593 je aktuálnych záujemcov o nájomný byt
513 je žiadateľov z reštituovaných domov
7 až 8 rokov je priemerná čakacia lehota na nájomný byt

Kam pôjde 50-tisíc eur?
BRATISLAVA
Hlavné mesto aj tento rok vyčlenilo 50-tisíc eur na realizáciu projektov z občianskeho rozpočtu. Vďaka nemu môžu všetci Bratislavčania rozhodovať o tom, ako sa využije časť mestského rozpočtu na rok 2020.
Až do konca augusta mohli záujemcovia posielať do tzv. Burzy nápadov svoje návrhy, a to v piatich kategóriách: doprava a komunikácie, životné prostredie, kultúra, šport a sociálne veci. Možnosť navrhnúť si svoj projekt využilo tento rok 33 občanov, pričom najviac podnetov sa týkalo životného prostredia (štrnásť) a dopravy (deväť).
Teraz nasleduje ďalší krok. Po verejnom prerokovaní všetkých návrhov, ktoré spĺňajú pravidlá a sú realizovateľné (prerokovanie sa uskutočnilo po našej redakčnej uzávierke) sa dostávate k slovu vy. Od 2. do 14. novembra môžete o nich hlasovať, a to buď elektronicky alebo osobne na podateľni magistrátu. Víťazné projekty, ktoré získajú najviac hlasov, budú zaradené do návrhu rozpočtu hlavného mesta na schválenie mestského zastupiteľstva.
Suma 50-tisíc eur možno mnohým pripadá vzhľadom na celkový rozpočet mesta nízka, no nie každý dobrý nápad potrebuje na svoju realizáciu veľa peňazí... **(ts, bn)**

BRATISLAVSKÉ NOVINY nájdete aj vo vybraných predajniach Kraj a Terno.
KRAJ POTRAVINY Terno

WWW.BRATISLAVSKENOVINY.SK

4.5

SUMMARY OF BUSINESS
INTERNET APPLICATION DEVELOPMENT

JOJ Media House, a.s., operates on the market of Internet applications through eFabrica, a.s. The company is dedicated to enterprise web development and provides online technical support for the Group. In the long run, eFabrica, a.s., has been developing the publishing platform of the new generation – **CONTENTO CMS**, based on the principle of micro-services. This platform provides an entirely new, modern, and effective approach to creating Internet projects and consolidating content.

CONTENTO CMS is an online system consisting of several small/single-purpose applications that can be used separately or combined into functional unit according to the client specifications the content management system. Each application is fine-tuned and reflects the particular requirements of online editors such as the management of articles, picture and gallery management, video and streaming management, poll management, quiz and questionnaire management, data collection and analysis, importing different kinds of content, measuring performance of individual parts of the websites, active work with social networks, paywall and registered/paying user administration, online transfers, online chat, and many other features. For communication between systems, Contento CMS uses API calls, which are nowadays a modern communication standard. CONTENTO CMS is a **system designed primarily for televisions, radios, publishing and large media houses**, which have many projects and the need to consolidate the contents and search for synergies.

In 2019, the company eFabrica, a.s. continued implementing Contento CMS at its existing clients' – New websites of acquired TV channels CS Film, CS History, CS Mystery and CS Horror were added to **the JOJ Group's online portfolio**. The video content of all CZ channels concentrates in the newly-created online video rental shop filmpopular.cz.

eFabrica finished website migration of the last radio Európa 2 for the company Radio Services, a.s. which commercially represents 4 Slovak radios – Rádio Jemné, Rádio Anténa Rock, Rádio Vlna and Rádio Európa 2. They thus completed the content **consolidation of radio websites** into a common publishing system which will ensure cost savings as well as synergies at the level of sale of a joint advertising space.

The preparation of new website for **Cambridge International School** and Funiversity Cambridge Kindergarten was an extraordinary 2019 project. The School's website has a modern design and information architecture structured to present the information to students' parents or the School's potential clients in a clearly arranged form and understandably. An interesting attribute of the project is the implementation of TYPO3 editing system open source in combination with various parts of Cotento CMS. The websites of the network of pre-school facilities Funiversity show the information about the project and its individual establishments – Staré Mesto, Mlynská Dolina, Horský Park and Koliba – in a clearly arranged form.

A new website for **the biggest Slovak residential developer CRESCO** is another interesting project, which we carried out with the advertising agency Made by Vaculik. Modern online presence gives the client freedom to make an attractive presentation of their ongoing and upcoming projects. A new website for **the network of grocery stores Terno** proves our successful cooperation with this agency.

The consolidation of the Group's online projects also involved the responsive re-design of the website of **Bratislavské noviny**. Using all attributes of Contento CMS, an editorial team gained access to functionalities which are used by the largest media house in Slovakia and abroad.

5

PERSONNEL POLICY

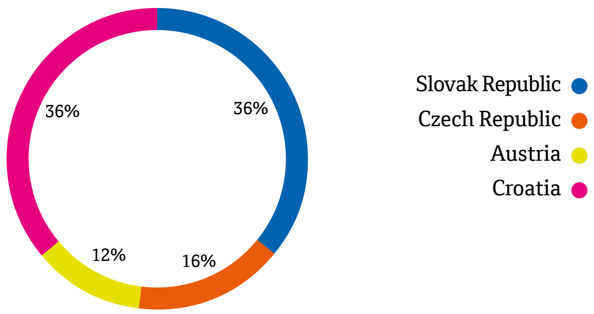
PERSONNEL POLICY

As in any other organization, in the JOJ Media House Group, employees are a major component of company resources and an important element in the success of the entire Group. For this reason, the personnel policy is focused on the selection, motivation, and evaluation of employees, who contribute to increasing efficiency, achieving the assigned tasks, and in the long run, also to achieving strategic goals. JJOJ Media House concentrates its attention on all occupational categories because each one of them participates in the achievement of the Group goals in its way.

The Companies of the JOJ Media House Group are employers not only in Slovakia but also in other countries in which they perform their business activities such as the Czech Republic, Austria, and Croatia. Compared to the previous year, the average number of employees for the whole Group increased slightly, mainly due to the acquisition of the company HyperMedia, a.s.

The Company applies a **diversity policy** to its bodies, recognizes cultural and individual differences in workplaces, and stresses the need to eliminate unilateralism in areas such as employee selection, job performance assessment, pay and opportunity for education. The objectives of the policy reflect the organization's determination to provide equal opportunities to all regardless of gender, race, nationality, belief, altered working capacity, age, or marital status. The Company respects the principle of equal opportunity, which means that it will not allow direct or indirect discrimination against any employee.

SHARE OF COUNTRIES IN THE AVERAGE NUMBER OF EMPLOYEES



OVERVIEW OF THE AVERAGE NUMBER OF EMPLOYEES OF THE MEDIA HOUSE BY COUNTRY

	2019	2018
Slovak Republic	289	282
Czech Republic	131	110
Austria	99	97
Croatia	285	305
Total JOJ Media House	804	794

OVERVIEW OF THE AVERAGE NUMBER OF EMPLOYEES OF THE MEDIA HOUSE BY COMPANY

	2019	2018
JOJ Media House, a.s.	3	3
Slovenská Produkčná, a.s.	201	201
MAC TV s.r.o.	4	4
Československá filmová společnost, s.r.o.	2	n/a
BigMedia, spol. s r. o.	23	20
Akzent BigBoard, a. s.	30	29
Recar Slovensko a. s.	3	2
Recar Bratislava a.s.	2	5
NIVEL PLUS s.r.o.	1	1
BHB, s.r.o.	1	1
Radio Services a.s.	14	10
eFabrica, a.s.	7	7
Big Board Praha, a.s.	23	24
Czech Outdoor, s.r.o.	24	23
BigMedia, spol. s r.o.	32	25
Outdoor akzent s.r.o.	10	16
RAILREKLAM s.r.o.	22	22
HyperMedia, a.s.	18	n/a
EPAMEDIA - EUROPÄISCHE PLAKAT - UND AUSSEN MEDIEN GMBH	96	94
R+C Plakatforschung und kontrolle GmbH	3	3
Novi List d.d.	190	210
Glas Istre Novine d.o.o. Pula	66	65
RTD, d.o.o.	29	30
Total JOJ Media House	804	794

6

SIGNIFICANT EVENTS IN 2019

SIGNIFICANT EVENTS IN 2019

ON 12 MARCH 2019, the company Slovenská produkčná, a.s., acquired a 100% share in the company **Československá filmová společnost, s.r.o.**, which operates the television stations CS film, CS Mini, Kinosvět, Horor film, War TV, and the online video portal Film popular.

ON 5 APRIL 2019, the company JOJ Media House, a.s., sold its 28% share in the subsidiary company **eFabrica, a.s.**

ON 11 APRIL 2019, the company BigBoard Praha, a.s., acquired a 60% share in the company **HyperMedia, a.s.**, which operates and represents web portals.

ON 26 JUNE 2019, the company BigBoard Praha, a.s. established the company **MetroZoom, s.r.o.** which sells advertising space in Prague Metro stations.

ON 13 AUGUST 2019, the company BigBoard Praha, a.s. sold its 10% minority stake in the company **Smart software s.r.o.**

ON 28 NOVEMBER 2019, the company BigBoard Praha, a.s. acquired 34% share in the company **PRAHA TV s.r.o.** which operates the broadcasting of a Prague regional television channel.

Events Occurring after the Closing of the Accounting Period

ON 2 JANUARY 2020, the company BigBoard Praha, a.s. acquired a bigger share in the company **HyperMedia, a.s.** up to the amount of 76.67 %.

ON 11 MARCH 2020, the company JOJ Media House, a.s. acquired 70% share in the digital media agency **PTA Group s. r. o.**

ON 11 MARCH 2020, the **World Health Organization** declared the coronavirus situation to be a pandemic.

ON 16 APRIL 2020, the company GLAS ISTRE NOVINE d. o. o. sold its 0.9 % minority stake in the company **INFANTINFO d.o.o.**

RISK FACTORS AND RISK MANAGEMENT

The Group has identified certain risk factors related to its business and operations. The following are considered to be the key factors:

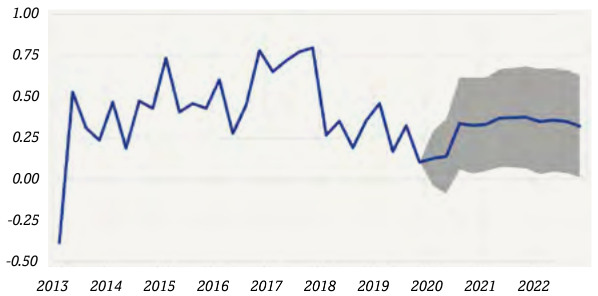
THE RISK OF THE COMPANY BECOMING DEPENDENT ON BUSINESS RESULTS OF ITS SUBSIDIARIES

The primary business activity of the Company is the management and financing of participations in other companies. Therefore, the Company is dependent on income from dividends and interest on loans to subsidiaries, and these depend on the success of its subsidiaries' business.

THE RISK OF A CRISIS, DEPENDENCE ON GENERAL ECONOMIC CONDITIONS AND THE RISK OF DECLINING ADVERTISING EXPENDITURE

Revenue from advertising makes up the majority of subsidiary revenues which are dependent on generally favorable economic market conditions. There is a risk that in the event of an economic crisis, recession, or adverse economic conditions, there will be a general reduction in advertising expenditure, with the result being that the Group may suffer losses.

EURO AREA GDP DEVELOPMENT, QUARTERLY, REAL /PREDICTION



Source: European Central Bank (ECB)

THE RISK OF CHANGES IN THE ADVERTISING EXPENDITURE STRUCTURE

Due to the holding's focus on televisions advertising, the advertising expenditure structure of companies in the Slovak advertising market plays an important role in relation to future developments. According to the Group's internal analyses, historically the most used promotional medium is television and outdoor advertising, ranging at around 60–65% of total advertising expenditures. There is no guarantee that the television advertising market will maintain its current position to compete with other advertising media.

THE RISK OF COMPETITIVE STATIONS BEING LAUNCHED

The advent of digitization has made room for new television stations which could lead to more intense fighting in the media sector and television advertising. Due to the relatively simple process of obtaining a digital broadcasting license, new companies can enter the market, and the established companies may launch new stations. Such a competitive struggle may lead to a declining of viewer's ratings and the associated reduction in advertising revenue.

THE RISK OF REGULATION

The broadcasting and advertising area is subject to regulation and, should the conditions of this regulation change, it can not be guaranteed that such a change will not be reflected negatively in the economic results of the Group's business.

THE RISK OF VIEWER'S RATINGS DECLINING

The emergence of competing television stations with attractive ranges of programmes as well as alternative forms of entertainment can lead to an outflow of viewers. The preferences and tastes of audiences are changing, and the Group runs the risk that in this dynamic environment it may inaccurately estimate the needs of the public. The decline in viewership is closely related to the decrease in advertising revenue, which could have a negative impact on the profitability and overall development of the Group.

THE RISK OF LICENSE REVOCATION OR NON-RENEWAL OF VALIDITY

In the event of violation of the laws and regulations in force in respect of television broadcasting, in the extreme cases, the competent regulator may resort to withdrawal of the broadcasting license and thereby prevent further broadcast. Likewise, there is no legal entitlement to an extension of the license for its expiration. Since television advertising is a key source of income for the holding company, withdrawal of the license for broadcasting or non-renewal may have a negative impact on the Group's business.

RISK OF REFINANCING OF EXISTING LOANS AND FUNDING NEW PROJECTS

The consolidated capital structure of the Group includes, to a large extent, debt financing that originated in the pre-crisis period. The companies within the holding initially chose an aggressive financial strategy, the financial market crisis, however, hindered their rapid development. The Group does

PRIME TIME 12-54 SHR%

PRIME TIME	TV JOJ	Markíza	Jednotka	Dvojka	Plus	DOMA	Dajto!	FOOOR	WAU	Senzi	Others
Year 2010	26.5	34.3	10.0	1.9	2.2	1.7					23.4
Year 2011	24.3	35.0	7.3	1.7	3.9	2.9					24.9
Year 2012	26.1	29.0	6.6	2.3	4.1	6.2	0.7				24.9
Year 2013	22.5	29.3	6.9	2.0	4.5	4.2	2.8	1.5	1.1	0.1	25.1
Year 2014	19.5	27.7	8.4	2.7	5.0	3.7	3.9		1.4	0.1	27.6
Year 2015	20.9	25.2	9.3	2.3	4.7	4.1	3.9		1.7	0.2	27.9
Year 2016	19.7	23.3	10.0	3.0	4.8	4.4	4.0		2.1		28.7
Year 2017	20.9	20.4	11.3	2.5	4.5	4.0	3.6		2.5		30.3
Year 2018	18.2	22.3	10.9	2.6	3.9	4.1	3.3		2.7		32.1
Year 2019	18.7	22.8	10.3	2.7	3.6	3.7	3.5		3.1		31.6

Source: TNS

not exclude the need to re-use resources other than its own to reimburse existing or future liabilities. The use of foreign funding sources is associated not only with a more limited approach to new sources of funding but also with reduced flexibility in management decisions resulting from different provisions in loan agreements designed to protect existing creditors.

TECHNOLOGICAL DEVELOPMENT

The development of new technologies is associated with the risk of lagging behind competitors. Although there are ongoing shifts in the media sector, the improvement, upgrading and the implementation of individual innovations is a financially and operationally demanding process that requires not only changes by media companies but also changes on the part of customers (viewers). New technologies can cause an outflow of viewers to rival broadcasters or to other alternative forms of entertainment, which can result in a decline in advertising revenues.

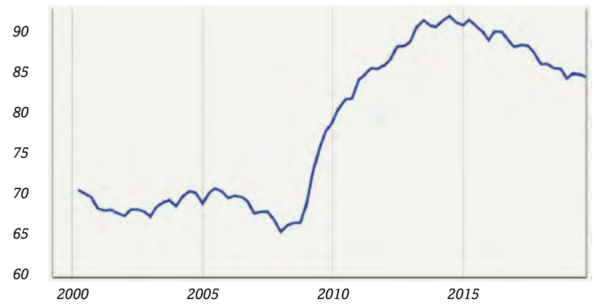
THE RISK OF CONCENTRATION

The diversification of services offered by companies within the holding is observable only in the media sector where they are focused, alongside television advertising, on other forms of advertising. There is a risk that in the event of changes in the needs of the advertising market, the Group may fail to respond flexibly and quickly, which could have the potential to reduce revenues for companies within the Group.

THE RISK OF AN UNSTABLE EUROZONE

The current unstable situation in Europe and the unresolved issues of assistance to disproportionately indebted EU members expose the Slovak Republic and Austria as Eurozone members to the risk associated with the strategy of assistance to these Eurozone countries. In the context of strengthening the power of the European Financial Stabilization Mechanism, an increase in guarantees arises. In the case of failure of the Eurozone countries such as Greece which has the problem to repay loans from the European Financial Stabilization Mechanism, associated with the need for financial assistance from other EU Member States, could affect the business environment and cause deterioration of the general economic situation in Slovakia, Austria, Croatia and the Czech Republic as well as in other EU countries upon which the Group is commercially dependent. The aforementioned circumstances, as well as all related regulations, measures and decisions could negatively affect the Group's financial performance.

EUROZONE COUNTRIES INDEBTEDNESS (% OF GDP)



Source: European Central Bank (ECB)

THE RISK OF LEGAL ACTION

Due to the nature of the business within the holding companies in the media industry, where often shocking information and information on the edge of the law appear in a competitive fight, it is not possible to exclude potential litigation of subsidiaries. Any eventual lost litigation may have a negative impact on the financial position of the Group.

THE RISK OF LOOSING SIGNIFICANT CLIENTS

Advertisers, whether in the form of advertising agencies or companies being direct advertisers, are also the cornerstones of business of the companies within the holding. The loss or termination of these relationships may result in a decrease in revenue from advertising.

SIGNAL TRANSMISSION RISK

The area of signal transmission is relatively concentrated sector in Slovakia. There is a risk that, with the onset of digitization, distributing companies will gain a stronger bargaining position and will be more selective when concluding new contracts. They also may seek changes in the charges from operators of television stations. Lack of signal propagation for TV JOJ, PLUS, WAU, RiK, Ťuki, JOJ Cinema and JOJ Family programme structures could lead to a decline in advertising revenue.

THE RISK OF NON-RENEWAL OF LEASING CONTRACTS

Structures with advertising sold by companies operating on the market of outdoor advertising are located on land that is not owned by the companies themselves, nor is the property of the companies within the holding. These are areas which Akzent BigBoard, BigBoard Praha, EPAMEDIA and their subsidiaries rent. In most cases, relationships with landlords are governed by fixed-term agreements, therefore there is a risk that, after the expiry of the agreed period, the agreements will not be renewed, whether due to reluctance to extend the agreement by the landlord or due to other limitations. There is therefore a risk that adequate replacement advertising areas to sell advertising space can not be found, which can have the effect of reducing revenue from advertising.

THE RISK OF EUR/USD EXCHANGE RATES

The volatility of exchange rates, primarily the U.S. Dollar in relation to the Euro, is the internal risk factor that affects income/expense of the Group, especially the company Slovenská produkčná, a.s. The majority of film licenses and licenses for shows are acquired from transatlantic film studios and licensing houses in U.S. Dollars (USD). The company Slovenská produkčná, a.s., periodically enters into forward currency contracts to ensure the EUR/USD exchange rate and minimize the related risk.

DEVELOPMENT OF THE EUR TO USD EXCHANGE RATE

Source: European Central Bank (ECB)

NATURAL CATASTROPHES

No industry can avoid natural catastrophes, some of which can have a devastating impact on the operation of all companies. These include, for example, meteorological, geological or other disasters that could interrupt the signal transmission. In the field of outdoor advertising, such events may significantly damage, even destroy advertising spaces and greatly reduce their number.

THE RISK OF LEGISLATIVE CHANGES

As the market, society and overall conditions evolve, national laws are also being developed. The Group has expanded its operations to four Central and Eastern European countries and has therefore identified the risk of changing legislation. These are changes to outdoor advertising laws, such as the Prague Construction Regulations – the specific legal regulations regarding changes/restrictions on the placement of advertising media, their distance from roads, and the like. Possible changes in the law will require additional expenditures for advertising space relocation and ultimately reducing the total number of advertising media.

GOVERNANCE AND MANAGEMENT

OWNERSHIP STRUCTURE

JOJ Media House is owned by the following companies:

99,9 % of its shares is owned by TV JOJ L.P.
0,1 % of its shares is owned by Mgr. Richard Flimel.

SHARE CAPITAL

The share capital of the Company is made up of the following shares:

- Number: 1,000 pieces
- Type: registered equity shares
- Title: Share Certificates
- Nominal value: 25.00 EUR, with the issue price of each share in the amount of 27.50 EUR.

QUALIFYING PARTICIPATION TIN THE SHARE CAPITAL

The ownership of the shares comprising the Company's share capital is divided as follows: 99.9 % of the shares are owned by TV JOJ L.P. and 0.1 % by Mgr. Richard Flimel. These shares are not freely tradable. The company HERNADO LIMITED acts as a general partner on behalf of the company TV JOJ L.P. HERNADO LIMITED's ultimate owner is Mgr. Richard Flimel.

The Company does not own and has not issued any other securities admitted to trading on a regulated market in any Member State or country of the European Economic Area except for Slovakia. The Company has executed **four issues of bonds** listed on Bratislava Stock Exchange Burza cenných papierov v Bratislave, a.s. The first issue amounted to 25 mil. EUR marked with the following code: ISIN: SK4120008244. These bonds were paid up to 21 December 2015. The second issue reached a level of 55 mil. EUR marked with the following code: ISIN: SK4120009382, these bonds were paid up as at 15/08/2018. The third issue amounted to 48.5 mil. EUR marked with the following code: ISIN: SK4120011222, and the fourth issue amounted to 50 mil. EUR marked with the following code: ISIN: SK4120014390.

THE GENERAL ASSEMBLY

The General Assembly is the supreme body of the Company. The scope of powers of the General Assembly is determined by Act No. 513/1991 Coll. the Commercial Code as amended and the Articles of Association. The General Assembly consists of all attending shareholders, directors, the Supervisory Board and third persons invited by the Company's body or shareholders convening the General Assembly. Shareholders are entitled to attend the General Assembly, vote, request information and explanations concerning the affairs of the Company or entities controlled by the Company related to the agenda of the General Assembly and to present proposals.

Shareholders may exercise their rights at the General Assembly through a proxy holder who presents written scope of authorization. The exercise of the shareholders' right to vote is not limited by the Articles of Association. The number of the shareholder votes is determined by a ratio of the nominal value of their shares to the share capital.

The General Assembly makes decisions through a majority vote from shareholders present.

In matters relating to changes to the Articles of Association, the increase or reduction of the share capital, the authorization given by the Board of Directors to increase the share capital, issue priority or convertible bonds, the dissolution of the Company, or the changes in the legal form of the Company, a two-thirds majority of the votes of the shareholders present is required, and a notarial deed of these facts must be drawn up.

A two-thirds majority of the votes of the shareholders present is also necessary to adopt a decision of the General Assembly on the close of trading the shares of the Company on the stock exchange and the Company's cessation to be a public joint stock company and become a private joint stock company.

The decision of the General Assembly on the change of the rights associated with some class of shares and on the restriction of the negotiability of registered shares requires the consent of a two-thirds majority of the votes of the shareholders owning the respective shares.

The increase in the share capital can be made upon the entry of new contributions in subscribing new shares, using the Company's property, using other funds of the Company recognized as the Company's equity in the individual financial statements, or combination thereof.

The powers of the General Assembly include:
a) deciding on amendments to the Articles of Association by the two-thirds of votes of the shareholders present,

b) election and removal of the members of the Board of Directors by the majority of the votes of the present shareholders and the appointment of the chairman of the Board of Directors from among the members of the Board of Directors. The term of office of a member of the Board of Directors is five years. A member of the Board of Directors may only be only a natural person.
c) election and removal of members of the Supervisory Board by the majority of the votes of the shareholders present, with the exception of members of the Supervisory Board elected and removed by employees. The term of office of the members of the Supervisory Board is five years. The chairman of the Supervisory Board is elected and removed by members of the Supervisory Board from among themselves, and the person concerned shall not vote. A member of the Supervisory Board may only be a natural person.

As at the date of compiling this report, the Company does not possess the parent accounting entity's own shares, interim certificates or business shares.

In the period from **1 January 2019 to 31 December 2019**, the General Assembly was summoned as follows:

- On 30 April 2019, the **annual meeting of the General Assembly** was held for the purpose of consulting and approving the consolidated financial statements along with the Annual Report for 2018.
  - The Company' General Assembly took note of the auditor´s report on the Company´s consolidated financial statements and annual report as at 31 December 2018 and decided to approve them.

On 30 April 2019, the **annual meeting of the General Assembly** was held for the purpose of consultation and approval of the regular individual financial statements and the proposal to settle the loss of the Company for 2018.

- The Company's General Assembly took note of the auditor's report on the Company's regular individual financial statements as at 31 December 2018 and decided to approve it.
- The General Assembly of the Company decided to settle the loss amounting to -2,609,938.88 EUR (in words: two million six hundred and nine thousand nine hundred thirty eight euros and eighty eight cents) for the year 2018 as follows: The loss for the year 2018 will be transferred to the Unpaid Loss of Past Years account.
- The Company's General Assembly decided to approve the auditor for the verification of the financial statements of the Company for 2019, which is the company KPMG Slovensko spol. s r.o.

THE BOARD OF DIRECTORS

The Board of Directors is a statutory body of JOJ Media House, a.s. It is authorized to act on behalf of the Company in all matters and represents the Company towards third parties, in lawsuits and in front of any other authorities. The Board of Directors manages the Company's activities and decides on all its matters unless the matters fall within the competence of the other Company bodies under law or the Articles of Association. The Board of Directors carries out the commercial company governance and takes care of all of its operational and organizational matters. The Board of Directors is required to ensure the proper keeping of accounts and other records, business bookkeeping and other documents belonging to the Company. Among other things, it submits annual individual accounts and extraordinary individual financial statements, a proposal for profit distribution including determination of an amount, a dividend and royalty payment method and place, and a proposal to cover the losses to the General Assembly for approval. The Board of Directors also convenes the General Assembly of the Company.

The Board of Directors has one member:

Mgr. Richard Flimel
Chairman of the Board of Directors
(since: 6 November 2010)

THE SUPERVISORY BOARD

The Supervisory Board is the Company's main control body. It supervises activities of the Board of Directors and the Company's business activities. The Supervisory Board reviews procedures in matters pertaining to the Company and it is entitled at any time to inspect accounting documents, files and records relating to the activities of the Company and detect the position of the Company. The Supervisory Board examines the financial statements which the Company is required to prepare under a specific regulation, the proposal for distribution of profit or coverage of losses, and is furthermore required to submit a report on the outcome to the General Assembly. In the event of serious deficiencies in the management of the Company and in other cases where doing so is in interest of the Company, the Supervisory Board convenes the General Assembly.

Up until the date the annual report was published, the Supervisory Board was made up of three members:

Mgr. Marcel Grega
Chairman of the Supervisory Board
(since: 6 November 2010),

Ing. Mojmír Mlčoch
Member of the Supervisory Board
(since: 21 April 2016),

János Gaál
Member of the Supervisory Board
(since: 17 October 2011)

AUDIT COMMITTEE

Upon the decision of the extraordinary meeting of the General Assembly held on 31 January 2017, the Supervisory Board took over the activities of the Audit Committee under a specific regulation governing the powers and activities of audit committees.

THE CODE OF CORPORATE GOVERNANCE IN SLOVAKIA

JOJ Media House is fully aware of the importance of maintaining the principles of Corporate Governance. On 11 December 2017, the Board of Directors declared compliance with the principles of the **Slovak Code of Corporate Governance**. The Compliance Statement includes complete information about the Company management methods as well as information on deviations from the Slovak Code of Corporate Governance. All this information is published on the www.jojmediahouse.sk website. The governance of the Company deviates from this Code in the following points:

I.C.2.iii
The corporate governance framework should allow the use of electronic voting in absentia, including the electronic distribution of proxy advisory documents and reliable voting validation systems.

This principle has not been met. The Company does not use electronic voting at the General Assembly.

I.C.4
To elect members of the company bodies and to decide on their remuneration is the fundamental right of the shareholder. Effective shareholder participation in decisions on the nomination, election and remuneration of members of corporate bodies should be encouraged.

This principle has been met partially. The Company proceeds in accordance with the Commercial Code and the Articles of Association, but the members of the Supervisory Board and the Board of Directors are not entitled to any remuneration.

I.C.4.iv.
The remuneration system for members of corporate bodies and employees in the form of shares should be approved by shareholders.

The principle does not apply to us. The Company does not provide remunerations in the form of shares.

I.C.4.v.
Remuneration for members of company bodies and senior management should be made public, especially as regards the remuneration scheme; as well as the total amount of compensation paid under this scheme, explaining the link between the remuneration and the performance of the company.

This principle has not been met. The Company proceeds in accordance with the Commercial Code and the Articles of Association, but the members of the Supervisory Board and the Board of Directors are not entitled to any remuneration.

I.C.4.vi.
Non-financial remuneration schemes (shares, etc.) should be approved by shareholders, either for particular individuals or the functioning of the whole system.

The principle does not apply to us. The Company does not provide remunerations in the form of shares and options.

I.C.6
Obstacles to cross-border voting should be removed.

This principle has been met partially. The voting time allows domestic and foreign shareholders to response in time. However, the Company does not use electronic voting.

I.C.6.iii
In order to further facilitate the voting of foreign investors, laws, rules and corporate procedures should allow participation in voting in electronic form and in a non-discriminatory manner.

This principle has not been met. The company does not use voting in electronic form at the General Assembly.

II.D.
The corporate governance framework should require service providers, such as proxy advisers, analysts, brokers, rating agencies, and others who provide analyzes or advice with the possibility of influencing the decisions of investors / shareholders to adopt, apply and publish procedures to minimize conflicts of interest that could impair the integrity of their analyzes or advice.

This principle has not been met. The potential conflict of interest on the part of external consultants is resolved by agreements concluded with them, upon which they are obliged to act in the best interests of the client.

IV.A.4.
The disclosure of information should include, inter alia, the following information:
Statement of remuneration in the company, including information about the remuneration of members of corporate bodies and senior management, as well as information on the link between the remuneration of members of the bodies and senior management and the long-term performance of the company.

This principle has not been met. The Company does not maintain and does not publish any statement of remuneration. The members of the Supervisory Board and the Board of Directors are not paid any remuneration for performance of their offices.

IV.A.5
The disclosure of information should include, inter alia, the following information:
Information about members of the company bodies, including their qualifications, selection procedures, ownership of shares in the company, membership in other bodies, other executive functions, and whether the company body considers them to be independent.

This principle has been met partially. The Company publishes information about the members of the Company bodies, but less comprehensive than required by the principle.

IV.A.9.i.
The disclosure of information should include, inter alia, the following information:
The internal arrangement of the bodies and the strategy in the field of corporate governance. Information should be disclosed about the internal arrangement of the bodies and the strategy in the field of corporate governance, including the content of any corporate governance code or the procedure and processes through which it is implemented.

This principle has been met partially. The corporate governance is based on the Slovak Code of Corporate Governance, the Articles of Association, and the internal rules of the Company.

IV.C.i.
The audit committee or a similar body of the company should oversee the internal audit activities as well as the overall relationship with external auditors.

This principle has been met partially. On 31 January 2017, the Supervisory Board took over the activities of the audit committee under a specific regulation governing the powers and activities of audit committees.

V.D.5.iv.
The company body or appointment committee should identify potential candidates who meet the required profiles and propose them to shareholders and consider candidates nominated by shareholders who have the right to submit nominations.

This principle has been met partially. The Company has not established any appointment committee.

INTERNAL CONTROL SYSTEMS

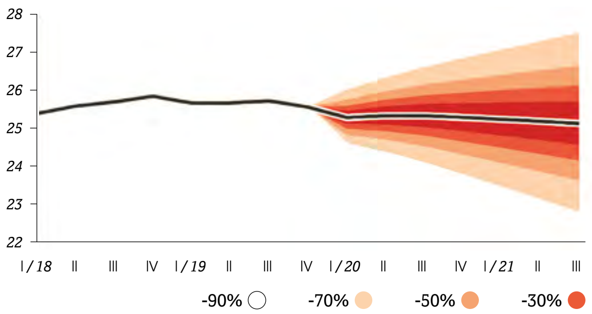
Analyses of profit, cash flow, liquidity, profitability, activity, and debts, as well as cost analyses form part of the system of internal controls and financial management in the Group. They are connected with strict control measures in accounting and monitoring devices of a technical nature. Using the system of internal controls, we ensure the compliance of the activities of the Company with the laws, internal rules, and the objectives of the Company, as well as information necessary for decision-making processes. The primary task of the audit committee is making suggestions and recommendations regarding the execution of internal controls and overseeing the observance of legal regulations and recommendations relating to financial reporting and auditing in the Company. The Company's internal rules govern the organizational framework, rules for relationships, responsibility, and performance activities within the internal control system. The Group ensures the internal control by regular monitoring of the financial plan and the overall financial situation. Its role is to act preventively in accordance with internal rules and policies, detect deviations and eliminate them.

RISK MANAGEMENT METHODS

Liquidity Risk – This risk arises out of the conventional financing of the Group's operations, its ability to repay its liabilities at maturity and to manage its financial position. It represents a risk of inability to finance assets at a reasonable maturity and interest rate, and the danger of being unable to realize assets at a reasonable price within a reasonable time horizon. Individual companies in the Group use a variety of methods for the management of the liquidity risk. The management focuses on monitoring and managing the liquidity of each company. The Group covers the difference between short-term financial assets and liabilities using undrawn loans. Short-term financial needs are satisfied by overdraft loans and undrawn credit lines.

Currency Risk – The Group is exposed to the currency risk mainly related to USD and CZK. Long-term acquisition agreements are denominated primarily in USD. Therefore the Group manages the currency risk through forward contracts. The currency risk to CZK arises mainly out of received interest-bearing loans denominated in CZK. The sensitivity analysis is used to assess the currency risk.

FORECAST OF CZK/EUR CURRENCY EXCHANGE RATE

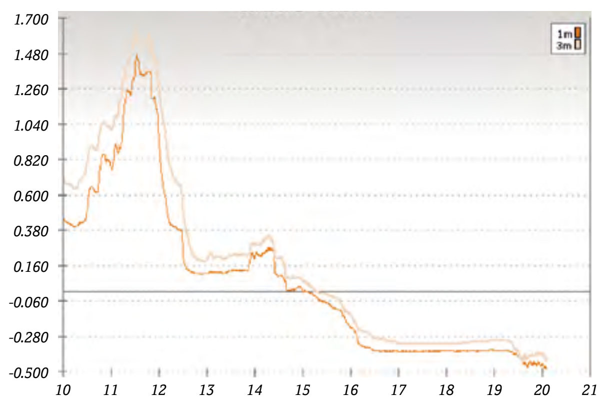


Source: Czech National Bank (CNB)

Credit Risk – The Group is exposed to this risk primarily in the case of trade receivables, other receivables, and loans granted. The volume of exposure to this risk is expressed in the carrying amount of the particular asset recorded in the statement of financial position. The carrying value of receivables and loans granted reflects the highest possible financial loss, which would have to be recognized if the counterparty wholly fails to meet its contractual obligations and any collateral and guarantee would be nil. This value, therefore, highly exceeds the expected losses included in the reserve for bad debts.

Interest Rate Risk – The Group operations are exposed to the risk of changes in interest rates. The volume of this risk is equal to the value of interest-bearing assets and interest-bearing liabilities for which the interest rate at the due date or at the time of change is different from the current interest rate. The period for which the rate is fixed to the financial instrument, therefore, expresses the exposure to the risk of changes in interest rates. The Interest Sensitivity Analysis for Variable Rate Instruments and the Profile of Financial Instruments are used to assess interest rate risk.

EURIBOR 1M, 3M



Source: European Money Markets Institute (EMMI)

Operational Risk – The Group is also exposed to the operational risk, such as a broadcast blackout. The Group manages this risk by diversification of the retransmission possibilities and implements redundant technology solutions to eliminate it.

MANAGEMENT METHODS

The methods of the management of the companies in the Group include financial planning, raising funds, budgeting, and financial analysis. Due to its international reach, cross-national management diversity is an essential component of Group management. The companies also place emphasis on processes and management of areas such as market research and analysis, marketing research, promotion, brand management, sales, CRM and HRM. In management, the Group uses a continental corporate governance model focused on efficiency.

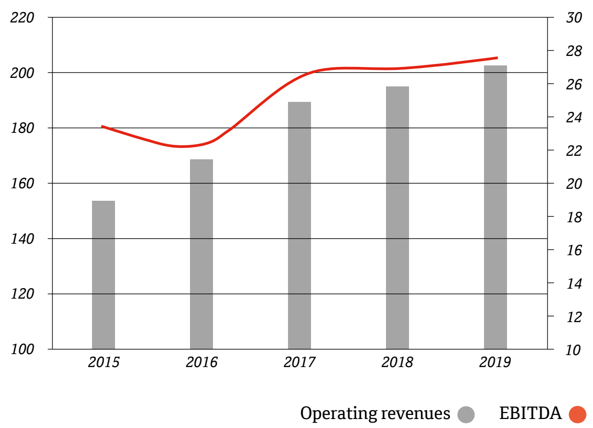
THE COMPANY'S BUSINESS MODEL

The Company's business model is based on selling advertising space, the price of which is crucially dependent on audience measurement, monitoring and surveys in target groups of end-users, i.e. usually the target group aged 12 to 54. The measuring is ultimately used for ordering ads and ad pricing, using the so-called Gross Rating Points (GRPs) that quantify the impression as a percentage of the target group. In this type of business, it is a common the conclusion of advertising contracts at the end of the year for the next year. No significant risks of impact on the area of corporate social responsibility arise out of the business relationships, products, services or other activities of the Company. Each Company's activity is described in detail in the previous chapters.

EXPECTED FUTURE DEVELOPMENT OF THE COMPANY'S ACTIVITIES

The Company management assumes the development of media investments to copy the changes in GDP. The available data indicate deceleration of an economic activity in the countries where the Group does business, which may have an impact on investments in purchase of advertising space in 2020. With efficiency of the economy undergoing changes, the investments in the media industry will see shifts as well. No entry of a major competitor into this market is expected. All those factors will carry implications for the Group's revenues and operational profitability.

DEVELOPMENT OF THE GROUP'S FINANCIAL INDICATORS (IN MILLIONS OF EURO, EXCLUDING THE IMPACT OF IFRS 16)



Source: Consolidated Financial Statements of the Group

PROPOSAL FOR DISTRIBUTION OF PROFIT OR SETTLEMENT OF LOSS

The distribution of the operating result of the company JOJ Media House, a.s., in the amount of -1,264,565.21 EUR for 2019 accounting period shall be decided on by the General Assembly. The Statutory Body's proposal submitted to the General Assembly is:

- to transfer the amount of 1,264,565.21 EUR to the Unpaid Loss of Past Years account.

The individual Companies' shareholders/partners will decide on operating results of the individual subsidiaries.

OTHER ADDITIONAL INFORMATION

Last year, the company JOJ Media House, a.s., and the companies included in the consolidation did not incur any costs in the field of research and development.

The company JOJ Media House has no structural unit outside Slovakia.

The company Slovenská produkčná uses foreign exchange forward transactions to secure the financial risk of a negative development of the exchange rate of USD to EUR. The Group manages the financial and credit risks through diversified financing. Cash flow and liquidity parameters are monitored at regular intervals.

The Company has not concluded any agreement that will enter into force, change or terminate as a result of a change in control ratios in respect of a takeover bid.

There are no agreements concluded between the Company and members of its bodies or employees, based on which compensation should be provided to them if their office or employment ends by resignation from position, notice of termination given by the employee, removal from office, notice of termination by the employer without providing any reasons, or if their office or employment is terminated as a result of a takeover bid.

The Company does not deal with any activities that have an impact on the environment and have no significant impact on employment.

The Company is not aware of any agreement between the owners of securities that could lead to restrictions on voting rights and the negotiability of the securities.

The exercise of the shareholders' right to vote is not limited by the Articles of Association.

To the date of preparation of this document, no securities were issued, the owners of which would have special control rights.

In 2012, the company BigBoard Praha, a.s. carried out 2 issues of bonds listed on the Prague Stock Exchange Burza cenných papírů Praha, a.s. The first issue was in the amount of 730 mil. CZK marked with the following code: ISIN:CZ0003502312. The second issue reached a level of 660 mil. EUR marked with the following code: ISIN:CZ0003503153. The first issue was paid up during the course of the year 2019.

As at the date of this document, the Company is not aware of any additional specific regulations according to which it should add any information to the annual report.

Contact person responsible for the preparation of the annual report: Ing. Vladimír Drahovský, drahovsky@joj.sk, +421917643681

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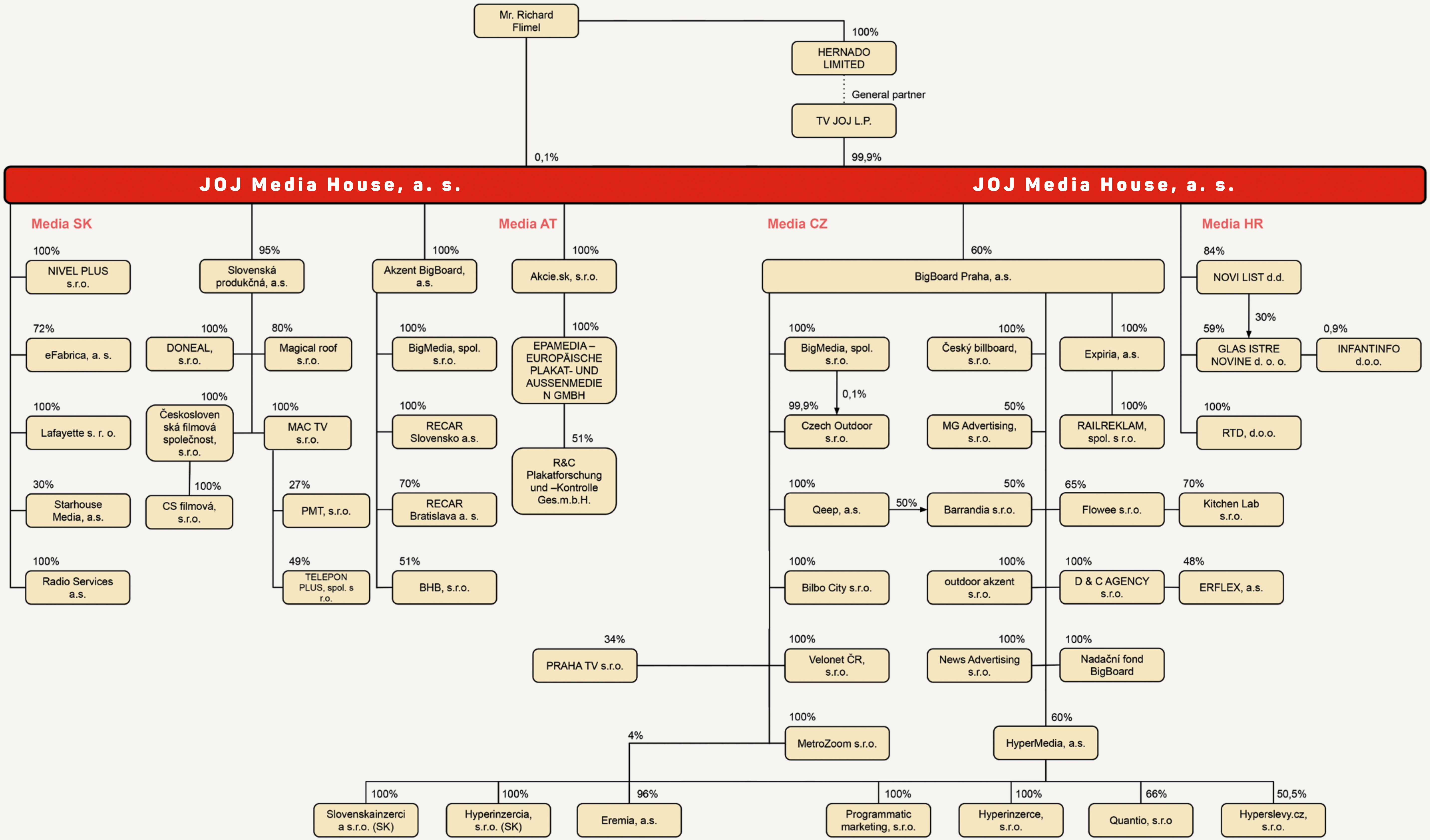
ORGANIZATIONAL STRUCTURE



Mr. Richard Flimel
100%
HERNADO LIMITED
General partner
TV JOJ L.P.
0,1%
99,9%
JOJ Media House, a. s.
JOJ Media House, a. s.
Media SK
100%
NIVEL PLUS s.r.o.
95%
Slovenská produkčná, a.s.
100%
Akzent BigBoard, a.s.
Media AT
100%
Akcie.sk, s.r.o.
Media CZ
60%
BigBoard Praha, a.s.
Media HR
84%
NOVI LIST d.d.
72%
eFabrica, a. s.
100%
DONEAL, s.r.o.
80%
Magical roof s.r.o.
100%
BigMedia, spol. s.r.o.
100%
EPAMEDIA – EUROPÄISCHE PLAKAT- UND AUSSENMEDIEN GMBH
100%
BigMedia, spol. s.r.o.
100%
Český billboard, s.r.o.
100%
Expiria, a.s.
30%
59%
GLAS ISTRE NOVINE d. o. o.
0,9%
INFANTINFO d.o.o.
100%
Lafayette s. r. o.
100%
Československá filmová společnost, s.r.o.
100%
MAC TV s.r.o.
100%
RECAR Slovensko a.s.
51%
R&C Plakatforschung und –Kontrolle Ges.m.b.H.
0,1%
99,9%
Czech Outdoor s.r.o.
50%
MG Advertising, s.r.o.
100%
RAILREKLAM, spol. s r.o.
100%
RTD, d.o.o.
30%
Starhouse Media, a.s.
100%
CS filmová, s.r.o.
27%
PMT, s.r.o.
70%
RECAR Bratislava a. s.
100%
Qeep, a.s.
50%
50%
Barrandia s.r.o.
65%
Flowee s.r.o.
70%
Kitchen Lab s.r.o.
100%
Radio Services a.s.
49%
TELEPON PLUS, spol. s r.o.
51%
BHB, s.r.o.
100%
Bilbo City s.r.o.
100%
outdoor akzent s.r.o.
100%
D & C AGENCY s.r.o.
48%
ERFLEX, a.s.
34%
PRAHA TV s.r.o.
100%
Velonet ČR, s.r.o.
100%
News Advertising s.r.o.
100%
Nadační fond BigBoard
4%
100%
MetroZoom s.r.o.
60%
HyperMedia, a.s.
100%
Slovenskainzerci a s.r.o. (SK)
100%
Hyperinzercia, s.r.o. (SK)
96%
Eremia, a.s.
100%
Programmatic marketing, s.r.o.
100%
Hyperinzerce, s.r.o.
66%
Quantio, s.r.o
50,5%
Hyperslevy.cz, s.r.o.

CORPORATE SOCIAL RESPONSIBILITY

ESTABLISHMENT AND SETTING UP OF TV JOJ FOUNDATION

The TV JOJ Foundation was incorporated on 18 June 2007, and since August of the same year, it has been conducting its mission with its motto: **"Helping those who try."**. The Governing Board designated certain areas which were defined as the core objectives upon its establishment. They are:

- Pediatric oncology
- Gifted children
- National cultural heritage
- Individually designed humanitarian aid for individuals or groups of persons

The Foundation fulfils its purpose in particular by providing funds through donations and grants to individuals, non-profit institutions, non-governmental organizations, educational institutions, municipalities and other associations providing public services. During its existence, the Foundation has handed **more than 1.7 million EUR. In 2019, it was 18,501.58 EUR**. A part of the financial assistance amounting to 811,776 EUR collected in the public collection in 2019 will be provided in spring 2020. Further resources were ensured by the Foundation through direct financing of the events.

The Foundation has 9-member Board of Directors consisting of TV JOJ staff – Chairman Marcel Grega, Foundation Administrator Vladimir Fatika is its Statutory Authority, and Luboš Sarnovský was Executive Manager until 10/2019, since 11/2019, it's been Natália Báreková.

OVERVIEW OF 2019 ACTIVITIES

GIFTED CHILDREN – SPORTS TALENTS

The main mission is to support and develop sporting activities in elementary schools, smaller towns and municipalities.

Floorball SK League 2018/2019 followed the previous successful season. Through this activity, we managed to engage almost 100.000 pupils playing floorball at school as well as to achieve the goal of engaging girls in this sport and to motivate pupils to undertake physical activity. In total, almost 20.000 elementary and high school pupils joined the project. The project supported schools by direct subsidies in the amount of 41.600 EUR donated through municipalities. The winners of the regional tournament have received another grant of 16.000 EUR (2x8 teams). The national finals held in June 2019 brought the equipment for 9,000 EUR to the winners on the first three places.

The Project Floorball SK League 2019/2020 was adjusted to elementary schools which were playing district qualifications from September 2019. I total, 338 teams participated. Regional tournaments are planned to take place in all regions and the finals in Tatralandia in Liptovský Mikuláš in May 2020.

Every school year, the "Floorball Challenge Team" invites 20 players from all over Slovakia who, thanks to any fair-play criterion, deserve the opportunity to fight for a position in the Slovak representation. These players have the chance to improve their sports skills and gain wider tournament practice under stress. They work with a coach, are in real contact with peers from all over Slovakia, get to know the school and club environment in various parts of Slovakia, and gain practical experience that they can use in the following years as, for instance, coach assistants, and later as coaches or active club staff anywhere in Slovakia. The Foundation supported this team by grant in the amount of 15,000 EUR. The players participated in Championship in Sweden and played in other home and foreign competitions.

NATIONAL CULTURAL HERITAGE

The Foundation continued running its project of documentary films by completing the document "Ruky na skle" (Hands on the Glass) about Winton's children – the children who were put by their parents to trains heading to Britain to protect them from concentration camps. Some of the children were 3 year old only and they never saw their parents again. A memorial – imprints of hands on the glass on Prague train station – was unveiled in honor of the parents. The document was directed by Veronika Tóthová. The premiere was released in London, Prague and Bratislava. The document was broadcast on 17 November 2019 on channel PLUS within the JOJ Group.

OTHER SUPPORT

The Project carried out together with Mall.sk to help ten single mothers having various life stories: being a single parent, a social case, a person with disabilities, an abused mother (an ex-husband in prison), a widow (a husband died as a result of an injury at work), a grandma with a granddaughter (parents are drug addicts). Each mother could choose a household equipment up to the amount of 500 € – refrigerators, washing machines, vacuum cleaners, kitchen appliances, hygiene products, prams, beds, cookers, baby car seats.

SMS Donations to help Prešov – Gas explosion in a high-rise block of flats on Mukačevská Street in Prešov deeply affected the whole country. As a result of the tragedy, 8 people lost their lives and 40 were injured. The block of flats became uninhabitable. Therefore, the town decided to demolish it. SMS Donations run by the TV JOJ Foundation totaled 811,776 EUR which will be remitted to the town of Prešov in spring 2020. It is a gross sum calculated according to the number of SMS messages sent and a resulting sum will be clear after applicable fees are charged by mobile phone operators and payed for by their clients.

The Foundation participated in providing a financial support to:

- Bratislava Football Association in the amount of 1,000 EUR to support the international hall tournament Bratislava CUP 2019 – U13 selection.
- School Association Gaudeamus to ensure their participation in School Snowboarding League in the amount of 390 EUR.
- Police Volleyball Club to ensure children's event in the amount of 1,000 EUR.
- Children's Home Levice to ensure hygienic products for children in the amount of 111.58 EUR.

PLANNED ACTIVITIES FOR 2020

In 2020, the Foundation intends to continue pursuing its activities and successful projects, preparing:

- regional tournaments and the finals of Floorball SK League 2019/2020
- the kick-start of Floorball SK League 2020/2021
- the employee project 2% Naši Našim
- assistance to mothers in need
- support for oncology patients
- support for children with disabilities
- humanitarian aid for individuals or groups of people through a prepared continuous public collection which can be used immediately in emergencies such as fire, floods, landslides and the like.

CORPORATE SOCIAL RESPONSIBILITY

The accounting entity´s activities do not imply any risks and potentially adverse consequences for corporate social responsibility.

In the field of corporate social responsibility, the Foundation ensured activities in the following areas:

ECONOMIC AREA

- The introduction of compliance, ethics, and corruption prevention by limiting cash payments.
- Transparency: through an order, invoice and payment monitoring system and registering all contracts and agreements.
- Protection of intellectual property rights in the use of goods that fall under copyright protection.
- Good relations with donors, customers, and suppliers, and the fair approach.

SOCIAL AREA

- Philanthropic activity, support through the Foundation, the development of activities of children and youth, helping socially disadvantaged and vulnerable communities, and the like.
- Communication with stakeholders, and accurate communication to donors and donees (customers).
Respect for human rights and support for their observance.
- Compliance with labor standards and responsible behavior to our employees.

ENVIRONMENTAL AREA

- Better handling of resources and electricity, turning off devices in standby mode, reducing the impact on the environment.
- Using electronic documents, reducing paper consumption, and recycling paper.
- Environmental protection, waste separation and ensuring of recycling beyond the law.

11

DECLARATION OF THE COMPANY'S BOARD OF DIRECTORS

DECLARATION OF THE COMPANY'S BOARD OF DIRECTORS

The individual and consolidated financial statements as of 31 December 2019 have been prepared in accordance with special regulations while providing a true and fair view of the assets, liabilities, financial position and operating result of the Company.

Mgr. Richard Flimel
Chairman of the Board of Directors

Mgr. Marcel Grega
Chairman of the Supervisory Board

ATTACHMENT 1

CONSOLIDATED FINANCIAL STATEMENTS

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Translation of the Auditors' Report originally prepared in Slovak language

Independent Auditors' Report

To the Shareholders, Supervisory Board and Board of Directors of JOJ Media House, a. s.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of JOJ Media House, a. s. and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2019, consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section. We are independent of the Company in accordance with the ethical requirements of the Act No. 423/2015 Coll. on statutory audit and on amendments to Act No. 431/2002 Coll. on accounting as amended ("the Act on Statutory Audit") including the Code of Ethics for an Auditor that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of non-current intangible assets

The Group management recognizes goodwill, televisual format, contractual rights, trademark and other intangible assets as non-current intangible assets with a carrying amount of EUR 95,620 thousand as at 31 December 2019, which represents 21% of the Group's total assets.

As at 31 December 2019, the most significant part of non-current intangible assets represents:

- Televisual formats in the amount of EUR 70,966 thousand;
- Goodwill in the amount of EUR 13,482 thousand; and
- Trademarks in the amount of EUR 8,328 thousand.

The Group management considers the potential impairment of goodwill during the year. If no indicator for potential impairment is detected, the Group, in accordance with IAS 36, tests the goodwill recognized in business combinations during the current accounting period and the goodwill reported in prior accounting periods for potential impairment on an annual basis as at 31 December, which is the date as at which the consolidated financial statements are prepared.

The Group management also tests for impairment other intangible assets with indefinite useful lives and cash-generating units, where the need for such testing was identified. If no indicator of possible impairment is identified during the year, the Group management, in accordance with IAS 36, tests the intangible assets with indefinite useful life for potential impairment on an annual basis as at 31 December, which is the date as at which the consolidated financial statements are prepared.

As a result of this, as at the balance sheet date, management of the Group conducted impairment testing for all the identifiable cash-generating units. Impairment testing includes the use of certain substantial accounting estimates, judgements and assumptions, which are inherently complex and therefore, in the future, actual results may differ from these estimates. Even small changes in these assumptions can have a significant impact on the test result.

Based on this impairment testing, no impairment losses of the assets were identified.

We refer you to Notes 2b) and 2f) of the consolidated financial statements for the description of the accounting policies used by the Group for these assets.

Our response

Our procedures related to the assessment of the valuation of the Group's non-current intangible assets included the following:

- Assessing the existence of impairment indicators for the Group's non-current intangible assets.
- Assessing the impairment test's methodology against requirements of the relevant accounting standard and industry practice.

- Assessing the key assumptions used in the impairment testing by:
    - Comparing the underlying drivers of the free cash flows to historical data of the Group and available market reports to assess their adequacy;
    - Comparing the discount rate used in the estimate of the recoverable amount to market data for the relevant industry;
    - Analyzing the sensitivity of the impairment test to changes in the discount rate and free cash flows;
    - Evaluating the amount of headroom over the carrying amount of respective assets and thus assessing the existence of management bias in determining the key management assumptions applied in the model.

- Evaluating the adequacy of the information disclosed by the Group in Note 15 of the notes to the consolidated financial statements.

Impact of adopting International Financial Reporting Standard (IFRS) 16 Leases

The Group adopted IFRS 16 *Leases* from 1 January 2019. The standard introduces a new lease accounting model, where lessees are required to recognize a right-of-use (ROU) asset and a lease liability arising from a lease in their statement of financial position.

As discussed in Note 16 of the consolidated financial statements, the Group applied IFRS 16 initially using the modified retrospective approach. Therefore, the cumulative effects of adopting the Standard have been recognized as an adjustment to the opening balance of accumulated losses at 1 January 2019, with no restatement of comparative information, and with certain exemptions and practical expedients applied. These include those in respect of: (i) short-term and low-value leases, (ii) leases with the remaining term of less than 12 months at transition date, and (iii) applying a single discount rate to a portfolio of leases with similar characteristics. As also indicated in Note 16, the Group chose not to apply IFRS 16 to contracts previously identified as not containing leases in accordance with the legacy lease standards and interpretations.

As a result, as at 1 January 2019, the Group recognized an increase in ROU asset of EUR 82,981 thousand and an increase in lease liabilities of the same amount.

Significant judgement is required in identifying lease arrangements and in making assumptions and estimates in order to determine the ROU asset and the lease liability. The judgement is required, among other things, in the assessment of the lease term, lease payments and discount rates, or characteristics of leases accounted for on a portfolio basis. Evaluating lease modifications introduces another element of complexity in the accounting for leases under the new Standard. Accounting for leases, including the transition adjustments arising from applying IFRS 16, is therefore inherently complex and material to the Group, and satisfying ourselves in respect of the new Standard's effects on the consolidated financial statements required our significant judgment and increased attention in the audit. As such we considered the area to be a key audit matter.

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Our response

Our procedures in the area included, among other things, the following:

At transition date and for subsequent accounting:

- Through inquiries of directors and relevant finance personnel and reading of the Group's internally prepared accounting memoranda and policies, obtaining an understanding of the Group's process for identifying leases and testing design and implementation of related controls.
- Assessing whether leases have been appropriately identified by the Group, by reference to our audit documentation for prior year, through inquires of directors and relevant finance personnel and by inspecting relevant documentation, such as lease contracts registry, and lease and non-lease contracts. The procedure also involved examining the operating expenses, accruals and provisions and evaluating whether they might be representative of a payment for the right to use of the identified asset.
- For the recognition exemptions and practical expedients applied, assessing, as appropriate and by reference to the relevant documents (including underlying lease contracts and the Group's internal evidence such as the JOJ Media Group Accounting Manual), that the Standard's conditions and requirements for the application of the exemptions and practical expedients were met.
- Identifying leases for which a portfolio approach has been applied. For selected portfolios, challenging the appropriateness of applying the portfolio approach through (i) inquires of directors and relevant finance personnel, (ii) inspecting the Group's qualitative assessment and examining whether the leases have similar characteristics.
- For lease contracts with indefinite lease period, we assessed the appropriateness of the estimated lease terms by assessing the significance of penalties or losses associated with potential non-extension or early termination of the contract, comparing the lease term determined to the Group's other estimates, in particular to those related to the useful lives of the related assets and also analysing historical usage trends.
- Obtaining the Group's transition-date measurement of the ROU asset and lease liabilities as well as detailed schedules reconciling these opening amounts to the closing amounts at the year-end ("roll-forward schedules").
- Selecting a sample of leases at transition date and a sample of new lease contracts entered into during the year, assessing key terms and conditions including lease term, lease payments (fixed and variable) by reference to the underlying lease contracts, and also challenging the calculation of the discount rates applied by reference to the actual external borrowing rates of the relevant components of the Group.
- For the leases selected in the preceding procedure, by reference to the contract terms and discount rates assessed in the preceding procedure:

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- o Developing an estimate of the lease liability to evaluate the Group's estimate, and examining whether the estimate is consistent with the Group's estimate;
- o Re-performing the determination of the cost of the ROU asset, including, where relevant, examining whether the initial measurement of the lease liability used in the calculation of the ROU asset agrees to the lease liability recorded at lease commencement and tracing prepaid lease payments, lease incentives and initial direct costs, where applicable, to relevant documentation;
- o Inquiring of directors and relevant finance personnel as to the reasons for any inconsistencies with the Group's estimates.

- Challenging the appropriateness of the Group's assessment of the ROU assets for impairment, with particular attention paid to the identification of impairment indicators, grouping within appropriate cash-generating units and determination of the discount rates.
- Examining whether the Group's disclosures in the consolidated financial statements, as the lessee, appropriately include and describe the relevant quantitative and qualitative information required by the applicable financial reporting framework.

Going concern considerations related to COVID-19

The Group's consolidated financial statements are prepared on a going concern basis.

The World Health Organization declared on 11 March 2020 the coronavirus (COVID-19) outbreak a pandemic, and also, on 16 March 2020, the Decree of the Slovak Government of was issued, whereby the country's government declared the state of emergency. The measures taken by the government to counter the effects of the outbreak include border closures, quarantine, severe limitations imposed on cross-border and domestic transportation, ban on social, cultural, leisure or sport events, among other things. As a consequence, the Group experienced a reduction in demand and a resulting decrease in sales in comparison to the level in before the declared state of emergency.

The Group's going concern assessment was based on cash flow forecasts which in the management's view support the assertion that the Group will have sufficient resources to continue for a period of at least 12 months from the reporting date. The preparation of these forecasts incorporated a number of assumptions and significant judgment under a number of scenarios, including those considered by management to be severe but plausible, such as estimating the period during which the measures implemented by the government will be in force. As part of the assessment, the Group also considered a number of actions aimed at alleviating the potential disruption to its business and liquidity position, such as introduction of home office for significant groups of employees, negotiations with landlords to decrease the rent for land leased for advertising equipment, a decrease in the planned capital expenditures for the following twelve-month period, an overall optimization of expenses relating to the required level of operations, and commencement of a process of extending existing and securing additional credit lines.

Management concluded that the range of possible outcomes considered at arriving at this judgment does not give rise to material uncertainties related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. Note 34 further explains how the judgment was formed.

The COVID-19 pandemic is an unprecedented challenge for humanity and for the economy globally, and at the date of the consolidated financial statements its effects are subject to significant levels of uncertainty. The Group's use of the going concern basis of accounting is a key audit matter due to the associated extent of uncertainty, and consequently, high level of judgment required in evaluating management plans for future actions and their financial impact.

Our response

Our procedures in this area included, among others:

- Understanding the Group's business planning process and testing the design and implementation of its key internal controls over the assessment of the Group's ability to continue as a going concern, including those over the preparation and validation of cash flow forecasts used in the assessment;

- Inspecting management's assessment of the going concern basis of accounting, including their evaluation of the business/operating and liquidity risks arising from the COVID-19 outbreak, and plans for further actions in response to the risks identified. As part of the procedure we also made corroborating inquiries of the Group's Chairman of the Board of Directors and other relevant Directors and Officers;

- Independently evaluating the reasonableness and feasibility of the plans for future actions in order to alleviate the effects of the outbreak, by reference to the preceding procedure as well as by performing the following:

    - Challenging the key assumptions used in the determination of the forecast financial information under various scenarios. This primarily included challenging the assumed EBITDA, capital expenditure and the extend of securing the extension of the current lines of credit, based on our understanding of the Company's activities and by reference to;

    - Performing an analysis of the going concern conclusion's sensitivity to changes in the aforementioned key assumptions adopted in the going concern assessment, and considering whether there were any indicators of management bias in the assessment;

- Assessing the availability of banking and other financing facilities and arrangements, by:

    - Inspecting underlying documentation, such as banking facility agreements signed before and after the reporting period-end and assessing the impact of any covenants and other restrictive terms therein.

- Considering whether any additional relevant facts or information have become available since the date on which the Group made its assessment;

- Evaluating the appropriateness of Group's disclosures in respect of the going concern assessment, subsequent events and any related uncertainties in the consolidated financial statements.

Responsibilities of the Statutory Body and Those Charged with Governance for the Consolidated Financial Statements

The statutory body is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the statutory body determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the statutory body is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the statutory body either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the statutory body.

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- Conclude on the appropriateness of the statutory body's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Reporting on Information in the Consolidated Annual Report

The statutory body is responsible for the information in the consolidated Annual Report prepared in accordance with the Act No. 431/2002 Coll. on Accounting as amended ("the Act on Accounting"). Our opinion on the consolidated financial statements does not cover other information in the consolidated Annual Report.

In connection with our audit of the consolidated financial statements, our responsibility is to read the consolidated Annual Report and, in doing so, consider whether the other information is materially inconsistent with the audited consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Annual Report of the Group, we consider whether it includes the disclosures required by the Act on Accounting.

Based on the work undertaken in the course of the audit of the consolidated financial statements, in our opinion:

- the information given in the Annual Report for the year 2019 is consistent with the consolidated financial statements prepared for the same financial year; and
- the Annual Report contains information according to the Act on Accounting.

In addition to this, in light of the knowledge of the Group and its environment obtained in the course of audit of the consolidated financial statements, we are required to report if we have identified material misstatement in the Annual Report that we have obtained prior to the date of this auditors' report. We have nothing to report in this respect.

Additional requirements on the content of the auditors' report according to Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities

Appointment and approval of an auditor

We have been appointed as a statutory auditor by the statutory body of JOJ Media House, a. s. on 18 November 2019 on the basis of approval by the General Meeting of JOJ Media House, a. s. on 30 April 2019. The period of our total uninterrupted engagement, including previous renewals (extensions of the period for which we were originally appointed) and reappointments as statutory auditors, is 9 years.

Consistency with the additional report to the audit committee

Our audit opinion as expressed in this report is consistent with the additional report to the supervisory board, which was issued on the same date as the date of this report.

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Non-audit services

No prohibited non-audit services referred to in Article 5 (1) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities were provided and we remained independent of the Group in conducting the audit.

We did not provide any other services to the Group outside of the statutory audit services and services disclosed in the consolidated financial statements of the Group.

30 April 2020
Bratislava, Slovak Republic

Auditing company:
KPMG Slovensko spol. s r.o.
License SKAU No. 96

Slovenská komora audítorov
SKAU
Č.licencie 96
KPMG
Slovensko spol. s r.o.

Responsible auditor:
Ing. Branislav Prokop
License UDVA No. 1024

JOJ Media House, a. s.
and Subsidiaries

Consolidated Financial Statements
for the year ended 31 December 2019

prepared in accordance with
International Financial Reporting Standards
as adopted by European Union

Translation note:
This version of the accompanying consolidated financial statements is a translation from the original, which was prepared in Slovak. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the consolidated financial statements takes precedence over this translation.

Content

in thousands of EUR	*Note*	**Year ended 31 December 2019**	**Year ended 31 December 2018**
Revenue from services	*5*	201 195	192 915
Other operating income	*6*	1 431	2 242
Total operating income		**202 626**	**195 157**
Personnel expenses	*7*	(31 992)	(29 780)
Production and impairment costs of TV and radio broadcasting programmes	*18*	(32 468)	(34 306)
Use and write-off of programme rights	*18*	(14 965)	(13 983)
Posting, printing and removal of advertising	*8*	(12 895)	(12 338)
Depreciation, amortisation and impairment of property, plant and equipment*	*9*	(35 265)	(21 414)
Rent of advertising space (IAS 17)*		-	(25 804)
Other operating expenses	*10*	(64 228)	(52 039)
Total operating expenses		**(191 813)**	**(189 664)**
Profit from operating activities		**10 813**	**5 493**
Exchange rate loss, net		(37)	(740)
Interest expenses, net*	*11*	(18 738)	(12 148)
Gain from financial instruments, net		793	89
Gain from associates and joint ventures		28	-
Loss from the sale of entities	*4*	-	(5)
Other financial expenses, net		(248)	(253)
Loss before tax		**(7 389)**	**(7 564)**
Income tax	*12*	(656)	(848)
Loss for the period		**(8 045)**	**(8 412)**
Loss for the period attributable to:			
Shareholders of the Company		(5 726)	(7 898)
Non-controlling interest		(2 319)	(514)

in thousands of EUR	**Year ended 31 December 2019**	**Year ended 31 December 2018**
Other comprehensive income, after tax		
Items with subsequent reclassification into profit or loss:		
Foreign currencies translation differences	186	(111)
Items without subsequent reclassification into profit or loss:		
Changes in fair value of equity securities and employee benefits recalculation (IAS 19)	289	(19)
Total other comprehensive income	**475**	**(130)**
Total comprehensive income for the period	**(7 570)**	**(8 542)**
Total comprehensive income attributable to:		
Shareholders of the Company	(5 423)	(7 995)
Non-controlling interest	(2 147)	(547)

* The Group initially applied IFRS 16 Leases as at 1 January 2019 using a modified retrospective approach. In line with the chosen approach, the comparable period is not restated (see Note 2.b) - Significant accounting policies).

The notes presented on pages 9 to 95 form an integral part of the consolidated financial statements.

in thousands of EUR	*Note*	**As at 31 December 2019**	**As at 31 December 2018**
Assets			
Goodwill	*13*	13 482	11 579
Televisual format	*13*	70 966	75 267
Other intangible assets*	*13*	11 172	58 270
Programme rights	*18*	1 977	2 167
Accrued internal programme rights	*18*	3 974	4 522
Property, plant and equipment	*15*	85 043	87 192
Investment property		326	319
Right-of-use assets*	*16*	143 624	-
Investments in associates and joint ventures		598	58
Trade and other receivables	*19*	309	311
Loans granted	*20*	782	1 449
Other assets	*21*	27	166
Deferred tax asset	*27*	845	750
Total non-current assets		**333 125**	**242 050**
Programme rights	*18*	15 642	15 140
Accrued internal programme rights	*18*	33 646	32 348
Trade and other receivables	*19*	31 266	31 054
Other financial assets	*17*	952	1 043
Loans granted	*20*	2 466	2 005
Other assets	*21*	7 199	5 299
Corporate income tax receivable		531	734
Cash and cash equivalents	*22*	22 611	15 341
Assets held for sale	*23*	556	566
Total current assets		**114 869**	**103 530**
Total assets		**447 994**	**345 580**

* The Group initially applied IFRS 16 Leases as at 1 January 2019 using a modified retrospective approach. In line with the chosen approach, the comparable period is not restated (see Note 2.b) - Significant accounting policies).

in thousands of EUR	*Note*	**As at 31 December 2019**	**As at 31 December 2018**
Equity			
Share capital		25	25
Other funds		61 061	59 345
Accumulated losses		(33 877)	(28 489)
Total equity attributable to shareholders of the Company		**27 209**	**30 881**
Non-controlling interests		981	3 219
Total equity	*24*	**28 190**	**34 100**
Liabilities			
Bank loans	*25*	48 858	45 022
Interest bearing loans and borrowings	*25*	17 468	17 976
Issued bonds	*26*	99 217	119 823
Lease liabilities*	*16*	84 550	-
Provisions	*28*	1 111	1 135
Trade and other financial liabilities	*29*	3 315	2 070
Other liabilities	*30*	550	471
Deferred tax liability	*27*	27 943	29 910
Total non-current liabilities		**283 012**	**216 407**
Bank loans	*25*	52 509	23 614
Interest bearing loans and borrowings	*25*	263	2 412
Issued bonds	*26*	932	1 377
Lease liabilities*	*16*	16 449	-
Provisions	*28*	1 508	1 367
Trade and other financial liabilities	*29*	54 114	57 489
Other liabilities	*30*	9 661	8 231
Corporate income tax liability		1 290	513
Liabilities related to assets held for sale	*23*	66	70
Total current liabilities		**136 792**	**95 073**
Total liabilities		**419 804**	**311 480**
Total equity and liabilities		**447 994**	**345 580**

* The Group initially applied IFRS 16 Leases as at 1 January 2019 using a modified retrospective approach. In line with the chosen approach, the comparable period is not restated (see Note 2.b) - Significant accounting policies).

The notes presented on pages 9 to 95 form an integral part of the consolidated financial statements.

in thousands of EUR	*Note*	Share capital	Legal reserve fund	Other capital funds	Foreign currency translation reserve	Revaluation fund	Accumu-lated losses	Total	Non-controlling interest	Total
		Equity attributable to shareholders of the Company								
Balance at 1 January 2019		**25**	**515**	**59 337**	**(487)**	**(20)**	**(28 489)**	**30 881**	**3 219**	**34 100**
Total comprehensive income for the period										
Loss for the period		-	-	-	-	-	(5 726)	(5 726)	(2 319)	(8 045)
Other comprehensive income, after tax										
Foreign currencies translation differences		-	-	-	146	-	-	146	40	186
Changes in fair value of equity securities and Employee benefits recalculation (IAS 19)		-	-	-	-	157	-	157	132	289
Reclassification of change in fair value of equity securities to retained earnings / (losses)		-	-	-	-	(198)	198	-	-	-
Total other comprehensive income		**-**	**-**	**-**	**146**	**(41)**	**198**	**303**	**172**	**475**
Total comprehensive income for the period		**-**	**-**	**-**	**146**	**(41)**	**(5 528)**	**(5 423)**	**(2 147)**	**(7 570)**
Transactions with shareholders recognized directly in equity										
Increase of other capital funds		-	-	1 560	-	-	256	1 816	512	2 328
Transfer to the legal reserve fund and other capital funds		-	51	-	-	-	(51)	-	-	-
Dividends paid out to non-controlling interest		-	-	-	-	-	-	-	(88)	(88)
Effect of new acquisitions	*4*	-	-	-	-	-	-	-	(587)	(587)
Changes in ownership interest without loss of control	*24*	-	-	-	-	-	(65)	(65)	72	7
Total transactions with shareholders		**-**	**51**	**1 560**	**-**	**-**	**140**	**1 751**	**(91)**	**1 660**
Balance at 31 December 2019		**25**	**566**	**60 897**	**(341)**	**(61)**	**(33 877)**	**27 209**	**981**	**28 190**

in thousands of EUR		Equity attributable to shareholders of the Company								
	Note	**Share capital**	**Legal reserve fund**	**Other capital funds**	**Foreign currency translation reserve**	**Revaluation fund**	**Accumu-lated losses**	**Total**	**Non-controlling interest**	**Total**
Balance at 1 January 2018		**25**	**310**	**59 337**	**(410)**	**-**	**(22 683)**	**36 579**	**2 390**	**38 969**
Initial application of IFRS 9		-	-	-	-	-	2 228	2 228	1 484	3 712
Balance at 1 January 2018- adjusted		**25**	**310**	**59 397**	**(410)**		**(20 455)**	**38 807**	**3 874**	**42 681**
Total comprehensive income for the period										
Loss for the period		-	-	-	-	-	(7 898)	(7 898)	(514)	(8 412)
Other comprehensive income, after tax										
Foreign currencies translation differences		-	-	-	(77)	-	-	(77)	(34)	(111)
Changes in fair value of equity securities and Employee benefits recalculation (IAS 19)					-	(20)		(20)	1	(19)
Total other comprehensive income		**-**	**-**	**-**	**(77)**	**(20)**	**-**	**(97)**	**(33)**	**(130)**
Total comprehensive income for the period		**-**	**-**	**-**	**(77)**	**(20)**	**(7 898)**	**(7 995)**	**(547)**	**(8 542)**
Transactions with shareholders recognised directly in equity										
Transfer to the legal reserve fund and other capital funds		-	205	-	-	-	(205)	-	-	-
Dividends paid out to non-controlling interest		-	-	-	-	-	-	-	(28)	(28)
Effect of new acquisitions	*4*	-	-	-	-	-	-	-	(1)	(1)
Changes in ownership interest without loss of control	*24*	-	-	-	-	-	69	69	(79)	(10)
Total transactions with shareholders		**-**	**205**	-	**-**	**-**	**(136)**	**69**	**(108)**	**(39)**
Balance at 31 December 2018		**25**	**515**	**59 337**	**(487)**	**(20)**	**(28 489)**	**30 881**	**3 219**	**34 100**

The notes presented on pages 9 to 95 form an integral part of the consolidated financial statements.

in thousands of EUR	*Note*	**Year ended 31 December 2019**	**Year ended 31 December 2018**
Cash flows from operating activities			
Loss for the year		(8 045)	(8 412)
Corporate income tax	*12*	656	848
Interest expense, net*	*11*	18 738	12 148
Profit before interest and tax		**11 349**	**4 584**
Adjustments for:			
Depreciation, amortisation and impairment of non-current assets*	*9*	35 265	21 414
Creation of impairment allowance for receivables and inventory	*10*	537	597
Creation of impairment allowance for loans provided	*20*	1	9
Reversal of impairment allowance for accrued internal programme rights	*18*	934	183
Write off of accrued internal programme rights	*18*	1 891	3 832
Profit from associates and jointly controlled entities		(28)	-
Gain on written-off liabilities	*6*	(94)	(702)
Gain on investment property revaluation		(3)	(34)
Gain on written-off loan received		(815)	-
Change in provisions	*28*	635	(1 066)
Profit on disposal of non-current assets		(83)	(311)
Loss from the sale of entities	*4*	-	5
Other non-cash items		(94)	135
Operating profit before changes in working capital		**49 495**	**28 646**
Increase in programme rights and internal programme rights		(3 654)	(7 515)
Increase in trade and other receivables and other assets		(1 228)	(2 701)
Increase / (decrease) in trade liabilities, other financial liabilities and other liabilities		(3 736)	5 770
Cash flows from operating activities		**40 877**	**24 200**
Interest paid		(12 382)	(9 678)
Income tax paid		(1 780)	(2 902)
Net cash flows from operating activities		**26 715**	**11 620**
Cash flows from investing activities			
Disbursements on the creation of an entity / foundation	*4*	(8)	(4)
(Disbursements) / proceeds from business combinations	*4*	(2 054)	20
(Disbursements) / proceeds on changes in ownership interests without a change of control		7	(10)
Proceeds from sale of property, plant and equipment and intangible assets		691	1 198
Acquisition of property, plant and equipment and intangible assets and investment property		(11 055)	(9 342)
Proceeds from financial instruments		427	49
Disbursements on acquisition of financial instruments		-	(125)
Disbursements on loans granted		(2 663)	(2 988)
Proceeds from loans granted		2 653	22 226
Dividends received		8	7
Interest received		144	4 095
Net cash from / (used) in investing activities		**(11 850)**	**15 126**

in thousands of EUR	**Year ended 31 December 2019**	**Year ended 31 December 2018**
Cash flows from financing activities		
Repayments of loans	(7 283)	(5 639)
Drawings of loans	38 454	87
Issued bonds	1 860	35 000
Repurchase of own bonds	-	(1 000)
Repayment of bonds and fees related to new bond issue	(28 438)	(51 280)
Repayment of lease liabilities* (2018: Repayment of finance lease)	(15 586)	(600)
Increase in other capital funds	2 328	-
Dividends paid to non-controlling interests	(81)	(18)
Net cash used in financing activities	**(8 746)**	**(23 450)**
Increase in cash and cash equivalents	6 119	3 296
Cash and cash equivalents at 1 January**	(3 627)	(6 907)
Effect of exchange rate fluctuations on cash held	22	(16)
Cash and cash equivalents at 31 December**	**2 514**	**(3 627)**

Cash and cash equivalents include:

in thousands of EUR	*Note*	**As at 31 December 2019**	**As at 31 December 2018**
Cash and cash equivalents	*22*	22 611	15 341
Cash and cash equivalents included in assets held for sale	*23*	21	16
Bank overdrafts	*25*	(20 118)	(18 984)
Total		**2 514**	**(3 627)**

* The Group initially applied IFRS 16 Leases as at 1 January 2019 using a modified retrospective approach. In line with the chosen approach, the comparable period is not restated (see Note 2.b) - Significant accounting policies).

*Bank overdrafts payable on demand that represent a part of financial management of the Group are included within cash and cash equivalents for purposes of Consolidated statement of cash flows.

The notes presented on pages 9 to 95 form an integral part of the consolidated financial statements.

Notes to the consolidated financial statements for the year ended 31 December 2019

1. Information about the accounting entity

JOJ Media House, a. s. (hereinafter referred to as “the parent company” or "the Company") was established on 26 October 2010 and was registered in the Commercial Register as a joint stock company on 6 November 2010 (Commercial Register of the District Court Bratislava I in Bratislava, Section Sa, file 5141/B) under the identification number 45 920 206. Tax identification number is 2023141945. The Company’s address is Brečtanová 1, 831 01 Bratislava.

The Company’s share capital is registered in the Commercial Register and is fully paid up.

The Company is not a partner with unlimited liability in other companies.

The consolidated financial statements of the Company as at and for the year ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associate entities and joint ventures.

The main activities of the Group is operating private TV stations, providing services to the radio broadcasters, including the sale of media (advertising) space, publishing daily newspapers and the sale of external advertisement spaces (billboards, bigboards, movable “out of home” communication, etc.).

The Company’s bodies

Board of directors	Mgr. Richard Flimel - chairman
Supervisory board	Mgr. Marcel Grega Ing. Mojmír Mlčoch János Gaál

Information about the parent of the Group

On 1 February 2013, the structure of JOJ Media House, a.s.’s shareholders has changed in such way that instead of the majority shareholder HERNADO LIMITED, with its registered office in Akropoleos, 59-61 SAVVIDES CENTER, 1st floor, Flat/Office 102, 2012 Nicosia, Cyprus, registration number: 271787 (hereinafter referred to as “HERNADO LIMITED“) the new majority shareholder holding 99.90% of shares of the Company became TV JOJ L.P., with its registered office in Klimentos, 41 - 43 KLIMENTOS TOWER, 2nd floor, Flat/Office 21, 1061 Nicosia, Cyprus, registration number: 12128. HERNADO LIMITED, the previous majority shareholder, acts on behalf of the new majority shareholder as its general partner. This transaction has no effect on executing the control over the Company. Other aspects of shareholder structure and control over the Company remain unchanged.

The ultimate owner of HERNADO LIMITED is Mgr. Richard Flimel.

The shareholders of the Company as at 31 December 2019 and as at 31 December 2018 were as follows:

in EUR	**Interest in share capital EUR**	**Interest in share capital %**	**Voting rights %**
TV JOJ L.P.	24 975	99.90	99.90*
Mgr. Richard Flimel	25	0.10	0.10
	25 000	**100**	**100**

* The company HERNADO LIMITED acts on behalf of TV JOJ L.P. as its general partner.

The Company is not included in any other consolidated financial statements.

2. Significant accounting policies

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

b) Basis for preparation

Legal reason for the preparation of the financial statements

The consolidated financial statements of the Company as at 31 December 2019 have been prepared in accordance with the Article 22 of the Slovak Act No. 431/2002 Coll. on Accounting for the accounting period from 1 January 2019 to 31 December 2019.

The consolidated financial statements were prepared using the accrual principle and going concern assumption that the Company will continue in operation for the foreseeable future.

The consolidated financial statements were prepared consistently in accordance with accounting principles used in the consolidated financial statements as at 31 December 2018, except for initial application of IFRS 16 Leases. Based on transition method selected by the Group for initial application of IFRS 16, information for comparative period did not change.

The consolidated financial statements have been prepared on the historical cost basis, with the exception of investment property, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss which are measured at fair value.

Historical cost is generally based on the fair value of given consideration for the exchange of goods and services.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price).

Functional currency

The consolidated financial statements are presented in euro (EUR), which is the functional currency of the Company and are rounded to thousands.

The use of estimates and judgments

The financial statements require management to use various judgments, estimates and assumptions to be exercised that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods, which are affected by the revision.

Information about areas with significant uncertainties in estimates and significant judgments in applying accounting policies with the most significant effect on the amounts presented in the financial statements is described in the note 14 – Impairment testing of assets and in the note 16 – Right-of-use assets and lease liabilities.

Impairment testing

On the day of acquisition, the goodwill is allocated to cash-generating units (CGU) which are expected to benefit from the synergies of the business combination.

2. Significant accounting policies (continued)

As at the balance sheet date, the Group considers the potential impairment of goodwill. If no indicator for potential impairment is detected, the Group, in accordance with IAS 36, tests the goodwill recognized in the business combination during the current accounting period and the goodwill reported in the prior accounting periods for potential impairment on an annual basis as at 31 December, i.e., as at the date of the preparation of the consolidated financial statements.

The Group is also testing for impairment other intangible assets with indefinite useful life and CGUs, where the need for such testing was identified. If no indicator of possible impairment is identified, the Group, in accordance with IAS 36, tests the intangible assets with indefinite useful life for potential impairment on an annual basis as at 31 December, i.e., as at the date of the preparation of the consolidated financial statements.

The recoverable amount of such assets is derived from future cash flows estimated by management, updated since the acquisition date. Key assumptions used in this testing are described in Note 14 – Impairment testing of assets. Impairment testing includes use of certain substantial accounting estimates, judgements and assumptions, which are inherently complex and therefore the future actual results may differ from these estimates. Even small changes in these assumptions can have a significant impact on the test result.

Depreciation of right-of-use-assets

In case of fixed-term leases with the possibility of exercising the option to extend / terminate the lease, the Group assesses the probability of exercising these options. The assessment shall take into account all relevant facts, such as:

- the duration of the contractual relationship with the customer concerning the lease of the right-of-use assets,
- whether the lease is at or below market prices.

In case of leases for an indefinite period, the lease term is derived from the expected useful life of the leased asset, and the Group has taken into account all relevant facts when estimating the expected useful life of the leased asset.

International Financial Reporting Standards and the related changes in accounting policies

The following International Financial Reporting Standards, amendments to standards and interpretations adopted by the EU are effective for the accounting period starting 1 January 2019, and have been applied in preparing the Group's consolidated financial statements:

IFRS 16 Leases was issued in January 2016 and is effective for annual periods beginning on or after 1 January 2019. The lessee must apply IFRS 16 using either a full retrospective approach or a modified retrospective approach. IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The Standard eliminates the current dual accounting model for lessees and instead requires companies to bring most leases on-balance sheet under a single model, eliminating the distinction between operating and finance leases. Under IFRS 16, a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group initially applied IFRS 16 as at 1 January 2019 using a modified retrospective approach. Due to the method of transition chosen by the Group in the initial application of the standard, the data for the comparable period of 2018 have not been restated and are reported in accordance with IAS 17 and related interpretations. The application of the standard affected the Group's accounting policies (see accounting policy r) Right-of-use assets and lease liabilities (in accordance with IFRS 16)) as well as the Group's financial statements. The changes are described below.

2. Significant accounting policies (continued)

As at the date of initial application, the Group used a practical expedient that does not require the reassessment whether the contract is a lease as at the date of initial application or whether it contains a lease. The Group has applied IFRS 16 to contracts that were previously classified as leases in accordance with IAS 17 - Leasing and IFRIC Interpretation 4 - Determining whether an Arrangement includes a Lease. Contracts that were not reported as leases under IAS 17 and IFRIC 4 have not been reassessed.

As at the date of initial application, the Group measured leases previously reported in accordance with IAS 17 as follows:

- assessed lease liabilities at the present value of the lease payments outstanding as at 1 January 2019, the lease payments are discounted at the incremental borrowing rate for the Group's loans;
- measured right-of-use assets at value equal to the lease liability adjusted by the value of all advance or accrued lease payments recognized in the Group's statement of financial position immediately before the date of initial application.

As at the date of initial application, the Group used the following practical expedients for leases that were previously classified as operating leases in accordance with IAS 17:

- applied a single discount rate to a portfolio of leases with similar characteristics to the lease of the underlying assets in a similar economic environment,
- in the value of right-of-use assets and lease liabilities did not include leases with a lease term of 12 months or less and some of the Group's companies have also used the option not to include leases with a low value (so-called small-ticket leases).

As at the date of initial application, the Group reclassified a portion of intangible assets which as at 31 December 2018 was recognized in Other intangible assets. These assets include contractual relationships identified in the process of allocating purchase prices in the acquisition of subsidiaries, and which relate to the favorable terms of an operating lease acquired in a business combination. As at 1 January 2019, these assets were reported as part of the value of right-of-use assets.

For leases that were previously classified as finance leases in accordance with IAS 17, the right-of-use asset and lease liability are determined at the carrying amount of the assets acquired under finance leases and the value of the finance lease liability measured by applying IAS 17, before the date of initial application of IFRS 16.

Based on the Group’s assessment and **in accordance with** IFRS 16, the Group does not consider a **lease the** following:

- leases of space on the facades / walls of buildings, where the landlord may determine which of the several advertising spaces to use over the lease term,
- contracts for which the contract price represents a municipal charge and not a lease,
- contracts with transport undertakings for the lease of areas and space on means of transport and other areas owned by transport undertakings.

The cost of renting these premises is recognised in profit or loss on an ongoing basis as incurred.

2. Significant accounting policies (continued)

The application of IFRS 16 Leases as at 1 January 2019 has the following impact on the Group's financial statements:

in thousands of EUR	*Note*	**As at 1 January 2019 before application of IFRS 16**	**Application of IFRS 16**	**As at 1 January 2019 after application of IFRS 16**
Other intangible assets	*13*	58 270	(46 897)	11 373
Property, plant and equipment	*15*	87 192	(3 371)	83 821
Right-of-use asset	*16*	-	133 249	133 249
Total assets		**145 462**	**82 981**	**228 443**
Interest bearing borrowings	*25*	20 388	(2 406)	17 982
Lease liabilities	*16*	-	85 387	85 387
Total liabilities		**20 388**	**82 981**	**103 369**

The incremental borrowing interest rate of the Group as at 1 January 2019 was at 5.1%.

Amendments to **IFRS 9** Financial Instruments: Prepayment Features with Negative Compensation and Modification of Financial Liabilities, effective for annual periods beginning on or after 1 January 2019, earlier application is permitted. These amendments address concerns raised about accounting for financial assets that include particular contractual prepayment options and clarify accounting for financial liabilities after modification.

Effective from 1 January 2018, the Group decided to apply amendments to IFRS 9 and standard IFRS 9 simultaneously. As at 1 January 2018, the application of amendments had an impact on the consolidated financial statements as follows: a decrease in the losses from previous years and a decrease in liabilities from issued bonds in the amount of EUR 3 712 thousand.

The adoption of the amendments and interpretations set out below did not have a significant effect on the Group's accounting policies or financial statements.

Annual Improvements to IFRS 2015-2017 Cycle effective for annual periods beginning on or after 1 January 2019.

Amendments to **IAS 19** issued in February 2018 clarify the accounting when a change to a plan, a curtailment or settlement, takes place during the current accounting period. Amendments are effective for annual periods beginning on or after 1 January 2019, earlier application is permitted. Amendments should be applied prospectively.

Interpretation **IFRIC 23** Uncertainty over Income Tax Treatments clarifies the accounting for income tax, when such accounting involves uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it address the interest and penalty requirements associated with uncertainty in their assessment. Interpretation specifically addresses the following questions:

- Whether the Company individually assesses the uncertainty in tax accounting
- The assumptions that an entity performs when assessing tax practices by tax authorities
- As an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax reductions and tax rates
- How the entity assesses the changes in facts and circumstances.

An entity should determine whether any uncertain tax assessment should be considered separately or together with one or more other uncertain assumptions. Applied should be a procedure that better predicts the solution of uncertainty. The interpretation is effective for annual periods beginning on or after 1 January 2019, with certain transitional concessions being possible. The Company will apply the interpretation as of its date of effectiveness. The Group does not expect that the Interpretation, when initially applied, will have material impact on the financial statements as the Group does not operate in a complex multinational tax environment.

Amendments to **IAS 28** Investment to associates and joint ventures: Long-term Interests in Associates and Joint Ventures, effective for annual periods beginning on or after 1 January 2019. The amendment clarifies adoption of IFRS 9 to long-term interests in Associates and Joint Ventures, where the equivalent method is not applicable.

Published International Financial Reporting Standards as adopted by EU that are not yet effective

Revised Conceptual Framework issued on 29 March 2018 is effective for accounting periods beginning on or after 1 January 2020. The main changes and improvements will be made to:

- measurement concept, including the description of different measurement bases
- presentation and disclosure concept, including the classification of revenue and expenses in other comprehensive income
- derecognition of assets and liabilities from financial statements
- updated definitions of asset and liability
- updated criteria of asset and liability recognition in financial statements

Amendments to **IAS 1** and **IAS 8** issued in October 2018 clarify the definition of 'material'. Based on new definition, the information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments are effective for annual periods beginning on or after 1 January 2020, earlier application is permitted.

Standards and interpretations not yet effective and not yet adopted by the European Union

Amendments to **IFRS 9 (IAS 39) and IFRS 7** Interest rate benchmark reform, issued in September 2019 deal with issues affecting financial reporting prior to replacement of existing interest rate benchmark by alternative rate benchmark. These changes constitute temporary and limited exemptions from the requirements for hedge accounting so that companies can continue to meet the requirements provided that the existing reference interest rates do not change due to the reform of interbank interest rates. The amendment is effective for annual periods beginning on or after 1 January 2020, earlier application is allowed.

Amendments to **IFRS 10 and IAS 28** Sale or contribution of assets between an investor and its associate or joint venture. IASB decided to defer the endorsement indefinitely, but the early application is permitted. The Amendments clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business, such that:
a full gain or loss is recognised when a transaction between an investor and its associate or joint venture involves the transfer of an asset or assets which constitute a business (whether it is housed in a subsidiary or not), while a partial gain or loss is recognised when a transaction between an investor and its associate or joint venture involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Amendments to **IFRS 3** issued in October 2018 narrowed and clarified the definition of a business combination and an acquisition of a group of assets. Amendments are effective for business combinations made on or after 1 January 2020, earlier application is permitted.

2. Significant accounting policies (continued)

IFRS 17 Insurance contracts, effective for annual periods beginning on or after 1 January 2021, earlier application is allowed. IFRS 17 replaces IFRS 4, which was adopted as a temporary standard in 2004. IFRS 4 allowed companies to account for insurance contracts under national accounting standards, resulting in a large number of different approaches.IFRS 17 addresses the comparability problems caused by IFRS 4, and requires that all insurance contracts shall be recorded consistently, for the benefit of both investors and insurance companies. Insurance liabilities will be recognised at their present value instead of their historical value.
The Company does not expect the standard to have a significant impact on the presentation of the Company's financial statements when it is first applied, as the Company does not operate in the insurance business.

The Amendments to **IAS 1** Presentation of Financial Statements, Classification of Liabilities as Current or Non-Current. The amendments are effective for annual periods beginning on or after 1 January 2022 and should be applied retrospectively. Earlier application is allowed. Amendments to the classification of liabilities as current or non-current (amendments to IAS 1) affect only the presentation of liabilities in the statement of financial position - not the amount or timing of the recognition of assets, liabilities, income or expenses or the information disclosed by entities. The Amendments

- clarify that the classification of liabilities as current or non-current should be based on rights which exist at the end of the reporting period, and align the wording in all paragraphs concerned with a reference to the "right" to defer settlement for at least twelve months and explicitly state that only rights that exist "at the end of the reporting period" should affect the classification of the liability;
- clarify that the classification is not affected by expectations whether the entity will exercise its right to defer settlement; and
- clarify that the settlement concerns the transfer of cash, equity instruments, other assets or services to a counterparty.

The adoption of the above amendments will not have a significant impact on the Group's accounting policies or financial statements.

Other International Financial Reporting Standards
The Group has not applied any other IFRS standards adopted by EU earlier where adoption is not mandatory as at the balance sheet date. Where transition provisions in adopted IFRS give an entity the choice of whether to apply new standards prospectively or retrospectively, the Group elects to apply the Standards prospectively from the date of transition.

c) Basis for consolidation

i. Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

2. Significant accounting policies (continued)

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

ii. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when: (i) it has the power to control the relevant activities of the entities that significantly affect their profitability and income, (ii) it is exposed to, or has rights to, variable returns from its involvement with the entity and (iii) it has the ability to affect those returns through its power over the entity. Existence and influence of voting rights, including potential voting rights, should be considered when assessing whether the Group has the control over another entity. For a right to be substantial, an equity holder must have the practical ability to exercise that right at the time when the relevant entity's activities are taken. The Group has control over another entity even though it holds less than half of the voting rights. In such a case, the Group assesses the size of the voting rights of other investors as compared to their rights as well as the distribution of ownership of these other voting rights to determine whether it has de facto decision-making power over the entity. The protection rights of other investors, such as those relating to significant changes to an entity's activities or those that are applicable only in exceptional circumstances, do not prevent the Group from controlling another entity.

iii. Non-controlling interests

Non-controlling interests ("NCI") are measured at their proportionate share of the acquiree's identifiable net assets as at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

iv. Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

v. Interests in equity- accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and joint ventures.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

vi. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains and losses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

vii. Consolidation scope

There are 52 companies included in the consolidation as at 31 December 2019 (2018: 40 companies), out of which 47 companies (2018: 36 companies) were consolidated using the full consolidation method and 5 companies (2018: 4 companies) using the equity method. All consolidated companies prepared their financial statements at 31 December 2019. These companies are listed in Note 36 – Group entities.

viii. Unification of accounting policies

The accounting policies and procedures applied by the consolidated companies in their financial statements were unified in the consolidation, and agree with the policies applied by the Parent Company.

d) Foreign currency

i. Transactions in foreign currencies

Transactions in foreign currencies are initially translated into respective functional currencies of individual Group's entities at the foreign exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into respective functional currencies of individual entities at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies that are stated at historical cost are translated into respective functional currencies of individual entities at the foreign exchange rates ruling at the dates when the relating transactions occurred and are not subsequently retranslated. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into respective functional currencies of individual entities at the foreign exchange rates ruling at the dates the fair values are determined. Foreign exchange differences arising are recognised in current period's profit or loss.

ii. Financial statements of foreign entities

Assets and liabilities of the Group's entities recorded in other currencies than functional currency of the Company (foreign companies) are translated to Euro by the exchange rate valid at the balance sheet date. The goodwill and changes in fair values related to acquisition of new entities are translated in the same way. Revenue and expenses are translated to Euro by the exchange rate valid as at the date of the accounting transaction. Related exchange rate differences are recognised into equity.

Exchange rates announced by the European Central Bank are used for translation of foreign currencies.

With the loss of control in a foreign subsidiary, significant influence in a foreign associate, or joint control in a foreign jointly controlled entity, exchange rate differences previously recognised in equity are reclassified to profit or loss as part of a gain or loss on the sale of the entity.

When the Group sells a part of a foreign subsidiary without a loss of control, a proportional part of exchange rate differences recognised in equity is transferred to non-controlling interest.

When the Group sells a part of a foreign associate or a foreign jointly controlled entity without a loss of significant influence or joint control, a proportional part of exchange rate differences recognised in equity is transferred into profit or loss.

e) Property, plant and equipment (tangible fixed assets)

i. Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (refer to accounting policy under note e) iii.) and impairment losses (refer to accounting policy under note m)).

Acquisition cost consists of the price at which an asset has been acquired plus costs related to acquisition. The cost of self-constructed assets includes the cost of materials, direct labour, costs of dismantling and removing the items and restoring the site on which they are located and relating production overhead costs. Borrowing costs are included in the acquisition cost of the qualifying asset.

Acquisition costs related to the replacement of the part of the property, plant and equipment is recognised in the assets' carrying amount when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be reliably measured. The carrying amount of the replaced part is derecognised.

When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items (major components) of property, plant and equipment.

ii. Subsequent expenditure

Subsequent expenditure is capitalised if it is probable that the future economic benefits will flow to the Group and its cost can be measured reliably. All other expenditures including regular repair and maintenance of property, plant and equipment are recognised in the profit or loss as an expense as incurred.

iii. Depreciation

Depreciation is charged to the profit or loss on a straight-line basis over the estimated useful lives of items of property, plant and equipment. Land and acquisition of property, plant and equipment is not depreciated.

Estimated useful lives are as follows:

• Buildings and structures	20 to 37 years
• Bigboards and other advertising equipment	
Bigboards and other advertising equipment	10 to 30 years
Electronic advertising equipment	4 to 5 years
Technological installation	7 to 10 years
• Machinery and equipment	
Vehicles	4 to 5 years
Others	3 to 6 years

Depreciation methods, useful lives, as well as residual values, are reassessed annually as at the balance sheet date.

Each part of an item of property, plant and equipment (component) with a cost that is significant in relation to the total cost of the item is depreciated separately. Significant components of property, plant and equipment with similar useful lives and depreciation method are grouped together when determining the depreciation rate.

iv. Gains and losses from sale of property, plant and equipment

Gains and losses from sale of property, plant and equipment are determined by comparison of proceeds from sale decreased by costs related to sale and carrying accounting value of property plant and equipment as at the date of sale. Gains and losses from sale of property, plant and equipment are recognised in profit or loss.

f) Intangible assets

i. Goodwill

Goodwill is measured as the acquisition cost less cumulative impairment losses (see accounting policy m)).

Goodwill from acquisition of subsidiaries is recognised as a separate item in the statement of financial position of the Group. Goodwill from acquisition of associates and jointly controlled entities is part of carrying value of Group's investments in these entities.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

ii. Other intangible assets

Other intangible assets include assets acquired in business combinations (e.g. televisual format, trademark and contractual relationships) and software. Intangible assets acquired in a business combination are recorded at fair value on the acquisition date if the intangible asset is separable or arises from contractual or other legal rights. These assets are carried at cost less accumulated amortisation (see accounting policy f) iv.) and cumulative impairment losses (see accounting policy m)).

iii. Subsequent expenditure

Subsequent expenditures are recognised in the carrying amount of intangible assets only when it is probable that the future economic benefits embodied will flow to the Group. All other expenditures including the costs for internally generated goodwill and trademark are recognised in the profit or loss as incurred.

iv. Amortisation

Amortisation is charged to profit or loss on a straight-line basis (with the exception of televisual format, which is amortised non-straight-line based on its future expected economic benefits) over the estimated useful lives of intangible assets, from the date the asset is available for use.

Useful lives are usually firmly set. Intangible assets with an indefinite useful life are not subject to amortisation and are annually tested for impairment. Their useful life is also reassessed as at balance sheet date in order to evaluate whether the existing conditions still support the indefinite useful life assumption. Goodwill is not subject to amortisation but is tested annually for impairment.

The estimated useful lives are as follows:

• Contractual relationships	7 years
• Televisual format[1]	42 years
• Other intangible assets - software and others	2 to 7 years
• Trademark	indefinite useful live

[1] Televisual format represents the content of the television broadcasting and strategy by which this content is chosen and subsequently its perception from the point of view of television viewer.

The useful lives of televisual format, contractual relationships and trademark have been specified by an independent third party when determining the fair value of assets at acquisition of subsidiaries. The estimated useful life of televisual format reflects the time frame of the target audience that was set at the date of the acquisition between the age of 12 and 54, assuming that in 42 years the preferences of the audience will change to other forms of media. The useful lives of contractual relationships reflects the duration of the lease and takes into the account risk of discontinuance of the lease. The useful life of the trademark reflects the period during which the economic benefits will flow to the Group. Since the Group is determined to use their logo, slogan and complete trademark, the Group together with an independent third party decided at the determination of fair values of assets at the acquisition of the companies that useful life of trademark will be indefinite.

Amortisation methods and useful lives, as well as residual values, are reassessed as at the balance sheet date and adjusted if appropriate.

g) Investment property

Investment property is property which is held by the Group with the intention of earning an income, either through rental income or through long-term increase in value of the property. Investment property is neither used in the production process or for administrative purposes nor sold within the scope of regular business activities of the Group.

Investment property is recognised at fair value which is determined by an independent valuer or management. Fair value is determined based on current prices of similar asset offered in an active market within the same location and the same conditions. If there are no current prices available, the generally applicable valuation model such as revenue technique is used. Profits and losses arising from changes in fair value related to valuation of investment property are recognised in the profit or loss.

Investment property is considered to be acquired when the Group acquires all significant risks and benefits related to the ownership. Investment property is considered to be derecognised when all the risks and benefits are transferred on a buyer. Gains or losses on the disposal of investment properties are the difference between the disposal proceeds of the investment property, less disposal costs and carrying amount of the asset as at date of disposal. Gains or losses on the disposal of an investment property are recognised in the profit or loss.

Revenue from lease of investment property is recognised as defined in the accounting policy s).

h) Programme rights

Programme rights represent acquired titles of foreign and domestic movies and TV series where the Group obtained a right to use these titles in its broadcasting from the original holder of the rights for an agreed period. These include the right to create language versions to acquired titles, using the language appropriate to the broadcasting of the Group’s station.

i. Non-current programme rights

Non-current programme rights are carried at cost. These programme rights are effective after one year from the balance sheet date. Non-current programme rights are amortised based on the number of runs. Percentage amount of amortisation was set by management based on the historical experience in the TV broadcasting and represents period during which the programme rights generate economic benefits. In case of two runs, 80% of cost is amortised after the first and 20% after the second run. In case of three and more runs, 60% of the cost is amortised after the first, 30% after the second and 10% after the third run.

Programme rights for acquired titles that have limited validity and ran through paid channels where management estimates their broadcasting more than 30 times are amortised on a straight line basis during the period the programme rights are valid.

There are several situations that lead to a downward value adjustment to programme rights. These include the programmes that will not be broadcasted as the relating rights are nearing their expiry date, the programmes with inappropriate content and the carrying amount of programmes broadcasted once, but their other runs will be broadcasted in times with a low potential to generate commercial revenue.

ii. Current programme rights

Current programme rights are carried at cost. These programme rights are effective or they will start to be effective within one year from the balance sheet date. Current programme rights are amortised in the same way as non-current programme rights, see Note h) i.).

The downward value adjustment to current programme rights is carried out in the same way as the impairment allowance for non-current programme rights, see Note h) i.).

iii. Programme rights write-off

Programme rights that will expire before their broadcast are written-off through the profit or loss.

i) Internal programme rights

Internal programme rights represent the Group's own production of television series, movies, sitcoms, documentaries, reality shows, news coverage and programmes focused on different topics (e.g. living, cooking, entertainment, etc.). Internal programmes include also dubbing and subtitles of foreign movies and television series.

Internal programme rights are recognised in the amount of direct costs of production and are amortised based on the number of broadcasted runs. Direct costs are costs which are interrelated with a production such as fees for actors, hosts, directors, script editors, screenwriters, cameramen, film producers, technicians, costs for stage setting, props, costumes, licenses, rent of premises for broadcast production and other costs related to outsourced works and services.

The percentage of amortisation was determined by management based on historical experience in the television broadcasting sector and corresponds with a period during which the programme rights generate economic benefits. In the case of two runs, 80% of cost is amortised after the first and 20% after the second run. In case of three runs, 60% of the cost is amortised after the first, 30% after the second and 10% after the third run.

In case of five runs, 60% of the cost is amortised after the first, 10% after the second to the fifth run.

The value of internal programme rights is decreased by programme titles that will not be broadcasted due to an inappropriate content orientation or by the carrying amount of programmes broadcasted once, but their other runs will be broadcasted in time with low potential to generate advertising revenue. In case of programmes that will not be rerun in four years after the end of the last episode of the broadcast premiere, the entire carrying value of the programme (format or show) is written off as an expense.

From the nature of internal programme rights the licensing period starts immediately after their production, and therefore they are recognised as current assets in the Consolidated statement of financial position of the Group, except for situations when Group's management expects that internal programme rights will be broadcasted not earlier than one year after the reporting date.

j) Financial instruments

Financial assets

The Group classifies financial assets as measured at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss based on the basis of both:
a) the Group's business model for managing the financial assets, and
b) the contractual cash flow characteristics of the financial asset.

Financial assets carried at amortised cost
A financial asset is measured at amortised cost if both of the following conditions are met:
a) the asset is held within a portfolio with a business model whose objective is to hold assets in order to collect the contractual cash flows, and
b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are recognised in the consolidated statement of financial position within trade receivables and other receivables, loans granted, cash and cash equivalents and cash which is not fully available for the Group's use.

Financial assets carried at fair value through other comprehensive income
A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:
a) the asset is held within a business model whose objective is achieved by collecting the contractual cash flows as well as selling financial assets, and
b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group applied an irrevocable election at initial recognition, for particular investments in equity instruments that are not held for sale and that would otherwise be measured at fair value through profit or loss, to present subsequent changes in fair value including exchange rate gains and losses in other comprehensive income.

Such financial assets are recognised in the consolidated statement of financial position within other financial assets as equity securities carried at fair value through other comprehensive income.

Debt securities within financial asset are measured at fair value through other comprehensive income, if they are held within a business model whose objective is achieved by collecting the contractual cash flows as well as selling financial assets. The Group does not hold any such debt securities.

Financial assets carried at fair value through profit or loss
If the financial asset is not measured at amortised cost or at fair value through other comprehensive income, it is measured at fair value through profit or loss. Financial assets at fair value through profit or loss are those held by the Group for trading in order to obtain short-term gains and derivative financial instruments. Such financial assets are recognised within other financial assets in the consolidated statement of financial position.

The Group uses derivative financial instruments to hedge against risks arising from its operating, financing and investing activities. In accordance with the financial policy, the Group does not hold nor does it issue financial derivatives for trading purposes. As none of the derivatives fulfil the criteria for hedge accounting under IFRS as adopted by EU, they are treated as trade instruments.

Financial liabilities

Financial liabilities are classified in one of the following categories: financial liabilities carried at fair value through profit or loss or carried at amortised cost.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss represent financial liabilities held for trading, including derivative financial instruments. Derivative financial instruments are recognised within trade and other financial liabilities in the statement of financial position of the Group.

The Group is using derivative financial instruments to hedge against risks arising from operating, financing and investing activities. In accordance with the financial policy of the Group, the Group does not hold nor does it issue financial derivatives for trading purposes. As none of the derivatives fulfil the criteria for hedge accounting under IFRS as adopted by EU, they are treated as trade instruments.

Financial liabilities carried at amortised cost

Financial liabilities carried at amortised cost are various financial liabilities not carried at fair value through profit or loss. Such financial liabilities are recognised in the statement of the financial position within bank loans, interest-bearing borrowings, bonds issued and trade and other financial liabilities.

i. Initial recognition of financial instruments

Financial assed carried at fair value through profit or loss and financial asset carried at fair value through other comprehensive income are recognised as at the date that Groups commits to purchase them. Regular purchases and sales of these financial instruments are recognised as at the trading date. Financial assets carried at amortised cost are recognised as at the date of acquisition.

Financial liabilities are initially recognised as at their inception.

ii. Measurement of financial instruments

Financial assets carried at fair value through other comprehensive income

Financial assets carried at fair value through other comprehensive income are initially carried at fair value including costs related to acquisition. Subsequently, they are carried at fair value, gains and losses from the change in fair value are recognised directly within other comprehensive income in equity.

For equity securities carried at fair value through other comprehensive income, all exchange rate gains and losses are recognised within other comprehensive income in equity. The change in the fair value and the net gain/loss from the sale are not recognised in the profit or loss but in other comprehensive income. The gains and losses can be be reclassified within equity from the revaluation fund to retained earnings at the time of sale. Only dividends are recognised in the profit or loss.

When fair value cannot be reliably measured and acquisition costs represent the best fair value estimate, equity securities carried at fair value through other comprehensive income are recognised in the amount of acquisition costs.

Interest income from debt securities carried at fair value through other comprehensive income is calculated using the effective interest rate method and is recognised in profit or loss. All exchange rate gains and losses and impairment losses are recognised in profit or loss. The gains and losses arising from the change in the fair value of debt securities are reclassified from other comprehensive income to profit or loss at the time of sale.

Financial assets carried at fair value through profit or loss
Financial assets carried at fair value through profit or loss are initially carried at fair value without costs related to acquisition. Subsequently, they are carried at fair value, gains and losses from the change in fair value as well as interest income and dividends are recorded through profit or loss. All costs associated to transactions are recognised in profit or loss.

Financial assets carried at amortised cost
Loans and receivables are initially recognised at the fair value including directly attributable transaction costs. Subsequently they are measured at amortised cost less impairment allowances, using the effective interest rate method (see accounting policy m)).

Trade and other receivables are initially measured at nominal value. Receivables are decreased by impairment allowances (see accounting policy m)).

Interest income and exchange rate gain or loss are recognised in profit or loss. Gain or loss incurred during derecognition of a financial asset is recognised in the profit or loss.

Financial liabilities carried at fair value through profit or loss
Financial liabilities carried at fair value through profit or loss are initially recognised at their fair value. After initial recognition, they are measured at fair value. Gains and losses, as well as interest expenses are recorded through profit or loss. All costs related to transactions are recorded through profit or loss.

Financial liabilities carried at amortised cost
Bank loans, interest-bearing borrowings and issued bonds are initially recognised at fair value decreased by related transaction costs. In subsequent periods they are recognised in the statement of financial position of the Group in amortised cost. Difference between this amount and the amount in which loans, borrowings and issued bonds are repaid, is recognised as expense in profit or loss using effective interest rate method.

Trade and other financial liabilities are initially recognised at nominal value, at the time of their take over are valued at acquisition costs.

iii. Offset of financial instruments

Financial assets and financial liabilities are offset in the statement of financial position of the Group and only net amount is recognised when the Group has legally enforceable right to offset the amounts and an intention exists to settle the transactions based on their net amount.

iv. Derecognition of financial instruments

Financial asset is derecognised when:
a) the asset is repaid or the rights to cash flows from the investment are terminated, or,
b) the Group transfers the rights to cash flows from the investment or enters into a transfer agreement, thereby (i) in principle the Group transfers all the risks and potential gains associated with ownership; or (ii) the Group does not transfer all the risk or potential gains, leaving no control over the investment. The Group will retain control if the counterparty does not have a real possibility to sell the asset as a whole to an unrelated third party without additionally restricting sales.

Financial liabilities are derecognised when the obligation of the Group specified in the contract ceases to exist, is settled or cancelled.

Difference between carrying amount of derecognised financial asset and consideration paid is recognised through profit or loss.

k) Other assets

Other assets are other non-financial assets (not described elsewhere) carried initially at their nominal value and also inventory (see also accounting policy l)).

l) Inventory

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

The cost of inventory is based on the first-in-first-out principle and includes expenditure incurred in acquiring the inventories.

m) Impairment

i. Financial assets

The Group recognises impairment loss of expected credit loss, ("ECL") for:
a) financial assets measured at amortised cost
b) debt securities measured at fair value through other comprehensive income and
c) contract assets

The Group measures impairment allowances in the amount that equals to the expected credit losses over the whole lifetime (lifetime ECL), except for non-current loans provided and deposits in banks by which the credit risk (i.e. a default risk over the expected lifetime of a financial asset) did not change significantly since their initial recognition. These impairment losses are measured at 12-month ECL.

The impairment allowances for trade receivables and contract assets are always measured at lifetime ECL.

In assessing whether the credit risk of a financial asset has significantly increased since initial recognition and in estimating ECL, the Group uses reasonable and substantiated information that is relevant and available without undue cost or effort. It includes quantitative and qualitative information and analysis, based on the Group's past experience and informed credit evaluation, including the information about future.

The Group expects that the credit risk of a financial asset increases, if it is more than 30 days overdue.

The Group considers a financial asset to be defaulted when:
a) it is not probable that a debtor will pay its credit obligations to the Group in full, without using the collateral (if any); or
b) financial asset is more than 90 days overdue.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial asset.

12-month ECLs are ECLs that result from all possible default events within 12 months after the reporting date (or a shorter period when expected lifetime of a financial asset does not exceed 12 months).

The maximum period over which ECL should be measured is the maximum contractual period over which the Group is exposed to a credit risk.

Measurement of ECL's
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted using the effective interest rate of the financial asset.

Impaired financial asset
The Group's financial assets measured at amortised cost and debt securities measured at fair value through other comprehensive income are reviewed as at each reporting date to determine whether there is any indication of impairment. If any such indication, causing the negative impact on the future estimated cashflows of a financial asset exists, the financial asset is impaired.

Observable indicators of impairment of a financial asset (decreased credit risk):
a) significant financial difficulties of the debtor or issuer;
b) breach of the contract, e.g. payment delay or more than 90 days overdue;
c) restructuralisation of a loan or an advance payment by the Group upon conditions that would otherwise not be accepted by the Group;
d) it is probable, that debtor enters into liquidation or other financial reorganisation; or
e) termination of an active stock market due to financial difficulties.

Levels of impairment of loans and bank deposits
Level 1 - ECL on the day the loan is granted or purchased and the deposit made (12-month ECL). Interest income is calculated from the gross carrying amount of financial assets (i.e. without deduction of ECL).
Level 2 - if the credit risk of a financial asset has increased significantly since initial recognition and is not considered a low risk, lifetime ECLs are recognised. The calculation of interest income is the same as for Level 1.
Level 3 - if the credit risk of a financial asset increases to the point where it is considered to be 'impaired', interest income is calculated based on the net book value of the financial asset (i.e. the gross book value less impairment allowances). Lifetime ECLs are recognised as for Level 2.

Presentation of impairment loss to ECL in the statement of financial position
Impairment allowances for financial assets measured at amortised cost are deducted from the gross amount of financial assets.

Impairment allowances for debt securities measured at fair value through other comprehensive income are recognised in profit or loss and are disclosed in other comprehensive income.

Impairment allowance is reviewed as at each reporting date.

ii. Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventory (see accounting policy l)), deferred tax asset (see accounting policy t)), are reviewed as at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amount is estimated.

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested annually for impairment as part of the relating cash generating unit (CGU).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. The recoverable amount of an asset or CGU is the greater of its net realisable value and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the Group and its environment. When an asset is not generating cash flows that are sufficiently independent, its recoverable amount is determined for the CGU where it belongs. A CGU is the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. An impairment loss and its reversal are presented in the profit or loss as a decrease or an increase in the non-current assets value.

Impairment loss recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (or group of CGUs), and then to reduce the carrying amounts of other assets in the CGU (group of CGUs) on a pro rata basis.

Impairment losses from previous periods are reassessed as at each balance sheet date to ascertain whether there are factors indicating the impairment loss decreased or ceased to exist. The loss is reversed if the assumptions used to estimate recoverable amount change. Impairment loss can be reversed or decreased to the extent so that the carrying amount would not exceed the carrying amount, net of depreciation and amortization, if no impairment loss had been recognised. In case of goodwill, the impairment loss cannot be decreased (reversed).

n) Provisions

A provision is recognised if the Group has a present legal or constructive obligation as a result of a past events and it is probable that in the settlement of this obligation an outflow of economic benefits and this outflow can be reliably measured.

o) Employee benefits

The Group has both defined benefit and defined contribution plans.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive upon retirement. The amount of benefit is dependent on one or more factors such as age, years of service and salary.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity or to the Government. The Group has no legal or constructive obligation to pay further contributions if the funds do not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group had created expectations on the part of its employees that it will continue to provide the benefits and it is management’s judgement that it is not probable that the Group will cease to provide them.

The liability recognised in the Consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation as at the reporting date.

The defined benefit obligation is calculated annually by actuaries using the Projected Unit Credit Method. The present value of the defined benefit obligation is determined by (a) discounting the estimated future cash outflows using interest rates of high quality government or corporate bonds which have terms to maturity approximating the terms of the related pension liability and (b) then attributing the calculated present value to the periods of service based on the plan.

Actuarial gain and loss arising from experience adjustments and changes in actuarial assumptions are immediately recognised in the period when incurred, and are presented through other comprehensive income. Interest expenses are recognised in profit or loss within interest expenses.

The Group makes pre-determined contributions to government and private contribution pension plans.

The Group makes contributions to the health, sickness, retirement, accidental and guarantee insurance and unemployment schemes at the statutory rates in force during the year based on gross salary payments.

p) Contract liabilities

Contract liabilities represent the Group's obligations to transfer goods or services to a customer for which the Group has already received consideration from the customer. Contract liabilities are recognised within other liabilities in the consolidated statement of financial position.

q) Other liabilities

Other liabilities represent liabilities from the employee's benefits (see accounting policy o)), contract liabilities (see accounting policy p)) and other non-financial liabilities (with no further disclosures in the notes) that are valued upon recognition at their nominal value.

r) Leasingy

Accounting principle applied before 1 January 2019 (in accordance with IAS 17 and IFRIC 4)
The Group assessed whether the contract was a leasing in accordance with IFRIC 4 - Determining whether an arrangement includes a lease. The determination was based on an assessment of the following circumstances:
(a) whether the performance of the contract was linked to the use of unique assets or assets specified in the contract;
(b) whether the contract transferred the right-of-use asset, if one of the conditions was met:
- the ability or right-of-use asset, where the lessee receives or controls more than a significant portion of the benefit accruing from the asset,
- the ability or right to physically control access to the asset, where the lessee receives or controls more than a significant portion of the benefits inflowing from the asset,
- the facts and circumstances indicated that it was unlikely that one or more parties other than the lessee would receive more than a significant portion of the performance or benefit over the contract period, and the price the lessee pays for that performance is not contractually given as the price per unit of output, nor equal to the current market price per unit of output.

The Group as the lessee distinguished between operating leases and finance leases:
- **in financial leasing**, the lessee borne a substantial part of the risks and benefits arising from the ownership of these assets, while the ownership right may or may not have been transferred to the lessee at the end of the lease. The lessee recognised assets leased under finance leases as assets and liabilities at the lower of the market value of the asset or the present value of future installments. The installments had to be divided into financial costs, insurance and principal payment. Financial costs were charged over the lease term using a constant interest rate on the remaining balance of the liability at the end of each period. Initial direct costs were recognised in profit or loss at the inception of the lease. The lessee depreciated the leased property, while if it was not certain whether at the end of the lease the asset would become the asset of the lessee, then the depreciation period was shorter of the lease period or the useful life of the asset.
- **operating lease** was a lease other than a finance lease. The lessee recognised operating lease payments in profit or loss on a straight-line basis over the lease term.

Recognition of the lessor remained unchanged.

Accounting principle applied after 1 January 2019 – Right-of-use assets and lease liabilities (in accordance with IFRS 16)

Lessee

At inception of a contract, the Group assesses whether the contract is a lease or contains a lease. The contract is a lease or contains a lease if:

- An identifiable asset exists,
- A lessee has the right to obtain substantially all economic benefits from use of the asset,
- A lessee has the right to direct use of the assets.

Lease term

The Group, as the lessee, designates the lease term as the non-cancellable lease term along with:

(a) the periods covered by the lease renewal option, if it is reasonably certain that the lessee will exercise the option; and

(b) the periods to which the lease termination option applies, when it is reasonably certain that the lessee will not exercise that option.

In case of lease contracts for land under advertising equipment concluded for an indefinite period, the Group assessed and determined the following land lease periods according to the types of advertising equipment located on them:

a.	Billboard	5 years
b.	Citylight	5 years
c.	Bigboard	7 years
d.	Backlight	7 years
e.	LED	10 years

In case of lease contracts for land under advertising equipment concluded for a definite period, the average lease term is 2 to 15 years.

Initial valuation

The Group, as the lessee, recognises the right-of-use assets and the lease liability at the commencement date of the lease.

The Group as the lessee uses two exemptions allowed by IFRS 16:

- Leases with a lease term of 12 months or less and containing no purchase options
- small-ticket leases, where a low-value lease is an asset less than USD 5,000 and the value of the asset is assessed based on the value of new asset, regardless of the age of the asset being rented.

The rent for these leases is recognised in profit or loss on an ongoing basis as it arises.

Right-of-use assets are initially valued at the purchase price, which includes:

a) the amount of the initial measurement of the lease liability,

b) all lease payments made before or on the commencement date, less any lease incentives received;

c) all initial direct expenses incurred by the lessee,

d) an estimate of the costs incurred in dismantling and removing the underlying assets and in restoring the site where they are located or in restoring the underlying assets to the condition required under the terms of the lease.

The lease liability is measured at the date of commencement of the lease at present value of the outstanding lease payments. Lease payments are discounted using the implicit interest rate if this rate can be easily determined. If this rate cannot be easily determined, the Group uses the incremental borrowing rate for loans. As the Group cannot assess the implicit interest rate, the Group uses the incremental borrowing rate for loans to calculate the amount of the lease liability. The Group regularly reassesses the amount of this rate and applies one discount rate to the portfolio of leases and similar characteristics such as the lease of the underlying assets in a similar economic environment.

At the lease commencement date, the lease payments included in the measurement of the lease liability consist of the following payments for the right-of-use assets over the lease term otustanding as at the lease commencement date:
a) fixed installments less all receivables in the form of incentives,
b) index-dependent variable installments,
c) the amounts the lessee is expected to have to repay as part of the residual value guarantees;
d) the exercise price of the call option, if it is sufficiently certain that the lessee will exercise the option.

Individual installments are included in the calculation of the lease liability measurement without taking into account value added tax. Variable payments that do not depend on the index, but for example on the volume of sales, are not included in the measurement of the lease liability and are recognised in profit or loss on an ongoing basis as they arise.

Subsequent valuation
Right-of-use assets are subsequently measured by the cost model, i.e. it is measured at cost less accumulated depreciation and any accumulated impairment losses (see accounting policy m)) and adjusted for any revaluation of the lease liability. Right-of-use assets are depreciated over the shorter of the duration of the lease or the useful life of the underlying assets. If the lease involves the transfer of ownership of the underlying assets to the lessee at the end of the lease, the right-of-use assets are depreciated over the useful lives of the underlying assets. Depreciation is recognized in profit or loss on a straight-line basis.

The lessee applies IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to recognise any impairment loss.

Any subsequent reassessment / revaluation of the lease liability shall also be taken into account in the amount of the right-of-use assets, and if this change causes the value of the right-of-use asset to decrease to zero and the measurement of the lease liability is further decreased, the lessee shall recognise any remaining amount of the revaluation in profit or loss.

The lease liability is subsequently increased by accrued and unpaid interest on the lease liability (discount) and decreased in such a way as to reflect the lease payments made.

When the lease terms change, the lease liability is revalued to reflect these changes and any revaluation of the lease. If there is a change in the lease term or there is a change in the assessment of the option to purchase the underlying asset, the revised installments are discounted using the revised discount rate. The lessee shall determine the revised discount rate as the implicit interest rate for the remainder of the lease term, and if this rate cannot be reliably determined, the Group will use the incremental borrowing rate of the loan. In the event of any further changes, the Group discounts the revised installments using the original discount rate used in the initial measurement of the lease liability.

2. Significant accounting policies (continued)

If the revaluation of the lease obligation reflects the partial or complete termination of the lease, an proportionate portion of the right-of-use asset and an proportionate amount of the lease liability are derecognised to profit or loss.

The Group, as a lessee, recognises a change in a lease as a separate lease if both of the following conditions are met:
a) the change increases the scope of the lease by adding the right-of-use to one or more of the underlying assets; and
b) the consideration for the lease is increased by an amount corresponding to the separate price of the increase in the extent of right-of-use of the underlying assets.

The Lessor
The Group classifies each of its leases as operating leases.

The Group recognises operating lease income on a straight-line basis. The initial cost of acquiring the underlying assets is included in the carrying amount of the asset and is amortised on a straight-line basis over the lease term. Underlying assets that are the subject of a lease are depreciated to profit or loss in accordance with the group policy for depreciation of similar assets.

s) Revenue from services

The Group recognised revenue from contracts with customers, when it is probable that future economic benefits will flow into Group and will be reliably measured. Revenue is recognised at fair value. The Group recognises mainly revenue from the sale of external advertising space (billboards, bigboards, transport "out of home" communication etc.), from the sale of media advertising space (TV, radio and newspapers), from the sale of retransmission services and programme services and revenue from the sale of newspapers.

Revenue is recognised in the period when the advertisement was broadcasted or published, the service was provided and the newspaper was sold. Revenue is accrued during the period over which the service was provided. Deferred revenue is recognised as contract liabilities (see accounting policy p)).

Issued invoices are usually due within 8 – 60 days. Advance payments received from the customers are recognised as contract liabilities (see accounting policy p)).

Revenue from leasing is recognised evenly over the duration of the lease.

Revenue from services does not carry the value added tax. It is also decreased by discounts and rebates (bonuses, credit notes, etc.).

Remaining performance obligations are recognised using a practical expedient according to IFRS 15. The Group does not disclose information on contracts with original maturity one year or less.

t) Interest expenses and interest income

Interest income and expenses are recorded in the profit or loss in the period they relate to. Interest income and expenses include amortisation of all premiums, discounts or other differences between the initial accounting value of the interest bearing instrument and its value at the time of its maturity. This is calculated using the basis of effective interest rate.

2. Significant accounting policies (continued)

u) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items directly recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is presented in the statement of financial position, providing for the temporary differences between the carrying amounts of assets and liabilities and the amounts used for tax purposes. Deferred tax does not apply to the following temporary differences: initial recognition of assets and liabilities from transaction which is not a business combination and that effect neither accounting or tax profit or loss, differences related to investments in subsidiaries in which it is probable that these will not be settled in the foreseeable future. Deferred tax is not recognised also for taxable differences arising from initial recognition of goodwill. Deferred tax is calculated using rates that are expected to be effective when the temporary differences will be realised. These are either based on enacted or substantially enacted rates as at the balance sheet date.

Deferred tax asset and liability are offset, if there is legally enforceable right to offset current tax liability and asset and these relate to the same tax authority and the same tax subject, or relate to different tax subjects but they intend to settled tax assets and liabilities net or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available, against which temporary differences can be utilised. Deferred tax assets are assessed as at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

v) Fair value estimates

In determining the fair value of assets and liabilities, the Group uses market (observable) inputs whenever possible. If the market is not active, the fair value of assets and liabilities is determined using the valuation techniques. When applying valuation techniques, the estimates and assumptions are used, that are consistent with available information on estimates and assumptions and that would be used by other market participants in price determination.

Based on inputs used to determine the fair value of assets and liabilities, different levels of fair value were defined:
Level 1: listed market prices (not adjusted) in active markets for identical assets and liabilities
Level 2: inputs other than listed prices in Level 1 which are observable for the assets or liabilities, either directly (eg. as prices) or indirectly (eg. derived from prices) and are listed on non-active markets for identical items of assets and liabilities.
Level 3: inputs for assets and liabilities that are not based on observable market inputs (unobservable inputs).

The main methods and assumptions used to estimate the fair value of financial assets and liabilities listed in the Note 32 – Fair value information are described below:

i. Loans granted

Fair value of granted loans is determined using the estimated future discounted cash inflows from repaid principal and interest. When estimating future cash flows, default risk as well as the conditions indicating impairment were considered. Estimated fair values of granted loans represents changes in the loan valuation from the moment when they were provided as well as changes in the interest rates in the case of loans bearing fixed interest rates.

2. Significant accounting policies (continued)

ii. Bank loans, interest bearing loans and issued bonds

The fair value of loans and borrowings without specified maturity is determined as a sum of liabilities payable as at the reporting date. The fair value of loans, borrowings and issued bonds with agreed maturity is determined based on the discounted future cash flows using interest rates offered for loans and borrowings with similar maturities.

iii. Trade and other financial receivables / payables, other financial assets / liabilities and lease liabilities

For receivables and liabilities and other financial assets and liabilities, it is assumed that their nominal value represents their fair value. For lease liabilities (IFRS 16), fair value does not have to be disclosed.

w) Assets held for sale

If the carrying amount of non-current assets (or assets and liabilities included in the group of assets held for sale) is expected to be realised mainly through its sale and not its use, these assets are classified as assets held for sale.

Immediately before the initial classification of the asset as held for sale (or assets and liabilities included in the group of assets held for sale), the carrying amount of the asset is restated in accordance with applicable IFRS EU.

Subsequently to the initial classification as held for sale, non-current assets or group of assets that are classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Any impairment losses of a group of assets held for sale are initially allocated to goodwill and then in a proportionate way to other assets and liabilities, except for inventories, financial assets and deferred tax asset, which are further recognised in accordance with the Group's accounting policies.

x) Operating segments

Operating segments are parts of the Group able to earn revenue and incur expenses, whose operating results are regularly reviewed by the Group's chief operating decision makers when they are allocating resources and measuring the performance and for which financial information is available. The Company's management considers the following operating segments: "Media Slovakia", "Media Czech republic", "Media Austria" and "Media Croatia".

3. Segment information

Intra-segment elimination are presented in a separate column. Prices used between segments were set on an arm's length principle for similar services and financing.

Information about significant customers

The Group does not have revenue from one customer which would exceed 10% of its total revenue.

Additional segment information

Expenses and revenue in the consolidated statement of profit or loss and other comprehensive income for newly acquired subsidiaries are included since their acquisition date, for companies sold during the period are included until the date of sale.

3. Segment information (continued)

Information on operating segments – Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2019

in thousands of EUR	**Media Slovakia**	**Media Czech republic**	**Media Austria**	**Media Croatia**	***Intra-segmental elimination***	**Total**
Revenue from services	105 091	54 147	31 306	11 792	*(1 141)*	201 195
Other operating income	391	366	461	213	-	1 431
Total operating income	**105 482**	**54 513**	**31 767**	**12 005**	***(1 141)***	**202 626**
Personnel expenses	(12 981)	(6 628)	(6 333)	(6 050)	-	(31 992)
Production and impairment costs of TV and radio broadcasting programmes	(32 221)	(1 198)	-	-	*951*	(32 468)
Use and write-off of programme rights	(14 029)	(936)	-	-	-	(14 965)
Posting, printing and removal of advertising	(3 660)	(3 893)	(5 346)	-	*4*	(12 895)
Depreciation, amortisation and impairment of non-current assets*	(11 945)	(15 803)	(7 109)	(408)	-	(35 265)
Other operating expenses	(25 748)	(21 729)	(11 637)	(5 289)	*175*	(64 228)
Total operating expenses	**(100 584)**	**(50 187)**	**(30 425)**	**(11 747)**	***1 130***	**(191 813)**
Profit from operating activities	**4 898**	**4 326**	**1 342**	**258**	***(11)***	**10 813**
Exchange rate gain/ (loss), net	(174)	151	-	(7)	*(7)*	(37)
Interest expenses, net*	(8 063)	(9 661)	(851)	(163)	-	(18 738)
Gain / (loss) from financial instruments, net	(48)	815	26	-	-	793
Profit from associates and joint ventures	-	28	-	-	-	28
Other financial expenses, net	(101)	(105)	(7)	(35)	-	(248)
Profit / (loss) before tax	**(3 488)**	**(4 446)**	**510**	**53**	***(18)***	**(7 389)**
Income tax	(96)	(350)	(222)	12	-	(656)
Profit / (loss) for the period	**(3 584)**	**(4 796)**	**288**	**65**	***(18)***	**(8 045)**
Other comprehensive income, after tax	-	**521**	**(41)**	**(5)**	***-***	**475**
Foreign currencies translation differences	-	191	-	(5)	-	186
Changes in fair value of equity securities and Employee benefits recalculation (IAS 19)	-	330	(41)	-	-	289
Total comprehensive income	**(3 584)**	**(4 275)**	**247**	**60**	***(18)***	**(7 570)**

* The Group initially applied IFRS 16 Leases as at 1 January 2019 using a modified retrospective approach. In line with the approach chosen, the comparable period is not restated (see Note 2.b) - Significant accounting policies).

3. Segment information (continued)

Information on operating segments – Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2018

in thousands of EUR	**Media Slovakia**	**Media Czech republic**	**Media Austria**	**Media Croatia**	***Intra-segmental elimination***	**Total**
Revenue from services	103 783	46 069	31 384	12 330	(651)	192 915
Other operating income	591	320	502	829	-	2 242
Total operating income	**104 374**	**46 389**	**31 886**	**13 159**	**(651)**	**195 157**
Personnel expenses	(12 402)	(5 357)	(5 444)	(6 577)	-	(29 780)
Production and impairment costs of TV and radio broadcasting programmes	(34 246)	(628)	-	-	568	(34 306)
Use and write-off of programme rights	(13 484)	(499)	-	-	-	(13 983)
Posting, printing and removal of advertising	(3 483)	(3 809)	(5 046)	-	-	(12 338)
Depreciation, amortisation and impairment of non-current assets*	(9 499)	(5 604)	(5 988)	(323)	-	(21 414)
Rent of advertising space (IAS 17) *	(5 043)	(12 469)	(8 379)	-	87	(25 804)
Other operating expenses	(24 036)	(14 109)	(7 358)	(6 536)	-	(52 039)
Total operating expenses	**(102 193)**	**(42 475)**	**(32 215)**	**(13 436)**	**655**	**(189 664)**
Profit / (loss) from operating activities	**2 181**	**3 914**	**(329)**	**(277)**	**4**	**5 493**
Exchange rate loss, net	(724)	(20)	-	(8)	12	(740)
Interest expenses, net*	(7 707)	(3 929)	(360)	(152)	-	(12 148)
Gain / (loss) from financial instruments, net	69	11	(6)	15	-	89
Loss from the sale of entities	(5)	-	-	-	-	(5)
Other financial expenses, net	(135)	(73)	(10)	(35)	-	(253)
Profit / (loss) before tax	**(6 321)**	**(97)**	**(705)**	**(457)**	***16***	**(7 564)**
Income tax	250	(728)	(310)	(60)	-	(848)
Profit / (loss) for the period	**(6 071)**	**(825)**	**(1 015)**	**(517)**	**16**	**(8 412)**
Other comprehensive income, after tax	**-**	**(117)**	**(24)**	**11**	**-**	**(130)**
Foreign currencies translation differences	-	(117)	-	6	-	(111)
Changes in fair value of equity securities and Employee benefits recalculation (IAS 19)	-	-	(24)	5	-	(19)
Total comprehensive income	**(6 071)**	**(942)**	**(1 039)**	**(506)**	**16**	**(8 542)**

* The Group initially applied IFRS 16 Leases as at 1 January 2019 using a modified retrospective approach. In line with the approach chosen, the comparable period is not restated (see Note 2.b) - Significant accounting policies).

3. Segment information (continued)

Information on operating segments – Consolidated statement of financial position as at 31 December 2019

in thousands of EUR

Assets	**Media Slovakia**	**Media Czech republic**	**Media Austria**	**Media Croatia**	***Intra-segmental elimination***	**Total**
Goodwill	5 650	5 904	-	1 928	-	13 482
Televisual format	70 966	-	-	-	-	70 966
Other intangible assets	2 979	3 536	4 200	457	-	11 172
Programme rights	17 031	588	-	-	-	17 619
Internal programme rights	37 522	98	-	-	-	37 620
Property, plant and equipment	24 087	37 055	18 311	5 590	-	85 043
Investment property	-	326	-	-	-	326
Right-of-use assets*	24 695	89 748	28 889	292	-	143 624
Investment in associates and joint ventures	58	540	-	-	-	598
Trade and other receivables	17 283	13 434	1 081	1 288	*(1 511)*	31 575
Other financial assets	-	511	436	5	-	952
Loans granted	11 513	517	-	1	*(8 783)*	3 248
Deferred tax asset	356	485	4	-	-	845
Other assets	1 787	4 088	940	411	-	7 226
Current income tax receivable	294	174	52	11	-	531
Cash and cash equivalents	10 559	4 663	7 375	14	-	22 611
Assets held for sale	-	-	-	556	-	556
Total assets	**224 780**	**161 667**	**61 288**	**10 553**	***(10 294)***	**447 994**

3. Segment information (continued)

Information on operating segments – Consolidated statement of financial position as at 31 December 2019 (continued)

	Media Slovakia	Media Czech republic	Media Austria	Media Croatia	*Intra-segmental elimination*	Total
Liabilities						
Bank loans	69 432	31 881	-	54	-	101 367
Interest bearing loans and borrowings	17 505	455	4 302	3 727	*(8 258)*	17 731
Issued bonds	78 991	21 158	-	-	-	100 149
Lease liabilities*	19 361	69 465	11 869	304	-	100 999
Provisions	1 147	255	847	370	-	2 619
Trade and other financial liabilities	39 838	12 444	4 403	2 255	*(1 511)*	57 429
Other liabilities	5 730	1 452	1 583	1 446	-	10 211
Current income tax liability	600	585	105	-	-	1 290
Deferred tax liability	18 882	8 650	-	411	-	27 943
Liabilities related to assets held for sale	-	-	-	573	*(507)*	66
Total liabilities	**251 486**	**146 345**	**23 109**	**9 140**	***(10 276)***	**419 804**

* The Group initially applied IFRS 16 Leases as at 1 January 2019 using a modified retrospective approach. In line with the approach chosen, the comparable period is not restated (see Note 2.b) - Significant accounting policies).

3. Segment information (continued)

Information on operating segments – Consolidated statement of financial position as at 31 December 2018

in thousands of EUR

Assets	Media Slovakia	Media Czech republic	Media Austria	Media Croatia	*Intra-segmental elimination*	Total
Goodwill	5 650	3 994	-	1 935	-	11 579
TV format	75 267	-	-	-	-	75 267
Other intangible assets	8 149	26 729	22 913	479	-	58 270
Programme rights	16 909	398	-	-	-	17 307
Internal programme rights	36 870	-	-	-	-	36 870
Property, plant and equipment	27 002	35 775	18 582	5 833	-	87 192
Investment property	-	319	-	-	-	319
Investment in associates and joint ventures	58	-	-	-	-	58
Trade and other receivables	17 610	11 813	1 309	1 362	*(729)*	31 365
Other financial assets	33	587	418	5	-	1 043
Loans granted	13 214	753	-	1	*(10 514)*	3 454
Deferred tax asset	647	103	-	-	-	750
Other assets	894	3 154	921	496	-	5 465
Current income tax receivable	239	464	-	31	-	734
Cash and cash equivalents	4 480	4 108	6 722	31	-	15 341
Assets held for sale	-	-	-	566	-	566
Total assets	**207 022**	**88 197**	**50 865**	**10 739**	***(11 243)***	**345 580**
Liabilities						
Bank loans	67 559	996	-	81	-	68 636
Interest bearing loans and borrowings	18 676	1 718	6 488	3 969	*(10 463)*	20 388
Issued bonds	74 728	46 472	-	-	-	121 200
Provisions	944	291	850	417	-	2 502
Trade and other financial liabilities	43 606	10 560	3 358	2 764	*(729)*	59 559
Other liabilities	3 606	1 367	2 115	1 614	-	8 702
Current income tax liability	253	139	121	-	-	513
Deferred tax liability	20 076	9 408	1	425	-	29 910
Liabilities related to assets held for sale	-	-	-	137	*(67)*	70
Total liabilities	**229 448**	**70 951**	**12 933**	**9 407**	***(11 259)***	**311 480**

4. Acquisitions and disposals of entities

Acquisition and foundation of entities for the period from 1 January 2019 to 31 December 2019

Information about acquisitions carried out and newly established entities during for the period from 1 January 2019 to 31 December 2019 are presented in notes 4.a) to 4.e).

a) Details on foundation

MetroZoom s.r.o.
On 26 June 2019, the Company through the subsidiary BigBoard Praha, a.s. established MetroZoom s.r.o. with a contribution of EUR 8 thousand, which represents a 100% share.

b) Details on new acquisitions

Československá filmová group[1]
Based on an agreement on transfer of the ownership interest signed on 12 March 2019, the Company, through the subsidiary Slovenská produkčná, a.s. acquired a 100% share in the company Československá filmová společnost, s.r.o. The share was acquired for EUR 2 169 thousand. By the acquisition, the Group also acquired a 100% share in CS filmová, s.r.o.. As at 31 December 2019, both entities are consolidated using the full consolidation method.

HyperMedia group[2]
Based on an agreement on transfer of the ownership interest signed on 11 April 2019, the Company, through the subsidiary BigBoard Praha, a.s. acquired a 60% share in the company HyperMedia, a.s. The share was acquired for EUR 44 thousand. By the acquisition, the Group also acquired a 100% share in Programmatic marketing, s.r.o., a 100% share in Hyperinzerce, s.r.o., a 66% share in Quantio, s.r.o., a 50.5% share in Hyperslevy.cz, s.r.o.,100% share in Slovenská inzercia s. r. o., a 100% share in Hyperinzercia, s. r. o. and a 95.88% share in Eremia, a.s. As at 31 December 2019, all these entities are consolidated using the full consolidation method.

Eremia, a.s.
Based on an agreement on transfer of the ownership interest signed on 11 April 2019, the Company, through the subsidiary BigBoard Praha, a.s. acquired a 4.12% share in Eremia, a.s. The share was acquired for CZK 1. By the acquisition, the Group acquired a 100% share in this entity. As at 31 December 2019, the entity is consolidated using the full consolidation method.

PRAHA TV s.r.o.
Based on an agreement on transfer of the ownership interest signed on 12 March 2019, the Company, through the subsidiary BigBoard Praha, a.s.acquired a 34% share in the company PRAHA TV s.r.o. The share was acquired for EUR 508 thousand. As at 31 December 2019, the entity is consolidated using the equity method.

c) Goodwill

Goodwill has been allocated to cash-generating units (CGU) that are expected to benefit from the synergies of the combination.

Československá filmová group[1]
The goodwill in the amount of EUR 1 022 thousand has arisen on acquisition, see also Note 4.d).

4. Acquisition and disposal of entities (continued)

HyperMedia group[2]
The goodwill in the amount of EUR 822 thousand has arisen on acquisition, see also Note 4.d).

PRAHA TV s.r.o.
The goodwill in the amount of EUR 513 thousand has arisen on acquisition and is recognized within Interest in associates and joint ventures, see also Note 4.d).

d) Fair value adjustments of identified net assets

The identification and determination of the fair values of assets and liabilities were performed by the Company's management with the assistance of an independent expert. The fulfillment of the fair value adjustments, as set out below, depends on the conditions which will exist in the relevant markets in the future. There is a high degree of uncertainty as to the future development of the relevant markets in which these acquired companies operate.

Adjustments to the fair values of assets and liabilities at acquisition:

in thousands of EUR	**HyperMedia group[2]**
Other intangible assets	(194)
Deferred tax asset	37
Total net impact	**(157)**

The following assumptions were used to determine fair values:

HyperMedia group[2]
Trade name "Hyper"
The yield method, namely the Relief from Royalty method, was used to value the trade name "Hyper". The level of the estimated royalties was set as the average value of the data observed on the market, at 1.7%. Based on the Group's management opinion, the remaining useful life was assumed to be 7 years. The discount rate was applied at 10.7%. Given the current non-profitability of the HyperMedia group[2], management estimated the onset of hypothetical royalties in 2021, i.e. when the HyperMedia group[2] is expected to be profitable again. The financial forecast assumes that the HyperMedia group[2] will reach the level of 2018 revenue in 2021. Furthermore, revenue is expected to increase by 2% per year based on the Czech National Bank's inflation target. The result of the valuation process was a positive revaluation of EUR 150 thousand.

CRM, including customer relationships
In recent years, the HyperMedia group[2] has internally developed CRM software containing all the necessary customer data; for the purposes of this valuation, CRM software and customer relationships are considered to be the only common intangible asset. The cost approach was used for valuation. Historical internal and external development costs have been adjusted for wage growth and inflation to current values. In addition, an increase in internal costs was used to simulate third party development costs. The level of the expected increase was set as the average value of the data observed on the market at 7.6%. The fair value of these assets was determined at EUR 86 thousand, which also represents the amount of the positive revaluation.

Web portals
The the HyperMedia group[2] owns several web portals, three of which (HyperSlevy, HyperInzerce and HyperReality) were valued using the income method, namely the discounted cash flow (DCF) method. The revenue projection was the same as the valuation of the trade name. For the remaining part of 2019 a negative margin is expected of -77%, based on actual data for 2019. The highly negative margin is due to the termination of the HyperOdvoz project and the internal reorganisation of the the HyperMedia group[2]. In 2020, the Group's management assumes a zero margin and from 2021 it assumes an EBIT margin of 4.1%, which is in line with the

4. Acquisition and disposal of entities (continued)

margins achieved before the HyperOdvoz project. A royalty rate of 1.7% of revenue was also assumed as an additional cost to avoid double counting of the value of the trade name. The remaining useful life of web portals is assumed to be 7 years, in line with the expected useful life of the trade name. The discount rate was applied at 9.7%. Due to the negative present value of cash flows, the fair value of web portals was set at zero, which led to a negative revaluation of EUR 430 thousand.

Income tax was applied at 19% for all categories of valued intangible assets.

As a result of the allocation of purchase prices for business combinations, no fair value adjustments were made during the period from 1 January 2019 to 31 December 2019.

e) Effect of acquisitions

The acquisitions had the following effect on Group's assets and liabilities:

in thousands of EUR	HyperMedia group	Československá filmová group	PRAHA TV s.r.o.	Total
Other intangible assets	254	5	-	259
Programme rights	-	115	-	115
Acrrued internal programme rights	-	111	-	111
Property, plant and equipment	140	5	-	145
Right-of-use assets	-	45	-	45
Investment in associates and joint ventures	-	-	508	508
Other financial instruments	14	1	-	15
Trade and other receivables	606	378	-	984
Other assets	178	11	-	189
Current income tax receivable	6	6	-	12
Deferred tax asset	37	-	-	37
Cash and cash equivalents	97	570	-	667
Interest bearing borrowings	(445)	-	-	(445)
Lease liabilities	-	(45)	-	(45)
Trade and other financial liabilities	(2 090)	(55)	-	(2 145)
Other liabilities	(162)	-	-	(162)
Non-controlling interest	587	-	-	587
Net identifiable assets / (liabilities)	**(778)**	**1 147**	**508**	**877**
Goodwill on acquisition of new entities	822	1 022	-	1 844
Cost of acquisition	**44**	**2 169**	**508**	**2 721**
Consideration paid in cash	(44)	(2 169)	(508)	(2 721)
Cash acquired	97	570	-	667
Net cash inflow / (outflow)	**53**	**(1 599)**	**(508)**	**(2 054)**
Profit / (loss) for period after acquisition	(1 592)	463	28	(1 129)
Revenue for period after acquisition	1 686	1 816	-	3 502

Based on the Company's management expectation, if the acquisition was performed as at 1 January 2019, consolidated revenue for the period from 1 January 2019 to 31 December 2019 would be EUR 203 623 thousand and consolidated loss would be EUR 8 163 thousand.

[1] Československá filmová group includes companies Československá filmová společnost, s.r.o. and CS filmová, s.r.o.

[2] HyperMedia group includes companies HyperMedia, a.s., Programmatic marketing, s.r.o., Hyperinzerce, s.r.o., Quantio, s.r.o., Hyperslevy.cz, s.r.o., Slovenská inzercia s. r. o., Hyperinzercia, s. r. o. and Eremia, a.s.

4. Acquisition and disposal of entities (continued)

Acquisition and establishing of entities for for the period from 1 January 2018 to 31 December 2018

Information about acquisitions and establishment of entities during the period from 1 January 2018 to 31 December 2018 is presented in Notes 4.f) to 4.i).

f) Details on creation of a foundation

Endowment Fund Big Board
On 5 September 2018, the Company through the subsidiary BigBoard Praha, a.s. established the Foundation (Nadační fond Big Board) with a contribution of EUR 4 thousand that represents a 100% share of the Foundation.

g) Details about new acquisition

Kitchen Lab s.r.o.
Based on an agreement on transfer of the ownership interest signed on 15 November 2018, the Company, through the subsidiary Flowee s.r.o. acquired a 70% share in the company Kitchen Lab s.r.o. The share was acquired for EUR 3. As at 31 December 2018, the entity is consolidated using the full consolidation method.

h) Goodwill

Goodwill has been allocated to cash-generating units (CGU) that are expected to benefit from the synergies of the combination.

Kitchen Lab s.r.o.
The goodwill in the amount of EUR 2 thousand has arisen on acquisition. The company owns online shop kuchařky.cz which provides the sale of books related to cooking.

i) Fair value adjustments of identified net assets

As a result of the allocation of purchase prices for business combinations, no fair value adjustments were made during the period from 1 January 2018 to 31 December 2018.

4. Acquisition and disposal of entities (continued)

j) Effect of acquisition

The acquisitions had the following effect on Group's assets and liabilities:

in thousands of EUR	**Kitchen Lab s.r.o.**
Other intangible assets	15
Other assets	53
Cash and cash equivalents	20
Interest bearing borrowings	(76)
Trade and other financial liabilities	(15)
Non-controlling interest	1
Net identifiable liabilities	**(2)**
Goodwill on acquisition of new subsidiaries	2
Cost of acquisition	**-**
Consideration paid in cash	-
Cash acquired	20
Net cash inflow	**20**
Loss for period after acquisition	(55)
Revenues for period after acquisition	2

Based on the Company's management expectation, if the acquisition was performed as at 1 January 2018, consolidated revenues for the period from 1 January 2018 to 31 December 2018 would be the same and consolidated loss after tax would be EUR 8 415 thousand.

Disposals of entities for the period from 1 January 2018 to 31 December 2018

Information about disposals for the period from 1 January 2018 to 31 December 2018 is presented in notes 4.k) to 4.l).

k) Details about sold entity

Cestovná agentúra CKSK, s.r.o.
On 18 December 2018, the shares in the company Cestovná agentúra CKSK, s.r.o. (30% share) were sold to a third party. The selling price was EUR 1.

4. Acquisition and disposal of entities (continued)

I) Effect of the entities sold

The sale of the entities had the following effect on Group's assets and liabilities:

in thousands of EUR	**Cestovná agentúra CKSK, s.r.o.**
Investments in associates and joint ventures	(5)
Disposed net identifiable assets	**(5)**
Selling price	-
Loss on sale	**(5)**
Consideration received in cash	-
Decrease in cash	-
Net cash outflow	**-**

5. Revenue from services

Revenue per major categories are as follows:

in thousands of EUR	**Year ended 31 December 2019**	**Year ended 31 December 2018**
Revenue from the segment „Media Slovakia“	103 785	102 867
Revenue from the segment „Media Czech Republic“	54 050	45 947
Revenue from the segment „Media Austria“	31 303	31 381
Revenue from the segment „Media Croatia“	11 646	12 238
Revenue from lease	411	482
Total	**201 195**	**192 915**

6. Other operating income

in thousands of EUR	**Year ended 31 December 2018**	**Year ended 31 December 2017**
Revenue from market research	367	350
Insurance claims	162	195
Revenue from sale of inventory	160	234
Revenue from written off liabilities	94	702
Revenue from fines and penalties	81	110
Other	567	651
Total	**1 431**	**2 242**

7. Personnel expenses

in thousands of EUR	**Year ended 31 December 2019**	**Year ended 31 December 2018**
Wages and salaries	(24 229)	(23 075)
Contribution to social and health insurance	(6 215)	(6 084)
Other wages and salaries costs	(1 548)	(621)
Total	**(31 992)**	**(29 780)**

The average number of employees of the Group during the period from 1 January 2019 to 31 December 2019 was 804, out of which management represents 31 (from 1 January 2018 to 31 December 2018: 794, out of which management: 31).

The number of Group employees as at 31 December 2019 was 835, out of which management represents 34 (as at 31 December 2018: 821, out of which management 35).

8. Posting, printing and removal of advertising

in thousands of EUR	**Year ended 31 December 2019**	**Year ended 31 December 2018**
Posting of advertising	(8 860)	(8 437)
Printing of advertising	(4 011)	(3 884)
Removal of advertising	(24)	(17)
Total	**(12 895)**	**(12 338)**

9. Depreciation, amortisation and impairment of non-current assets

in thousands of EUR	*Note*	**Year ended 31 December 2019**	**Year ended 31 December 2018**
Amortisation	*13*	(5 873)	(9 590)
Depreciation of non-current assets	*15*	(8 766)	(11 354)
Depreciation of right-of-use assets	*16*	(20 626)	-
Creation of impairment allowance to goodwill	*13*	-	(470)
Total		**(35 265)**	**(21 414)**

* The Group initially applied IFRS 16 Leases as at 1 January 2019 using a modified retrospective approach. In line with the approach chosen, the comparable period is not restated (see Note 2.b) - Significant accounting policies).

10. Other operating expenses

in thousands of EUR	**Year ended 31 December 2019**	**Year ended 31 December 2018**
Marketing expenses	(11 666)	(9 787)
Lease - short-term leasing of equipment, variable (performance) lease and small-tickets lease (IFRS 16) *	(9 172)	-
Retransmission	(9 026)	(8 345)
Repair and maintenance	(4 519)	(4 496)
Material and energy consumption	(4 027)	(4 854)
Other expenses related to publishing local daily newspapers	(2 955)	(3 261)
Legal, accounting and advisory services	(2 811)	(3 234)
Advertising time rent	(2 038)	(1 961)
Other taxes and fees	(1 945)	(2 111)
Media surveys	(1 915)	(1 197)
Outsourcing expenses	(1 852)	(1 557)
Fees to performing rights societies and to AVF[1]	(1 609)	(1 258)
The right-of-use of advertising space (transport companies) *	(1 590)	-
Expenses related to representation, sponsoring	(1 521)	(1 405)
Software support and IT services	(1 382)	(959)
Transport and car insurance expenses	(886)	(884)
Telephones fees and internet services	(702)	(705)
Services related to rented premises	(619)	(502)
Creation of impairment allowances for trade receivables and inventories	(537)	(597)
Insurance of property except for car insurance	(357)	(366)
Fines and penalties	(291)	(88)
(Creation) / release of provisions	(215)	838
Rent of premises and other rent (IAS 17)*	-	(2 774)
Other	(2 593)	(2 536)
Total	**(64 228)**	**(52 039)**

[1]AVF – Audiovisual fund – state institution for support and development of audiovisual culture and industry

* The Group initially applied IFRS 16 Leases as at 1 January 2019 using a modified retrospective approach. In line with the approach chosen, the comparable period is not restated (see Note 2.b) - Significant accounting policies).

The Group is using the services of the auditing companies KPMG Slovensko spol. s r.o., PricewaterhouseCoopers Audit, s.r.o., KPMG Austria AG and KPMG D.O.O., to audit the individual financial statements of the Group entities and the consolidated financial statements of the Company. The cost of these services for the year ended 31 December 2019 amounted to EUR 241 thousand (year ended 31 December 2018: EUR 255 thousand).

Costs for other services provided by the auditing companies KPMG Slovensko spol. s r.o., PricewaterhouseCoopers Audit, s.r.o., KPMG Austria AG and KPMG D.O.O. for the year ended 31 December 2019 amounted to EUR 41 thousand (year ended 31 December 2018: EUR 125 thousand).

11. Interest expense and income

in thousands of EUR	*Note*	**Year ended 31 December 2019**	**Year ended 31 December 2018**
Interest income			
Loans granted		178	1 090
Other		5	-
Total interest income		**183**	**1 090**
Interest expense			
Issued bonds	*25, 26*	(10 627)	(9 424)
Lease liabilities (2018: Financial lease)*	16	(4 562)	(78)
Bank loans	25	(2 615)	(3 034)
Interest bearing borrowings	25	(901)	(542)
Other	25	(216)	(160)
Total interest expense		**(18 921)**	**(13 238)**
Interest expense, net		**(18 738)**	**(12 148)**

* The Group initially applied IFRS 16 Leases as at 1 January 2019 using a modified retrospective approach. In line with the approach chosen, the comparable period is not restated (see Note 2.b) - Significant accounting policies).

12. Income tax

in thousands of EUR	**Year ended 31 December 2019**	**Year ended 31 December 2018**
Current income tax		
Current year	(2 764)	(1 991)
Corrections of previous periods	(1)	20
Withholding tax	(4)	**-**
Deferred income tax		
Creation and reversal of temporary differences and tax losses	2 113	1 123
Total income tax expense in profit or loss	**(656)**	**(848)**

12. Income tax (continued)

Reconciliation of the effective tax rate

in thousands of EUR	2019	%	2018	%
Loss before tax	**(7 389)**		**(7 564)**	
Income tax at local rate	(1 552)	21	(1 588)	21
Effect of tax rates in other countries	108	(1)	(13)	-
Permanent differences, net	2 253	(30)	2 081	(28)
Tax losses to which no deferred tax was recognised in current period	651	(9)	1 502	(20)
Utilisation of tax losses to which no deferred tax was previously recognised	(836)	11	(1 204)	16
Decrease in deferred tax asset in the current period due to its non-utilisation	25	-	82	(1)
Correction of income tax from previous periods	1	-	(20)	-
Tax licences	2	-	8	-
Withholding tax	4	-	-	-
Total income tax expense in profit or loss	**656**	**(8)**	**848**	**(12)**

Deferred tax is calculated using the tax rate which is expected to be valid in the period, during which the receivable will be realised or the liability settled.

The tax rate in Slovakia is 21% (2018: 21%). The tax rate in the Czech Republic is 19% (2018: 19%), in Austria 25% (2018: 25%) and in Croatia 18% (2018: 18%).

13. Goodwill, televisual format and other intangible assets

Year ended 31 December 2019:

in thousands of EUR	Tele-visual format	Contractual rights	Goodwill	Trade-mark	Other assets	Total
Acquisition cost						
Balance at 1 January 2019	**109 134**	**71 244**	**15 322**	**8 180**	**10 264**	**214 144**
Initial application of IFRS 16	-	*(69 015)*	-	-	-	*(69 015)*
Balance at 1 January 2019 - adjusted	**109 134**	**2 229**	**15 322**	**8 180**	**10 264**	**145 129**
Additions	-	-	-	-	1 079	**1 079**
Additions from business combinations	-	-	1 844	153	106	**2 103**
Disposals	-	-	-	-	(12)	**(12)**
Changes due to translation differences	-	-	59	27	35	**121**
Balance at 31 December 2019	**109 134**	**2 229**	**17 225**	**8 360**	**11 472**	**148 420**
Accumulated amortisation and impairment allowances						
Balance at 1 January 2019	**(33 867)**	**(24 347)**	**(3 743)**	**(4)**	**(7 067)**	**(69 028)**
Initial application of IFRS 16	-	*22 118*	-	-	-	*22 118*
Balance at 1 January 2019 - adjusted	**(33 867)**	**(2 229)**	**(3 743)**	**(4)**	**(7 067)**	**(46 910)**
Amortisation	(4 301)	-	-	(28)	(1 544)	**(5 873)**
Disposals	-	-	-	-	3	**3**
Changes due to translation differences	-	-	-	-	(20)	**(20)**
Balance at 31 December 2019	**(38 168)**	**(2 229)**	**(3 743)**	**(32)**	**(8 628)**	**(52 800)**
Carrying amount						
Balance at 1 January 2019	**75 267**	**46 897**	**11 579**	**8 176**	**3 197**	**145 116**
Initial application of IFRS 16	-	*(46 897)*	-	-	-	*(46 897)*
Balance at 1 January 2019 - adjusted	**75 267**	**-**	**11 579**	**8 176**	**3 197**	**98 219**
Balance at 31 December 2019	**70 966**	**-**	**13 482**	**8 328**	**2 844**	**95 620**

13. Goodwill, televisual format and other intangible assets (continued)

Year ended 31 December 2018:

in thousands of EUR	Tele-visual format	Contractual rights	Goodwill	Trade-mark	Other assets	Total
Acquisition cost						
Balance at 1 January 2018	**109 134**	**71 501**	**15 342**	**8 120**	**10 380**	**214 477**
Additions	-	-	-	75	1 392	**1 467**
Additions from business combinations	-	-	2	-	15	**17**
Disposals	-	-	-	-	(1 510)	**(1 510)**
Changes due to translation differences	-	(257)	(22)	(15)	(13)	**(307)**
Balance at 31 December 2018	**109 134**	**71 244**	**15 322**	**8 180**	**10 264**	**214 144**
Accumulated amortisation and impairment allowance						
Balance at 1 January 2018	**(29 440)**	**(20 750)**	**(3 273)**	**-**	**(7 099)**	**(60 562)**
Amortisation	(4 427)	(3 674)	-	(4)	(1 485)	**(9 590)**
Impairment loss	-	-	(470)	-	-	**(470)**
Disposals	-	-	-	-	1 510	**1 510**
Changes due to translation differences	-	77	-	-	7	**84**
Balance at 31 December 2018	**(33 867)**	**(24 347)**	**(3 743)**	**(4)**	**(7 067)**	**(69 028)**
Carrying amount						
Balance at 1 January 2018	**79 694**	**50 751**	**12 069**	**8 120**	**3 281**	**153 915**
Balance at 31 December 2018	**75 267**	**46 897**	**11 579**	**8 176**	**3 197**	**145 116**

14. Impairment testing of assets

For the reasons set out in Note 2 - Significant Accounting Policies, as at the balance sheet date, management of the Group conducted impairment testing for all the identifiable cash-generating units.

a) Impairment testing for the year ended 31 December 2019

CGU BigBoard Praha[1]
As at 31 December 2019, goodwill in the amount of EUR 4 871 thousand and intangible asset with indefinite useful life, the trademark, in the amount of EUR 2 174 thousand were recorded by the Group relating to CGU BigBoard Praha[1].

The assumptions used in the impairment testing of the CGU BigBoard Praha[1] as at 31 December 2019 were as follows:

- Goodwill's value in use was derived from future cash flows estimated by management, updated since acquisition date. Future cash flows were constructed based on past results, current results from operating activities and a 5-year business plan of the CGU. Projected cash flows used in determining the value in use cover a period of five years.

14. Impairment testing of assets (continued)

- Growth rate used to extrapolate the projected cash flows after this five-year period was set at 2% and is considered appropriate for the CGU's market.

- A discount rate of 8.75% was determined based on the target structure of own and external capital of comparable businesses in the industry.

- Key assumptions, and also the most volatile ones, used in determining the value in use, were expected net cash flows and the discount rate. Management's approach to determining the weight of each key assumption was based on historical experience, which is consistent with external sources of information.

Based on this testing, no impairment losses of the assets of CGU BigBoard Praha[1] were identified.

The Company has carried out a sensitivity analysis aimed at the change of discount rate and the change of net cash flows. An increase in discount rate from 8.75% to 10% would not cause the assets to be impaired. A decrease of net cash flows by 10% when compared to the management estimate would not cause the assets to be impaired.

CGU Slovenská produkčná[2]
As at 31 December 2019, the Group recognises goodwill for the CGU Slovenská produkčná[2] in the amount of EUR 1 033 thousand.

The assumptions used in impairment testing of the CGU Slovenská produkčná as at 31 December 2019 were as follows:

- Assets value in use was derived from future cash flows estimated by management, updated since acquisition date. Future cash flows were estimated based on past results, current results from operating activities and a 5-year business plan of the CGU. Projected cash flows used in determining the value in use cover a period of five years.

- Growth rate used to extrapolate the projected cash flows after this five-year period was set at 2% and is considered appropriate for the CGU's market.

- A discount rate of 9% was determined based on the target structure of own and external capital of comparable businesses in the industry.

- Key assumptions assessed by the management, and also the most volatile ones, used in determining the value in use, were expected net cash flows and the discount rate. The expected net cash flows for CGU Slovenská produkčná are closely related to business strategies, which may not develop in all material respects as expected by management. Management's approach to determining the weight of each key assumption was based on historical experience, which is consistent with external sources of information.

Based on this testing, no impairment losses of the assets of CGU Slovenská produkčná[2] were identified.

The Company has carried out a sensitivity analysis aimed at the change of discount rate and the change of net cash flows. An increase of discount rate from 9% to 10% would not cause the assets to be impaired. A decrease of net cash flows by 10% when compared to the management estimate would not cause the assets to be impaired.

14. Impairment testing of assets (continued)

CGU Akzent BigBoard[3]
As at 31 December 2019, the Group recognised for the CGU Akzent BigBoard[3] goodwill in the amount of EUR 1 913 thousand and intangible assets with indefinite useful life, the trademark, in the amount of EUR 1 865 thousand.

The assumptions used in impairment testing of the CGU Akzent BigBoard[3] as at 31 December 2019 were as follows:

- Goodwill's value in use was derived from future cash flows estimated by management, updated since acquisition date. Future cash flows were constructed based on past results, current results from operating activities and a 5-year business plan of the CGU. Projected cash flows used in determining the value in use cover a period of five years.

- Growth rate used to extrapolate the projected cash flows after this five-year period was set at 2% and is considered appropriate for the CGUs market.

- A discount rate of 8.5% was determined based on the target structure of own and external capital of comparable businesses in the industry.

- Key assumptions, and also the most volatile ones, used in determining the value in use, were expected net cash flows and the discount rate. Management's approach to determining the weight of each key assumption was based on historical experience, which is consistent with external sources of information.

Based on this testing, no impairment losses of the assets of CGU Akzent BigBoard[3] were identified.

The Company has carried out a sensitivity analysis aimed at the change of discount rate and the change of net cash flows. An increase of discount rate from 8.5% to 10% would not cause the assets to be impaired. A decrease of net cash flows by 10% when compared to the management estimate would not cause the assets to be impaired.

CGU EPAMEDIA[4]
As at 31 December 2019, no goodwill was recognised for CGU EPAMEDIA[4]. For the CGU EPAMEDIA[4] , the Group recognised a non-current intangible asset with indefinite useful life, the trademark, in the amount of EUR 3 800 thousand as at 31 December 2019.

The assumptions used in the impairment testing of the CGU EPAMEDIA[4] as at 31 December 2019 were as follows:

- Intangible assets' value in use was derived from future cash flows estimated by management, updated since acquisition date. Future cash flows were constructed based on past results, current results from operating activities and a 5 year business plan of the CGU. Projected cash flows used in determining the value in use cover a period of five years.

- Growth rate used to extrapolate the projected cash flows after this five-year period was set at 2% and is considered appropriate for the CGUs market.

- The discount rate of 8.5% was determined based on the target structure of own and external capital of comparable businesses in the industry.

14. Impairment testing of assets (continued)

- Key assumptions, and also the most volatile ones, used in determining the value in use, were expected net cash flows and the discount rate. Management's approach to determining the weight of each key assumption was based on historical experience, which is consistent with external sources of information.

Based on this testing, no impairment losses of the assets of CGU EPAMEDIA[4] were identified.

The Company has carried out a sensitivity analysis aimed at the change of discount rate and the change of net cash flows. An increase of discount rate from 8.5% to 10% would not cause the assets to be impaired. A decrease of net cash flows by 10% when compare to management estimates would not cause the assets to be impaired.

CGU RADIO SERVICES[5]
As at 31 December 2019, the Group recognised for the CGU RADIO SERVICES[5] a goodwill in the amount of EUR 3 430 thousand.

The assumptions used in the impairment testing of the CGU RADIO SERVICES[5] as at 31 December 2019 were as follows:

- Intangible assets' value in use was derived from future cash flows estimated by management, updated since acquisition date. Future cash flows were constructed based on past results, current results from operating activities and a 5 year business plan of the CGU. Projected cash flows used in determining the value in use cover a period of five years.

- Growth rate used to extrapolate the projected cash flows after this five-year period was set at 2% and is considered appropriate for the CGUs market.

- The discount rate of 9.5% was determined based on the target structure of own and external capital of comparable businesses in the industry.

- Key assumptions, and also the most volatile ones, used in determining the value in use, were expected net cash flows and the discount rate. Management's approach to determining the weight of each key assumption was based on historical experience, which is consistent with external sources of information.

Based on this testing, no impairment losses of the assets of CGU RADIO SERVICES[5] were identified.

The Company has carried out a sensitivity analysis aimed at the change of discount rate and the change of net cash flows. An increase of discount rate from 9.5% to 12% would not cause the assets to be impaired. A decrease of net cash flows by 10% when compare to management estimates would not cause the assets to be impaired.

CGU Croatia[6]
As at 31 December 2019, the Group recognised for the CGU Croatia[6] goodwill in the amount of EUR 1 928 thousand and Intangible assets with indefinite useful life, the trademark, in the amount of EUR 290 thousand.

The assumptions used in the impairment testing of the CGU Croatia[6] as at 31 December 2019 were as follows:

- Goodwill's value in use was derived from future cash flows estimated by management, updated since acquisition date. Future cash flows were constructed based on past results, current results from operating activities and a 5-year business plan of the CGU. Projected cash flows used in determining the value in use cover a period of five years.

14. Impairment testing of assets (continued)

- Growth rate used to extrapolate the projected cash flows after this five-year period was set at 2% and is considered appropriate for the CGUs market.
- The discount rate of 8.75% was determined based on the target structure of own and external capital of comparable businesses in the industry.
- Key assumptions, and also the most volatile ones, used in determining the value in use, were expected net cash flows and the discount rate. Management's approach to determining the weight of each key assumption was based on historical experience, which is consistent with external sources of information.

Based on this testing, no impairment losses of the assets of CGU Croatia[6] were identified.

The Company has carried out a sensitivity analysis aimed at the change of discount rate and the change of net cash flows. An increase of discount rate from 8.75% to 10% would not cause the assets to be impaired. A decrease of net cash flows by 10% when compare to management estimates would not cause the assets to be impaired.

[1] The group BigBoard Praha includes: BigBoard Praha, a.s., BigMedia, spol. s r.o., Czech Outdoor s.r.o., Expiria, a.s., RAILREKLAM, s.r.o., MG Advertising, s.r.o., Barrandia s.r.o., Český billboard, s.r.o., outdoor akzent s.r.o., Bilbo City s.r.o., QEEP, a.s., Velonet ČR, s.r.o. D & C AGENCY s.r.o., News Advertising s.r.o. Flowee s.r.o., Kitchen Lab s.r.o., Nadační fond BigBoard, HyperMedia, a.s., Programmatic marketing, s.r.o., Hyperinzerce, s.r.o., Quantio, s.r.o., Hyperslevy.cz, s.r.o., Slovenská inzercia s. r. o., Hyperinzercia, s. r. o., Eremia, a.s., MetroZoom s.r.o. and PRAHA TV s.r.o.

[2] The group Slovenská produkčná includes: Slovenská produkčná, a.s., MAC TV s.r.o., PMT, s.r.o., DONEAL, s.r.o. Magical roof s.r.o. a Československá filmová společnost, s.r.o. and CS filmová, s.r.o.

[3] The group Akzent BigBoard includes: Akzent BigBoard, a.s., BigMedia, spol. s r.o., RECAR Bratislava a.s., RECAR Slovensko a.s. and BHB, s.r.o.

[4] The group EPAMEDIA includes: EPAMEDIA – EUROPÄISCHE PLAKAT- UND AUSSENMEDIEN GMBH and R + C Plakatforschung und –kontrolle Gesellschaft mbH.

[5] The group RADIO SERVICES includes Radio Services a.s.

[6] The group Croatia includes NOVI LIST d.d. and Glas Istre Novine d.o.o.

b) Impairment testing for the year ended 31 December 2018

CGU BigBoard Praha[1]
As at 31 December 2018, goodwill in the amount of EUR 3 994 thousand and intangible asset with indefinite useful life, the trademark, in the amount of EUR 2 147 thousand were recorded by the Group relating to CGU BigBoard Praha[1].

14. Impairment testing of assets (continued)

The assumptions used in the impairment testing of the CGU BigBoard Praha[1] as at 31 December 2018 were as follows:

- Goodwill's value in use was derived from future cash flows estimated by management, updated since acquisition date. Future cash flows were constructed based on past results, current results from operating activities and a 5-year business plan of the CGU. Projected cash flows used in determining the value in use cover a period of five years.

- Growth rate used to extrapolate the projected cash flows after this five-year period was set at 2% and is considered appropriate for the CGU's market.

- A discount rate of 8.75% was determined based on the target structure of own and external capital of comparable businesses in the industry.

- Key assumptions, and also the most volatile ones, used in determining the value in use, were expected net cash flows and the discount rate. Management's approach to determining the weight of each key assumption was based on historical experience, which is consistent with external sources of information.

Based on this testing, no impairment losses of the assets of CGU BigBoard Praha[1] were identified.

The Company has carried out a sensitivity analysis aimed at the change of discount rate and the change of net cash flows. An increase in discount rate from 8.75% to 10% would not cause the assets to be impaired. A decrease of net cash flows by 10% when compared to the management estimate would not cause the assets to be impaired.

CGU Slovenská produkčná[2]
The Group does not recognize any goodwill or intangible assets with indefinite useful life for the CGU Slovenská produkčná[2] as at 31 December 2018. In 2018, the Company performed an analysis to identify impairment indicators of CGU Slovenská produkčná's assets. Based on the Company's analysis, impairment indicators for the CGU Slovenská produkčná were identified, and therefore the Company performed impairment testing of assets.

The assumptions used in impairment testing of the CGU Slovenská produkčná as at 31 December 2018 were as follows:

- Assets value in use was derived from future cash flows estimated by management, updated since acquisition date. Future cash flows were estimated based on past results, current results from operating activities and a 5-year business plan of the CGU. Projected cash flows used in determining the value in use cover a period of five years.

- Growth rate used to extrapolate the projected cash flows after this five-year period was set at 2% and is considered appropriate for the CGU's market.

- A discount rate of 9% was determined based on the target structure of own and external capital of comparable businesses in the industry.

14. Impairment testing of assets (continued)

- Key assumptions, and also the most volatile ones, used in determining the value in use, were expected net cash flows and the discount rate. Management's approach to determining the weight of each key assumption was based on historical experience, which is consistent with external sources of information.

Based on this testing, no impairment losses of the assets of CGU Slovenská produkčná[2] were identified.

The Company has carried out a sensitivity analysis aimed at the change of discount rate and the change of net cash flows. An increase in discount rate from 9% to 10% would not cause the assets to be impaired. A decrease of net cash flows by 10% when compared to the management estimate would not cause the assets to be impaired.

CGU Akzent BigBoard[3]

As at 31 December 2018, the Group recognised for the CGU Akzent BigBoard[3] goodwill in the amount of EUR 1 913 thousand and intangible assets with indefinite useful life, the trademark, in the amount of EUR 1 865 thousand.

The assumptions used in impairment testing of the CGU Akzent BigBoard[3] as at 31 December 2018 were as follows:

- Goodwill's value in use was derived from future cash flows estimated by management, updated since acquisition date. Future cash flows were constructed based on past results, current results from operating activities and a 5-year business plan of the CGU. Projected cash flows used in determining the value in use cover a period of five years.

- Growth rate used to extrapolate the projected cash flows after this five-year period was set at 2% and is considered appropriate for the CGUs market.

- A discount rate of 8.5% was determined based on the target structure of own and external capital of comparable businesses in the industry.

- Key assumptions, and also the most volatile ones, used in determining the value in use, were expected net cash flows and the discount rate. Management's approach to determining the weight of each key assumption was based on historical experience, which is consistent with external sources of information.

Based on this testing, no impairment losses of the assets of CGU Akzent BigBoard[3] were identified.

The Company has carried out a sensitivity analysis aimed at the change of discount rate and the change of net cash flows. An increase of discount rate from 8.5% to 10% would not cause the assets to be impaired. A decrease of net cash flows by 10% when compared to the management estimate would not cause the assets to be impaired.

CGU EPAMEDIA[4]

As at 31 December 2018, no goodwill was recognised for CGU EPAMEDIA[4]. For the CGU EPAMEDIA[4] , the Group recognised intangible asset with indefinite useful life, the trademark, in the amount of EUR 3 800 thousand as at 31 December 2018.

14. Impairment testing of assets (continued)

The assumptions used in the impairment testing of the CGU EPAMEDIA[4] as at 31 December 2018 were as follows:

- Intangible assets' value in use was derived from future cash flows estimated by management, updated since acquisition date. Future cash flows were constructed based on past results, current results from operating activities and a 5 year business plan of the CGU. Projected cash flows used in determining the value in use cover a period of five years.

- Growth rate used to extrapolate the projected cash flows after this five-year period was set at 2% and is considered appropriate for the CGUs market.

- The discount rate of 8.5% was determined based on the target structure of own and external capital of comparable businesses in the industry.

- Key assumptions, and also the most volatile ones, used in determining the value in use, were expected net cash flows and the discount rate. Management's approach to determining the weight of each key assumption was based on historical experience, which is consistent with external sources of information.

Based on this testing, no impairment losses of the assets of CGU EPAMEDIA[4] were identified.

The Company has carried out a sensitivity analysis aimed at the change of discount rate and the change of net cash flows. An increase of discount rate from 8.5% to 10% would not cause the assets to be impaired. A decrease of net cash flows by 10% when compare to management estimates would not cause the assets to be impaired.

CGU RADIO SERVICES[5]
As at 31 December 2018, the Group recognised for the CGU RADIO SERVICES[5] a goodwill in the amount of EUR 3 430 thousand.

The assumptions used in the impairment testing of the CGU RADIO SERVICES[5] as at 31 December 2018 were as follows:

- Intangible assets' value in use was derived from future cash flows estimated by management, updated since acquisition date. Future cash flows were constructed based on past results, current results from operating activities and a 5 year business plan of the CGU. Projected cash flows used in determining the value in use cover a period of five years.

- Growth rate used to extrapolate the projected cash flows after this five-year period was set at 2% and is considered appropriate for the CGUs market.

- The discount rate of 9.5% was determined based on the target structure of own and external capital of comparable businesses in the industry.

- Key assumptions, and also the most volatile ones, used in determining the value in use, were expected net cash flows and the discount rate. Management's approach to determining the weight of each key assumption was based on historical experience, which is consistent with external sources of information.

Based on this testing, no impairment losses of the assets of CGU RADIO SERVICES[5] were identified.

14. Impairment testing of assets (continued)

The Company has carried out a sensitivity analysis aimed at the change of discount rate and the change of net cash flows. An increase of discount rate from 9.5% to 12% would not cause the assets to be impaired. A decrease of net cash flows by 10% when compare to management estimates would not cause the assets to be impaired.

CGU Croatia[6]
As at 31 December 2018, the Group recognised for the CGU Croatia[6] a goodwill in the amount of EUR 1 935 thousand and intangible assets with indefinite useful life, the trademark, in the amount of EUR 292 thousand.

The assumptions used in the impairment testing of the CGU Croatia[6] as at 31 December 2018 were as follows:

- Goodwill's value in use was derived from future cash flows estimated by management, updated since acquisition date. Future cash flows were constructed based on past results, current results from operating activities and a 5-year business plan of the CGU. Projected cash flows used in determining the value in use cover a period of five years.

- Growth rate used to extrapolate the projected cash flows after this five-year period was set at 2% and is considered appropriate for the CGUs market.

- The discount rate of 8.75% was determined based on the target structure of own and external capital of comparable businesses in the industry.

- Key assumptions, and also the most volatile ones, used in determining the value in use, were expected net cash flows and the discount rate. Management's approach to determining the weight of each key assumption was based on historical experience, which is consistent with external sources of information.

Based on this testing, no impairment losses of the assets of CGU Croatia[6] were identified.

The Company has carried out a sensitivity analysis aimed at the change of discount rate and the change of net cash flows. An increase of discount rate from 8.75% to 10% would not cause the assets to be impaired. A decrease of net cash flows by 10% when compare to management estimates would not cause the assets to be impaired.

[1] The group BigBoard Praha includes: BigBoard Praha, a.s., BigMedia, spol. s r.o., Czech Outdoor s.r.o., Expiria, a.s., RAILREKLAM spol. s r.o., MG Advertising, s.r.o., Barrandia s.r.o., Český billboard, s.r.o., outdoor akzent s.r.o., Bilbo City s.r.o., QEEP, a.s., Velonet ČR, s.r.o., D & C AGENCY s.r.o., News Advertising s.r.o. Flowee s.r.o. and Kitchen Lab s.r.o.

[2] The group Slovenská produkčná includes: Slovenská produkčná, a.s., MAC TV s.r.o., PMT, s.r.o., DONEAL, s.r.o. and Magical roof s.r.o.

[3] The group Akzent BigBoard includes: Akzent BigBoard, a.s, BigMedia, spol. s r.o., RECAR Bratislava a.s., RECAR Slovensko a.s., Media representative, s.r.o. and BHB, s.r.o.

[4] The group EPAMEDIA includes: EPAMEDIA – EUROPÄISCHE PLAKAT- UND AUSSENMEDIEN GMBH and R + C Plakatforschung und –kontrolle Gesellschaft mbH.

[5] The group RADIO SERVICES includes: Radio Services a.s.

[6] The group Croatia includes: NOVI LIST d.d. and Glas Istre Novine d.o.o.

15. Property, plant and equipment

Year ended 31 December 2019:

in thousands of EUR	Land	Buildings and structures	Bigboards and other advertising equipment	Machinery and equipment	Acquisition of property, plant and equipment	Total
Acquisition cost						
Balance at 1 January 2019	**998**	**8 559**	**94 815**	**23 841**	**1 423**	**129 636**
Initial application of IFRS 16	*(237)*	*(1 447)*	-	*(4 259)*	-	*(5 943)*
Balance at 1 January 2019 - adjusted	**761**	**7 112**	**94 815**	**19 582**	**1 423**	**123 693**
Additions	-	76	5 635	2 790	1 510	**10 011**
Additions from business combinations	-	46	-	97	2	**145**
Transfers	-	-	1 022	77	(1 099)	**-**
Disposals	-	(1)	(2 512)	(766)	(228)	**(3 507)**
Changes due to translation differences	(2)	(14)	561	45	10	**600**
Balance at 31 December 2019	**759**	**7 219**	**99 521**	**21 825**	**1 618**	**130 942**
Accumulated amortisation and impairment allowances						
Balance at 1 January 2019	**-**	**(1 119)**	**(25 224)**	**(16 101)**	**-**	**(42 444)**
Initial application of IFRS 16	-	*296*	-	*2 276*	-	***2 572***
Balance at 1 January 2019 - adjusted	**-**	**(823)**	**(25 224)**	**(13 825)**	**-**	**(39 872)**
Depreciation	-	(332)	(6 231)	(2 203)	-	**(8 766)**
Use of impairment allowance	-	-	26	-	-	**26**
Disposals	-	-	2 283	599	-	**2 882**
Changes due to translation differences	-	1	(150)	(20)	-	**(169)**
Balance at 31 December 2019	**-**	**(1 154)**	**(29 296)**	**(15 449)**	**-**	**(45 899)**
Carrying amount						
Balance at 1 January 2019	**998**	**7 440**	**69 591**	**7 740**	**1 423**	**87 192**
Initial application of IFRS 16	*(237)*	*(1 151)*	-	*(1 983)*	-	*(3 371)*
Balance at 1 January 2019 - adjusted	**761**	**6 289**	**69 591**	**5 757**	**1 423**	**83 821**
Balance at 31 December 2019	**759**	**6 065**	**70 225**	**6 376**	**1 618**	**85 043**

15. Property, plant and equipment (continued)

Year ended 31 December 2018:

In thousands of EUR	Land	Buildings and structures	Bigboards and other advertising equipment	Machinery and equipment	Acquisition of property, plant and equipment	Total
Acquisition cost						
Balance as at 1 January 2018	**996**	**8 175**	**96 611**	**20 306**	**2 686**	**128 774**
Additions	-	219	2 883	4 455	1 225	**8 782**
Transfers	-	148	2 085	106	(2 339)	**-**
Disposals	-	-	(6 444)	(1 002)	(145)	**(7 591)**
Changes due to translation differences	2	17	(320)	(24)	(4)	**(329)**
Balance as at 31 December 2018	**998**	**8 559**	**94 815**	**23 841**	**1 423**	**129 636**
Accumulated depreciation and impairment allowance						
Balance as at 1 January 2018	**-**	**(783)**	**(23 110)**	**(13 983)**	**-**	**(37 876)**
Depreciation	-	(335)	(8 017)	(3 002)	-	**(11 354)**
Use of value adjustment	-	-	63	-	-	**63**
Disposals	-	-	5 766	875	-	**6 641**
Changes due to translation differences	-	(1)	74	9	-	**82**
Balance as at 31 December 2018	**-**	**(1 119)**	**(25 224)**	**(16 101)**	**-**	**(42 444)**
Carrying value						
Balance as at 1 January 2018	**996**	**7 392**	**73 501**	**6 323**	**2 686**	**90 898**
Balance as at 31 December 2018	**998**	**7 440**	**69 591**	**7 740**	**1 423**	**87 192**

Impairment of property, plant and equipment
As at 31 December 2019, the impairment provision amounted to EUR 298 thousand and will be used for the regular dismantling of advertising equipment (31 December 2018: EUR 324 thousand)

Insurance of property, plant and equipment
The Group has insured its assets against natural disasters, theft, vandalism and general machinery malfunction. Cars are insured through full accident and liability insurance. The Group is also insured against liability for damage. The total insured amount of assets as at 31 December 2019 amounts to EUR 58 276 thousand (31 December 2018: EUR 55 046 thousand).

Leased assets (classified as financial lease under IAS 17)
The carrying value of assets for financial lease amounted to EUR 4 063 thousand as at 31 December 2018.

15. Property, plant and equipment (continued)

Restriction in use of assets
The Police of the Czech Republic, Department for Detection of Corruption and Financial Crime, on 23 June 2014 in connection with the investigation of suspicion of committing a criminal offense of breaching of trust by maladministration of estates of another, decided by Resolution to seize 145 pieces of advertising space of Czech Outdoor s.r.o. which net book value as at 31 December 2019 amounted to EUR 4 876 thousand. The above-mentioned criminal proceedings were not conducted against the company Czech Outdoor s.r.o., nor against its current or past directors. Criminal proceedings were conducted against former executives of Ředitelství silnic a dálnic ČR, with which Czech Outdoor s.r.o. in 2010 concluded an amendment to the lease agreements. On 21 September 2018, the court acquitted the defendants and canceled the seizure of advertising space. However, the public prosecutor appealed and subsequently the Municipal Court in Prague annulled the court's decision of 21 September 2018 and returned the case to the hearing. Appeals are currently under way, which require further expert opinions to determine the usual prices of concluded leases. The Group expects the court of appeal to rule by the end of 2020 and after six years close the case definitively.

For more information on the restriction in use of assets see Note 25 – Bank loans and interest bearing borrowings.

16. Right-of-use assets and lease liabilities

The Group leases land, facades and walls of buildings under advertising equipment, office space, cars, a ship, broadcasting and computer equipment. The largest share in the portfolio of leased assets is the lease of land, facades and walls of buildings under advertising equipment. The lease period for land under advertising equipment is 2 to 15 years.

The Group initially applied IFRS 16 Leases as at 1 January 2019 using a modified retrospective approach. In line with the approach chosen, the comparable period is not restated (see Note 2.b) - Significant accounting policies).

Right-of-use assets

Year ended 31 December 2019

in thousands of EUR	**Land under advertising equipment**	**Office spaces**	**Cars**	**Other**	**Total**
Balance as at 1 January 2019 – initial application of IFRS 16	**120 128**	**10 044**	**520**	**2 557**	**133 249**
Additions	25 623	54	12	52	**25 741**
Additions on acquisition	-	45	-	-	**45**
Disposal	(1 209)	-	-	(27)	**(1 236)**
Depreciation	(17 798)	(1 584)	(221)	(1 023)	**(20 626)**
Modifications in lease contracts	5 365	23	-	-	**5 388**
Changes in exchange rate differences	1 000	59	-	4	**1 063**
Balance as at 31 December 2019	**133 109**	**8 641**	**311**	**1 563**	**143 624**

Lease liabilities – IFRS 16

Lease liabilities as at the date of initial application of IFRS 16 amounted to EUR 85 387 thousand.

16. Right-of-use assets and lease liabilities (continued)

Lease liabilities also include a finance lease agreement. The contract on financial leasing of the building has a defined amount of covenants. As at 31 December 2019, the Group did not meet certain covenants defined in the contract and the finance lease became payable on demand. Therefore, as at 31 December 2019, the Group reports the liability as short-term, however it does not expect the leasing company to require early repayment of the finance lease.

Lease-related costs recognised in profit or loss:

in thousands of EUR	**Year ended 31 December 2019**
Interest expenses on leases	(4 562)
Rent – short-term lease	(5 476)
Rent – small-ticket leasing	(1 779)
Rent – variable (performance) lease	(1 917)
Total	**(13 734)**

Cash flows from leases:

in thousands of EUR	**Year ended 31 December 2019**
Interest paid on leases	(3 925)
Lease principal repayments	(15 586)
Lease payments for short-term leasing, leasing of low-value assets and variable (performance) lease	(9 172)
Total cash flows from leases	**(28 683)**

Operating leases under IAS 17

For the year ended 31 December 2018, the cost of recurring leases arising from framework agreements amounted to EUR 25 148 thousand.

The structure of future minimum non-cancellable operating lease liabilities was as follows:

in thousands of EUR	**31 December 2018**
Less than 1 year	16 775
1 to 5 years	37 189
More than 5 years	3 044
Total	**57 008**

17. Other financial assets

in thousands of EUR	**31 December 2019**	**31 December 2018**
Mutual funds measured at fair value through the profit or loss	450	418
Equity securities measured at fair value through other comprehensive income	432	499
Other financial assets valuated by fair value through the profit or loss	70	126
Total	**952**	**1 043**

17. Other financial instruments (continued)

The administrator of the mutual funds is Raiffeisenlandesbank Niederösterreich-Wien AG.

Equity securities measured at fair value through the other comprehensive income are recognised at acquisition costs which represent the best estimate of their fair value.

Fair value hierarchy

Determining fair value of financial assets carried at fair value is as follows:

in thousands of EUR	**31 December 2019**	**31 December 2018**
Level 1	450	418
Level 2	502	625
Total	**952**	**1 043**

18. Programme rights and internal programme rights

Year ended 31 December 2019:

in thousands of EUR	**Programme rights**	**Internal programme rights**	**Total**
Acquisition cost			
Balance as at 1 January 2019	**17 307**	**38 710**	**56 017**
Additions	15 154	33 093	**48 247**
Additions at acquisition	115	111	**226**
Reversal	(14 965)	(29 643)	**(44 608)**
Write-off	-	(1 891)	**(1 891)**
Changes due to translation differences	8	-	**8**
Balance as at 31 December 2019	**17 619**	**40 380**	**57 999**
Impairment allowance			
Balance as at 1 January 2019	**-**	**(1 840)**	**(1 840)**
Creation	-	(1 496)	**(1 496)**
Release	-	562	**562**
Utilisation	-	14	**14**
Balance as at 31 December 2019	**-**	**(2 760)**	**(2 760)**
Carrying value			
Balance as at 1 January 2019	**17 307**	**36 870**	**54 177**
Balance as at 31 December 2019	**17 619**	**37 620**	**55 239**

18. Programme rights and accrued internal programme rights (continued)

Year ended 31 December 2018:

in thousands of EUR	Programme rights	Internal programme rights	Total
Acquisition cost			
Balance as at 1 January 2018	**17 360**	**35 309**	**52 669**
Additions	13 933	37 524	**51 457**
Utilisation	(13 982)	(30 291)	**(44 273)**
Write-off	(1)	(3 832)	**(3 833)**
Changes due to translation differences	(3)	-	**(3)**
Balance as at 31 December 2018	**17 307**	**38 710**	**56 017**
Impairment allowance			
Balance as at 1 January 2018	**-**	**(1 989)**	**(1 989)**
Creation	-	(796)	**(796)**
Release	-	613	**613**
Utilisation	-	332	**332**
Balance as at 31 December 2018	**-**	**(1 840)**	**(1 840)**
Carrying value			
Balance as at 1 January 2018	**17 360**	**33 320**	**50 680**
Balance as at 31 December 2018	**17 307**	**36 870**	**54 177**

For the year ended 31 December 2019, the main increase in internal programme rights was represented by series (For the year ended 31 December 2018: series).

in thousands of EUR	31 December 2019	31 December 2018
Valid programme rights or those becoming valid within 1 year after the balance sheet date	15 642	15 140
Current programme rights	**15 642**	**15 140**
Programme rights becoming valid more than 1 year after the balance sheet date	441	329
Programme rights becoming valid more than 2 years after the balance sheet date	1 536	1 838
Non-current programme rights	**1 977**	**2 167**
Total	**17 619**	**17 307**

The Group has no programme rights or internal programme rights carried at a value exceeding net realisable value, as management expects that income from broadcasted advertisements will exceed the value of programme rights and internal programme rights presented in the consolidated statement of financial position.

19. Trade and other receivables

in thousands of EUR	**31 December 2019**	**31 December 2018**
Trade receivables	30 547	30 585
Other receivables	3 134	2 589
Receivables subtotal	**33 681**	**33 174**
Impairment allowance for receivables	(2 106)	(1 809)
Total	**31 575**	**31 365**

Changes in impairment allowance during the period:

in thousands of EUR	**Year ended 31 December 2019**	**Year ended 31 December 2018**
Balance as at 1 January	**1 809**	**1 854**
Creation	758	648
Use	(273)	(504)
Release	(204)	(182)
Changes due to translation differences	16	(7)
Balance as at 31 December	**2 106**	**1 809**

Impairment allowances for receivables reflect customers' credit rating and their ability to pay their liabilities.

20. Loans granted

in thousands of EUR	31 December 2019	31 December 2018
Loans granted	3 755	3 961
Impairment allowance – level 3	(507)	(507)
Total	**3 248**	**3 454**

See also Note 31 – Risk management information.

Changes in impairment allowance during the period:

in thousands of EUR	Year ended 31 December 2019	Year ended 31 December 2018
Balance as at 1 January	**507**	**497**
Creation	1	9
Changes due to translation differences	(1)	1
Balance as at 31 December	**507**	**507**

21. Other assets

in thousands of EUR	31 December 2019	31 December 2018
Advances paid	3 954	2 282
Prepaid expenses	1 956	1 784
Inventory	731	696
Tax receivables	531	631
Receivables from employees and institutions of social security	54	72
Total	**7 226**	**5 465**

22. Cash and cash equivalents

in thousands of EUR	31 December 2019	31 December 2018
Bank accounts	22 523	15 220
Cash on hand	84	95
Stamps and vouchers	4	26
Total	**22 611**	**15 341**

23. Assets held for sale

The detail structure of the assets held for sale as at 31 December 2019 is as follows:

in thousands of EUR	**RTD d.o.o. Zadar**
Segment	*Media Croatia*
Assets	
Goodwill	371
Property, plant and equipment	9
Trade and other receivables	152
Other assets	3
Cash and cash equivalents	21
Total assets	**556**
Liabilities	
Trade and other financial liabilities	35
Other liabilities	31
Total liabilities	**66**

The detail structure of the assets held for sale is as at 31 December 2018 as follows:

in thousands of EUR	**RTD d.o.o. Zadar**
Segment	*Media Croatia*
Assets	
Goodwill	372
Property, plant and equipment	9
Trade and other receivables	167
Other assets	2
Cash and cash equivalents	16
Total assets	**566**
Liabilities	
Trade and other financial liabilities	36
Other liabilities	34
Total liabilities	**70**

The company RTD d.o.o. Zadar is expected to be sold by the end of the year 2020.

24. Equity

Share capital

As at 31 December 2019 and 31 December 2018, the Company's share capital equals EUR 25 thousand. Share capital as at 31 December 2019 and 31 December 2018 constituted of 1 000 common shares in a nominal value of EUR 25 per share.

The shareholder is entitled to dividends and is entitled to cast his vote during general meetings of the Company, 1 vote per share.

Share capital is fully paid up.

24. Equity (continued)

Other funds

Other funds include legal reserve fund, other capital funds, fund from foreign currencies translations differences and revaluation fund.

The Company is obliged, according to the Slovak legal regulations, to create a legal reserve fund at a minimum of 10% of net profit and at least up to 20% of the share capital (cumulatively). The legal reserve fund can only be used to cover the Company's losses and cannot be paid out as dividends. The calculation of the reserve fund is carried out in line with legal requirements.

Non-controlling interests

The following subsidiaries have non-controlling interests that are significant to the Group:

	Place of business	Ownership interest attributable to non-controlling share	
		31 December 2019	31 December 2018
		%	%
BigBoard Praha, a.s.	Czech Republic	40	40
Czech Outdoor s.r.o.	Czech Republic	40	40
outdoor akzent s.r.o.	Czech Republic	40	40

Summary financial information of subsidiaries before elimination of intra-group relations for the year ended 31 December 2019 are shown in the table below:

Year ended 31 December 2019

in thousands of EUR	**BigBoard Praha, a.s.**	**Czech Outdoor s.r.o.**	**outdoor akzent s.r.o.**
Revenue (100%)	17 105	12 446	11 159
Profit / (loss) for period (100%)	-5 781	713	1 438
Other comprehensive income (100%)	160	100	179
Comprehensive income for period (100%)	**-5 621**	**813**	**1 617**
Profit / (loss) for the period attributable to non-controlling interests	-2 312	285	575
Comprehensive income for period attributable to non-controlling interests	-2 248	325	647

As at 31 December 2019

in thousands of EUR	**BigBoard Praha, a.s.**	**Czech Outdoor s.r.o.**	**outdoor akzent s.r.o.**
Non-current assets	80 579	30 995	11 236
Current assets	8 845	11 223	11 925
Non-current liabilities	(53 912)	(28 833)	(11 855)
Current liabilities	(50 294)	(5 119)	(5 022)
Net assets / (liabilities) (100%)	**(14 782)**	**8 266**	**6 284**
Net assets / (liabilities) attributable to non-controlling interests	(5 913)	3 306	2 514

24. Equity (continued)

Year ended 31 December 2019

in thousands of EUR	**BigBoard Praha, a.s.**	**Czech Outdoor s.r.o.**	**outdoor akzent s.r.o.**
Cash flows from operating activities	3 067	2 681	2 914
Cash flows used in investing activities	(2 919)	(524)	(758)
Cash flows used in financing activities	(178)	(2 213)	(2 552)
Decrease in cash and cash equivalents	**(30)**	**(56)**	**(396)**

Summary financial information of subsidiaries before elimination of intra-group relations for the year ended 31 December 2018 are shown in the table below:

Year ended 31 December 2018

in thousands of EUR	**BigBoard Praha, a.s.**	**Czech Outdoor s.r.o.**	**outdoor akzent s.r.o.**
Revenue (100%)	14 912	11 319	11 644
Profit / (loss) for period (100%)	(1 697)	(955)	1 920
Other comprehensive income (100%)	77	(59)	(89)
Comprehensive income for period (100%)	**(1 620)**	**(1 014)**	**1 831**
Profit / (loss) for the period attributable to non-controlling interests	(679)	(382)	768
Comprehensive income for period attributable to non-controlling interests	(648)	(406)	732

As at 31 December 2018

in thousands of EUR	**BigBoard Praha, a.s.**	**Czech Outdoor s.r.o.**	**outdoor akzent s.r.o.**
Non-current assets	49 332	18 117	661
Current assets	5 451	9 492	9 904
Non-current liabilities	(50 513)	(15 831)	(3 435)
Current liabilities	(13 431)	(4 326)	(2 463)
Net assets / (liabilities) (100%)	**(9 161)**	**7 452**	**4 667**
Net assets / (liabilities) attributable to non-controlling interests	(3 664)	2 981	1 867

Year ended 31 December 2018

in thousands of EUR	**BigBoard Praha, a.s.**	**Czech Outdoor s.r.o.**	**outdoor akzent s.r.o.**
Cash flows from / (used in) operating activities	(535)	1 096	464
Cash flows used in investing activities	(159)	(965)	(193)
Cash flows from / (used in) financing activities	745	(156)	-
Increase / (decrease) in cash and cash equivalents	**51**	**(25)**	**271**

24. Equity (continued)

Effect on disposal of ownership interest without a loss of control as at 31 December 2019

in thousands of EUR	
Carrying amount of non-controlling interest disposed	(72)
Sale price	7
Change of equity attributable to shareholders of the Company	**(65)**

Effect on acquisition of ownership interest without a loss of control as at 31 December 2018

in thousands of EUR	
Carrying amount of non-controlling interest acquired	95
Acquisition cost of non-controlling interest	(12)
Change of equity attributable to shareholders of the Company	**83**

Effect on disposal of ownership interest without a loss of control as at 31 December 2018

in thousands of EUR	
Carrying amount of non-controlling interest disposed	(16)
Sale price	2
Change of equity attributable to shareholders of the Company	**(14)**

25. Bank loans and interest bearing borrowings

in thousands of EUR	**31 December 2019**	**31 December 2018**
Bank loans – bearing fixed interest rates	28 957	97
Bank loans – bearing variable interest rates	72 410	68 539
Borrowings – bearing fixed interest rates (2018: including finance leases)*	9 807	11 863
Borrowings – bearing variable interest rates (2018: including finance leases)*	7 924	8 525
Total	**119 098**	**89 024**

* The Group initially applied IFRS 16 Leases as at 1 January 2019 using a modified retrospective approach. In line with the approach chosen, the comparable period is not restated (see Note 2.b) - Significant accounting policies).

The average interest rate of bank loans and interest bearing borrowings as at 31 December 2019 equaled to 4.42% (as at 31 December 2018: 4.05%).

As at 31 December 2019, the Group drew loans from several banking institutions. Some loans have contractually defined amount of financial covenants that the Group is obligated to fulfil.

25. Bank loans and interest bearing borrowings (continued)

As at 31 December 2019, the Group breached one financial covenant. Before the year end, the Group received a waiver from the bank stated that the bank waives early loan repayment. The Group therefore recognises this loan as non-current.

The Group provided guarantees for received bank loans, interest bearing borrowings and finance leasing:

in thousands of EUR	**31 December 2019**	**31 December 2018**
Internal programme rights	37 522	36 870
Programme rights	17 579	17 307
Trade and other receivables	8 030	2 360
Property, plant and equipment*	235	3 183
Total	**63 366**	**59 720**

* The Group initially applied IFRS 16 Leases as at 1 January 2019 using a modified retrospective approach. In line with the approach chosen, the comparable period is not restated (see Note 2.b) - Significant accounting policies).

As at 31 December 2018, based on IAS 17, property, plant and equipment included leased property used for securing the finance leasing in the amount of EUR 2 945 thousand.

Finance lease liabilities according to IAS 17 as at 31 December 2018 were as follows:

in thousands of EUR	**Payments**	**Interest**	**Principal**
Less than 3 months	891	61	830
3 months to 1 year	625	31	594
1 to 5 years	1 017	35	982
Total	**2 533**	**127**	**2 406**

25. Bank loans and interest bearing borrowings (continued)

Reconciliation of the movements of liabilities to cash flows from financing activities:

in thousands of EUR	Bank Overdrafts	Bank loans and interest bearing borrowings	Issued bonds	Lease liabilities*	Trade payables, other financial liabilities and other payables	Equity attributable to share-holders of the parent company	NCI	Total
Balance as at 1 January 2019	**18 984**	**70 040**	**121 200**	**-**	**68 331**	**30 881**	**3 219**	**312 655**
Initial application of IFRS 16	*-*	*(2 406)*	*-*	*85 387*	*-*	*-*	*-*	*82 981*
Balance as at 1 January 2019 - adjusted	**18 984**	**67 634**	**121 200**	**85 387**	**68 331**	**30 881**	**3 219**	**395 636**
Changes in cash flows from financing activities								
Repayments of loans	-	(7 283)	-	-	-	-	-	(7 283)
Drawings of loans	-	38 454	-	-	-	-	-	38 454
Issued bonds	-	-	1 860	-	-	-	-	1 860
Repayment of bonds	-	-	(28 438)	-	-	-	-	(28 438)
Repayments of lease liabilities* (2018: Repayments of finance lease)	-	-	-	(15 586)	-	-	-	(15 586)
Increase in other capital funds	-	-	-	-	-	1 816	512	2 328
Dividends paid to non-controlling interests	-	-	-	-	7		(88)	(81)
Total changes in cash flows from financing activities	***-***	***31 171***	***(26 578)***	***(15 586)***	***7***	***1 816***	***424***	***(8 746)***
Other changes								
Interest expenses*	498	3 018	10 627	4 562	216	-	-	18 921
Unrealised exchanged gains, net	-	306	319	627	133	146	40	1 571
Interest paid	(512)	(2 526)	(5 419)	(3 925)	-	-	-	(12 382)
Decrease in trade payables, other financial liabilities and other payables	-	-	-	-	(3 736)	-	-	(3 736)
Increase in overdraft in the period	1 148	-	-	-	-	-	-	1 148

25. Bank loans and interest bearing borrowings (continued)

in thousands of EUR	Bank Overdrafts	Bank loans and interest bearing borrowings	Issued bonds	Lease liabilities*	Trade payables, other financial liabilities and other payables	Equity attributable to share-holders of the parent company	NCI	Total
Changes resulting from acquisitions of subsidiaries and associates and changes in ownership without change of control	-	445	-	45	2 307	(65)	(515)	2 217
Other changes	-	(1 068)	-	29 889	448	(5 569)	(2 187)	21 513
Total of other changes	***1 134***	***175***	***5 527***	***31 198***	***(632)***	***(5 488)***	***(2 662)***	***29 252***
Balance as at 31 December 2019 including assets held for sale	**20 118**	**98 980**	**100 149**	**100 999**	**67 706**	**27 209**	**981**	**416 142**
Of which included in assets held for sale	-	-	-	-	*66*	-	-	*66*
Balance as at 31 December 2019	**20 118**	**98 980**	**100 149**	**100 999**	**67 640**	**27 209**	**981**	**416 076**

* The Group initially applied IFRS 16 Leases as at 1 January 2019 using a modified retrospective approach. In line with the approach chosen, the comparable period is not restated (see Note 2.b) - Significant accounting policies).

25. Bank loans and interest bearing borrowings (continued)

in thousands of EUR	Bank Overdrafts	Bank loans and interest bearing borrowings	Issued bonds	Trade payables, other financial liabilities and other payables	NCI	Total
Balance as at 1 January 2018	**24 508**	**74 740**	**139 419**	**62 471**	**2 390**	**303 528**
Initial application of IFRS 9	*-*	*-*	*(3 712)*	*-*	*1 484*	*(2 228)*
Balance as at 1 January 2018 - adjusted	**24 508**	**74 740**	**135 707**	**62 471**	**3 874**	**301 300**
Changes in cash flows from financing activities						
Repayments of loans	-	(5 639)	-	-	-	(5 639)
Drawings of loans	-	87	-	-	-	87
Issued bonds	-	-	35 000	-	-	35 000
Repurchase of own bonds	-	-	(1 000)	-	-	(1 000)
Repayments of bonds and fees related to bond issuance	-	-	(51 280)	-	-	(51 280)
Finance lease repayments	-	(600)	-	-	-	(600)
Dividends paid to non-controlling interests	-	-	-	10	(28)	(18)
Total changes in cash flows from financing activities	***-***	***(6 152)***	***(17 280)***	***10***	***(28)***	***(23 450)***
Other changes						
Interest expenses	595	2 981	9 424	238	-	13 238
Unrealised exchanged gains / (losses), net	-	10	(290)	(64)	(34)	(378)
Interest paid	(627)	(2 690)	(6 361)	-	-	(9 678)
Acquisition of property, plant and equipment through financial lease	-	1 075	-	-	-	1 075
Increase in trade payables, other financial liabilities and other payables	-	-	-	5 770	-	5 770
Increase in overdraft in the period	(5 492)	-	-	-	-	(5 492)
Changes resulting from acquisitions of subsidiaries and associates and changes in ownership without change of control	-	76	-	15	(80)	11
Other changes	-	-	-	(109)	(513)	(622)
Total of other changes	***(5 524)***	***1 452***	***2 773***	***5 850***	***(627)***	***3 924***
Balance as at 31 December 2018 including assets held for sale	**18 984**	**70 040**	**121 200**	**68 331**	**3 219**	**281 774**
Of which included in assets held for sale	-	-	-	70	-	70
Balance as at 31 December 2018	**18 984**	**70 040**	**121 200**	**68 261**	**3 219**	**281 704**

26. Issued bonds

The Company has the following bonds in issue:

in thousands of EUR	ISIN	Issued	Due date	Original currency of the issue	Nominal value of the issue in original currency	Effective interest rate in %	Carrying value as at 31 December 2019	Carrying value as at 31 December 2018
Type								
Payable to bearer	CZ0003502312	28.11.2012	28.11.2022	CZK	730 000	7.66	-	25 639
Payable to bearer	CZ0003503153	4.12.2012	5.12.2024	CZK	545 041	9.53	21 158	20 833
Payable to bearer	SK4120011222	7.12.2015	7.12.2021	EUR	48 500	6.36	43 117	40 522
Payable to bearer	SK4120014390	7.8.2018	7.8.2023	EUR	35 800	5.96	35 874	34 206
							100 149	**121 200**

The issued bonds in the amount of EUR 932 thousand presented as current liabilities in the consolidated statement of financial position of the Group represent unpaid accrued interest.

Bonds ***ISIN CZ0003502312*** are bearing fixed interest that is payable semi-annually. Interest expense for the year ended 31 December 2019 is in the amount EUR 4 451 thousand (for the year ended 31 December 2018 in the amount of EUR 1 891 thousand).

Based on the meeting of bondholders held on 17 October 2016, it was agreed that the maturity of bonds will be prolonged to 28 November 2022 and the nominal interest rate will be reduced from 7% p.a. to 4.5% p.a., in both cases with effect from 28 November 2016. The Group decided to permit earlier application of amendments to IFRS 9 Financial instruments: Prepayment features with negative compensation and modification of financial liabilities, as at 1 January 2018, the modification had the following impact on the presentation of bonds ISIN CZ0003502312: change in effective interest rate from 4.63% to 7.66% and decrease in liabilities relating to bonds issued by EUR 3 371 thousand.

On 16 October 2019, the Board of Directors of BigBoard Praha, a.s. decided on early repayment of the bond ISIN CZ0003502312. Withdrawing the bonds will allow the Group to restructure its debt and prepare to finance possible future investments. The early repayment of bonds took place on 28 November 2019 and was conditioned by the payment of the full amount of principal and also the payment of an extraordinary premium to bondholders in the amount of 1.5% of the early paid principal in the amount of EUR 427 thousand (CZK 10 950 thousand). The Group used a bridge loan provided by J & T Banka a.s. maturing on 31 May 2020 to refinance the early redemption of bonds, see also Note 31 - Risk management information, Liquidity risk section.

The increase in interest expenses for the year ended 31 December 2019 is, due to the early redemption of bonds, when all accrued initial transaction issuance costs were recognised in interest expenses on a one-off basis, a profit from the modification originated in 2018 and the premium for early redemption of bonds paid to bondholders in the amount of EUR 427 thousand (CZK 10 950 thousand).

Bonds ***ISIN CZ0003503153*** are bearing fixed interest that is payable annually. Interest expense for the year ended 31 December 2019 is in the amount of EUR 1 976 thousand (for the year ended 31 December 2018: in the amount of EUR 1 973 thousand).

These bonds were not issued for the purposes of a public offering. It was agreed that the maturity of bonds will be prolonged to 5 December 2024.

26. Issued bonds (continued)

The Group decided to permit earlier application of amendments to IFRS 9 Financial instruments: Prepayment features with negative compensation and modification of financial liabilities. As at 1 January 2018, the modification had the following impact on the presentation of bonds ISIN CZ0003503153: change in effective interest rate from 9.37% to 9.53% and decrease in liabilities relating to bonds issued by EUR 341 thousand.

Bonds in the nominal value in the amount of CZK 100 000 thousand (EUR 3 936 thousand) were purchased back by the Group on 12 August 2013 and are still held by the Group as at 31 December 2019.

Bonds ***ISIN SK4120011222*** represent zero coupon bonds. Interest expense for the year ended 31 December 2019 was EUR 2 162 thousand (for the year ended 31 December 2018: EUR 2 427 thousand).

Bonds with a nominal value of EUR 2 812 thousand were repurchased by the Group on 9 December 2015 for EUR 1 982 thousand. On 12 April 2016, the Group sold its own bonds with a nominal value of EUR 345 thousand. For the year ended 31 December 2017, the Group sold its own bonds with a nominal value of EUR 2 467 thousand. As at 31 December 2019, the Group no longer holds any of its own bonds from this issue.

Bonds ***ISIN SK4120014390*** bear a fixed interest that is payable annually. Interest expense for the year ended 31 December 2019 is in the amount of EUR 2 038 thousand (for the year ended 31 December 2018: in the amount of EUR 1 104 thousand).

The bonds with a nominal value of EUR 1 000 thousand were subsequently repurchased by the Group on the issue date of 7 August 2018. On 31 July 2019, the Group sold its own bonds with a nominal value of EUR 1 800 thousand and as at 31 December 2019, the Group no longer holds any of its own bonds from this issue.

27. Deferred tax asset / (liability)

The following items gave rise to a deferred tax asset / (liability):

	31 December 2019		
in thousands of EUR	**Receivables**	**Liabilities**	**Total**
Temporary differences related to:			
Property, plant and equipment	43	(11 186)	(11 143)
Intangible assets	25	(16 726)	(16 701)
Provisions	318	-	318
Leases (IFRS 16) *	135	(9 154)	(9 019)
Tax losses	8 795	-	8 795
Other	664	(12)	652
Netting	*(9 135)*	*9 135*	-
Total	**845**	**(27 943)**	**(27 098)**

* The Group initially applied IFRS 16 Leases as at 1 January 2019 using a modified retrospective approach. In line with the approach chosen, the comparable period is not restated (see Note 2.b) - Significant accounting policies).

27. Deferred tax asset / (liability) (continued)

	31 December 2018		
in thousands of EUR	**Receivables**	**Liabilities**	**Total**
Temporary differences related to:			
Property, plant and equipment	23	(11 811)	(11 788)
Intangible assets	-	(27 743)	(27 743)
Provisions	303	(1)	302
Unpaid interest	-	(172)	(172)
Tax losses	9 191	-	9 191
Other	1 057	(7)	1 050
Netting	*(9 824)*	*9 824*	-
Total	**750**	**(29 910)**	**(29 160)**

Deferred tax asset from losses carried forward is recognised only to the extent that is probable that a taxable profit will be available against which this amount can be utilised.

Deferred tax asset arising from the following items was not recognised (tax base):

in thousands of EUR	**31 December 2019**	**31 December 2018**
Tax losses	59 975	62 100
Total	**59 975**	**62 100**

Expected periods for expiration of tax losses utilisation:

in thousands of EUR	**2020**	**2021**	**2022**	**2023**	**After 2023**
Tax losses	5 217	3 753	1 527	1 849	83 359

Tax losses incurred in Slovakia can be utilised on a straight-line basis no more than 4 consecutive years equally, the maximum time period for tax losses utilisation in the Czech Republic and in Croatia is 5 years. In Austria, tax losses utilisation is not limited by time.

28. Provisions

Year ended 31 December 2019:

in thousands of EUR	**Asset retirement obligation provision**	**Employee benefits**	**Fines from RpVaR[1] and lawsuits**	**Other provisions**	**Provisions total**
Balance as at 1 January	**285**	**1 110**	**641**	**466**	**2 502**
Creation	-	25	278	426	**729**
Utilisation	(2)	(64)	(63)	(445)	**(574)**
Release	(41)	(43)	(13)	(8)	**(105)**
Actuarial losses	-	55	-	-	**55**
Interest expenses	-	11	-	-	**11**
Changes due to translation differences	3	(2)	-	-	**1**
Balance as at 31 December	**245**	**1 092**	**843**	**439**	**2 619**

Current	1 508
Non-current	1 111
Total	**2 619**

Year ended 31 December 2018:

in thousands of EUR	**Asset retirement obligation provision**	**Employee benefits**	**Fines from RpVaR[1] and lawsuits**	**Other provisions**	**Provisions total**
Balance as at 1 January	**1 690**	**1 180**	**676**	**634**	**4 180**
Creation	9	739	194	423	**1 365**
Utilisation	(666)	(143)	(82)	(426)	**(1 317)**
Release	(741)	(709)	(147)	(165)	**(1 762)**
Actuarial losses	-	32	-	-	**32**
Interest expenses	-	10	-	-	**10**
Changes due to translation differences	(7)	1	-	-	**(6)**
Balance as at 31 December	**285**	**1 110**	**641**	**466**	**2 502**

Current	1 367
Non-current	1 135
Total	**2 502**

[1]RpVaR – Council for Broadcasting and Retransmission

29. Trade liabilities and other financial liabilities

in thousands of EUR	**31 December 2019**	**31 December 2018**
Trade liabilities	42 607	45 444
Liabilities from reimbursements	9 883	9 405
Accrued expenses	3 596	3 255
Other financial liabilities	1 343	1 455
Total	**57 429**	**59 559**

Liabilities from reimbursements represent volume discounts provided in connection with the contracts with customers.

Structure of liabilities according to their due dates is shown in the following table:

in thousands of EUR	**31 December 2019**	**31 December 2018**
Overdue liabilities	6 990	9 345
Liabilities within due date	50 439	50 214
	57 429	**59 559**

Almost one half of the overdue liabilities as at 31 December 2019 were paid by the date of the financial statements' preparation. Group expects that the remaining amount of the overdue liabilities will be paid by the end of the year 2020.

30. Other liabilities

in thousands of EUR	**31 December 2019**	**31 December 2018**
Liabilities towards employees and institutions of social security	4 309	3 869
Contract liabilities	3 582	1 880
Other tax liabilities	2 230	2 931
Deferred revenue	23	22
Other	67	-
Total	**10 211**	**8 702**

The liabilities towards employees and institutions include a social fund liability in the amount EUR 67 thousand as at 31 December 2019 (as at 31 December 2018: EUR 112 thousand).

As at 1 January 2019, the opening balance of contract liabilities amounted to EUR 1 880 thousand. For the year ended 31 December 2019, EUR 1 554 thousand of this amount was recognised as revenue of the current accounting period (from the opening balance of contract liabilities as at 1 January 2018 in the amount of EUR 979 thousand, for the year ended 31 December 2018, EUR 657 thousand was recognized in revenue).

The majority of contract liabilities relates to advance payments made by customers of the Group. The Group expects that the whole amount of contract liabilities will be recognised in revenue in the following accounting period.

31. Risk management information

This section provides details on the financial risks to which the Group is exposed to and the methods of their management. The most important types of financial risks to which the Group is exposed are credit risk, liquidity risk, market risk and operational risk. Market risk represents mainly interest rate risk and currency risk.

Liquidity risk

Liquidity risk is formed during financing the ordinary activities of the Group, concurrently with the ability to meet its obligations when due, and during management of financial positions. It poses a risk of failure to fund assets in adequate due date and interest rate and a risk of failure to realise assets for an appropriate price within a reasonable time period.

Individual companies in the Group use different methods for managing liquidity risk. The Group's management focuses on monitoring and managing liquidity of each individual company.

The following table presents an analysis of financial assets and liabilities of the Group presented according to the remaining contractual maturity of financial assets and liabilities as at the balance sheet date. The presented amounts also include estimated payments of interest and represent contractual undiscounted cash flows.

The maturity of financial assets and liabilities as at 31 December 2019 is as follows:

in thousands of EUR	**Carrying amount**	***Undis-counted cash flows***	**Up to 3 months**	**3 months to 1 year**	**1 year to 5 years**	**Over 5 years**
Assets						
Cash and cash equivalents	22 611	*22 611*	22 611	-	-	-
Trade and other receivables	31 575	*31 575*	31 044	222	218	91
Other financial assets	952	*952*	882	70	-	-
Loans granted	3 248	*3 399*	-	2 593	806	-
	58 386	***58 537***	**54 537**	**2 885**	**1 024**	**91**
Liabilities						
Bank loans and interest bearing borrowings	(119 098)	*(134 804)*	(17 741)	(37 454)	(52 028)	(27 581)
Lease liabilities*	(100 999)	*(125 586)*	(6 867)	(14 574)	(60 896)	(43 249)
Trade and other financial liabilities	(57 429)	*(57 429)*	(45 814)	(8 300)	(3 315)	-
Issued bonds	(100 149)	*(123 273)*	-	(3 915)	(119 358)	-
	(377 675)	***(441 092)***	**(70 422)**	**(64 243)**	**(235 597)**	**(70 830)**

* The Group initially applied IFRS 16 Leases as at 1 January 2019 using a modified retrospective approach. In line with the approach chosen, the comparable period is not restated (see Note 2.b) - Significant accounting policies).

The differences between the current financial assets and liabilities are balanced by the Group as follows:

- The Group has several not fully drawn loans, which can be utilised when needed. Current financial needs are satisfied through overdraft facilities and undrawn credit lines.

31. Risk management information (continued)

As at 31 December 2019, the Group had EUR 16 278 thousand (as at 31 December 2018: EUR 12 863 thousand) of undrawn credit facilities.

- The Group drew overdraft facilities in the amount of EUR 20 118 thousand as at 31 December 2019 (as at 31 December 2018: EUR 18 984 thousand). These loans are granted for one year period and are regularly prolonged. Based on past experience, the Group's management expects that the maturity of these loans will be extended for another year and therefore will not result during 2020 in a cash outflow equaling to the amount of drawn balances of overdrafts as at 31 December 2019.
- As at 31 December 2019, the Group presents as current assets acquired programme rights and internal programme rights amounting to EUR 49 288 thousand (as at 31 December 2018: EUR 47 488 thousand). Utilising programme rights and internal programme rights, the Group will gain cash inflow, during 2020 and ongoing periods depending on license agreements.
- As at 31 December 2019, the Group reports a bank loan received from J & T Banka a.s. within short-term liabilities in the amount of EUR 28 731 thousand (CZK 730 000 thousand), which was provided to BigBoard Praha, a.s. as a bridge loan to finance the repayment of the principal of withdrawn bonds BIGBOARD 4.50/22. BigBoard Praha, a.s. expects J & T Banka a.s. to approve the extension of the maturity of the bridge loan at least until the end of 2020, or the reclassification of this loan into a long-term investment loan.
- If necessary, the Group may also use ISIN SK4120014390 bonds in the amount of EUR 14 200 thousand to finance the current operating needs and/or liabilities of companies in the Group. The approved volume of the bond issue was EUR 50 000 thousand, of which as at 31 December 2019, the Group sold only bonds in the amount of EUR 35 800 thousand.

The maturity of financial assets and liabilities as at 31 December 2018 is as follows:

in thousands of EUR	**Carrying amount**	***Undis-counted cash flows***	**Up to 3 months**	**3 months to 1 year**	**1 year to 5 years**	**Over 5 years**
Assets						
Cash and cash equivalents	15 341	*15 341*	15 341	-	-	-
Trade and other receivables	31 365	*31 365*	31 047	7	220	91
Other financial assets	1 043	*1 043*	917	126	-	-
Loans granted	3 454	*3 678*	-	2 103	1 470	105
	51 203	***51 427***	**47 305**	**2 236**	**1 690**	**196**
Liabilities						
Bank loans and interest bearing borrowings	(89 024)	*(105 464)*	(19 918)	(7 712)	(44 950)	(32 884)
Trade and other financial liabilities	(59 559)	*(59 559)*	(39 077)	(18 412)	(2 070)	-
Issued bonds	(121 200)	*(158 062)*	-	(5 422)	(129 545)	(23 095)
	(269 783)	***(323 085)***	**(58 995)**	**(31 546)**	**(176 565)**	**(55 979)**

31. Risk management information (continued)

Credit risk

The Group is facing this risk especially with trade receivables, other receivables and granted loans. The exposure to this risk is expressed by the carrying amount of these assets in the consolidated statement of financial position. The carrying amount of receivables and granted loans represent the maximum possible loss that would have to be recorded should the counterparty fail to meet its contractual obligations and all guarantees would have a zero value. This amount thus substantially exceeds the expected losses expressed by provision for bad debts.

The Company has not received any guarantees for its receivables.

Credit risk exposure by sector as at 31 December 2019 is as follows:

in thousands of EUR	**Corporations**	**Banks and financial institutions**	**Other**	**Total**
Assets				
Cash and cash equivalents	-	22 523	88	**22 611**
Trade and other receivables	30 618	51	906	**31 575**
Other financial assets	516	436	-	**952**
Loans granted	3 231	-	17	**3 248**
	34 365	**23 010**	**1 011**	**58 386**

Credit risk exposure by sector as at 31 December 2018 is as follows:

in thousands of EUR	**Corporations**	**Banks and financial institutions**	**Other**	**Total**
Assets				
Cash and cash equivalents	-	15 220	121	**15 341**
Trade and other receivables	31 144	102	119	**31 365**
Other financial assets	625	418	-	**1 043**
Loans granted	3 422	-	32	**3 454**
	35 191	**15 740**	**272**	**51 203**

As at 31 December 2019, the average interest rate on provided loans was 5.33% (as at 31 December 2018: 6.34%).

As at 31 December 2019, loans granted include 2 significant loans that represents 38% of the total loans provided (as at 31 December 2018: 2 significant loans represented 33% of total loans provided).

Credit risk exposure by country as at 31 December 2019 is as follows:

in thousands of EUR	**Slovakia**	**Czech Republic**	**Austria**	**Other**	**Total**
Assets					
Cash and cash equivalents	10 565	4 657	7 375	14	**22 611**
Trade and other receivables	14 578	13 697	1 090	2 210	**31 575**
Other financial assets	-	511	436	5	**952**
Loans granted	3 177	70	-	1	**3 248**
	28 320	**18 935**	**8 901**	**2 230**	**58 386**

31. Risk management information (continued)

Credit risk exposure by country as at 31 December 2018 is as follows:

in thousands of EUR	Slovakia	Czech Republic	Austria	Other	Total
Assets					
Cash and cash equivalents	4 268	4 320	6 722	31	**15 341**
Trade and other receivables	16 177	12 060	945	2 183	**31 365**
Other financial assets	33	587	418	5	**1 043**
Loans granted	2 701	753	-	-	**3 454**
	23 179	**17 720**	**8 085**	**2 219**	**51 203**

Credit risk exposure – impairment of financial assets:

Trade and other receivables

in thousands of EUR	31 December 2019				31 December 2018			
	Nominal value	%	Impairment allowance	Carrying value	Nominal value	%	Impairment allowance	Carrying value
Due maturity	22 722	67	(358)	22 364	21 827	66	(450)	21 377
Overdue 1-30 days	4 773	14	(54)	4 719	5 057	15	-	5 057
Overdue 31-180 days	3 909	12	(217)	3 692	3 749	11	(2)	3 747
Overdue 181-365 days	531	2	(239)	292	855	3	(221)	634
Overdue more than 365 days	1 746	5	(1 238)	508	1 686	5	(1 136)	550
	33 681	**100**	**(2 106)**	**31 575**	**33 174**	**100**	**(1 809)**	**31 365**

Loans granted

in thousands of EUR	31 December 2019				31 December 2018			
	Nominal value	%	Impairment allowance	Carrying value	Nominal value	%	Impairment allowance	Carrying value
Due maturity	3 287	88	(39)	3 248	3 491	88	(37)	3 454
Overdue more than 365 days	468	12	(468)	-	470	12	(470)	-
	3 755	**100**	**(507)**	**3 248**	**3 961**	**100**	**(507)**	**3 454**

Currency risk

The Group is exposed to currency risk especially in relation to USD and CZK. Long term contracts for purchasing programme rights are mostly denominated in USD that is why the Group manages the currency risk by forward contracts. Currency risk to CZK results mostly from interest-bearing borrowings denominated in CZK.

The following table provides an analysis of only those items of financial assets and liabilities of the Group that are denominated in a currency other than the functional currency of the individual Group companies.

31. Risk management information (continued)

Currency risk exposure as at 31 December 2019 is as follows:

in thousands of EUR	**EUR**	**CZK**	**USD**
Assets			
Cash and cash equivalents	505	64	108
Trade and other receivables	119	127	-
	624	**191**	**108**
Liabilities			
Bank loans and interest bearing borrowings	709	9 028	-
Trade and other financial liabilities	227	11	9 489
	936	**9 039**	**9 489**

Currency risk exposure as at 31 December 2018 is as follows:

in thousands of EUR	**EUR**	**CZK**	**USD**
Assets			
Cash and cash equivalents	440	35	5
Trade and other receivables	145	68	-
Loans granted	50	-	-
	635	**103**	**5**
Liabilities			
Bank loans and interest bearing borrowings	996	8 584	-
Trade and other financial liabilities	22	45	11 207
	1 018	**8 629**	**11 207**

Sensitivity analysis

Strengthening of the euro by 10% against foreign currencies listed below would have the following effect on the portfolio (in case of a weakening, the opposite effect). This analysis assumes that all other variables, in particular interest rates, remain unchanged.

in thousands of EUR	**Effect on portfolio**
31 December 2019	
CZK	804
USD	856
31 December 2018	
CZK	775
USD	1 018

31. Risk management information (continued)

Interest rate risk

The operations of the Group are exposed to the interest rate fluctuations. The scope of this risk is equal to the amount of interest bearing assets and liabilities, whose interest rate at their maturity or at the moment of an interest rate change varies from the current interest rate. The period during which the financial instrument has set a fixed interest rate reflects the exposure to the risk in changes in interest rates.

Profile of financial instruments

As at the balance sheet date, the interest rate profile of the interest bearing financial instruments of the Group is as follows:

in thousands of EUR

	31 December 2019	31 December 2018
Fixed interest rate		
Assets	25 771	7 482
Bank loans and interest bearing borrowings	(38 764)	(11 960)
Issued bonds	(100 149)	(121 200)
Lease liabilities*	(100 521)	-
	(213 663)	**(125 678)**
Variable interest rate		
Assets	-	11 192
Bank loans and interest bearing borrowings	(80 334)	(77 064)
Lease liabilities*	(478)	-
	(80 812)	**(65 872)**

* The Group initially applied IFRS 16 Leases as at 1 January 2019 using a modified retrospective approach. In line with the approach chosen, the comparable period is not restated (see Note 2.b) - Significant accounting policies).

Sensitivity analysis for instruments with variable interest rates

A change by 100 basis points in interest rates would have the following effect on the portfolio:

in thousands of EUR

	31 December 2019	31 December 2018
A decrease in interest rates by 100 bp	802	651
An increase in interest rates by 100 bp	(802)	(651)

Operational risk

The Group is also exposed to operational risk, such as outage in broadcasting. The Group manages this risk by diversifying transmissions and implementing backup technological solutions for eliminating this risk.

Furthermore, the Group is exposed to a risk that the rental contracts for areas beneath its advertising equipment will not be renewed in the future. This risk is mitigated by diversifying the providers of space for advertising equipment.

31. Risk management information (continued)

Capital management

Management of the Company considers equity as capital for the purposes of the capital management. The aim of the Group in the capital management is to continue as going concern, to provide sufficient return on capital to the shareholders and benefits for other shareholders. The aim is also to keep optimal structure of capital with the aim of reduction of the financing costs.

Management of the Group manages the shareholders' equity recognised in accordance with the International Financial Reporting Standards as adopted by EU as at 31 December 2019 in the amount of EUR 28 190 thousand (as at 31 December 2018: EUR 34 100 thousand).

The Group monitors structure of the capital based on the ratio of the total debt to the total of equity and liabilities. Total debt is calculated as the amount of bank loans, interest rate borrowings and issued bonds (including short term portions as recognised in the Consolidated statement of the financial position).

If necessary, the parent company provides financial support by increasing the equity through other capital funds. For the year ended 31 December 2019, other capital funds were increased by the parent company TV JOJ L.P. in the amount of EUR 1 560 thousand (for the year ended 31 December 2018, other capital funds were not increased by the parent company TV JOJ L.P.).

32. Fair value information

The following summary includes information about carrying and fair values of financial assets and liabilities of the Group which are not carried at fair value. The summary does not include financial assets and liabilities whose nominal value approximates fair value. Lease liabilties (IFRS 16) do not require fair value disclosure.

	31 December 2019		**31 December 2018**	
in thousands of EUR	**Carrying amount**	**Fair value Level: 2**	**Carrying amount**	**Fair value Level: 2**
Financial assets				
Loans granted	3 248	3 188	3 454	3 365
Financial liabilities				
Bank loans	101 367	103 176	68 636	69 973
Interest bearing borrowings	17 731	16 897	20 388	20 172
Issued bonds	100 149	101 019	121 200	123 785

The main methods and assumptions used in estimating fair values are discussed in Note 2 - Significant Accounting Policies - accounting policy v).

33. Contingent liabilities

Many parts of Slovak tax legislation remain untested and there is uncertainty about the interpretation that the tax authorities may apply in a number of areas. The effect of this uncertainty cannot be quantified and will only be resolved as legislative precedents are set or when the official interpretations of the authorities are available.

33. Contingent liabilities (continued)

In addition to the above-mentioned guarantee for the Group's loan liabilities, the Group as at 31 December 2019 guarantees in the form of payment guarantees for third party loan liabilities in the amount of EUR 3 222 thousand (as at 31 December 2018: EUR 250 thousand).

34. Subsequent events

On 2 January 2020, the Group acquired through its subsidiary BigBoard Praha, a.s. additional 16.66% share in HyperMedia, a. s. and its subsidiaries.

On 11 March 2020, the Group acquired a 70% share in PTA Group s. r. o. The Group did not yet allocate the purchase price to the value of identifiable assets and liabilities in the newly acquired subsidiary.

On 11 March 2020, the World Health Organization declared the coronavirus-related situation a pandemic, following which the Slovak government declared a state of emergency on 16 March 2020. In response to the potentially serious threat to public health posed by COVID - 19, the Slovak government has taken measures to prevent an outbreak, including the introduction of restrictions on the cross - border movement of persons, and restrictions on the entry of foreign visitors. and the "blocking" of certain sectors, pending further developments. In particular, airlines and railways have suspended international passenger transport, schools, universities, restaurants, cinemas, theaters, museums, sports facilities, retailers with the exception of grocery stores, groceries and pharmacies, remained closed. The main producers in the automotive industry also suspended their activities in Slovak and other European countries. Some companies in Slovakia have also ordered their employees to work from home and have limited or temporarily suspended their business activities.
The economic impacts of these events in a broader context include:

- disruption of business activities and economic activity in Slovakia with a cascading impact on supply and customer chains;
- significant disruption of business activities in certain sectors, not only in Slovakia but also in the markets highly dependent on foreign supply chains as well as highly export-oriented companies dependent on foreign markets. The sectors affected include, in particular, trade and transport, tourism, the entertainment industry, manufacturing, construction, retail, insurance, education and the financial sector;
- a significant reduction in demand for evitable goods and services;
- an increase in economic uncertainty, with an impact on the increase in asset price volatility or exchange rates.

The Group operates in the media sector, which was indirectly affected by the outbreak of COVID-19, the Group's activities were not interrupted. For the first quarter of 2020, the Group expects relatively stable revenue, but in the coming months, it is assumed that the economic slowdown will also have a negative impact on investments in the purchase of advertising space. Based on publicly available information as at the date of preparation of the consolidated financial statements, the Group's management has considered the potential development of the pandemic and its expected impact on the Group and the economic environment in which the Group operates, including measures already taken by the Slovak and other governments, in which subsidiaries of the Group operate.
In order to ensure the continuous operation and maintain the liquidity of the Group, the management has implemented several measures, including:

- introduction of home office for a significant group of administrative staff as well as sales and procurement staff;
- training of employees to adhere to very strict preventive standards, including social distance;
- negotiations with large landlords on reducing land rents under advertising equipment or awarding compensation;

34. Subsequent events (continued)

- adjusting the scope of the Group's activities in order to respond to a possible reduction in demand for services offered by the Group;
- reduction of capital expenditures for the next 12 months;
- overall optimisation of costs associated with the required operation of the Group;
- initiating the process of expanding existing and providing additional credit facilities.

Based on currently publicly available information, results currently achieved by the Group's subsidiaries, and despite the steps taken by the Group 's management, we anticipate an adverse impact of the COVID - 19 outbreak on the Group in 2020, its operations, financial position and results of operations.

The Group's management has prepared an analysis of several scenarios that may occur to limit economic activities. These scenarios assume a decline in the Group's revenue and profitability for 2020, depending on the duration of the reduction in economic activities and the gradual easing of measures taken by the government. In the event of a pessimistic scenario, the Group has sufficient resources to finance the current operating needs and / or liabilities of the companies in the Group, which include undrawn credit limits and bonds from the Company's fourth issue, which were issued in the amount of EUR 50 million (50 thousand pieces) under the designation: ISIN: SK4120014390. As at 31 December 2019, the Group reported EUR 16 278 thousand of undrawn credit limits and as at the date of preparation of the consolidated financial statements, the Group still holds 19 670 bonds from the fourth issue in the nominal value of EUR 19 670 thousand. In addition, the Group is terminating the process of extending the maturity of a bank loan, which is as at 31 December 2019 reported as a short-term bank loan in the amount of EUR 28 731 thousand. The Group anticipates that the maturity of this loan will be extended beyond 2024. The short-term financial needs of the subsidiaries are also met from overdrafts.

We cannot however preclude the possibility that extended lock down periods, an escalation in the severity of such measures, or a consequential adverse impact of such measures on the economic environment we operate in will not have an adverse effect on the Group, and its financial position and operating results, in the medium and longer term. The Group’s management continue to monitor the situations closely and will respond to mitigate the impact of such events and circumstances as they occur.

35. Other events

Act on land communication

On 1 September 2012, an amendment to the Act on land communication has been adopted in Czech Republic. The amendment significantly restricted establishment and administration of external advertising equipment in protected area of highways and first class roads. Due to the above mentioned amendment, effective from 1 September 2017, the Group dismantled a majority of commercial advertisements in protected area of highways and first class roads.

Leaving the Group without any source of compensation, the amendment restricts the billboard lease and billboard advertising within the valid period of contract duration. Therefore a group of senators decided to file a constitutional complaint against the amendment. Due to increased media pressure, pressure from authorities and the fact that the Constitutional court did not make a decision in the case of this complaint, the Group started to dismantle advertising equipment in December 2017. During 2018, the Group continued to dismantle advertising equipment.

The amendment to the Act on land communication caused that the Group dismantled 1 350 pieces of advertising equipment including billboards, smartboards, bigboards and 1 081 pieces of bridge-boards. It caused an annual decrease in revenue by EUR 3 784 thousand.

2018 was the first year the amendment affected economic activities of the Group. In the following years, the Group does not expect an additional decrease in revenue due to the negative impact of the above mentioned amendment, since the majority of advertising equipment was dismantled as at 31 December 2018.

35. Other events (continued)

By a finding of 12 February 2019 (valid and effective on 29 March 2019), the Constitutional court rejected the proposal of a group of senators (constitutional complaint) to repeal the transitional provisions of the amendment to Act no. 196/2012. Subsequently, the Group, through a law firm, filed a complaint with the European Commission, the receipt of which was confirmed on 27 August 2019. This complaint has not yet been decided.

Prague building regulations

On 15 July 2014, the Council of the City of Prague adopted a Regulation no. 1607/2014, which states general requirements for land use and technical requirements for buildings in the capital city Prague (Prague building regulations, PSP), hereinafter referred to as "Regulation". The article 77 and subsequent articles of the Regulation addresses rules for placing of advertising installations and structures for advertising in the capital city of Prague in the built-up areas.

This Regulation entered into force on 1 October 2014. Due to formal errors, consisting mainly in the absence of notification of PSP as a technical regulation in the European Union authorities, the validity of the PSP was suspended by the Ministry of Regional Development in January 2015. The Regulation was subsequently redrafted, including the part related to the regulation of advertisement. A new version approved by the Council of the city of Prague by Regulation no. 1839 on 11 August 2015 includes a request for a minimal distance between advertising equipment to be 100 meters. The Group sees the proposed method of regulation as appropriate, as this will improve the quality of public space while maintaining the functionality of outdoor advertising. The Group expects a decrease in the number of its advertising equipment by approximately 12%. The expected economic impact on the Group will be rather neutral to positive, because a restriction in the supply and expected continuing demand will result in an increase in unit prices and in an increase in the profitability of existing advertising equipment units in Prague. The new version of regulation was sent as a notification to the European Council. In February 2016, the European Council has not approved the Regulation due to the facts that are not related to the regulation of outdoor advertising. On 27 May 2016, the Council of the City of Prague approved new version of regulation no. 10/2016, effective from 1 August 2016. The Group expects that the new version of regulation will not have a significantly negative impact on the Group in the following years.

Recently, there have been opinions (mainly from the traffic police and the Ministry of Transport of the Czech Republic), referring to the risk of installation and administration of advertising equipment operating on the basis of LED technology (light billboards with dynamic content) near the roads. This advertising equipment has a greater ability to attract road users compared to the conventional (static) advertising equipment and therefore represents a greater risk to users. The Group currently operates these panels through its subsidiaries outdoor akzent s.r.o. and QEEP, a.s. Removing this advertising equipment would have a negative impact on the Group, resulting in a significant decrease in EBITDA.

36. Group entities

A list of the Group entities as at 31 December 2019 is as follows:

	Country of registration	Company share held	Control	Consolidation method
JOJ Media House, a. s.	Slovakia	100%	direct	Full
Slovenská produkčná, a.s.	Slovakia	94.96%	direct	Full
MAC TV s.r.o.	Slovakia	100%	indirect	Full
TELEPON PLUS, spol. s r.o.	Slovakia	49%	indirect	Equity
PMT. s.r.o.	Slovakia	27%	indirect	Equity
DONEAL. s.r.o.	Czech Republic	100%	indirect	Full
Magical roof s.r.o.	Czech Republic	80%	indirect	Full
Československá filmová společnost. s.r.o.	Czech Republic	100%	indirect	Full
CS filmová. s.r.o.	Czech Republic	100%	indirect	Full
Akzent BigBoard, a.s.	Slovakia	100%	direct	Full
BigMedia. spol. s r.o.	Slovakia	100%	indirect	Full
RECAR Bratislava a.s.	Slovakia	70%	indirect	Full
RECAR Slovakia a.s.	Slovakia	100%	indirect	Full
BHB. s.r.o.	Slovakia	51%	indirect	Full
Akcie.sk, s.r.o.	Slovakia	100%	direct	Full
EPAMEDIA – EUROPÄISCHE PLAKAT- UND AUSSENMEDIEN GMBH	Austria	100%	indirect	Full
R + C Plakatforschung und –kontrolle Gesellschaft mbH	Austria	51%	indirect	Full
Starhouse Media, a. s.	Slovakia	30%	direct	Equity
BigBoard Praha, a.s.	Czech Republic	60%	direct	Full
BigMedia. spol. s r.o.	Czech Republic	100%	indirect	Full
Czech Outdoor s.r.o. [3]	Czech Republic	100%	indirect	Full
Expiria. a.s.	Czech Republic	100%	indirect	Full
RAILREKLAM, spol. s r.o.	Czech Republic	100%	indirect	Full
MG Advertising. s.r.o.	Czech Republic	50%	indirect	Equity
QEEP. a.s.	Czech Republic	100%	indirect	Full
Barrandia s.r.o. [1]	Czech Republic	100%	indirect	Full
Český billboard. s.r.o.	Czech Republic	100%	indirect	Full
outdoor akzent s.r.o.	Czech Republic	100%	indirect	Full
Bilbo City s.r.o.	Czech Republic	100%	indirect	Full
Velonet ČR. s.r.o.	Czech Republic	100%	indirect	Full
D & C AGENCY s.r.o.	Czech Republic	100%	indirect	Full
News Advertising s.r.o.	Czech Republic	100%	indirect	Full
Flowee s.r.o. [4]	Czech Republic	65%	indirect	Full
Kitchen Lab s.r.o. [5]	Czech Republic	70%	indirect	Full
Nadační fond BigBoard	Czech Republic	100%	indirect	Full
HyperMedia. a. s. [8]	Czech Republic	60%	indirect	Full
Programmatic marketing, s.r.o.	Czech Republic	100%	indirect	Full
Hyperinzerce, s.r.o.	Czech Republic	100%	indirect	Full
Eremia, a.s. [6]	Czech Republic	100%	indirect	Full
Quantio, s.r.o.	Czech Republic	66%	indirect	Full
Hyperslevy.cz, s.r.o.	Czech Republic	50.5%	indirect	Full
Slovenská inzercia, s. r. o.	Slovakia	100%	indirect	Full
Hyperinzercia, s. r. o.	Slovakia	100%	indirect	Full
MetroZoom s.r.o.	Czech Republic	100%	indirect	Full
PRAHA TV s.r.o.	Czech Republic	34%	indirect	Equity
eFabrica, a. s. [7]	Slovakia	72%	direct	Full

36. Group entities (continued)

Radio Services a.s.	Slovakia	100%	direct	Full
Lafayette s. r. o.	Slovakia	100%	direct	Full
NOVI LIST d.d.	Croatia	84.32%	direct	Full
Glas Istre Novine d.o.o. [2]	Croatia	89.05%	direct	Full
RTD d.o.o. Zadar	Croatia	100%	direct	Full
NIVEL PLUS s.r.o.	Slovakia	100%	direct	Full

A list of the Group entities as at 31 December 2018 is as follows:

	Country of registration	Company share held	Control	Consolidation method
JOJ Media House, a. s.	Slovakia	100%	direct	Full
Slovenská produkčná, a.s.	Slovakia	94.96%	direct	Full
MAC TV s.r.o.	Slovakia	100%	indirect	Full
TELEPON PLUS, spol. s r.o.	Slovakia	49%	indirect	Equity
PMT, s.r.o.	Slovakia	27%	indirect	Equity
DONEAL, s.r.o.	Czech Republic	100%	indirect	Full
Magical roof s.r.o.	Czech Republic	80%	indirect	Full
Akzent BigBoard, a.s.[5]	Slovakia	100%	direct	Full
BigMedia, spol. s r.o.	Slovakia	100%	indirect	Full
RECAR Bratislava a.s.[7]	Slovakia	0%	indirect	Full
RECAR Slovensko a.s.	Slovakia	100%	indirect	Full
BHB, s.r.o.	Slovakia	51%	indirect	Full
Akcie.sk, s.r.o.	Slovakia	100%	direct	Full
EPAMEDIA – EUROPÄISCHE PLAKAT- UND AUSSENMEDIEN GMBH	Austria	100%	indirect	Full
R + C Plakatforschung und –kontrolle Gesellschaft mbH	Austria	51%	indirect	Full
Starhouse Media, a. s.	Slovakia	30%	direct	Equity
BigBoard Praha, a.s.	Czech Republic	60%	direct	Full
BigMedia, spol. s r.o.	Czech Republic	100%	indirect	Full
Czech Outdoor s.r.o.[3]	Czech Republic	100%	indirect	Full
Expiria, a.s.	Czech Republic	100%	indirect	Full
RAILREKLAM, spol. s r.o.	Czech Republic	100%	indirect	Full
MG Advertising, s.r.o.	Czech Republic	50%	indirect	Equity
QEEP, a.s.	Czech Republic	100%	indirect	Full
Barrandia s.r.o.[1]	Czech Republic	100%	indirect	Full
Český billboard, s.r.o.	Czech Republic	100%	indirect	Full
outdoor akzent s.r.o.	Czech Republic	100%	indirect	Full
Bilbo City s.r.o.	Czech Republic	100%	indirect	Full
Velonet ČR, s.r.o.	Czech Republic	100%	indirect	Full
D & C AGENCY s.r.o.	Czech Republic	100%	indirect	Full
News Advertising s.r.o.	Czech Republic	100%	indirect	Full
Flowee s.r.o.[4]	Czech Republic	65%	indirect	Full
Kitchen Lab s.r.o. [5]	Czech Republic	70%	indirect	Full
Nadační fond BigBoard	Czech Republic	100%	indirect	Full
eFabrica, a. s.	Slovakia	100%	direct	Full
Radio Services a.s.	Slovakia	100%	direct	Full
Lafayette s. r. o.	Slovakia	100%	direct	Full
NOVI LIST d.d.[6]	Croatia	84.32%	direct	Full
Glas Istre Novine d.o.o.[2]	Croatia	89.05%	direct	Full
RTD d.o.o. Zadar	Croatia	100%	direct	Full
NIVEL PLUS s.r.o.	Slovakia	100%	direct	Full

36. Group entities (continued)

[1] The Group owns a 50% share in Barrandia s.r.o. through its subsidiary BigBoard Praha, a.s. and a 50% share through its subsidiary QEEP, a.s.

[2] The Group owns a 59.05% share in Glas Istre Novine d.o.o. through the parent company JOJ Media House, a. s. a 30% share through its subsidiary NOVI LIST d.d.

[3] The Group owns a 99.9% share in Czech Outdoor s.r.o. through its subsidiary BigBoard Praha, a.s. and a 0.1% share through its subsidiary BigMedia, spol. s r.o. (Czech republic).

[4] Although the Group's effective share in Flowee s.r.o. is less than 50%, the Group assessed, that it has a control over the company through its subsidiary BigBoard Praha, a.s.

[5] Although the Group's effective share in Kitchen Lab s.r.o. is less than 50%, the Group assessed, that it has a control over the company through its subsidiary BigBoard Praha, a.s.

[6] The Group owns a 4.12% share in Eremia, a.s. through its subsidiary BigBoard Praha, a.s. and a 95.88% share through its subsidiary HyperMedia, a. s.

[7] On 5 April 2019, the Group sold 28% share in the company eFabrica, a.s.

[8] Although the Group's effective share in HyperMedia, a. s. is less than 50%, the Group assessed, that it has a control over the company through its subsidiary BigBoard Praha, a.s.

37. Related parties

Identification of related parties

The Group considers the following as related parties: shareholders of the parent entity, companies controlled by the shareholders of the Company, associates, joint ventures, the Company’s key management personel and entities controlled by the Company’s key management personnel.

Transactions with key management personnel

For the year ended 31 December 2019, the key management personnel of the Company received a reward in the amount of EUR 103 thousand (for the year ended 31 December 2018: EUR 114 thousand).

Other transactions with related parties

For the year ended 31 December 2019, the Group reported revenue to associates in the amount of EUR 8 thousand (for the year ended 31 December 2018: revenue from the Company's shareholders in the amount of EUR 801 thousand, revenue from joint ventures in the amount of EUR 1 thousand and revenue from associates in the amount of EUR 1 thousand).

For the year ended 31 December 2019, other capital funds were increased by the parent company TV JOJ L.P. in the amount of EUR 1 560 thousand (for the year ended 31 December 2018: other capital funds were not increased by the parent company TV JOJ L.P.).

The Group does not have any other transactions with related parties.

Transactions with related parties are realised at standard market conditions.

38. Approval of consolidated financial statements

The financial statements, on pages 1 to 95, for the year ended 31 December 2019 were prepared and approved by the board of directors for issue on 30 April 2020.

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Mgr. Richard Flimel
Chairman of the Board of Directors