

Auditor's Report

to the General Meeting and the Supervisory Board of Giełda Papierów Wartościowych w Warszawie S.A.

Report from the audit of the annual financial statements

Opinion

We have audited the annual financial statements of Giełda Papierów Wartościowych w Warszawie S.A. ("the Company") containing a statement of financial position as at 31 December 2018 and a statement of comprehensive income, a statement of changes in equity, a statement of cash flows for the year ended 31 December 2018 and notes containing a description of the adopted accounting policies and other information ("the financial statements").

In our opinion, the attached financial statements:

- present truly and fairly the Company's financial position and assets as at 31 December 2018 and its financial results and cash flows for the financial year ended 31 December 2018 in accordance with the applicable International Financial Reporting Standards adopted by the European Union and the adopted accounting principles (policies);
- are, in respect of the form and content, in accordance with the legal regulations applicable to the Company and the Company's Articles of Association;
- have been prepared based on properly maintained accounting records in accordance with Chapter 2 of the Accounting Act of 29 September 1994 ("the Accounting Act", Journal of Laws of 2018, item 395, as amended).

Our opinion is consistent with the additional report to the Audit Committee issued on 25 February 2019.

Basis of the opinion

We have conducted our audit in accordance with the National Standards of Auditing in the wording of the International Standards on Auditing approved by the National Council of Auditors and in accordance with the Act of 11 May 2017 on Auditors, Audit Firms and Public Supervision ("the Auditor Act", Journal of Laws of 2017, item 1089, as amended) and Regulation (EU) No 537/2014 of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities ("the EU Regulation", EU Legal Journal L 158). Our responsibility under those standards is described below in the section *Responsibility of the auditor for the audit of the financial statements*.

We are independent of the Company in accordance with the Code of Ethics for Professional Accountants issued by the International Federation of Accountants ("the IFAC Code") adopted by resolutions of the National Council of Auditors, as well as other ethical standards applicable to financial audits in Poland. We have met our ethical obligations under those standards and the IFAC

Code. The key auditor and the audit firm were independent of the Company during the audit in accordance with the independence criteria defined in the Auditor Act and the EU Regulation.

In our opinion, our audit evidence has provided a sufficient and adequate basis to express our opinion.

Other matters

The Company's financial statements for the year ended 31 December 2017 had been audited by an auditor acting on behalf of another audit firm, who issued an unqualified opinion on the financial statements on 27 February 2018.

Key audit matters

Key audit matters are matters which in our professional opinion are critical to the audit of the financial statements for the current reporting period. They include the most material identified risks of material misstatement, including identified risks of misstatement due to fraud. We have addressed such matters in the context of our audit of the financial statements as a whole and in drafting our opinion, and we have summarised our reaction to such risks and, where necessary, presented the key observations on such risks. We have not issued a separate opinion on key audit matters.

1 Recognition of sales revenue

Key audit matter

The Company's revenue is determined in large part through automated processes in the transactional and billing systems. The systems process large amounts of data of transactions made on the markets operated by the Company and enable the determination of due revenue.

Controls in the IT environment, which cover change management, access control and division of competences, are material to the correct determination and recognition of sales revenue in the financial statements.

As the revenue level is a key measure of the Company's effectiveness, it is subject to an increased risk of intentional misstatement.

Sales revenue presented in the financial statements for the audited period was PLN 190,880 thousand.

Disclosures in the financial statements

The disclosures are presented in Note 2.18 Revenue and Note 22 Sales revenue.

The auditor's procedures addressing identified risks

Our audit procedures included without limitation:

- assessment of compliance of the accounting policy with the applicable financial reporting standards;
- internal control tests covering the verification of data sourced from the billing system;
- IT environment control tests performed with the participation of an IT specialist covering change management, access to IT systems, information security and change management, for the key IT systems used by the Company, including the transactional and billing systems;
- analytical procedures based on expectations used to test that the amount of revenue from selected services is reasonable, performed using transaction volume data and knowledge of applicable prices;
- reconciliation of a selected sample of sales revenue with the source documentation;
- analysis of correction invoices for sales revenue issued after the end of the financial year in conjunction with an assessment of the correct determination of revenue in the audited period;
- independent confirmation of balances for a sample of trade receivables at 31 December 2018;
- assessment of the correctness and completeness of disclosures in the financial statements.

2 Impairment of investments in subsidiaries

Key audit matter

Investments in subsidiaries at PLN 250,885 thousand as at 31 December 2018 are an important part of the Company's assets.

The Company tested impairment of key cash generating units linked to goodwill in the consolidated financial statements corresponding to subsidiaries under IAS 36 based on usable value. Realisable value is estimated based on a number of critical judgments, including the weighted average cost of capital, cash flows in the time horizon of the forecast and growth rate after the time horizon of the forecast. The Company's tests identified no impairment of investments in subsidiaries.

We consider this to be a key audit matter in view of its material carrying amount and dependence on subjective judgments and assumptions.

Disclosures in the financial statements

The disclosures are presented in Note 2.7 Investments in associates and subsidiaries and Note 6 Investments in subsidiaries.

The auditor's procedures addressing identified risks

The audit documented our understanding of the impairment test and analysed the test. Our procedures included an assessment of the model and assumptions. In particular, we carried out the following audit procedures:

- we compared the test forecasts with the business plans approved by the management of the subsidiaries;
 - we assessed the mathematical correctness and the adequacy of parameters and the probability of assumptions used in the financial forecasts;
 - we assessed the validity of the forecasts by analysing historical performance of the subsidiaries and earlier forecasts;
 - we evaluated the correctness and completeness of disclosures in the financial statements.
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Responsibility of the Management Board and the Supervisory Board for the financial statements

The Company's Management Board is responsible for the preparation of the financial statements, based on properly maintained accounting records, which present truly and fairly the Company's financial position and assets and financial results in accordance with the International Financial Reporting Standards adopted by the European Union and the adopted accounting principles (policies) and in accordance with the legal regulations applicable to the Company and the Company's Articles of Association, and for internal controls which the Management Board considers necessary to enable the preparation of financial statements free of material misstatements due to fraud or error.

In the preparation of the financial statements, the Company's Management Board is responsible for assessing the Company's ability to continue as a going concern, for disclosing, where applicable, any matters relating to continuation as a going concern, and for the application of the going concern as a basis of the accounting policy, other than where the Management Board is planning to liquidate the Company or discontinue its activity or has no realistic alternative to liquidation or discontinuation.

The Company's Management Board and the members of the Supervisory Board are responsible for ensuring that the financial statements meet the requirements of the Accounting Act. The members of the Supervisory Board are responsible for supervising the Company's financial reporting process.

Responsibility of the auditor for the audit of the financial statements

It is objective to get reasonable assurance that the financial statements as a whole are free of material misstatements due to fraud or error, and to issue a report from the audit containing our opinion. Reasonable assurance is a high degree of assurance but it is no guarantee that the audit carried out according to the National Standards of Auditing will always detect existing material misstatements. Misstatements may result from fraud or error; they are considered material if they can be reasonably expected to affect, individually or jointly, business decisions of users taken on the basis of the financial statements.

The concept of materiality is applied by the auditor both in planning and conducting the audit and in assessing the impact of misstatements and unadjusted misstatements identified in the audit, if any, on the financial statements, and in drafting the auditor's opinion. Consequently, all opinions and

statements contained in the auditor's report are expressed taking into account the qualitative and quantitative materiality determined according to the audit standards and the auditor's professional judgment.

The scope of the audit does not include any assurance as to future profitability of the Company or the effectiveness and efficiency of the management of the Company by the Company's Management Board either at this present time or in the future.

In our audit carried out according to the National Standards of Auditing, we apply professional judgment and professional scepticism and:

- identify and assess risks of material misstatements of the financial statements due to fraud or error, design and conduct audit procedures addressing such risks, and compile audit evidence which provides a sufficient and adequate basis to express our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error because fraud may involve collusion, forgery, deliberate omission, misleading action or circumvention of internal controls;
- we gain an understanding of internal controls adequate to the audit in order to design audit procedures that are appropriate in the circumstances but not to issue an opinion on the effectiveness of the Company's internal controls;
- we evaluate the appropriateness of accounting principles (policies) used and the reasonableness of accounting estimates and related disclosures made by the Company's Management Board;
- we draw a conclusion concerning the suitability of the application by the Company's Management Board of the going concern as a basis of the accounting policy and, based on audit evidence, whether there is material uncertainty as to events and conditions, which could put in material doubt the Company's ability to continue as a going concern. If we conclude that there is material uncertainty, we are required to draw attention in our auditor's report to related disclosures in the financial statements or, if such disclosures are inadequate, we modify our opinion. Our conclusions are based on audit evidence available until the date of our auditor's report; however, future events or conditions may cause the Company to discontinue its activity;
- we assess the general presentation, structure and content of the financial statements, including disclosures, and whether the financial statements present the underlying transactions and events in a way ensuring a fair presentation.

We notify the Supervisory Board among others of the planned scope and timing of the audit and material audit findings, including any material weaknesses of internal controls identified in the audit.

We represent to the Supervisory Board that we comply with all applicable ethical standards of independence and that we will notify them of any relations and other matters which could be rationally considered a threat to our independence and, where applicable, of security measures used.

We have identified those matters communicated to the Supervisory Board which were most material in the audit of the financial statements for the current reporting period and thus considered by us to be key audit matters. We describe such matters in our auditor's report unless their public disclosure is not permitted by law or regulations or where we determine in special circumstances that a matter should not be presented in our report because adverse consequences are reasonably expected to outweigh the benefits of such information for public interest.

Other information, including the activity report

Other information includes the report on the activity of the parent entity and the group for the financial year ended 31 December 2018 ("the Activity Report") together with a statement of compliance with corporate governance rules, which is a separate part of the Report, and the Annual

Report for the financial year ended 31 December 2018 (“the Annual Report”) (jointly “Other Information”).

Responsibility of the Management Board and the Supervisory Board

The Company’s Management Board is responsible for the preparation of Other Information according to the law.

The Company’s Management Board and the members of the Supervisory Board are responsible for ensuring that the Activity Report and its separate part meet the requirements of the Accounting Act.

Responsibility of the auditor

Our opinion from the audit of the financial statements does not cover Other Information. In connection with the audit of the financial statements, it is our responsibility to read Other Information and, in doing so, to consider whether Other Information is not materially inconsistent with the financial statements or our knowledge gained during the audit, or otherwise seem materially misstated. If we identify material misstatement of Other Information on the basis of our work, we are required to report it in our auditor’s report. It is our responsibility to issue an opinion, in accordance with the requirements of the Auditor Act, whether the Activity Report has been prepared according to the regulations and whether it is consistent with the information contained in the financial statements. Furthermore, it is our responsibility to report whether the Company has prepared a statement of non-financial information and to issue an opinion whether the Company’s statement of compliance with corporate governance rules contains the required information.

We received the Activity Report of the parent entity and the group before the date of this auditor’s report; the Annual Report will be available after that date. If we identify any material misstatement in the Annual Report, we are required to report it to the Company’s Supervisory Board.

Opinion on the Activity Report

On the basis of our audit work, in our opinion, the Activity Report of the parent entity and the group:

- has been prepared in accordance with Article 49 of the Accounting Act and § 70 of the Regulation of the Minister of Finance of 29 March 2018 on current and periodical information provided by issuers of securities and on conditions under which information required by legal regulations of a third country may be recognised as equivalent (“the Current Information Regulation”, Journal of Laws of 2018, item 757);
- is consistent with the information contained in the financial statements.

Furthermore, in the light of knowledge of the Company and its environment gained during our audit, we represent that we have identified no material misstatement in the Activity Report of the parent entity and the group.

Opinion on the statement of compliance with corporate governance rules

In our opinion, the Company’s statement of compliance with corporate governance rules contains the information required in § 70 subparagraph 6 point 5 of the Current Report Regulation. Furthermore, in our opinion, the information required in § 70 subparagraph 6 point 5 (c)-(f), (h) and (i) of the Regulation contained in the statement of compliance with corporate governance rules is consistent with the applicable regulations and with information contained in the financial statements.

Report on other legal and regulatory requirements

Report on non-audit services provided

According to our best knowledge and belief, we represent that we provided no non-audit services to the Company and its subsidiaries in the audited period.

Selection of the audit firm

We were selected to audit the Company's financial statements by the resolution of the Company's Supervisory Board of 16 July 2018. We have audited the Company's financial statements for the first time.

The key auditor responsible for the audit resulting in this auditor's report is Artur Staniszewski.

BDO spółka z ograniczoną odpowiedzialnością sp.k. with its registered office in Warsaw
entered in the register of audit firms, entry no. **3355**

acting through the key auditor

Artur Staniszewski
Chartered Auditor
entry no. 9841

Warsaw, 26 February 2019

dr André Helin
President of the Management Board
Chartered Auditor entry no. 90004