Management Board Report on the Activity of the

Giełda Papierów Wartościowych w Warszawie S.A. Group

for the nine-month period ended 30 September 2019

Warsaw, October 2019

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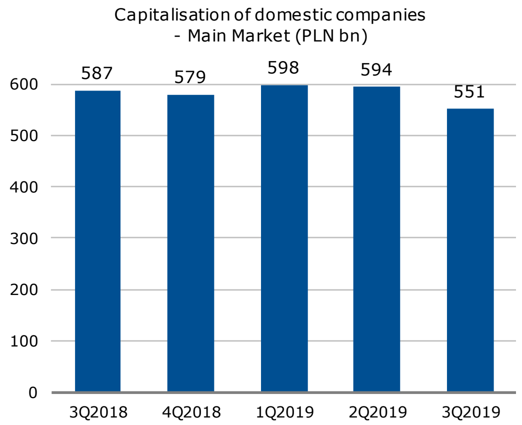
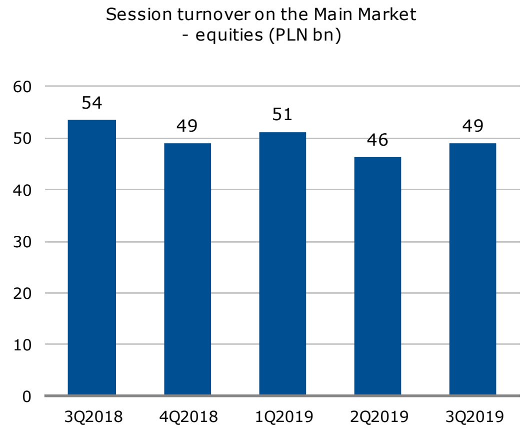
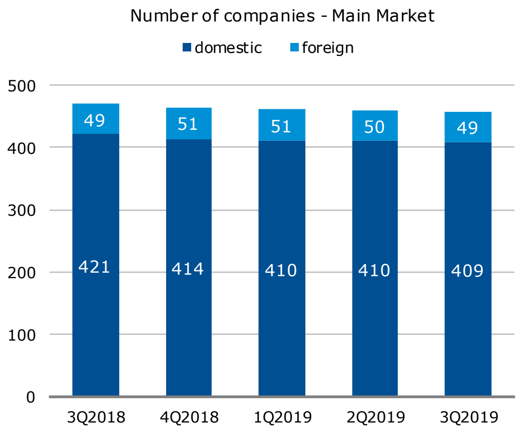
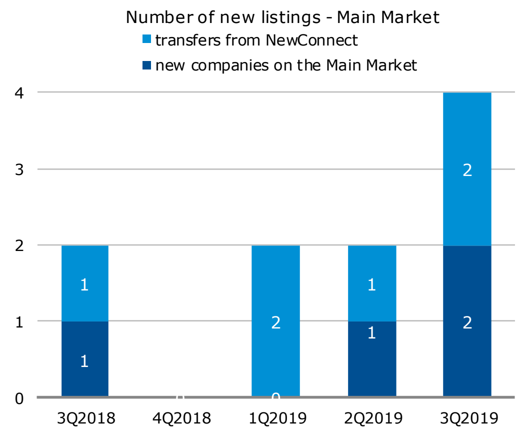
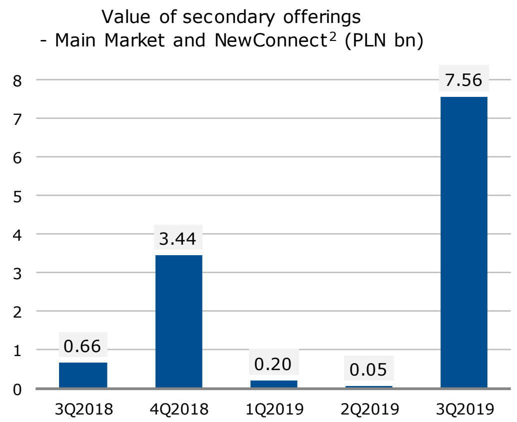
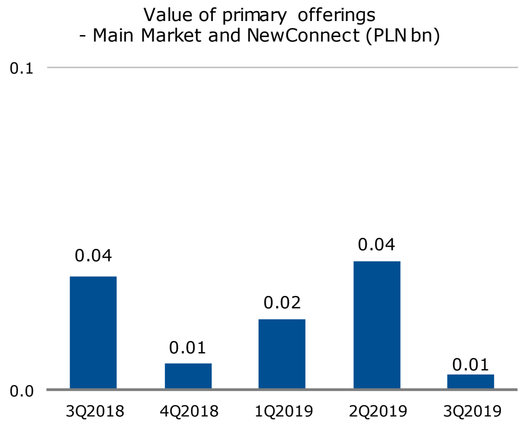




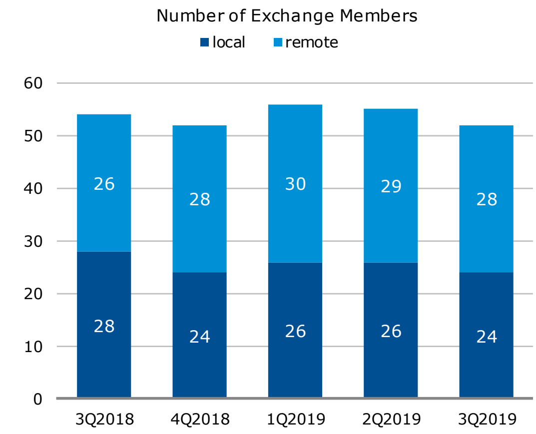


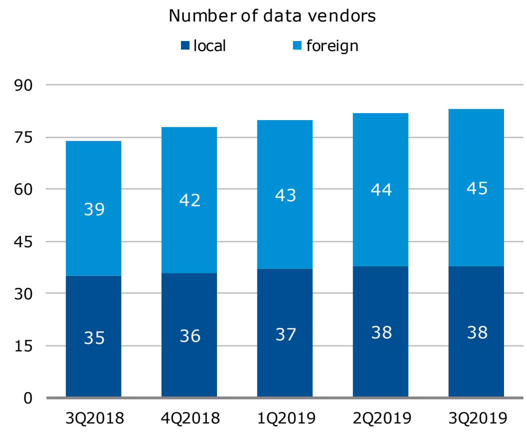


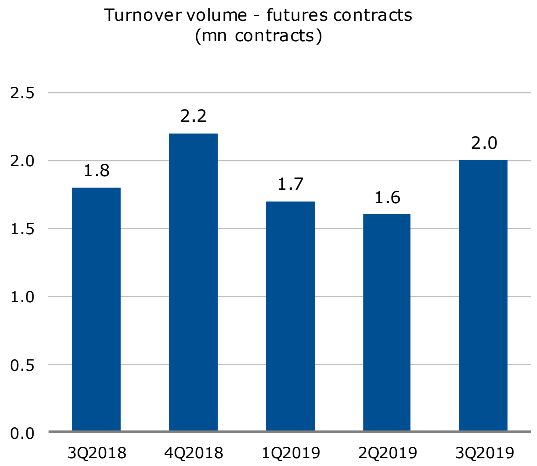


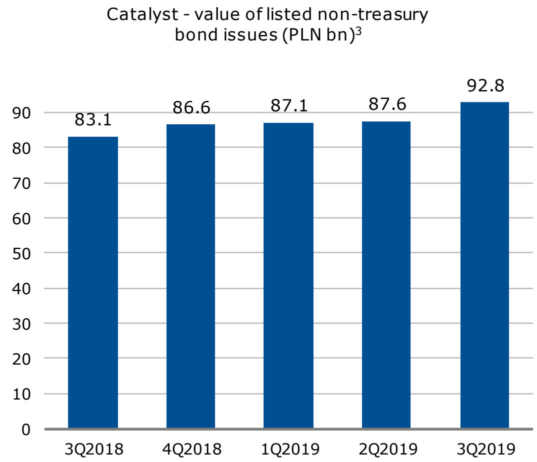


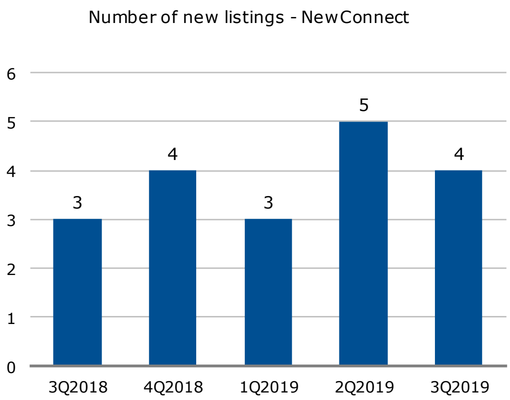
[1] All trading value and volume statistics presented in this Report are single-counted, unless indicated otherwise.
[2] Including offerings of dual-listed companies.

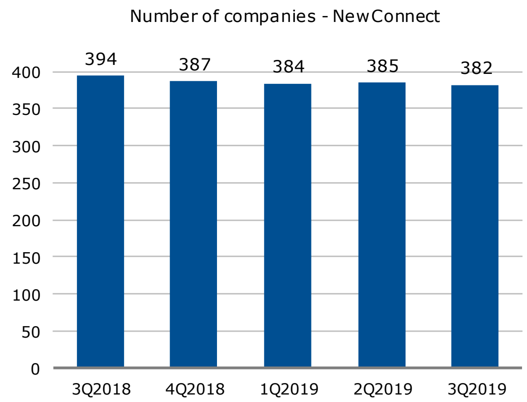




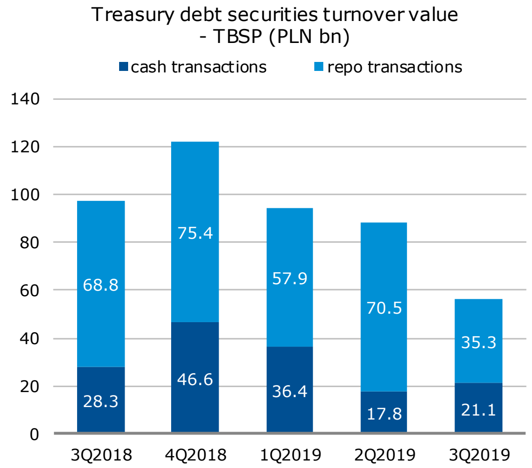


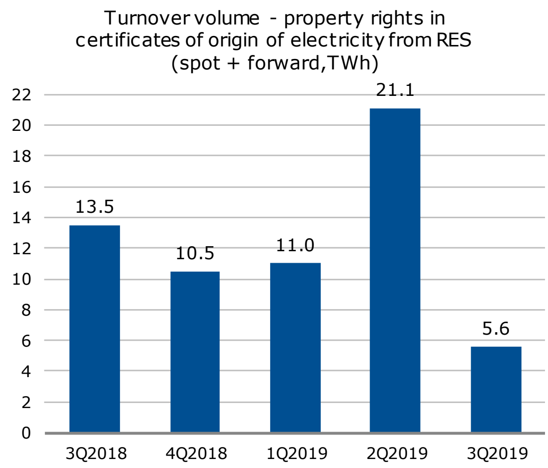


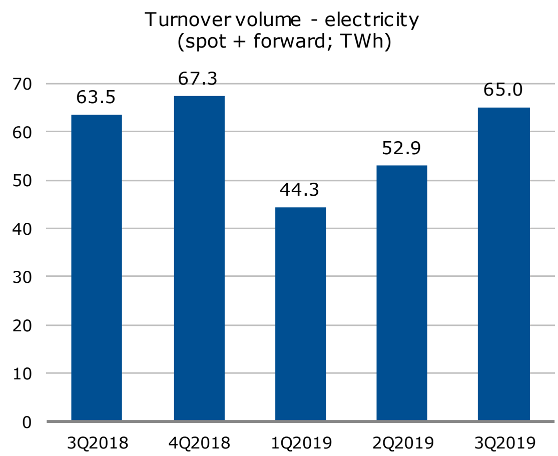


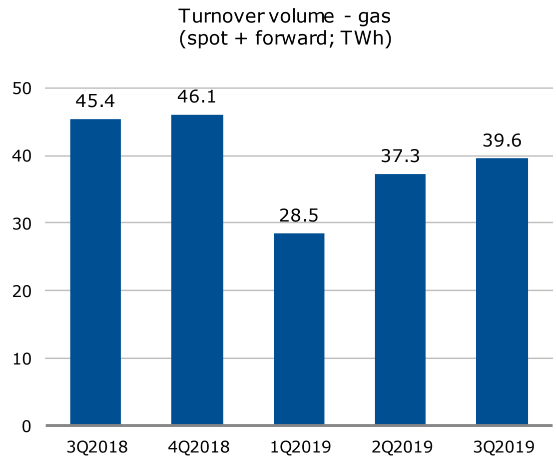


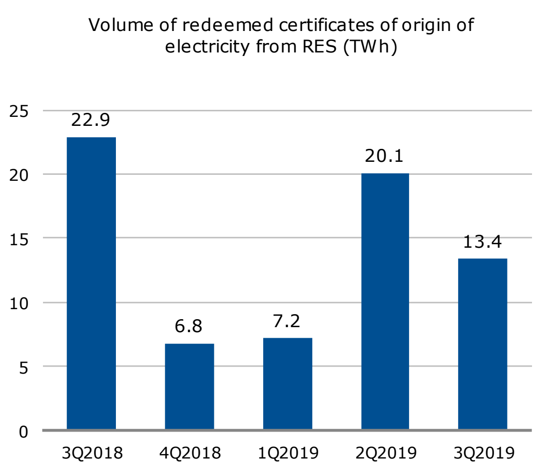
[3] As of January 2018, the value of non-Treasury bonds is presented according to the new classification of bonds under MiFID II.

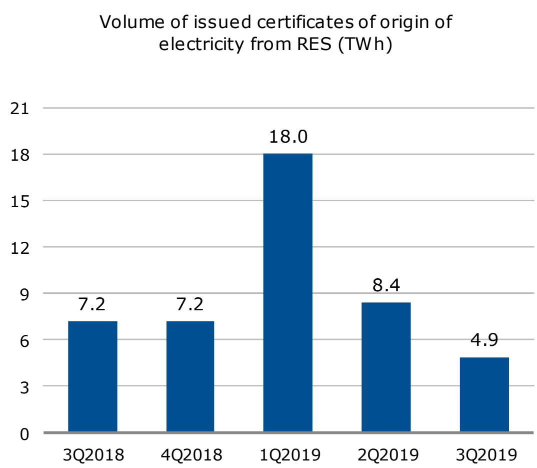

Treasury debt securities turnover value - TBSP (PLN bn)
cash transactions
repo transactions
140
120
100
80
60
40
20
0
68.8
28.3
75.4
46.6
57.9
36.4
70.5
17.8
35.3
21.1
3Q2018
4Q2018
1Q2019
2Q2019
3Q2019


Turnover volume - property rights in certificates of origin of electricity from RES (spot + forward,TWh)
13.5
10.5
11.0
21.1
5.6
3Q2018
4Q2018
1Q2019
2Q2019
3Q2019

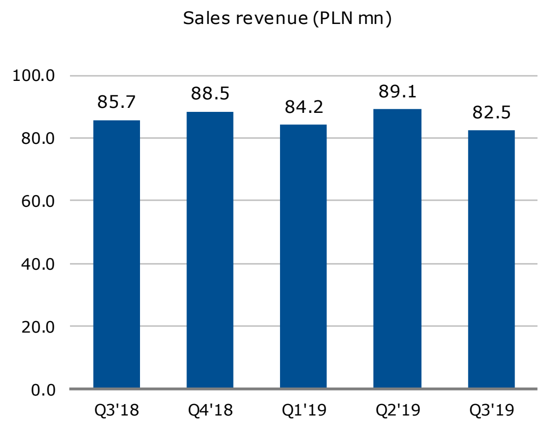

Turnover volume - electricity (spot + forward; TWh)
63.5
67.3
44.3
52.9
65.0
3Q2018
4Q2018
1Q2019
2Q2019
3Q2019

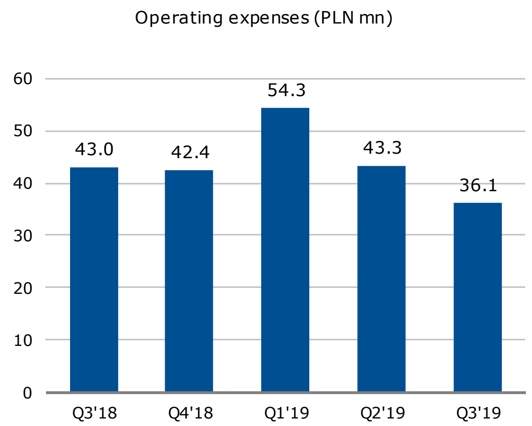

Turnover volume - gas (spot + forward; TWh)
45.4
46.1
28.5
37.3
39.6
3Q2018
4Q2018
1Q2019
2Q2019
3Q2019

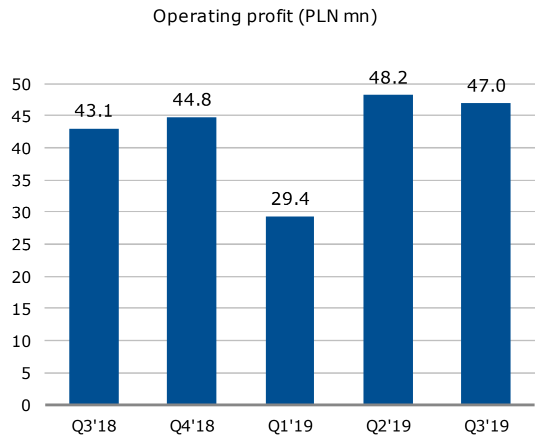

Volume of redeemed certificates of origin of electricity from RES (TWh)
22.9
6.8
7.2
20.1
13.4
3Q2018
4Q2018
1Q2019
2Q2019
3Q2019

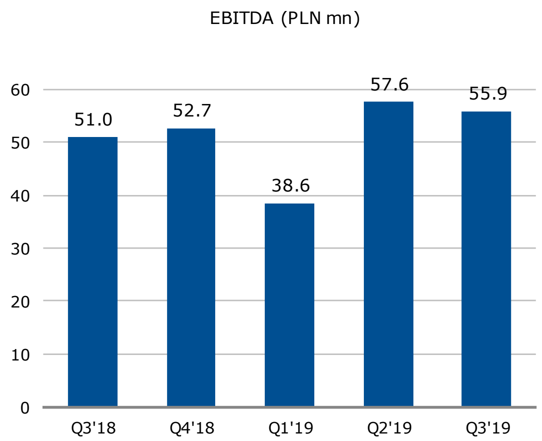

Volume of issued certificates of origin of electricity from RES (TWh)
7.2
7.2
18.0
8.4
4.9
3Q2018
4Q2018
1Q2019
2Q2019
3Q2019

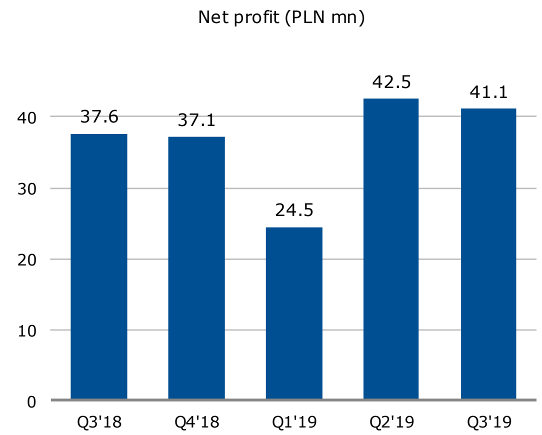
II. Selected financial data











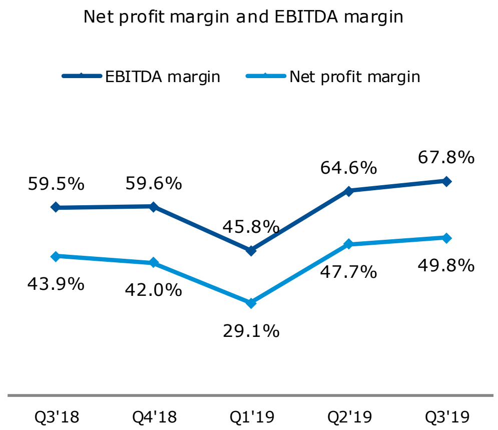


Table 1: Selected data in the consolidated statement of comprehensive income under IFRS, unaudited

	Nine-month period ended 30 September			
	2019	2018	2019	2018
	PLN'000		*EUR'000* [1]	
Sales revenue	**255,813**	**258,326**	**59,465**	**60,787**
Financial market	**141,363**	**143,769**	**32,861**	**33,830**
Trading	90,345	93,679	21,001	22,044
Listing	15,347	17,144	3,567	4,034
Information services and revenue from calculation of reference rates	35,671	32,946	8,292	7,753
Commodity market	**113,989**	**113,572**	**26,497**	**26,725**
Trading	56,820	57,728	13,208	13,584
Register of certificates of origin	22,743	22,598	5,287	5,318
Clearing	33,914	32,913	7,883	7,745
Information services	512	333	119	78
Other revenue	**460**	**985**	**107**	**232**
Operating expenses	**133,776**	**131,381**	**31,097**	**30,915**
Other income	5,102	1,421	1,186	334
Geins on reversal of impairment losses on receivables / (Impairment losses) on receivables	(65)	(1,467)	(15)	(345)
Other expenses	2,506	1,484	583	349
Operating profit	**124,568**	**125,415**	**28,957**	**29,511**
Financial income	7,102	51,847	1,651	12,200
Financial expenses	7,704	6,424	1,791	1,512
Impairment loss on investments	(1,089)	-	(253)	-
Share of profit of entities measured by equity method	9,320	8,630	2,166	2,031
Profit before income tax	**132,197**	**179,392**	**30,730**	**42,213**
Income tax expense	24,062	32,828	5,593	7,725
Profit for the period	**108,135**	**146,564**	**25,137**	**34,488**
Basic / Diluted earnings per share[2] (PLN, EUR)	2.58	3.49	0.60	0.82
EBITDA[3]	**152,069**	**149,280**	**35,349**	**35,127**

[1] Based on the 9M average EUR/PLN exchange rate published by the National Bank of Poland (1 EUR = 4.3019 PLN in 2019 and 1 EUR = 4.2497 PLN in 2018)

[2] Based on total net profit

[3] 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 September 2019	31 December 2018	30 September 2019	31 December 2018
	PLN'000		*EUR'000* [1]	
Non-current assets	**585,520**	**580,375**	**133,876**	**134,971**
Property, plant and equipment	97,303	108,158	22,248	25,153
Right-to-use assets	23,406	-	5,352	-
Intangible assets	247,314	254,564	56,547	59,201
Investment in entities measured by equity method	208,384	207,267	47,646	48,202
Subleasing receivables	774	-	177	-
Deferred tax assets	579	540	132	126
Financial assets measured at fair value through other comprehensive income	130	101	30	23
Prepayments	1,953	5,523	447	1,284
Other non-current assets	5,677	4,222	1,298	982
Current assets	**645,424**	**636,942**	**147,573**	**148,126**
Inventories	46	64	11	15
Trade and other receivables	56,169	69,437	12,843	16,148
Subleasing receivables	237	-	54	-
Contract assets	1,797	1,215	411	283
Financial assets measured at amortised cost	333,693	377,502	76,297	87,791
Cash and cash equivalents	253,368	188,724	57,931	43,889
TOTAL ASSETS	**1,230,944**	**1,217,317**	**281,449**	**283,097**
Equity of the shareholders of the parent entity	861,246	886,898	196,919	206,255
Non-controlling interests	597	590	137	137
Non-current liabilities	282,945	268,673	64,694	62,482
Current liabilities	86,156	61,156	19,699	14,222
TOTAL EQUITY AND LIABILITIES	**1,230,944**	**1,217,317**	**281,449**	**283,097**

[1] Based on the average EUR/PLN exchange rate of the National Bank of Poland as at 30.09.2019 (1 EUR = 4,3736 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)[6]. 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:

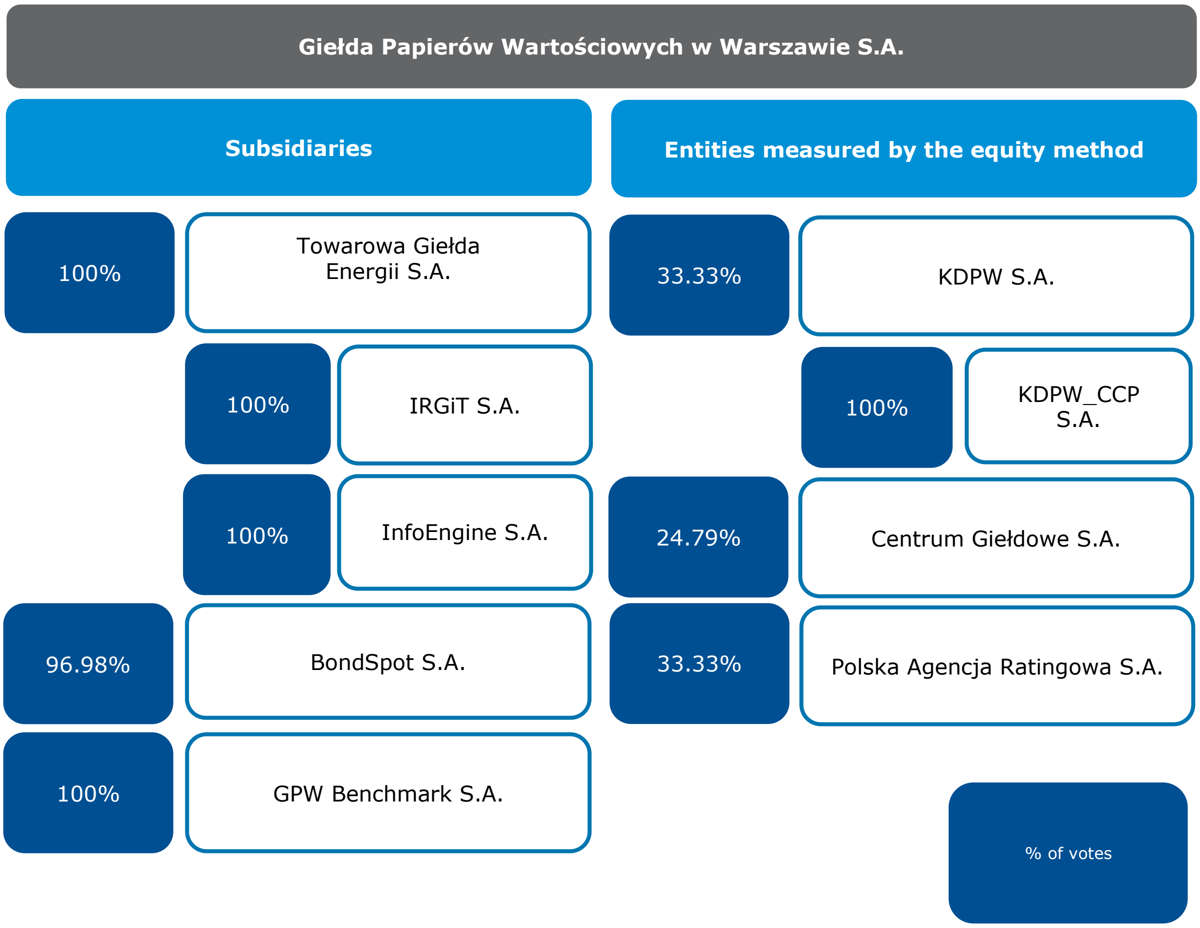
Name and legal status:	Giełda Papierów Wartościowych w Warszawie Spółka Akcyjna
Abbreviated name:	Giełda Papierów Wartościowych w Warszawie S.A.
Registered office and address:	ul. Książęca 4, 00-498 Warszawa, Poland
Telephone number:	+48 (22) 628 32 32
Telefax number:	+48 (22) 628 17 54, +48 (22) 537 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

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

As at 30 September 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.

[6] CEE – Central and Eastern Europe: Czech Republic, Hungary, Poland, Austria, Bulgaria, Romania, Slovakia, Slovenia.

Chart 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 H1 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 nine-month period ended 30 September 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 27,192,530 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 September 2019

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

Source: Company

As at 30 September 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 September 2019, open-ended pension funds held shares representing 21.0% of the capitalisation of domestic companies and 42.3% 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 Q3 2019, open-ended pension funds generated 6.8% 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). Discontinuation of trade in certificates of origin of electricity produced from cogeneration sources ended trade on the Property Rights Market of the Polish Power Exchange and the issuance and cancellation of such certificates in the Register of Certificates of Origin, which could have an adverse impact on 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 results of the TGE Group.

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

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 ("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.

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 and amounted to PLN 6.7 million in 2019. The amount of fees due for supervision has been very volatile in the past years and is difficult to predict in the coming years. 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 is 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 calculating costs of the Polish Financial Supervision Authority could have an adverse impact on 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 provision of WIBID and WIBOR reference rates from the previous fixing 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 provision 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[4] of PLN 152.1 million in Q1-3 2019, representing an increase of PLN 2.8 million compared to PLN 149.3 million in Q1-3 2018.

The **GPW Group** generated an operating profit of PLN 124.6 million in Q1-3 2019 compared to PLN 125.4 million in Q1-3 2018. The decrease of the operating profit by PLN 0.8 million year on year was a result of an increase of operating expenses by PLN 2.4 million combined with a decrease of revenue by PLN 2.5 million. The increase of operating expenses was mainly driven by an increase of depreciation and amortisation charges by PLN 3.6 million and an increase of salaries and other employee costs by PLN 7.4 million. The decrease of the revenue was mainly due a decrease of the revenue from the equity market by PLN 4.5 million, a decrease of the revenue from the derivatives market by PLN 0.8 million and a decrease of the revenue from listing by PLN 1.8 million.

The net profit of the **Group** stood at PLN 108.1 million in Q1-3 2019, a decrease of 26.2% (PLN 38.4 million) compared to the net profit of the Group at PLN 146.6 million in Q1-3 2018. The decrease of the net profit was driven by a decrease of the operating profit by PLN 0.8 million and a decrease of financial income from PLN 51.8 million in Q1-3 2018 to PLN 7.1 million in Q1-3 2019. The much higher financial income in Q1-3 2018 was largely due to the sale of the associate Aquis (gains of PLN 45.4 million).

GPW's EBITDA stood at PLN 67.0 million in Q1-3 2019, a decrease of PLN 5.2 million compared to PLN 72.1 million in Q1-3 2018. **GPW**'s operating profit stood at PLN 50.5 million in Q1-3 2019 compared to PLN 56.9 million in Q1-3 2018. The decrease of **GPW**'s operating profit year on year was driven by a decrease of revenue by PLN 4.2 million (2.9%) and an increase of operating expenses by PLN 2.1 million (2.4%) year on year. **GPW**'s net profit was PLN 108.2 million in Q1-3 2019 compared to PLN 138.2 million in Q1-3 2018. The decrease of GPW's net profit by PLN 30.0 million year on year in Q1-3 2019 was driven mainly by a higher financial income generated in Q1-3 2018. Financial income stood at PLN 106.0 million in Q1-3 2018 compared to PLN 75.4 million in Q1-3 2019. The higher financial income in Q1-3 2018 was due to gains on the sale of the associate Aquis (PLN 32.2 million).

TGE's EBITDA stood at PLN 54.7 million in Q1-3 2019 compared to PLN 51.5 million in Q1-3 2018. Its operating profit was PLN 47.2 million in Q1-3 2019 compared to PLN 45.1 million in Q1-3 2018. The net profit stood at PLN 65.8 million in Q1-3 2019 compared to PLN 52.1 million in Q1-3 2018. The increase of TGE's net profit by PLN 13.7 million in Q1-3 2019 was driven by an increase of financial income by PLN 13.3 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 27.7 million in Q1-3 2019 compared to PLN 25.2 million in Q1-3 2018. Its operating profit was PLN 25.4 million in Q1-3 2019 compared to PLN 23.8 million in Q1-3 2018. The increase of the operating profit in Q1-3 2019 was driven by an increase of revenue by 3.4%, i.e., PLN 1.2 million, combined with stable operating expenses year on year at PLN 11.9 million. The net profit stood at PLN 21.7 million in Q1-3 2019 compared to PLN 19.8 million in Q1-3 2018.

BondSpot's EBITDA stood at PLN 1.3 million in Q1-3 2019 compared to PLN 1.1 million in Q1-3 2018. BondSpot's operating profit was PLN 0.1 million in Q1-3 2019 compared to positive PLN 0.4 million in Q1-3 2018. Its net profit stood at PLN 0.2 million in Q1-3 2019 compared to PLN 0.5 million in Q1-3 2018. The decrease of the net profit and the operating profit was driven by a decrease of revenue by 2.5%, i.e., PLN 0.2 million combined with an increase of operating expenses by 5.0%, i.e., PLN 0.4 million year on year in Q1-3 2019.

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

[4] Operating profit before depreciation and amortisation

Table 4: Consolidated statement of comprehensive income of GPW Group by quarter in 2019 and 2018 and in Q1-3 2019 and 2018

	2019			2018				2019	2018
PLN'000	Q3	Q2	Q1	Q4	Q3	Q2	Q1	9M	9M
Sales revenue	**82,517**	**89,140**	**84,156**	**88,455**	**85,743**	**86,647**	**85,936**	**255,813**	**258,326**
Financial market	**46,429**	**45,448**	**49,486**	**48,083**	**47,134**	**47,063**	**49,572**	**141,363**	**143,769**
Trading	29,901	28,429	32,015	30,601	30,679	30,103	32,897	**90,345**	**93,679**
Listing	5,013	5,063	5,271	5,661	5,385	5,835	5,924	**15,347**	**17,144**
Information services and revenue from the calculation of benchmarks	11,515	11,956	12,200	11,821	11,070	11,126	10,750	**35,671**	**32,946**
Commodity market	**36,011**	**43,428**	**34,550**	**39,983**	**38,126**	**39,233**	**36,213**	**113,989**	**113,572**
Trading	18,816	22,098	15,906	20,819	20,344	19,646	17,738	**56,820**	**57,728**
Register of certificates of origin	6,183	8,956	7,604	6,098	6,549	8,923	7,126	**22,743**	**22,598**
Clearing	10,840	12,203	10,871	12,949	11,130	10,532	11,251	**33,914**	**32,913**
Information services	172	171	169	117	103	132	98	**512**	**333**
Other revenue	**76**	**264**	**120**	**389**	**483**	**351**	**151**	**460**	**985**
Operating expenses	**36,119**	**43,335**	**54,322**	**42,431**	**43,028**	**39,993**	**48,360**	**133,776**	**131,381**
Depreciation and amortisation	8,899	9,415	9,187	7,907	7,948	8,093	7,825	**27,501**	**23,865**
Salaries	15,329	15,202	15,185	14,987	13,230	13,218	13,630	**45,716**	**40,078**
Other employee costs	3,856	4,095	4,219	3,316	3,254	3,415	3,780	**12,170**	**10,449**
Rent and maintenance fees	1,095	1,082	1,034	2,372	2,299	1,945	2,506	**3,211**	**6,750**
Fees and charges	(5,747)	434	13,285	126	3,790	244	9,268	**7,972**	**13,302**
incl. PFSA fees	*(6,159)*	*1*	*12,888*	*4*	*3,506*	*5*	*9,023*	**6,730**	**12,534**
External service charges	11,498	11,545	10,131	11,941	11,149	11,507	9,923	**33,174**	**32,579**
Other operating expenses	1,190	1,559	1,283	1,782	1,357	1,571	1,430	**4,032**	**4,358**
Other income	1,896	1,876	1,330	1,282	284	293	844	**5,102**	**1,421**
Geins on reversal of impairment losses on receivables / (Impairment losses) on receivables	(341)	1,407	(1,131)	(1,686)	384	(375)	(1,476)	**(65)**	**(1,467)**
Other expenses	933	919	654	830	330	373	781	**2,506**	**1,484**
Operating profit	**47,020**	**48,169**	**29,379**	**44,790**	**43,053**	**46,199**	**36,163**	**124,568**	**125,415**
Financial income	2,605	2,402	2,095	2,592	1,789	48,191	1,867	**7,102**	**51,847**
Financial expenses	3,283	2,306	2,115	2,597	2,168	2,124	2,132	**7,704**	**6,424**
Impairment loss on investments	(1,089)	-	-	(65)	-	-	-	**(1,089)**	**-**
Share of profit of entities measured by equity method	4,692	3,639	989	1,923	3,412	4,472	746	**9,320**	**8,630**
Profit before income tax	**49,946**	**51,903**	**30,348**	**46,643**	**46,086**	**96,738**	**36,568**	**132,197**	**179,392**
Income tax expense	8,813	9,353	5,896	9,506	8,466	17,705	6,657	**24,062**	**32,828**
Profit for the period	**41,133**	**42,550**	**24,452**	**37,137**	**37,620**	**79,033**	**29,911**	**108,135**	**146,564**

Source: Condensed Consolidated Interim Financial Statements, Company

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

	2019			2018			
PLN'000	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Non-current assets	**585,520**	**585,870**	**597,748**	**580,375**	**575,125**	**578,568**	**580,697**
Property, plant and equipment	97,303	100,642	104,498	108,158	106,156	108,245	108,691
Right-to-use assets	23,406	24,254	25,510	-	-	-	-
Intangible assets	247,314	246,780	250,073	254,564	254,491	258,320	260,918
Investment in entities measured by equity method	208,384	204,763	207,885	207,267	203,273	199,929	195,986
Subleasing receivables*	774	1,167	1,140	-	-	-	-
Deferred tax assets	579	1,135	1,501	540	863	1,800	4,472
Financial assets measured at fair value through other comprehensive income	130	105	103	101	200	204	197
Prepayments	1,953	2,801	2,816	5,523	5,920	5,848	6,211
Other non-current assets	5,677	4,222	4,222	4,222	4,222	4,222	4,222
Current assets	**645,424**	**771,938**	**733,234**	**636,942**	**618,283**	**693,410**	**612,539**
Inventories	46	47	52	64	64	60	54
Receivables in respect of corporate income tax	114	-	-	-	71	71	71
Trade and other receivables	56,169	73,154	66,452	69,437	78,747	68,509	87,399
Subleasing receivables*	237	392	396	-	-	-	-
Contract assets	1,797	2,503	2,007	1,215	2,122	1,946	-
Financial assets measured at amortised cost	333,693	217,711	361,705	377,502	364,221	380,982	201,402
Cash and cash equivalents	253,368	478,131	302,622	188,724	173,058	241,842	311,462
Assets held for sale	-	-	-	-	-	-	12,151
Total assets	**1,230,944**	**1,357,808**	**1,330,982**	**1,217,317**	**1,193,408**	**1,271,978**	**1,193,236**
Equity	**861,843**	**820,896**	**911,572**	**887,488**	**850,305**	**812,777**	**826,296**
Share capital **	63,865	63,865	63,865	63,865	63,865	63,865	63,865
Other reserves	1,185	1,145	898	1,267	1,126	1,194	1,349
Retained earnings **	796,196	755,298	846,219	821,766	784,726	747,135	760,501
Non-controlling interests	597	588	590	590	588	583	581
Non-current liabilities	**282,945**	**280,648**	**280,389**	**268,673**	**267,631**	**265,295**	**264,224**
Liabilities under bond issue	244,253	244,156	244,058	243,961	243,864	243,767	243,670
Employee benefits payable	929	1,005	1,071	1,147	1,130	1,239	1,454
Lease liabilities*	17,238	18,486	19,634	-	-	-	-
Accruals and deferred income	5,444	4,753	4,894	5,033	5,173	5,313	5,452
Deferred income tax liability **	4,563	1,790	334	6,697	5,699	3,281	2,022
Other liabilities	10,518	10,458	10,398	11,835	11,765	11,695	11,626
Current liabilities	**86,156**	**256,263**	**139,021**	**61,156**	**75,473**	**193,906**	**102,716**
Liabilities under bond issue	2,097	1,893	2,068	1,938	2,099	1,899	2,070
Trade payables	13,788	31,902	19,855	8,575	7,905	18,775	23,849
Employee benefits payable	16,474	13,624	12,970	14,278	11,684	10,525	8,141
Finance lease liabilities	-	-	-	-	-	-	15
Lease liabilities*	5,051	5,011	5,359	-	-	-	-
Corporate income tax payable **	2,070	9,091	10,927	6,868	4,776	12,398	5,346
Contract liabilities	12,015	22,219	32,676	3,581	12,533	22,375	33,037
Accruals and deferred income	559	559	559	559	559	563	559
Provisions for other liabilities and charges	95	95	48	68	68	68	67
Other current liabilities	34,007	171,870	54,559	25,289	35,849	127,303	29,632
Total equity and liabilities	**1,230,944**	**1,357,808**	**1,330,982**	**1,217,317**	**1,193,408**	**1,271,978**	**1,193,236**

** 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*

*** items adjusted by CIT tax liabilities for previous years at TGE in the presented periods of 2018*

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 January-September 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.

Other fees paid by commodity market participants include fixed market participation fees, transaction cancellation fees, position transfer fees, fees for trade reporting in the RRM (Registered Reporting Mechanism) system, system access fees, guarantee fund asset management fees, 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 255.8 million in Q1-3 2019, a decrease of 1.0% (PLN 2.5 million) compared to PLN 258.3 million in Q1-3 2018.

The decrease in sales revenues year on year in Q1-3 2019 was driven mainly by a decrease of revenues from the **financial market** which dropped by 1.7% or PLN 2.4 million. The biggest decrease on the financial market was reported on the equity market, where the revenue decreased by 6.3% or PLN 4.5 million. The increase of revenues from the commodity market was mainly driven by an increase of the revenue from forward trade in gas by 29.5% or PLN 1.6 million and from clearing by 3.0% or PLN 1.0 million.

The revenues from the **financial market** decreased by 1.7% or PLN 2.4 million year on year in Q1-3 2019. The biggest decrease on the financial market was reported on the equity market, as mentioned above. Listing revenue also decreased by 10.5% or PLN 1.8 million in Q1-3 2019. The revenue from information services continued to increase and grew by 8.3% or PLN 2.7 million year on year in Q1-3 2019. The highest increase by 8.4% or PLN 2.5 million year on year in Q1-3 2019 was reported for revenue from real-time information services and the calculation of reference rates.

The revenue of **GPW** was PLN 138.8 million in Q1-3 2019, a decrease of 2.9% or PLN 4.2 million year on year. The revenue of **TGE** stood at PLN 76.3 million in Q1-3 2019 compared to PLN 77.3 million in Q1-3 2018, representing a decrease of 1.3% or PLN 1.0 million year on year. The revenue of **IRGiT** was PLN 36.9 million in Q1-3 2019, an increase of 3.4% or PLN 1.2 million year on year. The revenue of **BondSpot** decreased and stood at PLN 8.1 million in Q1-3 2019 compared to PLN 8.3 million in Q1-3 2018.

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

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

PLN'000, %	Nine-month period ended				Change (9M 2019 vs 9M 2018)	Change (%) (9M 2019 vs 9M 2018)
	30 September 2019	%	30 September 2018	%		
Financial market	**141,363**	**55%**	**143,769**	**56%**	**(2,406)**	**-1.7%**
Trading revenue	90,345	35%	93,679	36%	(3,334)	-3.6%
Equities and equity-related instruments	67,032	26%	71,572	28%	(4,540)	-6.3%
Derivative instruments	8,029	3%	8,853	3%	(824)	-9.3%
Other fees paid by market participants	7,521	3%	5,449	2%	2,072	38.0%
Debt instruments	7,412	3%	7,535	3%	(123)	-1.6%
Other cash instruments	351	0%	270	0%	81	30.0%
Listing revenue	15,347	6%	17,144	7%	(1,797)	-10.5%
Listing fees	13,168	5%	14,907	6%	(1,739)	-11.7%
Introduction fees, other fees	2,179	1%	2,237	1%	(58)	-2.6%
Information services and revenue from calculation of reference rates	35,671	14%	32,946	13%	2,725	8.3%
Real-time information and revenue from calculation of reference rates	32,801	13%	30,255	12%	2,546	8.4%
Indices and historical and statistical information	2,870	1%	2,691	1%	179	6.7%
Commodity market	**113,989**	**45%**	**113,572**	**44%**	**417**	**0.4%**
Trading revenue	56,820	22%	57,728	22%	(908)	-1.6%
Electricity	11,456	4%	12,731	5%	(1,275)	-10.0%
Spot	2,964	1%	2,119	1%	845	39.9%
Forward	8,492	3%	10,612	4%	(2,120)	-20.0%
Gas	8,719	3%	7,339	3%	1,380	18.8%
Spot	1,546	1%	1,800	1%	(254)	-14.1%
Forward	7,173	3%	5,539	2%	1,634	29.5%
Property rights in certificates of origin	27,462	11%	29,146	11%	(1,684)	-5.8%
Other fees paid by market participants	9,183	4%	8,512	3%	671	7.9%
Register of certificates of origin	22,743	9%	22,598	9%	145	0.6%
Clearing	33,914	13%	32,913	13%	1,001	3.0%
Information services	512	0%	333	0%	179	53.8%
Other revenue *	**460**	**0%**	**985**	**0%**	**(525)**	**-53.3%**
Total	**255,812**	**100%**	**258,326**	**100%**	**(2,514)**	**-1.0%**

** 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 nine-month periods ended 30 September 2019 and 30 September 2018

PLN'000, %	Nine-month period ended				Change (9M 2019 vs 9M 2018)	Change (%) (9M 2019 vs 9M 2018)
	30 September 2019	%	30 September 2018	%		
Revenue from foreign customers	74,756	29%	68,575	27%	6,181	9.0%
Revenue from local customers	181,057	71%	189,751	73%	(8,694)	-4.6%
Total	**255,813**	**100%**	**258,326**	**100%**	**(2,513)**	**-1.0%**

Source: Condensed Consolidated Interim Financial Statements, Company

FINANCIAL MARKET

TRADING

The revenues of the Group from trading on the financial market stood at PLN 90,3 million in Q1-3 2019 compared to PLN 93,7 million in Q1-3 2018, representing a decrease of 3.6% or PLN 3.3 million.

Equities and equity-related instruments

Revenues from trading in **equities and equity-related instruments** amounted to PLN 67.0 million and decreased by 6.3% or PLN 4.5 million year on year in Q1-3 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 149.9 billion in Q1-3 2019, a decrease of 7.6% year on year (including a decrease of trade on the electronic order book by 5.6% and a decrease of the value of block trades by 52.8%). 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. The MSCI index was modified once again in August, causing an estimated outflow of capital at PLN 1.6 billion;
- negative net transfers into/out of pension funds, which received smaller contributions from participants that what they transferred 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. August was another weak month. Trade dropped both on developed and emerging markets (MSCI AC World, an index of developed and emerging markets, lost 2.6%, and WIG lost 4.9%). Pension funds were selling out foreign stocks (ca. PLN 161 million) as well as Polish stocks (ca. PLN 148 million);
- 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

	Nine-month period ended		Change (9M 2019 vs 9M 2018)	Change (%) (9M 2019 vs 9M 2018)
	30 September 2019	30 September 2018		
Financial market, trading revenue: equities and equity-related instruments *(PLN million)*	**67.0**	**71.6**	**(4.5)**	**-6.3%**
Main Market:				
Value of trading (PLN billion)	149.9	162.2	(12.4)	-7.6%
Volume of trading (billions of shares)	8.7	9.0	(0.3)	-3.4%
NewConnect:				
Value of trading (PLN billion)	1.1	1.1	(0.0)	-2.4%
Volume of trading (billions of shares)	1.0	1.2	(0.2)	-18.7%

Source: Condensed Consolidated Interim Financial Statements, Company

Derivatives

Revenues of the Group from transactions in **derivatives** on the financial market amounted to PLN 8.0 million in Q1-3 2019 compared to PLN 8.9 million in Q1-3 2018, representing a decrease of 9.3% or PLN 0.8 million.

The total volume of trading in derivatives decreased by 11.0% year on year in Q1-3 2019. The volume of trading in WIG20 futures, which account for the major part of the revenues from transactions in derivatives, decreased by 9.6% year on year in Q1-3 2019. The volume of trading in currency futures decreased from 1.5 million in 2018 to 1.1 million in 2019, i.e., by 26.3%. 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

	Nine-month period ended		Change (9M 2019 vs 9M 2018)	Change (%) (9M 2019 vs 9M 2018)
	30 September 2019	30 September 2018		
Financial market, trading revenue: derivatives *(PLN million)*	**8.0**	**8.9**	**(0.8)**	**-9.3%**
Volume of trading in derivatives (millions of contracts):	5.3	5.9	(0.7)	-11.0%
incl.: Volume of trading in WIG20 futures (millions of contracts)	2.9	3.3	(0.3)	-9.6%

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 7.5 million in Q1-3 2019, an increase of 38.0% or PLN 2.1 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 Q1-3 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, mainly including 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 million over a period of 3 years. The actual discount granted as at 30 September 2019 was PLN 437.5 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 373.5

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 7.4 million in Q1-3 2019 compared to PLN 7.5 million in Q1-3 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 Q1-3 2019 was driven by a decrease of the value of transactions on TBS Poland.

The value of trading in Polish Treasury securities on TBSP was PLN 239.0 billion in Q1-3 2019, a decrease of 16.2% year on year. The decrease of the value of trading was reported both in the cash segment and the conditional segment. The value of cash transactions stood at PLN 75.3 billion in Q1-3 2019, a decrease of 24.9% year on year. Conditional transactions stood at PLN 163.7 billion in Q1-3 2019, a decrease of 11.6% 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. Trade is also affected by the bank tax, whose structure encourages banks to keep Treasury securities in their assets as they reduce the balance of assets which is the tax base. This implies a higher share of local banks among all holders of Treasury securities and a falling share of active non-residents. The tax structure also affects the activity of banks on the secondary market in sell/buy-back and repo transactions: on the one hand, it shortens the tenor of transactions and, on the other hand, directly limits trading activity on the repo market at the end of each month.

The value of trading on Catalyst was PLN 2.3 billion in Q1-3 2019, representing an increase of 8.9% year on year. Revenues from Catalyst have a small share in the Group's total revenues from transactions in debt instruments: Treasury BondSpot Poland has a predominant share in this market segment.

Table 10: Data for the debt instruments market

	Nine-month period ended		Change (9M 2019 vs 9M 2018)	Change (%) (9M 2019 vs 9M 2018)
	30 September 2019	30 September 2018		
Financial market, trading revenue: debt instruments *(PLN million)*	**7.4**	**7.5**	**(0.1)**	**-1.6%**
Catalyst:				
Value of trading (PLN billion)	2.3	2.1	0.2	8.9%
incl.: Value of trading in non-Treasury instruments (PLN billion)	1.4	1.6	(0.2)	-11.4%
Treasury BondSpot Poland, value of trading:				
Conditional transactions (PLN billion)	163.7	185.1	(21.4)	-11.6%
Cash transactions (PLN billion)	75.3	100.2	(24.9)	-24.9%

Source: Condensed Consolidated Interim Financial Statements, Company

Other cash market instruments

Revenues from transactions in **other cash market instruments** stood at PLN 351 thousand in Q1-3 2019 compared to PLN 270 thousand in Q1-3 2018, representing an increase of 30%. The revenues include fees for trading in structured products, investment certificates, and ETF units. Revenue from trade in structured certificates increased the most.

LISTING

Listing revenues on the financial market amounted to PLN 15.3 million in Q1-3 2019 compared to PLN 17.1 million in Q1-3 2018.

Revenues from **listing fees** amounted to PLN 13.2 million in Q1-3 2019, a decrease of 11.7% or PLN 1.7 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 0.1 million year on year in Q1-3 2019. They amounted to PLN 2.18 million in Q1-3 2019 compared to PLN 2.24 million in Q1-3 2018. The revenues are driven mainly by the number and value of new listings of shares and bonds on the GPW markets, as well as the structure of IPOs. The value of IPOs and SPOs on the Main Market and NewConnect was PLN 7.9 billion in Q1-3 2019 compared to PLN 2.3 billion in Q1-3 2018. The value of IPOs on the Main Market and NewConnect was PLN 67 million in Q1-3 2019 compared to PLN 338 million in Q1-3 2018. The value of SPOs was PLN 7.8 billion in Q1-3 2019, including one issue of PLN 7.3 billion, compared to PLN 1.9 billion in Q1-3 2018. Although the total amount of issues introduced to the market increased in Q1-3 2019, the structure of the issues with one single issue at PLN 7.3 billion means that the Group's revenue did not increase year on year due to the applicable limits of fees for introduction of instruments into trading. Six companies were newly listed on the Main Market and 12 companies were delisted in Q1-3 2019. The capitalisation of the delisted companies was PLN 22.5 billion, adding to the decrease of trading in Q1-3 2019.

Listing revenues on the GPW Main Market decreased by 12.3% year on year in Q1-3 2019. The table below presents the key financial and operating figures.

Table 11: Data for the GPW Main Market

	Nine-month period ended		Change (9M 2019 vs 9M 2018)	Change (%) (9M 2019 vs 9M 2018)
	30 September 2019	30 September 2018		
Main Market				
Listing revenue (PLN million)	**12.1**	**13.8**	**-1.7**	**-12.3%**
Total capitalisation of listed companies *(PLN billion)*	1,112.7	1,198.6	-86.0	-7.2%
including: Capitalisation of listed domestic companies	551.1	587.3	-36.2	-6.2%
including: Capitalisation of listed foreign companies	561.5	611.3	-49.8	-8.1%
Total number of listed companies	458	470	-12	-2.6%
including: Number of listed domestic companies	409	421	-12	-2.9%
including: Number of listed foreign companies	49	49	0	0.0%
Value of offerings *(IPO and SPO) (PLN billion)*	7.8	2.1	5.7	267.6%
Number of new listings *(in the period)*	6	7	-1	-14.3%
Capitalisation of new listings *(PLN billion)*	0.9	1.6	-0.7	-42.3%
Number of delistings	12	19	-7	-36.8%
Capitalisation of delistings* (PLN billion)	22.5	17.9	4.7	26.2%

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

Source: Company

Listing revenues from NewConnect decreased by 8.2% year on year in Q1-3 2019. The table below presents the key financial and operating figures.

Table 12: Data for NewConnect

	Nine-month period ended		Change (9M 2019 vs 9M 2018)	Change (%) (9M 2019 vs 9M 2018)
	30 September 2019	30 September 2018		
NewConnect				
Listing revenue *(PLN million)*	**1.5**	**1.6**	**-0.1**	**-8.2%**
Total capitalisation of listed companies *(PLN billion)*	9.0	7.8	1.2	16.0%
including: Capitalisation of listed domestic companies	8.5	7.6	0.9	12.3%
including: Capitalisation of listed foreign companies	0.5	0.2	0.3	160.0%
Total number of listed companies	382	394	-12	-3.0%
including: Number of listed domestic companies	376	388	-12	-3.1%
including: Number of listed foreign companies	6	6	0	0.0%
Value of offerings *(IPO and SPO) (PLN million)*	67.5	125.8	-58.3	-46.3%
Number of new listings *(in the period)*	12	11	1	9.1%
Capitalisation of new listings *(PLN billion)*	0.4	0.4	(0.0)	-8.0%
Number of delistings*	18	25	-7	-28.0%
Capitalisation of delistings** (PLN billion)	1.2	0.8	0.4	48.9%

** 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 1.8 million in Q1-3 2019 and increased by 1.5% year on year. The table below presents the key financial and operating figures.

Table 13: Data for Catalyst

	Nine-month period ended		Change (9M 2019 vs 9M 2018)	Change (%) (9M 2019 vs 9M 2018)
	30 September 2019	30 September 2018		
Catalyst				
Listing revenue *(PLN million)*	**1.80**	**1.77**	**0.03**	**1.5%**
Number of issuers	142	149	-7	-4.7%
Number of issued instruments	562	587	-25	-4.3%
including: non-Treasury instruments	513	539	-26	-4.8%
Value of issued instruments *(PLN billion)*	802.0	778.6	23.4	3.0%
including: non-Treasury instruments	92.8	83.1	9.6	11.6%

Source: Company

INFORMATION SERVICES

Revenues from **information services** including the financial market and the commodity market amounted to PLN 36.2 million in Q1-3 2019 compared to PLN 33.3 million in Q1-3 2018, representing an increase of PLN 2.9 million.

Table 14: Data for information services

	Nine-month period ended		Change (9M 2019 vs 9M 2018)	Change (%) (9M 2019 vs 9M 2018)
	30 September 2019	30 September 2018		
Revenues from information services and WIBID and WIBOR reference rate services * *(PLN million)*	**36.2**	**33.3**	**2.9**	**8.7%**
Number of data vendors	83	74	9	12.2%
Number of subscribers ('000 subscribers)	234.9	246.3	(11.4)	-4.6%

** revenues from information services contein financial market data and commodity market data*

Source: Condensed Consolidated Interim Financial Statements, Company

The increase in revenue from information services in Q1-3 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 114.0 million in Q1-3 2019 compared to PLN 113.6 million in Q1-3 2018.

The year-on-year increase of revenues on the commodity market in Q1-3 2019 was mainly driven by an increase in revenues from forward trading in gas, which stood at PLN 7.2 million compared to PLN 5.5 million in Q1-3 2018, representing an increase of 29.5% or PLN 1.6 million. Trading revenues from spot transactions in energy increased by 39.9% or PLN 0.8 million. Trading revenues from other fees paid by market participants increased by 7.9% or PLN 0.7 million. Revenues from the operation of the register of certificates of origin on the commodity market increased by 0.6% or PLN 0.1 million while revenues from clearing increased by 3.0% or PLN 1.0 million.

TRADING

Revenues of the GPW Group from trading on the commodity market stood at PLN 56.8 million in Q1-3 2019, including PLN 3.0 million of revenues from spot transactions in electricity, PLN 8.5 million of revenues from forward transactions in electricity, PLN 1.5 million of revenues from spot transactions in gas, PLN 7.2 million of revenues from forward transactions in gas, PLN 27.5 million of revenues from transactions in property rights in certificates of origin of electricity, and PLN 9.2 million of other fees paid by market participants. Revenues from trading decreased by 1.6% or PLN 0.9 million year on year in Q1-3 2019.

The Group's revenues from **trading in electricity** amounted to PLN 11.5 million in Q1-3 2019 compared to PLN 12.7 million in Q1-3 2018. The total volume of trading on the energy markets operated by TGE amounted to 162.2 TWh in Q1-3 2019 compared to 158.8 TWh in Q1-3 2018. The year-on-year decrease in the revenue from trading in electricity was driven by a decrease in the volume of forward transactions and the fact that TGE introduced a pilot programme supporting liquidity on the market "Maker – Taker" and reduced fees for market makers by 50% as of 1 January 2019. The volume of forward transactions decreased by 1.1% 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% 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.

The Group's revenues from **trading in gas** amounted to PLN 8.7 million in Q1-3 2019 compared to PLN 7.3 million in Q1-3 2018. The volume of trading in natural gas on TGE was 105.5 TWh in Q1-3 2019 compared to 97.2 TWh in Q1-3 2019. The volume of trading on the Day-ahead and Intraday Market in gas was 14.9 TWh in Q1-3 2019 compared to 16.7 TWh in Q1-3 2018. The volume of trading on the Commodity Forward Instruments Market was 90.5 TWh in Q1-3 2019, an increase of 12.4% 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 27.5 million in Q1-3 2019 compared to PLN 29.1 million in Q1-3 2018. The volume of trading in property rights stood at 38.1 TWh in Q1-3 2019, a decrease of 22.4% 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 2.7 million and a decrease of the revenue from trading in cogeneration property rights by PLN 1.6 million combined with an increase in the revenue from trading in property rights in energy efficiency by PLN 2.6 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 9.2 million in Q1-3 2019 compared to PLN 8.5 million in Q1-3 2018. Other fees paid by commodity market participants included fees paid by TGE market participants at PLN 4.8 million, revenues of InfoEngine from the activity of trade operator at PLN 1.6 million, and revenues of IRGiT at PLN 2.8 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 67.5% of revenue from other fees. Revenue from annual fees stood at PLN 3.3 million in Q1-3 2019, an increase of 6.1% year on year.

Table 15: Data for the commodity market

	Nine-month period ended		Change (9M 2019 vs 9M 2018)	Change (%) (9M 2019 vs 9M 2018)
	30 September 2019	30 September 2018		
Commodity market - trading revenue (PLN million)	**56.8**	**57.7**	**-0.9**	**-1.6%**
Volume of trading in electricity				
Spot transactions *(TWh)*	24.9	19.9	5.0	25.1%
Forward transactions *(TWh)*	137.3	138.8	-1.5	-1.1%
Volume of trading in gas				
Spot transactions *(TWh)*	14.9	16.7	-1.8	-10.5%
Forward transactions *(TWh)*	90.5	80.5	10.0	12.4%
Volume of trading in property rights (TGE) (TWh)	38.1	49.0	-11.0	-22.4%

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 22.7 million in Q1-3 2019 compared to PLN 22.6 million in Q1-3 2018. The year-on-year increase of the revenues by PLN 0.1 million was driven by an increase of the revenue from the RES register from PLN 14.1 million to PLN 15.0 million, a decrease of the revenue from cogeneration from PLN 6.3 million to PLN 4.6 million, an increase in the revenue from energy efficiency from PLN 1.7 million to PLN 2.1 million, and an increase in the revenue from guarantees of origin from PLN 0.4 million to PLN 1.1 million.

Table 16: Data for the Register of Certificates of Origin

	Nine-month period ended		Change (9M 2019 vs 9M 2018)	Change (%) (9M 2019 vs 9M 2018)
	30 September 2019	30 September 2018		
Commodity market - revenue from operation of the Register of Certificates of Origin of electricity (PLN million)	**22.7**	**22.6**	**0.1**	**0.6%**
Issued property rights *(TWh)*	31.3	40.6	-9.3	-22.8%
Cancelled property rights *(TWh)*	40.6	40.6	0.1	0.2%

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 33.9 million in Q1-3 2019 compared to PLN 32.9 million in Q1-3 2018. The increase of the revenue by PLN 1.0 million or 3.0% was driven the volumes of transactions on the commodity exchange, in particular an increase of forward transactions in gas by 12.4%.

OTHER REVENUES

The Group's other revenues amounted to PLN 0.5 million in Q1-3 2019 compared to PLN 1.0 million in Q1-3 2018. The Group's other revenues include mainly revenues from colocation, office space lease and sponsorship. The year-on-year decrease of other revenues in Q1-3 2019 was driven by lower revenues from sponsorship as well as the impact of IFRS 16 on the presentation of revenues from office space lease.

OPERATING EXPENSES

The total operating expenses of the **GPW Group** amounted to PLN 133.8 million in Q1-3 2019, representing an increase of PLN 2.4 million or 1.8% year on year. The increase of operating expenses was driven by an increase of depreciation and amortisation charges by PLN 3.6 million, an increase of salaries and other employee costs by PLN 7.4 million or 14.6%, and a decrease of fees and charges by PLN 5.3 million or 40.1%. 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 6.7 million in 2019 compared to PLN 12.5 million in 2018.

Separate operating expenses of **GPW** amounted to PLN 87.0 million in Q1-3 2019, representing an increase of PLN 2.1 million or 2.4% year on year. The year-on-year increase of operating expenses was mainly driven by an increase of salaries and other employee costs by PLN 5.0 million and an increase of external service charges by PLN 1.7 million combined with a decrease of fees and charges by PLN 3.0 million.

Operating expenses of **TGE** amounted to PLN 32.0 million in Q1-3 2019 compared to PLN 32.3 million in Q1-3 2018, representing a decrease of PLN 0.2 million. The year-on-year decrease of operating expenses in Q1-3 2019 was mainly driven by an decrease of fees and charges by PLN 1.4 million or 45.0%. The annual supervision fee due to PFSA was PLN 1.7 million in 2019 v. PLN 3.2 million in 2018.

Operating expenses of **IRGiT** stood at PLN 11.9 million in Q1-3 2019 and were stable year on year. Similar to other companies of the GPW Group, IRGiT calculated a lower supervision fee due to PFSA: PLN 1.4 million in 2019 v. PLN 2.4 million in 2018.

Operating expenses of **BondSpot** stood at PLN 8.1 million in Q1-3 2019 compared to PLN 7.8 million in Q1-3 2018, representing an increase of 5.0% or PLN 0.4 million. The increase was mainly driven by an increase of depreciation and amortisation charges by PLN 0.5 million and an increase of external service costs by PLN 0.2 million.

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

PLN'000, %	Nine-month period ended				Change (9M 2019 vs 9M 2018)	Change (%) (9M 2019 vs 9M 2018)
	30 September 2019	%	30 September 2018	%		
Depreciation and amortisation	27,501	21%	23,865	18%	3,636	15.2%
Salaries	45,716	34%	40,078	31%	5,638	14.1%
Other employee costs	12,170	9%	10,449	8%	1,721	16.5%
Rent and other maintenance fees	3,211	2%	6,750	5%	(3,539)	-52.4%
Fees and charges	7,972	6%	13,302	10%	(5,330)	-40.1%
including: PFSA fees	*6,730*	*5%*	*12,534*	*10%*	*(5,804)*	*-46.3%*
External service charges	33,174	25%	32,579	25%	595	1.8%
Other operating expenses	4,032	3%	4,358	3%	(326)	-7.5%
Total	**133,776**	**100%**	**131,381**	**100%**	**2,395**	**1.8%**

Source: Condensed Consolidated Interim Financial Statements, Company

The table above presents changes in the structure of expenses by nine-month period in 2019 and 2018 and changes between Q1-3 2019 and Q1-3 2018.

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

PLN'000, %	Nine-month period ended				Change (9M 2019 vs 9M 2018)	Change (%) (9M 2019 vs 9M 2018)
	30 September 2019	%	30 September 2018	%		
Depreciation and amortisation	16,422	19%	15,190	18%	1,232	8.1%
Salaries	27,291	31%	23,330	27%	3,961	17.0%
Other employee costs	8,110	9%	7,062	8%	1,048	14.8%
Rent and other maintenance fees	3,159	4%	6,007	7%	(2,848)	-47.4%
Fees and charges	4,501	5%	7,457	9%	(2,956)	-39.6%
including: PFSA fees	*3,578*	*4%*	*6,862*	*8%*	*(3,284)*	*-47.9%*
External service charges	24,356	28%	22,614	27%	1,742	7.7%
Other operating expenses	3,111	4%	3,221	4%	(110)	-3.4%
Total	**86,950**	**100%**	**84,881**	**100%**	**2,069**	**2.4%**

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 27.5 million in Q1-3 2019 compared to PLN 23.9 million in Q1-3 2018, representing an increase of PLN 3.6 million. The increase in depreciation and amortisation charges year on year in Q1-3 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 cars. 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 and subleasing stood at PLN 3.7 million in Q1-3 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 57.9 million in Q1-3 2019 compared to PLN 50.5 million in Q1-3 2018, representing an increase of 14.6% or PLN 7.4 million.

The increase of salaries and other employee costs in the GPW Group year on year in Q1-3 2019 was driven by an increase of salaries and other employee costs in GPW by PLN 5.0 million, in TGE by PLN 1.6 million, in IRGiT by PLN 0.6 million, and in GPW Benchmark by PLN 0.4 million.

The increase of GPW's salaries and other employee costs year on year in Q1-3 2019 was driven by an increase in remuneration by PLN 3.5 million, an increase of supplementary salary costs by PLN 0.5 million, and an increase of other employee costs, including social security, by PLN 1.0 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 0.9 million, annual bonuses by PLN 0.4 million, and other employee costs, including social security, by PLN 0.3 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 the subsidiary GPW Benchmark was driven by an increase of the headcount.

The headcount of the GPW Group was 382 FTEs as at 30 September 2019.

Table 19: Employment in GPW Group

# FTEs	As at		
	30 September 2019	31 December 2018	30 September 2018
GPW	219	204	196
Subsidiaries	164	146	144
Total	**382**	**350**	**340**

Source: Company

Rent and other maintenance fees

Rent and other maintenance fees amounted to PLN 3.2 million in Q1-3 2019 compared to PLN 6.8 million in Q1-3 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 2018 and 2019 numbers are not comparable. Office space, colocation and car park lease contracts are classified as leases as of 2019 and recognised in depreciation and amortisation, fees and charges, and financial expenses.

Fees and charges

Fees and charges stood at PLN 8.0 million in Q1-3 2019 compared to PLN 13.3 million in Q1-3 2018. The main component of fees and charges are fees paid to the Polish Financial Supervision Authority (PFSA) for capital market supervision. The Group's final fee was PLN 6.7 million in 2019 compared to PLN 12.5 million in 2018.

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, and considering IFRIC 21, the full estimated amount of the annual PFSA fee is recognised early in the year. 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, and the Group companies did so.

External service charges

External service charges amounted to PLN 33.2 million in Q1-3 2019 compared to PLN 32.6 million in Q1-3 2018, representing an increase of 1.8% or PLN 0.6 million.

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

PLN'000, %	Nine-month period ended				Change (9M 2019 vs 9M 2018)	Change (%) (9M 2019 vs 9M 2018)
	30 September 2019	%	30 September 2018	%		
IT cost:	17,415	52%	17,316	53%	99	0.6%
IT infrastructure maintenance	*12,960*	*39%*	*12,092*	*37%*	*868*	*7.2%*
TBSP maintenance service	*1,126*	*3%*	*1,095*	*3%*	*31*	*2.8%*
Data transmission lines	*3,093*	*9%*	*3,875*	*12%*	*(782)*	*-20.2%*
Software modification	*236*	*1%*	*253*	*1%*	*(17)*	*-6.8%*
Office and office equipment maintenance:	2,464	7%	2,284	7%	180	7.9%
Repair and maintenance of installations	*550*	*2%*	*559*	*2%*	*(9)*	*-1.6%*
Security	*1,178*	*4%*	*1,036*	*3%*	*142*	*13.7%*
Cleaning	*490*	*1%*	*392*	*1%*	*98*	*24.9%*
Phone and mobile phone services	*246*	*1%*	*297*	*1%*	*(51)*	*-17.2%*
International (energy) market services	*167*	*1%*	*1,681*	*5%*	*(1,514)*	*-90.1%*
Leasing, rental and maintenance of vehicles	*325*	1%	*506*	2%	*(181)*	-35.8%
Transportation services	91	0%	83	0%	8	9.4%
Promotion, education, market development	3,121	9%	3,938	12%	(817)	-20.7%
Market liquidity support	992	3%	605	2%	387	64.0%
Advisory (including: audit, legal services, business consulting)	4,860	15%	4,672	14%	188	4.0%
Information services	2,094	6%	209	1%	1,885	900.7%
Training	544	2%	415	1%	129	31.0%
Mail fees	92	0%	54	0%	38	70.4%
Bank fees	130	0%	98	0%	32	32.7%
Translation	270	1%	287	1%	(17)	-5.9%
Other	609	2%	432	1%	177	41.1%
Total	**33,174**	**100%**	**32,579**	**100%**	**595**	**1.8%**

Source: Condensed Consolidated Interim Financial Statements

The increase of external service charges year on year in Q1-3 2019 was mainly driven by changes in the following cost items:

1/ IT infrastructure maintenance – an increase of PLN 0.9 million due to the cost of IT hardware and software maintenance services;

2/ data transmission lines – a decrease of PLN 0.8 million, mainly driven by a decrease of the cost by PLN 0.5 million in GPW and by PLN 0.3 million in TGE. The decrease of the cost in those companies was due to optimisation of infrastructure services in the GPW Group;

3/ building and office equipment maintenance – an increase of PLN 0.2 million due to rising costs of security and cleaning services following a pay raise for employees of those service providers;

4/ international energy market services – a decrease of PLN 1.5 million due to a bigger number of participants of international energy market projects contributing to project costs, resulting in a lower share of Poland and TGE in the costs;

5/ car lease and maintenance – a decrease of PLN 0.2 million due to a different presentation of the costs following the application of IFRS 16;

6/ promotion, education, market development – a decrease of PLN 0.8 million due to a higher cost in 2018 related to sponsorship of a Bloomberg conference in London focusing on the promotion of Poland from Emerging Markets to Developed Markets and the costs of Open Door Days;

7/ market liquidity support – an increase of PLN 0.4 million due to recognition of market making costs in 2018;

8/ advisory – an increase of PLN 0.2 million due mainly to the cost of advisory for strategic projects and the cost of tax review in the GPW Group;

9/ information services – an increase of PLN 1.9 million due mainly to:

- a lower comparative base in Q1-3 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. 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 costs of the Programme recognised in Q1-3 2019 was PLN 1.5 million.

Other operating expenses

Other operating expenses amounted to PLN 4.0 million in Q1-3 2019 compared to PLN 4.4 million in Q1-3 2018, representing a decrease of PLN 0.3 million or 7.5%.

Other operating expenses in Q1-3 2019 included the cost of material and energy consumption at PLN 2.2 million, industry organisation membership fees at PLN 0.5 million, insurance at PLN 0.2 million, business travel at PLN 0.7 million and conference participation at PLN 0.3 million. The cost of business travel reported the highest decrease year on year in Q1-3 2019 by 22.4% or PLN 0.2 million.

OTHER INCOME AND EXPENSES

Other income of the Group amounted to PLN 5.1 million in Q1-3 2019 compared to PLN 1.4 million in Q1-3 2018. Other income includes damages received, gains on the sale of property, plant and equipment (PLN 0.2 million), medical services reinvoiced to employees (PLN 0.3 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 0.4 million, TGE's revenues from re-invoicing of incurred costs within international markets (PLN 2.0 million) and a subsidy of PLN 1.0 million received for the project of launching the Agricultural Market food platform.

Other expenses of the Group amounted to PLN 2.5 million in Q1-3 2019 compared to PLN 3.0 million in Q1-3 2018. Other expenses include donations paid, losses on the sale of property, plant and equipment, and provisions against damages. Donations stood at PLN 2.15 million in Q1-3 2019 compared to PLN 0.64 million in Q1-3 2018.

Donations paid in Q1-3 2019 included GPW's donation of PLN 2.14 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 Q1-3 2018 stood at PLN 648.3 thousand, including a donation of PLN 396 thousand to the GPW Foundation, PLN 4 thousand to the Home for Single Mothers, PLN 1 thousand to Caritas Diecezji Łowickiej and PLN 237 thousand to the Polish National Foundation on a cost basis.

GPW paid a donation of PLN 1.5 million on a cash basis to the Polish National Foundation (PFN) in Q1-3 2019 and Q1-3 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 211 thousand in Q1-3 2019 and PLN 237 thousand in Q1-3 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 the Group's statement of comprehensive income for the year ended 31 December 2016 and in other liabilities in the Group's 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 September 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 reversed in Q1-3 2019 were PLN 0.1 million Impairment losses on receivables were PLN 1.5 million in Q1-3 2018.

FINANCIAL INCOME AND EXPENSES

Financial income of the Group amounted to PLN 7.1 million in Q1-3 2019 compared to PLN 51.8 million in Q1-3 2018, representing a decrease of PLN 44.7 million.

The main difference in financial income between Q1-3 2019 and Q1-3 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 3.2 million. Interest on current accounts and bank deposits presented in cash and cash equivalents stood at PLN 2.9 million in Q1-3 2019. The Group earned an income on certificates of deposit at PLN 0.2 million and on corporate bonds at PLN 0.4 million.

Financial expenses of the Group amounted to PLN 7.7 million in Q1-3 2019 compared to PLN 6.5 million in Q1-3 2018, representing an increase of PLN 1.2 million.

The increase of financial expenses year on year in Q1-3 2019 was due to the recognition of interest on tax liabilities in respect of CIT for previous years at PLN 1.2 million in TGE and interest on leases under IFRS 16 in financial expenses at PLN 0.5 million.

Interest on TGE's tax liabilities in respect of CIT for previous years results from a review of payments of corporate income tax ("CIT") for previous years carried out by an independent tax advisor. As a result of the review, TGE was issued a recommendation to correct CIT for 2013-2016. TGE submitted corrections of CIT receipts and paid the resulting amounts due to the tax office:

- CIT of PLN 3,630.2 thousand (and interest for late payment at PLN 1,128.2 thousand);
- withholding tax at PLN 202.2 thousand (and interest for late payment at PLN 77.2 thousand).

The interest for late payment at PLN 1,205 thousand added to the financial expenses of the GPW Group in Q3 2019. The amounts of additional tax liabilities and corrections of deferred tax were recognised retrospectively in the financial statements under equity. Consequently, they had no impact on the financial results of 2018-2019.

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 5.7 million in Q1-3 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 and 2.74% in Q3 2019.

IMPAIRMENT LOSSES ON INVESTMENTS

As at 30 September 2019, impairment losses on investments were recognised in the profit and loss account under IAS 1. The losses stood at PLN 1.1 million as at 30 September in respect of the impairment of the investment in PAR.

On 24 July 2018, the European Securities and Markets Authority ("ESMA") refused to register PAR as an institution authorised to provide credit ratings, which in the opinion of the Exchange Management Board met the criteria of impairment of the investment in PAR.

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 9.3 million in Q1-3 2019 compared to PLN 8.6 million in Q1-3 2018. The increase was driven mainly by a higher profit of the KDPW Group.

The Group's share of the **KDPW Group** profit was PLN 9.6 million in Q1-3 2019 compared to PLN 9.1 million in Q1-3 2018.

The share in the net profit of **Centrum Giełdowe** was PLN 0.4 million in Q1-3 2019 and was stable year on year.

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 0.6 million as at 30 September 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 method

PLN'000	Nine-month period ended 30 September 2019	Nine-month period ended 30 September 2018	Change (9M 2019 vs 9M 2018)	Change (%) (9M 2019 vs 9M 2018)
Grupa KDPW S.A.	28,734	27,349	1,385	5.1%
Centrum Giełdowe S.A.	1,557	1,766	(208)	-11.8%
Polska Agencja Ratingowa S.A.	(1,934)	-	(1,934)	-
Aquis Exchange Limited *	-	(4,548)	4,548	-100.0%
Razem	**28,357**	**24,567**	**3,791**	**15.4%**

** 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 method

PLN'000	Nine-month period ended 30 September 2019	Nine-month period ended 30 September 2018	Change (9M 2019 vs 9M 2018)	Change (%) (9M 2019 vs 9M 2018)
Grupa KDPW S.A.	9,578	9,116	462	5.1%
Centrum Giełdowe S.A.	386	438	(52)	-11.8%
Polska Agencja Ratingowa S.A.	(645)	-	(645)	-
Aquis Exchange Limited *	-	(924)	924	-100.0%
Razem	**9,320**	**8,630**	**689**	**8.0%**

** 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 24.1 million in Q1-3 2019 compared to PLN 32.8 million in Q1-3 2018. The **effective income tax rate** in the periods under review was 18.2% and 18.3%, respectively, as compared to the standard Polish corporate income tax rate of 19%. Income tax **paid** by the Group was PLN 31.5 million in Q1-3 2019 compared to PLN 35.5 million in Q1-3 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 provision of WIBID and WIBOR reference rates from the previous fixing 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 with 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 Agreement for Use the Reference Rates is signed by all entities which use the rates under BMR, including 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.

SYSTEM OF FINANCING SUPERVISION OF THE CAPITAL MARKET

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 which took effect on 1 January 2016 defines the methodology of calculation and the method and time limits for payment of fees by obligated entities. As a result, the cost of fees paid by the GPW Group was reduced significantly as of January 2016 (from PLN 22.0 million in 2015 to PLN 9.1 million in 2016 and PLN 5.6 million in 2017). However, the fee increased to PLN 12.5 million in 2018, the highest figure after the change. The fee for supervision dropped once again in 2019 and amounted to PLN 6.7 million at Group level. The GPW Group does not control the amount of the fees and cannot reliably predict the final amount to be paid to PFSA in the given year; as a result, it cannot predict the impact of the fees on the Group's cash flows. An increase of the fees could have an adverse impact on the Group's business, financial position and results.

Start of work aiming to launch the Food Platform

On 29 January 2019, a consortium comprised of the Warsaw Stock Exchange, Towarowa Giełda Energii and Izba Rozliczeniowa Giełd Towarowych signed an agreement to implement the Food Platform project with Krajowy Ośrodek Wsparcia Rolnictwa (National Centre for Agricultural Support, KOWR). The Food Platform project is a part of the government's Strategy for Responsible Development and a key strategic initiative under #GPW2022. KOWR is the leader of a consortium comprised of Instytut Ekonomiki Rolnictwa i Gospodarki Żywnościowej (Institute of Agricultural and Food Economics, IERiGŻ) and Instytut Biotechnologii Przemysłu Rolno-Spożywczego (Institute of Biotechnology of the Agricultural and Food Industry, IBPRS). The project is funded by Narodowe Centrum Badań i Rozwoju (National Centre for Research and Development, NCBiR) under the GOSPOSTRATEG Programme. The objective of the project is to open an electronic trading platform for agricultural products. In the Food Platform project, GPW provided a feasibility study and drafted operational documents defining the structure of the agricultural market. In September 2019, the GPW Group consortium signed a memorandum of understanding with Elewarr to develop a system of warehouses authorised for the storage of grains traded on the Food Platform building on the grain silos owned by Elewarr and its subsidiaries. The Food Platform is scheduled to launch in 2020. The project pilot will offer trade in one agricultural product: consumption wheat. An underlying market with physical delivery will be established first while the launch of a forward market will be considered at a later stage.

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 expenditure connected with the implementation of the project is estimated at PLN 90 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 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.

"GPW Data Platform" project

On 21 August 2019, the National Centre for Research and Development (NCBR) published a list of evaluated projects proposed in the Operational Programme Smart Development 2014-2020. The projects selected for co-financing include the project of the Warsaw Stock Exchange "GPW Data platform: an innovative Artificial Intelligence system supporting investment decisions on the capital market". The project cost is estimated at PLN 8.3 million, including NCBR co-financing at PLN 4.2 million. The GPW Data project is a part of GPW's strategic initiatives in the Exchange's information services business segment. The project is aligned with the Capital Market Development Strategy which provides among others for the introduction of electronic reporting standards in the Inline eXtensible Business Reporting Language (iXBRL). The GPW Data project is based on machine learning and artificial intelligence. It will enable capital market participants to make faster decisions when investing on the exchange. The GPW Data system will support fast access to, analysis and processing of market data, as well as the development of investors' proprietary trading algorithms based on AI. The project is scheduled to be rolled out in 2021.

VI. Group's assets and liabilities structure

The **balance-sheet total** of the Group was PLN 1,231.0 million as at 30 September 2019, representing an increase of PLN 37.6 thousand year on year.

ASSETS

The Group's **non-current assets** stood at PLN 585.6 million representing 48% of total assets as at 30 September 2019 compared to PLN 575.1 million or 48% of total assets as at 30 September 2018.

In the implementation of IFRS 16 Leases, the Group recognised a right-to-use asset of PLN 23.4 million in non-current assets as at 30 September 2019 (including the right of perpetual usufruct of land at PLN 2.4 million, reclassified from prepayments). The Group recognised sublease receivables at PLN 0.8 million as at 30 September 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 130 thousand as the updated value of the interest in Bucharest Stock Exchange as at 30 September 2019.
Other non-current assets include the option to acquire a trading system at PLN 4.2 million and margins securing energy market transactions at InfoEngine.

The Group's **current assets** stood at PLN 645.4 million representing 52% of total assets as at 30 September 2019 compared to PLN 618.3 million or 52% of total assets as at 30 September 2018.

The increase of current assets by 4.4% year on year in Q1-3 2019 was driven by an increase of the sum of cash and cash equivalents as well as financial assets measured at amortised cost, which jointly increased to PLN 587.1 million from PLN 537.3 million as at 30 September 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 September 2019, financial assets measured at amortised cost stood at PLN 333.7 million including corporate bonds at PLN 64.8 million and bank deposits at PLN 268.9 million.

The Group recognised current sublease receivables at PLN 0.2 million.

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

	As at					
PLN'000	30 September 2019	%	31 December 2018	%	30 September 2018	%
Non-current assets	**585,520**	**48%**	**580,375**	**48%**	**575,125**	**48%**
Property, plant and equipment	97,303	8%	108,158	9%	106,156	9%
Right-to-use assets	23,406	2%	-	0%	-	0%
Intangible assets	247,314	20%	254,564	21%	254,491	21%
Investment in entities measured by equity method	208,384	17%	207,267	17%	203,273	17%
Leasing receivable	774	0%	-	0%	-	0%
Deferred tax assets	579	0%	540	0%	863	0%
Financial assets measured at fair value through other comprehensive income	130	0%	101	0%	200	0%
Prepayments	1,953	0%	5,523	0%	5,920	0%
Other non-current assets	5,677	0%	4,222	0%	4,222	0%
Current assets	**645,424**	**52%**	**636,942**	**52%**	**618,283**	**52%**
Inventory	46	0%	64	0%	64	0%
Receivables in respect of corporate income tax	114	0%	-	0%	71	0%
Trade and other receivables	56,169	5%	69,437	6%	78,747	7%
Leasing receivable	237	0%	-	0%	-	0%
Available-for-sale financial assets	1,797	0%	1,215	0%	2,122	0%
Financial assets measured at amortised cost	333,693	27%	377,502	31%	364,221	31%
Cash and cash equivalents	253,368	21%	188,724	16%	173,058	15%
Total assets	**1,230,944**	**100%**	**1,217,317**	**100%**	**1,193,408**	**100%**

Source: Condensed Consolidated Interim Financial Statements

EQUITY AND LIABILITIES

The **equity** of the Group stood at PLN 861.8 million representing 70% of the Group's total equity and liabilities as at 30 September 2019 compared to PLN 887.5 million or 73% of total equity and liabilities as at 31 December 2018 and PLN 850.3 million or 71% of the total equity and liabilities as at 30 September 2018.

Non-current liabilities of the Group stood at PLN 282.9 million representing 23% of the Group's total equity and liabilities as at 30 September 2019 compared to PLN 268.7 million or 22% of total equity and liabilities as at 31 December 2018 and PLN 267.6 million or 22% of the total equity and liabilities as at 30 September 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 5.2 million as at 30 September 2019, including PLN 4.6 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. Deferred income as at 30 September 2019 also included co-financing received for the Agricultural Market project at PLN 0.6 million and co-financing for the New Trading Platform project at PLN 69.8 thousand.

The year-on-year increase in total non-current liabilities (by 5.6%) was due to the implementation of IFRS 16 in 2019. As a result, the Group recognised lease liabilities of PLN 22.3 million as at 30 September 2019, including PLN 17.2 million presented as non-current and PLN 5.1 million presented as current.

Other non-current liabilities as at 30 September 2019 included mainly the liability of the parent entity to the Polish National Foundation at PLN 8.3 million (PLN 9.6 million as at 31 December 2018).

Current liabilities of the Group stood at PLN 86.2 million representing 7% of the Group's total equity and liabilities as at 30 September 2019 compared to PLN 61.2 million or 5% of total equity and liabilities as at 31 December 2018 and PLN 75.5 million or 6% of the total equity and liabilities as at 30 September 2018.

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

- ✓ trade payables,
- ✓ employee benefits payable,
- ✓ the implementation of IFRS 16 Leases.

Other current liabilities as at 30 September 2019 included mainly TGE's VAT payable of the current period at PLN 22.3 million, TGE's CIT payable in the Tax Group at PLN 2.9 million, and InfoEngine's liabilities in respect of margins securing electricity buy/sell transactions on the balancing market at PLN 1.4 million.

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

	As at					
PLN'000	30 September 2019	%	31 December 2018	%	30 September 2018	%
Equity	**861,843**	**70%**	**887,488**	**73%**	**850,305**	**71%**
Share capital	63,865	5%	63,865	5%	63,865	5%
Other reserves	1,185	0%	1,267	0%	1,126	0%
Retained earnings	796,196	65%	821,766	68%	784,726	66%
Non-controlling interests	597	0%	590	0%	588	0%
Non-current liabilities	**282,945**	**23%**	**268,673**	**22%**	**267,631**	**22%**
Liabilities under bond issue	244,253	20%	243,961	20%	243,864	20%
Employee benefits payable	929	0%	1,147	0%	1,130	0%
Lease liabilities	17,238	1%	-	0%	-	0%
Accruals and deferred income	5,444	0%	5,033	0%	5,173	0%
Deferred income tax liability **	4,563	0%	6,697	1%	5,699	0%
Other liabilities	10,518	1%	11,835	1%	11,765	1%
Current liabilities	**86,156**	**7%**	**61,156**	**5%**	**75,473**	**6%**
Liabilities under bond issue	2,097	0%	1,938	0%	2,099	0%
Trade payables *	13,788	1%	8,575	1%	7,905	1%
Employee benefits payable	16,474	1%	14,278	1%	11,684	1%
Lease liabilities	5,051	0%	-	0%	-	0%
Corporate income tax payable **	2,070	0%	6,868	1%	4,776	0%
Contract liabilities	12,015	1%	3,581	0%	12,533	1%
Accruals and deferred income *	559	0%	559	0%	559	0%
Provisions for other liabilities and charges	95	0%	68	0%	68	0%
Other current liabilities	34,007	3%	25,289	2%	35,849	3%
Total equity and liabilities	**1,230,944**	**100%**	**1,217,317**	**100%**	**1,193,408**	**100%**

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

*** items adjusted by CIT tax liabilities for previous years at TGE in the presented periods of 2018*

Source: Condensed Consolidated Interim Financial Statements

In connection with a review of TGE's payments of the corporate income tax ("CIT") for previous years, carried out by an independent tax advisor, and the recommendation to correct the CIT for 2013-2016, the following items were corrected for the periods presented in the table above:

- ✓ retained earnings - PLN -3,050,254;
- ✓ deferred tax liability - PLN -659,790;
- ✓ corporate income tax payable - PLN -3,710,044.

VII. Statement of cash flows and capital expenditure

CASH FLOWS

The Group generated positive cash flows from **operating activities** at PLN 160.2 million in Q1-3 2019 compared to positive cash flows of PLN 96.6 million in Q1-3 2018. The increase of the positive cash flows from operating activities in Q1-3 2019 was mainly driven by an increase in positive cash flows from operating activities before tax, including an increase in liabilities, as well as a decrease in receivables.

The cash flows from **investing activities** were positive at PLN 47.0 million in Q1-3 2019 compared to negative cash flows of PLN 66.1 million in Q1-3 2018. The positive cash flows from investing activities were driven by disposals of financial assets exceeding the purchase of financial assets.

The cash flows from **financing activities** were negative at PLN 142.8 million in Q1-3 2019 compared to negative cash flows of PLN 93.3 million in Q1-3 2018. The negative cash flows from financing activities in 2019 were driven by the payment of dividend at PLN 133.4 million, the payment of interest on bonds at PLN 5.3 million and the payment of the principal amount of leases (IFRS 16) at PLN 3.5 million.

Table 25: Consolidated cash flows

	Cash flows for the 9-month period ended	
PLN'000	**30 September 2019**	**30 September 2018**
Cash flows from operating activities	160,201	96,556
Cash flows from investing activities	46,955	(66,087)
Cash flows from financing activities	(142,769)	(93,297)
Net increase / (decrease) in cash	**64,386**	**(62,828)**
Impact of change of fx rates on cash balances in foreign currencies	*258*	-
Cash and cash equivalents - opening balance	**188,724**	**235,886**
Cash and cash equivalents - closing balance	**253,368**	**173,058**

Source: Condensed Consolidated Interim Financial Statements

CAPITAL EXPENDITURE

The Group's total capital expenditure in Q1-3 2019 amounted to PLN 8.8 million including expenditure for property, plant and equipment at PLN 2.4 million and expenditure for intangible assets at PLN 6.4 million. The Group's total capital expenditure in Q1-3 2018 amounted to PLN 13.7 million including expenditure for property, plant and equipment at PLN 7.7 million and expenditure for intangible assets at PLN 6.0 million. The capital expenditure in Q1-3 2019 included mainly GPW's acquisition of network devices (hardware and cables), expenditures of the GPW Tech project, investments in a new index calculator and the purchase of surveillance tools, as well as TGE's expenditures in the Agricultural Platform project and TGE's accession to the European cross-border intraday market XBiD as well as the Data Commercialisation project.

Contracted investments in intangible assets were PLN 1.1 million as at 30 September 2019, including mainly the TGE data commercialisation platform and the Food Platform. Contracted investments in plant, property and equipment amounted to PLN 114 thousand as at 30 September 2019, including mainly the acquisition of IT hardware in GPW.

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 investments in intangible assets were PLN 1.1 million as at 31 December 2018 including mainly the trade surveillance system in GPW and the acquisition of a website data processing application in TGE.

Contracted investment commitments for property, plant and equipment were PLN 1,415 thousand as at 30 September 2018, including mainly expansion of the SAN network and the server room. Contracted investment commitments for intangible assets were PLN 1,292 thousand, 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 significantly exceeded interest-bearing liabilities (negative net debt). The debt to equity ratio increased year on year in Q1-3 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 7.5 as at 30 September 2019. The year-on-year decrease of the ratio was due to an increase of current liabilities, including the addition of current liabilities in respect of leases.

The coverage ratio of interest costs under the bond issue increased year on year in Q1-3 2019 due to a higher EBITDA. The ratio suggests that 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 (other than the net profit) increased year on year, as shown in the table below, due to an increase of the operating profit and EBITDA. Profitability at the net profit level decreased due to a year-on-year decrease in the net profit in Q1-3 2019 as the Group recognised the gains on the sale of Aquis in Q1-3 2018. The cost/income ratio increased due to an increase of operating expenses combined with a decrease of revenues.

Table 26: Key financial indicators of GPW Group

		As at / For the 9-month period ended	
		30 September 2019	30 September 2018
Debt and financing ratios			
Net debt / EBITDA (for a period of 12 months)	1), 2)	(1.2)	(0.9)
Debt to equity	3)	31.2%	28.9%
Liquidity ratios			
Current liquidity	4)	7.5	8.2
Coverage of interest on bonds	5)	28.0	27.3
Return ratios			
EBITDA margin	6)	59.4%	57.8%
Operating profit margin	7)	48.7%	48.5%
Net profit margin	8)	42.3%	56.7%
Cost / income	9)	52.3%	50.9%
ROE	10)	17.0%	23.1%
ROA	11)	12.0%	16.2%

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 9 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 9 months)

6) EBITDA margin = EBITDA / GPW Group revenue (for a period of 9 months)

7) Operating profit margin = GPW Group operating profit / GPW Group revenue (for a period of 9 months)

8) Net profit margin = GPW Group net profit / GPW Group revenue (for a period of 9 months)

9) Cost / income = GPW Group operating expenses / GPW Group revenue (for a period of 9 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 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 laws and regulations of the Minister of the Economy.

According to the Energy Law, the obligation has to be performed until 30 September. 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.

X. Other information

CONTINGENT LIABILITIES AND ASSETS

The GPW Group had no contingent liabilities or assets as at 30 September 2019 other than described below.

"State-of-the-art Trading Platform" project

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. The project co-financed in the amount of PLN 30.3 million is "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".

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.

"GPW Data platform" project

On 14 October 2019, GPW presented an own blank bill of exchange to NCBR securing obligations under the Agreement of 30 September 2019 concerning the co-financing of the project "GPW Data platform: an innovative Artificial Intelligence system supporting investment decisions on the capital market" 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 30 September 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.

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 Q1-3 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 PLN 5.4 million valid from 1 July 2019 to 30 September 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 PLN 6.3 million valid from 12 July 2019 to 30 September 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 million to PLN 2 million.

The Group granted and accepted no other guarantees and sureties in Q1-3 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 dividend due to the State Treasury was 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.

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.

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

GPW Tech Spółka Akcyjna, a company established on 16 October 2019, has a share capital of PLN 1 million divided into 1 million series A registered shares with a par value of PLN 1 per share. The share capital was fully taken up by GPW. The company was established to implement the strategic initiative GPW Tech, a project which aims to develop a dedicated technology company which specialises in IT solutions for the capital market.

On 2 October 2019, TGE introduced into trading, within the framework of its Register of Guarantees of Origin, guarantees of origin of electricity from high-efficiency cogeneration. Thus, TGE has extended the functionalities of the Register of Guarantees of Origin and supports trade in guarantees of origin of electricity from high-efficiency cogeneration. The guarantees confirm that a specific quantity of energy introduced to the distribution or transmission grid was produced in combined generation of electricity and heat (cogeneration or CHP). Guarantees of origin of electricity from high-efficiency cogeneration are issued by the Energy Regulatory Office (URE) for a period of 12 months after issue or until 31 December 2019. They are submitted electronically to the Register of Guarantees of Origin. At the end of the validity period, guarantees expire and are deleted from the Register. The documents are marked with individual identifiers and validity dates. In contrast to certificates of origin, guarantees are not exchange-traded commodities: they are traded directly within the Register.

The Extraordinary General Meeting of the GPW on 1 October 2019 appointed Mr Krzysztof Jajuga to the Exchange Supervisory Board as of 1 October 2019.

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 (the actual dividend in 2019 was PLN 3.18 per shares), 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 index methodology, Poland remains an emerging market. Rebalancing (adjustment of market weights in the index) includes three stages: in May, August and November. In May 2019, the first lot of Saudi Arabian stocks was added to MSCI Emerging Markets, the weight of class A Chinese companies was raised from 5 to 10 percent, and all scheduled Argentine stocks were added to the index. In August, the other lot of Saudi Arabian stocks was included to the index and the weight of Chinese stocks will be raised to 15 percent. In November, the weight of Chinese stocks will be raised to 20 percent and class A Chinese SME stocks will be added to the index. As a result of all these changes, the total weight of the Polish market in MSCI Emerging Markets indices will drop 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.

- 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.

  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 January 2019, a consortium comprised of the Warsaw Stock Exchange, Towarowa Giełda Energii and Izba Rozliczeniowa Giełd Towarowych signed an agreement to implement the Food Platform project with Krajowy Ośrodek Wsparcia Rolnictwa (National Centre for Agricultural Support, KOWR). The Food Platform project is a part of the government's Strategy for Responsible Development and a key strategic initiative under #GPW2022. The objective of the project is to open an electronic trading platform for agricultural products. In the Food Platform project, GPW provided a feasibility study and drafted operational documents defining the structure of the agricultural market. In September 2019, the GPW Group consortium signed a memorandum of understanding with Elewarr to develop a system of warehouses authorised for the storage of grains traded on the Food Platform building on the grain silos owned by Elewarr and its subsidiaries. The Food Platform is scheduled to launch in 2020.
- 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 priority of the strategy #GPW2022. The establishment of GPW Tech 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 was established in October 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 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.
- On 21 August 2019, the National Centre for Research and Development (NCBR) published a list of evaluated projects proposed in the Operational Programme Smart Development 2014-2020. The projects selected for co-financing include the project of the Warsaw Stock Exchange "GPW Data platform: an innovative Artificial Intelligence system supporting investment decisions on the capital market". The project cost is estimated at PLN 8.3 million, including NCBR co-financing at PLN 4.2 million. The GPW Data project is a part of

GPW's strategic initiatives in the Exchange's information services business segment. The project is relevant to the diversification of the GPW Group's revenue.

- 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 opened in October 2019 and will continue until June 2020.
- Entry into force of employee capital plans (PPK). PPK will replace the existing pension funds (OFE). The PPK Act took effect on 1 January 2019. It provides for four steps of mandatory PPK implementation by several categories of companies required to implement PPK. Companies with at least 250 employees as at 31 December 2018 are required to implement PPK by 1 July 2019. Companies with at least 50 employees as at 30 June 2019 are required to implement PPK by 1 January 2020. Companies with at least 20 employees as at 31 December 2020 are required to implement PPK by 1 July 2020. The other companies are required to implement PPK by 1 January 2021. In addition to those time limits, the PPK Act sets time limits for companies to execute PPK management agreements. Companies which are required to implement PPK by 1 January 2020 have to execute such agreements by 25 October 2019. Hence, the first employee capital plans should be launched in Q3 and Q4 2019. Capital invested in PPK is expected to increasingly support the capital market and generate demand for stocks, including IPOs and SPOs, as well as demand for other financial instruments.
- Co-operation established by IRGiT with the Lithuanian gas exchange GET Baltic. GPW's subsidiary IRGiT and the Baltic-Finnish gas exchange GET Baltic signed an advisory service agreement in Vilnius on 16 September 2019. The scope of IRGiT's services includes the development of a risk management system and a collateral and clearing model for the gas exchange operated by GET Baltic for Lithuania, Latvia, Estonia and, from 1 January 2020, Finland. GET Baltic is working to develop a new collateral and clearing model which will open better conditions of spot and forward trade for Baltic and Finnish market participants, improving the liquidity, competitiveness and attractiveness of the region. The integration of gas markets in the Baltic region is a process aimed at connecting gas markets into homogeneous balancing zones. It takes place at many levels: infrastructural, regulatory and business. With its central location, Poland will establish in the near future a physical connection to Denmark and Sweden via the Baltic Pipe, and to Lithuania, Latvia, Estonia and Finland via the GIPL. This will create new opportunities for the development of cross-border trade and the creation of a liquid regional gas market.

OTHER MATERIAL INFORMATION

The General Assembly of Europex held in Croatia on 25 September 2019 Europex elected the new Board for a two-year term 2020-2021. Piotr Zawistowski, President of the Polish Power Exchange, was elected to the Europex Board. Europex (Association of European Energy Exchanges) represents 27 energy exchanges and market operators in Europe. TGE has been a Europex member since 2005.

In the opinion of the Company, in Q1-3 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. Quarterly financial information of Giełda Papierów Wartościowych w Warszawie S.A. for the nine-month period of 2019

The quarterly financial information of Giełda Papierów Wartościowych w Warszawie S.A. was prepared according to the same accounting principles that were followed in the preparation of the Condensed Consolidated Interim Financial Statements for the nine-month period ended 30 September 2019.

In the nine-month period ended 30 September 2019, there were no significant changes of estimates, including adjustments in respect of provisions, deferred tax liabilities and assets referred to in the IFRS. In that period, the Company and its subsidiaries did not make one or more material transactions with related parties other than at arm’s length, and neither did they issue loan guarantees other than the surety and the loan described in section IX.

Table 27: Separate statement of comprehensive income (PLN’000)

	for the nine-month period ended 30.09.2019	for the nine-month period ended 31.12.2018	for the three-month period ended 30.09.2019	for the three-month period ended 30.09.2018
Revenue	**138,760**	**142,965**	**46,244**	**47,519**
Operating expenses	86,950	84,881	26,172	28,479
Other income	1,182	831	10	128
Impairment losses	36	(1,135)	(337)	292
Other expenses	2,489	843	911	362
Operating profit	**50,539**	**56,937**	**18,834**	**19,098**
Financial income	75,433	105,972	1,685	1,074
Financial expenses	6,274	5,825	2,002	1,942
Impairment loss on investments	(2,173)	(1,994)	(2,173)	-
Profit before income tax	**117,525**	**155,090**	**16,344**	**18,230**
Income tax expense	9,288	16,880	3,167	3,581
Profit for the period	**108,237**	**138,210**	**13,177**	**14,649**
Total comprehensive income	**108,260**	**138,194**	**13,198**	**14,633**
Basic / Diluted earnings per share (PLN)	**2.58**	**3.29**	**0.32**	**0.35**

Source: Company

Table 28: Separate statement of financial position (PLN'000)

ASSETS	30.09.2019	31.12.2018	30.09.2018
Non-current assets	**432,198**	**426,635**	**426,560**
Property, plant and equipment	91,425	96,362	94,868
Right-to-use assets	9,016	-	-
Intangible assets	50,764	56,439	57,474
Investment in associates	11,652	13,825	11,652
Investment in subsidiaries	251,885	250,885	253,058
Leasing Receivable	11,406	-	-
Financial assets measured at fair value through other comprehensive income	130	101	200
Non-current prepayments	1,698	4,801	5,086
Cash and cash equivalents	4,222	4,222	4,222
Current assets	**353,027**	**358,619**	**348,867**
Inventory	47	64	64
Corporate income tax receivable	114	-	-
Trade and other receivables	32,415	25,483	28,585
Leasing Receivable	3,563	-	-
Financial assets measured at amortised cost	1,665	1,015	1,946
Other financial assets measured at amortised cost	277,545	310,090	296,530
Cash and cash equivalents	37,678	21,967	21,742
TOTAL ASSETS	**785,225**	**785,254**	**775,427**

EQUITY AND LIABILITIES	30.09.2019	31.12.2018	30.09.2018
Equity	**473,026**	**498,237**	**484,535**
Share capital	63,865	63,865	63,865
Other reserves	(119)	(142)	(125)
Retained earnings	409,280	434,514	420,795
Non-current liabilities	**276,219**	**263,237**	**262,430**
Liabilities under bond issue	244,253	243,961	243,864
Employee benefits payable	595	595	560
Lease liabilities	16,808	-	-
Accruals and deferred income	70	-	-
Deferred tax liability	3,975	6,846	6,241
Other liabilities	10,518	11,835	11,765
Current liabilities	**35,980**	**23,780**	**28,462**
Liabilities under bond issue	2,097	1,938	2,099
Trade payables	7,034	4,498	4,689
Employee benefits payable	9,711	9,095	6,934
Lease liabilities	4,873	-	-
Deferred tax liability	-	1,373	422
Performance obligations	8,863	11	8,650
Provisions for other liabilities and charges	95	68	68
Other liabilities	3,307	6,797	5,600
TOTAL EQUITY AND LIABILITIES	**785,225**	**785,254**	**775,427**

Source: Company

Table 29: Separate statement of cash flows (PLN'000)

		for the nine-month period ended 30.09.2019	for the nine-month period ended 30.09.2018
A	**Cash flows from operating activities**	**56,418**	**44,406**
	Cash generated from operating activities	70,344	68,903
	Tax advances received from related parties in the Tax Group	8,780	6,563
	Income tax (paid)/refunded	(22,706)	(31,060)
B	**Cash flows from investing activities**	**101,774**	**22,267**
	Purchase of property, plant and equipment and advances for property, plant and equipment	(3,569)	(6,249)
	Purchase of intangible assets and advances for intangible assets	(2,894)	(1,194)
	Proceeds from sale of property, plant and equipment and intangible assets	7	168
	Interest received on financial assets measured at amortised cost	3,454	1,635
	Purchase of financial assets measured at amortised cost	(509,400)	(517,338)
	Sale of financial assets measured at amortised cost	541,630	418,000
	Interest received on loans granted	3	2
	Dividends received	70,951	69,697
	Sale of financial assets measured at amortised cost	-	57,546
	Purchase of shares of associates	(1,000)	-
	Sublease payments received (interest, IFRS 16)	371	-
	Lease payments made (interest, IFRS 16)	2,221	-
C	**Cash flows from financing activities:**	**(142,729)**	**(97,588)**
	Dividend paid	(133,402)	(92,288)
	Interest paid on bonds issued	(5,276)	(5,300)
	Lease payments (interest part of lease payments)	(531)	-
	Lease payments made (principal, IFRS 16)	(3,520)	-
D	**Net (decrease) / increase in cash and cash equivalents**	**15,463**	**(30,915)**
	Impact of change of fx rates on cash balances in foreign currencies	248	(89)
	Cash and cash equivalents - opening balance	**21,967**	**52,746**
	Cash and cash equivalents - closing balance	**37,678**	**21,742**

Source: Company

Table 30: Separate statement of changes in equity (PLN'000)

	Attributable to the shareholders of the entity			Total equity
	Share capital	Other reserves	Retained earnings	
As at 31 December 2017 *(poprzednio raportowane)*	**63,865**	**(125)**	**387,147**	**450,887**
Adjustments - donation to PFN	-	-	(12,014)	**(12,014)**
Adjustment on initial application of IFRS 9	-	-	(210)	**(210)**
As at 1 january 2018 *(restated - PFN and IFRS 9)*	**63,865**	**(125)**	**374,923**	**438,663**
Dividends	-	-	(92,338)	**(92,338)**
Transactions with owners shown directly in equity	-	-	**(92,338)**	**(92,338)**
Net profit for the nine-month period ended 30 September 2018	-	-	138,210	**138,210**
Total comprehensive income for the nine-month period ended 30 September 2018	-	-	**138,210**	**138,210**
As at 30 September 2018 *(unaudited, restated)*	**63,865**	**(125)**	**420,795**	**484,535**
As at 31 December 2017 *(poprzednio raportowane)*	**63,865**	**(125)**	**387,147**	**450,887**
Adjustments - donation to PFN	-	-	(12,014)	**(12,014)**
Adjustment on initial application of IFRS 9	-	-	(210)	**(210)**
As at 1 january 2018 *(restated - PFN and IFRS 9)*	**63,865**	**(125)**	**374,923**	**438,663**
Dividends	-	-	(92,338)	**(92,338)**
Transactions with owners shown directly in equity	-	-	**(92,338)**	**(92,338)**
Net profit for the year ended 31 December 2018	-	-	151,929	**151,929**
Total comprehensive income for the year ended 31 December 2018	-	**(17)**	**151,929**	**151,912**
As at 31 December 2018	**63,865**	**(142)**	**434,514**	**498,237**
As at 31 December 2019	**63,865**	**(142)**	**434,514**	**498,237**
Dividends	-	-	(133,471)	**(133,471)**
Transactions with owners shown directly in equity	-	-	**(133,471)**	**(133,471)**
Net profit for the nine-month period ended 30 September 2019	-	-	108,237	**108,237**
Other comprehensive income	-	23	-	**23**
Total comprehensive income for the nine-month period ended 30 September 2019	-	**23**	**108,237**	**108,260**
As at 30 September 2019 *(unaudited)*	**63,865**	**(119)**	**409,280**	**473,026**

Source: Company

XII. Appendices

Condensed Consolidated Interim Financial Statements for the nine-month period ended 30 September 2019

Condensed Consolidated Interim Financial Statements of the

Giełda Papierów Wartościowych w Warszawie S.A. Group

for the nine-month period ended 30 September 2019

October 2019

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(all amounts in PLN'000 unless indicated otherwise)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 September 2019 *(unaudited)*	As at 31 December 2018 *(restated)*
Non-current assets		**585,520**	**580,375**
Property, plant and equipment	3	97,303	108,158
Right-to-use assets		23,406	-
Intangible assets	4	247,314	254,564
Investment in entities measured by equity method	5	208,384	207,267
Subleasing receivables		774	-
Deferred tax assets		579	540
Financial assets measured at fair value through other comprehensive income		130	101
Prepayments		1,953	5,523
Other non-current assets		5,677	4,222
Current assets		**645,424**	**636,942**
Inventories		46	64
Corporate income tax receivable		114	-
Trade and other receivables	6	56,169	69,437
Subleasing receivables		237	-
Contract assets	11	1,797	1,215
Financial assets measured at amortised cost	7	333,693	377,502
Cash and cash equivalents	9	253,368	188,724
TOTAL ASSETS		**1,230,944**	**1,217,317**

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 September 2019 *(unaudited)*	As at 31 December 2018 *(restated)*
Equity		**861,843**	**887,567**
Equity of the shareholders of the parent entity		**861,246**	**886,977**
Share capital		63,865	63,865
Other reserves		1,185	1,267
Retained earnings		796,196	821,845
Non-controlling interests		**597**	**590**
Non-current liabilities		**282,945**	**268,594**
Liabilities on bonds issue	10	244,253	243,961
Employee benefits payable		929	1,147
Lease liabilities		17,238	-
Accruals and deferred income	12	5,444	5,033
Deferred tax liability		4,563	6,618
Other liabilities	13	10,518	11,835
Current liabilities		**86,156**	**61,156**
Liabilities on bonds issue	10	2,097	1,938
Trade payables		13,788	8,575
Employee benefits payable		16,474	14,278
Lease liabilities		5,051	-
Corporate income tax payable		2,070	6,868
Contract liabilities	11	12,015	3,581
Accruals and deferred income	12	559	559
Provisions for other liabilities and charges		95	68
Other current liabilities	13	34,007	25,289
TOTAL EQUITY AND LIABILITIES		**1,230,944**	**1,217,317**

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		Nine-month period ended	
		30 September 2019 (unaudited)	30 September 2018 (unaudited)	30 September 2019 (unaudited)	30 September 2018 (unaudited)
Revenue		82,517	85,743	255,813	258,326
Operating expenses		(36,119)	(43,028)	(133,776)	(131,381)
Other income		1,896	284	5,102	1,421
(Impairment losses)/Reversal of impairment losses on receivables		(341)	384	(65)	(1,467)
Other expenses		(933)	(330)	(2,506)	(1,484)
Operating profit		**47,020**	**43,053**	**124,568**	**125,415**
Financial income		2,605	1,789	7,102	51,847
Financial expenses		(3,283)	(2,168)	(7,704)	(6,424)
Impairment loss on investments	5	(1,089)	-	(1,089)	(76)
Share of profit/(loss) of entities measured by equity method	5	4,692	3,412	9,320	8,630
Profit before income tax		**49,946**	**46,086**	**132,197**	**179,392**
Income tax expense	14	(8,813)	(8,466)	(24,062)	(32,828)
Profit for the period		**41,133**	**37,620**	**108,135**	**146,564**
Gains/(Losses) on valuation of financial assets measured at fair value through other comprehensive income		*23*	*-*	*25*	*-*
Gains/(Losses) on valuation of financial assets measured at fair value through other comprehensive income (entities measured by equity method)		*16*	*(68)*	*(107)*	*(222)*
Total items that may be reclassified to profit or loss		39	(68)	(82)	(222)
Other comprehensive income after tax		**39**	**(68)**	**(82)**	**(222)**
Total comprehensive income		**41,172**	**37,552**	**108,053**	**146,342**
Profit for the period attributable to shareholders of the parent entity		*41,124*	*37,615*	*108,128*	*146,549*
Profit for the period attributable to non-controlling interests		*8*	*5*	*7*	*15*
Total profit for the period		41,133	37,620	108,135	146,564
Comprehensive income attributable to shareholders of the parent entity		*41,163*	*37,547*	*108,047*	*146,327*
Comprehensive income attributable to non-controlling interests		*8*	*5*	*7*	*15*
Total comprehensive income		41,172	37,552	108,053	146,342
Basic/Diluted earnings per share (PLN)		**0.98**	**0.90**	**2.58**	**3.49**

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	Nine-month period ended 30 September	
		2019 *(unaudited)*	**2018** *(unaudited)*
Cash flows from operating activities:		**160,201**	**96,556**
Cash generated from operation before tax		191,719	132,131
Net profit of the period		108,135	146,564
Adjustments:		83,584	(14,433)
Income tax		24,062	32,828
Depreciation of property, plant and equipment	3	12,121	12,231
Amortisation of intangible assets	4	11,688	11,634
Depreciation of right-to-use assets		3,714	-
(Gains)/Losses on sale of property, plant and equipment and intangible assets		(199)	(6)
(Gains)/Losses on sale of investments (gains on sale of interest in Aquis)		-	(45,395)
Impairment loss on investments		1,089	76
Foreign exchange (gains)/losses (bank accounts and deposits)		(258)	-
Interest (income) on deposits, certificates of deposit and corporate bonds (not classified as cash and cash equivalents)		(3,811)	(3,033)
Interest on bonds		5,435	5,753
Sublease interest (income)		(27)	-
Lease interest cost		545	-
Financial cost of bond issue		293	-
Share of (profit)/loss of entities measured by equity method		(9,320)	(8,630)
Other adjustments		(1,460)	771
Change of assets and liabilities:		39,713	(20,662)
(Increase)/Decrease of inventories		*18*	*(8)*
(Increase)/Decrease of trade and other receivables		*13,162*	*(14,651)*
(Increase)/Decrease of contract assets		*(582)*	*(2,122)*
Increase/(Decrease) of non-current prepayments		*1,239*	*196*
Increase/(Decrease) of trade payables		*5,213*	*(13,398)*
Increase/(Decrease) of employee benefits payable		*1,978*	*(1,598)*
Increase/(Decrease) of accruals and deferred income		*411*	*(7,246)*
Increase/(Decrease) of contract liabilities		*8,434*	*12,533*
Increase/(Decrease) of other liabilities (excluding committed investments and dividend payable)		*11,132*	*7,063*
Increase/(Decrease) of net provisions for liabilities and other charges		*27*	*(142)*
Increase/(Decrease) of other liabilities		*(1,319)*	*(1,289)*
Interest on taxes (paid)/refunded		-	(66)
Income tax (paid)/refunded		(31,518)	(35,509)

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	Nine-month period ended 30 September	
		2019 *(unaudited)*	2018 *(unaudited)*
Cash flows from investing activities:		**46,955**	**(66,087)**
Purchase of property, plant and equipment and advances for property, plant and equipment		(2,378)	(7,676)
Purchase of intangible assets and advances for intangible assets		(6,434)	(6,021)
Proceeds from sale of property, plant and equipment and intangible assets		882	219
Interest received on financial assets measured at amortised cost		4,208	2,311
Purchase of financial assets measured at amortised cost		(595,219)	(680,338)
Sale of financial assets measured at amortised cost		638,630	567,500
Sale of financial assets held for sale		-	57,546
Sublease payments received (interest part of sublease payments)		27	-
Sublease payments received (principal part of sublease payments)		232	-
Dividends received		7,006	372
Cash flows from financing activities:		**(142,769)**	**(93,297)**
Dividend paid		(133,402)	(92,338)
Interest paid on bonds issued		(5,276)	(5,300)
Lease payments (interest part of lease payments)		(545)	-
Lease payments (principal part of lease payments)		(3,547)	-
Finance lease payments (IAS 17)		-	(31)
Payments received for the acquisition of PAR by PFR and BIK		-	4,372
		-	-
Net (decrease)/increase in cash and cash equivalents		**64,386**	**(62,828)**
Impact of fx rates on cash balance in currencies		*258*	-
Cash and cash equivalents - opening balance		**188,724**	**235,886**
Cash and cash equivalents - closing balance		**253,368**	**173,058**

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		
As at 31 December 2018 *(previously reported)*	**63,865**	**1,267**	**824,816**	**889,948**	**590**	**890,538**
Adjustment - CIT TGE	**-**	**-**	**(2,971)**	**(2,971)**	**-**	**(2,971)**
As at 1 January 2019 *(restated - adjusted for CIT TGE)*	**63,865**	**1,267**	**821,845**	**886,977**	**590**	**887,567**
Dividends	-	-	(133,471)	**(133,471)**	-	**(133,471)**
Transactions with owners recognised directly in equity	**-**	**-**	**(133,471)**	**(133,471)**	**-**	**(133,471)**
Net profit for the nine-month period ended 30 September 2019	-	-	108,128	**108,128**	7	**108,135**
Other comprehensive income	-	(82)	-	**(82)**	-	**(82)**
Total comprehensive income for the nine-month period ended 30 September 2019	**-**	**(82)**	**108,128**	**108,047**	**7**	**108,053**
As at 30 September 2019 *(unaudited)*	**63,865**	**1,185**	**796,196**	**861,246**	**597**	**861,843**

	Attributable to the shareholders of the parent entity				Non-controlling interests	Total equity
	Share capital	Other reserves	Retained earnings	Total		
As at 31 December 2017 *(previously reported)*	**63,865**	**1,347**	**733,682**	**798,894**	**573**	**799,467**
Adjustment - CIT TGE	-	-	(2,971)	**(2,971)**	**-**	**(2,971)**
As at 31 December 2017 *(restated - adjusted for PFN and CIT TGE)*	**63,865**	**1,347**	**730,711**	**795,923**	**573**	**796,496**
Adjustment at initial application of IFRS 9	-	-	(210)	**(210)**	**-**	**(210)**
As at 1 January 2018 *(restated - adjusted for PFN, CIT TGE and IFRS 9)*	**63,865**	**1,347**	**730,501**	**795,713**	**573**	**796,286**
Dividends	-	-	(92,338)	**(92,338)**	-	**(92,338)**
Transactions with owners recognised directly in equity	**-**	**-**	**(92,338)**	**(92,338)**	**-**	**(92,338)**
Net profit for the year ended 31 December 2018	-	-	183,683	**183,683**	18	**183,701**
Other comprehensive income	-	(80)	-	**(80)**	-	**(80)**
Total comprehensive income for the year ended 31 December 2018	**-**	**(80)**	**183,683**	**183,603**	**18**	**183,621**
As at 31 December 2018 *(restated)*	**63,865**	**1,267**	**821,845**	**886,977**	**590**	**887,567**

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		
As at 31 December 2017 *(previously reported)*	**63,865**	**1,347**	**733,682**	**798,894**	**573**	**799,467**
Adjustment - CIT TGE	-	-	(2,971)	**(2,971)**	**-**	**(2,971)**
As at 31 December 2017 *(restated - adjusted for PFN and CIT TGE)*	**63,865**	**1,347**	**730,711**	**795,923**	**573**	**796,496**
Adjustment at initial application of IFRS 9	-	-	(210)	**(210)**	**-**	**(210)**
As at 1 January 2018 *(restated - adjusted for PFN, CIT TGE and IFRS 9)*	**63,865**	**1,347**	**730,501**	**795,713**	**573**	**796,286**
Dividends	-	-	(92,338)	**(92,338)**	-	**(92,338)**
Transactions with owners recognised directly in equity	**-**	**-**	**(92,338)**	**(92,338)**	**-**	**(92,338)**
Net profit for the nine-month period ended 30 September 2018	-	-	146,549	**146,549**	15	**146,564**
Other comprehensive income	-	(222)	-	**(222)**	-	**(222)**
Total comprehensive income for the nine-month period ended 30 September 2018	**-**	**(222)**	**146,549**	**146,327**	**15**	**146,342**
Other changes in equity	**-**	**1**	**93**	**94**	-	**94**
As at 30 September 2018 *(restated, unaudited)*	**63,865**	**1,126**	**784,805**	**849,796**	**588**	**850,384**

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

NOTES TO THE CONDENSED CONSOLIDATED 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", "the GPW 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 and alternative trading in financial and non-financial instruments and activities related to such trading: information services, promotion of the capital market and the commodity market, and educations concerning those markets.

On the financial market, acting through GPW and BondSpot, 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).

On the commodity market, acting via TGE, the Group operates the following markets:

- **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_2 Emission Allowances Market** (trade in CO_2 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),
- **Financial Instruments Market**.

The GPW Group also operates:

- **Clearing House and Settlement System** performing the functions of an exchange settlement system for transactions in exchange-traded commodities (operated by IRGiT),
- **Trade Operator and Balancing Entity services** – 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) (operated by InfoEngine),
- Calculating and publishing **WIBID** and **WIBOR** reference rates, which are used by financial institutions as benchmarks in credit and deposit agreements and bond issues (GPW Benchmark).

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 28 October 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, GPW included all material information necessary for the proper assessment of the assets and the financial position of the Group as at 30 September 2019 and its financial results in the period from 1 January 2019 to 30 September 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 below. The Condensed Consolidated Interim Financial Statements for the nine-month period ended 30 September 2019 should be read in conjunction with the audited Consolidated Financial Statements for the year ended 31 December 2018.

The following standards and 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 20 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.).

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 consolidated 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.

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	
	9 months ended 30 September 2019 *(unaudited)*	**12 months ended 31 December 2018**
Net carrying value - opening balance	**108,158**	**110,784**
Additions	1,374	13,641
Reclassification and other adjustments	-	272
Disposals	(108)	(246)
Depreciation charge	(12,121)	(16,294)
Net carrying value - closing balance	**97,303**	**108,158**

Contracted investments in plant, property and equipment amounted to PLN 114 thousand as at 30 September 2019, including mainly the acquisition of IT hardware in GPW.

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	
	9 months ended 30 September 2019 *(unaudited)*	**12 months ended 31 December 2018**
Net carrying value - opening balance *(previously reported)*	**254,564**	**267,991**
Adjustment - trading system	N/A	(4,222)
Net carrying value - opening balance *(restated)*	**254,564**	**263,769**
Additions	5,004	8,046
Reclassification and other adjustments	-	480
Loss of control of PAR	-	(1,353)
Capitalization of amortization	11	-
Disposals	(576)	(900)
Amortization charge	(11,688)	(15,478)
Net carrying value - closing balance	**247,314**	**254,564**

Contracted investments in intangible assets amounted to PLN 1,152 thousand as at 30 September 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 September 2019 *(unaudited)*	31 December 2018
KDPW S.A. Group	191,371	188,465
Centrum Giełdowe S.A.	17,013	17,068
Polska Agencja Ratingowa S.A.	-	1,734
Total	**208,384**	**207,267**

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

	Period of	
	9 months ended 30 September 2019 *(unaudited)*	12 months ended 31 December 2018
Opening balance	**207,267**	**207,389**
Reclassified to entities measured by equity method due to dilution of interest in a subsidiary	-	1,915
GPW S.A. dividends receivable	(7,006)	(372)
Share of profit/(loss) after tax	9,320	10,553
Share in other comprehensive income	(107)	(67)
Impairment loss of investment in an entity measured by the equity method	(1,089)	-
Reclassified to assets held for sale and sale of interest	-	(12,151)
Closing balance	**208,384**	**207,267**

Impairment of 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.

On 24 July 2018, the European Securities and Markets Authority ("ESMA") refused to register PAR as an institution authorised to provide credit ratings. As a result, in the opinion of the Exchange Management Board, the criteria of impairment of the investment in PAR were met. Impairment losses on the investment were recognised at PLN 1,089 thousand as at 30 September 2019. Following the recognition an impairment loss, the value of the investment in PAR in the consolidated statement of financial position of the GPW Group was nil as at 30 September 2019. PAR will continue to work in the coming quarters to obtain ESMA's positive registration decision in the future.

(all amounts in PLN'000 unless indicated otherwise)

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 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 were 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 September 2019 *(unaudited)*	31 December 2018
Gross trade receivables	50,626	41,990
Impairment allowances for receivables	(4,921)	(5,349)
Total trade receivables	**45,705**	**36,641**
Current prepayments	6,743	4,411
VAT refund receivable	-	25,013
Receivables from grants	2,148	-
Other receivables	1,573	3,372
Total other receivables	**10,464**	**32,796**
Total trade and other receivables	**56,169**	**69,437**

Receivables from grants include expected payments in projects recognised by the Group as grants according to IAS 20 Government Grants. For details of grants, see Note 12.

7. Financial assets measured at amortised cost

Table 6: Financial assets measured at amortised cost

	As at	
	30 September 2019 *(unaudited)*	31 December 2018
Corporate bonds	64,774	34,964
Certificates of deposit	-	38,159
Bank deposits (from 3 to 12 months)	268,919	304,379
Total current	**333,693**	**377,502**
Total financial assets measured at amortised cost	**333,693**	**377,502**

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

(all amounts in PLN'000 unless indicated otherwise)

8. Change of estimates

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

Table 7: Change of impairment losses of receivables

	As at	
	30 September 2019 *(unaudited)*	**31 December 2018**
Closing balance of previous year	**5,349**	**2,529**
Adjustment at first application of IFRS 9	-	259
Opening balance	**5,349**	**2,788**
Change of allowance balances - expected loss model (IFRS 9)	(423)	2,609
Receivables written off during the period as uncollectible	(5)	(48)
Closing balance	**4,921**	**5,349**

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

- provisions against employee benefits (mainly annual bonuses) were increased by PLN 1,978 thousand (usage of PLN 9,390 thousand, provision additions of PLN 11,674 thousand, released provisions of PLN 306 thousand),
- provisions against litigation and other provisions were increased by PLN 27 thousand (usage of PLN 9 thousand, releases of PLN 11 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 (Note 11).

9. Cash and cash equivalents

Table 8: Cash and cash equivalents

	As at	
	30 September 2019 *(unaudited)*	**31 December 2018**
Current accounts (other)	66,904	36,037
VAT current accounts (split payment)	1,223	632
Bank deposits (up to 3 months)	185,241	152,055
Total cash and cash equivalents	**253,368**	**188,724**

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 September 2019 *(unaudited)*	**31 December 2018**
Series C bonds	124,493	124,303
Series D and E bonds	119,760	119,658
Total non-current	**244,253**	**243,961**
Series C bonds	1,679	682
Series D and E bonds	417	1,256
Total current	**2,097**	**1,938**
Total liabilities under bond issue	**246,350**	**245,899**

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 131,184 thousand as at 30 September 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 121,750 thousand as at 30 September 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 September 2019 *(unaudited)*	**31 December 2018**
Financial market	-	13
Commodity market	2	-
Other revenue	1,795	1,202
Total contract assets	**1,797**	**1,215**

Table 11: Contract liabilities

	As at	
	30 September 2019 *(unaudited)*	**31 December 2018**
Trading	170	-
Listing	4,179	-
Information services and revenue from the calculation of benchmarks	5,879	2,132
Total financial market	**10,228**	**2,132**
Trading	1,706	1,441
Total commodity market	**1,706**	**1,441**
Other revenue	81	8
Total contract liabilities	**12,015**	**3,581**

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

(all amounts in PLN'000 unless indicated otherwise)

12. Accruals and deferred income

Table 12: Accruals and deferred income

	As at	
	30 September 2019 *(unaudited)*	**31 December 2018**
PCR	4,613	5,033
Food Platform	761	-
New Trading Platform	70	-
Total deferred income from grants	**5,444**	**5,033**
Total non-current	**5,444**	**5,033**
PCR	559	559
Total deferred income from grants	**559**	**559**
Total current	**559**	**559**
Total deferred income	**6,003**	**5,592**

Accruals and deferred income include income of future periods from grants in the part relating to assets (the part of grants relating to incurred expenses is recognised in other income).

As at 30 September 2019, the Group recognised over time the following deferred income:

- reimbursement of part of the PCR project expenses received from Polskie Sieci Energetyczne,
- revenue received from Krajowy Ośrodek Wsparcia Rolnictwa (National Centre for Agricultural Support, KOWR) in the Food Platform Project,
- grant received from Narodowe Centrum Badań i Rozwoju (National Centre for Research and Development, NCBR) in the development of the Proprietary Transactional Platform.

(all amounts in PLN'000 unless indicated otherwise)

13. Other non-current and current liabilities

Table 13: Other non-current and current liabilities

	As at	
	30 September 2019 *(unaudited)*	**31 December 2018**
Committed investments	2,224	2,224
Liabilities to the Polish National Foundation	8,294	9,611
Total non-current	**10,518**	**11,835**
Dividend payable	270	248
VAT payable	27,273	14,988
Liabilities in respect of other taxes	2,161	2,222
Committed investments	1,347	3,783
Liabilities to the Polish National Foundation	1,246	1,219
Other liabilities	1,710	2,830
Total current	**34,007**	**25,289**
Total other liabilities	**44,525**	**37,124**

Other current VAT liabilities as at 30 September 2019 included mainly TGE's VAT liabilities for the current period amounting to PLN 22,350 thousand.

14. Income tax

Table 14: Income tax by current and deferred tax

	Nine-month period ended	
	30 September 2019 *(unaudited)*	**30 September 2018** *(restated, unaudited)*
Current income tax	26,895	30,543
Deferred tax	(2,833)	2,285
Total income tax	**24,062**	**32,828**

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 15: 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

	Nine-month period ended	
	30 September 2019 *(unaudited)*	**30 September 2018** *(restated, unaudited)*
Profit before income tax	132,197	179,392
Income tax rate	19%	19%
Income tax at the statutory tax rate	**25,117**	**34,084**
Tax effect:	**(1,055)**	**(1,256)**
Non-tax-deductible expenses	921	451
Tax (profit)/loss of subsidiaries not included in deferred tax	(30)	(160)
Non-taxable share of (profit)/loss of associates	(1,771)	(1,640)
Non-taxable grants received	(13)	-
Other adjustments	(162)	93
Total income tax	**24,062**	**32,828**

15. Contingent liabilities and guarantees

"Proprietary Trading Platform" project

On 3 July 2019, GPW and the National Centre for Research and Development ("NCBR") signed an agreement concerning the co-financing of the project "Research and development work for the development and implementation of a integrated Proprietary Trading Platform of ground-breaking performance and capacity parameters and innovative communication protocols and trading algorithms" ("Agreement of 3 July 2019"). According to the agreement, the co-financing by NCBR will amount to PLN 30.3 million and the total expenditure in the project is expected to reach PLN 90 million. The objective of the project is to carry out research and development work in order to develop a proprietary trading system with co-financing from NCBR grants.

On 15 July 2019, GPW presented an own blank bill of exchange to NCBR securing obligations under the Agreement of 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.

"GPW Data platform" project

On 30 September 2019, GPW and NCBR signed an agreement concerning European co-financing of the project "GPW Data platform: an innovative Artificial Intelligence system supporting investment decisions on the capital market" ("Agreement of 30 September 2019"). According to the agreement, the NCBR co-financing will amount to PLN 4.2 million and the project cost is estimated at PLN 8.3 million. The GPW Data project will develop and repository and provide tools supporting investment decision-making. The system offered by GPW will rely on state-of-the-art tools for analysis and processing of data from the capital market and its environment. The decision-making process will rely on artificial intelligence.

On 14 October 2019, GPW presented an own blank bill of exchange to NCBR securing obligations under the Agreement of 30 September 2019 financed under the Operational Programme Smart Development Sub-measure 1.1.1 Industrial research and development work implemented by enterprises. The form of the collateral and the terms and conditions of the agreement and the bill-of-exchange declaration are consistent with the general rules of financing of projects in the Operational Programme Smart Development 2014-2020. 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 30 September 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.

Guarantees

As at 30 September 2019, the subsidiary TGE held two bank guarantees: one in the amount of EUR 6.3 million effective until 30 June 2020 and the other one in the amount of EUR 2.7 million effective from 1 December 2019 to 30 April 2020.

As at 30 September 2018, TGE held two bank guarantees in the amount of EUR 3.6 million each, one effective until 30 April 2019 and the other one effective until 30 June 2019.

All bank guarantees were issued by a bank to Nord Pool AS in respect of payments between TGE S.A. and Nord Pool in Market Coupling.

16. 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 September 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.

16.1. 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.

(all amounts in PLN'000 unless indicated otherwise)

Polish Financial Supervision Authority

In the nine-month period ended 30 September 2019, the operating expenses of the GPW Group included the annual fee at PLN 6,730 thousand. The fee for 2019 was paid to Polish Financial Supervision Authority in September 2019.

The fee charged to the expenses of the GPW Group in the nine-month period ended 30 September 2018 was PLN 12,534 thousand.

16.2. Transactions with entities measured by the equity method

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

	As at 30 September 2019 *(unaudited)*		Nine-month period ended 30 September 2019 *(unaudited)*	
	Receivables	**Liabilities**	**Sales revenue**	**Operating expenses**
KDPW S.A. Group	31	53	33	10
Centrum Giełdowe S.A.:	-	8,155	-	2,205
incl.: IFRS 16 leases (depreciation and financial expenses)	-	*8,018*	-	*1,692*
incl.: other	-	*137*	-	*513*
Polska Agencja Ratingowa S.A.	90	-	82	-
Total	**121**	**8,208**	**115**	**2,215**

Table 17: 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 S.A. 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	-
Total	**108**	**639**	**389**	**4,097**

During the first nine 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 20 for details.

(all amounts in PLN'000 unless indicated otherwise)

Książęca 4 Street Housing Cooperative

In 2019 and 2018, GPW concluded transactions with the Książęca 4 Street Housing Cooperative of which it is a member. The expenses amounted to PLN 2,980 thousand in the first nine months of 2019 and PLN 2,927 thousand in the first nine months of 2018.

Transactions with key management personnel

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

16.3. 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 office in the nine-month periods ended 30 September 2019 and ended 30 September 2018, respectively.

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

Table 18: Remuneration and benefits to the key management personnel of the Group

	Nine-month period ended	
	30 September 2019 *(unaudited)*	**30 September 2018** *(restated, unaudited)*
Base salary	1,502	1,133
Variable pay**	1,538	1,147
Bonus - bonus bank*	-	(107)
Bonus - one-off payment*	-	(81)
Bonus - phantom shares*	-	(60)
Other benefits	57	13
Benefits after termination	-	192
Total remuneration of the Exchange Management Board	**3,097**	**2,237**
Remuneration of the Exchange Supervisory Board	**379**	**429**
Remuneration of the Management Boards of other GPW Group companies	**2,268**	**2,090**
Remuneration of the Supervisory Boards of GPW Group companies	**663**	**618**
Total remuneration of the key management personnel	**6,407**	**5,374**

** Negative bonuses in 2018 due to release of provisions against bonuses of the Exchange Management Board for 2017 at PLN 269 thousand (incl.: one-off payment PLN 81 thousand, bonus bank PLN 107 thousand, phantom shares PLN 81 thousand).*

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

17. 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 amounted to PLN 3.18. The dividend record date was 19 July 2019. The dividend was paid on 2 August 2019, including dividend paid to the State Treasury amounting to PLN 46,709 thousand.

18. 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).

19. 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:

1. Financial Market

The 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.

2. Commodity Market

The 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);

(all amounts in PLN'000 unless indicated otherwise)

- CO_2 Allowances Market (trade in certificates of origin of electricity);
- Clearing (revenue from other fees paid by market participants (members)). The Commodity Market segment includes the TGE Group;
- Information services.

3. Other

The segment 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.

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 19: Operating segments: Statement of comprehensive income

	Nine-month period ended 30 September 2019 *(unaudited)*					
	Financial segment	Commodity segment	Other	Total segments	Exclusions and adjustments	Total segments and exclusions
Sales revenue:	143,411	114,349	7,096	**264,856**	(9,043)	**255,813**
To third parties	*141,363*	*113,989*	*461*	***255,813***	-	***255,813***
Sales between segments and intragroup transactions	*2,048*	*360*	*6,635*	***9,043***	*(9,043)*	***-***
Operating expenses:	(97,771)	(45,045)	-	**(142,816)**	9,040	**(133,776)**
including depreciation and amortisation	*(17,129)*	-	-	***(17,129)***	-	***(17,129)***
Profit/(Loss) on sales	**45,640**	**69,304**	**7,096**	**122,040**	**(3)**	**122,037**
Profit/(Loss) on other operations	(902)	3,546	-	**2,644**	(48)	**2,596**
Gains on reversal of impairment losses on receivables/ (Impairment losses of receivables)	36	(101)	-	**(65)**	-	**(65)**
Operating profit (loss)	**44,774**	**72,749**	**7,096**	**124,619**	**(51)**	**124,568**
Profit/(Loss) on financial operations:	67,168	29,230	-	**96,398**	(98,089)	**(1,691)**
interest income	*4,876*	*2,201*	-	***7,077***	*(364)*	***6,713***
dividends received	*70,951*	*28,218*	-	***99,169***	*(99,169)*	***-***
impairment loss on investments	*(2,173)*	-	-	***(2,173)***	*1,084*	***(1,089)***
gains/(losses) on sale of associate	-	-	-	***-***	-	***-***
interest cost	*(6,628)*	*(1,292)*	-	***(7,920)***	*364*	***(7,556)***
Share of profit of entities measured by equity method	-	-	-	**-**	9,320	**9,320**
Profit before income tax	**111,942**	**101,979**	**7,096**	**221,017**	**(88,820)**	**132,197**
Income tax	(9,536)	(14,526)	-	**(24,062)**	-	**(24,062)**
Net profit	**102,406**	**87,453**	**7,096**	**196,955**	**(88,820)**	**108,135**

(all amounts in PLN'000 unless indicated otherwise)

Table 20: Operating segments: Statement of financial position

	As at 30 September 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	815,347	375,251	-	**1,190,598**	208,384	(168,038)	**1,230,944**
Total liabilities	319,534	76,968	-	**396,502**	-	(27,401)	**369,101**
Net assets (assets - liabilities)	**495,813**	**298,283**	**-**	**794,096**	**208,384**	**(140,637)**	**861,843**

Table 21: Operating segments: Statement of comprehensive income

	Nine-month period ended 30 September 2018 *(unaudited)*					
	Financial segment	Commodity segment	Other	Total segments	Exclusions and adjustments	Total segments and exclusions
Sales revenue:	145,593	113,749	7,799	**267,141**	(8,815)	**258,326**
To third parties	*143,769*	*113,572*	*985*	***258,326***	-	***258,326***
Sales between segments and intragroup transactions	*1,824*	*177*	*6,814*	***8,815***	*(8,815)*	-
Operating expenses:	(94,079)	(45,308)	(724)	**(140,111)**	8,730	**(131,381)**
including depreciation and amortisation	*(16,024)*	*(7,841)*	-	***(23,865)***	-	***(23,865)***
Profit/(Loss) on sales	**51,514**	**68,441**	**7,075**	**127,030**	**(85)**	**126,945**
Profit/(Loss) on other operations	(186)	(454)	-	**(640)**	577	**(63)**
Gains on reversal of impairment losses on receivables/ (Impairment losses of receivables)	(1,135)	488	-	**(647)**	(820)	**(1,467)**
Operating profit (loss)	**50,193**	**68,475**	**7,075**	**125,743**	**(328)**	**125,415**
Profit/(Loss) on financial operations:	98,388	16,478	6	**114,872**	(69,525)	**45,347**
interest income	*2,884*	*2,015*	*6*	***4,905***	*(20)*	***4,885***
dividends received	*69,697*	*14,911*	-	***84,608***	*(84,608)*	-
impairment loss on investments	*(1,927)*	-	-	***(1,927)***	*1,927*	-
gains/(losses) on sale of associate	*32,239*	-	-	***32,239***	*13,156*	***45,395***
interest cost	*(5,756)*	*(20)*	-	***(5,776)***	*20*	***(5,756)***
Share of profit of entities measured by equity method	-	-	-	**-**	8,630	**8,630**
Profit before income tax	**148,581**	**84,953**	**7,081**	**240,615**	**(61,223)**	**179,392**
Income tax	(17,002)	(13,502)	-	**(30,504)**	(2,324)	**(32,828)**
Net profit	**131,579**	**71,451**	**7,081**	**210,111**	**(63,547)**	**146,564**

(all amounts in PLN'000 unless indicated otherwise)

Table 22: Operating segments: Statement of financial position

	As at 31 December 2018 *(restated)*						
	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	-	**1,158,852**	193,442	(134,977)	**1,217,317**
Total liabilities	291,556	45,543	-	**337,099**	-	(7,043)	**329,750**
Net assets (assets - liabilities)	**519,140**	**302,613**	**-**	**821,753**	**193,442**	**(127,934)**	**887,567**

Table 23: Operating segments: Statement of comprehensive income

	Three-month period ended 30 September 2019 *(unaudited)*					
	Financial segment	**Commodity segment**	**Other**	**Total segments**	**Exclusions and adjustments**	**Total segments and exclusions**
Sales revenue:	47,117	36,137	3,232	**86,486**	(3,969)	**82,517**
To third parties	*46,429*	*36,011*	*77*	***82,517***	-	***82,517***
Sales between segments and intragroup transactions	*688*	*126*	*3,155*	***3,969***	*(3,969)*	**-**
Operating expenses:	(29,308)	(10,651)	-	**(39,959)**	3,840	**(36,119)**
including depreciation and amortisation	*(5,185)*	*6,780*	-	***1,595***	*(122)*	***1,473***
Profit/(Loss) on sales	**17,809**	**25,486**	**3,232**	**46,527**	**(129)**	**46,397**
Profit/(Loss) on other operations	(637)	1,646	-	**1,009**	(46)	**963**
Gains on reversal of impairment losses on receivables/ (Impairment losses of receivables)	(337)	(4)	-	**(341)**	-	**(341)**
Operating profit (loss)	**16,835**	**27,128**	**3,232**	**47,195**	**(175)**	**47,020**
Profit/(Loss) on financial operations:	(2,414)	(425)	-	**(2,839)**	1,073	**(1,766)**
interest income	*1,950*	*433*	-	***2,383***	*(136)*	***2,247***
dividends received	-	-	-	**-**	-	**-**
impairment loss on investments	*(2,173)*	-	-	***(2,173)***	*1,084*	***(1,089)***
gains/(losses) on sale of associate	-	-	-	**-**	-	**-**
interest cost	*(2,423)*	*(1,092)*	-	***(3,515)***	*124*	***(3,391)***
Share of profit of entities measured by equity method	-	-	-	**-**	4,692	**4,692**
Profit before income tax	**14,421**	**26,703**	**3,232**	**44,356**	**5,590**	**49,946**
Income tax	(3,394)	(5,419)	-	**(8,813)**	-	**(8,813)**
Net profit	**11,027**	**21,284**	**3,232**	**35,543**	**5,590**	**41,133**

(all amounts in PLN'000 unless indicated otherwise)

Table 24: Operating segments: Statement of comprehensive income

	Three-month period ended 30 September 2018 *(unaudited)*					
	Financial segment	**Commodity segment**	**Other**	**Total segments**	**Exclusions and adjustments**	**Total segments and exclusions**
Sales revenue:	47,882	38,193	2,859	**88,934**	(3,191)	**85,743**
To third parties	*47,134*	*38,126*	*483*	***85,743***	-	***85,743***
Sales between segments and intragroup transactions	*748*	*67*	*2,376*	***3,191***	*(3,191)*	**-**
Operating expenses:	(31,458)	(14,285)	(391)	**(46,134)**	3,106	**(43,028)**
including depreciation and amortisation	*(5,299)*	*(2,649)*	-	***(7,948)***	-	***(7,948)***
Profit/(Loss) on sales	**16,424**	**23,908**	**2,468**	**42,800**	**(85)**	**42,715**
Profit/(Loss) on other operations	(331)	(292)	-	**(623)**	577	**(46)**
Gains on reversal of impairment losses on receivables/ (Impairment losses of receivables)	367	837	-	**1,204**	(820)	**384**
Operating profit (loss)	**16,460**	**24,453**	**2,468**	**43,381**	**(328)**	**43,053**
Profit/(Loss) on financial operations:	(798)	421	1	**(376)**	(3)	**(379)**
interest income	*1,340*	*648*	*1*	***1,989***	*(5)*	***1,984***
dividends received	-	-	-	**-**	-	**-**
impairment loss on investments	-	-	-	**-**	-	**-**
gains/(losses) on sale of associate	-	-	-	**-**	-	**-**
interest cost	*(1,942)*	*(7)*	-	***(1,949)***	*2*	***(1,947)***
Share of profit of entities measured by equity method	-	-	-	**-**	3,412	**3,412**
Profit before income tax	**15,662**	**24,874**	**2,469**	**43,005**	**3,081**	**46,086**
Income tax	(3,670)	(4,796)	-	**(8,466)**	-	**(8,466)**
Net profit	**11,992**	**20,078**	**2,469**	**34,539**	**3,081**	**37,620**

20. 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 nine-month period ended 30 September 2019, the Group:

- depreciated right-to-use assets on a straight-line basis throughout the useful life (depreciation expense was PLN 3,714 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 was PLN 545 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 amounted to 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 25: Impact of initial application of IFRS 16 on the statement of financial position

	As at		
	31 December 2018 *(restated: see Note 20)*	*Adjustment at initial application of IFRS 16*	**1 January 2019** *(restated: see Note 20, unaudited)*
Total non-current assets	**580,375**	**24,766**	**605,141**
including: Right-to-use assets	-	25,728	25,728
including: Sublease receivables	-	1,369	1,369
including: Prepayments	5,523	(2,331)	3,192
Total current assets	**636,942**	**236**	**637,178**
including: Trade and other receivables	69,437	(106)	69,331
including: Sublease receivables	-	342	342
TOTAL ASSETS	**1,217,317**	**25,002**	**1,242,319**
Equity	**887,567**	**-**	**887,567**
Total non-current liabilities	**268,594**	**20,360**	**288,954**
including: Lease liabilities	-	20,360	20,360
Total current liabilities	**61,156**	**4,642**	**65,798**
including: Lease liabilities	-	4,642	4,642
TOTAL EQUITY AND LIABILITIES	**1,217,317**	**25,002**	**1,242,319**

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)

21. Changes of the accounting treatment of corporate income tax for 2012-2016, liabilities to Polska Fundacja Narodowa and deposits with maturities over 3 months

Corporate income tax for 2012-2016

In accordance with the GPW Group's tax risk management policy, tax accounts of all GPW Group companies have been annually reviewed by an independent tax advisor since 2017.

In addition, in order to perform retrospective verification of tax risks, the TGE Management Board requested a review of TGE's corporate income tax ("CIT") for previous years which was carried out by an independent tax advisor and completed in Q3 2019. As a result of the review, TGE received a recommendation to correct CIT for 2012-2016. On 25 September 2019, TGE submitted corrections of CIT receipts and paid the resulting amounts due to the tax office:

- CIT of PLN 3,710 thousand (and interest for late payment at PLN 1,128 thousand);
- withholding tax at PLN 202.2 thousand (and interest for late payment at PLN 77 thousand).

The interest for late payment amounted to PLN 1,205 thousand is presented in the financial expenses of the GPW Group in Q3 2019. The amounts of additional tax liabilities and corrections of deferred tax were recognised retrospectively in the financial statements by adjusting retained earnings. Consequently, they had no impact on the net profit of 2018-2019. The tables below present the impact of the retrospective corrections on the statement of financial position as at relevant balance-sheet dates.

Table 26: Impact of TGE's CIT correction on the statement of financial position

	As at		
	31 December 2018 *(previously reported)*	*Adjustment - CIT TGE*	**31 December 2018** *(restated)*
Non-current assets	580,375	-	580,375
Current assets	636,942	-	636,942
TOTAL ASSETS	**1,217,317**	**-**	**1,217,317**
Total equity	**890,538**	**(2,971)**	**887,567**
including: Retained earnings	824,816	(2,971)	821,845
Total non-current liabilities	**269,333**	**(739)**	**268,594**
including: Deferred tax liability	7,357	(739)	6,618
Total current liabilities	**57,446**	**3,710**	**61,156**
including: Corporate income tax payable	3,158	3,710	6,868
TOTAL EQUITY AND LIABILITIES	**1,217,317**	**-**	**1,217,317**

(all amounts in PLN'000 unless indicated otherwise)

Table 27: Impact of TGE's CIT correction on the statement of financial position

	As at		
	31 December 2017 *(previously reported)*	*Adjustment - CIT TGE*	**31 December 2017** *(restated)*
Non-current assets	596,534	-	596,534
Current assets	550,699	-	550,699
TOTAL ASSETS	**1,147,053**	**-**	**1,147,053**
Total equity	**799,467**	**(2,971)**	**796,496**
including: Retained earnings	733,682	(2,971)	730,711
Total non-current liabilities	**270,781**	**(739)**	**270,042**
including: Deferred tax liability	7,108	(739)	6,369
Total current liabilities	**76,805**	**3,710**	**80,515**
including: Corporate income tax payable	6,012	3,710	9,722
TOTAL EQUITY AND LIABILITIES	**1,147,053**	**-**	**1,147,053**

Table 28: Impact of TGE's CIT correction on the statement of financial position

	As at		
	30 September 2018 *(previously reported, unaudited)*	*Adjustment - CIT TGE*	**30 September 2018** *(restated, unaudited)*
Non-current assets	575,125	-	575,125
Current assets	618,283	-	618,283
TOTAL ASSETS	**1,193,408**	**-**	**1,193,408**
Total equity	**853,355**	**(2,971)**	**850,384**
including: Retained earnings	787,776	(2,971)	784,805
Total non-current liabilities	**268,290**	**(739)**	**267,551**
including: Deferred tax liability	6,358	(739)	5,619
Total current liabilities	**71,763**	**3,710**	**75,473**
including: Corporate income tax payable	1,066	3,710	4,776
TOTAL EQUITY AND LIABILITIES	**1,193,408**	**-**	**1,193,408**

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 September 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 nine-month period ended 30 September 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.

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 September 2018, and the total cash flows presented in the consolidated statement of cash flows for the nine-month period ended 30 September 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 29: Impact of the adjustment of deposits on the statement of cash flows

	Nine-month period ended 30 September 2018 *(previously reported, unaudited)*	**Adjustments** *Deposits*	**Nine-month period ended 30 September 2018** *(restated, unaudited)*
Cash flows from operating activities (selected items):			
Interest (income) on deposits, certificates of deposit and corporate bonds	(5,005)	1,972	(3,033)
Increase/(Decrease) of other liabilities (excluding committed investments and dividend payable)	7,037	-	7,037
Net cash flows from operating activities (all items):	**94,584**	**1,972**	**96,556**
Cash flows from investing activities (selected items):			
Interest received on deposits (presented as cash and cash equivalents)	4,414	(4,414)	-
Interest received on financial assets measured at amortised cost	-	2,311	2,311
Purchase of financial assets measured at amortised cost	(145,338)	(535,000)	(680,338)
Sale of financial assets measured at amortised cost	45,000	522,500	567,500
Net cash flows from investing activities (all items):	**(51,484)**	**(14,603)**	**(66,087)**
Net (decrease)/increase in cash and cash equivalents	**(50,197)**	**(12,631)**	**(62,828)**
Impact of fx rates on cash balance in currencies	-	-	-
Cash and cash equivalents - opening balance	**486,476**	**(250,590)**	**235,886**
Cash and cash equivalents - closing balance	**436,279**	**(263,221)**	**173,058**

22. Events after the balance sheet date

On 16 October 2019, the founding deed was signed for GPW Tech S.A. ("GPWT"). All GPWT shares were taken up by GPW. The nominal value and the issue price of the shares was PLN 1 million. GPWT was established under the strategic initiative GPW Tech, a project aiming to develop a dedicated technology company which specialises in IT solutions for the capital market. As a stand-alone member of the GPW Group, GPW Tech will focus on the development of the technology business in GPW's industry based on proprietary solutions.

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, 28 October 2019