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Management Board Report on the Activity of the  
**Giełda Papierów Wartościowych w  
Warszawie S.A. Group**  
for the six-month period ended 30 June 2019

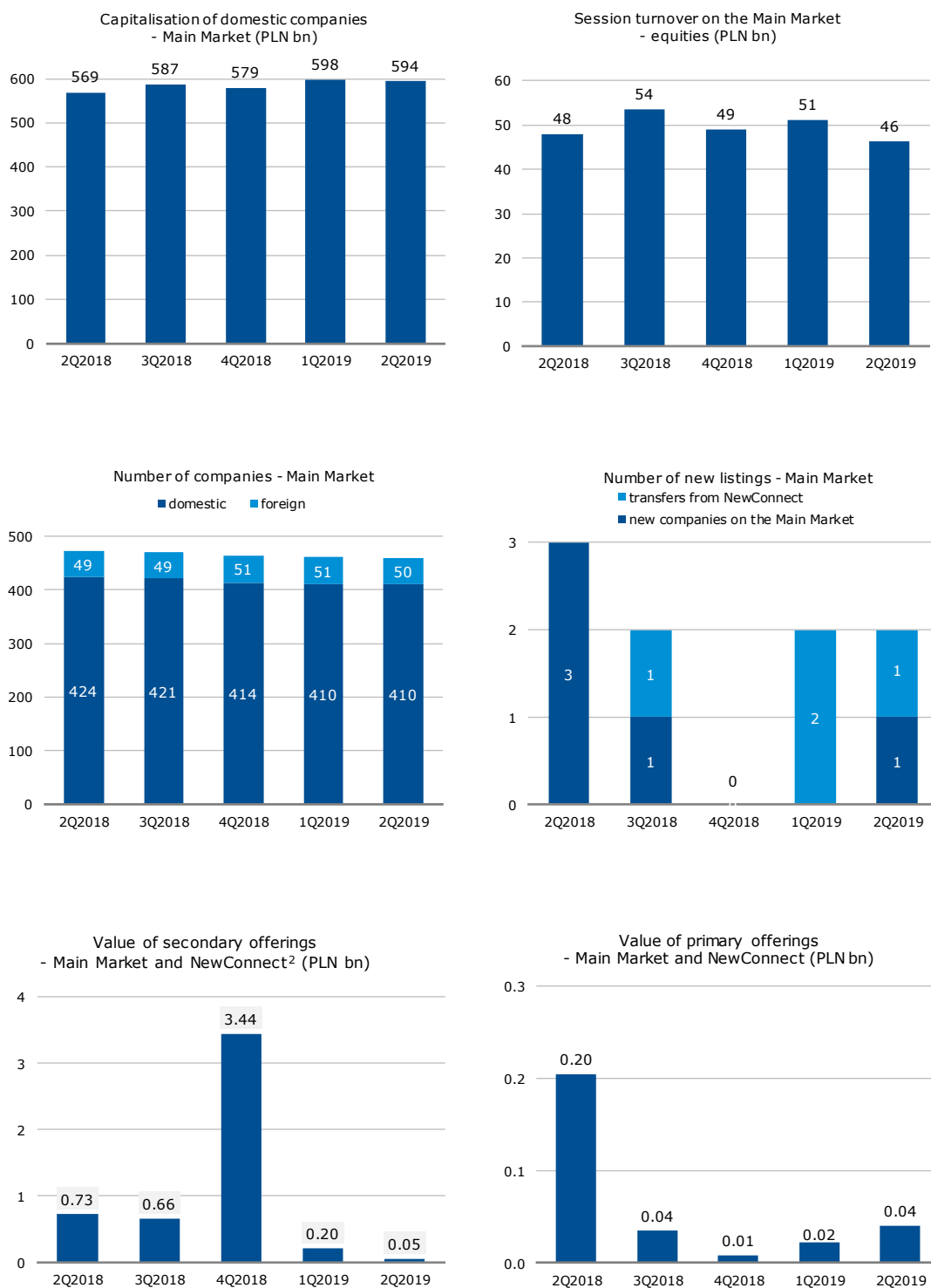
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Warsaw, July 2019

## Spis treści

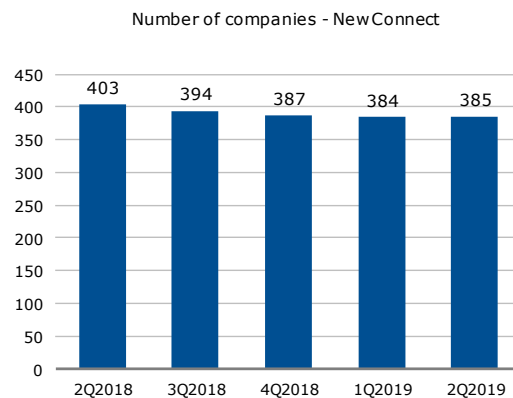
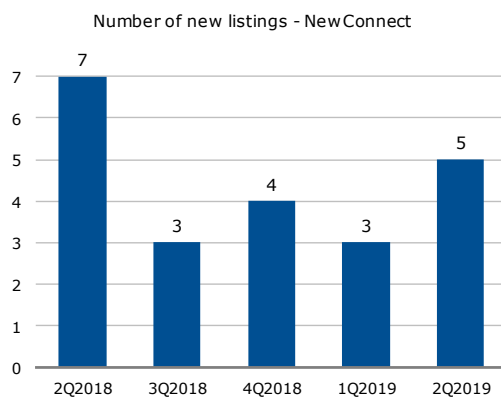
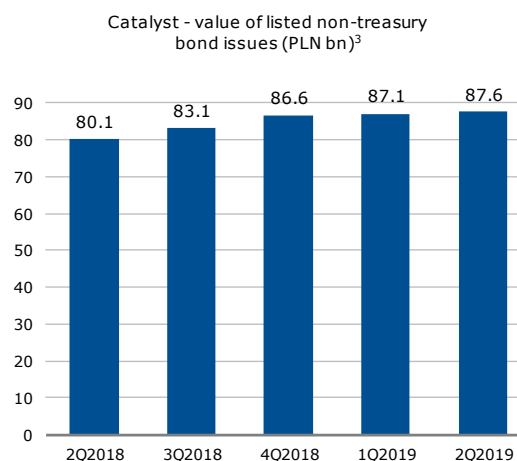
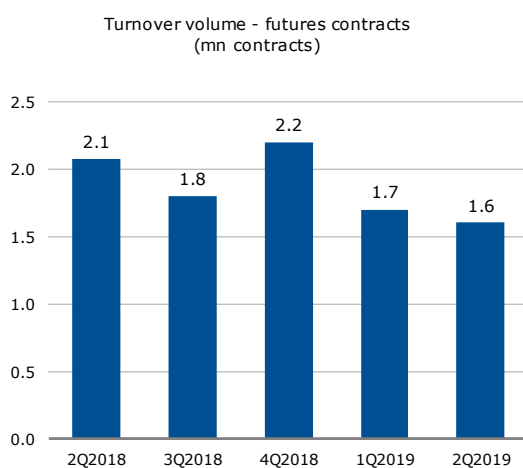
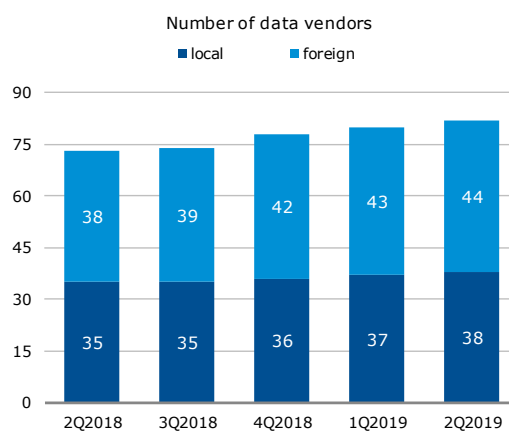
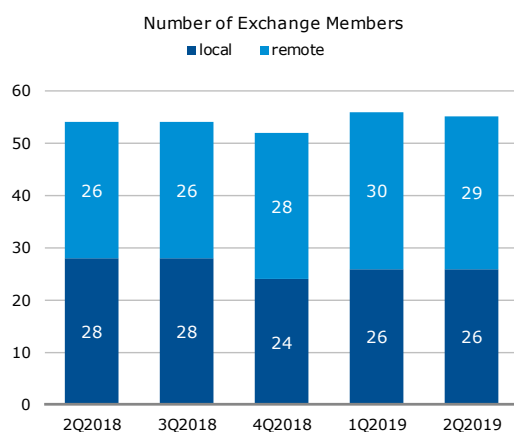
<b>I.</b>	<b>SELECTED MARKET DATA .....</b>	<b>3</b>
<b>II.</b>	<b>SELECTED FINANCIAL DATA.....</b>	<b>6</b>
<b>III.</b>	<b>INFORMATION ABOUT THE GPW GROUP.....</b>	<b>9</b>
	1. INFORMATION ABOUT THE GROUP .....	9
	1.1. Background information about the Group .....	9
	1.2. Organisation of the Group and the effect of changes in its structure.....	10
	1.3. Ownership .....	11
	2. MAIN RISKS AND THREATS RELATED TO THE REMAINING MONTHS OF 2019.....	12
	Risk factors related to the sector of the Group's business activity .....	12
	Risk factors related to geopolitics and the global economic conditions.....	12
	Risk factors relating to laws and regulations .....	12
	Risk factors related to the business activity of the Group.....	14
<b>IV.</b>	<b>FINANCIAL POSITION AND ASSETS .....</b>	<b>16</b>
	1. SUMMARY OF RESULTS .....	16
	2. PRESENTATION OF THE FINANCIALS .....	19
	REVENUE .....	19
	FINANCIAL MARKET.....	22
	COMMODITY MARKET .....	27
	OPERATING EXPENSES .....	30
	FINANCIAL INCOME AND EXPENSES.....	35
	SHARE OF PROFIT OF ENTITIES MEASURED BY THE EQUITY METHOD .....	35
	INCOME TAX .....	36
<b>V.</b>	<b>ATYPICAL FACTORS AND EVENTS .....</b>	<b>37</b>
<b>VI.</b>	<b>GROUP'S ASSETS AND LIABILITIES STRUCTURE .....</b>	<b>39</b>
	ASSETS.....	39
	EQUITY AND LIABILITIES.....	40
<b>VII.</b>	<b>STATEMENT OF CASH FLOWS AND CAPITAL EXPENDITURE .....</b>	<b>42</b>
	CASH FLOWS.....	42
	CAPITAL EXPENDITURE.....	42
<b>VIII.</b>	<b>RATIO ANALYSIS .....</b>	<b>44</b>
<b>IX.</b>	<b>SEASONALITY AND CYCLICALITY OF OPERATIONS .....</b>	<b>46</b>
<b>X.</b>	<b>OTHER INFORMATION .....</b>	<b>48</b>
<b>XI.</b>	<b>APPENDICES.....</b>	<b>54</b>
	Condensed Consolidated Interim Financial Statements for the six-month period ended 30 June 2018 and the auditor's review report .....	54
	Condensed Separate Interim Financial Statements for the six-month period ended 30 June 2019 and the auditor's review report.....	54

## I. Selected market data<sup>1</sup>

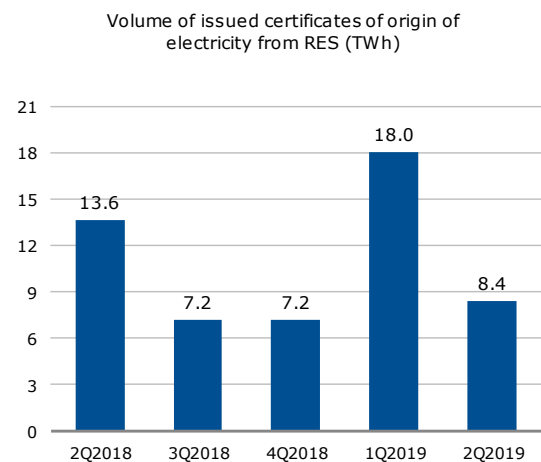
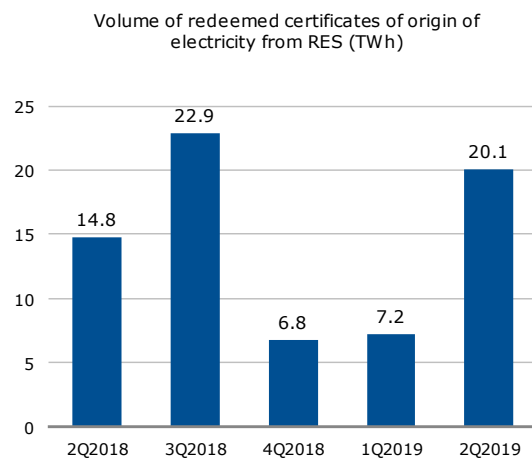
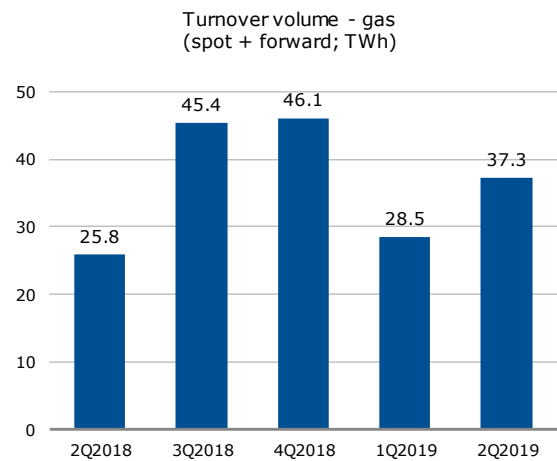
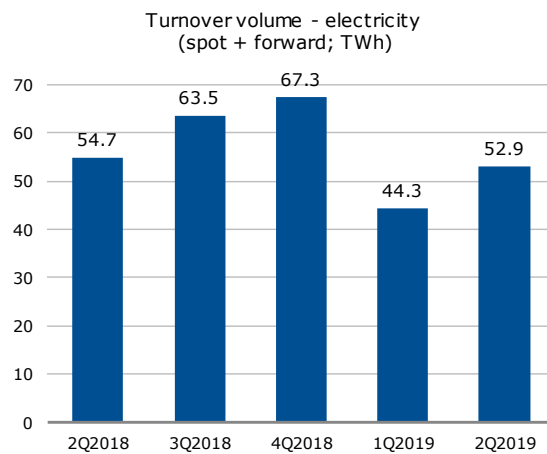
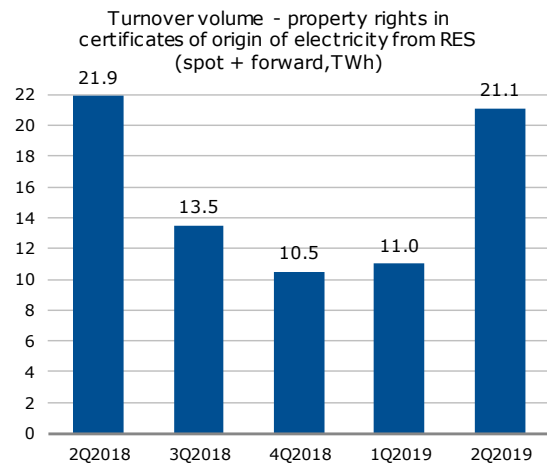
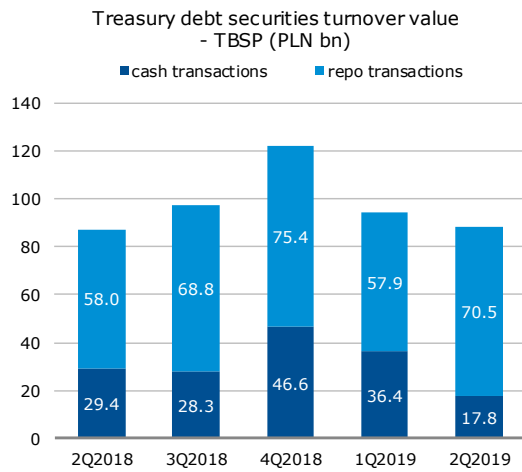


<sup>1</sup> All trading value and volume statistics presented in this Report are single-counted, unless indicated otherwise.

<sup>2</sup> Including offerings of dual-listed companies.

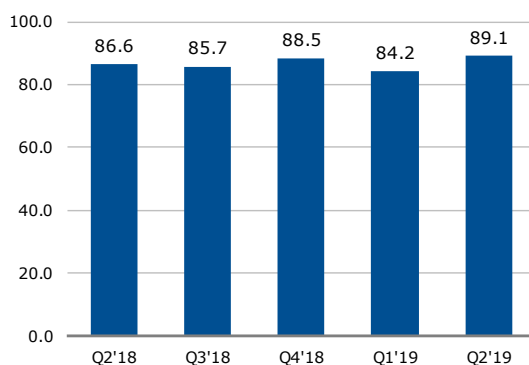


<sup>3</sup> As of January 2018, the value of non-Treasury bonds is presented according to the new classification of bonds under MiFID II.

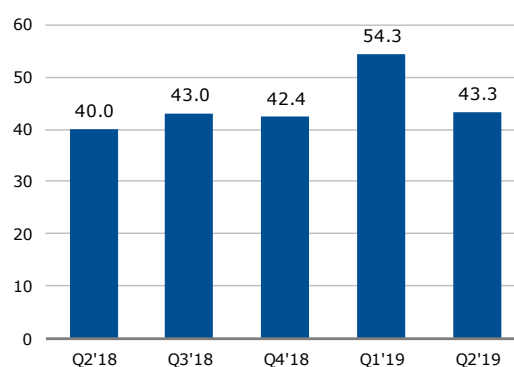


## II. Selected financial data

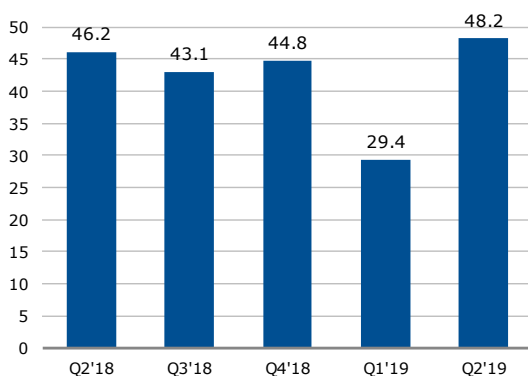
Sales revenue (PLN mn)



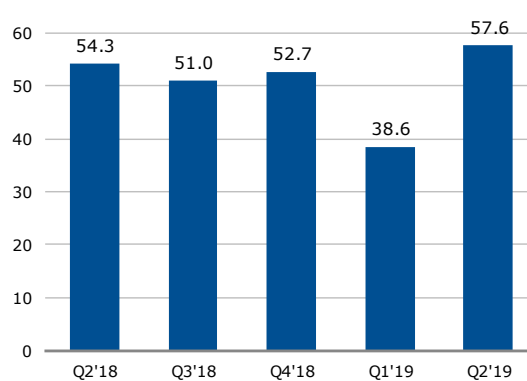
Operating expenses (PLN mn)



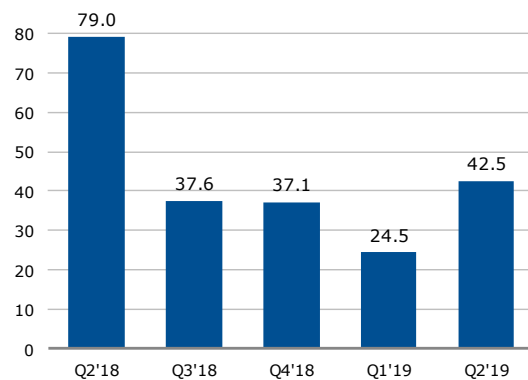
Operating profit (PLN mn)



EBITDA (PLN mn)



Net profit (PLN mn)



Net profit margin and EBITDA margin

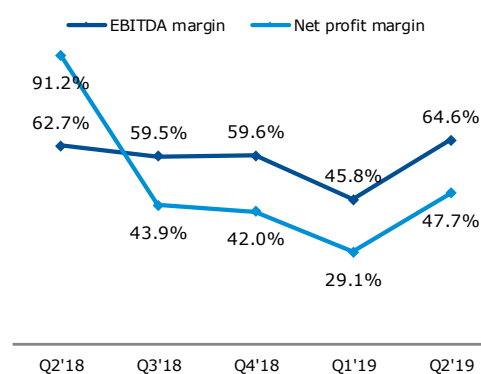


Table 1: Selected data in the consolidated statement of comprehensive income under IFRS, unaudited

	Six-month period ended			
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	PLN'000		EUR'000 <sup>[1]</sup>	
<b>Sales revenue</b>	<b>173,296</b>	<b>172,583</b>	<b>40,364</b>	<b>40,884</b>
<b>Financial market</b>	<b>94,934</b>	<b>96,635</b>	<b>22,112</b>	<b>22,892</b>
Trading	60,444	63,000	14,079	14,924
Listing	10,334	11,759	2,407	2,786
Information services and revenue from calculation of reference rates	24,156	21,876	5,626	5,182
<b>Commodity market</b>	<b>77,978</b>	<b>75,446</b>	<b>18,163</b>	<b>17,873</b>
Trading	38,004	37,384	8,852	8,856
Register of certificates of origin	16,560	16,049	3,857	3,802
Clearing	23,074	21,783	5,374	5,160
Information services	340	230	79	54
<b>Other revenue</b>	<b>384</b>	<b>502</b>	<b>90</b>	<b>119</b>
<b>Operating expenses</b>	<b>97,657</b>	<b>88,353</b>	<b>22,746</b>	<b>20,930</b>
Other income	3,206	1,137	747	269
Gains on reversal of impairment losses on receivables / (Impairment losses) on receivables	276	(1,851)	64	(438)
Other expenses	1,573	1,154	366	273
<b>Operating profit</b>	<b>77,548</b>	<b>82,362</b>	<b>18,063</b>	<b>19,511</b>
Financial income	4,497	50,058	1,047	11,858
Financial expenses	4,421	4,332	1,030	1,026
Share of profit of entities measured by equity method	4,628	5,218	1,078	1,236
<b>Profit before income tax</b>	<b>82,251</b>	<b>133,306</b>	<b>19,158</b>	<b>31,579</b>
Income tax expense	15,249	24,362	3,552	5,771
<b>Profit for the period</b>	<b>67,002</b>	<b>108,944</b>	<b>15,606</b>	<b>25,808</b>
Basic / Diluted earnings per share <sup>[2]</sup> (PLN, EUR)	1.60	2.60	0.37	0.61
<b>EBITDA<sup>[3]</sup></b>	<b>96,150</b>	<b>98,279</b>	<b>22,395</b>	<b>23,282</b>

<sup>[1]</sup> Based on the 6M average EUR/PLN exchange rate published by the National Bank of Poland (1 EUR = 4.2933 PLN in 6M 2019 and 1 EUR = 4.2213 PLN in 6M 2018)

<sup>[2]</sup> Based on total net profit

<sup>[3]</sup> EBITDA = operating profit + depreciation and amortisation

Source: Condensed Consolidated Interim Financial Statements, Company

**Note:** For some items, the sum of the amounts in the columns or lines of the tables presented in this Report may not be exactly equal to the sum presented for such columns or lines due to rounding off. Some percentages presented in the tables in this Report have also been rounded off and the sums in such tables may not be exactly equal to 100%. Percentage changes between comparable periods were calculated on the basis of the original amounts (not rounded off).

Table 2: Selected data in the consolidated statement of financial position under IFRS, unaudited

	As at			
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	PLN'000		EUR'000 <sup>[1]</sup>	
<b>Non-current assets</b>	<b>585,870</b>	<b>580,375</b>	<b>137,787</b>	<b>134,971</b>
Property, plant and equipment	100,642	108,158	23,669	25,153
Right-to-use assets	24,254	-	5,704	-
Intangible assets	246,780	254,564	58,038	59,201
Investment in entities measured by equity method	204,763	207,267	48,157	48,202
Subleasing receivables	1,167	-	274	-
Deferred tax assets	1,135	540	267	126
Financial assets measured at fair value through other comprehensive income	105	101	25	23
Prepayments	2,801	5,523	659	1,284
Other non-current assets	4,222	4,222	993	982
<b>Current assets</b>	<b>771,938</b>	<b>636,942</b>	<b>181,547</b>	<b>148,126</b>
Inventories	47	64	11	15
Trade and other receivables	73,154	69,437	17,205	16,148
Subleasing receivables	392	-	92	-
Contract assets	2,503	1,215	589	283
Financial assets measured at amortised cost	217,711	377,502	51,202	87,791
Cash and cash equivalents	478,131	188,724	112,448	43,889
<b>TOTAL ASSETS</b>	<b>1,357,808</b>	<b>1,217,317</b>	<b>319,334</b>	<b>283,097</b>
Equity of the shareholders of the parent entity	823,359	889,948	193,640	206,965
Non-controlling interests	588	590	138	137
Non-current liabilities	281,308	269,333	66,159	62,636
Current liabilities	252,553	57,446	59,396	13,360
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,357,808</b>	<b>1,217,317</b>	<b>319,334</b>	<b>283,097</b>

[1] Based on the average EUR/PLN exchange rate of the National Bank of Poland as at 30.06.2019 (1 EUR = 4,2520 PLN) and 31.12.2018 (1 EUR = 4.3000 PLN).

Source: Condensed Consolidated Interim Financial Statements, Company



### III. Information about the GPW Group

#### 1. Information about the Group

##### 1.1. Background information about the Group

The parent entity of the Giełda Papierów Wartościowych w Warszawie S.A. Group ("the Group", "the GPW Group") is Giełda Papierów Wartościowych w Warszawie Spółka Akcyjna ("the Warsaw Stock Exchange", "the Exchange", "GPW", "the Company" or "the parent entity") with its registered office in Warsaw, ul. Książęca 4.

The Warsaw Stock Exchange is a leading financial instruments exchange in Central and Eastern Europe (CEE)<sup>6</sup>. FTSE Russell announced the upgrade of Poland from Emerging Markets to Developed Markets on 29 September 2017. The decision took effect on 24 September 2018. Poland has all the features of a developed market, including secure trading and post-trade services, as well as an advanced infrastructure. The decision was largely driven by the functioning and status of the Warsaw Stock Exchange. GPW uses a state-of-the-art trading system and its listed companies meet the highest standards of corporate governance and disclosure requirements. The markets operated by GPW list stocks and bonds of nearly a thousand local and international issuers. The Exchange also offers trade in derivatives and structured products, as well as information services. More than 25 years of experience, high safety of trading, operational excellence and a broad range of products make GPW one of the most recognised Polish financial institutions in the world.

The GPW Group conducts activity in the following segments:

- organising trade in financial instruments and conducting activities related to such trade;
- organising an alternative trading system;
- operating the wholesale Treasury bond market Treasury Bondspot Poland;
- operating a commodity exchange;
- operating a register of certificates of origin;
- providing the services of trade operator and entity responsible for balancing;
- operating a clearing house and settlement institution which performs the functions of an exchange clearing house for transactions in exchange commodities;
- organising reference rate WIBID and WIBOR fixings;
- conducting activities in capital market education, promotion and information.

##### Basic information about the parent entity:

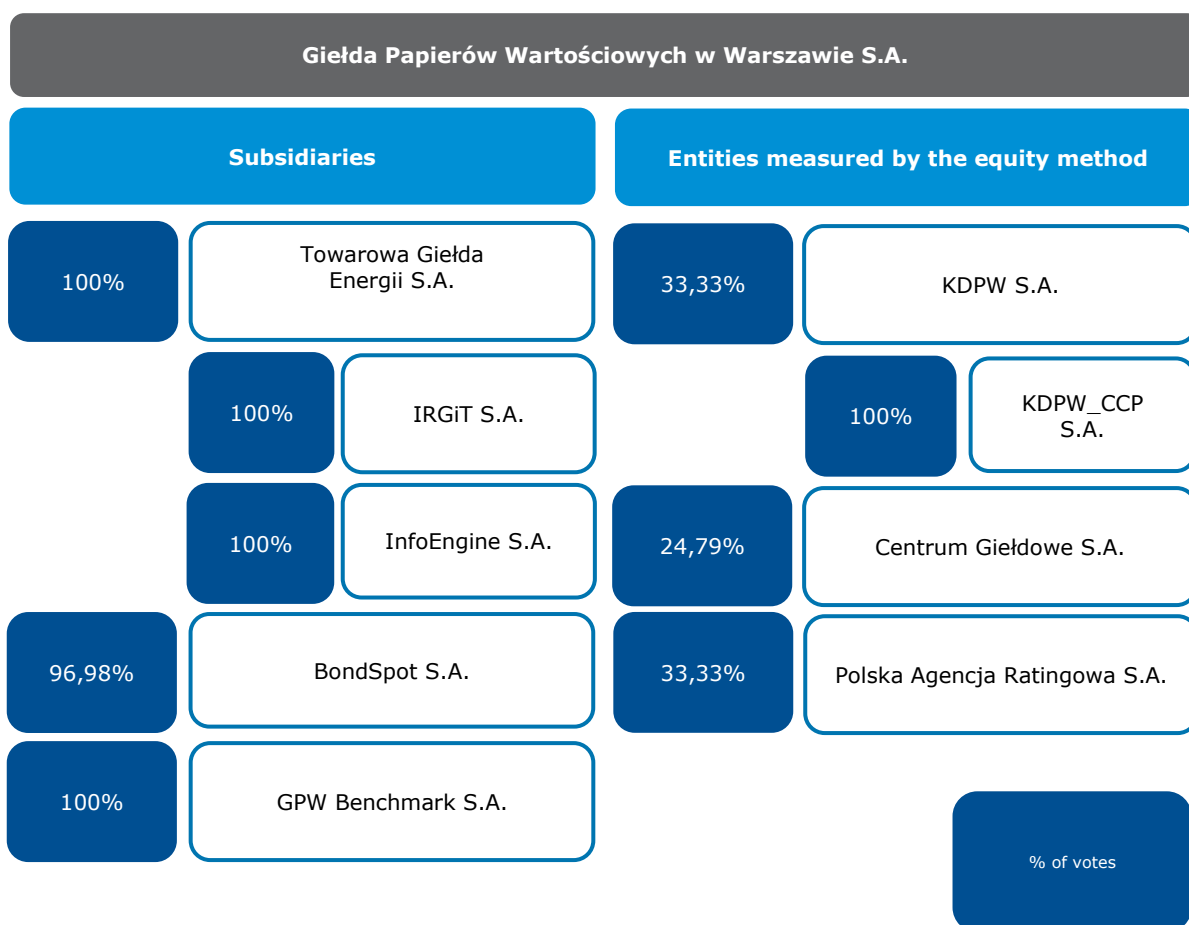
Name and legal status:	Giełda Papierów Wartościowych w Warszawie Spółka Akcyjna
Abbreviated name:	Giełda Papierów Wartościowych w Warszawie S.A.
Registered office and address:	ul. Książęca 4, 00-498 Warszawa, Poland
Telephone number:	+48 (22) 628 32 32
Telefax number:	+48 (22) 628 17 54, +48 (22) 537 77 90
Website:	www.gpw.pl
E-mail:	gpw@gpw.pl
KRS (registry number):	0000082312
REGON (statistical number):	012021984
NIP (tax identification number):	526-02-50-972

<sup>6</sup> CEE – Central and Eastern Europe: Poland, Czech Republic, Slovakia, Hungary, Austria, Bulgaria, Romania, Slovenia.

## 1.2. Organisation of the Group and the effect of changes in its structure

As at 30 June 2019, the parent entity and five consolidated direct and indirect subsidiaries comprised the Giełda Papierów Wartościowych w Warszawie S.A. Group. GPW held shares in three companies measured by the equity method. In June 2018, GPW sold interest in Aquis Exchange Limited, a company measured by the equity method.

Figure 1 GPW Group and entities measured by the equity method



Source: Company

The subsidiaries are consolidated using full consolidation as of the date of taking control while the entities measured by the equity method are companies where the Group has significant influence or joint control.

GPW holds 10% of the Ukrainian stock exchange INNEX PJSC and 5,232 shares of the Bucharest Stock Exchange (BVB) at a par value of RON 10 per share. BVB is listed on the Bucharest Stock Exchange. The company Infostrefa S.A., in which GPW held minority interest, was liquidated in the six-month period ended 30 June 2019. The carrying value of the investment in Infostrefa S.A. was PLN 0 as at 31 December 2018. The liquidation of Infostrefa S.A. had no significant effect on the financial results of GPW in the six-month period ended 30 June 2019.

The Group does not hold any branches or establishments.

### 1.3. Ownership

As at the date of publication of this Report, the share capital of the Warsaw Stock Exchange was divided into 41,972,000 shares including 14,779,470 Series A preferred registered shares (one share gives two votes) and 27,199,530 Series B ordinary bearer shares.

As at the date of publication of this Report, according to the Company's best knowledge, the State Treasury holds 14,688,470 Series A preferred registered shares, which represent 35.00% of total shares and give 29,376,940 votes, which represents 51.77% of the total vote. The total number of votes from Series A and B shares is 56,744,470.

According to the Company's best knowledge, as at the date of publication of this Report, no shareholders other than the State Treasury held directly or indirectly at least 5% of the total vote in the parent entity. The ownership structure of material blocks of shares (i.e., more than 5%) did not change since the publication of the previous periodic report.

The table below presents GPW shares and allotment certificates held by the Company's and the Group's supervising and managing persons.

**Table 3:** GPW shares, allotment certificates and bonds held by the Company's and the Group's managing and supervising persons as at 30 June 2019

	Number of shares held	Number of allotment certificates held	Number of bonds held
<b>Exchange Management Board</b>			
Marek Dietl	-	-	-
Jacek Fotek	-	-	-
Dariusz Kułakowski	25	-	-
Izabela Olszewska	-	-	-
Piotr Borowski	-	-	-
<b>Exchange Supervisory Board</b>			
Jakub Modrzejewski	-	-	-
Bogusław Bartczak	-	-	-
Filip Paszke	-	-	-
Piotr Prażmo	-	-	-
Eugeniusz Szumiejko	-	-	-
Janusz Krawczyk	-	-	-

Source: Company

As at 30 June 2019, there were 25 shares held by the Company's and the Group's managing and supervising persons, all of which were held by GPW Management Board Member Dariusz Kułakowski.

## 2. Main risks and threats related to the remaining months of 2019

The operation of the Warsaw Stock Exchange and the GPW Group companies is exposed to external risks related to the market conditions, the legal and regulatory environment, as well as internal risks related to operating activities.

The risk factors presented below may impact the operation of the GPW Group in the remaining periods of 2019, however the order in which they are presented does not reflect their relative importance for the Group.

### **Risk factors related to the sector of the Group's business activity**

*The Group faces competition from other exchanges and alternative trading platforms; their entry to the Polish market may adversely impact the activity of the Group and its subsidiaries, their financial position and results of operations*

The global exchange industry is strongly competitive. In the European Union, competition in the trade and post-trade sectors is amplified by legal amendments designed to harmonise legislation of the EU member states and integrate their financial markets. The GPW Group may face competition of multilateral trading facilities (MTF) and other venues of exchange and OTC trade. Their activity on the Polish market could take away part of the trading volumes handled by the platforms operated by the Group and exert additional pressures on the level of transaction fees.

### **Risk factors related to geopolitics and the global economic conditions**

*Adverse developments affecting the global economy may negatively affect the Group's business, financial condition and results of operations*

The Group's business depends on conditions on the global financial markets. Economic trends in the global economy, especially in Europe and the USA, as well as the geopolitical situation in neighbouring countries impact investors' perception of risks and their activity on financial and commodity markets. As global investors evaluate geographic regions from the perspective of potential investment, their perception of Poland and GPW may decline in spite of a relatively stronger macroeconomic situation compared to other countries of the region. Less active trading by international investors on the markets operated by the GPW Group could make the markets less attractive to other market participants.

### **Risk factors relating to laws and regulations**

*Risk associated with amendments and interpretations of tax regulations*

The Polish tax system is not stable. Tax regulations are frequently amended. The interpretations of regulations also change frequently. Such changes may impose higher tax rates, introduce new specific legal instruments, extend the scope of taxation, and even impose new levies. Tax changes may result from the mandatory implementation of new solutions under EU law following the adoption of new or amended tax regulations. Frequent amendments of corporate tax regulations and different interpretations of tax regulations issued by different tax authorities may have an adverse impact on the GPW Group and affect its business and financial position.

*The GPW Group operates in a highly regulated industry and regulatory changes may have an adverse effect on the Group's business, financial position and results of operations*

The GPW Group companies operate primarily in Poland but they must comply with both national law and EU legislation. The legal system and regulatory environment can be subject to significant unanticipated changes and Polish laws and regulations may be subject to conflicting official interpretations. The capital market and the commodity market are widely subject to government regulation and increasingly strict supervision. Regulatory change may affect GPW and its subsidiaries as well as existing and prospective customers of the GPW Group's services.

*Amendment of regulations, in particular resulting in transfers of assets from open-ended pension funds OFE to individual pension accounts IKE, could change the size and management methods of such assets*

Open-ended pension funds are an important group of participants in the markets operated by the Group. As at the end of June 2019, open-ended pension funds held shares representing 21.1% of the capitalisation of domestic companies and 40.8% of shares traded on the Main Market (among shareholders holding less than 5% of the shares of a public company or classified as financial investors). In Q2 2019, open-ended pension funds generated 6.1% of trade in shares on the GPW Main Market.

In April 2019, the Polish government published a proposal of reforming the pension system by transferring savings to Individual Pension Accounts (IKE) or "depositing" savings with ZUS. The option of transferring savings from pension funds to IKE involves a 15% conversion fee. The fee is due to the fact that pensions paid by ZUS are subject to taxation. The solution proposed by the government allows individuals to freely dispose of their savings after reaching retirement age. In addition, IKE savings will be subject to succession. The draft law amending certain laws in connection with the transfer of assets from open-ended pension funds OFE to individual pension accounts IKE was tabled for social consultations in May 2019 and the conversion of OFE into IKE is expected in 2020.

As a consequence, this could cause a decrease of trade in financial instruments including shares on GPW, a reduction of the number and value of issues of shares and bonds admitted and introduced to trading on GPW, and consequently a reduction of the Group's revenue and profit.

*Amendments of Polish energy laws concerning the obligation of selling electricity and natural gas on the public market could have an adverse impact on the business of the Polish Power Exchange, its financial position and results of operations*

The amended Energy Law effective as of 1 January 2019 requires energy companies which produce electricity to sell electricity produced within the year among others on commodity exchanges. The modification of the level of the obligation, announced in 2018, was changed from 30% to 100%. Although the legislative amendments took effect on 1 January 2019, trading in electricity increased above the required 30% already in 2018. The new legal provisions include a range of exemptions from the obligation to trade on the commodity exchange, which reduces the effective level of the obligation below 100%. The provisions will impact the volume of trading in electricity in 2019. The maximum level of the obligation is to improve liquidity of the energy market and curb unjustified energy price rises. The Ministry of Energy expects that the improved liquidity and transparency on the Polish Power Exchange and the limited ability of market players in a strong position to change prices will mitigate the risk of significant price volatility.

Energy companies trading in gas fuels are required to sell at least 55% of high-methane natural gas introduced to the transmission grid within the year on an exchange. Amendments to or cancellation of these requirements could reduce the activity of certain participants of the Polish Power Exchange, restrict the liquidity of trade in electricity and natural gas and the attractiveness of the commodity market for other participants.

*Changes to the cogeneration support scheme could have an adverse impact on the business of the Polish Power Exchange, its financial position and results of operations*

The existing support scheme for cogeneration electricity producers was based on transferrable certificates of origin (yellow and red certificates). Trading in such certificates opened on the Polish Power Exchange on 28 December 2007 and closed on 30 June 2019. The new support scheme, implemented in January 2019, includes no market trading and imposes an administrative system of auctions, guarantee bonuses, as well as "calls" in the form of individual cogeneration bonuses, currently supervised by the Energy Regulatory Office (URE). Discontinued trading in certificates of origin of electricity produced in cogeneration will stop trading on the Property Rights Market of the Polish Power Exchange and issuance and cancellation of such certificates in the Register of Certificates of Origin, which could affect the business and financial position of the Group.

*The Renewable Energy Sources Act, effective as of May 2015, could have an adverse impact on the business of the Polish Power Exchange, its financial position and results of operations*

The Renewable Energy Sources Act of 20 February 2015 implements a new support scheme for the production of energy from renewable energy sources (RES) based on auctions, effective as of 2016. The existing system of green certificates of origin will expire on or before 31 December 2035. The support scheme may be phased out even earlier as certificates of origin are available within 15 years after the first day of power generation in an installation (confirmed with an issued certificate of origin). For RES installations which were the first to produce energy eligible for green certificates of origin (in 2005), the period of 15 years under the Act will expire in 2020, after which the existing support scheme will be gradually phased out over the years. Furthermore, the Act allows market players eligible for support under certificates of origin to move to the auction system earlier than after 15 years. Consequently, some of them may move to the auction system early (before 2020), which could affect the results of the TGE Group.

Furthermore, the Renewable Energy Sources Act limits the group of entities eligible for support under green certificates (by excluding large hydropower installations over 5 MW) and imposes restrictions on the issuance of certificates of origin for multi-fuel combustion plants.

These modifications and other provisions of the Renewable Energy Sources Act of 20 February 2015 and its implementing regulations could affect the activity of participants of the Property Rights Market and the Register of Certificates of Origin operated by the Polish Power Exchange and thus affect the business and financial position of the Group.

### **Risk factors related to the business activity of the Group**

*The Company cannot control regulatory fees which represent a significant share of the Group's expenses*

The Act of 12 June 2015 amending the Capital Market Supervision Act and certain other Acts largely extended the list of entities required to finance supervision (by adding, among others, banks, insurers, investment funds, public companies, brokerage houses and foreign investment firms) and changed the amount of contributions of entities. As a result, the cost of fees paid by the GPW Group was reduced significantly in 2016-2017 (from PLN 22.0 million in 2015 to PLN 9.1 million in 2016 and PLN 5.6 million in 2017). The fee increased to PLN 12.5 million in 2018. There is a risk of gradual increase of the cost in the coming years.

According to IFRIC 21, an entity recognises a liability for fees due to PFSA at the date of the obligating event. The obligating event is the fact of carrying out a business subject to fees due to PFSA as at 1 January of each year. Consequently, the estimated amount of the annual fees due to PFSA will be charged to the accounts of the GPW Group of the first quarter of each year.

However, the amount of the liability is not yet known at the time when it is recognised and charged because the Chairperson of the Polish Financial Supervision Authority publishes the rates and the indicators necessary to calculate the fees in a public communique promulgated in the Official Journal

of the Polish Financial Supervision Authority by 31 August of each calendar year. On that basis, the entities obliged to pay the fee will calculate the final amount of the annual fee due for the year and pay the fee by 30 September of the calendar year.

Consequently, the final amount of the fees due to the Polish Financial Supervision Authority may differ from the amount estimated by the GPW Group companies at the time of recognition.

The changes to the model of financing supervision on the Polish capital market resulted in a reduction of exchange fees as of the beginning of 2016 in order to offset the cost of supervision paid by other market participants as of 2016. The market could exert more pressures to reduce the exchange fees even further, which could reduce the revenue of the Group and have an adverse impact on the financial position of the Group and its financial results.

In July 2019, the Ministry of Finance tabled for consultation a new draft Regulation of the Minister of Finance concerning fees covering the cost of capital market supervision. The draft was prepared in connection with the entry into force of the Act of 9 November 2018 amending certain laws in connection with the strengthening of financial market supervision and investor protection on the financial market. The Act modifies the system of financing of the Polish Financial Supervision Authority. The cost of supervision will be financed without the intermediation of the public budget, directly from the revenue of the Office of the Polish Financial Supervision Authority. In view of the planned changes, the final system of calculating the costs paid by capital market participants and the amount of the fees under the new Regulation remain unknown.

It cannot be ruled out that changes to the system of charging the costs of PFSA could affect the business and financial position of the Group.

#### *Risk of the take-over of the functions of fixing organiser*

The GPW Group acting through its subsidiary GPW Benchmark S.A. took over the preparation of WIBID and WIBOR reference rate fixings from the previous organiser, the Financial Markets Association ACI Polska as of 30 June 2017. GPW Benchmark S.A. continues alignment of WIBID and WIBOR with Regulation (EU) 2016/1011. GPW Benchmark is seeking the status of administrator under the Regulation. Under Commission Delegated Regulation (EU) 2019/482 of 25 March 2019 published on 25 March 2019, the Warsaw Interbank Offered Rate (WIBOR) was recognised as a critical benchmark. The Commission decision, issued by application of the Polish Financial Supervision Authority (KNF) following a positive opinion of the European Securities and Markets Authority (ESMA), confirms the systemic role of WIBOR in the functioning of the financial market in Poland. The transitional period for harmonisation with the Regulation until the end of 2019 will be extended for crucial benchmarks until the end of 2021. GPW Benchmark continues the alignment of GPW Group reference rates subject to the transitional period, including WIG indices, with the Regulation. GPW Benchmark has developed the concept of a Warsaw Repo Rate. The initiative is implemented in partnership with BondSpot S.A.

Potential disputes or reservations concerning the preparation of reference rates by a Group company could have an adverse impact on its perception by market participants and on its reputation, and entail third-party liability of the Group. Once the status of administrator is granted in connection with the application of Regulation 2016/2011 as of the beginning of 2018, any breach of the administrator's obligations could lead to civil, administrative or criminal liability.



## IV. FINANCIAL POSITION AND ASSETS

### 1. Summary of results

The **GPW Group** generated EBITDA<sup>4</sup> of PLN 96.2 million in H1 2019, a decrease of PLN 2.1 million compared to PLN 98.3 million in H1 2018.

The **GPW Group** generated an operating profit of PLN 77.5 million in H1 2019 compared to PLN 82.4 million in H1 2018. The decrease of the operating profit by PLN 4.8 million year on year was a result of an increase of operating expenses by PLN 9.3 million combined with an increase of revenue by PLN 0.7 million. The increase of operating expenses was mainly driven by an increase of fees and charges by PLN 4.2 million, an increase of depreciation and amortisation charges by PLN 2.7 million and an increase of salaries and other employee costs by PLN 4.7 million. The increase of the revenue was smaller than the increase of the expenses, mainly due a decrease of the revenue from the equity market by PLN 2.8 million, a decrease of the revenue from the derivatives market by PLN 1.1 million and a decrease of the revenue from listing by PLN 1.4 million.

The net profit of the **Group** stood at PLN 67.0 million in H1 2019, a decrease of 38.5% (PLN 41.9 million) compared to the net profit of the Group at PLN 108.9 million in H1 2018. The decrease of the net profit was driven by a decrease of the operating profit by PLN 4.8 million and a decrease of financial income from PLN 50.1 million in H1 2018 to PLN 4.5 million in H1 2019. The much higher financial income in H1 2018 was largely due to the sale of the associate Aquis (gains of PLN 45.4 million).

**GPW's** EBITDA stood at PLN 42.7 million in H1 2019, a decrease of PLN 5.3 million compared to PLN 48.0 million in H1 2018. **GPW's** operating profit stood at PLN 31.7 million in H1 2019 compared to PLN 37.8 million in H1 2018. The decrease of **GPW's** operating profit year on year was driven by a decrease of revenue by PLN 2.9 million (3.1%) and an increase of operating expenses by PLN 4.4 million (7.8%) year on year. **GPW's** net profit was PLN 95.1 million in H1 2019 compared to PLN 123.6 million in H1 2018. The decrease of GPW's net profit by PLN 28.5 million year on year in H1 2019 was driven mainly by a higher financial income generated in H1 2018. Financial income stood at PLN 104.9 million in H1 2018 compared to PLN 73.7 million in H1 2019. The higher financial income in H1 2018 was due to gains on the sale of the associate Aquis (PLN 32.2 million).

**TGE's** EBITDA stood at PLN 34.9 million in H1 2019 compared to PLN 33.8 million in H1 2018. Its operating profit was PLN 29.7 million in H1 2019 compared to PLN 29.6 million in H1 2018. The net profit stood at PLN 52.6 million in H1 2019 compared to PLN 39.4 million in H1 2018. The increase of the net profit by PLN 13.2 million in H1 2019 was driven by an increase of financial income by PLN 13.2 million year on year. The increase of financial income was due to a higher dividend paid by the subsidiary IRGiT in 2019. IRGiT paid a dividend of PLN 28.2 million in 2019 compared to PLN 14.9 million in 2018.

**IRGiT's** EBITDA stood at PLN 17.4 million in H1 2019 compared to PLN 16.2 million in H1 2018. Its operating profit was PLN 15.9 million in H1 2019 compared to PLN 15.2 million in H1 2018. The increase of the operating profit in H1 2019 was driven by an increase of revenue by 6.1%, i.e., PLN 1.4 million, which was higher than the increase of operating expenses by 9.8%, i.e., PLN 0.8 million. The net profit stood at PLN 13.6 million in H1 2019 compared to PLN 12.8 million in H1 2018.

**BondSpot's** EBITDA stood at PLN 0.6 million in H1 2019 compared to PLN 0.7 million in H1 2018. BondSpot's operating profit was negative PLN 0.1 million in H1 2019 compared to positive PLN 0.2 million in H1 2018. Its net profit stood at negative PLN 59 thousand in H1 2019 compared to positive PLN 0.3 million in H1 2018. The decrease of the net profit and the operating profit was driven by a decrease of revenue by 5.0%, i.e., PLN 0.3 million combined with an increase of operating expenses by 7.5%, i.e., PLN 0.4 million year on year in H1 2019.

<sup>4</sup> Operating profit before depreciation and amortisation



Detailed information on changes in revenues and expenses is presented in the sections below.

**Table 4:** Consolidated statement of comprehensive income of GPW Group by quarter in 2019 and 2018 and by six-month period in 2019 and 2018

PLN'000	2019			2018			2019	2018
	Q2	Q1	Q4	Q3	Q2	Q1	H1	H1
<b>Sales revenue</b>	<b>89,140</b>	<b>84,156</b>	<b>88,455</b>	<b>85,743</b>	<b>86,647</b>	<b>85,936</b>	<b>173,296</b>	<b>172,583</b>
<b>Financial market</b>	<b>45,448</b>	<b>49,486</b>	<b>48,083</b>	<b>47,134</b>	<b>47,063</b>	<b>49,572</b>	<b>94,934</b>	<b>96,635</b>
Trading	28,429	32,015	30,601	30,679	30,103	32,897	60,444	63,000
Listing	5,063	5,271	5,661	5,385	5,835	5,924	10,334	11,759
Information services and revenue from the calculation of benchmarks	11,956	12,200	11,821	11,070	11,126	10,750	24,156	21,876
<b>Commodity market</b>	<b>43,428</b>	<b>34,550</b>	<b>39,983</b>	<b>38,126</b>	<b>39,233</b>	<b>36,213</b>	<b>77,978</b>	<b>75,446</b>
Trading	22,098	15,906	20,819	20,344	19,646	17,738	38,004	37,384
Register of certificates of origin	8,956	7,604	6,098	6,549	8,923	7,126	16,560	16,049
Clearing	12,203	10,871	12,949	11,130	10,532	11,251	23,074	21,783
Information services	171	169	117	103	132	98	340	230
<b>Other revenue</b>	<b>264</b>	<b>120</b>	<b>389</b>	<b>483</b>	<b>351</b>	<b>151</b>	<b>384</b>	<b>502</b>
<b>Operating expenses</b>	<b>43,335</b>	<b>54,322</b>	<b>42,431</b>	<b>43,028</b>	<b>39,993</b>	<b>48,360</b>	<b>97,657</b>	<b>88,353</b>
Depreciation and amortisation	9,415	9,187	7,907	7,948	8,093	7,825	18,602	15,917
Salaries	15,202	15,185	14,987	13,230	13,218	13,630	30,387	26,848
Other employee costs	4,095	4,219	3,316	3,254	3,415	3,780	8,314	7,195
Rent and maintenance fees	1,082	1,034	2,372	2,299	1,945	2,506	2,116	4,451
Fees and charges	434	13,285	126	3,790	244	9,268	13,719	9,512
<i>incl. PFSA fees</i>	1	12,888	4	3,506	5	9,023	12,889	9,028
External service charges	11,545	10,131	11,941	11,149	11,507	9,923	21,676	21,430
Other operating expenses	1,559	1,283	1,782	1,357	1,571	1,430	2,842	3,000
Other income	1,876	1,330	1,282	284	293	844	3,206	1,137
Gains on reversal of impairment losses on receivables / (Impairment losses) on receivables	1,407	(1,131)	(1,686)	384	(375)	(1,476)	276	(1,851)
Other expenses	919	654	830	330	373	781	1,573	1,154
<b>Operating profit</b>	<b>48,169</b>	<b>29,379</b>	<b>44,790</b>	<b>43,053</b>	<b>46,199</b>	<b>36,163</b>	<b>77,548</b>	<b>82,362</b>
Financial income	2,402	2,095	2,592	1,789	48,191	1,867	4,497	50,058
Financial expenses	2,306	2,115	2,662	2,168	2,124	2,208	4,421	4,332
Share of profit of entities measured by equity method	3,639	989	1,923	3,412	4,472	746	4,628	5,218
<b>Profit before income tax</b>	<b>51,903</b>	<b>30,348</b>	<b>46,643</b>	<b>46,086</b>	<b>96,738</b>	<b>36,568</b>	<b>82,251</b>	<b>133,306</b>
Income tax expense	9,353	5,896	9,506	8,466	17,705	6,657	15,249	24,362
<b>Profit for the period</b>	<b>42,550</b>	<b>24,452</b>	<b>37,137</b>	<b>37,620</b>	<b>79,033</b>	<b>29,911</b>	<b>67,002</b>	<b>108,944</b>

Source: Condensed Consolidated Interim Financial Statements, Company

Table 5: Consolidated statement of financial position of GPW Group by quarter in 2019 and 2018

PLN'000	2019			2018		
	Q2	Q1	Q4	Q3	Q2	Q1
<b>Non-current assets</b>	<b>585,870</b>	<b>597,748</b>	<b>580,375</b>	<b>575,125</b>	<b>578,568</b>	<b>580,697</b>
Property, plant and equipment	100,642	104,498	108,158	106,156	108,245	108,691
Right-to-use assets**	24,254	25,510	-	-	-	-
Intangible assets	246,780	250,073	254,564	254,491	258,320	260,918
Investment in entities measured by equity method	204,763	207,885	207,267	203,273	199,929	195,986
Subleasing receivables**	1,167	1,140	-	-	-	-
Deferred tax assets	1,135	1,501	540	863	1,800	4,472
Financial assets measured at fair value through other comprehensive income	105	103	101	200	204	197
Prepayments	2,801	2,816	5,523	5,920	5,848	6,211
Other non-current assets	4,222	4,222	4,222	4,222	4,222	4,222
<b>Current assets</b>	<b>771,938</b>	<b>733,234</b>	<b>636,942</b>	<b>618,283</b>	<b>693,410</b>	<b>612,539</b>
Inventories	47	52	64	64	60	54
Receivables in respect of corporate income tax	-	-	-	71	71	71
Trade and other receivables	73,154	66,452	69,437	78,747	68,509	87,399
Subleasing receivables**	392	396	-	-	-	-
Contract assets	2,503	2,007	1,215	2,122	1,946	-
Financial assets measured at amortised cost	217,711	361,705	377,502	364,221	380,982	201,402
Cash and cash equivalents	478,131	302,622	188,724	173,058	241,842	311,462
Assets held for sale	-	-	-	-	-	12,151
<b>Total assets</b>	<b>1,357,808</b>	<b>1,330,982</b>	<b>1,217,317</b>	<b>1,193,408</b>	<b>1,271,978</b>	<b>1,193,236</b>
<b>Equity</b>	<b>823,947</b>	<b>914,622</b>	<b>890,538</b>	<b>853,355</b>	<b>815,827</b>	<b>829,346</b>
Share capital	63,865	63,865	63,865	63,865	63,865	63,865
Other reserves	1,145	898	1,267	1,126	1,194	1,349
Retained earnings	758,349	849,269	824,816	787,776	750,185	763,551
Non-controlling interests	588	590	590	588	583	581
<b>Non-current liabilities</b>	<b>281,308</b>	<b>281,049</b>	<b>269,333</b>	<b>268,290</b>	<b>265,955</b>	<b>264,884</b>
Liabilities under bond issue	244,156	244,058	243,961	243,864	243,767	243,670
Employee benefits payable	1,005	1,071	1,147	1,130	1,239	1,454
Lease liabilities**	18,486	19,634	-	-	-	-
Accruals and deferred income	4,753	4,894	5,033	5,173	5,313	5,452
Deferred income tax liability	2,450	994	7,357	6,358	3,941	2,682
Other liabilities	10,458	10,398	11,835	11,765	11,695	11,626
<b>Current liabilities</b>	<b>252,553</b>	<b>135,311</b>	<b>57,446</b>	<b>71,763</b>	<b>190,196</b>	<b>99,006</b>
Liabilities under bond issue	1,893	2,068	1,938	2,099	1,899	2,070
Trade payables	31,902	19,855	8,575	7,905	18,775	23,849
Employee benefits payable	13,624	12,970	14,278	11,684	10,525	8,141
Finance lease liabilities	-	-	-	-	-	15
Lease liabilities**	5,011	5,359	-	-	-	-
Corporate income tax payable	5,381	7,217	3,158	1,066	8,688	1,636
Contract liabilities	22,219	32,676	3,581	12,533	22,375	33,037
Accruals and deferred income *	559	559	559	559	563	559
Provisions for other liabilities and charges	95	48	68	68	68	67
Other current liabilities	171,870	54,559	25,289	35,849	127,303	29,632
<b>Total equity and liabilities</b>	<b>1,357,808</b>	<b>1,330,982</b>	<b>1,217,317</b>	<b>1,193,408</b>	<b>1,271,978</b>	<b>1,193,236</b>

\* As of 2018, deferred income is presented under contract liabilities

\*\* The Group implemented IFRS 16 Leases as of 1 January, which requires the recognition of almost all contracts which meet the criteria of leases in the statement of financial position

Source: Condensed Consolidated Interim Financial Statements, Company

## 2. Presentation of the financials

### REVENUE

The Group has three revenue-generating segments:

- financial market,
- commodity market,
- other revenues.

Revenues from the financial market include revenues from:

- trading,
- listing,
- information services and revenue from the calculation of reference rates.

Trading revenue includes fees paid by market participants in respect of:

- transactions on markets of equities and equity-related instruments,
- transactions in derivative financial instruments,
- transactions in debt instruments,
- transactions in other cash market instruments,
- other fees paid by market participants.

Revenues from transactions in equities and equity-related securities are the Group's main source of trading revenues and its main source of sales revenues in general.

Revenues from transactions in derivative financial instruments are the second biggest source of trading revenues on the financial market after revenues from transactions in equities. Transactions in WIG20 index futures account for the majority of revenues from transactions in derivatives.

Revenues from other fees paid by market participants include mainly fees for services providing access to the trading system.

Revenues from transactions in debt instruments were the third largest source of trading revenues on the financial market in H1 2019. Revenues from transactions in debt instruments are generated by the Catalyst market as well as the Treasury BondSpot Poland market operated by BondSpot S.A., a subsidiary of GPW.

Revenues from transactions in other cash market instruments include fees for trading in structured products, investment certificates and ETF (Exchange Traded Fund) units.

Listing revenues include two elements:

- one-off fees paid for introduction of shares and other instruments to trading on the exchange,
- periodic listing fees.

Revenues from information services mainly include fees paid by data vendors for real-time market data as well as historical and statistical data. Real-time data fees include fixed annual fees and monthly fees based on the data vendor's number of subscribers and the scope of data feeds used by a subscriber. Revenue from real-time data fees includes revenue from WIBOR and WIBID reference rates.

Revenues of the Group in the commodity market segment include revenues of TGE and IRGiT as well as revenues of InfoEngine from its activity as a trade operator and the entity responsible for balancing.

Revenue on the commodity market includes the following:

- trading,
- operation of the Register of Certificates of Origin,
- clearing,
- information services.

Trading revenue on the commodity market includes:

- revenue from trading in electricity (spot and forward),
- revenue from trading in natural gas (spot and forward),
- revenue from trading in property rights,
- other fees paid by market participants (members).

Other fees paid by market participants include TGE fees, IRGiT fees as well as revenues of InfoEngine as a trade operator and the entity responsible for balancing.

Other fees paid by commodity market participants include fixed market participation fees, fees for cancellation of transactions, fees for position transfers, fees for trade reporting in the RRM (Registered Reporting Mechanism), fees for access to the system, fees for management of the resources of the guarantee fund, as well as revenues of InfoEngine as a trade operator and the entity responsible for balancing.

Revenues of the sub-segment "clearing" include revenues of the company IRGiT, which clears and settles exchange transactions concluded on TGE, manages the resources of the clearing guarantee system and determines the amount of credits and debits of IRGiT members resulting from their transactions.

The **Group's** sales revenues amounted to PLN 173.3 million in H1 2019, an increase of 0.4% (PLN 0.7 million) compared to PLN 172.6 million in H1 2018.

The increase in sales revenues year on year in H1 2019 was driven mainly by an increase in revenues from the **commodity market** by PLN 2.5 million or 3.4% year on year. The increase of revenues on the commodity market was mainly driven by an increase in revenues from clearing by 5.9% or PLN 1.3 million, an increase of revenue from trading due to an increase of revenue from trading in gas by 29.9% or PLN 1.3 million, and an increase of revenues from the operation of the register of certificates of origin by 3.2% or PLN 0.5 million.

The revenues from the **financial market** decreased by PLN 1.7 million or 1.8% year on year in H1 2019. The biggest decrease on the financial market was reported on the equity market, where the revenue decreased by 5.8% or PLN 2.8 million. Listing revenue also decreased by PLN 1.4 million or 12.1% in H1 2019. The revenue from information services continued to increase and grew by 10.4% or PLN 2.3 million year on year in H1 2019. The highest increase by 10.6% or PLN 2.1 million year on year in H1 2019 was reported for revenue from real-time information services and the calculation of reference rates.

The revenue of **GPW** was PLN 92.5 million in H1 2019, a decrease of 3.1% or PLN 2.9 million year on year. The revenue of **TGE** stood at PLN 52.4 million in H1 2019 compared to PLN 51.6 million in H1 2018, representing an increase of PLN 0.8 million or 1.5% year on year. The revenue of **IRGiT** was PLN 25.0 million in H1 2019, an increase of PLN 1.4 million or 6.1% year on year. The revenue of **BondSpot** decreased and stood at PLN 5.4 million in H1 2019 compared to PLN 5.7 million in H1 2018.

The revenue of the GPW Group by segment is presented below.

**Table 6:** Consolidated revenues of GPW Group and revenue structure in the six-month periods ended 30 June 2019 and 30 June 2018

PLN'000, %	Six-month period ended				Change (H1 2019 vs H1 2018)	Change (%) (H1 2019 vs H1 2018)
	30 June 2019	%	30 June 2018	%		
<b>Financial market</b>	<b>94,934</b>	<b>55%</b>	<b>96,635</b>	<b>56%</b>	<b>(1,701)</b>	<b>-1.8%</b>
Trading revenue	60,444	35%	63,000	37%	(2,556)	-4.1%
Equities and equity-related instruments	45,017	26%	47,800	28%	(2,783)	-5.8%
Derivative instruments	5,127	3%	6,227	4%	(1,100)	-17.7%
Other fees paid by market participants	5,148	3%	3,644	2%	1,504	41.3%
Debt instruments	4,946	3%	5,140	3%	(194)	-3.8%
Other cash instruments	206	0%	189	0%	17	9.0%
Listing revenue	10,334	6%	11,759	7%	(1,425)	-12.1%
Listing fees	8,932	5%	10,111	6%	(1,179)	-11.7%
Introduction fees, other fees	1,402	1%	1,648	1%	(246)	-14.9%
Information services and revenue from calculation of reference rates	24,156	14%	21,876	13%	2,280	10.4%
Real-time information and revenue from calculation of reference rates	22,215	13%	20,088	12%	2,127	10.6%
Indices and historical and statistical information	1,941	1%	1,788	1%	153	8.5%
<b>Commodity market</b>	<b>77,978</b>	<b>45%</b>	<b>75,446</b>	<b>44%</b>	<b>2,532</b>	<b>3.4%</b>
Trading revenue	38,004	22%	37,384	22%	620	1.7%
Electricity	6,708	4%	7,442	4%	(734)	-9.9%
Spot	1,980	1%	1,408	1%	572	40.6%
Forward	4,728	3%	6,034	3%	(1,306)	-21.6%
Gas	5,467	3%	4,209	2%	1,258	29.9%
Spot	1,193	1%	1,560	1%	(367)	-23.5%
Forward	4,274	2%	2,649	2%	1,625	61.3%
Property rights in certificates of origin	19,830	11%	20,145	12%	(315)	-1.6%
Other fees paid by market participants	5,999	3%	5,588	3%	411	7.4%
Register of certificates of origin	16,560	10%	16,049	9%	511	3.2%
Clearing	23,074	13%	21,783	13%	1,291	5.9%
Information services	340	0%	230	0%	110	47.9%
<b>Other revenue</b>	<b>384</b>	<b>0%</b>	<b>502</b>	<b>0%</b>	<b>(118)</b>	<b>-23.4%</b>
<b>Total</b>	<b>173,296</b>	<b>100%</b>	<b>172,583</b>	<b>100%</b>	<b>713</b>	<b>0.4%</b>

\* Other revenues include the financial market and the commodity market.

Source: Condensed Consolidated Interim Financial Statements, Company

The Group earns revenue both from domestic and foreign clients. The table below presents revenue by geographic segment.

**Table 7:** Consolidated revenues of the Group by geographical segment in the six-month periods ended 30 June 2019 and 30 June 2018

PLN'000, %	Six-month period ended				Change (H1 2019 vs H1 2018)	Change (%) (H1 2019 vs H1 2018)
	30 June 2019	%	30 June 2018	%		
Revenue from foreign customers	50,192	29%	44,091	26%	6,101	13.8%
Revenue from local customers	123,104	71%	128,492	74%	(5,388)	-4.2%
<b>Total</b>	<b>173,296</b>	<b>100%</b>	<b>172,583</b>	<b>100%</b>	<b>713</b>	<b>0.4%</b>

Source: Condensed Consolidated Interim Financial Statements, Company

## FINANCIAL MARKET

### TRADING

The revenues of the Group from trading on the financial market stood at PLN 60.4 million in H1 2019 compared to PLN 63.0 million in H1 2018, representing a decrease of 4.1% or PLN 2.6 million.

#### *Equities and equity-related instruments*

Revenues from trading in **equities and equity-related instruments** amounted to PLN 45.0 million and decreased by 5.8% or PLN 2.8 million year on year in H1 2019.

The decrease of the revenues from trading in equities was driven by a decrease of the value of trading on the Main Market. The total value of trading on the Main Market was PLN 99.6 billion in H1 2019, a decrease of 5.0% year on year (including a decrease of trade on the electronic order book by 4.1% and a decrease of the value of block trades by 35.3%). The key drivers of the year-on-year decrease of the value of trading included:

- changes to the MSCI EM index including the addition of Argentina and Saudi Arabia and an increase of the share of Chinese A class equities. The estimated outflow of capital from Poland is PLN 2.1 billion;
- negative net transfers into/out of pension funds, which received contributions at PLN 564 million and transferred ca. PLN 1.1 billion to ZUS;
- May was the weakest month for pension funds this year. All funds closed the month in the red, which was due to unsatisfactory results of companies;
- the market was relatively weak in March and April. After hitting this year's high of 2,414 points on 6 February, WIG20 is performing close to the levels from early in the year despite an uptrend on other European markets (DAX +10%). WIG20 lost nearly 8% in early May, dropping from 2,357 points to 2,172 points. The market remained weak until 28 May, the reclassification of the MSCI EM index;
- a range of geopolitical factors effectively curb investors' risk appetite, including the trade wars between the USA and China, no Brexit solution in sight, tensions between the USA and Iran.

Table 8: Data for the markets in equities and equity-related instruments

	Six-month period ended		Change (H1 2019 vs H1 2018)	Change (%) (H1 2019 vs H1 2018)
	30 June 2019	30 June 2018		
<b>Financial market, trading revenue: equities and equity-related instruments (PLN million)</b>	<b>45.0</b>	<b>47.8</b>	<b>(2.8)</b>	<b>-5.8%</b>
<b>Main Market:</b>				
Value of trading (PLN billion)	99.6	104.9	(5.3)	-5.0%
Volume of trading (billions of shares)	6.0	5.6	0.4	7.5%
<b>NewConnect:</b>				
Value of trading (PLN billion)	0.7	0.6	0.0	4.6%
Volume of trading (billions of shares)	0.8	0.9	(0.1)	-11.9%

Source: Condensed Consolidated Interim Financial Statements, Company

### Derivatives

Revenues of the Group from transactions in **derivatives** on the financial market amounted to PLN 5.1 million in H1 2019 compared to PLN 6.2 million in H1 2018, representing a decrease of PLN 1.1 million or 17.7%.

The total volume of trading in derivatives decreased by 21.0% year on year in H1 2019. The volume of trading in WIG20 futures, which account for the major part of the revenues from transactions in derivatives, decreased by 17.7% year on year in H1 2019. The volume of trading in currency futures decreased from 1.1 million in 2018 to 0.6 million in 2019, i.e., by 39.7%. However, fees on currency futures are the lowest among all futures, hence their impact on revenue is much smaller.

Table 9: Data for the derivatives market

	Six-month period ended		Change (H1 2019 vs H1 2018)	Change (%) (H1 2019 vs H1 2018)
	30 June 2019	30 June 2018		
<b>Financial market, trading revenue: derivatives (PLN million)</b>	<b>5.1</b>	<b>6.2</b>	<b>(1.1)</b>	<b>-17.7%</b>
Volume of trading in derivatives (millions of contracts):	3.3	4.2	(0.9)	-21.0%
incl.: Volume of trading in WIG20 futures (millions of contracts)	1.9	2.3	(0.4)	-17.7%

Source: Condensed Consolidated Interim Financial Statements, Company

### Other fees paid by market participants

Revenues of the Group from **other fees** paid by market participants stood at PLN 5.1 million in H1 2019, an increase of 41.3% or PLN 1.5 million year on year. The fees mainly include fees for access to and use of the trading system (among others, licence fees, connection fees and maintenance fees). The sharp increase of the revenue in H1 2019 was driven by an increase in the number of members and an increase in the number of connections with the trading system. In view of the market situation, in particular connected with Brexit and the migration of GPW members to continental Europe, next year's revenue could revert to the levels reported in 2018.

In March 2019, GPW launched the Exchange's Technology Development Support Programme which grants discount limits to exchange members who meet the criteria set in the rules for the purposes of technological development in the brokerage business. Members' applications for participation in the programme were accepted until 31 March 2019. The granted discount limit was PLN 6.0 million over a period of 3 years. The actual discount granted as at 30 June 2019 was PLN 133.7 thousand. Due to the application of IFRS 15 Revenue from Contracts with Customers, the granted discount was not fully charged to the income of the period; the charge was only PLN 111.1 thousand, which

was the discount limit attributable to the period under IFRS 15. IFRS 15 requires that discounts are recognised in the period when granted.

### Debt instruments

Revenues of the Group from transactions in **debt instruments** stood at PLN 4.9 million in H1 2019 compared to PLN 5.1 million in H1 2018. The majority of the Group's revenues from the debt instruments segment is generated by Treasury BondSpot Poland (TBSP).

The year-on-year decrease of the revenues on TBSP in H1 2019 was driven by a decrease of the value of transactions on TBS Poland. This decrease concerns transactions concluded on the cash market

The value of trading in Polish Treasury securities on TBSP was PLN 182.6 billion in H1 2019, a decrease of 2.9% year on year. The decrease of the value of trading was reported in the cash segment, which is the main driver of BondSpot's revenue. Cash transactions stood at PLN 54.2 billion in H1 2019, a decrease of 24.6% year on year. Conditional transactions stood at PLN 128.4 billion in H1 2019, an increase of 10.5% year on year.

The main driver of the decrease in trading was an increase in the activity of interbank market brokers present on the Polish market remotely from other EU Member States and Switzerland. They take advantage of the OTF opportunities available under MiFID II in a discretionary and more flexible way than regulated markets and alternative trading systems, such as BondSpot. The lower value of cash transactions on TBSP was also driven by market factors impacting the local interest rate market, which in turn impacted yields and prices of Polish government bonds. Those factors included relatively low inflation, statements of the Monetary Policy Council (RPP) announcing no interest rate hikes, as well as limited supply of bonds at auctions organised by the Ministry of Financing owing to a strong position of the public budget.

The value of trading on Catalyst was PLN 1.4 billion in H1 2019, representing a decrease of 10.1% year on year. Revenues from Catalyst have a small share in the Group's total revenues from transactions in debt instruments.

Table 10: Data for the debt instruments market

	Six-month period ended		Change (H1 2019 vs H1 2018)	Change (%) (H1 2019 vs H1 2018)
	30 June 2019	30 June 2018		
<b>Financial market, trading revenue: debt instruments (PLN million)</b>	<b>4.9</b>	<b>5.1</b>	<b>(0.2)</b>	<b>-3.8%</b>
<b>Catalyst:</b>				
Value of trading (PLN billion)	1.4	1.6	(0.2)	-10.1%
incl.: Value of trading in non-Treasury instruments (PLN billion)	0.9	1.2	(0.3)	-22.9%
<b>Treasury BondSpot Poland, value of trading:</b>				
Conditional transactions (PLN billion)	128.4	116.3	12.2	10.5%
Cash transactions (PLN billion)	54.2	71.9	(17.7)	-24.6%

Source: Condensed Consolidated Interim Financial Statements, Company

### Other cash market instruments

Revenues from transactions in **other cash market instruments** stood at PLN 206 thousand in H1 2019 compared to PLN 189 thousand in H1 2018, representing an increase of 9.0%. The revenues include fees for trading in structured products, investment certificates, and ETF units.



## LISTING

**Listing** revenues on the financial market amounted to PLN 10.3 million in H1 2019 compared to PLN 11.8 million in H1 2018.

Revenues from **listing fees** amounted to PLN 8.9 million in H1 2019, a decrease of 11.7% or PLN 1.2 million year on year. The main driver of revenues from listing fees is the number of issuers listed on the GPW markets and their capitalisation at the year's end.

Revenues from **fees for introduction and other fees** decreased by PLN 0.2 million year on year in H1 2019. They amounted to PLN 1.4 million in H1 2019 compared to PLN 1.6 million in H1 2018. The revenues are driven mainly by the number and value of new listings of shares and bonds on the GPW markets. The value of IPOs and SPOs decreased significantly year on year in H1 2019. The value of IPOs on the Main Market and NewConnect was PLN 62 million in H1 2019 compared to PLN 303 million in H1 2018. The value of SPOs was PLN 0.3 billion in H1 2019 compared to PLN 1.3 billion in H1 2018. Four companies were newly listed on the Main Market and 8 companies were delisted in H1 2019. The capitalisation of the delisted companies was PLN 17.6 billion, adding to the decrease of trading in H1 2019.

Listing revenues on the GPW Main Market decreased by 13.1% year on year in H1 2019. The table below presents the key financial and operating figures.

Table 11: Data for the GPW Main Market

	Six-month period ended		Change (H1 2019 vs H1 2018)	Change (%) (H1 2019 vs H1 2018)
	30 June 2019	30 June 2018		
<b>Main Market</b>				
<b>Listing revenue (PLN million)</b>	<b>8.2</b>	<b>9.4</b>	<b>-1.2</b>	<b>-13.1%</b>
Total capitalisation of listed companies (PLN billion)	1,161.7	1,229.2	-67.4	-5.5%
including: Capitalisation of listed domestic companies	594.4	569.3	25.0	4.4%
including: Capitalisation of listed foreign companies	567.4	659.8	-92.5	-14.0%
Total number of listed companies	460	473	-13	-2.7%
including: Number of listed domestic companies	410	424	-14	-3.3%
including: Number of listed foreign companies	50	49	1	2.0%
Value of offerings (IPO and SPO) (PLN billion)	0.3	1.5	-1.2	-80.8%
Number of new listings (in the period)	4	5	-1	-20.0%
Capitalisation of new listings (PLN billion)	0.8	1.4	-0.6	-44.0%
Number of delistings	8	14	-6	-42.9%
Capitalisation of delistings* (PLN billion)	17.6	15.3	2.3	14.9%

\* based on market capitalisation at the time of delisting

Source: Company

Listing revenues from NewConnect decreased by 9.5% year on year in H1 2019. The table below presents the key financial and operating figures.

Table 12: Data for NewConnect

	Six-month period ended		Change (H1 2019 vs H1 2018)	Change (%) (H1 2019 vs H1 2018)
	30 June 2019	30 June 2018		
<b>NewConnect</b>				
<b>Listing revenue (PLN million)</b>	<b>1.0</b>	<b>1.1</b>	<b>-0.1</b>	<b>-9.5%</b>
Total capitalisation of listed companies (PLN billion)	8.3	8.7	-0.4	-4.7%
including: Capitalisation of listed domestic companies	7.9	8.5	-0.6	-6.8%
including: Capitalisation of listed foreign companies	0.4	0.2	0.2	92.8%
Total number of listed companies	385	403	-18	-4.5%
including: Number of listed domestic companies	379	397	-18	-4.5%
including: Number of listed foreign companies	6	6	0	0.0%
Value of offerings (IPO and SPO) (PLN million)	36.1	102.4	-66.3	-64.7%
Number of new listings (in the period)	8	8	0	0.0%
Capitalisation of new listings (PLN billion)	0.3	0.3	0.0	2.5%
Number of delistings*	10	13	-3	-23.1%
Capitalisation of delistings** (PLN billion)	0.9	0.3	0.6	189.4%

\* includes companies which transferred to the Main Market

\*\* based on market capitalisation at the time of delisting

Source: Company

Listing revenues from Catalyst stood at PLN 1.2 million in H1 2019 and decreased by 7.0% year on year. The table below presents the key financial and operating figures.

Table 13: Data for Catalyst

	Six-month period ended		Change (H1 2019 vs H1 2018)	Change (%) (H1 2019 vs H1 2018)
	30 June 2019	30 June 2018		
<b>Catalyst</b>				
<b>Listing revenue (PLN million)</b>	<b>1.2</b>	<b>1.3</b>	<b>-0.1</b>	<b>-7.0%</b>
Number of issuers	142	152	-10	-6.6%
Number of issued instruments	553	588	-35	-6.0%
including: non-Treasury instruments	504	539	-35	-6.5%
Value of issued instruments (PLN billion)	792.7	775.0	17.7	2.3%
including: non-Treasury instruments	87.6	80.1	7.5	9.4%

Source: Company

## INFORMATION SERVICES

Revenues from **information services** including the financial market and the commodity market amounted to PLN 24.5 million in H1 2019 compared to PLN 22.1 million in H1 2018, representing an increase of PLN 2.4 million.

Table 14: Data for information services

	Six-month period ended		Change (H1 2019 vs H1 2018)	Change (%) (H1 2019 vs H1 2018)
	30 June 2019	30 June 2018		
<b>Revenues from information services and WIBID and WIBOR reference rate services * (PLN million)</b>	<b>24.5</b>	<b>22.1</b>	<b>2.4</b>	<b>10.8%</b>
Number of data vendors	82	73	9	12.3%
Number of subscribers ('000 subscribers)	250.1	245.1	4.9	2.0%

\* revenues from information services contain financial market data and commodity market data

Source: Condensed Consolidated Interim Financial Statements, Company

The increase in revenue from information services in H1 2019 was driven by:

- Acquisition of new clients of GPW data (mainly data vendors and non-display users including systematic internalisers);
- Fees for non-display use of WIBID/WIBOR rates (risk management applications, etc.) effective as of 1 January 2019 and acquisition of many licence clients.

## COMMODITY MARKET

Revenues on the commodity market include mainly the revenues of the TGE Group.

Revenues of the TGE Group are driven mainly by the volume of transactions in electricity, natural gas and property rights, the volume of certificates of origin issued and cancelled by members of the Register of Certificates of Origin, as well as revenues from clearing and settlement of transactions in exchange-traded commodities in the clearing sub-segment operated by IRGIT.

Revenues of the GPW Group on the commodity market stood at PLN 78.0 million in H1 2019 compared to PLN 75.4 million in H1 2018.

The year-on-year increase of revenues on the commodity market in H1 2019 was mainly driven by an increase in revenues from trading in gas, which stood at PLN 5.5 million compared to PLN 4.2 million in H1 2018, representing an increase of 29.9%. Trading revenues from other fees paid by market participants increased by 7.4% or PLN 0.4 million. Revenues from the operation of the register of certificates of origin increased by 3.2% or PLN 0.5 million while revenues from clearing on the commodity market increased by 5.9% or PLN 1.3 million.

## TRADING

Revenues of the GPW Group from trading on the commodity market stood at PLN 38.0 million in H1 2019, including PLN 2.0 million of revenues from spot transactions in electricity, PLN 4.7 million of revenues from forward transactions in electricity, PLN 1.2 million of revenues from spot transactions in gas, PLN 4.3 million of revenues from forward transactions in gas, PLN 19.8 million of revenues from transactions in property rights in certificates of origin of electricity, and PLN 6.0 million of other fees paid by market participants. Revenues from trading increased by 1.7% or PLN 0.6 million year on year in H1 2019.

The Group's revenues from **trading in electricity** amounted to PLN 6.7 million in H1 2019 compared to PLN 7.4 million in H1 2018. The total volume of trading on the energy markets operated by TGE amounted to 97.2 TWh in H1 2019 compared to 95.3 TWh in H1 2018. The year-on-year decrease in the revenue from trading in electricity in H1 2019 was driven by a decrease in the volume of forward transactions as well as the fact that TGE introduced a Maker – Taker market liquidity support pilot programme as of 1 January 2019, which reduced fees charged to Makers by 50%. The volume of forward transactions decreased by 1.6% year on year.

The electricity market is sensitive to changes in the legal and the international environment. The amended Energy Law effective as of 1 January 2019 requires energy companies which produce electricity to sell electricity produced within the year among others on commodity exchanges. The 100% obligation is to improve liquidity of the energy market and curb unjustified energy price rises. The Ministry of Energy expects that the improved liquidity and transparency on the Polish Power Exchange and the limited ability of market players in a strong position to change prices will mitigate the risk of significant price volatility.

The Group's revenues from **trading in gas** amounted to PLN 5.5 million in H1 2019 compared to PLN 4.2 million in H1 2018. The volume of trading in natural gas on TGE was 65.8 TWh in H1 2019 compared to 51.8 TWh in H1 2018. The volume of trading on the Day-ahead and Intraday Market in gas was 11.5 TWh in H1 2019 compared to 14.5 TWh in H1 2018. The volume of trading on the Commodity Forward Instruments Market was 54.3 TWh in H1 2019, an increase of 45.7% year on year, driving the year-on-year increase in the revenue.

The Group's revenue from the operation of **trading in property rights** stood at PLN 19.8 million in H1 2019 compared to PLN 20.1 million in H1 2018. The volume of trading in property rights stood at 32.3 TWh in H1 2019, a decrease of 9.0% year on year. Changes in revenue from trading in property rights are not proportionate to changes in the volume of trading due to different fees for different types of property rights. The decrease in the revenue from trading in property rights was driven by a decrease in trading in OZE and OZE BIO property rights by PLN 0.5 million and a decrease of the revenue from trading in cogeneration property rights by PLN 0.5 million combined with an increase in the revenue from trading in property rights in energy efficiency by PLN 0.7 million. The decrease in trading in cogeneration property rights was due to the expiry of certificates as of 31 December 2018, their final cancellation by 30 June 2019 and discontinuation of trading in June 2019. The increase in the revenue from trading in property rights in energy efficiency was due to an extension of the validity of all tender certificates to 30 June 2021.

Revenues of the Group from **other fees paid by commodity market participants** amounted to PLN 6.0 million in H1 2019 compared to PLN 5.6 million in H1 2018. Other fees paid by commodity market participants included fees paid by TGE market participants at PLN 3.2 million, revenues of InfoEngine from the activity of trade operator at PLN 1.0 million, and revenues of IRGiT at PLN 1.8 million including participation fees, fees for participation in TGE markets, and other fees.

Other fees paid by market participants are driven mainly by revenues from fixed market participation fees, fees for cancellation of transactions, fees for position transfers, fees for trade reporting in the RRM (Registered Reporting Mechanism), fees for access to the system, and fees for management of the resources of the guarantee fund. Other fees paid by market participants depend mainly on the activity of IRGiT members, in particular the number of transactions, the number of new clients of brokerage houses, and the number of new users accessing the clearing system.

The revenue from exchange fees had the biggest share of all these. The main contribution to the revenue from other fees paid by commodity market participants was that of annual fees, accounting for 67.3% of revenue from other fees. Revenue from annual fees stood at PLN 2.1 million in H1 2019, an increase of 5.1% year on year. The Exchange Commodity Market had 75 members as at 30 June 2019, one more than a year earlier.

Table 15: Data for the commodity market

	Six-month period ended		Change (H1 2019 vs H1 2018)	Change (%) (H1 2019 vs H1 2018)
	30 June 2019	30 June 2018		
<b>Commodity market - trading revenue (PLN million)</b>	<b>38.0</b>	<b>37.4</b>	<b>0.6</b>	<b>1.7%</b>
Volume of trading in electricity				
Spot transactions (TWh)	16.9	13.7	3.2	23.3%
Forward transactions (TWh)	80.3	81.6	-1.3	-1.6%
Volume of trading in gas				
Spot transactions (TWh)	11.5	14.5	-3.0	-20.7%
Forward transactions (TWh)	54.3	37.3	17.0	45.7%
Volume of trading in property rights (TGE) (TWh)	32.3	35.5	-3.2	-9.0%

Source: Condensed Consolidated Interim Financial Statements, Company

## REGISTER OF CERTIFICATES OF ORIGIN

Revenues from the operation of the **Register of Certificates of Origin** amounted to PLN 16.6 million in H1 2019 compared to PLN 16.0 million in H1 2018. The year-on-year increase of the revenues by PLN 0.5 million was driven by a decrease of the revenue from cogeneration from PLN 4.1 million to PLN 3.8 million combined with an increase in the revenue from energy efficiency from PLN 1.0 million to PLN 1.2 million and an increase in the revenue from guarantees of origin from PLN 0.2 million to PLN 0.8 million.

Table 16: Data for the Register of Certificates of Origin

	Six-month period ended		Change (H1 2019 vs H1 2018)	Change (%) (H1 2019 vs H1 2018)
	30 June 2019	30 June 2018		
<b>Commodity market - revenue from operation of the Register of Certificates of Origin of electricity (PLN million)</b>	<b>16.6</b>	<b>16.0</b>	<b>0.5</b>	<b>3.2%</b>
Issued property rights (TWh)	26.4	33.3	-6.9	-20.7%
Cancelled property rights (TWh)	27.3	17.7	9.6	54.3%

Source: Condensed Consolidated Interim Financial Statements, Company

## CLEARING

The Group earns revenue from the **clearing activities** of IRGiT, which is a subsidiary of TGE. The revenue stood at PLN 23.1 million in H1 2019 compared to PLN 21.8 million in H1 2018. The increase of the revenue by PLN 1.3 million or 5.9% was driven the volumes of transactions on the commodity exchange, in particular an increase of forward transactions in gas by 45.7%.

## OTHER REVENUES

The Group's other revenues amounted to PLN 0.4 million in H1 2019 compared to PLN 0.5 million in H1 2018. The Group's other revenues include mainly revenues from colocation, office space lease and sponsorship.

## OPERATING EXPENSES

The total operating expenses of the **GPW Group** amounted to PLN 97.7 million in H1 2019, representing an increase of PLN 9.3 million or 10.5% year on year. The increase of operating expenses was driven by an increase of depreciation and amortisation charges by PLN 2.7 million, an increase of salaries and other employee costs by PLN 4.7 million or 13.7%, and an increase of fees and charges by PLN 4.2 million or 44.2%. The annual supervision fee due to PFSA was calculated and recognised by the Group in the period under review; the fee due from the Group stood at PLN 12.9 million in 2019 compared to PLN 9.0 million in 2018.

Separate operating expenses of **GPW** amounted to PLN 60.8 million in H1 2019, representing an increase of PLN 4.4 million or 7.8% year on year. The year-on-year increase of operating expenses was mainly driven by a supervision fee due to PFSA, which was higher by PLN 2.0 million, an increase of salaries and other employee costs by PLN 2.6 million, as well as an increase of external service charges by PLN 0.3 million.

Operating expenses of **TGE** amounted to PLN 24.5 million in H1 2019 compared to PLN 21.9 million in H1 2018. The year-on-year increase of operating expenses in H1 2019 was mainly driven by an increase of fees and charges by PLN 1.2 million or 53.5% as well as an increase of salaries and other employee costs by PLN 1.2 million. The estimated annual supervision fee due to PFSA was PLN 3.4 million in 2019 compared to PLN 2.2 million in 2018.

Operating expenses of **IRGiT** stood at PLN 9.2 million in H1 2019, representing an increase of PLN 0.8 million year on year. Similar to other companies of the GPW Group, IRGiT calculated a higher supervision fee due to PFSA: PLN 2.6 million in 2019 compared to PLN 1.9 million in 2018.

Operating expenses of **BondSpot** stood at PLN 5.7 million in H1 2019 compared to PLN 5.3 million in H1 2018, representing an increase of 7.5% or PLN 0.4 million. The increase was mainly driven by an increase of depreciation and amortisation charges by PLN 0.3 million and an increase of salaries and other employee costs by PLN 0.1 million.

Table 17: Consolidated operating expenses of the Group and structure of operating expenses

PLN'000, %	Six-month period ended				Change (H1 2019 vs H1 2018)	Change (%) (H1 2019 vs H1 2018)
	30 June 2019	%	30 June 2018	%		
Depreciation and amortisation	18,602	19%	15,917	18%	2,685	16.9%
Salaries	30,387	31%	26,848	30%	3,539	13.2%
Other employee costs	8,314	9%	7,195	8%	1,119	15.5%
Rent and other maintenance fees	2,116	2%	4,451	5%	(2,335)	-52.5%
Fees and charges	13,719	14%	9,512	11%	4,207	44.2%
<i>including: PFSA fees</i>	12,889	13%	9,028	10%	3,861	42.8%
External service charges	21,676	22%	21,430	24%	247	1.2%
Other operating expenses	2,842	3%	3,000	3%	(158)	-5.3%
<b>Total</b>	<b>97,657</b>	<b>100%</b>	<b>88,353</b>	<b>100%</b>	<b>9,304</b>	<b>10.5%</b>

Source: Condensed Consolidated Interim Financial Statements, Company

The table above presents changes in the structure of expenses by six-month period in 2019 and 2018 and changes between H1 2019 and H1 2018.

Table 18: Separate operating expenses of GPW and structure of operating expenses

PLN'000, %	Six-month period ended				Change (H1 2019 vs H1 2018)	Change (%) (H1 2019 vs H1 2018)
	30 June 2019	%	30 June 2018	%		
Depreciation and amortisation	10,991	18%	10,163	18%	828	8.1%
Salaries	17,708	29%	15,759	28%	1,949	12.4%
Other employee costs	5,478	9%	4,787	8%	691	14.4%
Rent and other maintenance fees	2,083	3%	3,767	7%	(1,684)	-44.7%
Fees and charges	7,436	12%	5,168	9%	2,268	43.9%
<i>including: PFSA fees</i>	6,842	11%	4,806	9%	2,036	42.4%
External service charges	14,871	24%	14,558	26%	313	2.2%
Other operating expenses	2,211	4%	2,200	4%	11	0.5%
<b>Total</b>	<b>60,778</b>	<b>100%</b>	<b>56,402</b>	<b>100%</b>	<b>4,376</b>	<b>7.8%</b>

Source: Company

The comments below concerning operating expenses items are based on **consolidated figures of the GPW Group**.

#### *Depreciation and amortisation*

Depreciation and amortisation charges stood at PLN 18.6 million in H1 2019 compared to PLN 15.9 million in H1 2018, representing an increase of PLN 2.7 million. The increase in depreciation and amortisation charges year on year in H1 2019 was driven mainly by the implementation of the new standard IFRS 16 Leases in all companies of the Group. The implementation of the Standard eliminated the differentiation between operating leases and finance leases. Consequently, lessees recognise nearly all leases in the statement of financial position, including leases of office space, car parks, colocation, perpetual usufruct, and car fleet. Such leases were previously presented under the relevant segments of operating expenses but are now split between amortisation and depreciation, financial expenses, and fees and charges. Depreciation of right-to-use assets stood at PLN 2.5 million in H1 2019.

It should be noted that IFRS 16, which has a significant impact on the financial statements, does not affect the operations of the Group companies or the cash flows in 2019.

#### *Salaries and other employee costs*

Salaries and other employee costs amounted to PLN 38.7 million in H1 2019 compared to PLN 34.0 million in H1 2018, representing an increase of 13.7% or PLN 4.7 million.

The increase of salaries and other employee costs in the GPW Group year on year in H1 2019 was driven by an increase of salaries and other employee costs in GPW by PLN 2.6 million, in TGE by PLN 1.2 million, in IRGiT by PLN 0.4 million, in GPW Benchmark by PLN 0.6 million and in BondSpot by PLN 0.1 million.

The increase of GPW's salaries and other employee costs year on year in H1 2019 was driven by an increase in remuneration by PLN 1.7 million, an increase of supplementary salary costs by PLN 0.2 million, and an increase of other employee costs, including social security, by PLN 0.7 million. The increase in remuneration was driven by a gradual increase in the headcount caused by an additional workload related to the published strategy of the Group. The increase in supplementary salary costs was driven by short-term contracts concerning the development of the Group's strategy.

The increase of TGE's salaries was driven by an increase of gross remuneration by PLN 0.6 million, annual bonuses by PLN 0.3 million, and other employee costs, including social security, by PLN 0.2 million. The increase of remuneration in TGE was due to an increased headcount driven by the implementation of strategic projects and participation in international markets. The increase of

salaries in IRGIT was driven by an increase in 2019 annual bonus provisions and a non-competition clause. The increase of salaries in other subsidiaries was partly driven by an increase of their headcount and partly by employee absenteeism, related to long-term sick leaves in 2018, which implies lower comparable figures for the current period.

The headcount of the GPW Group was 373 FTEs as at 30 June 2018.

Table 19: Employment in GPW Group

# FTEs	As at		
	30 June 2019	31 December 2018	30 June 2018
GPW	218	204	195
Subsidiaries	155	146	134
<b>Total</b>	<b>373</b>	<b>350</b>	<b>329</b>

Source: Company

#### *Rent and other maintenance fees*

Rent and other maintenance fees amounted to PLN 2.1 million in H1 2019 compared to PLN 4.5 million in H1 2018. The decrease of rent was due to the fact that the Group implemented IFRS 16 without restating comparative numbers, as per paragraph C5(b) of IFRS 16, which implies that the 2019 and 2018 numbers are not comparable. Office space, colocation and car park lease contracts are classified as leases as of 2019 and recognised as costs in depreciation and amortisation, fees and charges, and financial expenses.

#### *Fees and charges*

Fees and charges stood at PLN 13.7 million in H1 2019 compared to PLN 9.5 million in H1 2018. The main component of fees and charges are fees paid to the Polish Financial Supervision Authority (PFSA) for capital market supervision (PLN 12.9 million in H1 2019). Following the change of the system of financing the cost of market supervision and of the range of entities participating in the financing as of the beginning of 2016, the full estimated amount of the annual PFSA fee is recognised early in the year. It should be noted, however, that the fee may vary year to year depending on a range of factors. The exact, final amount of the annual fee may only be calculated after the Chairperson of the Polish Financial Supervision Authority publishes the fees and the indicators necessary to calculate the fees in a public communique promulgated in the Official Journal of the Polish Financial Supervision Authority by 31 August of each calendar year. The calculated fee is to be paid by 30 September of the calendar year.

#### *External service charges*

External service charges amounted to PLN 21.7 million in H1 2019 compared to PLN 21.4 million in H1 2018, representing an increase of 1.2% or PLN 0.2 million.



**Table 20:** Consolidated external service charges of the Group and structure of external service charges in the six-month periods ended 30 June 2019 and 30 June 2018

PLN'000, %	Six-month period ended				Change (H1 2019 vs H1 2018)	Change (%) (H1 2019 vs H1 2018)
	30 June 2019	%	30 June 2018	%		
IT cost:	11,441	53%	11,603	54%	(162)	-1.4%
<i>IT infrastructure maintenance</i>	8,408	39%	8,103	38%	305	3.8%
<i>TBSP maintenance service</i>	751	3%	741	3%	10	1.3%
<i>Data transmission lines</i>	2,111	10%	2,604	12%	(493)	-18.9%
<i>Software modification</i>	172	1%	155	1%	17	10.7%
Office and office equipment maintenance:	1,496	7%	1,443	7%	52	3.6%
<i>Repair and maintenance of installations</i>	228	1%	276	1%	(48)	-17.2%
<i>Security</i>	786	4%	712	3%	73	10.3%
<i>Cleaning</i>	325	1%	264	1%	61	23.3%
<i>Phone and mobile phone services</i>	157	1%	192	1%	(35)	-18.1%
International (energy) market services	775	4%	888	4%	(113)	-12.8%
Leasing, rental and maintenance of vehicles	239	1%	329	2%	(90)	-27.3%
Transportation services	64	0%	59	0%	5	8.7%
Promotion, education, market development	2,379	11%	2,453	11%	(74)	-3.0%
Market liquidity support	686	3%	445	2%	241	54.2%
Advisory (including: audit, legal services, business consulting)	2,811	13%	3,057	14%	(246)	-8.0%
Information services	557	3%	154	1%	402	260.8%
Training	385	2%	313	1%	72	23.0%
Mail fees	70	0%	36	0%	34	94.4%
Bank fees	93	0%	62	0%	31	50.0%
Translation	208	1%	237	1%	(29)	-12.2%
Other	473	2%	350	2%	122	34.8%
<b>Total</b>	<b>21,676</b>	<b>100%</b>	<b>21,430</b>	<b>100%</b>	<b>247</b>	<b>1.2%</b>

Source: Condensed Consolidated Interim Financial Statements

The increase of external service charges year on year in H1 2019 was mainly driven by changes in the following cost items:

1/ IT infrastructure maintenance – an increase of PLN 0.3 million due to the cost of IT hardware and software maintenance services.

2/ data transmission lines – a decrease of PLN 0.5 million, mainly driven by a decrease of the cost by PLN 0.3 million in GPW and by PLN 0.1 million in TGE. The decrease of the cost in those companies was due to optimisation of infrastructure services in the GPW Group;

3/ market liquidity support – an increase of PLN 0.2 million due to recognition of market making costs in 2018;

4/ advisory – a decrease of PLN 0.2 million mainly due to the cost and support in the update of the strategy and verification of the valuation of the associate Aquis in H1 2018;

5/ information services – an increase of PLN 0.4 million mainly due to:

- a lower comparative base in H1 2018 due to the release of provisions for sales of NYSET services at PLN 0.2 million in Q1 2018; and
- the implementation of GPW's Analytical Coverage Support Pilot Programme.

The Analytical Coverage Support Pilot Programme aims to:

1. Increase the number of published analytical reports covering companies participating in mWIG40 and sWIG80;
2. Improve the availability of up-to-date analytical reports to local and international investors;
3. Improve the liquidity of trading in stocks participating in the Programme.

The Programme was open to members who met the criteria defined in the programme rules until 22 April 2019. As a result, twelve members joined the Programme who jointly cover 40 issuers. The cost of analytical support is PLN 100 thousand net per company covered over a period of 2 years. The expected cost of the Programme is ca. PLN 4.0 million net in the two years. The first costs of the Programme were paid in June 2019 and recognised at PLN 0.2 million.

#### *Other operating expenses*

Other operating expenses amounted to PLN 2.8 million in H1 2019 compared to PLN 3.0 million in H1 2018, representing a decrease of PLN 0.2 million or 5.3%.

Other operating expenses in H1 2019 included the cost of material and energy consumption at PLN 1.6 million, industry organisation membership fees at PLN 0.3 million, insurance at PLN 0.1 million, business travel at PLN 0.5 million and conference participation at PLN 0.3 million. The cost of business travel reported the highest decrease year on year in H1 2019 by 25.8% or PLN 0.2 million.

## **OTHER INCOME AND EXPENSES**

**Other income** of the Group amounted to PLN 3.2 million in H1 2019 compared to PLN 1.1 million in H1 2018. Other income includes damages received, gains on the sale of property, plant and equipment (PLN 0.1 million), medical services invoiced to employees (PLN 0.2 million), an annual correction of input VAT at PLN 1.0 million, as well as TGE's revenue from PSE in respect of the PCR (Price Coupling of Regions) project at PLN 0.3 million and TGE's revenue under invoicing of costs of the PCR project issued to new project participants at PLN 1,0 million.

**Other expenses** of the Group amounted to PLN 1.6 million in H1 2019 compared to PLN 1.2 million in H1 2018. Other expenses include donations paid, losses on the sale of property, plant and equipment, and provisions against damages. Donations stood at PLN 1.4 million in H1 2019 compared to PLN 0,3 million in H1 2018.

Donations paid in H1 2019 included GPW's donation of PLN 1.3 million to the GPW Foundation, as well as TGE's donations to Stowarzyszenie Otwarte Drzwi at PLN 3 thousand and to Stowarzyszenie Hospicjum im. Św. Wawrzyńca w Gdyni at PLN 7 thousand. Donations paid in H1 2018 stood at PLN 141 thousand, including a donation of PLN 136 thousand to the GPW Foundation, PLN 4 thousand to the Home for Single Mothers, and PLN 1 thousand to Caritas Diecezji Łowickiej.

GPW paid a donation of PLN 1.5 million in cash to the Polish National Foundation (PFN) in H1 2019 and H1 2018. The costs of those periods only include differences between the amount paid in the period and the liability due in 2019 discounted as at 31 December 2016. As a result, the discount on the donation to PFN recognised in the costs is PLN 141 thousand in H1 2019 and PLN 159 thousand in H1 2018.

The accounting presentation follows from the fact that the management of the Group reviewed the treatment of donations paid to PFN in the Group's financial statements for 2016-2018 in the light of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as at 30 September 2018. The analysis concluded that the payments to PFN are donations and that the liability of GPW to make

all payments to PFN according to the founding deed of the Foundation arose when GPW joined the Foundation and signed its founding deed.

As a result, GPW decided to retrospectively change the accounting treatment of payments to PFN by discounting the future payments committed by GPW as at 31 December 2016 and by their one-off recognition in other expenses in Group's statement of comprehensive income for the year ended 31 December 2016 and in other liabilities in statement of financial position for the year ended 31 December 2016 (PLN 12.0 million non-current, PLN 2.6 million current). Consequently, the net profit of the six-month period ended 30 June 2018, presented in these financial statements as comparative data, increased by PLN 1.3 million.

As of 1 January 2018, following alignment with IFRS 9, the Group recognises a separate line in the consolidated statement of comprehensive income: impairment losses on receivables, without a restatement of comparative figures (the GPW Group's management decided to apply the exemption under IFRS 9 7.2.15). Impairment losses on receivables are measured on the basis of expected credit loss in the lifetime of debt. Impairment losses on receivables were reversed at PLN 0.3 million in H1 2019 due to payment of overdue receivables by contractors, which was positive for the Group's results. Impairment losses on receivables were PLN 1.9 million in H1 2018.

## FINANCIAL INCOME AND EXPENSES

**Financial income** of the Group amounted to PLN 4.5 million in H1 2019 compared to PLN 50.1 million in H1 2018, representing a decrease of PLN 45.6 million.

The main difference in financial income between H1 2019 and H1 2018 was due to gains on the sale of the subsidiary Aquis in 2018. The gains on the sale were PLN 45.4 million.

In addition, financial income includes mainly interest on bank deposits and positive FX differences. The biggest item of financial income was interest on bank deposits (from 3 to 12 months) at PLN 2.3 million. Interest on current accounts and bank deposits presented in cash and cash equivalents stood at PLN 1.7 million in H1 2019. The Group earned an income on certificates of deposit at PLN 0.2 million and on corporate bonds at PLN 0.3 million.

**Financial expenses** of the Group amounted to PLN 4.4 million in H1 2019 compared to PLN 4.3 million in H1 2018, representing an increase of PLN 0.1 million.

The increase of financial expenses year on year in H1 2019 was due to the recognition of interest on leases under IFRS 16 in financial expenses. The interest was PLN 0.4 million.

Interest cost of GPW's series C, D and E bonds (including the cost of the issue recognised over time) was the biggest item of financial expenses: it stood at PLN 3.8 million in H1 2019 and was stable year on year.

The series C bonds bear interest at a fixed rate of 3.19% p.a. The series D and E bonds bear interest at a floating rate equal to WIBOR 6M plus a margin. The margin of series D and E bonds is 0.95%. The interest on the bonds is paid semi-annually. The series D and E bonds are due for redemption on 31 January 2022

The interest rate on the series D and E bonds was 2.73% in H1 2019.

## SHARE OF PROFIT OF ENTITIES MEASURED BY THE EQUITY METHOD

The Group's share of profit of entities measured by the equity method stood at PLN 4.6 million in H1 2019 compared to PLN 5.2 million in H1 2018. The decrease was driven mainly by a lower profit of the KDPW Group and a loss reported by Polska Agencja Ratingowa.

The Group's share of the **KDPW Group** profit was PLN 4.8 million in H1 2019 compared to PLN 5.9 million in H1 2018. The decrease in the profit was mainly due to the estimated higher provisions for PFSA fees.

The share in the net profit of **Centrum Giełdowe** was PLN 0.3 million in H1 2019 and in H1 2018.

**Polska Agencja Ratingowa** (formerly IAiR) was recognised in the profit of entities measured by the equity method as at 31 December 2018 as it became an entity measured by the equity method following a change of shareholders in Q4 2018. The share of loss of PAR was PLN 0.5 million as at 30 June 2019.

Aquis Exchange Ltd. was recognised as an associate in Q1 2018. The Group's share of the loss of Aquis was PLN 0.9 million, which reduced the Group's share of profit of other companies measured by the equity method. GPW sold its stake in Aquis in Q2 2018.

Table 21: Profit / (Loss) of entities measured by the equity

PLN'000	Six-month period ended		Change (H1 2019 vs H1 2018)	Change (%) (H1 2019 vs H1 2018)
	30 June 2019	30 June 2018		
Grupa KDPW S.A.	14,506	17,601	(3,095)	-17.6%
Centrum Gieldowe S.A.	1,111	1,106	4	0.4%
Polska Agencja Ratingowa S.A.	(1,449)	-	(1,449)	-
Aquis Exchange Limited *	-	(4,548)	4,548	-100.0%
<b>Razem</b>	<b>14,168</b>	<b>14,160</b>	<b>8</b>	<b>0.1%</b>

\* the data as at 31 March 2018, in Q2 2018 GPW sold shares in Aquis

Source: Company

Table 22: GPW's share of profit / (loss) of entities measured by the equity

PLN'000	Six-month period ended		Change (H1 2019 vs H1 2018)	Change (%) (H1 2019 vs H1 2018)
	30 June 2019	30 June 2018		
Grupa KDPW S.A.	4,835	5,867	(1,032)	-17.6%
Centrum Gieldowe S.A.	275	274	1	0.4%
Polska Agencja Ratingowa S.A.	(483)	-	(483)	-
Aquis Exchange Limited *	-	(924)	924	-100.0%
<b>Razem</b>	<b>4,628</b>	<b>5,218</b>	<b>(590)</b>	<b>-11.3%</b>

\* the data as at 31 March 2018, in Q2 2018 GPW sold shares in Aquis

Source: Company

## INCOME TAX

Income tax of the Group was PLN 15.2 million in H1 2019 compared to PLN 24.4 million in H1 2018. The **effective income tax rate** in the periods under review was 18.5% and 18.3%, respectively, as compared to the standard Polish corporate income tax rate of 19%. Income tax **paid** by the Group was PLN 18.6 million in H1 2019 compared to PLN 22.8 million in H1 2018.

On 28 September 2016, the following companies: Giełda Papierów Wartościowych w Warszawie S.A., Towarowa Giełda Energii S.A., BondSpot S.A. and GPW Benchmark, entered into a notarised agreement creating the GPW Tax Group ("GPW TG" or "TG") for a period of three tax years from 1 January 2017 to 31 December 2019.

The companies participating in TG are not treated individually but collectively as one corporate income taxpayer under the Corporate Income Tax Act. Such taxpayer's income is determined as the surplus of the sum of incomes of the companies participating in TG over the sum of their losses.

As the Company Representing the Tax Group, Giełda Papierów Wartościowych w Warszawie S.A. is responsible for the calculation and payment of quarterly corporate income tax advances of the Tax Group pursuant to the Corporate Income Tax Act.

While income taxes of the companies participating in TG are no longer paid individually, the companies are still required to individually pay other taxes including VAT and local taxes.

## V. Atypical factors and events

### **GPW as the organiser of WIBID and WIBOR reference rate fixings**

The GPW Group acting through its subsidiary GPW Benchmark took over the preparation of WIBID and WIBOR reference rate fixings from the previous organiser, the Financial Markets Association ACI Polska as of 30 June 2017.

The decision of GPW to take over the functions of the organiser of reference rate fixings followed a proposal extended by the Association ACI Polska to GPW. In view of the Regulation, the Association ACI Polska decided that it would be unable to meet its requirements and approached GPW with a proposal to take over the functions of the organiser of WIBID and WIBOR reference rate fixings. The decision of the Exchange to take over as organiser of WIBID and WIBOR rate fixings is a milestone in its business. While the Group previously focused on trading in capital and commodity market instruments, it is now adding financial services.

The alignment of WIBID and WIBOR to the new requirements under Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds started in February 2018 with the implementation of the new reference rate documentation.

On 1 May 2018, GPW Benchmark S.A. introduced the Agreement for Use of WIBID and WIBOR Reference Rates. According to the Reference Rate Rules, the rates shall be used in financial instruments and contracts under the Regulation exclusively on the terms of the Agreement. The Reference Rates Use Agreement is signed by all entities which use the rates under BMR, e.g., banks and investment funds.

The take-over of the responsibilities for WIBID and WIBOR takes place in phases including: starting the organisation of fixings, which took place on 30 June 2017; aligning the documentation, completed with the implementation of the model agreement as of 1 May 2018; review of the reference rate calculation methodology; and obtaining the authorisation to perform the functions of administrator.

Under Commission Delegated Regulation (EU) 2019/482 of 25 March 2019 published on 25 March 2019, the Warsaw Interbank Offered Rate (WIBOR) was recognised as a critical benchmark. The Commission decision, issued by application of the Polish Financial Supervision Authority (KNF) following a positive opinion of the European Securities and Markets Authority (ESMA), confirms the systemic role of WIBOR in the functioning of the financial market in Poland. GPW Benchmark is aligning with the BMR requirements in close collaboration with banks – fixing participants and with institutions responsible for financial market supervision and consumer protection.

In connection with the implementation of the strategy of development of an excellence centre for indices and benchmarks, GPW Benchmark will take over as the administrator of 40 GPW indices by the end of 2019, including the leading indices WIG20, mWIG40, sWIG80 and NCIndex as well as TBSP.Index (which is currently owned by BondSpot). GPW Benchmark will become their administrator following the alignment of all benchmarks prepared by the GPW Group with the BMR requirements, including optimisation of index development and management processes ensuring their high quality, supervision of calculation methods, transparency and availability to investors.

### **Establishment of the rating agency**

According to an amendment of the entry in the National Court Register at 31 October 2018, the name of Instytut Analiz i Ratingu was changed to Polska Agencja Ratingowa S.A. ("PAR"). The capital of PAR was increased from PLN 2.1 million to PLN 6.5 million, resulting in a change of the shareholding structure. The shareholders of PAR are now, in equal parts, one-third each: GPW, Polski Fundusz Rozwoju, and Biuro Informacji Kredytowej. The mission of the joint rating agency is to build a rating culture in Poland by offering services to a broad group of entities, mainly small and mid-sized enterprises.

## **Start of research and development work on the development of a proprietary Trading Platform with co-financing from NCBR grants**

On 3 July 2019, the Exchange Management Board decided to launch a project aimed at research and development work on the development of a proprietary trading system with co-financing from grants of the National Centre for Research and Development (NCBR). At this stage, the total amount of capital expenditure connected with the implementation of the project is estimated at PLN 90million . The Exchange Management Board decided to conclude an agreement with the National Centre for Research and Development concerning the co-financing of the project "Research and development work for the development and implementation of a state-of-the-art integrated Trading Platform of ground-breaking performance and capacity parameters and innovative communication protocols and trading algorithms" in the amount of PLN 30.3 million.

The Company has used the Universal Trading Platform (UTP) since 2013. The decision to initiate research and development work in order to develop a proprietary Trading Platform is significant to continued operation of the Exchange among others due to:

- the strategic impact of the decision which determines the competitive position of GPW;
- the amount of capital expenditures and operating expenses for the Trading Platform;
- impact on the market environment, in particular Exchange Members.

The development and implementation of a new trading system will diversify the revenue thanks to potential sale of the system to other exchanges, help to launch new products added to the offer of GPW, and make GPW more attractive to capital market participants. The development of the Trading Platform will boost the reputation of GPW, as well.

According to the project timeline, the Trading Platform will be implemented by the end of June 2023.

## VI. Group's assets and liabilities structure

The **balance-sheet total** of the Group was PLN 1,357.8 million as at 30 June 2019, representing an increase compared to PLN 1,272.0 million as at 30 June 2018.

### ASSETS

The Group's **non-current assets** stood at PLN 585.9 million representing 43% of total assets as at 30 June 2019 compared to PLN 580.4 million or 48% of total assets as at 31 December 2019 and PLN 578.6 million or 45% of total assets as at 30 June 2018. The decrease in the share of non-current assets in total assets was due to a smaller increase in non-current assets as compared to total assets.

In the implementation of IFRS 16 Leases, the Group recognised a right-to-use asset of PLN 24.3 million in non-current assets as at 30 June 2019 (including the right of perpetual usufruct of land at PLN 2.4 million, reclassified from prepayments). The Group recognised sublease receivables at PLN 1.2 million as at 30 June 2019.

IFRS 9 Financial Instruments, effective as of 1 January 2018, changes the classification of financial assets. In accordance with the Standard, financial assets comprised by a minority interest in Bucharest Stock Exchange (BVB, formerly SIBEX) are presented as financial assets measured at fair value through other comprehensive income. The Group recognised PLN 105 thousand as the updated value of the interest in Bucharest Stock Exchange as at 30 June 2019.

The Group's **current assets** stood at PLN 771.9 million representing 57% of total assets as at 30 June 2019 compared to PLN 636.9 million or 52% of total assets as at 31 December 2018 and PLN 693.4 million or 55% of total assets as at 30 June 2018.

The increase of current assets by 11.3% year on year in H1 2019 was driven mainly by an increase of the sum of cash and cash equivalents combined with financial assets measured at amortised cost, which jointly increased to PLN 695.8 million from PLN 622.8 million as at 30 June 2018. Looking at an increase or decrease of the Group's cash assets, those lines need to be considered in conjunction because they represent the total amount of cash held by the Group. At a given point in time, such funds may be invested in larger part in instruments with maturities over 3 months, and such larger part is then presented under assets measured at amortised cost; or they may be invested in larger part in instruments with maturities up to 3 months, and such larger part is then presented under cash and cash equivalents.

As at 30 June 2019, financial assets measured at amortised cost stood at PLN 217.7 million including corporate bonds at PLN 19.9 million and bank deposits at PLN 197.8 million.

The Group recognised current sublease receivables at PLN 0.4 million.



Table 23: Consolidated statement of financial position of the Group at the end of selected periods (assets)

PLN'000	As at					
	30 June 2019	%	31 December 2018	%	30 June 2018	%
<b>Non-current assets</b>	<b>585,870</b>	<b>43%</b>	<b>580,375</b>	<b>48%</b>	<b>578,568</b>	<b>45%</b>
Property, plant and equipment	100,642	7%	108,158	9%	108,245	9%
Right-to-use assets	24,254	2%	-	0%	-	0%
Intangible assets	246,780	18%	254,564	21%	258,320	20%
Investment in entities measured by equity method	204,763	15%	207,267	17%	199,929	16%
Leasing receivable	1,167	0%	-	0%	-	0%
Deferred tax assets	1,135	0%	540	0%	1,800	0%
Financial assets measured at fair value through other comprehensive income	105	0%	101	0%	204	0%
Prepayments	2,801	0%	5,523	0%	5,848	0%
Other non-current assets	4,222	0%	4,222	0%	4,222	0%
<b>Current assets</b>	<b>771,938</b>	<b>57%</b>	<b>636,942</b>	<b>52%</b>	<b>693,410</b>	<b>55%</b>
Inventory	47	0%	64	0%	60	0%
Receivables in respect of corporate income tax	-	0%	-	0%	71	0%
Trade and other receivables	73,154	5%	69,437	6%	68,509	5%
Leasing receivable	392	0%	-	0%	-	0%
Available-for-sale financial assets	2,503	0%	1,215	0%	1,946	0%
Financial assets measured at amortised cost	217,711	16%	377,502	31%	380,982	30%
Cash and cash equivalents	478,131	35%	188,724	16%	241,842	19%
<b>Total assets</b>	<b>1,357,808</b>	<b>100%</b>	<b>1,217,317</b>	<b>100%</b>	<b>1,271,978</b>	<b>100%</b>

Source: Condensed Consolidated Interim Financial Statements

## EQUITY AND LIABILITIES

The **equity** of the Group stood at PLN 823.9 million representing 61% of the Group's total equity and liabilities as at 30 June 2019 compared to PLN 890.5 million or 73% of total equity and liabilities as at 31 December 2018 and PLN 815.8 million or 64% of the total equity and liabilities as at 30 June 2018.

**Non-current liabilities** of the Group stood at PLN 281.3 million representing 21% of the Group's total equity and liabilities as at 30 June 2019 compared to PLN 269.3 million or 22% of total equity and liabilities as at 31 December 2018 and PLN 266.0 million or 21% of the total equity and liabilities as at 30 June 2018. The Group's non-current liabilities include mainly GPW's liabilities under outstanding series C bonds due for redemption on 6 October 2022 and series D and E bonds due for redemption on 31 January 2022. The series D and E bonds were issued on 2 January 2017, which is when the company recognised the liability on the books.

Non-current deferred income included the subsidy received by TGE for assets in the PCR project at a carrying value of PLN 5.4 million as at 30 June 2019, including PLN 4.8 million presented as non-current and PLN 0.6 million presented as current. The carrying value of the subsidy was PLN 5.6 million as at 31 December 2018, including PLN 5.0 million presented as non-current and PLN 0.6 million presented as current.

The increase in total non-current liabilities (by 5.8%) was due to the implementation of IFRS 16 in 2019. As a result, the Group recognised lease liabilities of PLN 23.5 million as at 30 June 2019, including PLN 18.5 million presented as non-current and PLN 5.0 million presented as current.

Other non-current liabilities as at 30 June 2019 included mainly the liability of the parent entity to the Polish National Foundation at PLN 8.2 million (PLN 9.6 million as at 31 December 2018).

**Current liabilities** of the Group stood at PLN 252.6 million representing 19% of the Group's total equity and liabilities as at 30 June 2019 compared to PLN 57.4 million or 5% of total equity and



liabilities as at 31 December 2018 and PLN 190.2 million or 15% of the total equity and liabilities as at 30 June 2018.

The increase in current liabilities as at 30 June 2019 was mainly driven by an increase of:

- ✓ trade payables,
- ✓ other current liabilities,
- ✓ the implementation of IFRS 16 Leases.

Other current liabilities as at 30 June 2019 included mainly GPW's dividend payable at PLN 133.6 million, TGE's VAT payable of the current period at PLN 31.7 million, and InfoEngine's liabilities in respect of margins securing electricity buy/sell transactions on the balancing market at PLN 1.4 million. Compared to other current liabilities as at 30 June 2018, the main difference is due to a higher dividend to be paid in 2019 for 2018. The dividend payable is PLN 133.6 million 2019 v. PLN 92.3 million paid in 2018.

**Table 24:** Consolidated statement of financial position of the Group at the end of selected periods (equity and liabilities)

PLN'000	As at					
	30 June 2019	%	31 December 2018	%	30 June 2018	%
<b>Equity</b>	<b>823,947</b>	<b>61%</b>	<b>890,538</b>	<b>73%</b>	<b>815,827</b>	<b>64%</b>
Share capital	63,865	5%	63,865	5%	63,865	5%
Other reserves	1,145	0%	1,267	0%	1,194	0%
Retained earnings	758,349	56%	824,816	68%	750,185	59%
Non-controlling interests	588	0%	590	0%	583	0%
<b>Non-current liabilities</b>	<b>281,308</b>	<b>21%</b>	<b>269,333</b>	<b>22%</b>	<b>265,955</b>	<b>21%</b>
Liabilities under bond issue	244,156	18%	243,961	20%	243,767	19%
Employee benefits payable	1,005	0%	1,147	0%	1,239	0%
Lease liabilities	18,486	1%	-	0%	-	0%
Accruals and deferred income	4,753	0%	5,033	0%	5,313	0%
Deferred income tax liability	2,450	0%	7,357	1%	3,941	0%
Other liabilities	10,458	1%	11,835	1%	11,695	1%
<b>Current liabilities</b>	<b>252,553</b>	<b>19%</b>	<b>57,446</b>	<b>5%</b>	<b>190,196</b>	<b>15%</b>
Liabilities under bond issue	1,893	0%	1,938	0%	1,899	0%
Trade payables *	31,902	2%	8,575	1%	18,775	1%
Employee benefits payable	13,624	1%	14,278	1%	10,525	1%
Lease liabilities	5,011	0%	-	0%	-	0%
Corporate income tax payable	5,381	0%	3,158	0%	8,688	1%
Contract liabilities	22,219	2%	3,581	0%	22,375	2%
Accruals and deferred income *	559	0%	559	0%	563	0%
Provisions for other liabilities and charges	95	0%	68	0%	68	0%
Other current liabilities	171,870	13%	25,289	2%	127,303	10%
<b>Total equity and liabilities</b>	<b>1,357,808</b>	<b>100%</b>	<b>1,217,317</b>	<b>100%</b>	<b>1,271,978</b>	<b>100%</b>

*As of January 2018 deferred income is presented separately as contract liabilities*

Source: Condensed Consolidated Interim Financial Statements

## VII. Statement of cash flows and capital expenditure

### CASH FLOWS

The Group generated positive cash flows from **operating activities** at PLN 137.7 million in H1 2019 compared to positive cash flows of PLN 88.8 million in H1 2018. The increase of the positive cash flows from operating activities in H1 2019 was mainly driven by an increase in positive cash flows from operating activities before tax, including an increase in liabilities.

The cash flows from **investing activities** were positive at PLN 158.3 million in H1 2019 compared to negative cash flows of PLN 78.9 million in H1 2018. The positive cash flows from investing activities were driven by disposals of financial assets exceeding the purchase of financial assets. Corporate bonds purchased by GPW matured in Q1.

The cash flows from **financing activities** were negative at PLN 6.7 million in H1 2019 compared to negative cash flows of PLN 3.7 million in H1 2018. The negative cash flows from financing activities in 2019 were driven by the payment of interest on bonds at PLN 3.6 million and the payment of the capital part of the lease (IFRS 16) at PLN 2.6 million.

Table 25: Consolidated cash flows

PLN'000	Cash flows for the 6-month period ended	
	30 June 2019	30 June 2018
Cash flows from operating activities	137,745	88,769
Cash flows from investing activities	158,341	(78,862)
Cash flows from financing activities	(6,654)	(3,686)
<b>Net increase / (decrease) in cash</b>	<b>289,432</b>	<b>6,220</b>
<i>Impact of change of fx rates on cash balances in foreign currencies</i>	(25)	(264)
<b>Cash and cash equivalents - opening balance</b>	<b>188,724</b>	<b>235,886</b>
<b>Cash and cash equivalents - closing balance</b>	<b>478,131</b>	<b>241,842</b>

Source: Condensed Consolidated Interim Financial Statements

### CAPITAL EXPENDITURE

The Group's total capital expenditure in H1 2019 amounted to PLN 5.9 million including expenditure for property, plant and equipment at PLN 1.9 million and expenditure for intangible assets at PLN 4.0 million. The Group's total capital expenditure in H1 2018 amounted to PLN 8.6 million including expenditure for property, plant and equipment at PLN 4.1 million and expenditure for intangible assets at PLN 4.5 million. The capital expenditure in H1 2019 included mainly GPW's acquisition of network devices (hardware and cables), expenditures of the GPW Tech project and purchase of surveillance tools, as well as TGE's expenditures in the Agricultural Market project and TGE's accession to the European cross-border intraday market XBiD.

Contracted investment commitments for property, plant and equipment were PLN 2.0 million as at 30 June 2019, including mainly commercialisation of TGE data and the Food Platform. The Group had no contracted investment commitments for intangible assets.

Contracted investments in plant, property and equipment were PLN 0.3 million as at 31 December 2018 including mainly the acquisition of IT hardware and software in GPW. Contracted investment commitments for intangible assets were PLN 1.1 million, including mainly the GPW trading surveillance system and the acquisition of an application for the preparation of data for the TGE website.

Contracted investment commitments for property, plant and equipment were PLN 0.6 million as at 30 June 2018, including mainly restructuring of GPW offices and addition of cables to the server

room. Contracted investment commitments for intangible assets were PLN 1.2 million, including mainly the GPW trading surveillance system and the TGE market surveillance system.

## VIII. Ratio analysis

### **DEBT AND FINANCING RATIOS**

In the period covered by the financial statements, the debt of the Group posed no threat to its going concern and capacity to meet liabilities on time. The ratio of net debt to EBITDA remained negative in the periods under review as liquid assets of the GPW Group exceeded interest-bearing liabilities (negative net debt). The debt to equity ratio increased year on year as at 30 June 2019 due to an increase of interest-bearing debt of the Group driven by the presentation of lease payables under IFRS 16.

### **LIQUIDITY RATIOS**

The current liquidity ratio was 3.1 as at 30 June 2019. The year-on-year decrease of the ratio was due to an increase of current liabilities, which mainly consist of other liabilities including GPW's dividend.

The coverage ratio of interest costs under the bond issue decreased year on year in H1 2019. However, the Group generated cash flows from operating activities which were several times higher than necessary to cover current liabilities under the bond issue.

### **PROFITABILITY RATIOS**

The profitability ratios at operating profit level decreased moderately year on year, as shown in the table below, due to a decrease of the operating profit, the net profit and EBITDA. The cost/income ratio increased due to an increase of operating expenses combined with a lower increase of revenues.

Table 26: Key financial indicators of GPW Group

		As at / For the 6-month period ended	
		30 June 2019	30 June 2018
<b>Debt and financing ratios</b>			
Net debt / EBITDA (for a period of 12 months)	1), 2)	(2.1)	(1.3)
Debt to equity	3)	32.1%	30.1%
<b>Liquidity ratios</b>			
Current liquidity	4)	3.1	3.6
Coverage of interest on bonds	5)	26.7	27.2
<b>Return ratios</b>			
EBITDA margin	6)	55.5%	56.9%
Operating profit margin	7)	44.7%	47.7%
Net profit margin	8)	38.7%	63.1%
Cost / income	9)	56.4%	51.2%
ROE	10)	17.3%	25.5%
ROA	11)	10.8%	15.7%

1) Net debt = interest-bearing liabilities less liquid assets of GPW Group (as at balance-sheet date)

2) EBITDA = GPW Group operating profit + depreciation and amortisation (for a period of 6 months; net of the share of profit of associates)

3) Debt to equity = interest-bearing liabilities / equity (as at balance-sheet date)

4) Current liquidity = current assets / current liabilities (as at balance-sheet date)

5) Coverage of interest on bonds = EBITDA / interest on bonds (interest paid and accrued for a period of 6 months)

6) EBITDA margin = EBITDA / GPW Group revenue (for a period of 6 months)

7) Operating profit margin = GPW Group operating profit / GPW Group revenue (for a period of 6 months)

8) Net profit margin = GPW Group net profit / GPW Group revenue (for a period of 6 months)

9) Cost / income = GPW Group operating expenses / GPW Group revenue (for a period of 6 months)

10) ROE = GPW Group net profit (for a period of 12 months) / Average equity at the beginning and at the end of the last 12 month period

11) ROA = GPW Group net profit (for a period of 12 months) / Average total assets at the beginning and at the end of the last 12 month period

Source: Company

## IX. SEASONALITY AND CYCLICALITY OF OPERATIONS

Share prices and the value of trading are significantly influenced by local, regional and global trends impacting the capital markets, which determines the number and size of new issues of financial instruments and the activity of investors on GPW. As a result, the revenue of the Group is cyclical.

### TRADING ON THE COMMODITY MARKET

Trading in certificates of origin on TGE is subject to some seasonality. The volume of trade in property rights on the property rights market operated by TGE and the activity of participants of the register of certificates of origin are largely determined by the obligation imposed on energy companies which sell electricity to final consumers and have to cancel a certain quantity of certificates of origin in relation to the volume of electricity sold in the year. The percentage of certificates of origin which must be cancelled is fixed for every year in regulations of the Minister of the Economy.

According to the Energy Law, the obligation has to be performed until 30 June. As a result, trading in the first half of the year is relatively higher than in the second half of the year.

The issuance of certificates of origin also intensifies in Q1 and in Q4 of each year. Certificates of origin are subject to mandatory cancellation within time limits set in the energy market regulations.

Trading in energy on the Commodity Forward Instruments Market operated by TGE is not distributed evenly over the year. It is seasonal in that trading is relatively low in the first half of the year compared to the second half of the year. This is because the supply side is awaiting information about the costs of electricity generation (including the cost of fuel) in the first half of the year. The demand side, in turn, needs time to determine its demand for the next year based on the demand of its clients.

### SYSTEM OF FINANCING CAPITAL MARKET SUPERVISION

The Act of 12 June 2015 amending the Capital Market Supervision Act and certain other Acts largely extended the list of entities required to finance supervision (by adding, among others, banks, insurers, investment funds, public companies, brokerage houses and foreign investment firms) and changed the amount of contributions of entities. A Regulation of the Minister of Finance effective as of 1 January 2016 determines among others the calculation method as well as the terms and conditions of the payment of fees by relevant entities. As a result, the cost paid by the Group was reduced significantly (nearly by half) as of January 2016. However, the fees stood at PLN 12.5 million in 2018, the highest number since the changes. GPW has no control of the amount of the fees and is unable to estimate the exact amount of the fee due to PFSA in any given year. Consequently, GPW cannot estimate the impact of the fee on the Group's cash flows. An increase of the fee may have an adverse effect on the Group's business, financial position and results of operations.

Following an amendment of regulations governing fees paid to cover the cost of supervision of the capital market and in view of the provisions of an interpretation of the International Financial Reporting Interpretations Committee (IFRIC 21), the GPW Group has decided to change the timing of recognition of liabilities in respect of fees due to PFSA and of charging the fees to costs. Until the end of 2015, GPW recognised 1/12 of the annual fee due to PFSA in each month of the year. According to IFRIC 21, the entity should recognise liabilities in respect of fees due to PFSA at the date of the obligating event. The obligating event is the business subject to the fees due to PFSA carried out as at the 1 January of each year. Consequently, the total estimated amount of the annual fees due to PFSA will be charged to the results of the GPW Group's results in the first quarter of each year.

The Chairperson of the Polish Financial Supervision Authority publishes the fees and the indicators necessary to calculate the fees in a public communique promulgated in the Official Journal of the Polish Financial Supervision Authority by 31 August of each calendar year. On that basis, the entities obliged to pay the fee will calculate the final amount of the annual fee due for the year and pay the fee by 30 September of the calendar year.

In connection with the aforementioned changes related to supervision fees paid to PFSA and the method of their calculation, the amounts of the fees may change from year to year, as demonstrated by the amount of the fees paid in 2016 and 2017. The PFSA fee paid by the Group was PLN 9.1 million in 2016, PLN 5.6 million in 2017, and PLN 12.5 million in 2018, affecting the annual results of the Group. The much higher fee in 2018 was due to higher rates published in a communication of the Chairperson of the Financial Supervision Committee of 30 August 2018. The Group recognised provisions of PLN 12.9 million for the fee in H1 2019.

## X. Other information

### **CONTINGENT LIABILITIES AND ASSETS**

The GPW Group had no contingent liabilities or assets as at 30 June 2019.

### **PENDING LITIGATION**

According to the Company's best knowledge, there is no litigation pending against the parent entity or other companies of the Group before a court, an arbitration body or a public administration body concerning liabilities or debt with a value of at least 10% of the Group's equity.

### **RELATED PARTY TRANSACTIONS**

In H1 2019, GPW and the associates of GPW did not make any significant transactions on terms other than at arm's length.

### **GUARANTIES AND SURETIES GRANTED**

In June 2019, a new agreement was signed, granting TGE a bank guarantee in favour of NordPool at EUR 5.4 million valid from 1 July 2019 to 30 June 2020 and another guarantee at EUR 3.6 million valid from 1 December 2019 to 30 April 2020. In July 2019, the principal amount of the former guarantee was raised from EUR 5.4 million to EUR 6.3 million valid from 12 July 2019 to 30 June 2020 and the principal amount of the latter guarantee was reduced to EUR 2.7 million. The guarantee amounts were changed due to changes of risk factors published by Nord Pool.

On 5 July 2017, TGE granted a surety of PLN 1.0 million for its subsidiary InfoEngine S.A. in favour of Polskie Sieci Energetyczne S.A. against the clearing of transactions on the balancing energy market. On 25 January 2019, the surety issued by TGE to PSE for InfoEngine was annexed in order to extend it and raise the surety amount from PLN 1.0 million to PLN 2.0 million.

The Group granted and accepted no other guarantees and sureties in H1 2019.

### **FEASIBILITY OF PREVIOUSLY PUBLISHED FORECASTS**

The Group did not publish any forecasts of 2019 results.

### **DIVIDEND PAYMENT**

On 17 June 2019, the Ordinary General Meeting of GPW passed a resolution to distribute the Company's profit for 2018, including a payment of dividend in the total amount of PLN 133.5 million. The dividend per share was PLN 3.18. The dividend record date was 19 July 2019 and the dividend payment date was 2 August 2019. The liability in respect of the dividend payment is presented at PLN 133.6 million in the Company's other current liabilities as at 30 June 2019. The dividend due to the State Treasury is PLN 46.7 million.

On 20 May 2019, the Ordinary General Meeting of Centrum Giełdowe S.A. decided to allocate a part of the profit equal to PLN 1.8 million to a dividend payment. The dividend attributable to GPW was PLN 0.4 million. The dividend was paid on 31 May 2019.

On 10 June 2019, the Ordinary General Meeting of Krajowy Depozyt Papierów Wartościowych S.A. decided to allocate a part of the profit equal to PLN 19.7 million to a dividend payment. The dividend attributable to GPW was PLN 6.6 million. The dividend payment date will be determined by the KDPW Supervisory Board.



On 28 June 2019, the Ordinary General Meeting of Towarowa Giełda Energii S.A. decided to allocate a part of the profit equal to PLN 63.9 million to a dividend payment. The entire dividend was attributable to GPW. The dividend was paid on 19 July 2019. As at 30 June 2019, GPW recognised a dividend payable of PLN 63.9 million under trade and other receivables in the separate statements.

#### **EVENTS AFTER THE BALANCE-SHEET DATE WHICH COULD SIGNIFICANTLY IMPACT THE FUTURE FINANCIAL RESULTS OF THE ISSUER**

On 3 July 2019, the Exchange Management Board decided to launch a project aimed at research and development work on the development of a proprietary trading system ("Trading Platform") with co-financing from grants of the National Centre for Research and Development (NCBR). At this stage, the total amount of capital expenditure connected with the implementation of the project is estimated at PLN 90.0 million.

The Exchange Management Board decided to conclude an agreement with the National Centre for Research and Development concerning the co-financing of the project "Research and development work for the development and implementation of a state-of-the-art integrated Trading Platform of ground-breaking performance and capacity parameters and innovative communication protocols and trading algorithms" in the amount of PLN 30.3 million. The eligible cost of the project is estimated by the Company at PLN 53.7 million. The Company has used the Universal Trading Platform (UTP) since 2013.

On 15 July 2019, GPW presented an own blank bill of exchange to NCBR securing obligations under the Agreement concerning the co-financing of a project financed under the Operational Programme Smart Development Sub-measure 1.1.1 Industrial research and development work implemented by enterprises. According to the agreement and the bill-of-exchange declaration, NCBR may complete the bill of exchange with the amount of provided co-financing which may be subject to refunding, together with interest accrued at the statutory rate of overdue taxes from the date of transfer of the amount to GPW's account to the day of repayment. NCBR may also complete the bill of exchange with the payment date and insert a "no protest" clause. The bill of exchange may be completed upon the fulfilment of conditions laid down in the Agreement of 3 July 2019 between GPW and NCBR. The bill of exchange shall be returned to GPW or destroyed at the written request of GPW after the project sustainability period defined in the project co-financing agreement.

There were no other events after the balance-sheet date which could significantly impact the future financial results of the issuer.

## FACTORS WHICH WILL IMPACT THE RESULTS AT LEAST IN THE NEXT QUARTER

- The GPW Group presented the updated strategy #GPW2022 in June 2018. Under the strategy, the GPW Management Board acting with the approval of the Exchange Supervisory Board presented 14 strategic initiatives. The key objectives of the updated strategy #GPW2022 include the development of new platforms matching buyers and sellers on the Warsaw trading floor and supporting the national economy more than ever before. The document is a continuation of the existing strategic framework. A detailed presentation of the #GPW2022 strategic initiatives is available on the GPW website at <https://www.gpw.pl/pl-spolka-strategia-i-misja>.  
On 29 March 2019, the Exchange Supervisory Board approved a motion of the Exchange Management Board concerning an update of the financial targets under the "Update of the GPW Group Strategy #GPW2022" approved in June 2018. The Company's financial targets defined for 2022 and approved by the Exchange Supervisory Board are as follows:
    - Revenue - PLN 470 million in 2022;
    - EBITDA - PLN 250 million in 2022,
    - ROE: 19% in 2022 (it may temporarily fall below 19% due to expenditures in connection with the implementation of the strategy);
    - C/I under 50% after 2022 (it may temporarily range from 63% to 55% due to expenditures in connection with the implementation of the strategy);
    - Dividend from the 2019 profit at least PLN 2.4 per share, annual increase in the dividend from the 2020-2022 profits by at least PLN 0.1 per share; however, the dividend will be no less than 60% of the annual consolidated net profit of the GPW Group attributable to the GPW shareholders, adjusted for the share of profit of entities measured by the equity method.
- Furthermore, the Group announced that these strategic objectives and targets are not a forecast or estimate of results, including financial results, and concern only the intended directions of activities in 2019-2022.
- On 24 September 2018, the rating agency FTSE Russell promoted Poland from Emerging Markets to Developed Markets. The new positioning of the Polish capital market could drive additional interest of investors and bring additional capital to the Polish exchange.
  - On 28 May 2019, the MSCI indices (provided by Morgan Stanley Capital International) were rebalanced. According to the MSCI index methodology, the Polish market is still considered a Developing Market. Rebalancing, i.e., adjustment of the market weights in the index, will take place in three stages: in May, August, and November. In May 2019, the first half of Saudi Arabian stocks were added to the MSCI Emerging Markets, the weight of Chinese class A stocks was raised from 5 to 10 percent, and all planned Argentine stocks were added to the index. In August, the second half of Saudi Arabian stocks will be added to the index and the weight of Chinese stocks will be raised to 15 percent. In November, the weight of Chinese class A stocks will be raised to 20 percent and Chinese class A mid-cap stocks will be added to the index. As a result, the total share of the Polish market in the MSCI Emerging Markets indices will go down from 1.10% to 1.03%.
  - On 5 October 2015, the multilateral trading facility (MTF) Turquoise in London started to offer trade in Polish shares participating in WIG30. It cannot be ruled out that some investors will trade in shares of Polish companies on Turquoise. On 20 September 2018, CBOE (Chicago Board Options Exchange), the biggest US option exchange, published its plan to enter three new European markets: Hungary (BUX index), the Czech Republic (PX Index) and Poland (WIG20 Index). CBOE is interested in Polish blue chips participating in WIG20. CBOE Europe will offer trading in securities deposited in KDPW. The entry of an alternative trading venue in stocks to the Polish market could have an adverse impact on trading on GPW.
  - Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection

Regulation or GDPR) took effect on 25 May 2018 and replaced the existing Personal Data Protection Act of 29 August 1997. The new regulations apply to all entities which process personal data in the EU. GDPR introduced a number of changes and extended the scope of obligations of data controllers and processors. The implementation of GDPR in the GPW Group has put in place uniform and coherent solutions including shared data controlling, data retention, and modified security of systems used to process personal data. GDPR introduces the obligation of reporting to the supervisory authority and personal data subjects in the event of any data protection violations with 72 hours of identification of the event. In the case of non-compliance with the data disclosure prohibition, personal data controllers may be subject to penalties up to EUR 20 million or 4% of the annual global turnover of the business concerned in the financial year preceding the violation.

- The existing support scheme for cogeneration electricity producers was based on transferrable certificates of origin (yellow and red certificates). Trading in such certificates opened on the Polish Power Exchange on 28 December 2007 and closed on 30 June 2019. The new support scheme, implemented as of 1 January 2019, includes no market trading and imposes an administrative system of auctions, guarantee bonuses, as well as “calls” in the form of individual cogeneration bonuses, currently supervised by the Energy Regulatory Office (URE).
- The Act of 20 February 2015 on renewable energy sources introduces as of 2016 a new system of support for the production of energy from renewable energy sources (RES) based on auctions. Energy prices fixed at auction will be available to investors within 15 years from the launch of production, increased annually by inflation. The Act allows entities participating in the existing support scheme based on certificates of origin to move to the auction system, which would have an adverse impact on the volume of trading on the Property Rights Market and in the Register of Certificates of Origin. In addition, the Act narrows down the group of entities eligible for support in the form of green certificates (excluding large hydropower installations above 5 MW) and imposes restrictions on the issuance of certificates of origin for multi-fuel combustion plants, which may largely limit the number of property rights to green certificates of origin issued by the Register. Furthermore, the Energy Law requires energy companies which produce electricity and are entitled to compensation (to cover stranded costs) for early termination of long-term power and electricity sale contracts to “publicly” sell generated electricity. The number of entities subject to the formal obligation diminishes over time.
- TGE results will be impacted by the preparation of the Commodity Forward Instruments Market for transformation into an OTF (Organised Trading Facility) under MiFID2. On 29 December 2017, the Commodity Forward Instruments Market implemented the principle of discretion, which is a special feature of OTFs under MiFID 2. The principle of discretion allows TGE to retain the turnover of the Commodity Forward Instruments Market until its transformation into an OTF and to access OTC trade in the future. Following the introduction of the Act implementing MiFID2 (amendment of the Act on Trading in Financial Instruments, known as UC 86) in April 2018, TGE had 12 months to apply to PFSA for a licence to operate an Organised Trading Facility. The application was filed with PFSA in December 2018. The licensing process is pending. The PFSA authorisation is very likely to be issued by the end of 2019, allowing for the transformation of the Commodity Forward Instruments Market into an Organised Trading Facility.
- The integration of the European market as a coherent harmonised internal market (Internal Electricity Market – IEM) enables all market players to participate in cross-border trade in electricity. The target market coupling (MC) solution for day-ahead markets is the Price Coupling of Regions (PCR) developed by Western European exchanges while the Cross-border Intra-day model (XBID) is the MC solution for the intraday market. On 15 November 2017, TGE started production on the European day-ahead market in the PCR model, which means that TGE became an MRC operator/co-ordinator exchange. TGE is an authorised active market broker as one of five exchanges including TGE, EPEX SPOT, OMIE, GME, NORD POOL. As a result, TGE can launch as a NEMO on the markets with no NEMO monopoly, which presents an opportunity for TGE to expand to foreign markets. At the

same time, other NEMOs may launch on the Polish electricity market. TGE is working to join the European cross-border intraday market XBiD, which opened in Europe in June 2018. The second phase of XBiD launch is expected in 2019. XBiD combines all European intraday markets and complements the day-ahead market. It supports real-time trading and matches orders across different zones.

- In July 2018, GPW, the Polish Development Fund (PFR), Biuro Informacji Kredytowej (BIK) and Polska Agencja Ratingowa (PAR), formerly Instytut Analiz i Ratingu (IAiR), signed an investment agreement which provides for a partnership between GPW, PFR and BIK to develop a recognisable, strong local rating agency based on PAR. GPW, PFR and BIK expect that the shareholder structure of Polska Agencja Ratingowa should correspond to the equal equity investment of each of them in PAR (1/3 each). The planned equity injection will enable the entity to launch full-fledged operation until it breaks even.

According to an amendment of the entry in the National Court Register at 31 October 2018, the name of Instytut Analiz i Ratingu was changed to Polska Agencja Ratingowa ("PAR"). The capital of PAR was increased from PLN 2.1 million to PLN 6.5 million, resulting in a change of the shareholding structure. The shareholders of PAR are now, in equal parts, one-third each: GPW, Polski Fundusz Rozwoju, and Biuro Informacji Kredytowej.

The main objective of the joint rating agency will be to build a rating culture in Poland by providing services to a broad group of clients, including mainly small and medium-sized enterprises. The mission of the agency will be to bridge a gap on the Polish market with regard to access to local risk ratings and research. The rating agency will also bolster the role of the debt market in financing the economy and help to improve the quality of the Polish capital market by facilitating the risk valuation for investors on the exchange.

- On 29 March 2019, the Exchange Supervisory Board approved the strategic initiative GPW Tech, a project which will develop a dedicated technology company specialising in IT solutions for the capital market. As a stand-alone company of the GPW Group, GPW Tech will focus on the development of technological business in GPW's sector based on proprietary solutions. Technological development of the GPW Group is a key part of the process. The company will actively respond to emerging market trends with proprietary R&D work, collaboration with third parties in joint development of technological solutions, joint ventures and acquisitions. The project will not only generate additional revenue but also accelerate technological progress on the capital market, not least because GPW Tech will attract new young talent willing to grow in a company with a focus on new technology. GPW Tech will be established in Q3 2019.
- Start of research and development work on the development of a proprietary Trading Platform with co-financing from NCBR. On 3 July 2019, the Exchange Management Board decided to launch a project aimed at research and development work on the development of a proprietary trading system with co-financing from grants of the National Centre for Research and Development (NCBR). At this stage, the total amount of capital expenditure connected with the implementation of the project is estimated at PLN 90.0 million and the agreement with the National Centre for Research and Development concerning the co-financing of the project is worth PLN 30.3 million. The development of a proprietary Trading Platform is significant to continued operation of the Exchange among others due to: the strategic impact of the decision which determines the competitive position of GPW; the amount of capital expenditures and operating expenses for the Trading Platform; and impact on the market environment, in particular Exchange Members. On the other hand, the development and implementation of a new trading system will diversify the revenue thanks to potential sale of the system to other exchanges, help to launch new products added to the offer of GPW, and make GPW more attractive to capital market participants. The development of the Trading Platform will boost the reputation of GPW, as well.

According to the project timeline, the Trading Platform will be implemented by the end of June 2023.

- Launch of GPW Growth, a #GPW2022 strategic initiative. GPW Growth is a comprehensive programme of support for small and mid-sized companies based on identified needs of enterprises. As a part of the programme, the GPW Growth Academy will open from September 2019 to June 2020.
- Entry into force of Employee Capital Plans (PPK). The Employee Capital Plans will replace the existing open-ended pension funds (OFE). The PPK Act took effect on 1 January 2019. It provides for four stages which will include more categories of companies required to implement PPKs. The deadline for the implementation of PPKs by companies which have at least 250 employees as at 31 December 2018 is 1 July 2019. The deadline for the implementation of PPKs by companies which have at least 50 employees as at 30 June 2019 is 1 January 2020. The deadline for the implementation of PPKs by companies which have at least 20 employees as at 31 December 2019 is 1 July 2020. Other companies are required to comply with the Act by 1 January 2021. In addition to the deadlines for compliance with the PPK Act, the Act provides the maximum deadline for the conclusion of PPK management contracts. For companies which will first be required to comply with the Act, the maximum deadline is 25 October 2019. Consequently, the first Employee Capital Plans will be launched in Q3 2019. It is expected that savings deposited in PPK will increasingly support the capital market and generate demand for stocks, including IPOs and SPOs, as well as other financial instruments.

## **OTHER MATERIAL INFORMATION**

In the opinion of the Company, in H1 2019, there were no significant events or circumstances, other than those presented in this Report, which would be material to an evaluation of the Company's or the Group's position with regard to its human resources, assets, financial position, financial results and capacity to meet obligations.

## XI. **Appendices**

Condensed Consolidated Interim Financial Statements for the six-month period ended 30 June 2018 and the auditor's review report

Condensed Separate Interim Financial Statements for the six-month period ended 30 June 2019 and the auditor's review report



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Condensed Consolidated Interim  
Financial Statements of the  
**Giełda Papierów Wartościowych w  
Warszawie S.A. Group**  
for the six-month period ended 30 June 2019

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July 2019

(all amounts in PLN'000 unless indicated otherwise)

## TABLE OF CONTENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION .....	2
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME .....	4
CONSOLIDATED STATEMENT OF CASH FLOWS.....	5
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.....	7
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS.....	9
1. GENERAL .....	9
2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS .....	10
3. PROPERTY, PLANT AND EQUIPMENT.....	14
4. INTANGIBLE ASSETS.....	14
5. INVESTMENT IN ENTITIES MEASURED BY EQUITY METHOD .....	15
6. TRADE AND OTHER RECEIVABLES .....	16
7. FINANCIAL ASSETS MEASURED AT AMORTISED COST.....	16
8. CHANGE OF ESTIMATES .....	17
9. CASH AND CASH EQUIVALENTS .....	17
10. BOND ISSUE LIABILITIES .....	18
11. CONTRACT ASSETS AND CONTRACT LIABILITIES .....	19
12. ACCRUALS AND DEFERRED INCOME .....	19
13. OTHER NON-CURRENT AND CURRENT LIABILITIES .....	20
14. INCOME TAX.....	20
15. RELATED PARTY TRANSACTIONS .....	21
16. DIVIDEND .....	23
17. SEASONALITY .....	23
18. SEGMENT REPORTING .....	24
19. IMPACT OF INITIAL APPLICATION OF IFRS 16 LEASES .....	28
20. CHANGES OF THE ACCOUNTING TREATMENT OF LIABILITIES TO POLSKA FUNDACJA NARODOWA AND DEPOSITS WITH MATURITIES OVER 3 MONTHS.....	30
21. EVENTS AFTER THE BALANCE SHEET DATE .....	33



(all amounts in PLN'000 unless indicated otherwise)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at	
		30 June 2019 (unaudited)	31 December 2018
<b>Non-current assets</b>		<b>585,870</b>	<b>580,375</b>
Property, plant and equipment	3	100,642	108,158
Right-to-use assets		24,254	-
Intangible assets	4	246,780	254,564
Investment in entities measured by equity method	5	204,763	207,267
Subleasing receivables		1,167	-
Deferred tax asset		1,135	540
Financial assets measured at fair value through other comprehensive income		105	101
Prepayments		2,801	5,523
Other non-current assets		4,222	4,222
<b>Current assets</b>		<b>771,938</b>	<b>636,942</b>
Inventories		47	64
Trade and other receivables	6	73,154	69,437
Subleasing receivables		392	-
Contract assets	11	2,503	1,215
Financial assets measured at amortised cost	7	217,711	377,502
Cash and cash equivalents	9	478,131	188,724
<b>TOTAL ASSETS</b>		<b>1,357,808</b>	<b>1,217,317</b>

The attached Notes are an integral part of these Condensed Consolidated Interim Financial Statements.

(all amounts in PLN'000 unless indicated otherwise)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	As at	
		30 June 2019 (unaudited)	31 December 2018
<b>Equity</b>		<b>823,947</b>	<b>890,538</b>
<b>Equity of the shareholders of the parent entity</b>		<b>823,359</b>	<b>889,948</b>
Share capital		63,865	63,865
Other reserves		1,145	1,267
Retained earnings		758,349	824,816
<b>Non-controlling interests</b>		<b>588</b>	<b>590</b>
<b>Non-current liabilities</b>		<b>281,308</b>	<b>269,333</b>
Liabilities on bonds issue	10	244,156	243,961
Employee benefits payable		1,005	1,147
Lease liabilities		18,486	-
Accruals and deferred income	12	4,753	5,033
Deferred tax liability		2,450	7,357
Other liabilities	13	10,458	11,835
<b>Current liabilities</b>		<b>252,553</b>	<b>57,446</b>
Liabilities on bonds issue	10	1,893	1,938
Trade payables		31,902	8,575
Employee benefits payable		13,624	14,278
Lease liabilities		5,011	-
Corporate income tax payable		5,381	3,158
Contract liabilities	11	22,219	3,581
Accruals and deferred income		559	559
Provisions for other liabilities and charges		95	68
Other current liabilities	13	171,870	25,289
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,357,808</b>	<b>1,217,317</b>

The attached Notes are an integral part of these Condensed Consolidated Interim Financial Statements.

(all amounts in PLN'000 unless indicated otherwise)

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Three-month period ended		Six-month period ended	
		30 June 2019 (unaudited)	30 June 2018 (restated, unaudited)	30 June 2019 (unaudited)	30 June 2018 (restated, unaudited)
Revenue		89,140	86,647	173,296	172,583
Operating expenses		(43,335)	(39,993)	(97,657)	(88,353)
Other income		1,876	293	3,206	1,137
Gains on reversal of impairment losses on receivables/(Impairment losses) on receivables	8	1,407	(375)	276	(1,851)
Other expenses		(919)	(373)	(1,573)	(1,154)
<b>Operating profit</b>		<b>48,169</b>	<b>46,199</b>	<b>77,548</b>	<b>82,362</b>
Financial income		2,402	48,191	4,497	50,058
Financial expenses		(2,306)	(2,124)	(4,421)	(4,332)
Share of profit of entities measured by equity method		3,639	4,472	4,628	5,218
<b>Profit before income tax</b>		<b>51,903</b>	<b>96,738</b>	<b>82,251</b>	<b>133,306</b>
Income tax expense	14	(9,353)	(17,705)	(15,249)	(24,362)
<b>Profit for the period</b>		<b>42,550</b>	<b>79,033</b>	<b>67,002</b>	<b>108,944</b>
<i>Gains/(Losses) on valuation of financial assets measured at fair value through other comprehensive income</i>		-	-	2	-
<i>Gains/(Losses) on valuation of financial assets measured at fair value through other comprehensive income (entities measured by equity method)</i>		249	(156)	(123)	(154)
Total items that may be reclassified to profit or loss		249	(156)	(121)	(154)
<b>Other comprehensive income after tax</b>		<b>249</b>	<b>(156)</b>	<b>(121)</b>	<b>(154)</b>
<b>Total comprehensive income</b>		<b>42,799</b>	<b>78,877</b>	<b>66,881</b>	<b>108,790</b>
<i>Profit for the period attributable to shareholders of the parent entity</i>		42,552	79,031	67,004	108,934
<i>Profit for the period attributable to non-controlling interests</i>		(2)	2	(2)	10
Total profit for the period		42,550	79,033	67,002	108,944
<i>Comprehensive income attributable to shareholders of the parent entity</i>		42,801	78,875	66,883	108,780
<i>Comprehensive income attributable to non-controlling interests</i>		(2)	2	(2)	10
Total comprehensive income		42,799	78,877	66,881	108,790
<b>Basic/Diluted earnings per share (PLN)</b>		<b>1.01</b>	<b>1.88</b>	<b>1.60</b>	<b>2.60</b>

The attached Notes are an integral part of these Condensed Consolidated Interim Financial Statements.

(all amounts in PLN'000 unless indicated otherwise)

## CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Six-month period ended 30 June	
		2019 (unaudited)	2018 (restated, unaudited)
<b>Cash flows from operating activities:</b>		<b>137,745</b>	<b>88,759</b>
Cash generated from operation before tax		156,357	111,595
Net profit for the period		67,002	108,944
Adjustments:		89,355	2,651
Income tax		15,249	24,362
Depreciation of property, plant and equipment	3	8,381	8,185
Amortisation of intangible assets	4	7,769	7,732
Depreciation of right-to-use assets	19	2,454	-
(Gains)/Losses on sale of property, plant and equipment and intangible assets		(148)	41
(Gains)/Losses on sale of investments (gains on sale of interest in Aquis)		-	(45,395)
Foreign exchange (gains)/losses (bank accounts and deposits)		25	264
Interest (income) on deposits, certificates of deposit and corporate bonds (not classified as cash and cash equivalents)		(2,594)	(2,066)
Interest on bonds issued		3,601	3,811
Sublease interest (income)		(17)	-
Financial cost of the bond issue		195	-
Lease interest cost		369	-
Share of (profit)/loss of entities measured by equity method		(4,628)	(5,218)
Other adjustments		240	186
Change of assets and liabilities:		58,458	10,749
<i>(Increase) / Decrease of inventories</i>		17	(4)
<i>(Increase) / Decrease of trade and other receivables (excluding dividend receivable)</i>		3,677	(4,672)
<i>(Increase) / Decrease of contract assets</i>		(1,288)	(1,946)
<i>Increase / (Decrease) of non-current prepayments</i>		391	268
<i>Increase / (Decrease) of trade payables</i>		23,327	(2,528)
<i>Increase / (Decrease) of employee benefits payable</i>	8	(796)	(2,648)
<i>Increase / (Decrease) of accruals and deferred income</i>		(280)	(7,102)
<i>Increase / (Decrease) of contract liabilities</i>		18,638	22,375
<i>Increase / (Decrease) of other liabilities (excluding committed investments and dividend payable)</i>		14,745	7,148
<i>Increase / (Decrease) of net provisions for liabilities and other charges</i>		27	(142)
Interest on taxes (paid)/refunded		-	(66)
Income tax (paid)/refunded		(18,612)	(22,770)

The attached Notes are an integral part of these Condensed Consolidated Interim Financial Statements.

(all amounts in PLN'000 unless indicated otherwise)

## CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Note	Six-month period ended 30 June	
		2019 (unaudited)	2018 (restated, unaudited)
<b>Cash flows from investing activities:</b>		<b>158,341</b>	<b>(78,853)</b>
Purchase of property, plant and equipment and advances for property, plant and equipment		(1,909)	(4,135)
Purchase of intangible assets and advances for intangible assets		(3,968)	(4,485)
Proceeds from sale of property, plant and equipment and intangible assets		1,274	175
Sale of held-for-sale financial assets (Aquis)		-	57,546
Interest received on financial assets measured at amortised cost		3,346	1,411
Purchase of financial assets measured at amortised cost		(343,591)	(440,737)
Sale of financial assets measured at amortised cost		502,630	311,000
Sublease payments received (IFRS 16, interest part of sublease payments)	19	17	-
Sublease payments received (IFRS 16, principal part of sublease payments)		101	-
Dividends received		441	372
<b>Cash flows from financing activities:</b>		<b>(6,654)</b>	<b>(3,686)</b>
Interest paid on bonds issued		(3,644)	(3,655)
Lease payments paid (IFRS 16, interest part of lease payments)	19	(369)	-
Lease payments paid (IFRS 16, principal part of lease payments)		(2,641)	-
Finance lease payments (IAS 17)		-	(31)
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>289,432</b>	<b>6,220</b>
<i>Impact of fx rates on cash balance in currencies</i>		(25)	(264)
<b>Cash and cash equivalents - opening balance</b>		<b>188,724</b>	<b>235,886</b>
<b>Cash and cash equivalents - closing balance</b>		<b>478,131</b>	<b>241,842</b>

The attached Notes are an integral part of these Condensed Consolidated Interim Financial Statements.

(all amounts in PLN'000 unless indicated otherwise)

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the shareholders of the parent entity				Non-controlling interests	Total equity
	Share capital	Other reserves	Retained earnings	Total		
<b>As at 1 January 2019</b>	<b>63,865</b>	<b>1,267</b>	<b>824,816</b>	<b>889,948</b>	<b>590</b>	<b>890,538</b>
Dividends	-	-	(133,471)	<b>(133,471)</b>	-	<b>(133,471)</b>
<b>Transactions with owners recognised directly in equity</b>	-	-	<b>(133,471)</b>	<b>(133,471)</b>	-	<b>(133,471)</b>
Net profit for the six-month period ended 30 June 2019	-	-	67,004	<b>67,004</b>	(2)	<b>67,002</b>
Other comprehensive income	-	(121)	-	<b>(121)</b>	-	<b>(121)</b>
<b>Total comprehensive income for the six-month period ended 30 June 2019</b>	-	<b>(121)</b>	<b>67,004</b>	<b>66,883</b>	<b>(2)</b>	<b>66,881</b>
<b>As at 30 June 2019 (unaudited)</b>	<b>63,865</b>	<b>1,145</b>	<b>758,349</b>	<b>823,359</b>	<b>588</b>	<b>823,947</b>

	Attributable to the shareholders of the parent entity				Non-controlling interests	Total equity
	Share capital	Other reserves	Retained earnings	Total		
<b>As at 31 December 2017</b> <i>(previously reported)</i>	<b>63,865</b>	<b>1,347</b>	<b>745,696</b>	<b>810,908</b>	<b>573</b>	<b>811,481</b>
Adjustment - donation to PFN	-	-	(12,014)	<b>(12,014)</b>	-	<b>(12,014)</b>
<b>As at 31 December 2017</b> <i>(restated - adjusted for PFN)</i>	<b>63,865</b>	<b>1,347</b>	<b>733,682</b>	<b>798,894</b>	<b>573</b>	<b>799,467</b>
Adjustment at initial application of IFRS 9	-	-	(210)	<b>(210)</b>	-	<b>(210)</b>
<b>As at 1 January 2018</b> <i>(restated - adjusted for PFN and IFRS 9)</i>	<b>63,865</b>	<b>1,347</b>	<b>733,472</b>	<b>798,684</b>	<b>573</b>	<b>799,257</b>
Dividends	-	-	(92,338)	<b>(92,338)</b>	-	<b>(92,338)</b>
<b>Transactions with owners recognised directly in equity</b>	-	-	<b>(92,338)</b>	<b>(92,338)</b>	-	<b>(92,338)</b>
Net profit for the year ended 31 December 2018	-	-	183,683	<b>183,683</b>	18	<b>183,701</b>
Other comprehensive income	-	(80)	-	<b>(80)</b>	-	<b>(80)</b>
<b>Total comprehensive income for the year ended 31 December 2018</b>	-	<b>(80)</b>	<b>183,683</b>	<b>183,603</b>	<b>18</b>	<b>183,621</b>
<b>As at 31 December 2018</b>	<b>63,865</b>	<b>1,267</b>	<b>824,816</b>	<b>889,948</b>	<b>590</b>	<b>890,538</b>

The attached Notes are an integral part of these Condensed Consolidated Interim Financial Statements

(all amounts in PLN'000 unless indicated otherwise)

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Attributable to the shareholders of the parent entity				Non-controlling interests	Total equity
	Share capital	Other reserves	Retained earnings	Total		
<b>As at 31 December 2017</b> <i>(previously reported)</i>	<b>63,865</b>	<b>1,347</b>	<b>745,696</b>	<b>810,908</b>	<b>573</b>	<b>811,481</b>
Adjustment - donation to PFN	-	-	(12,014)	<b>(12,014)</b>	-	<b>(12,014)</b>
<b>As at 31 December 2017</b> <i>(restated - adjusted for PFN)</i>	<b>63,865</b>	<b>1,347</b>	<b>733,682</b>	<b>798,894</b>	<b>573</b>	<b>799,467</b>
Adjustment at initial application of IFRS 9	-	-	(210)	<b>(210)</b>	-	<b>(210)</b>
<b>As at 1 January 2018</b> <i>(restated - adjusted for PFN and IFRS 9)</i>	<b>63,865</b>	<b>1,347</b>	<b>733,472</b>	<b>798,684</b>	<b>573</b>	<b>799,257</b>
Dividends	-	-	(92,338)	<b>(92,338)</b>	-	<b>(92,338)</b>
<b>Transactions with owners recognised directly in equity</b>	-	-	<b>(92,338)</b>	<b>(92,338)</b>	-	<b>(92,338)</b>
Net profit for the six-month period ended 30 June 2018	-	-	108,934	<b>108,934</b>	10	<b>108,944</b>
Other comprehensive income	-	(154)	-	<b>(154)</b>	-	<b>(154)</b>
<b>Total comprehensive income for the six-month period ended 30 June 2018</b>	-	<b>(154)</b>	<b>108,934</b>	<b>108,780</b>	<b>10</b>	<b>108,790</b>
<b>Other changes in capital</b>	-	1	116	<b>117</b>	-	<b>117</b>
<b>As at 30 June 2018</b> <i>(restated, unaudited)</i>	<b>63,865</b>	<b>1,194</b>	<b>750,185</b>	<b>815,243</b>	<b>583</b>	<b>815,827</b>

The attached Notes are an integral part of these Condensed Consolidated Interim Financial Statements

(all amounts in PLN'000 unless indicated otherwise)

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

### 1. General

#### 1.1. Legal status and scope of operations of the entity

The parent entity of the Giełda Papierów Wartościowych w Warszawie S.A. Group ("the Group") is Giełda Papierów Wartościowych w Warszawie Spółka Akcyjna ("Warsaw Stock Exchange", "the Exchange", "GPW", "the Company" or "parent entity") with its registered office in Warsaw, ul. Książęca 4. The Company was established by Notarial Deed on 12 April 1991 and registered in the Commercial Court in Warsaw on 25 April 1991, entry no. KRS 0000082312, Tax Identification Number 526-025-09-72, Regon 012021984. GPW has been listed on GPW's Main Market since 9 November 2010.

The core activities of the Group include organising exchange trading in financial instruments and activities related to such trading. At the same time, the Group pursues activities in education, promotion and information concerning the capital market and organises an alternative trading system. The Group operates the following markets:

- ◆ **GPW Main Market** (trade in equities, other equity-related financial instruments and other cash markets instruments as well as derivatives);
- ◆ **NewConnect** (trade in equities and other equity-related financial instruments of small and medium-sized enterprises);
- ◆ **Catalyst** (trade in corporate, municipal, co-operative, Treasury and mortgage bonds operated by GPW and BondSpot);
- ◆ **Treasury BondSpot Poland** (wholesale trade in Treasury bonds operated by BondSpot).

The Group also organises and operates trade on the markets operated by Towarowa Giełda Energii S.A. ("the Polish Power Exchange", "TGE") and InfoEngine S.A.:

- ◆ **Energy Markets** (trade in electricity on the Intra-Day Market, Day-Ahead Market, Commodity Forward Instruments Market, Electricity Auctions),
- ◆ **Gas Market** (trade in natural gas with physical delivery on the Intra-Day and Day-Ahead Market and the Commodity Forward Instruments Market),
- ◆ **Property Rights Market** (trade in property rights in certificates of origin of electricity),
- ◆ **CO<sub>2</sub> Emission Allowances Market** (trade in CO<sub>2</sub> emission allowances),
- ◆ **OTC (Over-the-Counter) commodity trade platform** (complements the offer with OTC commodity trade in electricity, energy biomass and property rights in certificates of origin).

On 23 February 2015, TGE received a decision of the Minister of Finance authorising TGE to operate an exchange and start trade on the Financial Instruments Market. The TGE Financial Instruments Market opened on 4 November 2015.



(all amounts in PLN'000 unless indicated otherwise)

On 30 June 2017, the GPW Group (through its subsidiary GPW Benchmark S.A.) started the business of calculating and publishing WIBID and WIBOR reference rates, which are used by financial institutions as benchmarks in credit and deposit agreements and bond issues.

The GPW Group also operates:

- ◆ **Clearing House and Settlement System** (performing the functions of an exchange settlement system for transactions in exchange-traded commodities),
- ◆ **Trade Operator and Balancing Entity services** – both types of services are offered by InfoEngine S.A., balancing involves the submission of power sale contracts for execution and clearing of non-balancing with the grid operator (differences between actual power production or consumption and power sale contracts accepted for execution).

GPW also has a consultant in London whose mission is to support acquisition on the London market, in particular the acquisition of new investors and Exchange Members.

## 1.2. Approval of the financial statements

The Condensed Consolidated Interim Financial Statements were authorised for issuance by the Management Board of the parent entity on 26 July 2019.

## 1.3. Composition and activity of the Group

The Warsaw Stock Exchange and its following subsidiaries:

- ◆ Towarowa Giełda Energii S.A. ("TGE") the parent entity of the Towarowa Giełda Energii S.A. Group ("TGE Group"),
- ◆ BondSpot S.A. ("BondSpot"),
- ◆ GPW Benchmark S.A. ("GPWB"), formerly GPW Centrum Usług S.A.,

comprise the Warsaw Stock Exchange Group.

Entities measured by the equity method in which the Group has significant influence or joint control include:

- ◆ Krajowy Depozyt Papierów Wartościowych S.A. ("KDPW") (parent entity of the KDPW S.A. Group),
- ◆ Centrum Giełdowe S.A. ("CG"),
- ◆ Polska Agencja Ratingowa S.A. ("PAR", formerly "IAiR").

## 2. Basis of preparation of the financial statements

These Condensed Consolidated Interim Financial Statements of the Giełda Papierów Wartościowych w Warszawie S.A. Group have been prepared according to the International Accounting Standard 34 "Interim Financial Reporting" approved by the European Union. These Financial Statements do not contain all information required of complete financial statements prepared under the EU IFRS.

In the opinion of the Management Board of the parent entity, in the notes to the Condensed Consolidated Interim Financial Statements of the Giełda Papierów Wartościowych w Warszawie S.A. Group ("Group"), GPW included all material information necessary for the proper assessment of the assets and the financial position of the Group as at 30 June 2019 and its financial results in the period from 1 January 2019 to 30 June 2019.

These Condensed Consolidated Interim Financial Statements have been prepared on the assumption that the Group will continue as a going concern in the foreseeable future. As at the date of preparation of these Condensed Consolidated Interim Financial Statements, in the opinion of the Management Board of the parent entity, there are no circumstances indicating any threats to the Group's ability to continue operations.

The Group has prepared the Condensed Consolidated Interim Financial Statements in accordance with the same accounting policies as those described in the audited Consolidated Financial Statements for the year ended 31 December 2018 other than for changes resulting from the application of new standards as described

*(all amounts in PLN'000 unless indicated otherwise)*

below. The Condensed Consolidated Interim Financial Statements for the six-month period ended 30 June 2019 should be read in conjunction with the audited Consolidated Financial Statements for the year ended 31 December 2018.

The following amendments of existing standards adopted by the European Union are effective for the financial statements of the Group for the financial year started on 1 January 2019:

- 1) IFRS 16 Leases – the effect of the application of the new standard is presented in Note 19 to the Financial Statements;
- 2) IFRIC 23 Uncertainty over Income Tax Treatments;
- 3) Amendments to IFRS 9 Financial Instruments;
- 4) Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures;
- 5) Amendments to IAS 19 Employee Benefits;
- 6) Improvements to IFRS (2015-2017).

Following the implementation of IFRS 16, the Group's accounting policy described in Notes 2.9., 2.10 and 2.23. in the audited Consolidated Financial Statements for the year ended 31 December 2018 has been updated as follows:

## **2.9. Non-current prepayments**

Non-current prepayments present amounts paid relating to future periods which are recognised over time. Until 31 December 2018, non-current prepayments included the right to perpetual usufruct of land with expected economic useful life longer than one year. Following the implementation of IFRS 16, as of 1 January 2019, all historical, current and future payments relating to the right to perpetual usufruct of land are included in the measurement of right-of-use assets and liabilities (see a description of the accounting policy concerning the recognition of leases, Note 2.23).

## **2.10. Other receivables**

Other receivables present mainly prepayments. Expenses paid in relation to future reporting periods are recognised as prepayments. Prepayments include:

- non-current items relating to future reporting periods longer than 12 months after the balance-sheet date;
- current items relating to future reporting periods not longer than 12 months after the balance-sheet date. Prepayments are recognised at cost in the consolidated statement of comprehensive income depending on the term of the related contract.

Until 31 December 2018, other receivables included prepayments relating to payments for the right to perpetual usufruct of land. Following the implementation of IFRS 16, as of 1 January 2019, all historical, current and future payments relating to the right to perpetual usufruct of land are included in the measurement of right-of-use assets and receivables (see a description of the accounting policy concerning the recognition of leases, Note 2.23.).

(all amounts in PLN'000 unless indicated otherwise)

## 2.23. Leases

### General

The Group recognises as leases all contracts under which the right to use an asset is transferred for a given term in exchange for a fee. According to allowed simplifications, the Group does not apply lease accounting to the following lease contracts where it is the lessee:

- short-term lease contracts with a term shorter than 12 months;
- leases of low-value underlying assets (less than PLN 20 thousand).

For each lease contract, the Group defines the lease term as an uncancellable period including:

- periods when the lessee is reasonably certain to exercise an option to extend the lease; and
- periods when the lessee is reasonably certain not to exercise an option to terminate the lease.

### Lessee

At the commencement date, i.e., the date when the lessor makes the underlying asset available for use, the Group recognises a right-to-use asset and a lease liability.

The Group initially measures right-to-use assets at cost, including the initial valuation of the lease liability, any lease payments paid at or before the commencement date less any lease incentives received, any initial direct costs incurred by the lessee, and an estimate of any costs to be incurred by the lessee in dismantling and removing the underlying asset, or restoring the site on which it is located, or restoring the underlying asset to the condition required by the terms and conditions of the lease.

After the commencement date of the lease, the Group measures right-to-use assets applying a cost model, i.e., at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liability. Right-to-use assets are depreciated on a straight-line basis over the lease term.

Right-to-use assets are presented in a separate line of the statement of financial position. The Group groups such assets by class of underlying asset and discloses the classes in the Notes. The main classes of underlying assets used under the right to use include perpetual usufruct of land and office space lease.

The Group measures lease liabilities at the commencement date of the lease at the present value of the lease payments outstanding at that date. Lease payments are discounted at the interest rate implicit in the lease. If the Group cannot easily determine the interest rate implicit in the lease, it applies its incremental borrowing rate. The incremental borrowing rate of the Group is equal to the interest rate that the Group would have to pay to borrow, for a similar term and against similar collateral, funds necessary to buy an asset of a similar value as the asset used under the lease contract.

*(all amounts in PLN'000 unless indicated otherwise)*

For the purposes of initial measurement of lease liabilities, the Group determines lease payments including:

- ◆ fixed lease payments and variable lease payments depending on an index or rate;
- ◆ amounts which the Group is expected to pay under a residual value guarantee;
- ◆ the exercise price of an option to purchase the asset that the Group is reasonably certain to exercise;
- ◆ payments for terminating the lease if the Group may exercise an option to terminate the lease according to the terms and conditions of the lease.

After the commencement date of the lease, the Group measures lease liabilities by increasing the carrying amount to reflect interest on the lease liability at the incremental borrowing rate, reducing the carrying amount to reflect the lease payments made, or remeasuring the carrying amount of the liability to reflect any reassessment or lease modifications.

The Group presents lease liabilities in a separate item of the statement of financial position, broken down by current and non-current items, and discloses an analysis of lease liabilities in the Notes.

### **Lessor**

The Group recognises lease contracts where it is a lessor as an operating lease or a finance lease. The policy described in this section applies accordingly to sublease contracts, i.e., contracts where the underlying asset is re-leased by the Company ("intermediate lessor") to a third party and the lease ("head lease") between the head lessor and the Group remains in effect.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

The Group recognises lease payments from operating leases as income on either a straight-line basis or another systemic basis. Income from office space leases is recognised in the amount of monthly rent. Any costs, including depreciation charges, incurred to earn the lease income are recognised in the Group's financial result.

At the commencement date, the Group recognises assets held under a finance lease in the consolidated statement of financial position and presents them as a sublease receivable at an amount equal to the net investment in the lease. The Group recognises interest income on leases in the term of the lease to reflect a fixed periodic interest rate on the net investment in the lease made by the Group in the finance lease; the Group applies the effective interest rate method.

(all amounts in PLN'000 unless indicated otherwise)

### 3. Property, plant and equipment

Table 1: Change of the net carrying value of property, plant and equipment by category

	Period of	
	six months ended 30 June 2019 (unaudited)	twelve months ended 31 December 2018
<b>Net carrying value - opening balance</b>	<b>108,158</b>	<b>110,784</b>
Additions	906	13,641
Reclassification and other adjustments	(1)	272
Disposals	(40)	(246)
Depreciation charge	(8,381)	(16,294)
<b>Net carrying value - closing balance</b>	<b>100,642</b>	<b>108,158</b>

The Group had no contracted investment commitments as at 30 June 2019.

Contracted investments in plant, property and equipment amounted to PLN 253 thousand as at 31 December 2018, including mainly the acquisition of IT hardware and software

### 4. Intangible assets

Table 2: Change of the net carrying value of intangible assets by category

	Period of	
	six months ended 30 June 2019 (unaudited)	twelve months ended 31 December 2018
<b>Net carrying value - opening balance</b> (previously reported)	<b>254,564</b>	<b>267,991</b>
adjustment - trading system	-	(4,222)
<b>Net carrying value - opening balance</b> (restated)	<b>254,564</b>	<b>263,769</b>
Additions	1,971	8,046
Reclassification and other adjustments	-	480
Loss of control of PAR	-	(1,353)
Capitalization of amortization	2	-
Disposals	(1,988)	(900)
Amortization charge	(7,769)	(15,478)
<b>Net carrying value - closing balance</b>	<b>246,780</b>	<b>254,564</b>

Contracted investments in intangible assets amounted to PLN 1,960 thousand as at 30 June 2019, including mainly the TGE data commercialisation platform and the Food Platform.

Contracted investments in intangible assets amounted to PLN 1,100 thousand as at 31 December 2018, including mainly the trade surveillance system in GPW and the acquisition of the 2PI application in TGE.

(all amounts in PLN'000 unless indicated otherwise)

## 5. Investment in entities measured by equity method

Table 3: Carrying value of investment in entities measured by equity method

	As at	
	30 June 2019 (unaudited)	31 December 2018
KDPW Group	186,609	188,465
Centrum Giełdowe S.A.	16,902	17,068
Polska Agencja Ratingowa S.A.	1,251	1,734
<b>Razem</b>	<b>204,763</b>	<b>207,267</b>

Table 4: Change of investment in entities measured by equity method

	Period of	
	six months ended 30 June 2019 (unaudited)	twelve months ended 31 December 2018
<b>Opening balance</b>	<b>207,267</b>	<b>207,389</b>
Reclassification to entities measured by equity method due to dilution of interest in a subsidiary	-	1,915
GPW S.A. dividends receivable	(7,006)	(372)
Group share of profit after tax	4,628	10,553
Share in other comprehensive income	(126)	(67)
Reclassified to assets held for sale and sale of interest	-	(12,151)
<b>Closing balance</b>	<b>204,763</b>	<b>207,267</b>

### Interest in Polska Agencja Ratingowa S.A.

As at 31 December 2017, the parent entity held 100% of the subsidiary Instytut Analiz i Ratingu S.A.

According to an amendment of the entry in the National Court Register at 31 October 2018, the name of Instytut Analiz i Ratingu S.A. was changed to Polska Agencja Ratingowa S.A. ("PAR"). The capital of PAR was increased from PLN 2,173 thousand to PLN 6,519 thousand, resulting in a change of the shareholding structure. The shareholders of PAR are now, in equal parts, one-third each: Giełda Papierów Wartościowych w Warszawie S.A., Polski Fundusz Rozwoju S.A., and Biuro Informacji Kredytowej S.A. The mission of the joint rating agency is to build a rating culture in Poland by offering services to a broad group of entities, mainly small and mid-sized enterprises. On 31 October 2018, the parent entity recognised gains on loss of control of PAR at PLN 517 thousand, presented as financial income in the consolidated statement of comprehensive income for 2018.

### Sale of interest in Aquis Exchange Limited

In connection with the planned sale of Aquis Exchange Limited, the GPW Management Board reclassified the investment in the associate Aquis to "Assets held for sale" at PLN 12,151 thousand as at 31 March 2018. The IPO of Aquis decreased the par value of Aquis shares. As a result, the number of shares held by GPW increased from 384,025 as at 31 December 2017 to 4,608,300. On 14 June 2018, GPW sold the shares at GBP 2.69 per

(all amounts in PLN'000 unless indicated otherwise)

share. The net receipts from the sale were PLN 57,546 thousand (net of the transaction cost of PLN 2,677 thousand). The equity method valuation at the date of the reclassification to assets held for sale was PLN 12,151 thousand. The gains on the sale of the shares at PLN 45,395 thousand are presented as financial income in the consolidated statement of comprehensive income.

## 6. Trade and other receivables

Table 5: Trade and other receivables

	As at	
	30 June 2019 (unaudited)	31 December 2018
Gross trade receivables	47,545	41,990
Impairment allowances for trade receivables	(5,009)	(5,349)
<b>Total trade receivables</b>	<b>42,536</b>	<b>36,641</b>
Dividend receivable	6,566	-
Current prepayments	8,928	4,411
VAT refund receivable	161	25,013
Receivables from subsidiaries in respect of corporate income tax payments in the Tax Group	(50)	-
Other receivables	15,013	3,372
<b>Total other receivables</b>	<b>30,618</b>	<b>32,796</b>
<b>Total trade and other receivables</b>	<b>73,154</b>	<b>69,437</b>

## 7. Financial assets measured at amortised cost

Table 6: Financial assets measured at amortised cost

	As at	
	30 June 2019 (unaudited)	31 December 2018
Corporate bonds	19,893	34,964
Certificates of deposit	-	38,159
Bank deposits (from 3 to 12 months)	197,818	304,379
<b>Total current</b>	<b>217,711</b>	<b>377,502</b>
<b>Total financial assets measured at amortised cost</b>	<b>217,711</b>	<b>377,502</b>

The book value of financial assets measured at amortised cost is close to its fair value.

(all amounts in PLN'000 unless indicated otherwise)

## 8. Change of estimates

In the period from 1 January 2019 to 30 June 2019, impairment losses for assets were adjusted as follows:

Table 7: Change of impairment losses of receivables

	As at	
	30 June 2019 (unaudited)	31 December 2018
<b>Closing balance of previous year</b>	<b>5,349</b>	<b>2,529</b>
Adjustment at first application of IFRS 9	-	259
<b>Opening balance</b>	<b>5,349</b>	<b>2,788</b>
Change of allowance balances - expected loss model (IFRS 9)	(276)	2,609
Receivables written off during the period as uncollectible	(64)	(48)
<b>Closing balance</b>	<b>5,009</b>	<b>5,349</b>

Furthermore, in the period from 1 January 2019 to 30 June 2019, there were the following changes in estimates:

- ♦ provisions against employee benefits (mainly annual bonuses) were reduced by PLN 796 thousand (usage of PLN 8,708 thousand, provision additions of PLN 7,990 thousand, released provisions of PLN 78 thousand),
- ♦ provisions against litigation and other provisions were increased by PLN 26 thousand (usage of PLN 9 thousand, releases of PLN 12 thousand, provision additions of PLN 47 thousand).

In addition, estimates include contract assets, which mainly represent revenues from information services and the calculation of reference rates not yet invoiced.

## 9. Cash and cash equivalents

Table 8: Cash and cash equivalents

	As at	
	30 June 2019 (unaudited)	31 December 2018
Current accounts (other)	37,065	36,037
VAT current accounts ( <i>split payment</i> )	776	632
Bank deposits (up to 3 months)	411,292	152,055
Corporate bonds (up to 3 months)	28,998	-
<b>Total cash and cash equivalents</b>	<b>478,131</b>	<b>188,724</b>

The carrying value of cash and cash equivalents is close to the fair value in view of their short maturity.

Current accounts (other) include restricted cash at PLN 10 million, set up as an additional risk management tool in IRGiT and dedicated to secure the liquidity of clearing of exchange transactions by IRGiT in cases defined in the Exchange Clearing House Rules.



(all amounts in PLN'000 unless indicated otherwise)

## 10. Bond issue liabilities

Table 9: Bond issue liabilities

	As at	
	30 June 2019 (unaudited)	31 December 2018
Series C bonds	124,430	124,303
Series D and E bonds	119,726	119,658
<b>Total non-current</b>	<b>244,156</b>	<b>243,961</b>
Series C bonds	671	682
Series D and E bonds	1,222	1,256
<b>Total current</b>	<b>1,893</b>	<b>1,938</b>
<b>Total liabilities under bond issue</b>	<b>246,049</b>	<b>245,899</b>

### Series C bonds

On 6 October 2015, GPW issued 1,250,000 series C bearer bonds in a total nominal amount of PLN 125,000 thousand. The nominal amount and the issue price was PLN 100 per bond. The series C bonds bear interest at a fixed rate of 3.19 percent per annum. Interest on the bonds is paid semi-annually. The bonds are due for redemption on 6 October 2022 against the payment of the nominal value to the bond holders.

The series C bonds were introduced to the alternative trading system on Catalyst.

The fair value of the series C bonds was PLN 128,816 thousand as at 30 June 2019 (PLN 128,565 thousand as at 31 December 2018).

### Series D and E bonds

On 13 October 2016, the GPW Management Board passed a resolution to issue 1,200,000 unsecured bearer bonds with a nominal value of PLN 100 per bond and a total nominal value of PLN 120,000 thousand. The bonds were issued in January 2017 in two series: series D bonds with a total nominal value of PLN 60,000 thousand and series E bonds with a total nominal value of PLN 60,000 thousand. The issue price of series D bonds addressed to institutional investors was PLN 100 per bond. The issue price of series E bonds addressed to individual investors was from PLN 99.88 to PLN 99.96 (depending on the date of subscription).

The bonds bear interest at a floating rate equal to WIBOR 6M plus a margin of 95 basis points. The interest on the bonds is paid semi-annually. The bonds are due for redemption on 31 January 2022.

The series D and E bonds were introduced to trading on the regulated market Catalyst operated by GPW and in the alternative trading system Catalyst operated by BondSpot.

The fair value of the series D and E bonds was PLN 122,642 thousand as at 30 June 2019 (PLN 122,492 thousand as at 31 December 2018).

(all amounts in PLN'000 unless indicated otherwise)

## 11. Contract assets and contract liabilities

Table 10: Contract assets

	As at	
	30 June 2019 (unaudited)	31 December 2018
Financial market	23	13
Commodity market	649	-
Other revenue	1,831	1,202
<b>Total contract assets</b>	<b>2,503</b>	<b>1,215</b>

Table 11: Contract liabilities

	As at	
	30 June 2019 (unaudited)	31 December 2018
Trading	340	-
Listing	8,305	-
Information services and revenue from the calculation of benchmarks	10,813	2,132
<b>Total financial market</b>	<b>19,458</b>	<b>2,132</b>
Trading	2,679	1,441
<b>Total commodity market</b>	<b>2,679</b>	<b>1,441</b>
<b>Other revenue</b>	<b>82</b>	<b>8</b>
<b>Total contract liabilities</b>	<b>22,219</b>	<b>3,581</b>

Contract liabilities include income of future periods from annual fees charged from market participants and information vendors, which are recognised over time.

## 12. Accruals and deferred income

Non-current deferred income includes a subsidy for assets received by TGE in the PCR project at a carrying amount of PLN 5,312 thousand as at 30 June 2019, including PLN 4,753 thousand presented as non-current and PLN 599 thousand presented as current. The carrying amount of the subsidy was PLN 5,592 thousand as at 31 December 2018, including PLN 5,033 thousand presented as non-current and PLN 559 thousand presented as current.

(all amounts in PLN'000 unless indicated otherwise)

### 13. Other non-current and current liabilities

Table 12: Other non-current and current liabilities

	As at	
	30 June 2019 (unaudited)	31 December 2018
Committed investments	2,224	2,224
Liabilities to the Polish National Foundation	8,234	9,611
<b>Total non-current</b>	<b>10,458</b>	<b>11,835</b>
Dividend payable	133,672	248
VAT payable	32,418	14,988
Liabilities in respect of other taxes	2,071	2,222
Committed investments	783	3,783
Liabilities to the Polish National Foundation	1,237	1,219
Other liabilities	1,689	2,830
<b>Total current</b>	<b>171,870</b>	<b>25,289</b>
<b>Total other liabilities</b>	<b>182,328</b>	<b>37,124</b>

Other current VAT liabilities as at 30 June 2019 included mainly TGE's VAT liabilities for the current period amounting to PLN 31,731 thousand.

### 14. Income tax

Table 13: Income tax by current and deferred tax

	Six-month period ended	
	30 June 2019 (unaudited)	30 June 2018 (restated, unaudited)
Current income tax	20,753	25,433
Deferred tax	(5,504)	(1,071)
<b>Total income tax</b>	<b>15,249</b>	<b>24,362</b>

As required by the Polish tax regulations, the tax rate applicable in 2019 and 2018 is 19%.

(all amounts in PLN'000 unless indicated otherwise)

**Table 14:** Reconciliation of the theoretical amount of tax arising from profit before tax and the statutory tax rate with the income tax expense presented in the statement of comprehensive income

	Six-month period ended	
	30 June 2019 (unaudited)	30 June 2018 (restated, unaudited)
Profit before income tax	82,251	133,306
Income tax rate	19%	19%
<b>Income tax at the statutory tax rate</b>	<b>15,628</b>	<b>25,328</b>
<b>Tax effect:</b>	<b>(379)</b>	<b>(966)</b>
Non-tax-deductible expenses	491	243
Tax (profit)/loss of subsidiaries not included in deferred tax	21	62
Non-taxable share of (profit)/loss of associates	(879)	(991)
Other adjustments	(12)	(280)
<b>Total income tax</b>	<b>15,249</b>	<b>24,362</b>

## 15. Related party transactions

Related parties of the Group include entities measured by the equity method (KDPW S.A. Group, Centrum Giełdowe S.A. and Polska Agencja Ratingowa S.A.) and the State Treasury as the parent entity (holding 35.00% of the share capital and 51.77% of the total number of voting rights as at 30 June 2019), entities controlled and jointly controlled by the State Treasury and entities on which the State Treasury has significant influence. Furthermore, related parties include the key management personnel of the Group.

### 15.1. Information about transactions with companies which are related parties of the State Treasury

#### Companies with a stake held by the State Treasury

The Group keeps no records which would clearly identify and aggregate transactions with all entities which are related parties of the State Treasury.

Companies with a stake held by the State Treasury, with which the parent entity enters into transactions, include issuers (from which GPW charges introduction and listing fees) and Exchange Members (from which GPW charges fees for access to trade on the exchange market, fees for access to the GPW IT systems, and fees for trade in financial instruments).

Companies with a stake held by the State Treasury, with which TGE and IRGiT enter into transactions, include members of the markets operated by TGE and members of the Clearing House. Fees are charged from such entities for participation and for trade on the markets operated by TGE, for issuance and cancellation of property rights in certificates of origin, and for clearing.

All trade transactions with entities with a stake held by the State Treasury are concluded in the normal course of business and are carried out on an arm's length basis.

#### Polish Financial Supervision Authority

The Regulation of the Minister of Finance which determines among others the calculation method as well as the terms and conditions of the payment of fees by relevant entities to the Polish Financial Supervision Authority took effect as of 1 January 2016. According to the Regulation, the Chairperson of the Polish Financial Supervision Authority publishes the rates and the indicators necessary to calculate the fees in a public

(all amounts in PLN'000 unless indicated otherwise)

communiqué promulgated in the Official Journal of the Polish Financial Supervision Authority by 31 August of each calendar year. On that basis, the entities obliged to pay the fee will calculate the final amount of the annual fee due for the year and pay the fee by 30 September of the calendar year.

In the six-month period ended 30 June 2019, the operating expenses of the GPW Group included an estimated amount of the annual fee at PLN 12,888 thousand. The fee charged to the expenses of the GPW Group in the six-month period ended 30 June 2018 was PLN 9,028 thousand.

## 15.2. Transactions with entities measured by the equity method

Table 15: Transactions of GPW Group companies with entities measured by the equity method

	As at 30 June 2019		Six-month period ended 30 June 2019	
	Receivables	Liabilities	Sales revenue	Operating expenses
KDPW Group	-	3	33	10
Centrum Giełdowe S.A.	-	8,499	-	1,690
<i>incl.: IFRS 16 leases (depreciation and financial expenses)</i>	-	8,491	-	1,177
<i>incl.: other</i>	-	7	-	513
Polska Agencja Ratingowa S.A.	41	-	82	-
<b>Total</b>	<b>41</b>	<b>8,501</b>	<b>115</b>	<b>1,699</b>

Table 16: Transactions of GPW Group companies with entities measured by the equity method

	As at 31 December 2018		Year ended 31 December 2018	
	Receivables	Liabilities	Sales revenue	Operating expenses
KDPW Group	62	-	279	112
Centrum Giełdowe S.A.	-	639	38	3,985
Aquis Exchange Limited (until March 2018)	N/A	N/A	1	-
Polska Agencja Ratingowa S.A. (from October 2018)	46	-	71	-
<b>Total</b>	<b>108</b>	<b>639</b>	<b>389</b>	<b>4,097</b>

During the first six months of 2019 and 2018, there were no write-offs or material impairment allowances created for receivables from entities measured by the equity method.

As owner and lessee of office space in the Centrum Giełdowe building, GPW pays rent and operating expenses, including for joint property, to the building manager, Centrum Giełdowe S.A.

As of 2019, due to the application of IFRS 16, office space lease contracts are classified as leases and shown in the statement of comprehensive income. See Note 19 for details.

### Książęca 4 Street Housing Cooperative

In 2019 and 2018, GPW also concluded transactions with the Książęca 4 Street Housing Cooperative of which it is a member. The expenses amounted to PLN 2,016 thousand in the first six months of 2019 and PLN 2,035 thousand in the first six months of 2018.

(all amounts in PLN'000 unless indicated otherwise)

### Transactions with key management personnel

The Group had no transactions with the Group's key management personnel in the six-month periods ended 30 June 2019 and ended 30 June 2018.

### 15.3. Information on remuneration and benefits of the key management personnel (amounts paid and provisions)

The management personnel of the Group includes the Exchange Management Board, the Exchange Supervisory Board, as well as the Management Boards and the Supervisory Boards of the subsidiaries. The data presented in the table below are for all (current and former) members of the Exchange Management Board, the Exchange Supervisory Board as well as the Management Boards and the Supervisory Boards of the subsidiaries, who were in the six-month periods ended 30 June 2019 and ended 30 June 2018, respectively.

The table does not present social security contributions paid by the employer.

Table 17: Remuneration and benefits to the key management personnel of the Group

	Six-month period ended	
	30 June 2019 (unaudited)	30 June 2018 (unaudited)
Base salary	1,003	708
Variable pay**	1,025	722
Bonus - bonus bank*	-	(74)
Bonus - one-off payment	-	(56)
Bonus - phantom shares*	-	(35)
Other benefits	24	-
Benefits after termination	-	160
<b>Total remuneration of the Exchange Management Board</b>	<b>2,052</b>	<b>1,425</b>
<b>Remuneration of the Exchange Supervisory Board</b>	<b>252</b>	<b>292</b>
<b>Remuneration of the Management Boards of other GPW Group companies</b>	<b>1,648</b>	<b>1,326</b>
<b>Remuneration of the Supervisory Boards of GPW Group companies</b>	<b>444</b>	<b>428</b>
<b>Total remuneration of the key management personnel</b>	<b>4,396</b>	<b>3,471</b>

\* Negative bonuses in 2018 due to release of provisions against bonuses of the Exchange Management Board for 2017.

\*\* Provisions calculated according to the "New Remuneration Cap Act".

## 16. Dividend

On 17 June 2019, the Ordinary General Meeting of GPW passed a resolution to distribute the Company's profit for 2018, including a payment of dividend in the total amount of PLN 133,471 thousand. The dividend per share was PLN 3.18. The dividend record date was 19 July 2019 and the dividend payment date was 2 August 2019. The liability in respect of the dividend payment is presented at PLN 133,634 in the Company's other current liabilities as at 30 June 2018. The dividend due to the State Treasury is PLN 46,709 thousand.

## 17. Seasonality

The activity of the Group shows no significant seasonality except for the revenue from the Commodity Market which shows seasonality during the year (the revenue of the first months of the year is higher than the revenue for the other quarters of the year).

(all amounts in PLN'000 unless indicated otherwise)

## 18. Segment reporting

These Condensed Consolidated Interim Financial Statements disclose information on segments based on components of the entity which are monitored by managers to make operating decisions. Operating segments are components of the entity for which discrete financial information is available and whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess the Group's performance.

For management purposes, the Group is divided into segments based on the type of services provided. The three main reporting segments are as follows:

The **Financial Market** segment covers the activity of the Group including organising trade in financial instruments on the exchange as well as related activities. The Group also engages in capital market education, promotion and information activities and organises an alternative trading system.

The Financial Market includes three subsegments:

- ◆ Trading (mainly revenue from trading fees which depends on turnover on the exchange, fees for access to and use of exchange systems);
- ◆ Listing (revenue from annual securities listing fees and one-off fees, e.g., for introduction of securities to trading on the exchange);
- ◆ Information services (mainly revenue from information services for data vendors, historical data, calculation and distribution of WIBOR and WIBID reference rates).

The Financial Market segment includes the companies GPW S.A., BondSpot S.A. and GPW Benchmark S.A.

The **Commodity Market** segment covers the activity of the Group including organising trade in commodities as well as related activities. The Group provides clearing and settlement on the commodity market through the company Izba Rozliczeniowa Giełd Towarowych S.A. ("IRGiT") and offers exchange trade in commodities (electricity, gas) and in property rights and operates the Register of Certificates of Origin of electricity through the company TGE. The GPW Group also earns revenues from the activity of a trade operator on the electricity market.

The Commodity Market includes the following sub-segments:

- ◆ Trading (mainly revenue on the Energy Market from spot and forward transactions in electricity, revenue from spot and forward transactions in natural gas, revenue on the Property Rights Market from trade in certificates of origin of electricity);
- ◆ Operation of the Register of Certificates of Origin of electricity (mainly revenue from issuance and cancellation of property rights in certificates of origin of electricity);
- ◆ CO<sub>2</sub> Allowances Market (trade in certificates of origin of electricity);
- ◆ Clearing (revenue from other fees paid by market participants (members));
- ◆ Information services.

The Commodity Market segment includes the TGE Group.

The segment **Other** included the company PAR as well as revenue from the sale of services provided by GPW to GPW Group companies. Following loss of control of PAR on 31 October 2018, the amounts presented under "Other" include other activities of the Group and do not meet the criteria of aggregation and the quantitative thresholds defined in IFRS 8 Operating Segments necessary to present it as a separate operating segment.

The accounting policies for the operating segments are the same as the accounting policies of the GPW Group.

The Management Board of the parent entity monitors separately the operating results of the segments to make decisions about resources to be allocated and assess the results of their allocation and performance. Each segment is assessed up to the level of net profit or loss.

Transaction prices of transactions between the operating segments are set at arm's length, as for transactions with non-related parties.

(all amounts in PLN'000 unless indicated otherwise)

The Group's operating segments focus their activities on the territory of Poland.

The tables below present a reconciliation of the data analysed by the Management Board of the parent entity with the data shown in these Condensed Consolidated Interim Financial Statements.

Table 18: Operating segments: Statement of comprehensive income

	Six-month period ended 30 June 2019 (unaudited)					
	Financial segment	Commodity segment	Other	Total segments	Exclusions and adjustments	Total segments and exclusions
Sales revenue:	96,294	78,212	3,864	<b>178,370</b>	(5,074)	<b>173,296</b>
<i>To third parties</i>	94,934	77,978	384	<b>173,296</b>	-	<b>173,296</b>
<i>Sales between segments and intragroup transactions</i>	1,360	234	3,480	<b>5,074</b>	(5,074)	-
Operating expenses:	(68,463)	(34,394)	-	<b>(102,857)</b>	5,200	<b>(97,657)</b>
<i>including depreciation and amortisation</i>	(11,944)	(6,780)	-	<b>(18,724)</b>	122	<b>(18,602)</b>
<b>Profit / (Loss) on sales</b>	<b>27,831</b>	<b>43,818</b>	<b>3,864</b>	<b>75,513</b>	<b>126</b>	<b>75,639</b>
Profit / (Loss) on other operations	(265)	1,900	-	<b>1,635</b>	(2)	<b>1,633</b>
Gains on reversal of impairment losses on receivables/(Impairment losses) on receivables	373	(97)	-	<b>276</b>	-	<b>276</b>
<b>Operating profit (loss)</b>	<b>27,939</b>	<b>45,621</b>	<b>3,864</b>	<b>77,424</b>	<b>124</b>	<b>77,548</b>
Profit / (Loss) on financial operations:	69,582	29,655	-	<b>99,237</b>	(99,161)	<b>76</b>
<i>interest income</i>	2,926	1,768	-	<b>4,694</b>	(227)	<b>4,467</b>
<i>dividend received</i>	70,951	28,218	-	<b>99,169</b>	(99,169)	-
<i>interest cost</i>	(4,205)	(200)	-	<b>(4,405)</b>	240	<b>(4,165)</b>
Share of profit of entities measured by equity method	-	-	-	-	4,628	<b>4,628</b>
<b>Profit before income tax</b>	<b>97,521</b>	<b>75,276</b>	<b>3,864</b>	<b>176,661</b>	<b>(94,410)</b>	<b>82,251</b>
Income tax	(6,142)	(9,107)	-	<b>(15,249)</b>	-	<b>(15,249)</b>
<b>Net profit</b>	<b>91,379</b>	<b>66,169</b>	<b>3,864</b>	<b>161,412</b>	<b>(94,410)</b>	<b>67,002</b>

Table 19: Operating segments: Statement of financial position

	As at 30 June 2019 (unaudited)						
	Financial segment	Commodity segment	Other	Total segments	Adjustments for investments measured by equity method	Other exclusions and adjustments	Total segments and exclusions
Total assets	951,309	471,400	-	<b>1,422,709</b>	190,937	(255,838)	<b>1,357,808</b>
Total liabilities	470,671	191,226	-	<b>661,897</b>	-	(128,035)	<b>533,862</b>
<b>Net assets (assets - liabilities)</b>	<b>480,638</b>	<b>280,174</b>	-	<b>760,812</b>	<b>190,937</b>	<b>(127,803)</b>	<b>823,947</b>



(all amounts in PLN'000 unless indicated otherwise)

Table 20: Operating segments: Statement of comprehensive income

	Six-month period ended 30 June 2018 (unaudited)					
	Financial segment	Commodity segment	Other	Total segments	Exclusions and adjustments	Total segments and exclusions
Sales revenue:	97,711	75,556	4,940	<b>178,207</b>	(5,624)	<b>172,583</b>
<i>To third parties</i>	96,635	75,446	502	<b>172,583</b>	-	<b>172,583</b>
<i>Sales between segments and intragroup transactions</i>	1,076	110	4,438	<b>5,624</b>	(5,624)	-
Operating expenses:	(62,621)	(31,023)	(333)	<b>(93,977)</b>	5,624	<b>(88,353)</b>
<i>including depreciation and amortisation</i>	(10,725)	(5,192)	-	<b>(15,917)</b>	-	<b>(15,917)</b>
<b>Profit / (Loss) on sales</b>	<b>35,090</b>	<b>44,533</b>	<b>4,607</b>	<b>84,230</b>	-	<b>84,230</b>
Profit / (Loss) on other operations	145	(162)	-	<b>(17)</b>	-	<b>(17)</b>
Gains on reversal of impairment losses on receivables/(Impairment losses) on receivables	(1,502)	(349)	-	<b>(1,851)</b>	-	<b>(1,851)</b>
<b>Operating profit (loss)</b>	<b>33,733</b>	<b>44,022</b>	<b>4,607</b>	<b>82,362</b>	-	<b>82,362</b>
Profit / (Loss) on financial operations:	99,186	16,057	5	<b>115,248</b>	(69,522)	<b>45,726</b>
<i>interest income</i>	1,544	1,367	5	<b>2,916</b>	(15)	<b>2,901</b>
<i>dividend received</i>	69,697	14,911	-	<b>84,608</b>	(84,608)	-
<i>interest cost</i>	(3,814)	(13)	-	<b>(3,827)</b>	18	<b>(3,809)</b>
Share of profit of entities measured by equity method	-	-	-	-	5,218	<b>5,218</b>
<b>Profit before income tax</b>	<b>132,919</b>	<b>60,079</b>	<b>4,612</b>	<b>197,610</b>	<b>(64,304)</b>	<b>133,306</b>
Income tax	(13,332)	(8,706)	-	<b>(22,038)</b>	(2,324)	<b>(24,362)</b>
<b>Net profit</b>	<b>119,587</b>	<b>51,373</b>	<b>4,612</b>	<b>175,572</b>	<b>(66,628)</b>	<b>108,944</b>

Table 21: Operating segments: Statement of financial position

	As at 31 December 2018						
	Financial segment	Commodity segment	Other	Total segments	Adjustments for investments measured by equity method	Other exclusions and adjustments	Total segments and exclusions
Total assets	810,696	348,156	-	<b>1,158,852</b>	193,442	(134,977)	<b>1,217,317</b>
Total liabilities	291,556	42,266	-	<b>333,822</b>	-	(7,043)	<b>326,779</b>
<b>Net assets (assets - liabilities)</b>	<b>519,140</b>	<b>305,890</b>	-	<b>825,030</b>	<b>193,442</b>	<b>(127,934)</b>	<b>890,538</b>

(all amounts in PLN'000 unless indicated otherwise)

Table 22: Operating segments: Statement of comprehensive income

	Three-month period ended 30 June 2019 (unaudited)					
	Financial segment	Commodity segment	Other	Total segments	Exclusions and adjustments	Total segments and exclusions
Sales revenue:	46,135	43,546	2,095	<b>91,776</b>	(2,636)	<b>89,140</b>
<i>To third parties</i>	45,448	43,428	264	<b>89,140</b>	-	<b>89,140</b>
<i>Sales between segments and intragroup transactions</i>	687	118	1,831	<b>2,636</b>	(2,636)	-
Operating expenses:	(31,345)	(14,727)	-	<b>(46,072)</b>	2,737	<b>(43,335)</b>
<i>including depreciation and amortisation</i>	(6,284)	(6,780)	-	<b>(13,064)</b>	122	<b>(12,942)</b>
<b>Profit / (Loss) on sales</b>	<b>14,790</b>	<b>28,819</b>	<b>2,095</b>	<b>45,704</b>	<b>101</b>	<b>45,805</b>
Profit / (Loss) on other operations	(731)	1,687	-	<b>956</b>	1	<b>957</b>
Gains on reversal of impairment losses on receivables/(Impairment losses) on receivables	1,264	143	-	<b>1,407</b>	-	<b>1,407</b>
<b>Operating profit (loss)</b>	<b>15,323</b>	<b>30,649</b>	<b>2,095</b>	<b>48,067</b>	<b>102</b>	<b>48,169</b>
Profit / (Loss) on financial operations:	70,261	28,999	-	<b>99,260</b>	(99,164)	<b>96</b>
<i>interest income</i>	1,724	1,159	-	<b>2,883</b>	(107)	<b>2,776</b>
<i>dividend received</i>	70,951	28,218	-	<b>99,169</b>	(99,169)	-
<i>interest cost</i>	(2,365)	(152)	-	<b>(2,517)</b>	117	<b>(2,400)</b>
Share of profit of entities measured by equity method	-	-	-	-	3,639	<b>3,639</b>
<b>Profit before income tax</b>	<b>85,584</b>	<b>59,648</b>	<b>2,095</b>	<b>147,327</b>	<b>(95,424)</b>	<b>51,903</b>
Income tax	(3,265)	(6,088)	-	<b>(9,353)</b>	-	<b>(9,353)</b>
<b>Net profit</b>	<b>82,319</b>	<b>53,560</b>	<b>2,095</b>	<b>137,974</b>	<b>(95,424)</b>	<b>42,550</b>

Table 23: Operating segments: Statement of comprehensive income

	Three-month period ended 30 June 2018 (unaudited)					
	Financial segment	Commodity segment	Other	Total segments	Exclusions and adjustments	Total segments and exclusions
Sales revenue:	47,604	39,275	2,487	<b>89,366</b>	(2,719)	<b>86,647</b>
<i>To third parties</i>	47,063	39,233	351	<b>86,647</b>	-	<b>86,647</b>
<i>Sales between segments and intragroup transactions</i>	541	42	2,136	<b>2,719</b>	(2,719)	-
Operating expenses:	(29,518)	(12,986)	(216)	<b>(42,719)</b>	2,726	<b>(39,993)</b>
<i>including depreciation and amortisation</i>	(5,457)	(2,636)	-	<b>(8,093)</b>	-	<b>(8,093)</b>
<b>Profit / (Loss) on sales</b>	<b>18,086</b>	<b>26,290</b>	<b>2,271</b>	<b>46,647</b>	<b>7</b>	<b>46,654</b>
Profit / (Loss) on other operations	(83)	3	-	<b>(80)</b>	-	<b>(80)</b>
Gains on reversal of impairment losses on receivables/(Impairment losses) on receivables	(374)	(1)	-	<b>(375)</b>	-	<b>(375)</b>
<b>Operating profit (loss)</b>	<b>17,629</b>	<b>26,292</b>	<b>2,271</b>	<b>46,192</b>	<b>7</b>	<b>46,199</b>
Profit / (Loss) on financial operations:	100,010	15,578	1	<b>115,589</b>	(69,522)	<b>46,067</b>
<i>interest income</i>	699	715	5	<b>1,419</b>	(8)	<b>1,411</b>
<i>dividend received</i>	69,697	14,911	-	<b>84,608</b>	(84,608)	-
<i>interest cost</i>	(1,914)	(6)	-	<b>(1,920)</b>	11	<b>(1,909)</b>
Share of profit of entities measured by equity method	-	-	-	-	4,472	<b>4,472</b>
<b>Profit before income tax</b>	<b>117,639</b>	<b>41,870</b>	<b>2,272</b>	<b>161,781</b>	<b>(65,043)</b>	<b>96,738</b>
Income tax	(9,961)	(5,244)	-	<b>(15,205)</b>	(2,500)	<b>(17,705)</b>
<b>Net profit</b>	<b>107,678</b>	<b>36,626</b>	<b>2,272</b>	<b>146,576</b>	<b>(67,543)</b>	<b>79,033</b>

(all amounts in PLN'000 unless indicated otherwise)

## 19. Impact of initial application of IFRS 16 Leases

The Group initially applied IFRS 16 in the period started 1 January 2019.

IFRS 16 was published in January 2016. For lessees, the new standard eliminates the distinction between operating and finance leases. As a result, lessees will recognise nearly all lease contracts in the statement of financial position. According to the new standard, right-to-use assets and lease liabilities are recognised in the consolidated statement of financial position. The only exceptions are short-term leases and low-value leases, which are not recognised by the Group in the consolidated statement of financial position.

According to paragraph C5(b) of IFRS 16, the Group implemented IFRS 16 without restating its comparative data; consequently, 2018 and 2019 data are not comparable. The Group recognised the total effect of initial application of the Standard as a correction of the opening balance of retained earnings (the application of the Standard does not impact the profits of previous years as at 1 January 2019 because lease assets and liabilities are estimated to be equal).

The Group uses the following practical solutions for leases previously classified as operating leases under IAS 17:

- ◆ it applies a single discount rate to a portfolio of leases of reasonably similar characteristics;
- ◆ it does not apply requirements for the recognition of lease assets and liabilities to leases whose term ends after 12 months from initial application. The Group recognises such leases as current leases and presents the costs related to such leases in information disclosed in the annual reporting period;
- ◆ it does not recognise initial direct costs in the measurement of right-to-use assets at initial application.

As at 1 January 2019, the Group recognised:

- ◆ right-to-use assets at PLN 25,728 thousand (including perpetual usufruct of land at PLN 2,437 thousand, reclassified from prepayments);
- ◆ sublease receivables at PLN 1,711 thousand;
- ◆ lease liabilities at PLN 25,002 thousand;
- ◆ the Group no longer recognised prepayments at PLN 2,437 thousand (including PLN 106 thousand presented at 31 December 2018 as trade and other receivables and PLN 2,331 thousand presented at 31 December 2018 as non-current prepayments).

In the six-month period ended 30 June 2019, the Group:

- ◆ depreciated right-to-use assets on a straight-line basis throughout the useful life (depreciation expense was PLN 2,454 thousand, including reduction due to partial sublease of right-to-use assets to third parties);
- ◆ recognised lease liabilities at the lessee's marginal borrowing rate (interest expense was PLN 369 thousand).

The Group considers its activity as a lessor to be insignificant; additional disclosures will be presented in the consolidated financial statements for the year ended 31 December 2019.

The weighted average incremental borrowing rate applied to lease liabilities presented in the statement of financial position as at 1 January 2019 was 3.02%.

Future minimum lease payments presented in the Group's consolidated financial statements as at 31 December 2018 were PLN 25,032 thousand. The payments discounted with the weighted average incremental borrowing rate were PLN 22,760 thousand. The difference between the discounted future minimum lease payments and the lease liabilities recognised as at 1 January 2019 was due to different assumptions concerning the period of leases.

(all amounts in PLN'000 unless indicated otherwise)

Table 24: Impact of initial application of IFRS 16 on the statement of financial position

	As at		
	31 December 2018	Adjustment on initial application of IFRS 16	1 January 2019 (unaudited)
<b>Total non-current assets</b>	<b>580,375</b>	<b>24,766</b>	<b>605,141</b>
incl.: Right-to-use assets	-	25,728	25,728
incl.: Sublease receivables	-	1,369	1,369
incl.: Prepayments	5,523	(2,331)	3,192
<b>Total current assets</b>	<b>636,942</b>	<b>236</b>	<b>637,178</b>
incl.: Trade and other receivables	69,437	(106)	69,331
incl.: Sublease receivables	-	342	342
<b>TOTAL ASSETS</b>	<b>1,217,317</b>	<b>25,002</b>	<b>1,242,319</b>
<b>Equity</b>	<b>890,538</b>	-	<b>890,538</b>
<b>Total non-current liabilities</b>	<b>269,333</b>	<b>20,360</b>	<b>289,693</b>
incl.: Lease liabilities	-	20,360	20,360
<b>Total current liabilities</b>	<b>57,446</b>	<b>4,642</b>	<b>62,088</b>
incl.: Lease liabilities	-	4,642	4,642
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,217,317</b>	<b>25,002</b>	<b>1,242,319</b>

The effect of initial application of IFRS 16 in the statement of financial position presented in the Condensed Interim Financial Statements as at 31 March 2019 was adjusted for the indexation of rent approved after 31 March 2019 and effective as of 1 January 2019.

*(all amounts in PLN'000 unless indicated otherwise)*

## **20. Changes of the accounting treatment of liabilities to Polska Fundacja Narodowa and deposits with maturities over 3 months**

### **Liabilities to Polska Fundacja Narodowa**

As a co-founder of Polska Fundacja Narodowa established in 2016 ("Polish National Foundation", "Foundation" or "PFN"), GPW is required to contribute annual payments towards the statutory mission of the Foundation, totalling 11 payments from the establishment of the Foundation. According to the founding deed of the Foundation, the Company's total financial commitment towards PFN is PLN 19,500 thousand.

Up to 30 June 2019, the Company paid PLN 9,000 thousand towards the endowment of the Foundation, including PLN 7,500 thousand in 2016-2018 and PLN 1,500 thousand in the period of six months ended 30 June 2019. The payments to the Foundation were recognised in the Group's consolidated statement of comprehensive income at the date of each payment up to 30 September 2018.

As at 30 September 2018, the Group's management reviewed the treatment of donations paid to PFN in the Group's financial statements for 2016-2018 in the light of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The analysis concluded that the payments to PFN are donations and that the liability of GPW to make all payments to PFN according to the founding deed of the Foundation arose when GPW joined the Foundation and signed its founding deed.

As a result, the Group decided to retrospectively change the accounting treatment of payments to PFN by discounting the future payments committed by GPW as at 31 December 2016 and by their one-off recognition in other expenses in the Group's consolidated statement of comprehensive income for the year ended 31 December 2016 and in other liabilities in Group's consolidated statement of financial position for the year ended 31 December 2016.

As a result, the net profit for the six-month period ended 30 June 2018, presented in these financial statements as comparative data, increased by PLN 1,341 thousand.

For a detailed description of the change of presentation of the liabilities to Polska Fundacja Narodowa, see Note 35 to the Consolidated Financial Statements of the GPW Group for the year ended 31 December 2018.

### **Deposits with maturities over 3 months**

As at 31 December 2018, the Group's management reviewed the treatment of deposits with maturities over 3 months in the light of IAS 7 Statement of Cash Flows. The analysis concluded that only deposits with maturities up to 3 months should be presented in cash and cash equivalents in the consolidated statement of financial position.

As a result, the Group decided to retrospectively change the accounting treatment of deposits and to present deposits with maturities over 3 months in financial assets measured at amortised cost. As a result of the reclassification, cash and cash equivalents decreased by PLN 250,590 thousand as at 31 December 2017 and by PLN 270,142 thousand as at 30 June 2018, and the total cash flows presented in the consolidated statement of cash flows for the six-month period ended 30 June 2018 decreased from PLN 25,722 thousand to PLN 6,220 thousand.

For a detailed description of the change of presentation of deposits with maturities over 3 months, see Note 35 to the Consolidated Financial Statements of the GPW Group for the year ended 31 December 2018.

(all amounts in PLN'000 unless indicated otherwise)

Table 25: Impact of changes of the accounting treatment of liabilities to PFN and deposits with maturities over 3 months on the consolidated statement of comprehensive income for the six-month period ended 30 June 2018

	Six-month period ended 30 June 2018 <i>(previously reported, unaudited)</i>	Adjustments		Six-month period ended 30 June 2018 <i>(restated, unaudited)</i>
		PFN	Deposits	
Sales revenue	172,583	-	-	<b>172,583</b>
Operating expenses	(88,353)	-	-	<b>(88,353)</b>
Other revenue	1,137	-	-	<b>1,137</b>
Gains on reversal of impairment losses on receivables/(Impairment losses) on receivables	(1,851)	-	-	<b>(1,851)</b>
Other expenses	(2,495)	1,341	-	<b>(1,154)</b>
<b>Operating profit</b>	<b>81,021</b>	<b>1,341</b>	-	<b>82,362</b>
Financial income	50,058	-	-	<b>50,058</b>
Financial expenses	(4,332)	-	-	<b>(4,332)</b>
Share of profit of entities measured by equity method	5,218	-	-	<b>5,218</b>
<b>Profit before income tax</b>	<b>131,965</b>	<b>1,341</b>	-	<b>133,306</b>
Income tax expense	(24,362)	-	-	<b>(24,362)</b>
<b>Profit for the period</b>	<b>107,603</b>	<b>1,341</b>	-	<b>108,944</b>
<b>Basic / Diluted earnings per share (PLN)</b>	<b>2.56</b>	<b>0.04</b>	-	<b>2.60</b>

(all amounts in PLN'000 unless indicated otherwise)

Table 26: Impact of changes of the accounting treatment of liabilities to PFN and deposits with maturities over 6 months on the consolidated statement of comprehensive income for the six-month period ended 30 June 2018

	Six-month period ended 30 June 2018 <i>(previously reported)</i>	Adjustments		Six-month period ended 30 June 2018 <i>(restated)</i>
		PFN	Deposits	
<b>Cash flows from operating activities (selected items):</b>				
Net profit for the period	107,603	1,341	-	108,944
Interest (income) on deposits, certificates of deposit and corporate bonds	(3,506)	-	1,440	(2,066)
Increase/(Decrease) of other liabilities (excluding committed investments and dividend payable)	8,489	(1,341)	-	7,148
<b>Net cash flows from operating activities (all items):</b>	<b>87,319</b>	<b>-</b>	<b>1,440</b>	<b>88,759</b>
<b>Cash flows from investing activities (selected items):</b>				
Interest received on deposits (presented as cash and cash equivalents)	2,903	-	(2,903)	-
Interest received on financial assets measured at amortised cost	-	-	1,411	1,411
Purchase of financial assets measured at amortised cost	(110,237)	-	(330,500)	(440,737)
Sale of financial assets measured at amortised cost	-	-	311,000	311,000
<b>Net cash flows from investing activities (all items):</b>	<b>(57,861)</b>	<b>-</b>	<b>(20,992)</b>	<b>(78,853)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>25,772</b>	<b>-</b>	<b>(19,552)</b>	<b>6,220</b>
<i>Impact of fx rates on cash balance in currencies</i>	<i>(264)</i>	<i>-</i>	<i>-</i>	<i>(264)</i>
<b>Cash and cash equivalents - opening balance</b>	<b>486,476</b>	<b>-</b>	<b>(250,590)</b>	<b>235,886</b>
<b>Cash and cash equivalents - closing balance</b>	<b>511,984</b>	<b>-</b>	<b>(270,142)</b>	<b>241,842</b>

*(all amounts in PLN'000 unless indicated otherwise)*

## 21. Events after the balance sheet date

On 3 July 2019, the Exchange Management Board decided to launch a project aimed at research and development work on the development of a proprietary trading system ("Trading Platform") with co-financing from grants of the National Centre for Research and Development ("NCBR"). The total amount of expenses connected with the implementation of the project is estimated at PLN 90,000 thousand.

The Exchange Management Board decided to conclude an agreement with the National Centre for Research and Development concerning the co-financing of the project "Research and development work for the development and implementation of a state-of-the-art integrated Trading Platform of ground-breaking performance and capacity parameters and innovative communication protocols and trading algorithms" in the amount of PLN 30,277,090.54. The eligible cost of the project is estimated by the Company at PLN 53,704,890.73. The Company has used the Universal Trading Platform (UTP) since 2013.

On 15 July 2019, GPW presented an own blank bill of exchange to NCBR securing obligations under the Agreement concerning the co-financing of the project "Research and development work for the development and implementation of a state-of-the-art integrated Trading Platform of ground-breaking performance and capacity parameters and innovative communication protocols and trading algorithms", dated 3 July 2019, financed under the Operational Programme Smart Development Sub-measure 1.1.1 Industrial research and development work implemented by enterprises. According to the agreement and the bill-of-exchange declaration, NCBR may complete the bill of exchange with the amount of provided co-financing which may be subject to refunding, together with interest accrued at the statutory rate of overdue taxes from the date of transfer of the amount to GPW's account to the day of repayment. NCBR may also complete the bill of exchange with the payment date and insert a "no protest" clause. The bill of exchange may be completed upon the fulfilment of conditions laid down in the Agreement of 3 July 2019 between GPW and NCBR. The bill of exchange shall be returned to GPW or destroyed at the written request of GPW after the project sustainability period defined in the project co-financing agreement.



*(all amounts in PLN'000 unless indicated otherwise)*

The Condensed Consolidated Interim Financial Statements are presented by the Management Board of the Warsaw Stock Exchange:

Marek Dietl – President of the Management Board .....

Jacek Fotek – Vice-President of the Management Board .....

Piotr Borowski – Member of the Management Board .....

Dariusz Kułakowski – Member of the Management Board .....

Izabela Olszewska – Member of the Management Board .....

Signature of the person responsible for keeping the accounting records:

Sylwia Sawicka – Chief Accountant .....

Warsaw, 26 July 2019



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Condensed Separate Interim  
Financial Statements of  
**Giełda Papierów Wartościowych  
w Warszawie S.A.**  
for the six-month period ended on 30 June 2019

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July 2019

## TABLE OF CONTENTS

SEPARATE STATEMENT OF FINANCIAL POSITION .....	2
SEPARATE STATEMENT OF COMPREHENSIVE INCOME .....	4
SEPARATE STATEMENT OF CASH FLOWS.....	5
SEPARATE STATEMENT OF CHANGES IN EQUITY.....	7
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS.....	9
1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES .....	9
2. PROPERTY, PLANT AND EQUIPMENT .....	12
3. INTANGIBLE ASSETS .....	12
4. INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND OTHER ENTITIES .....	13
5. TRADE AND OTHER RECEIVABLES .....	14
6. FINANCIAL ASSETS MEASURED AT AMORTISED COST .....	14
7. CHANGE OF ESTIMATES .....	15
8. CASH AND CASH EQUIVALENTS .....	15
9. BOND ISSUE LIABILITIES .....	16
10. CONTRACT ASSETS AND CONTRACT LIABILITIES.....	17
11. OTHER NON-CURRENT AND CURRENT LIABILITIES.....	18
12. INCOME TAX.....	18
13. RELATED PARTY TRANSACTIONS.....	19
14. DIVIDEND .....	20
15. EFFECT OF THE INITIAL APPLICATION OF IFRS 16 LEASES .....	20
16. CHANGES OF THE ACCOUNTING TREATMENT OF LIABILITIES TO POLSKA FUNDACJA NARODOWA AND DEPOSITS WITH MATURITIES OVER 3 MONTHS .....	22
17. EVENTS AFTER THE BALANCE SHEET DATE .....	25

## SEPARATE STATEMENT OF FINANCIAL POSITION

	Note	As at	
		30 June 2019 <i>(unaudited)</i>	31 December 2018
<b>Non-current assets</b>		<b>439,070</b>	<b>426,635</b>
Property, plant and equipment	<b>2</b>	93,671	96,362
Right-to-use assets		9,013	-
Intangible assets	<b>3</b>	52,756	56,439
Investments in associates		13,825	13,825
Investments in subsidiaries		250,885	250,885
Subleasing receivables		12,601	-
Financial assets measured at fair value through other comprehensive income		105	101
Prepayments		1,992	4,801
Other non-current assets		4,222	4,222
<b>Current assets</b>		<b>482,170</b>	<b>358,619</b>
Inventories		48	64
Trade and other receivables	<b>5</b>	104,289	25,483
Subleasing receivables		4,114	-
Contract assets	<b>10</b>	1,720	1,015
Financial assets measured at amortised cost	<b>6</b>	178,519	310,090
Cash and cash equivalents	<b>8</b>	193,480	21,967
<b>TOTAL ASSETS</b>		<b>921,240</b>	<b>785,254</b>

The attached Notes are an integral part of these Condensed Separate Interim Financial Statements.

(all amounts in PLN'000 unless stated otherwise)

## SEPARATE STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	As at	
		30 June 2019 (unaudited)	31 December 2018
<b>Equity</b>		<b>459,828</b>	<b>498,237</b>
Share capital		63,865	63,865
Other reserves		(140)	(142)
Retained earnings		396,103	434,514
<b>Non-current liabilities</b>		<b>275,269</b>	<b>263,237</b>
Liabilities on bonds issue	<b>9</b>	244,156	243,961
Employee benefits payable		595	595
Lease liabilities		18,011	-
Deferred tax liability		2,049	6,846
Other liabilities	<b>11</b>	10,458	11,835
<b>Current liabilities</b>		<b>186,143</b>	<b>23,780</b>
Liabilities on bonds issue	<b>9</b>	1,893	1,938
Trade payables		11,348	4,498
Employee benefits payable		7,758	9,095
Lease liabilities		4,835	-
Corporate income tax payable		3,339	1,373
Contract liabilities	<b>10</b>	17,484	11
Provisions for other liabilities and charges		95	68
Other current liabilities	<b>11</b>	139,391	6,797
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>921,240</b>	<b>785,254</b>

The attached Notes are an integral part of these Condensed Separate Interim Financial Statements.

(all amounts in PLN'000 unless stated otherwise)

## SEPARATE STATEMENT OF COMPREHENSIVE INCOME

	Note	Three-month period ended		Six-month period ended	
		30 June 2019 (unaudited)	30 June 2018 (restated, unaudited)	30 June 2019 (unaudited)	30 June 2018 (restated, unaudited)
Revenue		44,345	46,570	92,516	95,446
Operating expenses		(27,590)	(26,454)	(60,778)	(56,402)
Other income		168	94	1,172	703
Gains on reversal of impairment losses on receivables/(Impairment losses) on receivables	7	1,264	(391)	373	(1,427)
Other expenses		(932)	(91)	(1,578)	(481)
<b>Operating profit</b>		<b>17,255</b>	<b>19,728</b>	<b>31,705</b>	<b>37,839</b>
Financial income		72,423	103,762	73,748	104,898
Financial expenses		(2,215)	(3,834)	(4,272)	(5,877)
<b>Profit before income tax</b>		<b>87,463</b>	<b>119,656</b>	<b>101,181</b>	<b>136,860</b>
Income tax expense	12	(3,241)	(9,940)	(6,121)	(13,299)
<b>Profit for the period</b>		<b>84,222</b>	<b>109,716</b>	<b>95,060</b>	<b>123,561</b>
<i>Gains/(Losses) on valuation of financial assets measured at fair value through other comprehensive income</i>		-	-	2	-
Total items that may be reclassified to profit or loss		-	-	2	-
<b>Other comprehensive income after tax</b>		-	-	<b>2</b>	-
<b>Total comprehensive income</b>		<b>84,222</b>	<b>109,716</b>	<b>95,062</b>	<b>123,561</b>
<b>Basic/Diluted earnings per share (PLN)</b>		<b>2.01</b>	<b>2.61</b>	<b>2.26</b>	<b>2.94</b>

The attached Notes are an integral part of these Condensed Separate Interim Financial Statements.

(all amounts in PLN'000 unless stated otherwise)

## SEPARATE STATEMENT OF CASH FLOWS

	Note	Six-month period ended 30 June	
		2019 (unaudited)	2018 (restated, unaudited)
<b>Cash flows from operating activities:</b>		<b>45,225</b>	<b>40,759</b>
Cash generated from operation before tax		54,920	57,487
Net profit of the period		95,060	123,561
Adjustments:		(40,140)	(66,074)
Income tax		6,121	13,299
Depreciation of property, plant and equipment	2	5,107	5,125
Amortization of intangible assets	3	5,184	5,038
Depreciation of right-to-use assets	15	700	-
(Gains)/Losses on sale of property, plant and equipment and intangible assets		29	(108)
(Gains)/Losses on sale of investments (gains on sale of interest in Aquis)		-	(32,239)
Revaluation of investments in other entities		-	1,994
Foreign exchange (gains)/losses (accounts and deposits)		48	264
Dividend (income)	13.2.	(70,952)	(69,697)
Interest (income) on deposits, certificates of deposit and corporate bonds (not classified as cash and cash equivalents)		(2,118)	(1,579)
Interest on bonds		3,601	3,811
Sublease interest (income)		(244)	-
Lease interest cost		359	-
Financial cost of the bond issue		195	-
Other adjustments		121	(8)
Change of assets and liabilities:		11,709	8,026
<i>(Increase)/Decrease of inventories</i>		16	(4)
<i>(Increase)/Decrease of trade and other receivables (excluding dividend receivable)</i>		(7,707)	(2,027)
<i>(Increase)/Decrease of contract assets</i>		(705)	(1,818)
<i>Increase/(Decrease) of non-current prepayments</i>		478	389
<i>Increase/(Decrease) of trade payables</i>		6,850	(2,188)
<i>Increase/(Decrease) of employee benefits payable</i>	7	(1,338)	(1,973)
<i>Increase/(Decrease) of contract liabilities</i>		17,473	17,188
<i>Increase/(Decrease) of other liabilities (excluding committed investments and dividend payable)</i>		(2,006)	(39)
<i>Increase/(Decrease) of net provisions for liabilities and other charges</i>		27	(143)
<i>Increase/(Decrease) of other non-current liabilities</i>		(1,379)	(1,359)
Tax advances received from related parties in the Tax Group		5,291	3,151
Income tax (paid)/refunded		(14,986)	(19,879)

The attached Notes are an integral part of these Condensed Separate Interim Financial Statements.

## SEPARATE STATEMENT OF CASH FLOWS (CONTINUED)

	Note	Six-month period ended 30 June	
		2019 (unaudited)	2018 (restated, unaudited)
<b>Cash flows from investing activities:</b>		<b>132,893</b>	<b>(50,583)</b>
Purchase of property, plant and equipment and advances for property, plant and equipment		(922)	(2,814)
Purchase of intangible assets and advances for intangible assets		(1,854)	(517)
Proceeds from sale of property, plant and equipment and intangible assets		5	120
Interest received on financial assets measured at amortised cost		2,850	946
Purchase of financial assets measured at amortised cost		(299,791)	(319,237)
Sale of financial assets measured at amortised cost		430,630	213,000
Sale of held-for-sale financial assets		-	57,546
Sublease payments received (interest part of sublease payments)	15	244	-
Sublease payments received (principal part of sublease payments)		1,288	-
Interest received on loans granted		2	1
Dividends received	13.2.	441	372
<b>Cash flows from financing activities:</b>		<b>(6,557)</b>	<b>(3,655)</b>
Interest paid on bonds issued		(3,644)	(3,655)
Lease payments paid (interest part of lease payments)	15	(359)	-
Lease payments paid (principal part of lease payments)		(2,554)	-
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>171,561</b>	<b>(13,479)</b>
<i>Impact of fx rates on cash balance in currencies</i>		(48)	(264)
<b>Cash and cash equivalents - opening balance</b>		<b>21,967</b>	<b>52,746</b>
<b>Cash and cash equivalents - closing balance</b>		<b>193,480</b>	<b>39,002</b>

The attached Notes are an integral part of these Condensed Separate Interim Financial Statements.



(all amounts in PLN'000 unless stated otherwise)

## SEPARATE STATEMENT OF CHANGES IN EQUITY

	Share capital	Other reserves	Retained earnings	Total equity
<b>As at 1 January 2019</b>	<b>63,865</b>	<b>(142)</b>	<b>434,514</b>	<b>498,237</b>
Dividends	-	-	(133,471)	<b>(133,471)</b>
<b>Transactions with owners recognised directly in equity</b>	-	-	<b>(133,471)</b>	<b>(133,471)</b>
Net profit for the six-month period ended 30 June 2019	-	-	95,060	<b>95,060</b>
Other comprehensive income	-	2	-	<b>2</b>
<b>Total comprehensive income for the six-month period ended 30 June 2019</b>	-	<b>2</b>	<b>95,060</b>	<b>95,062</b>
<b>As at 30 June 2019 (unaudited)</b>	<b>63,865</b>	<b>(140)</b>	<b>396,103</b>	<b>459,828</b>

	Share capital	Other reserves	Retained earnings	Total equity
<b>As at 31 December 2017</b> <i>(previously reported)</i>	<b>63,865</b>	<b>(125)</b>	<b>387,147</b>	<b>450,887</b>
Adjustment - donation to PFN	-	-	(12,014)	<b>(12,014)</b>
<b>As at 31 December 2017</b> <i>(restated - adjusted for PFN)</i>	<b>63,865</b>	<b>(125)</b>	<b>375,133</b>	<b>438,873</b>
Adjustment - initial application of IFRS 9	-	-	(210)	<b>(210)</b>
<b>As at 1 January 2018</b> <i>(restated - adjusted for PFN and IFRS 9)</i>	<b>63,865</b>	<b>(125)</b>	<b>374,923</b>	<b>438,663</b>
Dividends	-	-	(92,338)	<b>(92,338)</b>
<b>Transactions with owners recognised directly in equity</b>	-	-	<b>(92,338)</b>	<b>(92,338)</b>
Net profit for the year ended 31 December 2018	-	-	151,929	<b>151,929</b>
Other comprehensive income	-	(17)	-	<b>(17)</b>
<b>Total comprehensive income for the year ended 31 December 2018</b>	-	<b>(17)</b>	<b>151,929</b>	<b>151,912</b>
<b>As at 31 December 2018</b>	<b>63,865</b>	<b>(142)</b>	<b>434,514</b>	<b>498,237</b>

The attached Notes are an integral part of these Condensed Separate Interim Financial Statements.

(all amounts in PLN'000 unless stated otherwise)

## SEPARATE STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Share capital	Other reserves	Retained earnings	Total equity
<b>As at 31 December 2017</b> <i>(previously reported)</i>	<b>63,865</b>	<b>(125)</b>	<b>387,147</b>	<b>450,887</b>
Adjustment - donation to PFN	-	-	(12,014)	<b>(12,014)</b>
<b>As at 31 December 2017</b> <i>(restated - adjusted for PFN)</i>	<b>63,865</b>	<b>(125)</b>	<b>375,133</b>	<b>438,873</b>
Adjustment - initial application of IFRS 9	-	-	(210)	<b>(210)</b>
<b>As at 1 January 2018</b> <i>(restated - adjusted for PFN and IFRS 9)</i>	<b>63,865</b>	<b>(125)</b>	<b>374,923</b>	<b>438,663</b>
Dividends	-	-	(92,338)	<b>(92,338)</b>
<b>Transactions with owners recognised directly in equity</b>	-	-	<b>(92,338)</b>	<b>(92,338)</b>
Net profit for the six-month period ended 30 June 2018	-	-	122,220	<b>122,220</b>
<b>Total comprehensive income for the six-month period ended 30 June 2018</b>	-	-	<b>122,220</b>	<b>122,220</b>
<b>As at 30 June 2018</b> <i>(restated, unaudited)</i>	<b>63,865</b>	<b>(125)</b>	<b>416,819</b>	<b>480,559</b>

The attached Notes are an integral part of these Condensed Separate Interim Financial Statements.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

### 1. Basis of preparation of the financial statements and summary of significant accounting policies

These Condensed Separate Interim Financial Statements were approved for publication by the Exchange Management Board on 26 July 2019.

These Condensed Separate Interim Financial Statements of Giełda Papierów Wartościowych w Warszawie S.A. have been prepared according to the International Accounting Standard 34 "Interim Financial Reporting" approved by the European Union. These Financial Statements do not contain all information required of complete financial statements prepared under the EU IFRS.

In the opinion of the Exchange Management Board, in the notes to the Condensed Separate Interim Financial Statements, GPW included all material information necessary for the proper assessment of the assets and the financial position of the Company as at 30 June 2019 and its financial results in the period from 1 January 2019 to 30 June 2019.

These Condensed Separate Interim Financial Statements have been prepared on the assumption that the Company will continue as a going concern in the foreseeable future. As at the date of preparation of these Condensed Separate Interim Financial Statements, in the opinion of the Exchange Management Board, there are no circumstances indicating any threats to Company's ability to continue operations.

The Company has prepared the Condensed Separate Interim Financial Statements in accordance with the same accounting policies as those described in the audited Financial Statements for the year ended 31 December 2018 other than for changes resulting from the application of new standards as described below. The Condensed Separate Interim Financial Statements for the six-month period ended 30 June 2019 should be read in conjunction with the Separate Financial Statements of the Company for the year ended 31 December 2018.

The following amendments of existing standards adopted by the European Union are effective for the financial statements of the Company for the financial year started on 1 January 2019:

- 1) IFRS 16 Leases – the effect of the application of the new standard is presented in Note 15 to the Financial Statements;
- 2) IFRIC 23 Uncertainty over Income Tax Treatments;
- 3) Amendments to IFRS 9 Financial Instruments;
- 4) Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures;
- 5) Amendments to IAS 19 Employee Benefits
- 6) Improvements to IFRS (2015-2017).

Following the implementation of IFRS 16, the Company's accounting policy described in Notes 2.2., 2.9. and 2.21. in the audited Separate Financial Statements for the year ended 31 December 2018 has been updated as follows:

### 2.2. Non-current prepayments

Non-current prepayments present amounts paid relating to future periods which are recognised over time. Until 31 December 2018, non-current prepayments included the right to perpetual usufruct of land with expected economic useful life longer than one year. Following the implementation of IFRS 16, as of 1 January 2019, all historical, current and future payments relating to the right to perpetual usufruct of land are included in the measurement of right-of-use assets and liabilities (see a description of the accounting policy concerning the recognition of leases, Note 2.21).

(all amounts in PLN'000 unless stated otherwise)

## 2.9. Other receivables

Other receivables present mainly prepayments - expenses paid in relation to future reporting periods. Prepayments include:

- ◆ non-current items relating to future reporting periods longer than 12 months after the balance-sheet date;
- ◆ current items relating to future reporting periods not longer than 12 months after the balance-sheet date. Prepayments are recognised at cost in the separate statement of comprehensive income depending on the term of the related contract.

Until 31 December 2018, other receivables included prepayments relating to payments for the right to perpetual usufruct of land. Following the implementation of IFRS 16, as of 1 January 2019, all historical, current and future payments relating to the right to perpetual usufruct of land are included in the measurement of right-of-use assets and liabilities (see a description of the accounting policy concerning the recognition of leases, Note 2.21).

## 2.21. Leases

### General

The Company recognises as leases contracts under which the right to use an asset is transferred for a given term in exchange for a fee. According to allowed simplifications, the Company does not apply lease accounting to the following lease contracts where it is the lessee:

- ◆ short-term lease contracts with a term shorter than 12 months;
- ◆ leases of low-value underlying assets (less than PLN 20 thousand).

For each lease contract, the Company defines the lease term as an uncancellable period including:

- ◆ periods when the lessee is reasonably certain to exercise an option to extend the lease; and
- ◆ periods when the lessee is reasonably certain not to exercise an option to terminate the lease.

### Lessee

At the commencement date, i.e., the date when the lessor makes the underlying asset available for use, the Company recognises a right-to-use asset and a lease liability.

The Company initially measures right-to-use assets at cost, including the initial valuation of the lease liability, any lease payments paid at or before the commencement date less any lease incentives received, any initial direct costs incurred by the lessee, and an estimate of any costs to be incurred by the lessee in dismantling and removing the underlying asset, or restoring the site on which it is located, or restoring the underlying asset to the condition required by the terms and conditions of the lease.

After the commencement date of the lease, the Company measures right-to-use assets applying a cost model, i.e., at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liability. Right-to-use assets are depreciated on a straight-line basis over the lease term.

Right-to-use assets are presented in a separate line of the separate statement of financial position. The Company groups such assets by class of underlying asset and discloses the classes in the Notes. The main classes of underlying assets used under the right to use include perpetual usufruct of land and office space lease.

The Company measures lease liabilities at the commencement date of the lease at the present value of the lease payments outstanding at that date. Lease payments are discounted at the interest rate implicit in the lease. If the Company cannot easily determine the interest rate implicit in the lease, it applies its incremental borrowing rate. The incremental borrowing rate of the Company is equal to the interest rate that the Company would have to pay to borrow, for a similar term and against similar collateral, funds necessary to buy an asset of a similar value as the asset used under the lease contract.

*(all amounts in PLN'000 unless stated otherwise)*

For the purposes of initial measurement of lease liabilities, the Company determines lease payments including:

- ◆ fixed lease payments and variable lease payments depending on an index or rate;
- ◆ amounts which the Company is expected to pay under a residual value guarantee;
- ◆ the exercise price of an option to purchase the asset that the Company is reasonably certain to exercise;
- ◆ payments for terminating the lease if the Company may exercise an option to terminate the lease according to the terms and conditions of the lease.

After the commencement date of the lease, the Company measures lease liabilities by increasing the carrying amount to reflect interest on the lease liability at the incremental borrowing rate, reducing the carrying amount to reflect the lease payments made, or remeasuring the carrying amount of the liability to reflect any reassessment or lease modifications.

The Company presents lease liabilities in a separate item of the statement of financial position, broken down by current and non-current items, and discloses an analysis of lease liabilities in the Notes.

#### **Lessor**

The Company recognises lease contracts where it is a lessor as an operating lease or a finance lease. The policy described in this section applies accordingly to sublease contracts, i.e., contracts where the underlying asset is re-leased by the Company ("intermediate lessor") to a third party and the lease ("head lease") between the head lessor and the Company remains in effect.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

The Company recognises lease payments from operating leases as income on either a straight-line basis or another systemic basis. Income from office space leases is recognised in the amount of monthly rent. Any costs, including depreciation charges, incurred to earn the lease income are recognised in the Company's financial result.

At the commencement date, the Company recognises assets held under a finance lease in the separate statement of financial position and presents them as a sublease receivable at an amount equal to the net investment in the lease. The Company recognises interest income on leases in the term of the lease to reflect a fixed periodic interest rate on the net investment in the lease made by the Company in the finance lease; the Company applies the effective interest rate method.

(all amounts in PLN'000 unless stated otherwise)

## 2. Property, plant and equipment

Table 1: Change of the net carrying value of property, plant and equipment by category

	Period of	
	6 months ended 30 June 2019 <i>(unaudited)</i>	12 months ended 31 December 2018
<b>Net carrying value - opening balance</b>	<b>96,362</b>	<b>96,269</b>
Additions	2,450	10,236
Disposals	(34)	(34)
Depreciation charge	(5,107)	(10,109)
<b>Net carrying value - closing balance</b>	<b>93,671</b>	<b>96,362</b>

The Company had no contracted investments as at 30 June 2019.

Contracted investments in plant, property and equipment amounted to PLN 194 thousand as at 31 December 2018, including mainly the acquisition of IT hardware and software in GPW.

## 3. Intangible assets

Table 2: Change of the net carrying value of intangible assets by category

	Period of	
	6 months ended 30 June 2019 <i>(unaudited)</i>	12 months ended 31 December 2018
<b>Net carrying value - opening balance</b> <i>(previously reported)</i>	<b>56,438</b>	<b>68,963</b>
Adjustment - trading system	-	(4,222)
<b>Net carrying value - opening balance</b> <i>(restated)</i>	<b>56,438</b>	<b>64,741</b>
Additions	1,502	1,846
Amortization charge	(5,184)	(10,148)
<b>Net carrying value - closing balance</b>	<b>52,756</b>	<b>56,438</b>

Contracted investments in intangible assets amounted to PLN 235 thousand as at 30 June 2019 and related mainly to the implementation of the new trading surveillance system.

Contracted investments in intangible assets amounted to PLN 479 thousand as at 31 December 2018 and related mainly to the implementation of the new trading surveillance system.

(all amounts in PLN'000 unless stated otherwise)

## 4. Investment in subsidiaries, associates and other entities

As at 30 June 2019, the Company held interest in the following subsidiaries:

- ◆ Towarowa Giełda Energii S.A. ("Polish Power Exchange", "TGE"), the parent entity of the Towarowa Giełda Energii S.A. Group ("TGE Group");
- ◆ BondSpot S.A. ("BondSpot");
- ◆ GPW Benchmark S.A. ("GPWB").

Entities measured under equity method in which the Company has significant influence or joint control include:

- ◆ Krajowy Depozyt Papierów Wartościowych S.A. ("KDPW") (parent entity of the KDPW Group);
- ◆ Centrum Giełdowe S.A. ("CG");
- ◆ Polska Agencja Ratingowa S.A. ("PAR", formerly "IAiR").

In addition, the Company holds interest in Innex (carrying value PLN 0 as at 30 June 2019) and the Bucharest Stock Exchange (carrying value PLN 105 thousand as at 30 June 2019). The company Infostrefa S.A., in which GPW held minority interest, was liquidated in the six-month period ended 30 June 2019. The carrying value of the investment in Infostrefa S.A. was PLN 0 as at 31 December 2018. The liquidation of Infostrefa S.A. had no effect on the financial results of GPW in the six-month period ended 30 June 2019.

### Interest in Polska Agencja Ratingowa S.A.

As at 31 December 2017, GPW held 100% of the subsidiary Instytut Analiz i Ratingu S.A. As at 30 June 2018, the Company wrote off the investment in IAiR at PLN 1,927 thousand, reducing the investment to PLN 2,173 thousand. The impairment loss was presented in financial expenses in the separate statement of comprehensive income for 2018.

According to an amendment of the entry in the National Court Register at 31 October 2018, the name of Instytut Analiz i Ratingu S.A. was changed to Polska Agencja Ratingowa S.A. ("PAR"). The share capital of PAR was increased from PLN 2,173 thousand to PLN 6,519 thousand, resulting in a change of the shareholding structure. The shareholders of PAR are now, in equal parts, one-third each: Giełda Papierów Wartościowych w Warszawie S.A., Polski Fundusz Rozwoju S.A., and Biuro Informacji Kredytowej S.A. The mission of the joint rating agency is to build a rating culture in Poland by offering services to a broad group of entities, mainly small and mid-sized enterprises.

### Interest in Aquis Exchange Limited

In connection with the planned sale of Aquis Exchange Limited, the GPW Management Board reclassified the investment in the associate Aquis to "Assets held for sale" at PLN 12,151 thousand as at 31 March 2018. The IPO of Aquis decreased the par value of Aquis shares. As a result, the number of shares held by GPW increased from 384,025 as at 31 December 2017 to 4,608,300. On 14 June 2018, GPW sold the shares at GBP 2.69 per share. The net receipts from the sale were PLN 57,546 thousand (net of the transaction cost of PLN 2,677 thousand). The gains on the sale of the shares amounted to PLN 32,239 thousand are presented as financial income in the separate statement of comprehensive income in 2018.

(all amounts in PLN'000 unless stated otherwise)

## 5. Trade and other receivables

Table 3: Trade and other receivables

	As at	
	30 June 2019 <i>(unaudited)</i>	31 December 2018
Gross trade receivables	26,813	23,752
Impairment allowances for trade receivables	(4,179)	(4,616)
<b>Total trade receivables</b>	<b>22,634</b>	<b>19,136</b>
Dividend receivable	70,511	-
Current prepayments	5,892	2,784
VAT refund receivable	146	-
Receivables from subsidiaries in respect of corporate income tax payments in the Tax Group	3,489	2,793
Other receivables	1,617	770
<b>Total other receivables</b>	<b>81,655</b>	<b>6,347</b>
<b>Total trade and other receivables</b>	<b>104,289</b>	<b>25,483</b>

## 6. Financial assets measured at amortised cost

Table 4: Financial assets measured at amortised cost

	As at	
	30 June 2019 <i>(unaudited)</i>	31 December 2018
Corporate bonds	19,893	34,964
Certificates of deposit	-	38,159
Bank deposits (from 3 to 12 months)	158,626	236,967
<b>Total current</b>	<b>178,519</b>	<b>310,090</b>
<b>Total financial assets measured at amortised cost</b>	<b>178,519</b>	<b>310,090</b>

The carrying value of financial assets measured at amortised cost is similar to their fair value.



(all amounts in PLN'000 unless stated otherwise)

## 7. Change of estimates

In the period from 1 January 2019 to 30 June 2019, impairment losses for assets were adjusted as follows:

Table 5: Change of impairment losses of receivables

	As at	
	30 June 2019 <i>(unaudited)</i>	31 December 2018
<b>Closing balance of previous year</b>	<b>4,616</b>	<b>2,224</b>
Adjustment at first application of IFRS 9	-	259
<b>Opening balance</b>	<b>4,616</b>	<b>2,483</b>
Change of allowance balances - expected loss model (IFRS 9)	(373)	2,149
Receivables written off during the period as uncollectible	(64)	(16)
<b>Closing balance</b>	<b>4,179</b>	<b>4,616</b>

In the period from 1 January 2019 to 30 June 2019, there were the following changes in estimates:

- ♦ provisions against employee benefits (mainly annual bonuses) were reduced by PLN 1,338 thousand (usage of PLN 5,613 thousand, provision additions of PLN 4,275 thousand);
- ♦ provisions against litigation and other provisions were increased by PLN 26 thousand (usage of PLN 9 thousand, releases of PLN 12 thousand, provision additions of PLN 47 thousand).

In addition, estimates include contract assets (Note 10), which mainly represent revenues from information services and the calculation of reference rates not yet invoiced.

## 8. Cash and cash equivalents

Table 6: Cash and cash equivalents

	As at	
	30 June 2019 <i>(unaudited)</i>	31 December 2018
Current accounts (other)	20,093	21,874
VAT current accounts (split payment)	314	93
Bank deposits (up to 3 months)	144,075	-
Corporate bonds (up to 3 months)	28,998	-
<b>Total cash and cash equivalents</b>	<b>193,480</b>	<b>21,967</b>

The carrying value of short-term bank deposits and current accounts is similar to their fair value in the view of their short maturity.

(all amounts in PLN'000 unless stated otherwise)

## 9. Bond issue liabilities

Table 7: Bond issue liabilities

	As at	
	30 June 2019 <i>(unaudited)</i>	31 December 2018
Series C bonds	124,430	124,303
Series D and E bonds	119,726	119,658
<b>Total non-current</b>	<b>244,156</b>	<b>243,961</b>
Series C bonds	671	683
Series D and E bonds	1,222	1,256
<b>Total current</b>	<b>1,893</b>	<b>1,938</b>
<b>Total liabilities under bond issue</b>	<b>246,049</b>	<b>245,899</b>

### Series C bonds

On 6 October 2015, GPW issued 1,250,000 series C bearer bonds in a total nominal amount of PLN 125,000 thousand. The nominal amount and the issue price was PLN 100 per bond. The series C bonds bear interest at a fixed rate of 3.19 percent per annum. Interest on the bonds is paid semi-annually. The bonds are due for redemption on 6 October 2022 against the payment of the nominal value to the bond holders.

The series C bonds were introduced to the alternative trading system on Catalyst.

The fair value of the series C bonds was PLN 128,816 thousand as at 30 June 2019 (PLN 128,565 thousand as at 31 December 2018).

### Series D and E bonds

On 13 October 2016, the GPW Management Board passed a resolution to issue 1,200,000 unsecured bearer bonds with a nominal value of PLN 100 per bond and a total nominal value of PLN 120,000 thousand. The bonds were issued in January 2017 in two series: series D bonds with a total nominal value of PLN 60,000 thousand and series E bonds with a total nominal value of PLN 60,000 thousand. The issue price of series D bonds addressed to institutional investors was PLN 100 per bond. The issue price of series E bonds addressed to individual investors was from PLN 99.88 to PLN 99.96 (depending on the date of subscription).

The bonds bear interest at a floating rate equal to WIBOR 6M plus a margin of 95 basis points. The interest on the bonds is paid semi-annually. The bonds are due for redemption on 31 January 2022.

The series D and E bonds were introduced to trading on the regulated market Catalyst operated by GPW and in the alternative trading system Catalyst operated by BondSpot.

The fair value of the series D and E bonds was PLN 122,642 thousand as at 30 June 2019 (PLN 122,492 thousand as at 31 December 2018).

## 10. Contract assets and contract liabilities

Table 8: Contract assets

	As at	
	30 June 2019 <i>(unaudited)</i>	31 December 2018
Financial market	23	-
Other revenue	1,697	1,015
<b>Total contract assets</b>	<b>1,720</b>	<b>1,015</b>

Table 9: Contract liabilities

	As at	
	30 June 2019 <i>(unaudited)</i>	31 December 2018
Trading	334	-
Listing	8,112	-
Information services and revenue from the calculation of benchmarks	8,926	-
<b>Total financial market</b>	<b>17,372</b>	<b>-</b>
Other revenue	112	11
<b>Total contract liabilities</b>	<b>17,484</b>	<b>11</b>

Contract liabilities include income of future periods from annual fees charged from market participants and information vendors, which are recognised over time.

(all amounts in PLN'000 unless stated otherwise)

## 11. Other non-current and current liabilities

Table 10: Other non-current and current liabilities

	As at	
	30 June 2019 (unaudited)	31 December 2018
Committed investments	2,224	2,224
Liabilities to the Polish National Foundation	8,234	9,611
<b>Total non-current</b>	<b>10,458</b>	<b>11,835</b>
Dividend payable	133,634	210
VAT payable	-	2,187
Other tax liabilities	1,224	1,122
Committed investments	3,003	1,827
Liabilities to the Polish National Foundation	1,237	1,219
Other liabilities	293	232
<b>Total current</b>	<b>139,391</b>	<b>6,797</b>
<b>Total other liabilities</b>	<b>149,849</b>	<b>18,632</b>

Other non-current liabilities included mainly liabilities to the Polish National Foundation at PLN 8,234 thousand as at 30 June 2019 (PLN 9,611 thousand as at 31 December 2018).

## 12. Income tax

Table 11: Income tax by current and deferred tax

	Six-month period ended	
	30 June 2019 (unaudited)	30 June 2018 (restated, unaudited)
Current income tax	10,918	16,439
Deferred tax	(4,797)	(3,140)
<b>Total income tax</b>	<b>6,121</b>	<b>13,299</b>

As required by the Polish tax regulations, the tax rate applicable in 2019 and 2018 is 19%.

(all amounts in PLN'000 unless stated otherwise)

**Table 12:** Reconciliation of the theoretical amount of tax arising from profit before tax and the statutory tax rate with the income tax expense presented in the statement of comprehensive income

	Six-month period ended	
	30 June 2019 (unaudited)	30 June 2018 (restated, unaudited)
Profit before income tax	101,181	136,860
Income tax rate	19%	19%
<b>Income tax at the statutory tax rate</b>	<b>19,224</b>	<b>26,003</b>
<b>Tax effect:</b>	<b>(13,103)</b>	<b>(12,704)</b>
Non-tax-deductible expenses	378	538
Non-taxable dividend income	(13,481)	(13,242)
<b>Total income tax</b>	<b>6,121</b>	<b>13,299</b>

As the Company Representing the Tax Group, Giełda Papierów Wartościowych w Warszawie S.A. is responsible for the calculation and payment of quarterly corporate income tax advances of the Tax Group pursuant to the Corporate Income Tax Act. As at 30 June 2019, GPW's receivables from its related parties participating in the Tax Group in respect of income tax payable on their behalf was PLN 3,489 thousand, presented in the trade receivables and other receivables in the separate statement of financial position.

## 13. Related party transactions

Related parties of the Company include entities measured under the equity method (KDPW Group, Centrum Giełdowe S.A. and Polska Agencja Ratingowa S.A.) and the State Treasury as the parent entity (holding 35.00% of the share capital and 51.77% of the total number of voting rights as at 30 June 2019), entities controlled and jointly controlled by the State Treasury and entities on which the State Treasury has significant influence. Furthermore, related parties include the key management personnel of the Company.

### 13.1. Information about transactions with entities which are related parties of the State Treasury

#### Companies with a stake held by the State Treasury

The Company keeps no records which would clearly identify and aggregate transactions with all entities which are related parties of the State Treasury.

Companies with a stake held by the State Treasury, include issuers (from which GPW charges introduction and listing fees) and Exchange Members (from which GPW charges fees for access to trade on the exchange market, fees for access to the GPW IT systems, and fees for trade in financial instruments).

All trade transactions with entities with a stake held by the State Treasury are concluded in the normal course of business and are carried out on an arm's length basis.

#### Polish Financial Supervision Authority

The Regulation of the Minister of Finance which determines among others the calculation method as well as the terms and conditions of the payment of fees by relevant entities to the Polish Financial Supervision Authority took effect as of 1 January 2016. According to the Regulation, the Chairperson of the Polish Financial Supervision Authority publishes the rates and the indicators necessary to calculate the fees in a public communique promulgated in the Official Journal of the Polish Financial Supervision Authority by 31 August of

*(all amounts in PLN'000 unless stated otherwise)*

each calendar year. On that basis, the entities obliged to pay the fee will calculate the final amount of the annual fee due for the year and pay the fee by 30 September of the calendar year.

In the six-month period ended 30 June 2019, the operating expenses of the Company included an estimated amount of the annual fee at PLN 6,842 thousand. The fee charged to the expenses of GPW in the six-month period ended 30 June 2018 was PLN 4,805 thousand.

### **13.2. Transactions with subsidiaries, associates and joint ventures**

On 20 May 2019, the Ordinary General Meeting of Centrum Giełdowe S.A. decided to allocate a part of the profit equal to PLN 1,779 thousand to a dividend payment. The dividend attributable to GPW amounted to PLN 441 thousand. The dividend was paid on 31 May 2019.

On 10 June 2019, the Ordinary General Meeting of Krajowy Depozyt Papierów Wartościowych S.A. decided to allocate a part of the profit equal to PLN 19,697 thousand to a dividend payment. The dividend attributable to GPW amounted to PLN 6,566 thousand. The dividend payment date will be determined by the KDPW Supervisory Board.

On 28 June 2019, the Ordinary General Meeting of Towarowa Giełda Energii S.A. decided to allocate a part of the profit equal to PLN 63,945 thousand to a dividend payment. The entire dividend was attributable to GPW. The dividend was paid on 19 July 2019.

As at 30 June 2019, GPW recognised dividend receivables of PLN 70,510 thousand under the trade and other receivables.

## **14. Dividend**

On 17 June 2019, the Ordinary General Meeting of GPW passed a resolution to distribute the Company's profit for 2018, including a payment of dividend in the total amount of PLN 133,471 thousand. The dividend per share was PLN 3.18. The dividend record date was 19 July 2019 and the dividend payment date was 2 August 2019. The liability in respect of the dividend payment is presented at PLN 133,634 in the Company's other current liabilities as at 30 June 2019. The dividend due to the State Treasury amounted to PLN 46,709 thousand.

## **15. Effect of the initial application of IFRS 16 Leases**

The Company initially applied IFRS 16 in the period started 1 January 2019; consequently, these are the first financial statements where the new Standard is applied.

IFRS 16 was published in January 2016. For lessees, the new Standard eliminates the distinction between operating and finance leases. As a result, lessees will recognise nearly all lease contracts in the statement of financial position. According to the new Standard, right-to-use assets and lease liabilities are recognised in the separate statement of financial position. The only exceptions are short-term leases and low-value leases, which are not recognised by the Company in the separate statement of financial position.

According to paragraph C5(b) of IFRS 16, the Company implemented IFRS 16 without restating its comparative data; consequently, 2018 and 2019 data are not comparable. The Company recognised the total effect of initial application of the Standard as a correction of the opening balance of retained earnings (the application of the Standard does not impact the profits of previous years as at 1 January 2019 because lease assets and liabilities are estimated to be equal).

*(all amounts in PLN'000 unless stated otherwise)*

The Company uses the following practical solutions for leases previously classified as operating leases under IAS 17:

- ◆ it applies a single discount rate to a portfolio of leases of reasonably similar characteristics;
- ◆ it does not apply requirements for the recognition of lease assets and liabilities to leases whose term ends after 12 months from initial application. The Company recognises such leases as current leases and presents the costs related to such leases in disclosures in the annual reporting period;
- ◆ it does not recognise initial direct costs in the measurement of right-to-use assets at initial application.

As at 1 January 2019:

- the Company recognised right-to-use assets at PLN 9,846 thousand (including perpetual usufruct of land at PLN 2,437 thousand, reclassified from prepayments);
- the Company recognised sublease receivables at PLN 16,926 thousand;
- the Company recognised lease liabilities at PLN 24,335 thousand;
- the Company no longer recognised prepayments at PLN 2,437 thousand (including PLN 106 thousand presented at 31 December 2018 as trade and other receivables and PLN 2,331 thousand presented at 31 December 2018 as non-current prepayments).

In the six-month period ended 30 June 2019, the Company:

- ◆ depreciated right-to-use assets on a straight-line basis throughout the useful life (depreciation expense amounted to PLN 700 thousand, including reduction due to partial sublease of right-to-use assets to third parties);
- ◆ recognised lease liabilities at the lessee's incremental borrowing rate (interest expense amounted to PLN 359 thousand and interest income amounted to PLN 244 thousand).

Additional disclosures will be presented in the separate financial statements for the year ended 31 December 2019.

The weighted average incremental borrowing rate applied to lease liabilities presented in the statement of financial position as at 1 January 2019 amounted to 3.02%.

Future minimum lease payments presented in the Company's separate financial statements as at 31 December 2018 amounted to PLN 20,122 thousand. The payments discounted with the weighted average incremental borrowing rate amounted to PLN 18,104 thousand. The difference between the discounted future minimum lease payments and the lease liabilities recognised as at 1 January 2019 was due to different assumptions concerning the period of leases.

(all amounts in PLN'000 unless stated otherwise)

Table 13: Effect of initial application of IFRS 16 in the statement of financial position

	As at		
	31 December 2018	Adjustment on initial application of IFRS 16	1 January 2019 (unaudited)
<b>Total non-current assets</b>	<b>426,635</b>	<b>21,167</b>	<b>447,802</b>
incl.: Right-to-use assets	-	9,846	9,846
incl.: Sublease receivables	-	13,652	13,652
incl.: Prepayments	4,801	(2,331)	2,470
<b>Total current assets</b>	<b>358,619</b>	<b>3,168</b>	<b>361,787</b>
incl.: Trade and other receivables	25,483	(106)	25,377
incl.: Sublease receivables	-	3,274	3,274
<b>TOTAL ASSETS</b>	<b>785,254</b>	<b>24,335</b>	<b>809,589</b>
<b>Equity</b>	<b>498,237</b>	<b>-</b>	<b>498,237</b>
<b>Total non-current liabilities</b>	<b>263,237</b>	<b>19,847</b>	<b>283,084</b>
incl.: Lease liabilities	-	19,847	19,847
<b>Total current liabilities</b>	<b>23,780</b>	<b>4,488</b>	<b>28,268</b>
incl.: Lease liabilities	-	4,488	4,488
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>785,254</b>	<b>24,335</b>	<b>809,589</b>

## 16. Changes of the accounting treatment of liabilities to Polska Fundacja Narodowa and deposits with maturities over 3 months

### Liabilities to Polska Fundacja Narodowa

As a co-founder of Polska Fundacja Narodowa established in 2016 ("Polish National Foundation", "Foundation" or "PFN"), GPW is required to contribute annual payments towards the statutory mission of the Foundation, totalling 11 payments from the establishment of the Foundation. According to the founding deed of the Foundation, the Company's total financial commitment towards PFN is PLN 19,500 thousand.

Up to 30 June 2019, the Company paid PLN 9,000 thousand towards the endowment of the Foundation, including PLN 7,500 thousand in 2016-2018 and PLN 1,500 thousand in the period of six months ended 30 June 2019. The payments to the Foundation were recognised in the Company's separate statement of comprehensive income at the date of each payment up to 30 September 2018.

As at 30 September 2018, the Company's management reviewed the treatment of donations paid to PFN in the Company's financial statements for 2016-2018 in the light of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The analysis concluded that the payments to PFN are donations and that the liability of GPW to make all payments to PFN according to the founding deed of the Foundation arose when GPW joined the Foundation and signed its founding deed.

As a result, the Company decided to retrospectively change the accounting treatment of payments to PFN by discounting the future payments committed by GPW as at 31 December 2016 and by their one-off recognition in other expenses in the Company's separate statement of comprehensive income for the year ended 31 December 2016 and in other liabilities in Company's separate statement of financial position for the year ended 31 December 2016.



(all amounts in PLN'000 unless stated otherwise)

As a result, the net profit for the six-month period ended 30 June 2018, presented in these financial statements as comparative data, increased by PLN 1,341 thousand.

For a detailed description of the change of presentation of the liabilities to Polska Fundacja Narodowa, see Note 33.1 to the Separate Financial Statements of the Company for the year ended 31 December 2018.

### Deposits with maturities over 3 months

As at 31 December 2018, the Company's management reviewed the treatment of deposits with maturities over 3 months in the light of IAS 7 Statement of Cash Flows. The analysis concluded that only deposits with maturities up to 3 months should be presented in cash and cash equivalents in the separate statement of financial position.

As a result, the Company decided to retrospectively change the accounting treatment of deposits and to present deposits with maturities over 3 months in financial assets measured at amortised cost. As a result of the reclassification, cash and cash equivalents decreased to PLN 52,746 thousand as at 31 December 2017 and to PLN 39,002 thousand as at 30 June 2018, and the total cash flows presented in the separate statement of cash flows for the six-month period ended 30 June 2018 changed from negative PLN 17,449 thousand to negative PLN 13,479 thousand.

For a detailed description of the change of presentation of deposits with maturities over 3 months, see Note 33.2 to the Separate Financial Statements of the Company for the year ended 31 December 2018.

**Table 14:** Impact of changes of the accounting treatment of liabilities to PFN and deposits with maturities over 3 months on the separate statement of comprehensive income for the six-month period ended 30 June 2018

	Six-month period ended 30 June 2018 <i>(previously reported, unaudited)</i>	Adjustments		Six-month period ended 30 June 2018 <i>(restated, unaudited)</i>
		PFN	Deposits	
Sales revenue	95,446	-	-	95,446
Operating expenses	(56,402)	-	-	(56,402)
Other revenue	703	-	-	703
Gains on reversal of impairment losses on receivables/ (Impairment losses) on receivables	(1,427)	-	-	(1,427)
Other expenses	(1,822)	1,341	-	(481)
<b>Operating profit</b>	<b>36,498</b>	<b>1,341</b>	-	<b>37,839</b>
Financial income	104,898	-	-	104,898
Financial expenses	(5,877)	-	-	(5,877)
<b>Profit before income tax</b>	<b>135,519</b>	<b>1,341</b>	-	<b>136,860</b>
Income tax expense	(13,299)	-	-	(13,299)
<b>Profit for the period</b>	<b>122,220</b>	<b>1,341</b>	-	<b>123,561</b>
<b>Basic/Diluted earnings per share (PLN)</b>	<b>2.91</b>	<b>0.03</b>	-	<b>2.94</b>

(all amounts in PLN'000 unless stated otherwise)

**Table 15:** Impact of changes of the accounting treatment of liabilities to PFN and deposits with maturities over 3 months on selected items of the separate statement of cash flows for the six-month period ended 30 June 2018

	Six-month period ended 30 June 2018 <i>(previously reported, unaudited)</i>	Adjustments		Six-month period ended 30 June 2018 <i>(restated, unaudited)</i>
		PFN	Deposits	
<b>Cash flows from operating activities (selected items):</b>				
Net profit for the period	122,220	1,341	-	123,561
(Interest income) on deposits, certificates of deposit and corporate bonds	(2,033)	-	454	(1,579)
Increase/(Decrease) of other liabilities (excluding committed investments and dividend payable)	(57)	(1,341)	-	(1,398)
<b>Net cash flows from operating activities (all items):</b>	<b>40,306</b>	<b>-</b>	<b>454</b>	<b>40,760</b>
<b>Cash flows from investing activities (selected items):</b>				
Interest received on deposits (presented as cash and cash equivalents)	1,430	-	(1,430)	-
Interest received on financial assets measured at amortised cost	-	-	946	946
Purchase of financial assets measured at amortised cost	(110,237)	-	(209,000)	(319,237)
Sale of financial assets measured at amortised cost	-	-	213,000	213,000
<b>Net cash flows from investing activities (all items):</b>	<b>(54,100)</b>	<b>-</b>	<b>3,516</b>	<b>(50,584)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(17,449)</b>	<b>-</b>	<b>3,970</b>	<b>(13,479)</b>
<i>Impact of fx rates on cash balance in currencies</i>	<i>(264)</i>	<i>-</i>	<i>-</i>	<i>(264)</i>
<b>Cash and cash equivalents - opening balance</b>	<b>249,207</b>	<b>-</b>	<b>(196,461)</b>	<b>52,746</b>
<b>Cash and cash equivalents - closing balance</b>	<b>231,493</b>	<b>-</b>	<b>(192,491)</b>	<b>39,002</b>

*(all amounts in PLN'000 unless stated otherwise)*

## 17. Events after the balance sheet date

On 3 July 2019, the Exchange Management Board decided to launch a project aimed at research and development work on the development of a proprietary trading system ("Trading Platform") with co-financing from grants of the National Centre for Research and Development ("NCBR"). The total amount of expenses connected with the implementation of the project is estimated at PLN 90,000 thousand.

The Exchange Management Board decided to conclude an agreement with the National Centre for Research and Development concerning the co-financing of the project "Research and development work for the development and implementation of a state-of-the-art integrated Trading Platform of ground-breaking performance and capacity parameters and innovative communication protocols and trading algorithms" in the amount of PLN 30,277,090.54. The eligible cost of the project is estimated by the Company at PLN 53,704,890.73. The Company has used the Universal Trading Platform (UTP) since 2013.

On 15 July 2019, GPW presented an own blank bill of exchange to NCBR securing obligations under the Agreement concerning the co-financing of the project "Research and development work for the development and implementation of a state-of-the-art integrated Trading Platform of ground-breaking performance and capacity parameters and innovative communication protocols and trading algorithms", dated 3 July 2019, financed under the Operational Programme Smart Development Sub-measure 1.1.1 Industrial research and development work implemented by enterprises. According to the agreement and the bill-of-exchange declaration, NCBR may complete the bill of exchange with the amount of provided co-financing which may be subject to refunding, together with interest accrued at the statutory rate of overdue taxes from the date of transfer of the amount to GPW's account to the day of repayment. NCBR may also complete the bill of exchange with the payment date and insert a "no protest" clause. The bill of exchange may be completed upon the fulfilment of conditions laid down in the Agreement of 3 July 2019 between GPW and NCBR. The bill of exchange shall be returned to GPW or destroyed at the written request of GPW after the project sustainability period defined in the project co-financing agreement.

*(all amounts in PLN'000 unless stated otherwise)*

The Condensed Separate Interim Financial Statements are presented by the Management Board of the Warsaw Stock Exchange:

Marek Dietl – President of the Management Board .....

Jacek Fotek – Vice-President of the Management Board .....

Piotr Borowski – Member of the Management Board .....

Dariusz Kułakowski – Member of the Management Board .....

Izabela Olszewska – Member of the Management Board .....

Signature of the person responsible for keeping the accounting records:

Sylvia Sawicka – Chief Accountant .....

Warsaw, 26 July 2019

## Management Board's Statement

The Management Board of the Warsaw Stock Exchange declares to the best of its knowledge that:

- The Condensed Consolidated Interim Financial Statements of the Warsaw Stock Exchange Group for the period from 1 January 2019 to 30 June 2019, including comparative information, have been prepared in accordance with the binding accounting policies and that these give true, fair and clear view of the financial position and results of the Warsaw Stock Exchange Group ("Group"),
- The Management Board Report on the Activity of the Warsaw Stock Exchange Group for the six-month period ended 30 June 2019 gives the true view of the Group's development, achievements and situation, including the main threats and risks.

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Marek Dietl  
President of the Management Board

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Jacek Fotek  
Vice-President of the Management Board

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Piotr Borowski  
Member of the Management Board

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Dariusz Kułakowski  
Member of the Management Board

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Izabela Olszewska  
Member of the Management Board

Warsaw, 26th July 2019



## Management Board's Statement

The Management Board of the Warsaw Stock Exchange declares to the best of its knowledge that:

- The Condensed Separate Interim Financial Statements of the Warsaw Stock Exchange for the period from 1 January 2019 to 30 June 2019, including comparative information, have been prepared in accordance with the binding accounting policies and that these give true, fair and clear view of the financial position and results of the Warsaw Stock Exchange ("Company"),
- The Management Board Report on the Activity of the Warsaw Stock Exchange Group for the six-month period ended 30 June 2019 gives the true view of the Company's development, achievements and situation, including the main threats and risks.

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Marek Dietl  
President of the Management Board

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Jacek Fotek  
Vice-President of the Management Board

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Piotr Borowski  
Member of the Management Board

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Dariusz Kułakowski  
Member of the Management Board

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Izabela Olszewska  
Member of the Management Board

Warsaw, 26th July 2019