

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE

GIEŁDA PAPIERÓW WARTOŚCIOWYCH

W WARSZAWIE S.A. GROUP

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022



LONDON

WARSZAWA



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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at	
		30 June 2022 (unaudited)	31 December 2021
Non-current assets:		608,199	603,573
Property, plant and equipment	2.1.	90,195	91,887
Right-to-use assets		7,122	9,084
Intangible assets	2.2.	266,007	264,022
Investment in entities measured by equity method	2.3.	225,954	230,825
Deferred tax asset		11,422	4,173
Financial assets measured at fair value through other comprehensive income		5,326	123
Prepayments		1,388	2,474
Other non-current assets		785	985
Current assets:		756,859	807,115
Inventories		10	15
Corporate income tax receivable		476	364
Trade receivables and other receivables	2.4.1.	93,284	177,077
Sublease receivables		34	71
Contract assets		2,260	2,412
Financial assets measured at amortised cost	2.4.2.	212,276	277,322
Other current assets		1,000	530
Cash and cash equivalents	2.4.3.	447,519	349,324
TOTAL ASSETS		1,365,058	1,410,688

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at	
		30 June 2022 (unaudited)	31 December 2021
Equity:		921,877	967,857
Equity of shareholders of the parent entity:		921,254	967,211
Share capital		63,865	63,865
Other reserves		(12,625)	(5,557)
Retained earnings		870,014	908,903
Non-controlling interests		623	646
Non-current liabilities:		45,413	44,206
Employee benefits payable		1,433	1,518
Lease liabilities		2,100	4,170
Contract liabilities	2.7.	6,794	7,451
Accruals and deferred income	2.8.	26,509	20,551
Deferred tax liability		-	239
Other liabilities	2.9.	8,577	10,277
Current liabilities:		397,768	398,625
Liabilities on bonds issue	2.6.	125,862	246,278
Trade payables		18,749	13,704
Employee benefits payable		24,287	31,106
Lease liabilities		5,513	5,393
CIT payable		6,174	6,167
Contract liabilities	2.7.	32,003	5,567
Accruals and deferred income	2.8.	1,938	3,551
Provisions for other liabilities and other charges	5.9.	33,068	28,837
Other liabilities	2.9.	150,174	58,022
TOTAL EQUITY AND LIABILITIES		1,365,058	1,410,688

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Three months ended 30 June (unaudited)		Six months period ended 30 June (unaudited)	
		2022	2021	2022	2021
Sales revenue		99,072	98,134	209,314	209,437
Operating expenses		(62,519)	(50,974)	(131,350)	(116,787)
Gains on reversed impairment of receivables/ (Loss) on impairment of receivables		799	1,589	265	1,302
Other income		470	359	967	679
Other expenses		(518)	52	(944)	(601)
Operating profit		37,304	49,160	78,252	94,030
Financial income, incl.:		6,565	240	9,170	369
interest income under the effective interest rate method		6,658	220	8,611	281
Financial expenses, incl.:		(4,624)	(3,171)	(6,139)	(6,647)
financial cost of VAT risk	5.9.	(2,985)	(575)	(2,985)	(1,081)
Share of profit of entities measured by equity method		7,803	7,859	12,356	13,217
Profit before tax		47,048	54,090	93,639	100,969
Income tax	3.1.	(8,987)	(8,848)	(17,519)	(17,052)
Profit for the period		38,061	45,242	76,120	83,917
Gains/(Losses) on valuation of financial assets measured at fair value through other comprehensive income, net		(2,722)	(1,025)	(6,672)	37
Total items that may be reclassified to profit or loss		(2,722)	(1,025)	(6,672)	37
Gains/(Losses) on valuation of financial assets measured at fair value through other comprehensive income, net		(180)	-	(396)	5
Total items that will not be reclassified to profit or loss		(180)	-	(396)	5
Total other comprehensive income after tax		(2,902)	(1,025)	(7,068)	42
Total comprehensive income		35,159	44,217	69,052	83,959
Profit for the period attributable to shareholders of the parent entity		38,060	45,234	76,115	83,897
Profit for the period attributable to non- controlling interests		1	8	5	20
Total profit for the period		38,061	45,242	76,120	83,917
Comprehensive income attributable to shareholders of the parent entity		35,158	44,209	69,047	83,939
Comprehensive income attributable to non-controlling interests		1	8	5	20
Total comprehensive income		35,159	44,217	69,052	83,959
Basic / Diluted earnings per share (PLN)		0.91	1.08	1.81	2.00

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Six months period ended 30 June (unaudited)	
		2022	2021
Total net cash flows from operating activities		165,127	84,429
Net profit for the period		76,120	83,917
Adjustments:		114,216	21,377
Income tax	3.1.	17,519	17,052
Depreciation and amortisation	4.1.	19,251	17,736
Impairment allowances		(55)	-
Share of profit of entities measured by equity method		(12,356)	(13,217)
(Gains) on financial assets measured at amortised cost		(4,016)	(141)
Interest on bonds		2,165	2,697
Other adjustments		(580)	2,914
Change of assets and liabilities:		92,288	(5,664)
Inventories		5	(9)
Trade receivables and other receivables	2.4.1.	83,101	(513)
Trade payables		5,045	(2,566)
Contract assets		152	(1,064)
Contract liabilities	2.7.	25,779	23,501
Prepayments		1,086	(614)
Accruals and deferred income	2.8.	4,345	(355)
Employee benefits payable		(6,904)	(2,873)
Other current liabilities (excluding contracted investments and dividend payable)	2.9.	(22,852)	(20,594)
Provisions for liabilities and other charges		4,231	1,081
Other non-current liabilities		(1,700)	(1,658)
Income tax (paid)/refunded		(25,209)	(20,865)

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

	Six months period ended 30 June (unaudited)	
	2022	2021
Total cash flows from investing activities:	57,280	(211,879)
In:	393,127	294,076
Sale of property, plant and equipment and intangible assets	2,607	3,973
Dividends received	10,556	-
Maturity of financial assets measured at amortised cost	377,807	289,862
Interest on financial assets measured at amortised cost	2,103	168
Sublease payments (interest)	-	2
Sublease payments (principal)	54	71
Out:	(335,847)	(505,955)
Purchase of property, plant and equipment and advances for property, plant and equipment	(5,732)	(6,461)
Purchase of intangible assets and advances for intangible assets	(14,309)	(15,207)
Purchase of financial assets measured at amortised cost	(310,767)	(483,987)
Purchase of financial assets at fair value through other comprehensive income	(5,001)	-
Loan granted to a related party 5.1.2.	-	(300)
Purchase of shares of related parties	(38)	-
Total cash flows from financing activities:	(124,311)	(7,327)
In:	4,905	1,956
Grants received	4,905	1,956
Out:	(129,216)	(9,283)
Dividend paid	-	(29)
Interest paid on bonds	(2,708)	(2,732)
Redemption of issued bonds	(120,000)	-
Settlement of a grant advance	(3,518)	(3,536)
Lease payments (interest)	(144)	(194)
Lease payments (principal)	(2,846)	(2,792)
Net increase in cash and cash equivalents	98,096	(134,777)
Impact of fx rates on cash balance in currencies	99	(319)
Cash and cash equivalents - opening balance 2.4.4.	349,324	411,018
Cash and cash equivalents - closing balance 2.4.4.	447,519	275,922

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity				Non-controlling interests	Total equity
	Share capital	Other reserves	Retained earnings	Total		
As at 1 January 2022	63,865	(5,557)	908,903	967,211	646	967,857
Dividend	-	-	(115,004)	(115,004)	(28)	(115,032)
Transactions with owners recognised directly in equity	-	-	(115,004)	(115,004)	(28)	(115,032)
Net profit for the six months period ended 30 June 2022	-	-	76,115	76,115	5	76,120
Other comprehensive income	-	(7,068)	-	(7,068)	-	(7,068)
Comprehensive income for the six months period ended 30 June 2022	-	(7,068)	76,115	69,047	5	69,052
As at 30 June 2022 (unaudited)	63,865	(12,625)	870,014	921,254	623	921,877

	Equity				Non-controlling interests	Total equity
	Share capital	Other reserves	Retained earnings	Total		
As at 1 January 2021	63,865	1,063	852,584	917,512	619	918,131
Dividend	-	-	(104,930)	(104,930)	-	(104,930)
Transactions with owners recognised directly in equity	-	-	(104,930)	(104,930)	-	(104,930)
Net profit for 2021	-	-	161,249	161,249	27	161,276
Other comprehensive income	-	(6,620)	-	(6,620)	-	(6,620)
Comprehensive income for 2021	-	(6,620)	161,249	154,629	27	154,656
As at 31 December 2021	63,865	(5,557)	908,903	967,211	646	967,857

	Equity				Non-controlling interests	Total equity
	Share capital	Other reserves	Retained earnings	Total		
As at 1 January 2021	63,865	1,063	852,584	917,512	619	918,131
Dividend	-	-	(104,930)	(104,930)	-	(104,930)
Transactions with owners recognised directly in equity	-	-	(104,930)	(104,930)	-	(104,930)
Net profit for the six months period ended 30 June 2021	-	-	83,897	83,897	20	83,917
Other comprehensive income	-	42	-	42	-	42
Comprehensive income for the six months period ended 30 June 2021	-	42	83,897	83,939	20	83,959
As at 30 June 2021 (unaudited)	63,865	1,105	831,550	896,520	639	897,158

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION, BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS, ACCOUNTING POLICIES

1.1. LEGAL STATUS

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 "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 is a joint-stock company listed on GPW's Main Market since 9 November 2010. The Company has not changed its name or other identification details since the end of the previous reporting period.

1.2. SCOPE OF ACTIVITIES OF THE GROUP

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

The Group operates the following markets:

- › **GPW Main Market:** trade in equities, other equity-related financial instruments and other cash market 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 the Exchange and BondSpot S.A. ("BondSpot");
- › **Treasury BondSpot Poland:** wholesale trade in Treasury bonds operated by BondSpot.

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

- › **Energy Market:** trade in electricity on the Intra-Day Market, the Day-Ahead Market, the Commodity Forward Instruments Market, Electricity Auctions,
- › **Gas Market:** trade in natural gas with physical delivery on the Intra-Day and Day-Ahead Market, the Commodity Forward Instruments Market, Gas Auctions,
- › **Property Rights Market:** trade in property rights in certificates of origin of electricity from Renewable Energy Sources and energy efficiency,
- › **Financial Instruments Market:** trade in CO₂ emission allowances,
- › **Market Operator Platform:** InfoEngine provides market operator services and balancing services to electricity traders, producers and large industrial customers,
- › **Agricultural Market:** electronic platform of agricultural commodity trade operated by TGE and IRGIT,
- › **Organised Trading Facility ("OTF")** comprising the following markets: Electricity Forwards Market, Gas Forwards Market and Property Rights Forwards Market, where financial instruments are traded.

The GPW Group also operates:

- › **Clearing House and Settlement System** operated by Izba Rozliczeniowa Giełd Towarowych S.A. ("IRGIT") performing the functions of an exchange settlement system for transactions in exchange-traded commodities,
- › **Trade Operator and Balancing Entity services** – both types of services are offered by InfoEngine S.A. (balancing involves the submission of power sale contracts for execution and clearing of non-balancing with the grid operator, i.e., differences between actual power production or consumption and power sale contracts accepted for execution),
- › **WIBID and WIBOR Reference Rates** calculation and publication (they are used as benchmarks in financial contracts and instruments, including credit and bond contracts) operated by GPW Benchmark S.A. ("GPWB"),
- › Provision and publication of **indices and non-interest rate benchmarks** including the Exchange Indices, TBSP.Index and CEEplus, operated by GPWB,
- › Activities in education, promotion and information concerning the capital and commodity market.

1.3. APPROVAL OF THE FINANCIAL STATEMENTS

These Condensed Consolidated Interim Financial Statements were authorised for issuance by the Management Board of the Exchange on 9-10 August 2022.

1.4. COMPOSITION AND ACTIVITY OF THE GROUP

The Exchange and its following subsidiaries:

- › Towarowa Giełda Energii S.A. ("TGE"), the parent entity of the Towarowa Giełda Energii S.A. Group ("TGE Group"), which includes TGE and: Izba Rozliczeniowa Giełd Towarowych S.A. ("IRGiT") and InfoEngine S.A. ("InfoEngine") – 100%,
- › BondSpot S.A. ("BondSpot") - 97.23%,
- › GPW Benchmark S.A. ("GPWB") – 100%,
- › GPW Ventures ASI S.A. ("GPVV"), the parent entity of the GPW Ventures ASI S.A. Group ("GPVV Group") which includes GPVV and: GPW Ventures Asset Management Sp. z o.o. ("GPVV AM") and GPW Ventures SKA ("GPVV SKA") – 100%,
- › GPW Tech S.A. ("GPWT") – 100%,
- › GPW Private Market S.A. – 100% (on 24 June 2022, the company name was changed from Teelgren S.A.).
- › Molonello Investments S.A. – 100%

comprise the Warsaw Stock Exchange Group.

Increase of the share capital of GPW Benchmark S.A.

On 10 June 2022, the Extraordinary General Meeting of GPW Benchmark S.A. adopted a resolution to increase the share capital of the company by PLN 1,000 thousand. The company issued 20,000 series G ordinary registered shares with a nominal value and issue price of PLN 50 per share. The shares were issued in a private subscription. All series G shares were taken up by the company's sole shareholder, GPW S.A., in exchange for a cash contribution paid prior to the registration of the shares. The opening and closing dates of the subscription of the new issue shares were set for 21 June 2022 and 15 July 2022 respectively. As at 30 June 2022, GPW had not subscribed for the shares, and did so only in July. Payment for the shares was made on 12 July 2022.

Increase of the share capital of GPW Private Market S.A.

On 19 January 2022, GPW acquired 100% of the shares in Teelgren Investments S.A. for PLN 118 thousand. The company did not carry out any business activities or provide any services from the date of its establishment until the date of signing the acquisition agreement. Teelgren Investments S.A. changed its name to GPW Private Market S.A. The share capital of GPW Private Market S.A. was increased by PLN 2,000 thousand on 29 April 2022. The company issued 2,000,000 series B ordinary registered shares with a nominal value and issue price of PLN 1 per share. All shares were taken up by GPW.

Acquisition of shares and increase of the share capital of Molonello Investments S.A.

On 14 April 2022, GPW acquired 100% of shares of Molonello Investments S.A. for PLN 115 thousand. The company did not carry out any business activities or provide any services from the date of its establishment until the date of signing the acquisition agreement. On 31 May 2022, Molonello's General Meeting passed a resolution to increase the share capital by PLN 100 thousand. The company issued 100,000 series B ordinary registered shares with a nominal value of PLN 1 and an issue price of PLN 22. The shares were taken up by GPW in exchange for a cash contribution paid prior to the registration of the capital increase.

The following are the associates over which the Group exerts significant influence and joint ventures over which the Group has joint control:

- › Krajowy Depozyt Papierów Wartościowych S.A. ("KDPW"), the parent entity of the KDPW S.A. Group ("KDPW Group") – 33.33%,
- › Centrum Giełdowe S.A. ("CG") – 24.79%,
- › Polska Agencja Ratingowa S.A. ("PAR") – 35.86%.

1.5. STATEMENT OF COMPLIANCE

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 International Financial Reporting Standards adopted by the European Union ("EU IFRS"¹).

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, the Company included all material information necessary for the proper assessment of the assets and the financial position of the Group as at 30 June 2022 and its financial results in the period from 1 January 2022 to 30 June 2022.

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 Consolidated Financial Statements for the year ended 31 December 2021 other than for changes resulting from the application of new standards as described below. The Condensed Consolidated Interim Financial Statements for the six-month period ended 30 June 2022 should be read in conjunction with the Consolidated Financial Statements of the Group for the year ended 31 December 2021.

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 2022:

- › amendments to IAS 16 Property, Plant and Equipment – proceed before use,
- › amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of fulfilling a contract,
- › amendments to IFRS 3 Business Combinations – amendments to the conceptual framework,
- › annual improvements to IFRS 2018-2020 to clarify the guidance on recognition and measurement.

Those amendments to the International Financial Reporting Standards had no significant impact on data presented in these condensed consolidated interim financial statements.

Amendments to IAS 1 Presentation of Financial Statements, Practice Statement IFRS 2 Disclosure of Accounting Policies (published on 12 February 2021), Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (published on 12 February 2021), IFRS 17 Insurance Contracts (published on 18 May 2017) including Amendments to IFRS 17 Insurance Contracts (published on 25 June 2020) have been adopted by the European Union but have not yet entered into force for annual periods starting on 1 January 2022.

Standards and Interpretations awaiting adoption by the European Union as at the balance-sheet date:

- › IFRS 14 Regulatory Deferral Accounts (published on 30 January 2014) – In accordance with the European Commission's decision, the adoption of the preliminary version of the standard will not be initiated before the publication of the final version of the standard; not adopted by the EU up to the date of approval of these financial statements; effective for annual periods beginning on or after 1 January 2016;
- › Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (published on 11 September 2014); the work leading to the approval of these amendments has been postponed indefinitely by the EU, the date of entry into force has been postponed indefinitely by the IASB;
- › IFRS 17 Insurance Contracts – Initial Application of IFRS 17 and IFRS 9 – Comparative Information (published on 9 December 2021), effective for annual periods beginning on or after 1 January 2023;
- › amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current – Deferral of Effective Date (published on 23 January 2020 and 15 July 2020 respectively), effective for annual periods beginning on or after 1 January 2023;
- › Amendments to IAS 12 Income Tax – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (published on 7 May 2021), effective for annual periods beginning on or after 1 January 2023.

Those standards and interpretations (not yet adopted) are not applicable to the activities of the Group or have no significant impact on the consolidated financial statements of the Group.

The Group intends to apply amendments which are applicable to its activities as of their effective date.

¹ The International Accounting Standards, the International Financial Reporting Standards and related interpretations published in Regulations of the European Commission.

2. NOTES TO THE STATEMENT OF FINANCIAL POSITION
2.1. PROPERTY, PLANT AND EQUIPMENT

	Six months period ended 30 June 2022 (unaudited)				
	Land and buildings	Vehicles and machinery	Furniture, fittings and equipment	Property, plant and equipment under construction	Total
Net carrying amount - opening balance	72,320	16,528	383	2,656	91,887
Additions	-	1,408	12	4,438	5,858
Reclassification and other adjustments	-	-	-	(233)	(233)
Disposals	-	-	-	(1,105)	(1,105)
Impairment	-	-	-	-	-
Depreciation charge*	(1,647)	(4,499)	(66)	-	(6,212)
Net carrying amount - closing balance	70,673	13,437	329	5,756	90,195
As at 30 June 2022 (unaudited)					
Opening balance	130,053	110,953	5,356	5,756	252,118
Impairment	-	-	-	-	-
Depreciation	(59,380)	(97,516)	(5,027)	-	(161,923)
Net carrying amount	70,673	13,437	329	5,756	90,195

* Depreciation charges capitalised to intangible assets (licences) were PLN 216 thousand.

	Year ended 31 December 2021				
	Land and buildings	Vehicles and machinery	Furniture, fittings and equipment	Property, plant and equipment under construction	Total
Net carrying amount - opening balance	73,566	17,108	455	6,204	97,333
Additions	2,221	8,452	377	308	11,358
Reclassification and other adjustments	(17)	-	-	-	(17)
Disposals	(183)	-	(1)	(3,856)	(4,040)
Depreciation charge*	(3,267)	(9,032)	(448)	-	(12,747)
Net carrying amount - closing balance	72,320	16,528	383	2,656	91,887
As at 31 December 2021					
Opening balance	130,053	109,545	5,344	2,656	247,598
Impairment	-	-	-	-	-
Depreciation	(57,733)	(93,017)	(4,961)	-	(155,711)
Net carrying amount	72,320	16,528	383	2,656	91,887

* Depreciation charges capitalised to intangible assets (licences) were PLN 501 thousand.

Contracted investments in property, plant and equipment amounted to PLN 5,343 thousand as at 30 June 2022 and concerned the acquisition of IT hardware mainly for the PCOL and TeO projects and the purchase of furniture and furnishings.

Contracted investments in plant, property and equipment amounted to PLN 65 thousand as at 31 December 2021 and concerned investment in IT hardware.

2.2. INTANGIBLE ASSETS

	Six months period ended 30 June 2022 (unaudited)						
	Licences	Copyrights	Know-how	Goodwill	Development work	Perpetual usufruct of land	Total
Net carrying amount - opening balance	44,299	2,445	4,352	167,446	39,669	5,811	264,022
Additions	2,413	64	-	36	11,679	-	14,192
Reclassification and other adjustments	-	(3)	3	-	(379)	-	(379)
Capitalised depreciation	-	-	-	-	257	-	257
Disposals	-	-	-	-	(1,502)	-	(1,502)
Depreciation charge*	(10,077)	(194)	(272)	-	-	(40)	(10,583)
Net carrying amount - closing balance	36,635	2,312	4,083	167,482	49,724	5,771	266,007
As at 30 June 2022 (unaudited)							
Opening balance	245,769	8,677	6,319	172,410	49,724	5,973	488,872
Impairment	-	-	-	(4,928)	-	-	(4,928)
Depreciation	(209,134)	(6,365)	(2,236)	-	-	(202)	(217,937)
Net carrying amount	36,635	2,312	4,083	167,482	49,724	5,771	266,007

* Depreciation charges capitalised to intangible assets (licences) were PLN 41 thousand.

	Year ended 31 December 2021						
	Licences	Copyrights	Know-how	Goodwill	Development work	Perpetual usufruct of land	Total
Net carrying amount - opening balance	53,791	2,572	4,821	167,446	18,678	5,892	253,200
Additions	7,199	306	76	-	20,817	-	28,398
Reclassification and other adjustments	-	-	-	-	(18)	-	(18)
Capitalised depreciation	-	-	-	-	638	-	638
Disposals	-	-	-	-	(446)	-	(446)
Depreciation charge*	(16,691)	(433)	(545)	-	-	(81)	(17,750)
Net carrying amount - closing balance	44,299	2,445	4,352	167,446	39,669	5,811	264,022
As at 31 December 2021							
Opening balance	243,356	8,616	6,316	172,374	39,669	5,973	476,304
Impairment	-	-	-	(4,928)	-	-	(4,928)
Depreciation	(199,057)	(6,171)	(1,964)	-	-	(162)	(207,354)
Net carrying amount	44,299	2,445	4,352	167,446	39,669	5,811	264,022

* Depreciation charges capitalised to intangible assets (licences) were PLN 137 thousand.

Contracted investments in intangible assets amounted to PLN 517 thousand as at 30 June 2022 and concerned mainly the implementation of software to support information exchange with commodity market participants and the WIBIX system (contracted investments in intangible assets amounted to PLN 3,983 thousand as at 31 December 2021 and concerned mainly investments in the controlling system, the WIBIX system and the implementation of software to support information exchange with commodity market participants).

Impairment of goodwill

Indications of impairment of goodwill recognised in these financial statements were reviewed as at 30 June 2022. No indications were identified that would require an impairment test.

Impairment of investment in TGE

Indications of impairment of goodwill recognised in these financial statements were reviewed as at 30 June 2022. No indications were identified that would require an impairment test.

2.3. INVESTMENT IN ENTITIES MEASURED BY THE EQUITY METHOD

The entities measured by the equity method included:

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

As a result of the recognition of impairment of the investment in PAR at PLN 583 thousand as at 30 June 2020, the value of the investment in PAR was equal to nil in the Group's consolidated statement of financial position as at 30 June 2022 and as at 31 December 2021.

A loan granted by the Exchange to PAR is disclosed in Note 5.1.2.

	As at	
	30 June 2022 (unaudited)	31 December 2021
Opening balance	230,825	220,395
Dividends due to GPW S.A.	(10,556)	(7,063)
Share of net profit/(loss)	12,690	24,606
Other increase/(decrease) of profit	(334)	(230)
Total Group share of profit/(loss) after tax	12,356	24,376
Share in other comprehensive income	(6,671)	(6,883)
Closing balance	225,954	230,825

	As at	
	30 June 2022 (unaudited)	31 December 2021
Grupa Kapitałowa KDPW S.A.	209,252	213,959
Centrum Giełdowe S.A.	16,702	16,866
Total carrying amount of entities measured by equity method	225,954	230,825

2.4. FINANCIAL ASSETS

2.4.1. TRADE RECEIVABLES AND OTHER RECEIVABLES

	As at	
	30 June 2022 (unaudited)	31 December 2021
Gross trade receivables	49,833	49,553
Impairment allowances for trade receivables	(4,252)	(4,516)
Total trade receivables	45,581	45,037
Dividends receivable	9,793	-
Current prepayments	12,392	7,061
VAT refund receivable	17,174	114,316
Sublease receivables	29	12
Grants receivable	7,140	3,670
Other receivables	1,175	6,981
Total other receivables	47,703	132,040
Total trade receivables and other receivables	93,284	177,077

In the opinion of the Exchange Management Board, in view of the short due date of trade receivables, the carrying amount of those receivables is similar to their fair value.

2.4.2. FINANCIAL ASSETS MEASURED AT AMORTISED COST

	As at	
	30 June 2022 (unaudited)	31 December 2021
Corporate bonds	145,509	150,271
Bank deposits	56,675	117,081
Borrowings granted	23	-
Other assets	10,192	10,148
Total current	212,399	277,500
Allowance for losses on debt instruments measured at amortised cost	(123)	(178)
Total financial assets measured at amortised cost (over 3 months)	212,276	277,322

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

2.4.3. CASH AND CASH EQUIVALENTS

	As at	
	30 June 2022 (unaudited)	31 December 2021
Current accounts (other)	110,195	100,406
VAT current accounts (split payment)	2,109	1,911
Corporate bonds	-	14,995
Bank deposits	335,474	232,245
Expected credit loss	(259)	(233)
Total cash and cash equivalents	447,519	349,324

Cash and cash equivalents include current accounts and short-term bank deposits (up to 3 months). The carrying amount of short-term bank deposits and current accounts is close to the fair value in view of their short maturity.

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

At the commencement of the projects: New Trading System, GPW Data, GPW Private Market, TeO, PCOL and Gospostrateg (see Note 5.4), the Group opened dedicated banks accounts for each of those projects. The total balance in those accounts was PLN 3,905 thousand as at 30 June 2022 (PLN 4,389 thousand as at 31 December 2021). Cash in such accounts is classified as restricted cash.

Cash in VAT accounts at PLN 2,109 thousand (PLN 1,911 thousand as at 31 December 2021) is also restricted cash due to regulatory restrictions on the availability of cash in such accounts for current payments.

2.5. CHANGE OF ESTIMATES

In the period from 1 January 2022 to 30 June 2022, impairment losses for trade receivables were adjusted as follows:

	As at	
	30 June 2022 (unaudited)	31 December 2021
Opening balance	4,516	6,685
Creating a write-off	1,050	2,328
Dissolution of the write-off	(1,314)	(4,074)
Receivables written off during the period as uncollectible	-	(423)
Closing balance	4,252	4,516

In the period from 1 January 2022 to 30 June 2022, there were the following changes in estimates:

- › provisions against employee benefits were reduced by PLN 6,915 thousand (provision additions of PLN 15,447 thousand, usage and release of PLN 22,362 thousand);
- › provisions against interest on a VAT correction were reduced by PLN (2,986) thousand (see Note 5.9).

2.6. BOND ISSUE LIABILITIES

	As at	
	30 June 2022 (unaudited)	31 December 2021
Series C bonds	125,862	125,746
Series D and E bonds	-	120,532
Total current	125,862	246,278
Total liabilities under bond issue	125,862	246,278

The table below presents the key parameters of bonds in issue.

	Issued date	Redemption date	Total par value	Currency	Interest	Coupon
Series C bonds	6.10.2015	6.10.2022	125 000	PLN	3,19%	6M

The table below presents the fair value of bonds in issue.

	As at	
	30 June 2022 (unaudited)	31 December 2021
Fair value of series C bonds	124,741	126,491
Fair value of series D and E bonds	-	120,588
Total fair value of bonds in issue	124,741	247,079

On 31 January 2022, GPW redeemed series D and E bonds issued on 18 January 2017. The total nominal value of the redeemed bonds amounted to PLN 120,000 thousand.

2.7. CONTRACT LIABILITIES

Contract liabilities include income of future periods from annual fees charged from market participants and data vendors, which are recognised over time, as well as fees for the introduction of financial instruments to trading.

	As at	
	30 June 2022 (unaudited)	31 December 2021
Listing	6,507	7,249
Total financial market	6,507	7,249
Other revenue	287	202
Total non-current	6,794	7,451
Trading	802	1,313
Listing	13,151	3,488
Information services and revenue from the calculation of reference rates	12,567	2
Total financial market	26,520	4,803
Trading	5,320	506
Total commodity market	5,320	506
Other revenue	163	258
Total current	32,003	5,567
Total contract liabilities	38,797	13,018

The year-to-date increase of contract liabilities as at 30 June 2022 was due to pro-rata distribution over time of annual fees invoiced by the Group in the first days of the financial year.

2.8. ACCRUALS AND DEFERRED INCOME

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 June 2022 (unaudited)	31 December 2021
PCR	3,635	3,770
Agricultural Market	352	488
New Trading System Project	18,009	13,243
GPW Data Project	3,009	2,518
Telemetry Project	492	-
Private Market Project	546	532
PCOL Project	466	-
Total non-current deferred income from grants	26,509	20,551
PCR	322	375
Agricultural Market	303	333
GPW Data Project	545	-
Telemetry Project	670	1,191
Private Market Project	-	1,652
Gospostrateg Project	98	-
Total non-current deferred income from grants	1,938	3,551
Total accruals and deferred income	28,447	24,102

As at 30 June 2022, 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 Agricultural Market project,
- › grant received from Narodowe Centrum Badań i Rozwoju (National Centre for Research and Development, NCBR) in the development of the New Trading System,
- › grant received from Narodowe Centrum Badań i Rozwoju in the GPW Data project,
- › grant received from Narodowe Centrum Badań i Rozwoju in the GPW Private Market project,
- › grant received from Narodowe Centrum Badań i Rozwoju in the Telemetry project,
- › grant received from Narodowe Centrum Badań i Rozwoju in the PCOL project.

Details of grants are presented in Note 5.4.

2.9. OTHER LIABILITIES

	As at	
	30 June 2022 (unaudited)	31 December 2021
Security deposits - collateral on the balancing market	785	985
Liabilities to the Polish National Foundation	4,298	5,731
Perpetual usufruct liabilities	3,494	3,561
Total non-current	8,577	10,277
Dividend payable	115,040	9
VAT payable	6,576	43,201
Liabilities in respect of other taxes	3,585	3,067
Contracted investments	1,841	5,387

	As at	
	30 June 2022 (unaudited)	31 December 2021
Liabilities to the Polish National Foundation	1,351	1,331
Liabilities to the Polish Financial Supervision Authority	14,635	-
Other liabilities	7,146	5,027
Total current	150,174	58,022
Total other liabilities	158,751	68,299

In accordance with the Company's capital management policy, the Exchange pays dividends to shareholders annually. As at 30 June 2022, GPW recognised liabilities in respect of dividend payments (the dividend payment date in 2022 was set at 5 August 2022). Details of the 2022 and 2021 dividend payments are presented in Note 5.3.

Other liabilities as at 30 June 2022 included credits/debits with the tax office relating to current reporting periods, a liability to the Polish National Foundation, as well as a significant liability to PFSA in respect of the capital market supervision fee payable in Q3 2022.

3. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

3.1. INCOME TAX

	Three months ended 30 June (unaudited)		Six months period ended 30 June (unaudited)	
	2 022	2 021	2 022	2 021
Current income tax	7,176	5,734	24,784	24,043
Deferred tax	1,811	3,114	(7,265)	(6,991)
Total income tax	8,987	8,848	17,519	17,052

As required by the Polish tax regulations, the corporate income tax applicable in 2022 and 2021 is 19%.

	Three months ended 30 June (unaudited)		Six months period ended 30 June (unaudited)	
	2 022	2 021	2 022	2 021
Profit before income tax	47,048	54,090	93,639	100,969
Income tax rate	19%	19%	19%	19%
Income tax at the statutory tax rate	8,939	10,280	17,791	19,184
Tax effect of:	48	(1,432)	(272)	(2,132)
Non tax-deductible costs	936	300	1,814	620
Non-taxable share of profit of entities measured by the equity method	(1,483)	(1,493)	(2,348)	(2,511)
Other adjustments	595	(239)	262	(241)
Total income tax	8,987	8,848	17,519	17,052

The Group established a Tax Group ("TG") in 2017. The Tax Group is comprised of the Exchange, TGE, BondSpot, and GPWB. As the Company Representing the Tax Group, GPW is responsible for the calculation and payment of quarterly corporate income tax advances pursuant to the Corporate Income Tax Act.

4. NOTE TO THE STATEMENT OF CASH FLOWS

4.1. DEPRECIATION AND AMORTISATION

	Six months period ended 30 June (unaudited)	
	2 022	2 021
Depreciation of property, plant and equipment*	5,996	5,960
Amortisation of intangible assets**	10,542	9,074
Depreciation and amortisation of right-to-use assets	2,713	2,702
Total depreciation and amortisation charges	19,251	17,736

* Depreciation charges were reduced with PLN 216 thousand capitalised to intangible assets in the six-month period ended 30 June 2022 and PLN 230 thousand in the six-month period ended 30 June 2021.

** Depreciation charges were reduced with PLN 41 thousand capitalised to intangible assets in the six-month period ended 30 June 2022 and PLN 40 thousand in the six-month period ended 30 June 2021.

5. OTHER NOTES

5.1. RELATED PARTY TRANSACTIONS

Related parties of the Group include:

- › the entities measured by the equity method,
- › the State Treasury as the parent entity,
- › entities controlled and jointly controlled by the State Treasury and entities over which the State Treasury has significant influence,
- › members of the key management personnel of the Exchange.

5.1.1. INFORMATION ABOUT TRANSACTIONS WITH THE STATE TREASURY AND ENTITIES 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 which are parties to transactions with the Exchange include issuers (from which it charges introduction and listing fees) and Exchange Members (from which it charges fees for access to trade on the exchange market, fees for access to the 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 by the Group in the normal course of business and are carried out on an arm's length basis.

Polish Financial Supervision Authority ("PFSA")

The PFSA Chairperson publishes the rates and the indicators necessary to calculate capital market supervision fees by 31 August of each calendar year. On that basis, the entities obliged to pay the fee calculate the final amount of the annual fee due for the year and pay the fee by 30 September of the calendar year.

The fee for 2022 charged to the GPW Group's operating expenses in the first six months of 2022 was PLN 14,635 thousand, equal to the annual 2022 fee.

The fee for 2021 charged to the Group's operating expenses in the first six months of 2021 was PLN 14,198 thousand.

Tax Office

The Group is subject to taxation under Polish law and pays taxes to the State Treasury, which is a related party. The rules and regulations applicable to the Group are the same as those applicable to other entities which are not related parties of the State Treasury.

Polish National Foundation

As one of the founders of the Polish National Foundation ("PFN"), established in 2016 by 17 state-owned companies, the Exchange is obliged to make an annual contribution towards the statutory activities of PFN in the form of 11 annual payments starting from the date of establishment of the Foundation. This liability was recognised in 2016 costs and is accrued over time. As at 30 June 2022, the liability of the Exchange to PFN amounted to PLN 5,649 thousand (31 December 2021: PLN 7,062 thousand).

5.1.2. TRANSACTIONS WITH ENTITIES MEASURED BY THE EQUITY METHOD

Dividend

Dividends paid by associates to the Group stood at PLN 10,556 thousand in the six-month period ended 30 June 2022 (PLN 7,063 thousand in the six-month period ended 30 June 2021).

On 8 April 2022, the Annual General Meeting of CG decided to allocate a part of the profit equal to PLN 1,077 thousand and a part of reserves equal to PLN 2,002 thousand to a dividend payment. The dividend attributable to GPW was PLN 763 thousand. The dividend was paid on 31 May 2022.

On 23 June 2022, the Annual General Meeting of KDPW decided to allocate a part of the profit equal to PLN 29,379 thousand to a dividend payment. The dividend attributable to GPW was PLN 9,793 thousand. The dividend record date was set for 30 June 2022 and the dividend payment date for 7 September 2022.

Loans and advances

As at 30 June 2022, the carrying amount of loans granted to PAR stood at nil (impairment of PLN 847 thousand), including impairment of PLN 77 thousand recognised in 2022 and impairment of PLN 325 thousand recognised in 2021.

On 30 June 2022, the Exchange Management Board decided to extend the repayment date of the loan granted to PAR in February 2020 in the amount of PLN 200 thousand until 30 September 2022. According to the annex to the loan agreement, interest for the period from the loan grant date to 30 June 2021 was capitalised and added to the principal. Interest for the period from 1 July 2021 to 30 June 2022 was capitalised as at 30 June 2022 and added to the principal. Interest for the period from 1 July 2022 to 30 September 2022 shall be accrued as at 30 September 2022 on the terms of the annex.

Space lease

As owner and lessee of space in the Centrum Giełdowe building, the Exchange pays rent and maintenance charges for office space to the building manager, Centrum Giełdowe S.A. Transactions with the KDPW Group concerned co-operation in the organisation of events integrating the capital market community. Transactions with PAR concerned the rental of office space and related fees.

	As at 30 June 2022 (unaudited)		Six months period ended 30 June (unaudited) 2022	
	Receivables	Trade payables and other liabilities	Sales revenue or sublease interest	Operating expenses
KDPW Group:	-	-	52	11
other	-	-	52	11
Centrum Giełdowe:	-	2,979	-	1,885
leases	-	2,936	-	1,061
other	-	43	-	824
PAR:	5	-	8	9
loans and borrowings	-	-	-	-
leases	-	-	-	-
other	5	-	8	9
Total	5	2,979	60	1,905

	As at 31 December 2021		Year ended 31 December 2021	
	Receivables	Trade payables and other liabilities	Sales revenue or sublease interest	Operating expenses
KDPW Group:	-	-	3	122
other	-	-	3	122
Centrum Giełdowe:	-	4,287	-	4,570
leases	-	3,813	-	2,095
other	-	474	-	2,475
PAR:	50	-	22	40
loans and borrowings	-	-	-	-
leases	50	-	2	-
other	-	-	20	40
Total	50	4,287	25	4,732

Receivables from associates and joint ventures were not provided for or written off as uncollectible in the six months of 2022 and 2021.

5.1.3. OTHER TRANSACTIONS

Transactions with the key management personnel

The Group entered into no transactions with the key management personnel as at 30 June 2022 and as at 31 December 2021.

Książęca 4 Street Tenants Association

In 2022 and 2021, the Exchange concluded transactions with the Książęca 4 Street Tenants Association of which it is a member. The expenses amounted to PLN 2,629 thousand in the six-month period ended 30 June 2022 and PLN 2,285 thousand in the six-month period ended 30 June 2021.

GPW Foundation

In the six months of 2022, GPW made no donations to the GPW Foundation (in the six months of 2021 – PLN 0 thousand), received an income of PLN 56 thousand from the Foundation (in the six months of 2021 – PLN 55 thousand), and paid the Foundation's costs of PLN 2 thousand (in the six months of 2021 – PLN 1 thousand). As at 30 June 2022, the Exchange's receivables from the GPW Foundation stood at PLN 35 thousand (as at 31 December 2021 – PLN 39 thousand) and its payables to the Foundation at PLN 0 thousand (as at 31 December 2021 – PLN 0 thousand).

5.2. INFORMATION ON REMUNERATION AND BENEFITS OF THE KEY MANAGEMENT PERSONNEL

The data presented in the table below are for all (current and former) members of the Exchange Management Board and the Exchange Supervisory Board, the Management Boards and the Supervisory Boards of the subsidiaries who were in office in the three-month and the six-month period ended 30 June 2022 and 30 June 2021, respectively.

The table concerning remuneration of the key management personnel does not present social security contributions paid by the employer.

	Three months ended 30 June (unaudited)		Six months period ended 30 June (unaudited)	
	2 022	2 021	2 022	2 021
Base salary	404	403	807	807
Variable pay	456	411	867	822
Other benefits	41	41	82	81
Total remuneration of the Exchange Management Board	901	855	1,756	1,710
Remuneration of the Exchange Supervisory Board	150	147	299	280
Remuneration of the Management Boards of other GPW Group companies	897	805	2,096	1,778
Remuneration of the Supervisory Boards of other GPW Group companies	213	216	465	463
Total remuneration of the key management personnel	2,161	2,023	4,616	4,231

As at 30 June 2022, unpaid bonuses and variable remuneration of the key management personnel stood at PLN 4,234 thousand including bonuses and remuneration for 2017-2022. The cost was shown in the consolidated statement of comprehensive income for 2017-2021.

As at 30 June 2021, unpaid bonuses and variable remuneration of the key management personnel stood at PLN 3,769 thousand including bonuses and remuneration for 2017-2021. The cost was shown in the statement of comprehensive income for 2017-2020.

5.3. DIVIDEND

As required by the Commercial Companies Code, the amounts to be divided between the shareholders may not exceed the net profit reported for the last financial year plus retained earnings, less accumulated losses and amounts transferred to reserves that are established in accordance with the law or the Articles of Association that may not be earmarked for the payment of dividend.

On 23 June 2022, the Annual General Meeting of the Exchange passed a resolution to distribute the Company's profit for 2021, including a dividend payment of PLN 115,003 thousand. The dividend per share was PLN 2.74. The dividend record date was 25 July 2022 and the dividend payment date was 5 August 2022. The dividend due to the State Treasury was PLN 40,266 thousand.

On 21 June 2021, the Annual General Meeting of the Exchange passed a resolution to distribute the Company's profit for 2020, including a dividend payment of PLN 104,930 thousand. The dividend per share was PLN 2.50. The dividend record date was 23 July 2021 and the dividend payment date was 5 August 2021. The dividend paid to the State Treasury was PLN 36,721 thousand.

5.4. GRANTS

New Trading System

The New Trading System is a development project of a new trading platform which will in the future help to reduce transaction costs and offer new functionalities and types of orders for Exchange Members, issuers and investors. The system will provide superior reliability and security according to advanced technical parameters. The amount of the grant in the New Trading System project will be PLN 30.3 million, the estimated cost of the project is PLN 90 million, the project has not been completed as at 30 June 2022.

GPW Data

The GPW Data project is an innovative Artificial Intelligence system supporting investment decisions of capital market participants. The core of the system is a repository of a broad range of structured exchange data. Such information will support investments on the capital market based on classical and innovative analysis models. The amount of the grant in the GPW Data project will be PLN 4.2 million, the estimated cost of the project is PLN 8.3 million, the project has not been completed as at 30 June 2022.

Price Coupling of Regions ("PCR")

PCR ensures co-ownership of system software of the day-ahead market by a group of European energy exchanges joined by TGE in 2015. The project was aimed at harmonisation of the European market using a shared calculation algorithm.

In 2016, in the implementation of international projects (aiming among others to implement European regulations applicable to cross-border energy exchange), the President of the Energy Regulation Authority (URE) granted TGE a refund of part of the PCR cost from the Polish power transmission system operator Polskie Sieci Energetyczne S.A. under a bilateral agreement ensuring the implementation of a day-ahead electricity market in Poland. The amount of the grant in the PCR project was PLN 7.0 million, the cost of the project was PLN 10,791 thousand, the project was completed in 2021.

Agricultural Market

A consortium comprised of GPW, TGE and IRGiT signed an agreement with Krajowy Ośrodek Wsparcia Rolnictwa (National Centre for Agricultural Support, KOWR) on 29 January 2019 concerning the Agricultural Market project which launched an electronic trading platform for certain agricultural commodities. The project closed on 31 August 2020 according to plan. Since 1 September 2020, the platform is operated by TGE and IRGiT (without the participation of the Exchange). As the consortium leader and the parent entity of the GPW Group, the Exchange represented the consortium in relations with KOWR, handled financials and provided marketing support, and received a fee from the other consortium members which covered its expenses. The cost of the project was PLN 2,565 thousand. The project was completed in 2020.

From the perspective of the consolidated financial statements of the GPW Group, the Agricultural Market project is a grant of PLN 5.1 million whose direct beneficiaries are TGE and IRGiT.

GPW Private Market

On 23 September 2020, acting as the leader of a consortium comprised of the Silesian University of Technology and VRTechnology sp. z o.o., GPW signed a co-financing agreement with the National Centre for Research and Development for the project "Development of an innovative blockchain platform".

The objective of the project is to develop a platform for the issuance of tokens representing digital rights (digital assets). The platform will also support trade in such assets. The amount of the grant in the GPW Private Market project will be PLN 8.5 million, the estimated cost of the project is PLN 12.6 million, the project has not been completed as at 30 June 2022.

Telemetry

On 4 October 2021, GPW signed an agreement with the National Centre for Research and Development ("NCBiR") to co-finance work related to the development of the TeO system - a multi-module auction platform designed for comprehensive handling of media market transactions.

The aim of the project is to develop an innovative TeO Platform. The new solution will be designed to profile TV users and sell and display targeted advertising on linear TV. The amount of the grant in the project will be PLN 13.3 million, the estimated cost of the project is PLN 33.3 million, the project has not been completed as at 30 June 2022.

Gospostrateg

On 27 October 2021, as a member of a consortium comprising the Mazowieckie Voivodeship as Leader and the Warsaw School of Economics, GPW concluded an agreement with the National Centre for Research and Development for the implementation of the Gospostrateg project.

The main objective of the project is to transform the Mazowieckie Voivodeship into an accelerator of global enterprises by building a knowledge repository of key global markets and developing and implementing an effective model of co-operation between administration, science and business taking into account the conditions of the Mazowieckie Voivodeship. The amount of the grant in the Gospostrateg project will be PLN 0.3 million, the estimated cost of the project is PLN 7.9 million, the project has not been completed as at 30 June 2022.

Polish Digital Logistics Operator ("PCOL")

On 4 November 2021, GPW signed an agreement with the National Centre for Research and Development to co-finance the Polish Digital Logistics Operator ("PCOL") project in the amount of PLN 5.4 million. The estimated total cost of the project is PLN 9.3 million.

PCOL is a project for an innovative logistics platform based on artificial intelligence to optimise costs in areas related to transport and logistics services for State-owned companies as well as private companies which will in the future use the services and solutions offered. The grant will be used to finance research and development work related primarily to the development of innovative technologies based on artificial intelligence. The amount of the grant in the PCOL project will be PLN 5.4 million, the estimated cost of the project is PLN 9.3 million, the project has not been completed as at 30 June 2022.

5.5. 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). Stock prices and turnover depend largely on local, regional, and global trends impacting the capital markets, which makes revenue from the financial market cyclical.

5.6. SEGMENT REPORTING

Segment information is disclosed in these Financial Statements based on components of the entity which are monitored by the Group's chief decision maker (Exchange Management Board) to make operating decisions. The presentation of financial data by operating segment is consistent with the management approach at Group level. The Group's business segments focus their activities on the territory of Poland.

The two main reporting segments are the financial segment and the commodity segment.

The financial segment covers the activity of the Group including organising trade in financial instruments on the exchange and in the alternative trading system as well as related activities: trading, listing, information services.

The commodity segment covers the activity of the Group including organising trade in commodities on the exchange as well as related activities: trading, operation of the Register of Certificates of origin of electricity, the CO₂ Emissions Allowances market, clearing, the operation of a clearing house and a settlement system, the activity of a trade operator and the entity responsible for trade balancing, information services.

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

The tables below present a reconciliation of the data analysed by the Exchange Management Board with the data shown in these Financial Statements.

	Six months period ended 30 June (unaudited) 2022					
	Financial segment	Commodity segment	Other	Total segments	Exclusions and adjustments	Total segments and exclusions
Sales revenue:	135,835	75,697	7,859	219,391	(10,077)	209,314
To third parties	132,375	75,336	1,603	209,314	-	209,314
Between segments	3,460	361	6,256	10,077	(10,077)	-
Operating expenses, including:	(96,918)	(42,414)	(1,581)	(140,913)	9,563	(131,350)
depreciation and amortisation	(13,935)	(5,691)	(74)	(19,700)	449	(19,251)
Profit/(loss) on sales	38,917	33,283	6,278	78,478	(514)	77,964
Loss on impairment of receivables	330	(65)	-	265	-	265
Other income	1,078	452	-	1,530	(563)	967
Other expenses	(1,052)	(86)	-	(1,138)	194	(944)
Operating profit (loss)	39,273	33,584	6,278	79,135	(883)	78,252
Financial income, including:	43,416	29,170	4	72,590	(63,420)	9,170
interest income	6,424	2,597	4	9,025	(414)	8,611
dividend income	36,468	26,539	-	63,007	(63,007)	-
Financial expenses, including:	(2,794)	(5,472)	(22)	(8,288)	2,149	(6,139)
interest cost	(2,600)	(314)	(5)	(2,919)	453	(2,466)
VAT provision	-	(4,675)	-	(4,675)	1,690	(2,985)
Share of profit/(loss) of entities measured by equity method	-	-	-	-	12,356	12,356
Profit before income tax	79,895	57,282	6,260	143,437	(49,798)	93,639
Income tax	(14,560)	(2,993)	(2)	(17,555)	36	(17,519)
Net profit	65,335	54,289	6,258	125,882	(49,762)	76,120

	As at 30 June 2022 (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	973,032	384,926	4,941	1,362,899	214,302	(212,143)	1,365,058
Total liabilities	371,824	140,838	697	513,359	-	(70,178)	443,181
Net assets (assets - liabilities)	601,208	244,088	4,244	849,540	214,302	(141,965)	921,877

	Six months period ended 30 June (unaudited) 2021					
	Financial segment	Commodity segment	Other	Total segments	Exclusions and adjustments	Total segments and exclusions
Sales revenue:	136,518	74,410	7,480	218,408	(8,971)	209,437
To third parties	133,964	74,092	1,381	209,437	-	209,437
Between segments	2,554	318	6,099	8,971	(8,971)	-
Operating expenses, including:	(86,722)	(38,093)	(785)	(125,600)	8,813	(116,787)
depreciation and amortisation	(12,966)	(5,365)	(81)	(18,412)	676	(17,736)

	Six months period ended 30 June (unaudited) 2021					
	Financial segment	Commodity segment	Other	Total segments	Exclusions and adjustments	Total segments and exclusions
Profit/(loss) on sales	49,796	36,317	6,695	92,808	(158)	92,650
Loss on impairment of receivables	964	338	-	1,302	-	1,302
Other income	220	459	-	679	-	679
Other expenses	(579)	(22)	-	(601)	-	(601)
Operating profit (loss)	50,401	37,092	6,695	94,188	(158)	94,030
Financial income, including:	102,097	58,766	-	160,863	(160,494)	369
interest income	280	30	-	310	(29)	281
dividend income	101,762	58,698	-	160,460	(160,457)	3
Financial expenses, including:	(4,123)	(2,685)	(10)	(6,818)	171	(6,647)
interest cost	(3,201)	(114)	(8)	(3,323)	171	(3,152)
VAT provision	-	(1,081)	-	(1,081)	-	(1,081)
Share of profit/(loss) of entities measured by equity method	-	-	-	-	13,217	13,217
Profit before income tax	148,375	93,173	6,685	248,233	(147,264)	100,969
Income tax	(14,199)	(2,849)	(4)	(17,052)	-	(17,052)
Net profit	134,176	90,324	6,681	231,181	(147,264)	83,917

	As at 31 December 2021						
	Financial segment	Commodity segment	Other	Total segments	Adjustments for investments measured by equity method	Other exclusions and adjustments	Total segments and exclusions
Total assets	987,301	446,479	4,632	1,438,412	219,173	(246,897)	1,410,688
Total liabilities	346,424	202,832	661	549,917	-	(107,086)	442,831
Net assets (assets - liabilities)	640,877	243,647	3,971	888,495	219,173	(139,811)	967,857

	Three months ended 30 June (unaudited) 2022					
	Financial segment	Commodity segment	Other	Total segments	Exclusions and adjustments	Total segments and exclusions
Sales revenue:	60,298	39,657	4,142	104,097	(5,025)	99,072
To third parties	58,634	39,465	973	99,072	-	99,072
Between segments	1,664	192	3,169	5,025	(5,025)	-
Operating expenses, including:	(45,887)	(19,933)	(976)	(66,796)	4,277	(62,519)
depreciation and amortisation	(6,884)	(2,769)	(37)	(9,690)	236	(9,454)
Profit/(loss) on sales	14,411	19,724	3,166	37,301	(748)	36,553
Loss on impairment of receivables	858	(59)	-	799	-	799
Other income	529	222	-	751	(281)	470
Other expenses	(577)	(37)	-	(614)	96	(518)

	Three months ended 30 June (unaudited) 2022					
	Financial segment	Commodity segment	Other	Total segments	Exclusions and adjustments	Total segments and exclusions
Operating profit (loss)	15,221	19,850	3,166	38,237	(933)	37,304
Financial income, including:	41,438	28,547	2	69,987	(63,422)	6,565
interest income	4,801	2,001	2	6,804	(146)	6,658
dividend income	36,468	26,539	-	63,007	(63,007)	-
Financial expenses, including:	(1,372)	(3,652)	(19)	(5,043)	419	(4,624)
interest cost	(1,268)	(40)	(2)	(1,310)	148	(1,162)
VAT provision	-	(3,406)	-	(3,406)	421	(2,985)
Share of profit/(loss) of entities measured by equity method	-	-	-	-	7,803	7,803
Profit before income tax	55,287	44,745	3,149	103,181	(56,133)	47,048
Income tax	(7,247)	(1,752)	(2)	(9,001)	14	(8,987)
Net profit	48,040	42,993	3,147	94,180	(56,119)	38,061

	Three months ended 30 June (unaudited) 2021					
	Financial segment	Commodity segment	Other	Total segments	Exclusions and adjustments	Total segments and exclusions
Sales revenue:	62,202	37,203	2,903	102,308	(4,174)	98,134
To third parties	61,244	37,040	(150)	98,134	-	98,134
Between segments	958	163	3,053	4,174	(4,174)	-
Operating expenses, including:	(39,382)	(15,465)	(444)	(55,291)	4,317	(50,974)
depreciation and amortisation	(6,623)	(2,632)	(42)	(9,297)	343	(8,954)
Profit/(loss) on sales	22,820	21,738	2,459	47,017	143	47,160
Loss on impairment of receivables	1,597	(8)	-	1,589	-	1,589
Other income	116	243	-	359	-	359
Other expenses	(74)	(10)	-	(84)	136	52
Operating profit (loss)	24,459	21,963	2,459	48,881	279	49,160
Financial income, including:	101,929	58,747	-	160,676	(160,436)	240
interest income	155	14	-	169	22	191
dividend income	101,762	58,698	-	160,460	(160,457)	3
Financial expenses, including:	(2,009)	(1,234)	(9)	(3,252)	81	(3,171)
interest cost	(1,623)	(54)	(7)	(1,684)	81	(1,603)
VAT provision	-	(575)	-	(575)	-	(575)
Share of profit/(loss) of entities measured by equity method	-	-	-	-	7,859	7,859
Profit before income tax	124,379	79,476	2,450	206,307	(152,217)	54,090
Income tax	(8,853)	4	1	(8,848)	-	(8,848)
Net profit	115,526	79,480	2,451	197,459	(152,217)	45,242

5.7. ADDITIONAL INFORMATION CONCERNING THE SARS-CoV-2 PANDEMIC AND THE OUTBREAK OF WAR IN UKRAINE

In the first six months of 2022, the Group did not identify any new risks related to the pandemic and took no new measures to mitigate the impact of the pandemic on the Group's operations and results compared to those identified in the 2021 annual financial statements.

In February 2022, armed conflict broke out in Ukraine. In view of the impact of the conflict on the political and economic situation in Europe and the world, the GPW Group took into account the recommendations of the Polish Financial Supervision Authority issued on 2 March 2022 for issuers of securities and carried out an analysis of the impact of the war on current operations and on the ability of the GPW Group companies to continue as a going concern in the next 12 months.

As the GPW Group companies do not have business operations in Russia and Ukraine, the war in this region does not directly affect the presented and future financial results of the Group.

The GPW Group analysed the depreciation rates for property, plant and equipment and intangible assets applied to assets held as at 30 June 2022 and identified no need to change the estimates used.

The Group considers that the outbreak of war did not affect the judgements made in the measurement of lease liabilities or the existing classification of financial assets under IFRS 9.

As at 30 June 2022, the GPW Group held PLN 660 million of cash and cash equivalents and short-term financial assets in the form of bank deposits and guaranteed corporate bonds. These represent sufficient financial resources to conclude that the Group's liquidity risk in the short to medium term is low.

The Group does not hold any material foreign currency assets and therefore exchange rate fluctuations due to uncertainty in the foreign exchange markets would be immaterial to the financial statements.

The GPW Group monitors the amount of trade receivables on an ongoing basis, especially trade receivables from counterparties related to parties involved in the armed conflict. As at 30 June 2022, no significant receivables were identified in this group of counterparties.

Details of the identified risks related to the pandemic and the outbreak of the armed conflict in Ukraine on the Company's and the Group's operations and financial position are presented in Note 2.8 to the Management Board Report on the Activity of the Parent Company and the Warsaw Stock Exchange Group for 2021 and in Note 7.1 to the Interim Report of the Warsaw Stock Exchange Group for the six months of 2022.

The Exchange Management Board and the Management Boards of the Group companies monitor the situation related to the above-mentioned factors on an ongoing basis and will take appropriate action, including informing the market, if new factors emerge that could have a material impact on the GPW Group's operations and financial results.

In the opinion of the GPW Management Board, at the time of publication of this report, the Group has not identified any material uncertainties relating to events or circumstances that might cast significant doubt on its ability to continue as a going concern. The prolonged conflict, actions taken by the Polish government, the European Union authorities and NATO, and the related uncertainty on the financial markets may affect the operations and financial results of the GPW Group companies in the future. As at the date of publication of this report, it is not possible to estimate that impact.

5.8. CONTINGENT LIABILITIES

5.8.1. CONTINGENT LIABILITIES

In connection with the implementation of the projects New Trading System, GPW Data, GPW Private Market, TeO and PCOL, the Exchange presented five own blank bills of exchange to NCBR securing obligations under the projects' co-financing agreements. According to the agreements and the bill-of-exchange declarations, NCBR may complete the bills 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 the Exchange's account to the day of repayment (separate for each project). NCBR may also complete the bills of exchange with the payment date and insert a "no protest" clause. The bills of exchange may be completed upon the fulfilment of conditions laid down in the co-financing agreement. Each of the bills of exchange shall be returned to the Exchange or destroyed after the project sustainability period defined in the project co-financing agreement.

As at 30 June 2022, the Group recognised a contingent liability in respect of an overdue VAT correction. Acting in the interest of GPW shareholders, pursuant to point 92 of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, the Group is not disclosing the estimated amount of the potential payable (see: Note 5.9).

As at 30 June 2022, the Group held bank guarantees issued in favour of:

- › NordPool in the amount of EUR 11.6 million effective from 15 June 2022 to 16 June 2023,
- › Slovenská Elektrizácia Prenosová Sústava (SEPS) in the amount of EUR 0.5 million effective from 1 July 2022 to 30 June 2023,
- › ČEPS in the amount of EUR EUR 1.7 million effective from 1 July 2022 to 30 June 2023,
- › European Commodity Clearing AG (ECC) in the amount of EUR EUR 5.3 million effective from 1 July 2022 to 30 June 2023,
- › on 14 June 2022, Santander Bank Polska and the Group concluded a guarantee limit agreement up to EUR 90 million.

5.9. UNCERTAINTY ABOUT VAT

In accordance with the GPW Group's tax risk management policy, tax accounts of all Group companies including IRGiT have been subject to an annual tax review carried out by an independent tax advisor since 2017. In addition, following one such review, with a view to verification of tax risk identified in the review, the IRGiT Management Board requested independent advisors to provide an analysis concerning the time of origination of input VAT from transactions in electricity and gas deliveries and the time of origination of the right to deduct input VAT and to calculate potential impact on IRGiT's tax payable of a potential amendment of IRGiT's tax policy which follows the general rules concerning the time of origination of tax liabilities regarding output VAT and the direct application of Directive 112 to the extent of input VAT.

According to the provided opinions, IRGiT's tax policy may be considered correct in the light of EU law, in particular to the extent of input VAT, and considering the specificity of IRGiT's business in relation to output VAT. However, under the literal wording of applicable national tax law, such approach could be challenged by tax authorities.

On 9 October 2020, the Regional Administrative Court in Warsaw dismissed IRGiT's appeal and upheld the individual interpretation issued by the Director of the National Tax Information dated 12 November 2019 concerning the principles of determining the time of origination of the right to deduct input VAT from invoices for electricity and gas. On 5 December 2020, IRGiT filed for cassation with the Supreme Administrative Court in Warsaw, and followed up with a supplementary submission of 15 April 2021 which referred to recent CJEU case-law, not yet available when the cassation appeal was filed, which fully supports the pleas raised by IRGiT.

IRGiT has developed a tax strategy in that regard in partnership with independent tax advisors.

Due to uncertainty concerning the time of settlement of input and output VAT in all open periods and the amount of the aforementioned VAT payable, guided by the principles of prudence, in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, provisions were set up at PLN 31.7 million as at 30 June 2022 (PLN 28.8 million as at 31 December 2021) against interest that will arise in the event of a shift in the VAT deduction period. After release of the provisions, the Group recognised financial income of PLN 0.4 million (financial expense of PLN 0.5 million in Q1 2021). The provisions represent the best possible estimate of the potential liability as at 30 June 2022 which would have to be paid upon an amendment of the existing methodology of determining the time of origination of the tax liability and the deduction right.

From the tax perspective, there is a risk arising from the statute of limitation (five years) concerning the recognition of output VAT reported in November 2016: once recognised under general VAT regulations, due to the application of the *lex specialis* concerning the time of origination of tax on electricity and gas deliveries, the tax would be deferred to December 2016 and consequently recognised for a second time without the right to correct the accounts for November, which would be in direct violation of the principle of VAT neutrality. According to regulations, if a liability arises in December, it does not expire until 1 January of the sixth consecutive year. Tax liabilities arising from January to November expire on 1 January of the fifth consecutive year (as such liabilities are payable in the year when they originate). Literal application of those rules could however result in double VAT imposed on deliveries. Consequently, acting in the interest of GPW shareholders, pursuant to point 92 of IAS 37, the Group is not disclosing the estimated amount of the contingent liability.

5.10. ACQUISITION OF INTEREST IN THE ARMENIA SECURITIES EXCHANGE

On 28 June 2022, GPW signed an Armenia Securities Exchange (AMX) Share Purchase Agreement with the Central Bank of Armenia (CBoA) as well as a Shareholders' Agreement regarding the participation of the parties to the agreement in AMX.

The Share Purchase Agreement is a conditional agreement. The acquisition of control of AMX will be possible upon fulfilment of the following conditions:

- obtaining approval for the transaction from the Central Bank of Armenia,
- amendment to the Articles of Association of AMX in accordance with the Shareholders' Agreement,
- opening of a securities account in Armenia by GPW,
- payment of consideration by GPW for AMX shares.

As a result of the transaction, AMX's ownership structure will be as follows:

- AMX will hold 148 treasury shares corresponding to a 9.95% interest in the company's share capital,
- CBoA will hold 372 shares corresponding to a 25.02% interest in the company's share capital,
- GPW will hold 967 shares corresponding to a 65.03% interest in the company's share capital.

As a result of the transaction, GPW will also indirectly acquire control of the Central Depository of Armenia (CDA), in which AMX holds 100% of the share capital.

The total price of AMX shares acquired by GPW is AMD 873,735,276 or approximately PLN 9.6 million and will be payable in two tranches:

1. the first tranche in the amount of AMD 498,765,150, i.e., approximately PLN 5.5 million payable upon signing the Share Purchase Agreement, obtaining approval for the transaction from the Central Bank of Armenia and fulfilling the other conditions set out in the agreement,
2. the second tranche of AMD 374,970,126, i.e., approximately PLN 4.1 million payable subject to the completion of all proceedings to which AMX is a party and which are described in the Share Purchase Agreement.

To the best of the Company's knowledge, none of the conditions precedent had been met by the date of publication of the consolidated financial statements.

5.11. EVENTS AFTER THE BALANCE SHEET DATE

On 15 June 2022, the Extraordinary General Meeting of the Warsaw Stock Exchange passed a resolution appointing Mr Marek Dietl as President of the GPW Management Board for another term.

On 22 June 2022, the GPW Supervisory Board appointed Ms Izabela Olszewska to the Exchange Management Board for a new term of office starting on 27 July 2022 as Member of the Management Board for Business Development and Sales.

On 1 July 2022, the GPW Supervisory Board appointed the following to the Exchange Management Board for the new term of office starting on 27 July 2022:

- Mr Adam Młodkowski as Member of the Management Board for Finance,
- Ms Monika Gorgoń as Member of the Management Board for Operations and Regulatory Affairs,
- Mr Tomasz Dąbrowski as Member of the Management Board for IT.

The decision will enter into force subject to the approval of the Polish Financial Supervision Authority for changes to the composition of the Exchange Management Board.

On 26 July 2022, the Polish Financial Supervision Authority granted its consent for the appointment of Mr Adam Młodkowski to the GPW Management Board.

The consolidated financial statements are presented by the Management Board of the Warsaw Stock Exchange:

Marek Dietl – President of the Management Board

Izabela Olszewska – Member of the Management Board

Adam Młodkowski – Member of the Management Board

Signature of the person responsible for keeping books of account:

Piotr Kajczuk, Director, Financial Department

Warsaw, 9-10 August 2022