



**REPORT OF
THE SUPERVISORY BOARD
OF THE WARSAW STOCK EXCHANGE
FOR 2022**

Warsaw, 24 May 2023

I. INTRODUCTION

Dear Sir or Madam,

We present this report of the Supervisory Board of the Warsaw Stock Exchange ("Exchange Supervisory Board", "Supervisory Board") for 2022 and the reports of the Committees of the Supervisory Board.

This report of the Exchange Supervisory Board fulfils the obligations of the supervisory body under:

- ◆ the Commercial Companies Code;
- ◆ the Best Practice for GPW Listed Companies 2021;
- ◆ the Principles of Corporate Governance for Supervised Institutions issued by the Polish Financial Supervision Authority.

The report of the Supervisory Board on the assessment of:

- ◆ the Report of the Management Board on the Activity of the Parent Entity and the Warsaw Stock Exchange Group in 2022;
- ◆ the Separate Financial Statements of the Warsaw Stock Exchange for the year ended 31 December 2022;
- ◆ the Consolidated Financial Statements of the Warsaw Stock Exchange Group for the year ended 31 December 2022

was published on 12 April 2022 together with the annual report of the Warsaw Stock Exchange for 2022.

On 24 May 2023, the Exchange Supervisory Board reviewed the motion of the Exchange Management Board concerning distribution of the Company's profit for the financial year 2022 and approved the report on the review of the motion.

II. REPORT ON THE ACTIVITY OF THE SUPERVISORY BOARD AS AN AUTHORITY OF THE COMPANY IN 2022

1) Term of office, composition of the Supervisory Board and changes to the composition of the Supervisory Board in 2022

The current joint three-year term of office of the Supervisory Board of the Warsaw Stock Exchange started on 23 June 2020.

The composition of the Exchange Supervisory Board in 2022 was as follows:

Full name	Function
Dominik Kaczmarski	Chairman
Izabela Flakiewicz	Deputy Chairman
Michał Bałabanow	Secretary, independent member of the Supervisory Board
Janusz Krawczyk	Member, independent member of the Supervisory Board
Filip Paszke	Member, independent member of the Supervisory Board
Leszek Skiba	Member, independent member of the Supervisory Board
Adam Szyszka	Member, independent member of the Supervisory Board

According to § 14(1) of the Articles of Association of the Exchange, at least two members of the Exchange Supervisory Board should meet the independence criteria defined for members of audit committees in regulations governing audit firms and auditors and in the corporate governance rules issued under the Exchange Rules. According to presented declarations, five Members of the Exchange Supervisory Board met the independence criteria set out in § 14(1) of the Exchange Articles of Association as at 31 December 2022.

The composition of the Exchange Supervisory Board did not change in 2022.

2) Activity of the Supervisory Board in 2022

The activity of the Exchange Supervisory Board is based, among others, on the Commercial Companies Code, the Company's Articles of Association, the Rules of the Exchange Supervisory Board, the Best Practice for GPW Listed Companies 2021, and the Principles of Corporate Governance for Supervised Institutions issued by the Polish Financial Supervision Authority.

The Exchange Supervisory Board exercised supervision over the activity of the Exchange in accordance with its obligations and powers. The activity of the Exchange Supervisory Board in 2022 was documented in minutes of meetings.

In 2022, the Exchange Supervisory Board held nine meetings on the following dates:

- ◆ 31 January 2022
- ◆ 16 March 2022
- ◆ 20 April 2022
- ◆ 19 May 2022
- ◆ 22 June, continued on 1 July 2022
- ◆ 26 July 2022
- ◆ 19 October 2022
- ◆ 29 November 2022
- ◆ 22 December 2022

The Supervisory Board took decisions at meetings, by way of resolutions adopted in the circular procedure, and in Committees of the Supervisory Board. In 2022, the Exchange Supervisory Board adopted 89 resolutions, including 14 resolutions adopted using means of direct remote communication.

3) Issues discussed by the Supervisory Board in 2022

The Exchange Supervisory Board discussed issues falling within the remit of the Exchange Supervisory Board and the approved work plan of the Supervisory Board for 2022, as well as additional issues relating to the current situation and activity of the Company. Similar to previous years, the Exchange Supervisory Board reviewed strategic issues as well as matters of supervision over on-going activities of the Company in 2022.

a) Strategy

The Exchange Supervisory Board regularly monitored the status of initiatives and strategic projects of the GPW Group under the Strategy #GPW2022, including the implementation of the project developing a proprietary trading system of the Exchange. The Exchange Supervisory Board monitored the status of the Exchange's non-organic growth initiatives. The Exchange Supervisory Board approved the acquisition by the Warsaw Stock Exchange of 967 ordinary shares in Armenia Securities Exchange OJSC from the Central Bank of Armenia.

The Exchange Supervisory Board met with representatives of the consultancy The Boston Consulting Group to review the GPW Group's strategy 2018-2022 and draft the GPW Group's strategy 2023-2027.

The Exchange Supervisory Board analysed the current business position of the Exchange and monitored the markets operated by the Exchange, as well as potential further optimisation of the operating expenses of the GPW Group and its investment plans.

b) [ICT security including the trading system](#)

The Exchange Supervisory Board monitored the operation of the Exchange's IT systems including GPW's trading system in the context of ensuring the necessary performance, effectiveness and safety of trading. The Exchange Supervisory Board reviewed regular reports of the Management Board concerning IT and ICT environment security.

c) [Amendments to the Exchange Rules and other regulatory changes](#)

In 2022, the Exchange Supervisory Board approved amendments of the Exchange Rules including:

- ◆ adjustment of the terminology used in Exhibit 1 to the Rules concerning the fees charged on trading in futures contracts on the WIG.GAMES index to the change of the index name to WIG.GAMES5 planned by GPW Benchmark S.A. as the index administrator;
- ◆ modifications of the amendments to the Exchange Rules adopted by Resolution No. 68/1889/2021 of the Supervisory Board of the Warsaw Stock Exchange dated 14 December 2021 concerning amendments to the Exchange Rules. The amendments to the Exchange Rules adopted by Resolution No. 68/1889/2021 incorporating changes resulting from the amending resolution were aimed at adapting the Exchange Rules, including the general part as well as regulations relating to exchange fees in Exhibits 1, 2 and 3, to GPW's planned expansion of its product offer and the launch of trading in ETC and ETN instruments on the regulated market;
- ◆ modification of the amendments to the Exchange Rules adopted by Resolution No. 67/1888/2021 of the Supervisory Board of the Warsaw Stock Exchange dated 14 December 2021 amending the Exchange Rules. The proposed amendments to Resolution No. 67/1888/2021, and consequently the amendments to the Exchange Rules, were drafted to incorporate the comments raised by the Polish Financial Supervision Authority to the aforementioned amendment to the Exchange Rules dated 14 December 2021 as part of the procedure for granting approval to amend the Exchange Rules;
- ◆ amendment of Exhibit 1 ("Exchange Fees Charged from Exchange Members") relating to the rules for the charging fees for maintaining access to the Exchange's IT systems in respect of single connections to Order Gateway (CCG) and Drop Copy Gateway (CCG Drop Copy). The fees were previously charged on a quarterly basis, whereas the draft provided for a frequency of charging the fees to a monthly basis and, consequently, set the monthly fees at 1/3 of the rates of the previous quarterly fees;
- ◆ changes to the technology fees for Exchange members, both in terms of frequency and the rates.

The Exchange Supervisory Board regularly monitored measures taken by the Management Board to align the Company with new regulatory requirements including Regulation of the Minister of Finance, Funds and Regional Policy of 24 November 2020 on the requirements applicable to the members of the management board and the supervisory board of a company operating a regulated market and the terms and conditions for maintaining and improving their knowledge and competence and the amendment of the Act of 13 October 2019 on Anti-money Laundering and Combatting the Financing

of Terrorism. The Exchange Supervisory Board analysed regular reviews of GPW's internal regulations.

The Exchange Supervisory Board approved and/or issued opinions on the following regulations:

- ◆ the consolidated text of the Company's Articles of Association,
- ◆ an amendment to the Joint Position of the Supervisory Board and the Management Board of the Warsaw Stock Exchange dated 17 December 2018,
- ◆ the updated Internal Audit Rules of the Warsaw Stock Exchange,
- ◆ the updated Risk Management Strategy of the Warsaw Stock Exchange.

The Exchange Supervisory Board approved the new wording of the Rules of the Exchange Supervisory Board.

d) [Financial control, compliance, internal audit and risk management at GPW](#)

In March 2022, the Exchange Supervisory Board approved the Financial Plan of the Warsaw Stock Exchange Group for 2022. The Exchange Supervisory Board approved the Sponsoring Plan for 2022.

The Exchange Supervisory Board analysed the financial results of the Exchange and the GPW Group and regularly monitored the implementation of the financial plan in 2022 by the Company and the Group.

The Exchange Supervisory Board reviewed the Separate Financial Statements of the Exchange for the year ended 31 December 2022, the Consolidated Financial Statements of the Warsaw Stock Exchange Group for the year ended 31 December 2022, the Report of the Management Board on the activity of the Warsaw Stock Exchange Group in 2022 containing the Report of the Management Board on the activity of the Warsaw Stock Exchange in 2022, against the books, documents, and facts. The Exchange Supervisory Board evaluated the motion of the Management Board concerning distribution of the profit for the financial year 2022 and approved the report of the Exchange Supervisory Board for 2022 including:

- ◆ a report on the activity of the Exchange Supervisory Board as an authority of the Company in 2022;
- ◆ assessment of the situation of the Company in 2022 including:
 - a) assessment of the financial standing of GPW;
 - b) assessment of the internal control system, the risk management system, the compliance system and the internal audit function on a consolidated basis;
 - c) GPW's fulfilment of disclosure requirements concerning compliance with the corporate governance principles defined under the Exchange Rules and regulations concerning current and periodic reports published by issuers of securities;
 - d) assessment of compliance with the Principles of Corporate Governance for Supervised Institutions issued by the Polish Financial Supervision Authority;
 - e) assessment of GPW's sponsoring, charity and other similar activities;
 - f) assessment of the functioning of GPW's remuneration policy;

- ◆ assessment of the financial standing of the GPW Group;
- ◆ information on the status of implementation of the diversity policy for the Management Board and the Supervisory Board.

The Exchange Supervisory Board approved the Management Board Report on representation expenses, expenses for legal services, marketing services, public relations and social communication services, and management advisory services in 2022 and issued an opinion on the annual report on GPW's sponsoring activity in 2022.

The Exchange Supervisory Board carried out a periodic review of the internal audit, control and compliance system and the implementation status of audit recommendations. The Exchange Supervisory Board oversaw GPW's risk management system. In this regard, the Exchange Supervisory Board among others:

- ◆ approved the annual Report on the functioning of the Compliance and Risk Department in the period from 1 January to 31 December 2022 which summarised the activity of the Compliance and Risk Department in 2022 in connection with the management of the compliance, risk, business continuity and critical infrastructure system;
- ◆ monitored the effectiveness of the internal control system of the Exchange, including financial reporting, including among others review and opinions on the extent of implementation of recommendations of internal auditors, external auditors and inspections of supervisory authorities and recommendations issued following the financial audit;
- ◆ approved the annual internal audit plan;
- ◆ reviewed reports from internal audits carried out by the Internal Audit Department;
- ◆ reviewed reports on the inspection carried out in the Company by the Polish Financial Supervision Authority.

The Exchange Supervisory Board monitored risk management and business continuity measures taken in GPW.

e) [Compliance with the guidelines of the Best Practice for GPW Listed Companies 2021 and the Principles of Corporate Governance for Supervised Institutions issued by the Polish Financial Supervision Authority](#)

Concerning compliance with the Best Practice for GPW Listed Companies 2021 and the Principles of Corporate Governance for Supervised Institutions, the Exchange Supervisory Board performed:

- ◆ assessment of the rationality of the policy conducted by the Company in 2022 with regard to sponsoring, charity and other similar activities;
- ◆ assessment of the functioning of the remuneration policy in the Company in 2022 and presentation of the assessment to the General Meeting;
- ◆ assessment of the Company's compliance in 2022 with the Principles of Corporate Governance for Supervised Institutions issued by the Polish Financial Supervision Authority;
- ◆ review of compliance of the Exchange and issuers listed on GPW in 2022 with the Best Practice for GPW Listed Companies 2021.

f) [Corporate matters concerning members of the GPW Management Board](#)

In view of the term of office of the GPW Management Board ending on 26 July 2022, the Exchange Supervisory Board, following qualification procedures, appointed four Management Board Members to the Exchange Management Board for a new term of office starting on 27 July 2022:

- ◆ Ms Izabela Olszewska as Management Board Member for Business and Sales,
- ◆ Ms Monika Gorgoń as Management Board Member for Operations and Regulation,
- ◆ Mr Adam Młodkowski as Management Board Member for Finance (CFO),
- ◆ Mr Tomasz Dąbrowski as Management Board Member for IT (Mr Tomasz Dąbrowski resigned his function before taking office).

In 2022, the Exchange Supervisory Board discussed corporate matters relating to:

- ◆ assessment of the performance of management objectives by the Exchange Management Board in 2021 and the award of variable remuneration to the Members of the Exchange Management Board for 2021;
- ◆ concluding agreements with the President and a Member of the Management Board regarding deferred payment of the Variable Management Remuneration for 2021;
- ◆ setting the maximum limit of variable remuneration for 2022 and the management objectives for the Exchange Management Board in 2022;
- ◆ increasing the 2022 training budget for a Member of the Exchange Supervisory Board;
- ◆ approval of the 2023 training budget for the Members of the Exchange Management Board.

g) [Other areas of work of the Exchange Supervisory Board](#)

In addition to the foregoing, the Exchange Supervisory Board discussed current matters related with the functioning of the Exchange and the markets operated by the Exchange tabled, as required, by Members of the Exchange Supervisory Board and the Exchange Management Board including:

- ◆ monitoring and assessment of third-party advisory services commissioned by the Management Board, including public relations and social communication services, legal services, marketing services and management consulting services in the context of their business case and cost efficiency;
- ◆ review of the Management Board's reports on material actions and decisions in the GPW Group;
- ◆ approval of donation agreements and advisory service agreements;
- ◆ issuance of opinions on draft resolutions of the General Meeting.

The Exchange Supervisory Board discussed with the GPW Management Board on an on-going basis the Company's position in connection with the SARS-CoV-2 (COVID-19) pandemic and the military conflict in Ukraine.

4) Committees of the Supervisory Board

In addition to attending meetings of the Exchange Supervisory Board, Members of the Exchange Supervisory Board also worked in 2022 within four Committees appointed by the Exchange Supervisory Board:

- ◆ Audit Committee,
- ◆ Regulation and Corporate Governance Committee,
- ◆ Strategy Committee,
- ◆ Remuneration and Nomination Committee.

The composition of the Committees of the Exchange Supervisory Board as at 31 December 2022 was as follows:

Audit Committee	
Adam Szyszka	Chairman independent member of the Supervisory Board
Filip Paszke	Member independent member of the Supervisory Board
Leszek Skiba	Member independent member of the Supervisory Board
Regulation and Corporate Governance Committee	
Izabela Flakiewicz	Chairman Deputy Chairman of the Supervisory Board
Michał Bałabanow	Member Secretary to the Supervisory Board independent member of the Supervisory Board
Dominik Kaczmarski	Member Chairman of the Supervisory Board
Filip Paszke	Member independent member of the Supervisory Board
Strategy Committee	
Leszek Skiba	Chairman independent member of the Supervisory Board
Michał Bałabanow	Member Secretary to the Supervisory Board independent member of the Supervisory Board
Dominik Kaczmarski	Member Chairman of the Supervisory Board
Izabela Flakiewicz	Member Deputy Chairman of the Supervisory Board
Adam Szyszka	Member independent member of the Supervisory Board

Remuneration and Nomination Committee

Janusz Krawczyk	Chairman independent member of the Supervisory Board
Dominik Kaczmarski	Member Chairman of the Supervisory Board
Filip Paszke	Member independent member of the Supervisory Board

The composition of the Audit Committee met the criteria defined in Article 129(3) of the Act on Auditors, Audit Firms and Public Supervision of 11 May 2017. According to submitted declarations, all members of the Audit Committee met the independence criteria defined in § 14(1) of the Articles of Association of Giełda Papierów Wartościowych w Warszawie S.A., i.e., the criteria defined for members of audit committees in regulations governing audit firms and auditors and in the corporate governance rules issued under the Exchange Rules. All Members of the Audit Committee declared that they have the knowledge and skills in accounting and financial audit or in the sector of the Exchange in view of their long-term practice on the financial market.

The detailed responsibilities and the rules of appointment and operation of the committees are laid down in the Articles of Association, the Rules of the Exchange Supervisory Board, and the Rules of the Committees. The reports on the activity of the Committees of the Exchange Supervisory Board for 2022 are attached hereto.

5) Compliance of Members of the Supervisory Board with the independence criteria

Pursuant to section 2.3. of the Best Practice for GPW Listed Companies 2021, at least two members of the Supervisory Board meet the independence criteria laid down in the Act of 11 May 2017 on Auditors, Audit Firms and Public Supervision and have no real and significant links with a shareholder holding at least 5% of the total number of votes in the company.

According to 14(1) of the Exchange Articles of Association, at least two members of the Exchange Supervisory Board should meet the independence criteria defined for members of audit committees in regulations governing audit firms and auditors and in the corporate governance rules issued under the Exchange Rules.

Five members of the Exchange Supervisory Board (Mr Michał Bałabanow, Mr Janusz Krawczyk, Mr Filip Paszke, Mr Leszek Skiba, Mr Adam Szyszka) meet the independence criteria and have no real and significant links with a shareholder holding at least 5% of the total number of votes in the Exchange.

6) Information on the degree of implementation of the diversity policy for the management board and the supervisory board

In accordance with principles 2.11.1 and 2.11.6 of the Best Practice for GPW Listed Companies 2021, the annual report of the Supervisory Board includes information on the composition of the

Supervisory Board in the context of its diversity and information on the degree of implementation of the diversity policy for the Management Board and the Supervisory Board.

Diversity and openness are values integral to the business operations of the Exchange. The Exchange considers Diversity as one of the attributes of its organisational culture, enabling it to achieve its strategic objectives in a changing market environment. By pursuing a diversity strategy, the Exchange strengthens innovation and versatility arising from balanced which that shape the organisation.

The objective of the Diversity Policy for Members of the Warsaw Stock Exchange Management Board and the Diversity Policy for Members of Bodies Appointed by the General Meeting of the Warsaw Stock Exchange is to ensure high quality of the performance of the Exchange's functions by selecting competent persons to serve as Members of the Exchange Management Board and the Exchange Supervisory Board, in the first place by applying objective substantive criteria and taking into account the benefits of diversity. The regulations also set out the principles for selecting members of the Exchange Supervisory Board and the Exchange Management Board with a view to achieving gender balance, including a minimum gender quota of 30%.

The implementation status of the above principle as at 26 July 2022 is shown in the table below.

GPW body	Diversity score
Management Board	
women	1
men	3
Supervisory Board	
women	1
men	6

The implementation status of the above principle as at 31 December 2022 is shown in the table below.

GPW body	Diversity score
Management Board	
women	2
men	2
Supervisory Board	
women	1
men	6

The establishment of these policies fulfils the obligation set out in Article 25a(11)(3) of the Act of 29 July 2005 on Trading in Financial Instruments (consolidated text: Journal of Laws of 2023, item 646) and ensures compliance with the requirements under section 5.7 of the ESMA Guidelines published by the Polish Financial Supervision Authority on 19 December 2017 (19/12/2017 ESMA70-154-271 EN), as well as the requirements under section 2.1 in conjunction with section 2.2 of the Best Practice for GPW Listed Companies 2021.

7) Self-assessment of the Supervisory Board

In the opinion of the Exchange Supervisory Board, it performed its obligations in 2022 with due diligence, exercised continuous supervision over the activity of the Exchange, performed its functions with a view to appropriate and secure operation of the Exchange and used independent objective judgment. The Exchange Supervisory Board discussed at its meetings such issues raised by the Exchange Management Board which were relevant or necessary for the on-going efficient operation of the Company and its markets and for the pursuit of the strategic goals of the Company and its Group.

In the opinion of the Exchange Supervisory Board, the proceedings and the composition of the Exchange Supervisory Board in 2022 complied with the applicable law including the requirements for public companies, the Company's Articles of Association, the Company's internal regulations, the Best Practice for GPW Listed Companies 2021 and the Principles of Corporate Governance for Supervised Institutions issued by the Polish Financial Supervision Authority.

Members of the Exchange Supervisory Board represented the necessary level of professional experience and preparation while the composition and competences of the Exchange Supervisory Board ensured comprehensive review and issuance of opinions on matters discussed by the Exchange Supervisory Board including issues and matters of operation of the Exchange as a company and as an important part of Poland's financial market infrastructure and market organiser.

The number and duration of meetings and access to resources were sufficient for the Exchange Supervisory Board to fulfil all of its obligations. All Members of the Exchange Supervisory Board actively participated in meetings of the Exchange Supervisory Board and its Committees and duly performed their responsibilities with engagement.

In the opinion of the Exchange Supervisory Board, it performed its duties properly in 2022 and supported the Exchange Management Board in the implementation of tasks and strategic goals in line with its competences under the legislation and the Articles of Association. In the opinion of the Exchange Supervisory Board, its activity can be considered to be effective and consistent with the best practice of corporate governance.

III. ASSESSMENT OF THE SITUATION OF THE WARSAW STOCK EXCHANGE IN 2022 INCLUDING:

- 1) Assessment of the financial standing of GPW
- 2) Assessment of the internal control system and the risk management system of GPW
- 3) Assessment of GPW's compliance with disclosure requirements concerning compliance with the corporate governance principles defined in the Exchange Rules and regulations concerning current and periodic reports published by issuers of securities
- 4) Assessment of compliance with the Principles of Corporate Governance for Supervised Institutions issued by the Polish Financial Supervision Authority
- 5) Assessment of GPW's sponsoring, charity and other similar activities
- 6) Assessment of the functioning of GPW's remuneration policy
- 7) Assessment of the fulfilment of the obligations set out in Article 380¹ and Article 382 § 4 of the Commercial Companies Code by the Company's Management Board
- 8) Information on aggregate fees due from the Company for all reviews commissioned by the Supervisory Board during the financial year under Article 380² – advisors to the supervisory board of a joint-stock company

1) Assessment of the financial standing of GPW

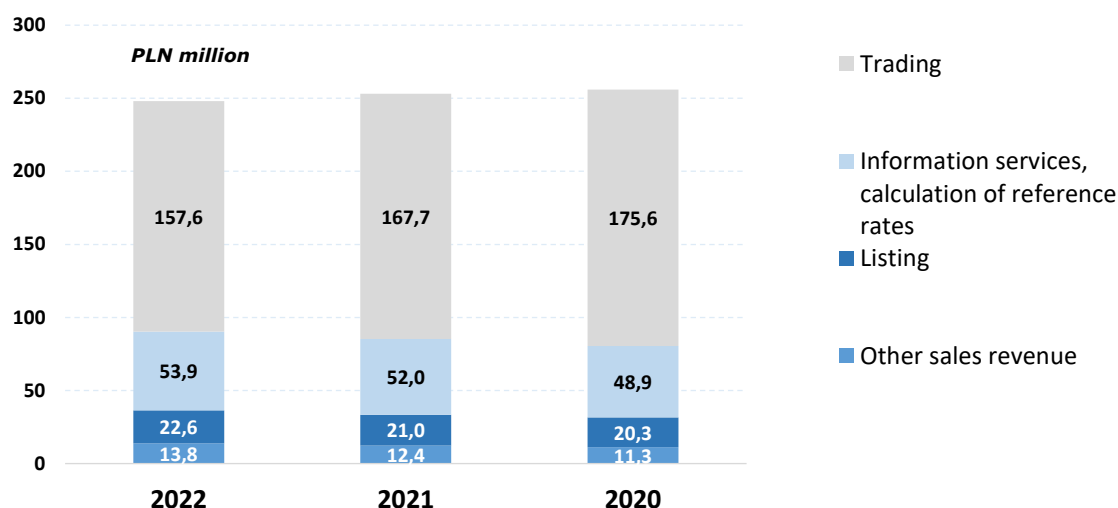
Summary of GPW's separate results

GPW generated a net profit of PLN 99.6 million in 2022 (-PLN 74.9 million i.e. -42.9% YoY) as its operating profit decreased from PLN 95.5 million in 2021 to PLN 69.2 million in 2022 (-PLN 26.4 million i.e. -27.6% YoY) and its positive net financial income decreased (-PLN 49.7 million i.e. -52.0% YoY). EBITDA reached PLN 94.4 million (-PLN 24.4 million i.e. -20.5% YoY).

Sales revenue

GPW's sales revenue in 2022 stood at PLN 248.0 million (-PLN 5.1 million i.e. -2.0% YoY).

Figure: Structure and value of separate sales revenue

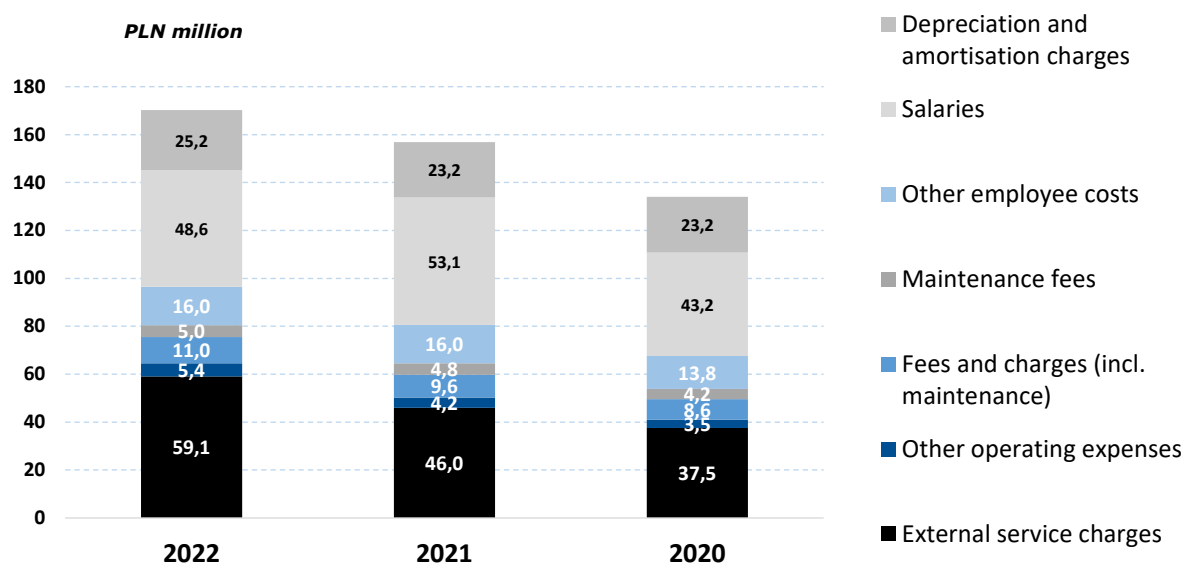


GPW's main revenue stream in 2022, similar to previous years, was the **trading revenue on the financial market**, which generated 63.6% of the total sales revenue and stood at PLN 157.6 million (-PLN 10.0 million i.e. -6.0% YoY). The trading revenue on the financial market decreased owing to a year-on-year decrease in turnover in shares on the GPW Main Market.

Operating expenses

GPW's operating expenses in 2022 stood at PLN 170.3 million (+PLN 13.5 million i.e. +8.6% YoY). External service charges increased in particular.

Figure: Structure and value of separate operating expenses



Depreciation charges increased modestly year on year and stood at PLN 25.2 million, including depreciation of plant, property and equipment at PLN 8.6 million, amortisation of intangible assets at PLN 13.8 million, and lease-related depreciation at PLN 2.8 million.

Salaries and other employee costs stood at PLN 64.6 million (-PLN 4.5 million i.e. -6.5% YoY). The headcount was 277 FTEs as at 31 December 2022 vs. 270 FTEs in 2021. The increase of the headcount was required to secure human resources necessary in the implementation of strategic and development projects and the implementation of the Strategy which provides for the Company's business expansion and dynamic growth in new business segments.

Maintenance fees stood at PLN 5.0 million (+PLN 0.2 million i.e. +5.2% YoY) and included mainly maintenance fees of Centrum Giełdowe.

Fees and charges stood at PLN 11.0 million (+PLN 1.4 million i.e. +14.8% YoY) including mainly the fee due to PFSA which is beyond the Company's control. The capital market supervision fee in 2022 stood at PLN 8.3 million (+PLN 0.3 million i.e. +4.0% YoY).

External service charges stood at PLN 59.1 million (+PLN 13.1 million i.e. +28.6% YoY). An increase was mainly reported in IT costs (+PLN 3.7 million i.e. +20.7% YoY) and advisory costs (+PLN 4.9 million i.e. +83.3% YoY). In 2021, GPW paid higher costs of advisory services in connection with ongoing strategic and development projects and tax advisory. The costs of promotion, education, market development increased by +PLN 0.9 million (+17.4% YoY) due to multiple promotional activities and campaigns.

Other operating expenses stood at PLN 5.4 million (+PLN 1.2 million i.e. +28.2% YoY). The increase was driven by an increase of the cost of material and energy consumption and an increase of the cost of electricity and heat consumption.

Other income and expenses

Other income increased to PLN 2.3 million (+PLN 0.7 million i.e. +44.3% YoY) due to the recognition of gains on bargain purchase of AMX.

Other expenses increased to PLN 11.3 million (+PLN 8.0 million i.e. +240.1% YoY) due to higher donations paid (+PLN 1.8 million i.e. +85.6% YoY). The Exchange engaged in charitable activities in connection with the outbreak of war in Ukraine and made donations of PLN 872 thousand for these purposes in 2022.

Financial income and expenses

Financial income stood at PLN 49.8 million (-PLN 53.1 million i.e. -51.6% YoY). The decrease was driven by a lower dividend paid by related parties. GPW received PLN 36.5 million dividend in 2022 (-PLN 65.3 million i.e. -64.2% YoY) including PLN 24.9 million from TGE, PLN 1.0 million from BondSpot, PLN 9.8 million from KDPW, and PLN 0.8 million from Centrum Giełdowe. The Company earned higher interest income (PLN 12.4 million in 2022 vs. PLN 1.1 million in 2021).

Financial expenses stood at PLN 4.0 million (-PLN 3.3 million i.e. -45.7% YoY). The decrease of financial expenses was mainly driven by a lower interest cost on bonds in issue (-PLN 2.4 million i.e. -41.1% YoY).

Separate statement of financial position

GPW's **total assets** as at 31 December 2022 stood at PLN 695.8 million (-PLN 256.2 million i.e. -26.9% YoY). The decrease was a direct result of the repayment of debt under bonds in issue, which resulted in a lower level of liquid assets.

Non-current assets as at 31 December 2022 stood at PLN 492.1 million (+PLN 49.1 million i.e. +11.1% YoY), representing 70.7% of total assets (vs. 46.5% in 2021).

Current assets as at 31 December 2022 stood at PLN 203.7 million (-PLN 305.3 million i.e. -60.0% YoY) representing 29.3% of total assets (vs. 53.5% in 2021). The significant decrease of non-current assets was driven by a decrease in financial assets measured at amortised cost (-PLN 242.6 million i.e. -81.9%) and a decrease in cash and cash equivalents to PLN 100.0 million (-PLN 69.4 million i.e. -41.0% YoY). The main reason for the decrease was the repayment of liabilities under bonds in issue and the payment made in connection with the acquisition of the Armenia Securities Exchange.

Non-current liabilities of GPW as at 31 December 2022 stood at PLN 46.6 million (+PLN 8.5 million i.e. +22.3% YoY) representing 6.7% of total equity and liabilities (vs. 4.0% in 2021). Non-current liabilities were mainly driven by an increase in accruals (+PLN 10.8 million i.e. +66.0%) related to grants received. Lease liabilities decreased from PLN 4.2 million as at 31 December 2021 to PLN 0.4 million as at 31 December 2022.

Current liabilities of the Company as at 31 December 2022 stood at PLN 53.4 million (-PLN 249.1 million i.e. -82.3% YoY) representing 7.7% of total equity and liabilities (vs. 31.8% in 2021). Current liabilities were mainly driven by the repayment of liabilities under bonds and the settlement of corporate income tax payable.

Separate statement of cash flows

The Company generated **positive cash flows from operating activities** in 2022 at PLN 81.9 million, a decrease year on year driven by a lower operating profit.

The **cash flows from investing activities** were positive at PLN 219.1 million in 2022 (+PLN 197.2 million i.e. +898.4% YoY). These are mainly driven by the balance of bank deposits made and terminated (and other instruments measured at amortised cost). In 2022, the balance was positive (PLN 151.5 million).

The Company received PLN 36.5 million in dividends from related parties in 2022 and invested PLN 21.8 million among others in the Armenia Securities Exchange (PLN 6.4 million) and a share capital increase of subsidiaries (PLN 14.7 million).

Cash flows related to investments in plant, property and equipment stood at PLN 21.5 million and investments in intangible assets at PLN 30.8 million.

The **cash flows from financing activities** were negative at PLN 370.5 million in 2022 (-PLN 259.8 million i.e. -234.7% YoY) due to a dividend paid to the shareholders at PLN 115 million. The increase in expenditure was also due to the redemption of bonds (PLN 244.9 million), the payment of interest due (PLN 4.7 million), and lease payments (PLN 5.9 million).

Selected separate financial indicators

Table: Selected separate financial indicators

	As at/Period ended 31 December		
	2022	2021	2020
Debt and financing			
Net debt / EBITDA (12 months)	(1.6)	(0.5)	(0.2)
Debt to equity	0.8%	41.8%	48.0%
Liquidity			
Current liquidity	3.8	1.7	8.6
Bond interest coverage ratio	27.5	20.4	20.1
Profitability			
EBITDA margin	38.1%	46.9%	54.4%
Operating profit margin	27.9%	37.8%	45.3%
Net profit margin	40.2%	68.9%	66.2%
Cost / income	68.7%	62.0%	52.4%
ROE	16.5%	30.3%	31.3%
ROA	12.1%	30.0%	20.3%

Net debt was the lowest in three years and was negative because liquid assets were much greater than interest-bearing liabilities. Liquid funds decreased from PLN 315,496 thousand in 2021 to 153,735 thousand in 2022; however, the decrease in interest-bearing liabilities was even stronger (PLN 255,739 thousand in 2021 vs. PLN 5,040 thousand in 2022). The changes described above are also directly reflected in the decrease in the debt-to-equity ratio.

Current liquidity increased significantly year on year due to a decrease of current assets. The company redeemed all bonds in issue on maturity during the financial year, which resulted in a higher coverage ratio of interest on bonds in issue.

Operating profit margin and EBITDA margin decreased as a result of lower profits in 2022 compared to 2021.

The cost/income ratio increased markedly year on year due to a higher growth rate of operating expenses and persistent inflationary pressures.

ROE and ROA decreased year on year as a result of a lower net profit in 2022. Profit was affected by lower financial income, in particular lower dividends received from related parties (PLN 36,468 thousand in 2022 vs. PLN 101,762 thousand in 2021).

In summary, the Warsaw Stock Exchange was a profitable company in 2022, it reported relatively high profitability ratios, and its liquidity position in 2022 was safe.

2) Assessment of the internal control system and the risk management system of GPW

GPW has in place a risk management system, a compliance system, an internal control system, and an audit function, which all support the decision-making process and contribute to the efficiency, effectiveness and security of GPW's activity.

a) Risk management system

GPW's risk management system is designed to ensure that all material risks inherent in GPW's activity are appropriately measured, reported and controlled, and that they do not represent a threat to GPW's stability and business continuity.

According to the Warsaw Stock Exchange Risk Management Strategy, in view of the nature and of its activity, the Company is exposed to the following risks:

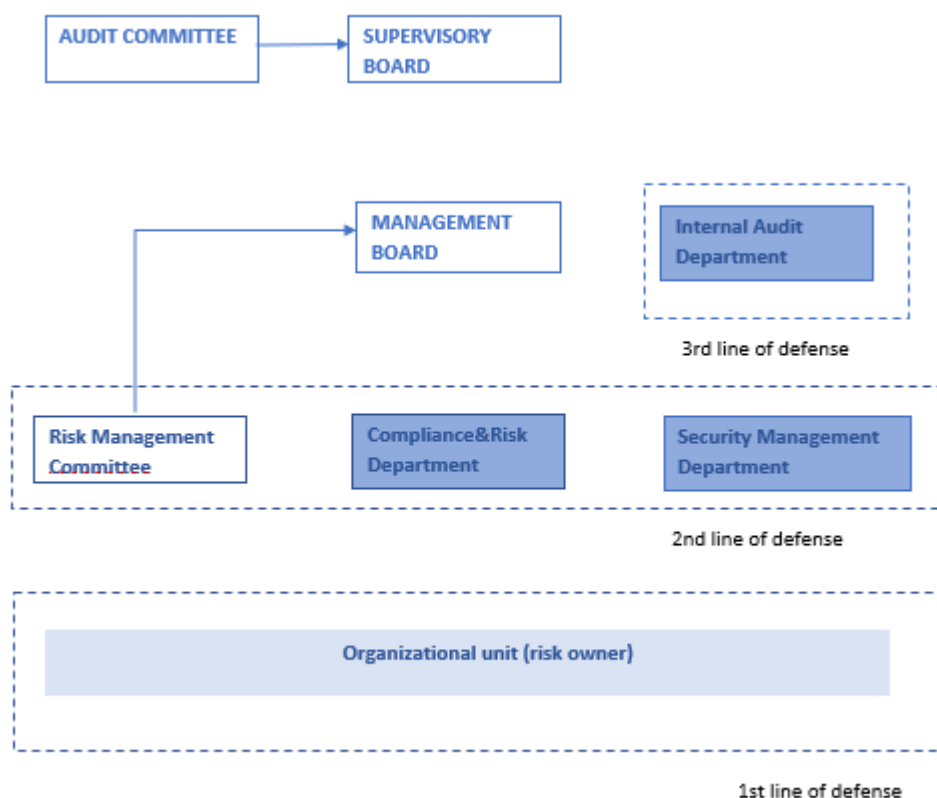
- ◆ financial risks:
 - credit risk,
 - liquidity risk,
 - market risk,
- ◆ non-financial risks:
 - business risk,

- operational risk,
- compliance risk,
- reputation risk,
- AML/CFT risk,
- ESG risk.

In GPW, risk management roles and responsibilities are organised based on a model of three lines of defence:

- a. The first line of defence involves the day-to-day management of risks in GPW's operations by organisational units which, within their areas of responsibility, take risks into account when making any decisions within the limits of the risk appetite defined for GPW.
- b. The second line of defence provides the framework for risk management in GPW and ensures that the risk management processes implemented by the first line of defence are appropriately designed and operate as intended. The responsibilities of the second line of defence also include monitoring the first line of defence to the extent of risk management and overseeing risk exposures. The function of the second line of defence in developing risk management system solutions is independent of the function of the first line of defence.
- c. The role of the third line of defence is performed by the Internal Audit Department, which performs an independent assessment of risk management actions performed by the first and second lines of defence.

GPW's risk management organisation



- ◆ The Internal Audit Department independently audits the risk management system. Internal audits verify the effectiveness of the implemented risk management system and the adequacy and effectiveness of the control mechanisms in place.
- ◆ The Compliance and Risk Department:
 - monitors and coordinates risk management activities on the basis of information provided by Risk Owners, in particular to the extent of operational risk, in accordance with the rules adopted by GPW;
 - monitors and assesses risks of non-compliance of GPW's business with the law, guidelines of the supervisory bodies, internal regulations and standards.
- ◆ The Security Management Department performs functions involving ICT and information security management and coordination of physical security management in GPW.
- ◆ The Risk Owner is responsible for actions related to the implementation of the risk management process within the assigned area of responsibility.

The organisation of the risk management system includes the Exchange Supervisory Board, which is supported by the Audit Committee, and the Exchange Management Board, which is supported by the Risk Management Committee.

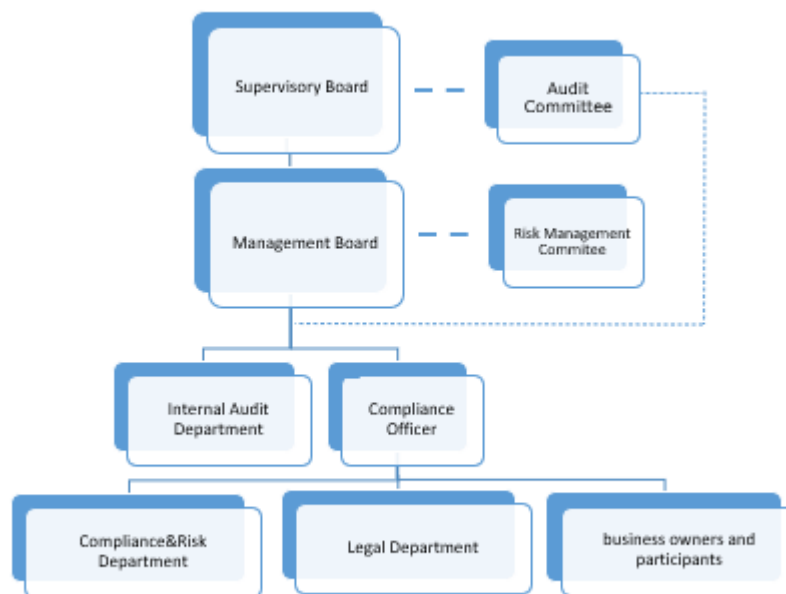
b) Compliance management system

The objective of compliance management in GPW is to ensure compliance of GPW with laws, internal regulations and accepted standards, in particular:

- ◆ to prevent engagement of GPW in illegal activity;
- ◆ to manage compliance risk;
- ◆ to control compliance on an on-going basis;
- ◆ to improve the quality of internal regulations by identifying gaps and non-compliances;
- ◆ to build employee awareness of compliance risk and its importance for the Exchange.

GPW's compliance management system is a set of processes, organisational solutions and documented rules necessary to ensure compliance of GPW with laws, regulations and accepted standards.

GPW's compliance management structure



Management of GPW's compliance with laws, regulations, accepted standards and codes of conduct includes the following elements:



The compliance management system has adequate and effective arrangements in place to prevent conflicts of interest. GPW's conflict of interest management rules aim to prevent conflicts of interest, identify and monitor conflicts of interest, and manage conflicts of interest if they arise to ensure that GPW operates in a sound, transparent and professional manner in accordance with the principles of fair trading and corporate governance.

c) Internal control system

GPW's internal control system is a set of solutions and measures (controls) executed in response to identified risks in order to ensure that tasks are executed in an effective and secure manner in compliance with regulations.

The internal control system comprises:

- ◆ institutional controls performed by the Internal Audit Department, responsible for systematic and structured, independent and objective assessment of risk management, control and corporate governance processes;
- ◆ functional controls performed as part of supervision over reporting organisational units by all employees in managerial positions;
- ◆ control actions performed by all employees as part of their duties;
- ◆ controls performed by the Compliance & Risk Department to evaluate the effectiveness and compliance of organisational units with laws and internal regulations, controls performed by the Security Management Department to monitor compliance with information security rules, controls performed by the Data Protection Officer to monitor compliance with personal data protection laws and internal regulations.

d) [Internal audit function](#)

The Internal Audit Department provides the internal audit function. The Internal Audit Department performs its tasks by means of assurance audits (planned and ad-hoc) and advisory activities. Assurance audits include assessment of the adequacy and effectiveness of implemented control mechanisms, evaluation of compliance of operations with internal regulations, as well as evaluation of the effectiveness of the internal control system. Assurance audits are performed according to:

- an audit plan prepared on the basis of risk analysis and risk assessment, evaluated by the Audit Committee and approved by the Exchange Supervisory Board;
- orders issued by the Audit Committee, the Exchange Supervisory Board, the Exchange Management Board, the supervising Member of the Exchange Management Board or the Director of the Internal Audit Department with the approval of the supervising Member of the Exchange Management Board.

Advisory activities are performed in response to specific needs by way of participation in the work of committees and project groups, issuing opinions on draft internal regulations and organisational solutions, including mainly assessment of the adequacy of designed control mechanisms.

The activity of GPW's internal audit unit is supervised by the Audit Committee within the Exchange Supervisory Board. The Exchange Supervisory Board approves audit plans following the opinion of the Audit Committee and receives periodic reports on the performance of internal audit tasks as well as reports on the status of implementation of issued recommendations.

As a result of the performance of tasks of the Internal Audit Department, the Exchange Management Board and the Exchange Supervisory Board receive reports on the effectiveness of GPW's internal control system and the effectiveness of implemented corrective actions, as well as compliance of GPW's operations with internal regulations.

In 2022, the Exchange Supervisory Board regularly monitored the effectiveness of the internal control, compliance, risk management, and internal audit systems of the Exchange. The Exchange Supervisory Board received the annual report on internal audit activities and the report of the Compliance & Risk Department on the management of the compliance, risk, business continuity, and critical infrastructure systems. The Exchange Supervisory Board also received periodic reports concerning the above-mentioned areas, and discussed them at meetings, without the participation of Exchange Management Board Members, with persons responsible for the operation of the above-mentioned systems and internal audit.

In the opinion of the Exchange Supervisory Board, GPW's internal control and risk management systems operate adequately.

e) GPW Group's internal systems

The subsidiaries prepared information concerning their internal systems for risk management, compliance management, internal control, and internal audit. Based on the documents submitted by the supervisory boards of the subsidiaries, it has been concluded that those GPW Group companies whose business activity requires such information and whose size and structure allow for such information (Towarowa Giełda Energii S.A., Izba Rozliczeniowa Giełd Towarowych S.A., BondSpot S.A. GPW Benchmark S.A.) have established separate, adequate and effective systems for internal control, risk management, compliance management, and internal audit.

3) Assessment of GPW's compliance with disclosure requirements concerning application of corporate governance rules defined in the Exchange Rules and regulations concerning current and periodic information submitted by the issuers of securities

Resolution No. 13/1834/2021 of the Exchange Supervisory Board of 29 March 2021 adopted new corporate governance rules for companies listed on the GPW Main Market. It is a new version of the code of corporate governance rules applicable to companies listed on the GPW Main Market. The new rules entered into force on 1 July 2021.

Accordingly, as of July 1, 2021, the Company has complied with the principles contained in the Best Practice for GPW Listed Companies 2021 (Best Practice 2021). The document is available on the Exchange's website in the listed companies corporate governance section (<https://www.gpw.pl/dobre-praktyki2021>).

During 2022, until the date of the General Meeting of the Company held on 23 June 2022, the Company did not comply with Principles 2.1 and 2.2 of the Best Practice for GPW Listed Companies 2021. However:

- The Exchange Supervisory Board adopted the Diversity Policy for Members of the Warsaw Stock Exchange Management Board and the Annual General Meeting held on 23 June 2022 adopted a resolution approving the Diversity Policy for Members of Bodies Appointed by the General Meeting of the Warsaw Stock Exchange, which gives grounds to conclude that the Company applies Principle 2.1 as of the date of the Annual General Meeting;
- Since the entry into force of the Best Practice for GPW Listed Companies 2021 and since the adoption by the Company's General Meeting of the Diversity Policy for Members of Bodies Appointed by the General Meeting of the Warsaw Stock Exchange, the term of office of the Supervisory Board which started before those events has not ended; consequently, the policy will be applied at the election of the Supervisory Board for the next term. The adoption of these policies in combination with the interpretation of Principle 2.2 provided in the Corporate Governance Committee's Guidelines on the application of the Best Practice for GPW Listed Companies 2021 (version 2 of 29 July 2021) gives grounds to conclude that GPW, which has in place the relevant diversity policies and meets the requirement of having a participation of at least 30% of the underrepresented gender in the body whose term of office started in 2022, complies with Principle 2.2. This conclusion is based on the following interpretation by the Corporate Governance Committee: "Principle 2.2, which introduces the requirement of diversity on the management board and the supervisory board, requires the relevant bodies of the company to adopt and consistently implement an action plan in the diversity policy. In view of the fact that it is not the intention of the authors of the Best Practice for GPW Listed Companies 2021 that the implementation of Principle 2.2. should entail the necessity of interrupting the term of office of the current bodies of the company during their term of office; the minimum participation should be achieved as soon as possible, i.e., after the end of the term of office of the current bodies. This will allow the company to smoothly meet the diversity targets set out in the policy referred to in Principle 2.1. The implementation of the principle obliging those who make decisions on the election of members of the company's Management Board or Supervisory Board to ensure the diversity of these bodies means that these persons should be guided by this principle,

and thus in practice by the adopted policy, at each election of the body made after the effective date of the Best Practice for GPW Listed Companies 2021.”

Given the wording of this principle, it should be concluded that the time set for its full implementation must not be later than the date of the election of the members of each body for the next term of office, and that any changes to the bodies of the ongoing term of office should also be made with the diversity policy in mind.

In conclusion, as at the date of publication of this report, GPW complies with all corporate governance principles set out in the Best Practice for GPW Listed Companies 2021.

On 12 April 2023, acting pursuant to § 70 and § 71 of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information provided by issuers of securities and on conditions under which information required by legal regulations of a third country may be recognised as equivalent, GPW published its Separate Annual Report for 2022 and the Consolidated Annual Report of the GPW Group for 2022 including the Report of the Management Board on the activity of the Parent Entity and the Warsaw Stock Exchange Group in 2022 containing a Statement of compliance with corporate government principles which provides the information required under the aforementioned regulations. The reports contain an assessment of the Exchange Supervisory Board concerning the reports against the books, documents and facts, as well as a statement of the Exchange Supervisory Board concerning the functioning of the Audit Committee. The documents are available on the website www.gpw.pl.

In the opinion of the Exchange Supervisory Board, the Company properly fulfils the disclosure requirements in compliance with the corporate governance principles, as defined in the Exchange Rules and regulations governing current and periodical information provided by issuers of securities.

In the opinion of the Exchange Supervisory Board, the explanations published by GPW concerning the scope of the Company’s compliance with the corporate governance principles provide a transparent, precise and exhaustive presentation of how the Company functions for shareholders, investors and other interested parties.

4) Assessment of compliance with the Principles of Corporate Governance for Supervised Institutions issued by the Polish Financial Supervision Authority

GPW is subject to the Rules of Corporate Governance for Supervised Institutions issued by the Polish Financial Supervision Authority (KNF) on 22 July 2014, which represent a set of principles governing external and internal relations of supervised institutions. The document is available on the website of the Polish Financial Supervision Authority (www.knf.gov.pl) and on the corporate website of GPW together with a statement of the Supervisory Board and the Management Board of the Warsaw Stock Exchange of 16 December 2014 concerning compliance with the Rules of Corporate Governance for Supervised Institutions issued by the Polish Financial Supervision Authority (KNF) and a resolution of GPW’s Ordinary General Meeting of 25 June 2015 adopting the Rules of Corporate Governance (www.gpw.pl/lad_korporacyjny).

According to § 27 of the Rules of Corporate Governance for Supervised Institutions issued by the Polish Financial Supervision Authority, the Exchange Supervisory Board reviewed compliance of the Warsaw Stock Exchange with the Rules in 2021. The Warsaw Stock Exchange complied with the Rules of Corporate Governance for Supervised Institutions in 2021 with the exception of:

- ◆ three rules which were waived (§ 10(2), § 12(1), § 28(4) – the Resolution of the Annual General Meeting of 25 June 2015 approving the Corporate Governance Rules),
- ◆ seven rules which do not apply to GPW's activity, listed in Section 9 "Exercising rights to assets purchased at clients' risk" (§ 53 to § 57). GPW manages no assets of clients.

The statement of the Exchange Supervisory Board concerning assessment of compliance with the Rules was published on the corporate website of GPW (www.gpw.pl/lad-korporacyjny).

5) Assessment of the GPW Group's sponsoring, charity and other similar activities

WARSAW STOCK EXCHANGE (GPW)

GPW's sponsoring and charity activities are implemented in accordance with the Company's internal regulations. The Company's sponsoring expenses and donations followed the applicable regulations in 2022:

- › *The rules of sponsoring activity conducted by the Warsaw Stock Exchange, and*
- › *The Warsaw Stock Exchange's procedure for granting donations.*

Sponsoring activities in 2022

The Company's sponsorship expenses stood at PLN 778.57 thousand in 2022, including mainly support for events dedicated to the capital market. Sponsorship covered events such as the 22nd IDM Conference in Bukowina Tatrzańska organised by the Chamber of Brokerage Houses (IDM), which in 2022 was held under the title "The capital market in the face of the economic changes of the 21st century and the challenges of sustainable development". The IDM Conference is an annual meeting of the leading representatives of the capital market: investors, listed companies, brokerage houses, banks, government bodies, securities exchanges and clearing institutions, business and local government organisations. The aim of the conference is to support the development of the capital market in Poland to build a competitive economy.

As every year, GPW was a partner of the "Stock Exchange Company of the Year" event organised by Puls Biznesu. The survey was conducted for the 23rd time and the selection was made by 100 stock market analysts, investment advisors and managers representing brokerage houses, insurance companies, pension and investment funds. They evaluated 100 companies included in the WIG20, mWIG40 and sWIG80 indices. The ranking enables listed companies to obtain information on how they are perceived by professional market participants.

Another event was the "Bulls and Bears Gala" organised by the Gazeta Giełdy i Inwestorów Parkiet, which since its inception has annually awarded prizes to the best companies, managers and institutions, as well as Golden Portfolios for the best managers.

As part of its sponsorship activities, GPW supported the Polish Association of Listed Companies in organising two congresses: the 13th Investor Relations Congress and the 10th Congress of CFOs of Listed Companies.

GPW co-financed training sessions organised by the Financial Markets Association ACI Poland on financial instruments, risk management and legal aspects of financial markets. The trainings were prepared and delivered in collaboration with Polish and foreign experts.

As part of its sponsorship, GPW supported the 21st Local Government Forum on Capital and Finance organised by the Międzykomunalna Spółka Akcyjna "MUNICIPIUM", which is the largest professional local government event in Poland, attended by managers of local governments and organisational units, including representatives of the largest cities, districts and regions.

GPW was an Organising Partner of the WallStreet26 Conference. The four-day conference dedicated to individual investors brought together investors, analysts, representatives of companies and institutions of the Polish capital market to discuss the market's condition and outlook, featuring many lectures and training sessions on investing in various types of assets. GPW was a strategic partner of the Nationwide Investor Survey organised by the Association of Individual Investors. The 2022 investor survey, which presents the profile of the Polish individual investor, was conducted between July and October. A GPW representative took part in the December presentation of the report.

GPW was a Gala Partner of the eighth edition of the "Polski Kompas - rocznik instytucji finansowych i spółek akcyjnych" (Polish Compass - Yearbook of financial institutions and joint-stock companies), which is an up-to-date summary of the state of the economy, a review of financial and insurance institutions, as well as companies listed on GPW. Prepared by the economic team of the Fratria Media Group, journalists of Gazeta Bankowa and the wGospodarcze.pl portal, the yearbook is a publication based on articles written by market participants and creators of Polish economic policy.

GPW sponsored investor conferences attended by GPW-listed companies and institutional investors, including Wood's Winter Wonderland and EME Conference 2022 organised by Wood&Company, as well as the Technology & Innovation, Consumer Conference and Real Estate conferences organised by Erste Securities Polska.

Charity activities in 2022

GPW's donations in 2022 stood at PLN 5,455.31 thousand including PLN 1,250.00 thousand for the GPW Foundation for statutory purposes, in accordance with the donations plan. The funds were used for the implementation of educational projects addressed to school and university students, teachers of economic subjects, potential stock exchange investors, and for the current activity of the GPW Foundation. The amount of PLN 1,000.00 thousand was donated by GPW as part of the cooperation of GPW and the GPW Foundation in the project "Lato z Radiem" and the organisation of a concert in Katowice featuring GPW's anniversary album "All Time Highs".

GPW was actively involved in helping refugees from Ukraine by donating approximately PLN 1 million to purchase food, basic necessities and humanitarian aid for people crossing the Polish-Ukrainian border. The funds also supported municipalities and organisations that provided assistance to refugees.

GPW made the following donations:

- › PLN 15,415 to the Stowarzyszenie SOS Wioski Dziecięce,
- › PLN 10,320 was allocated for the purchase of Allegro gift cards and donated to children in the orphanages run by the EFOP Foundation, POW Franciszków 1 and Dom dla dzieci "Jaś" in Franciszków. There were 86 children in all of these institutions;
- › the Polish National Foundation in the amount of PLN 1,500 thousand.

Promotional and educational activities in 2022

In 2022, the Warsaw Stock Exchange (GPW) continued its promotional and educational activities. GPW fostered the culture of investing savings on the stock exchange through initiatives aimed at capital market participants, investors, and school and university students.

In support of equality and diversity in business, the Warsaw Stock Exchange once again joined the "Ring The Bell for Gender Equality" initiative. A record number of more than 120 stock exchanges around the world were involved in the eighth edition of the event. The event in Poland was organised by UN Global Compact Network Poland and the Warsaw Stock Exchange. The global initiators of the event were the United Nations Global Compact, UN Women, the Sustainable Stock Exchanges Initiative, International Finance Corporation, the World Federation of Exchanges and Women in ETFs.

GPW joined the first Polish edition of the "Ring the Bell for Financial Literacy" initiative which inaugurated the World Investor Week (WIW). WIW aims to promote initiatives in the area of financial education undertaken by national institutions supervising and regulating securities markets. The Polish WIW was prepared by the Warsaw Stock Exchange, the Polish Financial Supervision Authority (coordinator of the WIW campaign in Poland), KDPW_CCP and the GPW Foundation.

After a year's break due to pandemic-related restrictions, the Gala of the Year 2021 on the Stock Exchange returned to GPW's Trading Floor. It is a cyclical event where GPW awards capital market leaders: it recognises the leading institutions and companies for their activities directly related to the stock exchange in Warsaw. The Exchange presented 17 awards at the Gala. The Gala of the Year 2021 on the Stock Exchange was organised by GPW together with partners: KDPW, BondSpot and GPW Benchmark.

In 2022, GPW continued its work to develop and promote passive investment among investors. A new edition of the Warsaw Passive Investment Conference was held on 10-11 May 2022, organised in collaboration with Beta Securities Poland S.A. and Biuro Maklerskie mBank. It is a forum that brings together institutional investors, fund managers, issuers, and individual investors. The conference was designed to promote knowledge of, among others, the prospects for passive investing, as well as the construction of investment portfolios using ETFs.

The Passive Revolution conference was held in November 2022 in cooperation with Beta ETF with the aim of showing what passive funds are, how to use them in passive and active investing, and what are the current trends in the ETF and index funds market.

ESG factors related to environmental protection, social responsibility and corporate governance were becoming ever more visible and relevant in the past year. GPW joined the global trend of activities related to ESG factors on the capital markets. As a market organiser, GPW is working to support sustainability initiatives:

- › Educational activities, including training for analysts and brokers.

- › GPW was a strategic partner of the 16th Investment Funds Forum which discussed the challenges and problems of the industry, socially responsible investing (ESG), green investments, and the technological transition in asset management.
- › ESG Warsaw conference aimed mainly at listed companies and issuers.
- › Training on “Climate-related disclosures under TCFD guidelines” in collaboration with Sustainable Stock Exchanges.
- › Promotion and development of the green bond market – cooperation with the UN Global Compact on green finance: another report “Green Finance in Poland 2022” was published in June, which included information from GPW on the green bond market in Poland;
- › For the second time, GPW and the International Finance Corporation (“IFC”), part of the World Bank Group, organised the Green Bond Framework Programme to support the development of the Green Bond Framework and to fund Second Party Opinions. The programme is dedicated to companies and local governments that are considering green financing. Green bonds are an increasingly popular source of financing for companies and public sector entities. They support the ESG sustainability goals and the transition of the economy towards a low-carbon future.
- › Promotion of sustainable development and financing – the second edition of the “ESG Leaders” competition addressed to companies implementing an outstanding ESG strategy, offering innovative products and services with a positive impact on the environment, and conducting effective information and promotional campaigns in the area of sustainable development. The organisers of the competition included the Warsaw Stock Exchange, NN Investment Partners TFI and PWC Poland. The strategic partner was the UN Global Compact Network Poland, and the partners included the European Bank for Reconstruction and Development, the Polish Association of Capital Investors, the Łukasiewicz Research Network, the Polish Bank Association and the Lewiatan Confederation. The media patrons were Dziennik Gazeta Prawna and the ESGinfo portal;
- › Conference “Best practice for supporting employees’ family life: A new look at the ‘S’ in ESG?” organised by the Warsaw Stock Exchange in cooperation with the Ministry of Family and Social Policy. The event presented the report “Employees and Their Families: A New Look at the ‘S’ in ESG”. The survey was conducted by GPW among listed companies;
- › Fifth study on the impact of ESG factors on the investment decisions of capital market participants.

GPW’s anniversary celebrations continued in 2022 with an outdoor exhibition to mark #30YearsGPW. In collaboration with the GPW Foundation, an “All Time Highs” concert took place at the NOSPR in Katowice, attended by almost 1,300 people. The concert included the repertoire from a jubilee album of film music for films and series with themes relating to finance and the stock market. The event was largely aimed at promoting the educational activities of the GPW Foundation and GPW, and summarising the projects implemented to date.

As part of its educational and promotional efforts, GPW cooperated with the Polish Radio, resulting in the preparation and publication of a series of eight podcasts on the capital market. Each podcast included an interview with a GPW representative and was supplemented by an article referring to and encouraging listening to the interview.

As part of the collaboration with the Polish Radio, GPW prepared questions for the "Skojarzenia" (Associations) competition broadcast on Channel One (PR1) of the Polish Radio as part of the "Lato z Radiem" programme. During the "Lato z Radiem" reporter tour, an outdoor exhibition showcasing 30 years of development of the stock exchange and the capital market in Poland was presented in 9 visited towns.

In December 2022, the Three Seas Stock Exchanges Conference was held during the celebrations of the 140th anniversary of the Bucharest Stock Exchange. Although the event took place outside Poland, the GPW team actively cooperated with the Romanian stock exchange on the preparation of the event's agenda and provided the existing concept of the conference's graphic design. The event was a continuation of the regular Three Seas Stock Exchanges Conference initiated by GPW in 2020. The previous editions took place in Kraków and Warsaw. As part of the celebrations of the 140th anniversary of the Romanian stock exchange, a panel was held with the participation of the CEOs of the Three Seas Stock Exchanges, including Marek Dietl, President of the Management Board of the Warsaw Stock Exchange.

The Exchange organised or co-organised a number of events (conferences and webinars) aimed at investors:

- › "GPW Innovation Day", one of the largest events of its kind in Poland, where innovative companies listed on the GPW markets meet individual and institutional investors in an online format. The Innovation Day also presents companies that are yet to be listed on GPW. Four editions of the event were held in 2022.
- › "Artificial intelligence in the capital market", a conference to support investors in the process of analysing stock market data.
- › "Investing in times of uncertainty" in cooperation with the GPW Foundation – two conferences for investors.
- › "Day with Culture at GPW", an event to discuss the financing of creativity and art in Poland, both in the real world and in the digital world, and the role of new technologies in the process and to present the GPW Private Market project.
- › Fourth edition of the "Business in Genes", an event dedicated to investors and companies developing projects in the biotech and medtech industries.
- › Ninth edition of the "Gaming on the Exchange", an event where specialists from the games production industry discuss the most important trends in the sector.
- › "Deep Tech Investor Day", a conference on technical, technological and scientific challenges.
- › "ABC of Investing".
- › "How to invest in the stock market 2022".
- › Training: "Risk or opportunity? - Is it worth paying attention to medical biotechnology companies?", an educational meeting for investors on investing in companies from the medical biotechnology sector. Co-organised with the Polish Association of Innovative Medical Biotechnology Companies BioInMed.

Activities related to the promotion and education of the financial community and the creation of communication activities in the area of financial markets are very important to the Warsaw Stock Exchange. In organising events and conferences, GPW co-operated with numerous organisations, associations, chambers of commerce and institutions such as the CFA Society Poland (e.g., CFA Ethics Challenge), Bank ING N.V (Turbo Challenge), ICAN Institute (MIT Sloan Management Review Polska), Impact Foundation, Master of Business Administration Alumni Association, FXMAG, Strefa Inwestorów, Stockbroker, and Comparic.TV (production of educational cycles).

TOWAROWA GIEŁDA ENERGII

Towarowa Giełda Energii has for more than 20 years offered educational initiatives for market participants, TGE members, the media and academics. The initiatives promote TGE as a transparent energy trading venue which determines reference prices. They also raise awareness about the benefits of trading on the exchange. One of TGE's key priorities is an ongoing dialogue with the market, carried out among others through advisory bodies to the TGE Management Board, which include the Market Council and the Agricultural Market Council, as well as activities addressed to market participants, such as conferences (including the Trading Forum) and workshops for public institutions.

Education and partnership

As in previous years, Towarowa Giełda Energii continued its educational activities by actively participating in external projects such as the Energy Academy organised by the L.A. Paga Foundation, the Go4Poland programme and the EduAkcja project (volunteering in the form of online lessons for 905 people – students and teachers of 38 classes from 37 different schools across Poland) implemented by the GPW Foundation. As part of its efforts to promote the knowledge of market participants in 2022, TGE organised two conferences aimed at the RES sector, as well as two open online webinars: "Towarowa Giełda Energii – a market information centre" and "Green indices – development of the offer for the RES sector". Last year also saw continued support for key industry events and conferences. In 2022, TGE was a partner of (and its representatives appeared as experts at) the following events:

- › EuroPOWER Energy Conference,
- › European Economic Congress,
- › Lower Silesian Energy Congress,
- › GAZTERM Conference,
- › Energy Fair,
- › Scientific Conference "Energy Security – Pillars and Development Prospects",
- › AREOPAG Renewable Energy Congress,
- › "HEAT not LOST" Scientific and Technical Conference,
- › Solar Energy Congress,
- › Congress of the Polish Gas Industry,
- › Biogas Congress,
- › Conference "Regulated markets – legal, financial and market competitiveness aspects",
- › Polish-French Offshore Industry Days,

- › Polish Grain Day,
- › “Rapeseed and Cereals Market” Conference.

The expert contribution of TGE representatives was also recognised during the Energy Club meeting, the KOWR workshop on the development of agro-voltaics, the debate “Gas security in the energy crisis” organised by SUPER Biznes as part of PolandGO!, and the webinar “How to effectively control energy and gas costs in an enterprise?” organised by the Association of Entrepreneurs and Employers.

Training and examinations for TGE Broker candidates

In 2022, TGE delivered six training rounds (in Polish and/or English) for TGE Broker candidates closed with examinations for 77 participants. All training was delivered by means of remote communication. As a result of the training programmes, 72 TGE Broker certificates were issued in 2022 authorising the holders to represent an Exchange Member or OTF Member in transactions on the Exchange Commodity Market, the Organised Trading Platform, and the Financial Instrument Market operated by TGE.

Workshops and training for public institutions

Online trainings for public institutions were delivered in 2022, including workshops for the Ministry of Economic Development and Technology (February), the National Centre for Nuclear Research (June), and the Ministry of Climate and Environment (November), where TGE presented aspects related to the operation and offer of TGE.

Media competition and workshop

In 2022, for the eighth time, TGE organised the “Platinum Megawatts” Media Competition to promote high quality journalism governed by the principles of ethics and objectivity, reporting complex issues of the energy sector in an accessible way. In organising the event, TGE cooperated with companies such as TAURON Polska Energia S.A., Polskie Sieci Elektroenergetyczne S.A., GAZ-SYSTEM S.A., PGE Polska Grupa Energetyczna S.A., Respect Energy S.A., Izba Rozliczeniowa Giełd Towarowych S.A., and Veolia Energy Contracting Poland Sp. z o.o. The competition was held under the honorary patronage of the Minister of State Assets, the Minister of Climate and Environment, and the President of the Energy Regulatory Office. The award ceremony took place on 24 May 2022, and a workshop for journalists on prospects for RES development based on storage systems and exchange products arranged in collaboration with TAURON Polska Energia S.A. took place on 17 October. The workshop agenda included presentations and a visit to a large-scale energy storage in Cieszanowice.

Information meetings for TGE members

TGE organised the 14th Trading Forum for market participants on 5-7 September 2021. Participants attended three panels: “Changes in the gas market and the role of exchanges. The outlook”, “Futures on TGE. Development of the Financial Instruments Market” and “Collateral system in volatile market conditions”, as well as a panel which discussed the most important operational issues in the TGE Update. The Exchange Gala 2021 was held during the 2022 Trading Forum. The Platinum Megawatt awards went to the most active companies and traders on the stock exchange.

Dialogue with market participants

As regards the dialogue with market participants, its key channels include the Market Council, an advisory body to the TGE Management Board with regard to the development of the product offer and the best solutions for entities operating on the exchange. The Council is composed of the representatives of eleven industry associations including: Gas Transmission Operator GAZ-SYSTEM S.A., Chamber of Brokerage Houses, Chamber of Industrial Energy and Energy Recipients, Gas Industry Economic Chamber, Polish Association of Professional Heat and Power Plants, Association of Energy Trading, Polish Economic Society of Power Plants, Renewable Energy Association, Polish Wind Energy Association, Association of Private Employers of the Energy Industry (Lewiatan), EFET, as well as the representatives of TGE and IRGiT.

In 2022, the Council met three times and worked on the basis of a jointly developed and approved "Framework Action Programme for 2022", and almost all of its items were implemented. The list was not exhaustive and ad-hoc issues were also discussed at the request of Council Members.

In addition to the Market Council, the Agricultural Market Council brought together representatives of the agricultural and food industry to provide opinions and advice to the TGE Management Board on matters concerning the development of the Agricultural Market, including the Authorised Warehouse System. The Agricultural Market Council comprises representatives of the most important industry organisations related with the agricultural sector, scientific institutes, the public administration and the GPW Group: the Professor Waclaw Dąbrowski Institute of Biotechnology of the Agricultural and Food Industry, the Institute of Agricultural and Food Economics, the Chamber of Commerce of Grain and Feed Processors, the National Federation of Cereal Producers, the Luboszanie Producers Group, the National Association of Rape and Protein Plant Producers, the Polish Association of Grain and Milling Industry Employers, the Polish Association of Oil Producers, the Ministry of Agriculture and Rural Development, the National Centre of Agricultural Support, and the GPW Group.

Development of the exchange market and promotion of TGE

Last year at TGE was marked by efforts aimed at the development of the exchange market, both domestically and internationally. TGE representatives spoke, among others, at the SEEGAS initiative, set up by the Energy Community Secretariat to coordinate activities and harmonise outlooks and practices with regard to the development of a common and integrated gas market in the South East European region. The initiative is open to all stakeholders working on the creation of national gas hubs, pan-European stakeholders and experts from national authorities responsible for regulating the energy and financial sectors in the SEEGAS countries.

TGE experts work in international working groups established to develop optimal tools for the integration of the European energy market. The groups operate within the NEMO Committee.

In 2022, TGE continued its activities under the MoU documents signed a year earlier, aimed at launching the biomethane and hydrogen market in Poland. TGE representatives actively participated, among others, in the work of the working groups operating at the Ministry of Climate and Environment: the Coordinating Council for the Hydrogen Economy, the Coordinating Council for the Development of Biogas and Biomethane, and Group 7 on Avoided Emissions (the biomethane team). Importantly, TGE staff were recognised by the Ministry of Climate and Environment for their involvement in working groups for the development of the hydrogen economy, and TGE was

recognised for its expert contribution to the work to date and TGE's future role in organising the trading and pricing of renewable hydrogen.

Two teams were set up within TGE to develop the exchange offering in order to meet current market needs, including the development of appropriate tools and solutions. These are the Team for the Development of the Exchange Offering for the RES Sector and the Team for the Development of the Financial Instruments Market. The former's activities enabled the introduction in September of two new monthly indices for the RES sector (TGeONSHOREm and TGePVM), based on standard profiles of electricity production from onshore wind and photovoltaic sources in Poland. On this occasion, TGE organised a conference to discuss the new tools.

Charity activities in 2022

In connection with the conflict across Poland's eastern border, TGE employees were actively involved in refugee relief efforts, organising donation collections and supporting aid organisations at home and abroad.

GPW BENCHMARK

In 2022, the Vice-President of the Management Board and staff of GPW Benchmark were involved in the work of the Benchmark Reform National Working Group. The Benchmark Reform National Working Group (NGR) was established in connection with the planned reform of benchmarks in Poland, including the introduction of a new interest rate benchmark with inputs of ON (overnight) transactions. The NGR's work aims to ensure credibility, transparency and reliability in the provision and use of the new interest rate benchmark.

In 2022, GPW Benchmark co-organised the Second Interest Rate Benchmark Congress on 20-21 June. The event featured presentations by leading benchmark experts and panel discussions, as well as workshop and training sessions on key aspects related to the benchmark reform.

In its educational activities, GPW Benchmark made presentations to working groups of the Polish Bank Association on the development strategy and reform of the interest rate benchmark sector (February 2022). The company's website published, among others, Q&As on WIBID and WIBOR Reference Rates and documentation of the WIRON and the WIRON Compound Indices Family. The company's President participated in the conference "Challenges of Banking 2022", and the Vice-President participated in the European Financial Congress (debate "WIBOR floating rate or its equivalent. Where are we heading and what will come of it?"). In November 2022, a presentation on the method of transactional indices and detailed analysis took place in London at the event "Polish Road Towards an effective interest rate benchmark transition" aimed at increasing understanding of the method among foreign entities. Participants at the event included representatives of the European Investment Bank, global banks and investment firms.

IZBA ROZLICZENIOWA GIEŁD TOWAROWYCH

As part of its CSR activities in 2022, Izba Rozliczeniowa Giełd Towarowych IRGiT supported:

- › the TPD HELENÓW Rehabilitation, Education and Care Centre by co-financing Children's Day celebrations in the amount of PLN 2,000 net;
- › the ECHO Polish Foundation for Aid to Hearing-Impaired Children, for the purchase of a new hearing aid, in the amount of PLN 6,000 net;
- › the "Na Przedwiośniu" Community Support Centre in Warsaw-Międzylesie by purchasing a transport and bath trolley and hygiene products with a total net value of PLN 19,000.

The Exchange Supervisory Board positively assesses the GPW Group's spending on sponsorship and charitable activities as well as support for culture, sports, charitable institutions, the media, social organisations, trade unions, etc.

6) Assessment of the functioning of the remuneration policy in GPW

Pursuant to § 28 of the Rules of Corporate Governance for Supervised Institutions issued by the Polish Financial Supervision Authority, the Warsaw Exchange as a supervised institution should have a transparent policy of remuneration of members of the management body and the supervisory body, as well as key personnel.

Pursuant to Article 90d(1) of the Act of 29 July 2005 on Public Offering, Conditions of Introduction of Financial Instruments to an Organised Trading System, and Public Companies, the Annual General Meeting of the Warsaw Stock Exchange in its Resolution No. 31 of 22 June 2020 approved the Remuneration Policy for Members of the Management Board and the Supervisory Board of the Warsaw Stock Exchange.

a) Remuneration policy of the supervisory body

According to the Act of 9 June 2016 concerning the rules of determining remuneration of persons managing certain companies ("Act") and Resolution No. 37 of the Annual General Meeting of 17 June 2019 concerning the rules of determining remuneration of Members of the Supervisory Board of the Warsaw Stock Exchange, the monthly remuneration of Members of the Supervisory Board is equal to 1.5 times the basis of calculation referred to in Article 1(3)(11) of the Act.

In addition:

- ◆ the monthly remuneration of the Chairman of the Exchange Supervisory Board is increased by 10%;
- ◆ the monthly remuneration of the Deputy Chairman of the Exchange Supervisory Board is increased by 9%;
- ◆ the monthly remuneration of the Secretary to the Exchange Supervisory Board is increased by 8%;
- ◆ the monthly remuneration of the Chairmen of the Committees of the Exchange Supervisory Board is increased by 9%.

The remuneration for more than one function is not additive.

Members of the Exchange Supervisory Board are eligible for reimbursement of expenses related to their functions on the Exchange Supervisory Board and the cost of training necessary for Members

of the Exchange Supervisory Board to improve their qualifications as necessary to duly perform their functions, on terms defined in the training policy established by the Exchange in accordance with the ESMA Guidelines on the management body of market operators and data reporting services providers (ESMA70-154-271).

The rules of remuneration of Exchange Supervisory Board Members are public. The relevant Resolution of the General Meeting has been published in a current report and is available on the GPW corporate website. The total annual remuneration of each Exchange Supervisory Board Member is published annually in the Management Board's report on the activity of GPW in the financial year.

b) Remuneration policy of the management body

According to the Articles of Association, the General Meeting defines the general terms of remuneration of the Members of the Exchange Management Board, and the Exchange Supervisory Board defines the terms of employment and remuneration of the Members of the Exchange Management Board according to a resolution of the General Meeting.

The rules of determining the terms of remuneration of Exchange Management Board Members were adopted in Resolution No. 3 of the Extraordinary General Meeting of 30 November 2016 concerning the rules of determining remuneration of Members of the Management Board of the Warsaw Stock Exchange. The terms of remuneration under the Resolution derived from Article 2 (1) of the Act of 9 June 2016 concerning the rules of determining the remuneration of managers of certain companies. The Resolution was amended by Resolution No. 42 of the Annual General Meeting of 19 June 2017. Both Resolutions (the Resolution of 30 November 2016 and the Resolution of 19 June 2017) were revoked by Resolution No. 36 of the Annual General Meeting of 17 June 2019 concerning the rules of determining remuneration of Members of the Management Board of the Warsaw Stock Exchange.

The remuneration system for the Exchange Management Board is comprised of a basic salary (fixed remuneration) and a variable part which constitutes supplementary remuneration (variable remuneration). The current remuneration system was implemented in the Company as of March 2017.

The monthly fixed remuneration of each Member of the Company's Management Board falls within the range from 4 to 8 times the basis of calculation referred to in Article 1(3)(11) of the Act.

The variable remuneration depends on the degree of attainment of the management objectives and cannot exceed 100% of the fixed remuneration in the previous financial year. Management objectives include growth of the Company's value and achievement of economic and financial targets. The Exchange Supervisory Board sets specific management objectives and defines the weight of each objective as well as objective and measurable criteria (indicators) of their attainment. Furthermore, the variable remuneration also depends on: (1) the determination and application of the terms of remuneration of members of managing and supervisory bodies in line with the Act of 9 June 2016 concerning the rules of determining the remuneration of managers of certain companies; and (2) compliance with the obligations defined in Articles 17-20, Article 22 and Article 23 of the Act of 16 December 2016 on the terms of management of state assets – in the Company's subsidiaries within the meaning of Article 4(3) of the Competition and Consumer Protection Act of 16 February 2007.

Members of the Management Board are eligible to receive additional cash and non-cash benefits including:

- ◆ medical services to the extent and on the terms defined in the rules of remuneration of Exchange employees applicable to Exchange employees in management positions;
- ◆ participation in the Company's Employee Pension Scheme on the terms of the Work Agreement between the Exchange and the Exchange Employee Trade Union;
- ◆ insurance:
 - liability insurance of members of corporate bodies (D&O),
 - life and health insurance, insurance of lost remuneration due to inability to work as a result of an illness or accident;
- ◆ technical equipment and resources of the Exchange, e.g., company car;
- ◆ training and co-financing of education improving the professional qualifications adequate to the function of Management Board Member necessary for Members of the Management Board to improve their qualifications as necessary to duly perform their functions, on the terms defined in the training policy established by the Exchange in accordance with the ESMA Guidelines on the management body of market operators and data reporting services providers.

The Company has no equity-based incentive or bonus scheme other than described above (there are no schemes based on bonds with pre-emptive rights, convertible bonds, subscription warrants or stock options).

The remuneration policy of GPW Management Board Members and the amount of annual remuneration paid to each Member of the Management Board are public and disclosed annually in the Management Board's reports on the activity of GPW in the financial year.

c) [Remuneration policy of the key personnel](#)

GPW's key personnel participate in the appraisal system as do all employees under the Company's Bonus Rules. Targets set for each calendar year in the appraisal form are consistent with the job description and critical processes and are monitored on a semi-annual basis. The Company's key personnel are remunerated according to the Remuneration Rules. Job positions are allocated to pay grades in individual employment agreements. The remuneration of the key personnel is at least 10% higher than the median of the position's pay grade.

In the opinion of the Exchange Supervisory Board, the remuneration policy pursued by the Warsaw Stock Exchange is consistent with the aforementioned detailed principles. It is pursued in a transparent manner and contributes to the implementation of the business strategy, long-term interest and stability of the Warsaw Stock Exchange and the Warsaw Stock Exchange Group.

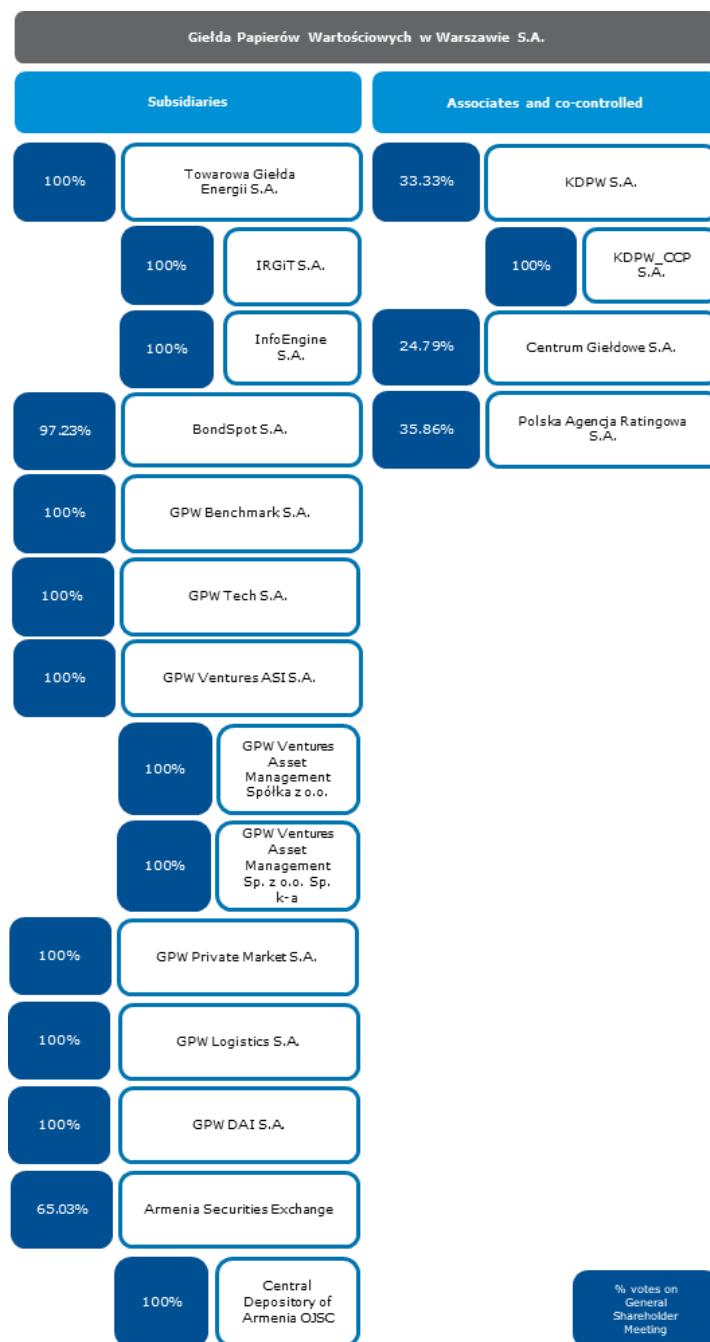
IV. ASSESSMENT OF THE FINANCIAL STANDING OF THE GPW GROUP

Assessment of the financial standing of the GPW Group

Structure and composition of the Group

As at 31 December 2022, the Warsaw Stock Exchange Group comprised the parent entity and 13 subsidiaries.

Chart: GPW Group, associates and joint ventures as at the date of publication of the report



*Polska Agencja Ratingowa S.A. is a joint venture

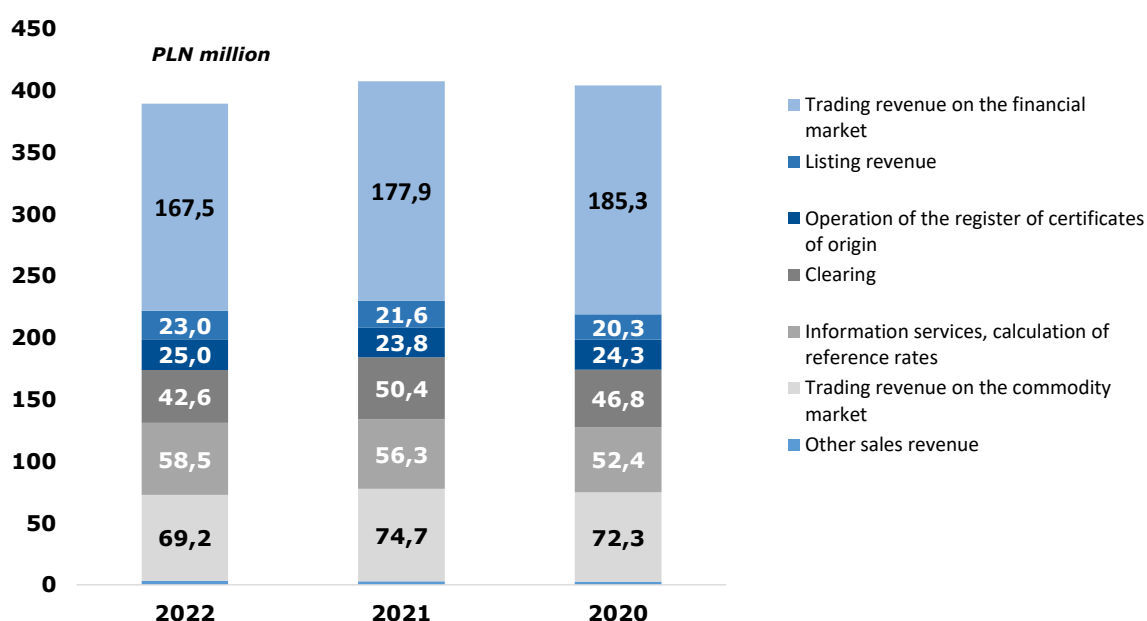
Summary of GPW Group results

The GPW Group generated a consolidated net profit of PLN 145.0 million in 2022 (-PLN 16.3 million i.e. -10.1% YoY). The decrease in profit was driven by a decrease of sales revenue from PLN 407.6 million in 2021 to PLN 389.3 million in 2022 (-PLN 18.3 million i.e. -4.5% YoY). The operating profit stood at PLN 130.6 million (-PLN 49.3 million i.e. -27.4% YoY). EBITDA stood at PLN 167.4 million (-PLN 47.8 million i.e. -22.2% YoY). The increase in operating expenses in 2022 was largely driven by the implementation of strategic and development projects. One-off events impacting profit in 2022 included the recognition of an impairment of BondSpot S.A. goodwill in the amount of PLN 9,832 thousand, which was recognised in other expenses.

Sales revenue – summary

The GPW Group's sales revenue decreased year on year to PLN 389.3 million in 2022 (-PLN 18.3 million i.e. -4.5% YoY) driven by uncertainty in the capital market caused, among others, by the outbreak of war in Ukraine and investors' concerns with recessionary signals coming from global economies.

Figure: Structure and value of consolidated sales revenue

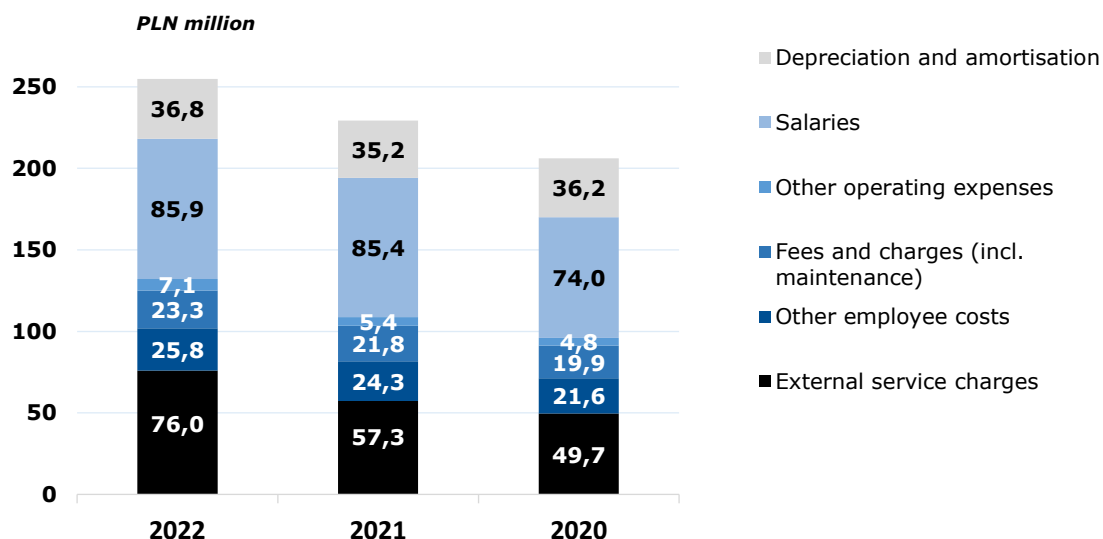


The biggest revenue streams in 2022 included trading on the financial market (43.0%), trading on the commodity market (17.8%), and information services (15.0%). The share of those revenue streams in 2021 was 43.6%, 18.3% and 13.8%, respectively.

Operating expenses

Operating expenses in 2022 stood at PLN 254.9 million (+PLN 25.5 million i.e. +11.1% YoY). In particular, external service charges increased substantially.

Figure: Structure and value of consolidated operating expenses



Depreciation charges in 2022 were stable year on year and stood at PLN 36.8 million (+PLN 1.6 million i.e. +4.5% YoY), including depreciation of property, plant and equipment at PLN 11.5 million, amortisation of intangible assets at PLN 19.8 million, and lease-related depreciation at PLN 5.5 million.

Salaries and other employee costs of the Group in 2022 stood at PLN 111.6 million (+PLN 2.0 million i.e. +1.8% YoY) among others due to an increase in the headcount and increased salaries.

Due to GPW's active development projects, some salaries are capitalised and will be recognised as depreciation charges under expenses after the projects are rolled out. Capitalisation of salaries and other employee costs in 2022 stood at PLN 10.2 million.

Maintenance fees stood at PLN 5.2 million (+PLN 0.3 million i.e. +6.8% YoY) and included mainly maintenance fees of Centrum Giełdowe.

Fees and charges stood at PLN 18.1 million (+PLN 1.1 million i.e. +6.7% YoY) including the capital market supervision fee for 2022 at PLN 14.8 million (+PLN 0.3 million i.e. +1.8% YoY). The amount of capital market supervision fees is subject to much volatility YoY and remains beyond the Group's control.

External service charges stood at PLN 76.0 million (+PLN 18.7 million i.e. +32.7% YoY). The year-on-year increase was due to the following changes in different cost categories:

- IT costs – an increase of +PLN 7.4 million (+24.0% YoY) due to a higher cost of IT hardware maintenance and software modifications;
- promotion, education, market development – an increase of +PLN 1.4 million (+20.9% YoY)

mainly due to multiple promotional activities and campaigns, which were absent in 2021 due to the lockdown;

- › advisory – an increase of +PLN 5.7 million (+72.6% YoY) due to GPW's higher costs of advisory in strategic and development projects.

Other operating expenses stood at PLN 7.1 million (+PLN 1.7 million i.e. +31.4% YoY) including mainly the cost of material and energy consumption at PLN 4.3 million, industry organisation membership fees at PLN 1.0 million, insurance at PLN 0.5 million, business travel at PLN 0.9 million, and conference participation at PLN 0.2 million. The increase of other operating expenses was mainly driven by an increase of the cost of material and energy consumption and an increase of the cost of electricity consumption.

Other income, other expenses, gains on reversal of impairment/(losses) on impairment of receivables

Other income of the Group stood at PLN 10.0 million in 2022 (+PLN 7.0 million i.e. +233.5% YoY). Grants received increased by PLN 0.3 million; however, other income was lower than in 2021 due to one-off events that occurred in the comparative period (income from reimbursement of costs incurred in the international energy market in the amount of PLN 1.6 million).

Other expenses stood at PLN 14.4 million (+PLN 11.4 million i.e. +376.9% YoY). The high expenses in 2022 were driven by the recognition of an impairment loss on BondSpot goodwill in the amount of PLN 9.8 million. The Group also made more donations in 2022 (+PLN 1.8 million).

As at the balance-sheet date, the **gains on reversed impairment of receivables** stood at PLN 0.6 million (+PLN 1.2 million i.e. -67.6% YoY) and concerned mainly GPW.

Financial income and expenses

Financial income of the Group stood at PLN 23.5 million (+PLN 22.5 million i.e. +2257.2% YoY) and included mainly interest on bank deposits and financial instruments (corporate bonds, certificates of deposit, banks deposits, loans granted). The increase of financial income from interest was due to high interest rates.

Financial expenses of the Group amounted to PLN 7.5 million (-PLN 4.1 million i.e. -35.1% YoY). A large item of financial expenses is the debt cost of series C, D, and E bonds at PLN 3.4 million (-PLN 2.4 million i.e. -41.1% YoY).

Share of profit of entities measured by the equity method

The Group's share of profit of entities measured by the equity method in 2022 stood at PLN 28.3 million (+PLN 3.9 million i.e. +15.9% YoY). The increase of the share of profit of entities measured by the equity method in 2022 was driven mainly by an increase of the KDPW Group's profit.

The GPW Group's share of profit of the KDPW Group in 2022 stood at PLN 27.8 million (vs. PLN 24.1 million in 2021) owing to an increase in the KDPW Group's earnings. The higher net profit was driven by a higher revenue of the KDPW Group (+PLN 12.4 million i.e. +6.0% YoY), including fees for the management and administration of collateral which increased by PLN 24 million and fees for clearing

by PLN 3.5 million. Operating expenses increased by PLN 14.2 million i.e. 11.3% YoY.

The share of profit of Centrum Gieldowe in 2022 was PLN 0.4 million (PLN 0.3 million i.e. +58.5% YoY).

Consolidated statement of financial position

The structure of the Group's statement of financial position is very stable: equity was the predominant source of the Group's financing while current assets had a predominant share in total assets as at 31 December 2023 and as at 31 December 2022. As at 31 December 2022, the Group's net working capital, understood as the surplus of current assets over current liabilities or the surplus of non-current capital over non-current assets, was positive at PLN 403.0 million (-PLN 5.5 million i.e. -1.3% YoY), which reflects the Group's safe financial position.

The **total assets** of the Group stood at PLN 1.2 billion and decreased by PLN 228.4 million (i.e. -16.2%) year on year mainly as a result of repayment of financial liabilities in the form of bonds.

Non-current assets as at 31 December 2022 stood at PLN 651.6 million (+PLN 48.0 million i.e. +8.0% YoY) representing 55.1% of total assets as at 31 December 2022 vs. 42.8% as at 31 December 2021.

Current assets as at 31 December 2022 stood at PLN 530.6 million (-PLN 276.5 million i.e. -34.3% YoY) and represented 44.9% of total assets as at 31 December 2022 vs. 57.2% as at 31 December 2021.

Equity as at 31 December 2022 stood at PLN 1000.8 million (+PLN 33.0 million i.e. +3.4% YoY) representing 84.6% of the Group's total equity and liabilities as at 31 December 2022 vs. 68.6% as at 31 December 2021. Non-controlling interests as at 31 December 2022 increased to PLN 10.0 million due to the acquisition of a controlling stake in the Armenia Securities Exchange (65% of the company's share capital).

Non-current liabilities as at 31 December 2022 stood at PLN 53.8 million (+PLN 9.6 million i.e. +21.7% YoY) representing 4.6% of the Group's total equity and liabilities as at 31 December 2022 vs. 3.1% as at 31 December 2021. The increase in non-current liabilities was due to an increase of non-current deferred income from grants (+PLN 10.3 million i.e. +50.4%).

Current liabilities as at 31 December 2022 stood at PLN 127.6 million (-PLN 271.0 million i.e. -68.0% YoY) representing 10.8% of total equity and liabilities as at 31 December 2022 vs. 28.3% as at 31 December 2021. The decrease in current liabilities was mainly driven by the repayment of liability under bonds in issue in the amount of PLN 244.9 million.

Consolidated statement of cash flows

The Group generated **positive cash flows from operating activities** at PLN 216.2 million (+PLN 163.1 million i.e. +307.3% YoY) driven by changes in the Group's working capital.

The **cash flows from investing activities** were positive at PLN 183.7 million (+PLN 187.5 million YoY). The increase in the cash flows was mainly due to a lower surplus of income from investments in bank deposits and bonds (PLN 592.5 million) over the expense for new deposits and bonds (PLN 379.0 million).

The **cash flows from financing activities** were negative at -PLN 370.7 million (-PLN 259.8 million i.e. -234.3% YoY) mainly including the dividend paid by GPW at PLN 115 million (-PLN 9.8 million i.e. -13.6% YoY) and interest paid on GPW's bonds at PLN 244.9 million.

Selected consolidated financial indicators

	As at/Period ended 31 December		
	2022	2021	2020
Debt and financing			
Net debt / EBITDA (12 months)	(2.6)	(1.0)	(1.6)
Debt to equity	0.5%	26.4%	28.4%
Liquidity			
Current liquidity	4.2	2.0	4.9
Bond interest coverage ratio	48.8	36.9	32.6
Profitability			
EBITDA margin	43.0%	52.8%	55.8%
Operating profit margin	33.5%	44.1%	46.9%
Net profit margin	37.2%	39.6%	37.7%
Cost / income	65.5%	56.3%	51.0%
ROE	14.7%	17.1%	17.1%
ROA	11.2%	11.6%	11.6%

Net debt to EBITDA was negative as liquid assets were much greater than interest-bearing liabilities. The repayment of interest-bearing liabilities during the period (redemption of GPW bonds) was the reason for the increase in the negative value of the ratio compared to the previous year. Debt to equity decreased significantly due to the debt repayment.

Current liquidity increased year on year due to a decrease of current liabilities, much stronger than the decrease of current assets. The coverage ratio of interest expenses on the bond issue shows that EBITDA was many times greater than the expenses in 2022, similar to previous years.

EBITDA margin and operating profit margin decreased due to an increase in operating expenses, including one-off events such as the BondSpot S.A. goodwill impairment.

Net profit margin decreased modestly. The cost/income ratio increased by 8.5 pps year on year as expenses increased while revenue decreased.

ROA recorded a slight decrease while ROE fell from 17.1% in 2021 to 14.7% in 2022.

In summary, the Warsaw Stock Exchange Group was profitable in 2022, it reported relatively high profitability ratios, and its liquidity position in 2022 was safe.

V. ASSESSMENT OF FULFILMENT OF THE OBLIGATIONS SET OUT IN ARTICLE 380¹ AND ARTICLE 382 § 4 OF THE COMMERCIAL COMPANIES CODE BY THE COMPANY'S MANAGEMENT BOARD

Pursuant to Article 380¹ and Article 382 § 3¹ (3) and (4) in conjunction with Article 382 § 4 of the Commercial Companies Code, the Supervisory Board of the Company received from the Management Board:

- ◆ reports presenting the monthly financial results of the GPW Group;
- ◆ reports and information prepared by the Departments responsible for particular areas of activity as well as functions and systems implemented in the Company and the GPW Group;
- ◆ presentations containing information on, among others, ongoing projects and their status, current business activity, business risks and other relevant issues concerning the Company and its subsidiaries;
- ◆ information on Management Board resolutions and their subject matter.

The Supervisory Board of the Warsaw Stock Exchange issues a positive assessment of the fulfilment of its obligations regarding the provision of information and communication with the Management Board of the Company and raises no objections to the manner and timeliness in which it is provided with the requested information. During the meetings held in 2022, the Supervisory Board of the Company monitored and discussed in detail the key risk areas of the Company and the GPW Group

VI. INFORMATION ON AGGREGATE FEES DUE FROM THE COMPANY FOR ALL REVIEWS COMMISSIONED BY THE SUPERVISORY BOARD

The Company's Supervisory Board did not make use of the option to appoint a Supervisory Board adviser pursuant to Article 382¹ of the Commercial Companies Code, and no costs were generated in this connection in 2022.

VII. CONCLUSIONS

Considering the foregoing and the report of the Exchange Supervisory Board on the assessment of the Report of the Management Board on the Activity of the Parent Entity and the Warsaw Stock Exchange Group in 2022, the Separate Financial Statements of the Warsaw Stock Exchange for the year ended 31 December 2022; the Consolidated Financial Statements of the Warsaw Stock Exchange Group for the year ended 31 December 2022, and the Exchange Supervisory Board's assessment of the motion of the Exchange Management Board concerning distribution of the profit of 2022, the Exchange Supervisory Board moves that the Annual General Meeting:

- ◆ approve the Report of the Management Board on the Activity of the Parent Entity and the Warsaw Stock Exchange Group in 2022;
- ◆ approve the Separate Financial Statements of the Warsaw Stock Exchange for the year ended 31 December 2022;
- ◆ approve the Consolidated Financial Statements of the Warsaw Stock Exchange Group for the year ended 31 December 2022;
- ◆ pass a resolution distributing the net profit of 2022 according to the motion of the Management Board;
- ◆ grant a vote of discharge of duties to all Members of the Exchange Management Board in office in 2022.

Dominik Kaczmarski

Chairman of the Supervisory Board

**Report on the Activity of the Audit Committee
of the Exchange Supervisory Board in 2022**

The Audit Committee of the Exchange Supervisory Board is a standing committee of the Exchange Supervisory Board appointed under the Exchange Articles of Association and the Rules of the Exchange Supervisory Board.

The Audit Committee performs functions set out in the legislation including the Act on Auditors, Audit Firms and Public Supervision, Regulation (EU) 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities, Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board, and the Good practice for public-interest entities concerning the appointment, composition and functioning of audit committees. The Committee provides expert advice to the Exchange Supervisory Board within the powers of the Committee defined in the Rules of the Committee, as well as all other functions entrusted to the Committee by the Exchange Supervisory Board.

From 1 January 2022 to 31 December 2022, the Audit Committee was comprised of the following members:

Full name	Function
Adam Szyszka	Chairman of the Committee independent Member of the Exchange Supervisory Board
Filip Paszke	Member of the Committee independent Member of the Exchange Supervisory Board
Leszek Skiba	Member of the Committee independent Member of the Exchange Supervisory Board

The composition of the Audit Committee meets the criteria defined in Article 129(3) of the Act on Auditors, Audit Firms and Public Supervision of 11 May 2017. According to submitted declarations, all members of the Audit Committee meet the independence criteria defined in § 14(1) of the Articles of Association of Giełda Papierów Wartościowych w Warszawie S.A., i.e., the criteria defined for members of audit committees in regulations governing audit firms and auditors and in the corporate governance rules issued under the Exchange Rules. All Members of the Audit Committee have declared that they have the knowledge and skills in accounting and financial audit or in the sector of the Exchange.

The Audit Committee worked at meetings according to the work plan of the Audit Committee for 2022. Thirteen meetings of the Committee were held in 2022 on the following dates: 24 January

2022 (continued on 31 January 2022), 14 March 2022 (continued on 16 March 2022), 20 April 2022, 19 May 2022, 26 July 2022, 8 August 2022, 4 October 2022, 19 October 2022, 7 November 2022, 8 November 2022 (joint meeting with the Regulation and Corporate Governance Committee), 18 November 2022, 29 November 2022 and 20 December 2022 (continued on 21 December 2022). The Members of the Committee performed their functions also by expressing their opinions, providing the Exchange Supervisory Board with recommendations in votes, and on-going exchange of opinions and views. The number of Members of the Audit Committee participating in meetings in 2022 was sufficient to ensure appropriate proceedings at all meetings of the Committee. All Members of the Audit Committee actively participated in meetings of the Committee in 2022 with a high degree of engagement necessary to properly perform their functions. Other Members of the Exchange Supervisory Board also participated in the work of the Committee.

Acting within its powers, in 2022, the Audit Committee took among others the following actions:

I. With respect to accounting and reporting, the Audit Committee:

- drafted recommendations for the Exchange Supervisory Board on approval of the Financial Plan of the GPW Group for 2022;
- analysed the financial results of the GPW Group on an on-going basis and monitored the performance of the financial plan by the Company and the GPW Group in 2022;
- reviewed and drafted recommendations for the Exchange Supervisory Board on the assessment of:
 - the separate financial statements of the Warsaw Stock Exchange for the year ended 31 December 2021, the consolidated financial statements of the Warsaw Stock Exchange Group for the year ended 31 December 2021, the report of the Management Board on the activity of the GPW Group in 2021 including a report of the Management Board on the activity of the Warsaw Stock Exchange in 2021, against the books, documents and facts;
 - the motion of the Management Board concerning the distribution of the net profit for 2021;
- drafted recommendations for the Exchange Supervisory Board concerning declarations under the Regulation of the Minister of Finance of 29 March 2018 *concerning current and periodic reports published by issuers of securities and the terms and conditions of considering information required under the legislation of a non-Member State to be equivalent*, relating to the publication of the annual report;
- drafted a recommendation for the Exchange Supervisory Board on the approval of an assessment of the situation of the Company in 2021 including:
 - assessment of the financial situation of GPW and the GPW Group;
 - assessment of the internal control system and the management system of risks significant to the GPW Group;
- drafted recommendations for the Exchange Supervisory Board on the approval of the Management Board report on representation expenses, costs of legal services, marketing

services, public relations services, social communication services, and management advisory services in 2021;

- drafted a recommendation for the Exchange Supervisory Board on the approval of the sponsorship plan and donation budget for 2022;
- drafted a recommendation for the Exchange Supervisory Board on the approval of GPW's acquisition of shares in the subsidiary GPW Tech S.A.;
- reviewed transactions referred to in Article 90j(1)(1) of the Act on Public Offering and the Conditions of Introduction of Financial Instruments to an Organised Trading System and on Public Companies in accordance with the *Procedure for regular assessment of significant transactions with related parties* approved by the Exchange Supervisory Board;
- drafted a recommendation for the Exchange Supervisory Board on an amendment of the Resolution of the Exchange Supervisory Board concerning the selection of the audit firm to audit the financial statements and to review the abridged interim financial statements of the Warsaw Stock Exchange and the Warsaw Stock Exchange Group;
- drafted a recommendation for the Exchange Supervisory Board on the approval of a donation to the Stock Market Infrastructure Development Agency of Ukraine;
- drafted a recommendation for the Exchange Supervisory Board on the approval of the conclusion by the Company of an agreement significantly impacting the financial standing of the Company;
- participated in the drafting of a recommendation for the Exchange Supervisory Board on the setting of management objectives for the Exchange Management Board for 2022;
- reviewed the Management Board's report on the fund management system, the clearing guarantee system at Izba Rozliczeniowa Giełd Towarowych S.A.;
- discussed a proposal to change the EBITDA calculation methodology;
- discussed the possibility of changing the remuneration for the Auditor, KPMG Audyt.

The Audit Committee met with the audit firm in connection with the audit of the financial statements of the Company and the Group for 2021 to discuss the results and findings of the audit of the financial statements of the members of the GPW Group.

The key auditors took part in those meetings.

II. With respect to internal audit, the internal and external control system, the Audit Committee:

- drafted a recommendation for the Exchange Supervisory Board regarding the approval of the Internal Audit Rules of the Warsaw Stock Exchange;
- issued an opinion and drafted a recommendation for the Exchange Supervisory Board on the approval of the internal audit plan for the period 1 January 2023 – 31 December 2023;
- discussed reports on internal audits carried out by the Internal Audit Department;
- reviewed the report on the self-assessment of the effectiveness of the internal audit

function at the Warsaw Stock Exchange Group;

- held regular meetings with the Director of the Internal Audit Department;
- reviewed a report on the integration of the audit function in the GPW Group;
- reviewed a post-inspection report of the State Labour Inspection;
- monitored on an ongoing basis the effectiveness of the internal control system of the Exchange among others by reviewing and issuing opinions on the extent of implementation of recommendations of internal auditors, external auditors and external inspectors.

III. With respect to compliance and risk management, the Audit Committee:

- reviewed and approved the Report on the functioning of the Compliance and Risk Department in the period from 1 January to 31 December 2021 which summarised the activity of the Compliance and Risk Department in 2021 in connection with the management of the compliance, risk, business continuity and critical infrastructure system;
- interviewed candidates for the position of Director of the Compliance and Risk Department and adopted a resolution to approve the decision to recruit a Director of the Compliance and Risk Department;
- issued an opinion and drafted a recommendation for the Exchange Supervisory Board regarding the approval of the updated "Risk Management Strategy at the Warsaw Stock Exchange";
- accepted a report on the Warsaw Stock Exchange's money laundering and terrorist financing risk assessment;
- reviewed a report on the GPW Group's ESG strategy and ESG risk management and the GPW Group's preparations for increasing non-financial reporting requirements;
- discussed solutions aiming to mitigate the risk of conflicts of interest;
- discussed an issuer's complaint in the context of reputational risk and the correctness of GPW's procedures;
- reviewed a report the actions taken by GPW regarding companies listed on NewConnect;
- reviewed a report on the functioning of the project management system at GPW;
- reviewed information concerning key relations with the Polish Financial Supervision Authority and disputes to which the Exchange is a party.

IV. With respect to ICT security and IT management, the Audit Committee:

- reviewed regular reports from the Management Board on IT and ICT security.

V. With respect to the functioning of the Audit Committee, the Audit Committee:

- approved the Report of the Audit Committee for 2021;
- approved the work plan of the Audit Committee for 2023;
- reviewed the Rules of the Audit Committee;
- reviewed the independence of the Members of the Audit Committee.

The Audit Committee confirmed that the Exchange Management Board achieved the Management Objective required as a condition of award of Variable Remuneration for 2021, and acting jointly with the Regulation and Corporate Governance Committee drafted recommendations for the Exchange Supervisory Board on amendment of the Joint Position of the Exchange Supervisory Board and the Exchange Management Board of 17 December 2018 on the principles of the public nature of stock exchange trading.

The Audit Committee performed its obligations under the law in full; the conclusions and recommendations of the Audit Committee were presented to the Exchange Supervisory Board on an on-going basis at meetings.

Professor Adam Szyszka

Chairman of the Committee

Warsaw, 21 March 2023

**Report on the Activity of the Regulation and Corporate Governance Committee
of the Exchange Supervisory Board in 2022**

The Regulation and Corporate Governance Committee of the Exchange Supervisory Board is a standing committee of the Exchange Supervisory Board appointed under the Exchange Articles of Association and the Rules of the Exchange Supervisory Board. The Committee provides expert advice to the Exchange Supervisory Board within the powers of the Committee defined in the Rules of the Exchange Supervisory Board, the Rules of the Committee, as well as all other functions entrusted to the Committee by the Exchange Supervisory Board.

In 2022, the Regulation and Corporate Governance Committee was comprised of the following members:

Full name	Function
Izabela Flakiewicz	Chairwoman of the Committee
	Deputy Chairwoman of the Exchange Supervisory Board
Michał Bałabanow	Member of the Committee
	Secretary to the Exchange Supervisory Board
	independent Member of the Exchange Supervisory Board
Dominik Kaczmarski	Member of the Committee
	Chairman of the Exchange Supervisory Board
Filip Paszke	Member of the Committee
	independent Member of the Exchange Supervisory Board

According to submitted declarations, two members of the Regulation and Corporate Governance Committee (Michał Bałabanow and Filip Paszke) meet the independence criteria defined in § 14(1) of the Articles of Association of Giełda Papierów Wartościowych w Warszawie S.A., i.e., the criteria defined for members of audit committees in regulations governing audit firms and auditors and in the corporate governance rules issued under the Exchange Rules.

No changes were made to the composition of the Regulation and Corporate Governance Committee in 2022.

The Regulation and Corporate Governance Committee worked at meetings (11 meetings were held in 2022, including one joint meeting with the Audit Committee and one joint meeting with the Remuneration and Nomination Committee). The members of the Committee performed their duties

also by providing the Exchange Supervisory Board with recommendations in votes held by means of direct remote communication and through on-going exchange of opinions and views. The number of Members of the Regulation and Corporate Governance Committee participating in Committee meetings in 2022 was sufficient to ensure appropriate proceedings at all meetings of the Committee. All Members of the Regulation and Corporate Governance Committee actively participated in meetings of the Committee in 2022 with a high degree of engagement necessary to properly perform their functions. Other Members of the Exchange Supervisory Board also participated in the work of the Committee.

Acting within its powers, in 2022, the Regulation and Corporate Governance Committee covered among others the following issues:

- approval of the report on the activity of the Regulation and Corporate Governance Committee in 2021;
- implementation of the Market Structure Partners opinion;
- analysis of compliance of GPW with the “Code of Best Practice for GPW-Listed Companies 2016” and the “Code of Best Practice for GPW-Listed Companies 2021”;
- GPW’s “Anti-mobbing Policy”;
- reply to the letter of the Polish Financial Supervision Authority of 8 September 2022 regarding the appointment of a GPW proxy as part of the audit of the Company carried out by the Polish Financial Supervision Authority;
- reply to the letter of the Polish Financial Supervision Authority of 8 November 2022 concerning the qualification procedure for the Management Board Member for IT;
- measures taken by GPW in the case of companies listed on NewConnect;
- amendment of the “Rules for the Management of Conflicts of Interest at the Warsaw Stock Exchange” and approval of the “Rules for the Management of Conflicts of Interest at the Warsaw Stock Exchange Regarding Members of the Exchange Management Board and Members of the Exchange Supervisory Board”;
- procedure for approval of minutes at meetings of the Committees and the Exchange Supervisory Board;
- opinion on the term of office of the Exchange Management Board.

The Committee discussed and issued recommendations to the Exchange Supervisory Board concerning:

- amendment to the Joint Position of the Exchange Supervisory Board and the Exchange Management Board of 17 December 2018 on the principles of the public nature of exchange trading;
- assessment of GPW’s compliance in 2021 with the Principles of Corporate Governance for Supervised Institutions issued by the Polish Financial Supervision Authority;
- amendment of the Exchange Rules and Exhibit 1 to the Exchange Rules;
- approval of the consolidated text of the Company’s Articles of Association;
- amendment of the Rules of the Exchange Supervisory Board;
- approval of the assessment of the Company’s situation in 2021 to the extent of the assessment of GPW’s compliance with its disclosure obligations regarding the application of

the corporate governance principles set out in the Exchange Rules and regulations concerning current and periodic reports published by issuers of securities, as well as the assessment of the application of the Corporate Governance Principles for Supervised Institutions issued by the Polish Financial Supervision Authority;

- issuing an opinion on draft resolutions of the Annual General Meeting;
- issuing an opinion on draft resolutions of the Exchange Supervisory Board concerning appointment of Members of the Exchange Management Board for a new term of office.

The Committee reviewed status reports on reviews of GPW's internal regulations.

The Committee performed an annual review of the Rules of the Regulation and Corporate Governance Committee and decided not to recommend that the Exchange Supervisory Board approve amendments to the Rules.

The Regulation and Corporate Governance Committee performed its obligations in full; its findings were presented on an on-going basis at meetings of the Exchange Supervisory Board.

Izabela Flakiewicz
Chairwoman of the Committee

Warsaw, 20 March 2023

**Report on the Activity of the Strategy Committee
of the Exchange Supervisory Board in 2022**

The Strategy Committee of the Exchange Supervisory Board is a standing committee of the Exchange Supervisory Board appointed under the Exchange Articles of Association and the Rules of the Exchange Supervisory Board. The Committee provides expert advice to the Exchange Supervisory Board within the powers of the Committee defined in the Rules of the Committee, as well as all other functions entrusted to the Committee by the Exchange Supervisory Board.

In 2022, the Strategy Committee was comprised of the following members:

Full name	Function
Leszek Skiba	Chairman of the Committee independent Member of the Exchange Supervisory Board
Michał Bałabanow	Member of the Committee Secretary to the Exchange Supervisory Board independent Member of the Exchange Supervisory Board
Adam Szyszka	Member of the Committee independent Member of the Exchange Supervisory Board
Izabela Flakiewicz	Member of the Committee Deputy Chairman of the Exchange Supervisory Board
Dominik Kaczmarek	Member of the Committee Chairman of the Exchange Supervisory Board

According to submitted declarations, three members of the Strategy Committee (Leszek Skiba, Michał Bałabanow and Adam Szyszka) meet the independence criteria defined in § 14(1) of the Articles of Association of Giełda Papierów Wartościowych w Warszawie S.A., i.e., the criteria defined for members of audit committees in regulations governing audit firms and auditors and in the corporate governance rules issued under the Exchange Rules.

No changes were made to the composition of the Strategy Committee in 2022.

The Strategy Committee of the Exchange Supervisory Board worked at meetings (five meetings were held in 2022) and through on-going exchange of opinions and views. The number of Members of the Strategy Committee participating in Committee meetings in 2022 was sufficient to ensure appropriate proceedings at all meetings of the Committee. All Members of the Strategy Committee actively participated in meetings of the Committee in 2022 with a high degree of engagement necessary to properly perform their functions.

In 2022, the Strategy Committee regularly reviewed the status of implementation of the GPW Group Strategy including potential implementation of new strategic initiatives.

Acting within its powers, the Strategy Committee covered among others the following issues:

- approval of the report of the Strategy Committee for 2021;
- proposal of management objectives for the Exchange Management Board for 2022;
- draft summary of the strategy 2018-2022 and the new strategy 2023-2027;
- projects: Artur, Central Post-Trade Solutions, WATS;
- projects concerning Armenia Securities Exchange OJSC;
- project of development of the GPW Group's new strategy by The Boston Consulting Group;
- regular review of the implementation of the GPW Group strategy.

The Committee reviewed and drafted recommendations for the Exchange Supervisory Board on:

- approval of GPW's acquisition of ordinary shares in Armenia Securities Exchange OJSC from the Central Bank of Armenia.

The Committee performed an annual review of the Rules of the Strategy Committee and decided not to recommend that the Exchange Supervisory Board approve amendments to the Rules.

The Strategy Committee performed its obligations in full; its conclusions and recommendations were presented on an on-going basis at meetings of the Exchange Supervisory Board.

Leszek Skiba
Chairman of the Committee

**Report on the Activity of the Remuneration and Nomination Committee
of the Exchange Supervisory Board in 2022**

The Remuneration and Nomination Committee of the Exchange Supervisory Board is a standing committee of the Exchange Supervisory Board appointed under the Exchange Articles of Association and the Rules of the Exchange Supervisory Board. The Committee performs functions set out in the Act of 29 July 2005 on Trading in Financial Instruments and provides expert advice to the Exchange Supervisory Board within the powers of the Committee defined in the Rules of the Committee, as well as all other functions entrusted to the Committee by the Exchange Supervisory Board.

In 2022, the Remuneration and Nomination Committee was comprised of the following members:

Full name	Function
Janusz Krawczyk	Chairman of the Committee independent Member of the Exchange Supervisory Board
Dominik Kaczmarski	Member of the Committee Chairman of the Exchange Supervisory Board
Filip Paszke	Member of the Committee independent Member of the Exchange Supervisory Board

According to submitted declarations, two members of the Remuneration and Nomination Committee (Janusz Krawczyk and Filip Paszke) meet the independence criteria defined in § 14(1) of the Articles of Association of Giełda Papierów Wartościowych w Warszawie S.A., i.e., the criteria defined for members of audit committees in regulations governing audit firms and auditors and in the corporate governance rules issued under the Exchange Rules.

No changes were made to the composition of the Remuneration and Nomination Committee in 2022.

The Remuneration and Nomination Committee of the Exchange Supervisory Board worked at meetings (ten meetings were held in 2022, including one joint meeting with the Regulation and Corporate Governance Committee, and one convened meeting of the Committee was not held). The Members of the Committee performed their duties also by providing the Exchange Supervisory Board with recommendations in votes held by means of direct remote communication and through on-going exchange of opinions and views. The number of Members of the Remuneration and Nomination Committee participating in Committee meetings in 2022 was sufficient to ensure appropriate proceedings at all meetings of the Committee. All Members of the Remuneration and Nomination Committee actively participated in meetings of the Committee in 2022 with a high degree of engagement necessary to properly perform their functions. Other Members of the Exchange Supervisory Board also participated in the work of the Committee.

Acting within its powers, in 2022, the Remuneration and Nomination Committee covered among others the following issues:

- approval of the report on the activity of the Remuneration and Nomination Committee in 2021;
- the Company's payroll fund;
- remuneration in the Company in 2022;
- staff rotation in the Company;
- the Diversity Policy for Members of Bodies of the Warsaw Stock Exchange Appointed by the General Meeting;
- delivery of training to Members of the Exchange Management Board and the Exchange Supervisory Board in 2021 and 2022;
- proposed training to Members of the Exchange Management Board and the Exchange Supervisory Board in 2022;
- completion of qualification procedures for Members of the Exchange Management Board and approval of the report of the procedures;
- reply to a letter from the Polish Financial Supervision Authority of 8 November 2022 concerning the qualification procedure for a Members of the Exchange Management Board for IT;
- conclusion of agreements with Members of the Management Board and former Members of the Management Board regarding a potential extension of the date of payment of variable remuneration for 2021;
- changes to fixed remuneration of Members of the Exchange Management Board;
- periodic assessment of the structure, size, composition, knowledge, competences and experience of the Exchange Management Board;
- periodic review of the Policy of the Exchange Management Board for the Selection and Appointment of Managers.

The Committee discussed and issued recommendations to the Exchange Supervisory Board concerning:

- setting the maximum variable remuneration and management objectives for the Exchange Management Board for 2022;
- approval of the remuneration report of the Exchange Supervisory Board prepared under the Remuneration Policy for Members of the Management Board and Supervisory Board of the Warsaw Stock Exchange;
- opening of qualification procedures for Members of the Exchange Management Board in connection with the end of term of office;
- review of compliance of Members of the Exchange Management Board with the requirements under the Regulation of the Minister of Finance, Funds and Regional Policy of 24 November 2020 concerning requirements applicable to members of the management board and of the supervisory board of a company operating a regulated market and the terms and conditions of maintaining and improving their knowledge and competences;
- approving the list of candidates selected for qualification interview in procedures for candidates for Members of the Exchange Management Board;
- amendment of Resolution No. 16/1913/2022 of the Exchange Supervisory Board of 20 April 2022 on the approval of the report on the remuneration of Members of the Management Board and the Supervisory Board of the Warsaw Stock Exchange;

- approving the assessment of the situation of the Company in 2021 to the extent of the assessment of the implementation of the GPW remuneration policy;
- approving the management contracts with the President of the Exchange Management Board and the Members of the Exchange Management Board of the new term of office and adoption of a resolution to authorise the President of the Exchange Management Board to sign them on behalf of the Company;
- decision on non-competition in management contracts with the Exchange Management Board Members as a result of the termination of their functions;
- decision regarding a Management Board Member's purchase of ICT equipment from the Company;
- consent for Exchange Management Board Members to sit on the governing bodies of other entities;
- approval of the organisational chart setting out the internal division of responsibilities on the Exchange Management Board;
- assessment of the implementation of the Remuneration Policy for Members of the Management Board and the Supervisory Board of the Warsaw Stock Exchange from the perspective of achieving its objectives;
- matters concerning the assessment of the achievement of the management objectives by the Exchange Management Board in 2021 and the decision on the allocation of the variable remuneration for 2021 to the Management Board Members;
- defining the training budget for Members of the Exchange Management Board and the Exchange Supervisory Board for 2023;
- increasing the training budget for 2022 for the requesting Member of the Exchange Supervisory Board.

The Committee performed an annual review of the Rules of the Remuneration and Nomination Committee and decided not to recommend any amendment to the Rules to the Exchange Supervisory Board.

The Remuneration and Nomination Committee performed its obligations in full; its conclusions were presented on an on-going basis at meetings of the Exchange Supervisory Board.

Janusz Krawczyk
Chairman of the Committee