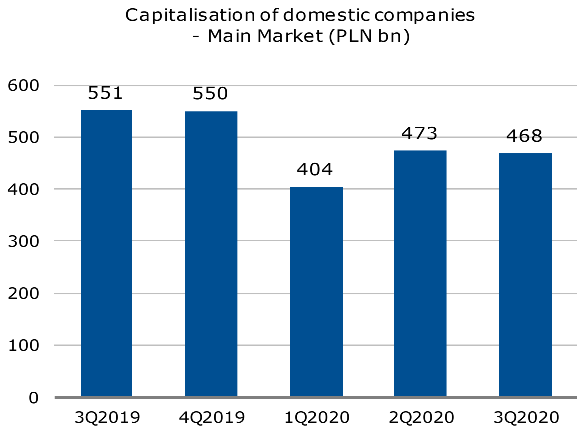
INTERIM REPORT OF THE

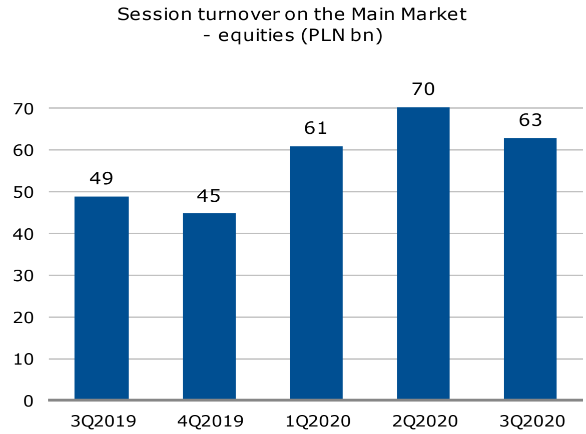
GIEŁDA PAPIERÓW WARTOŚCIOWYCH W WARSZAWIE S.A. GROUP

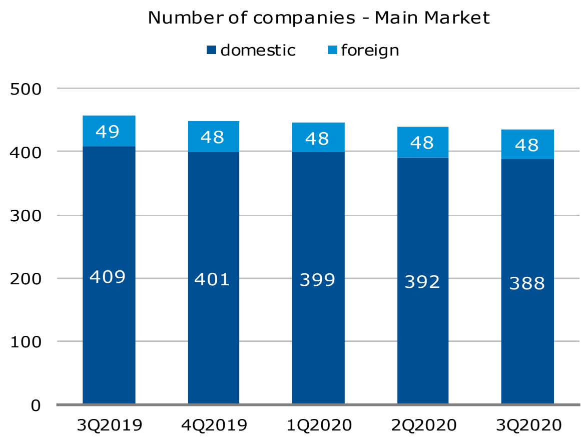
FOR 9M 2020

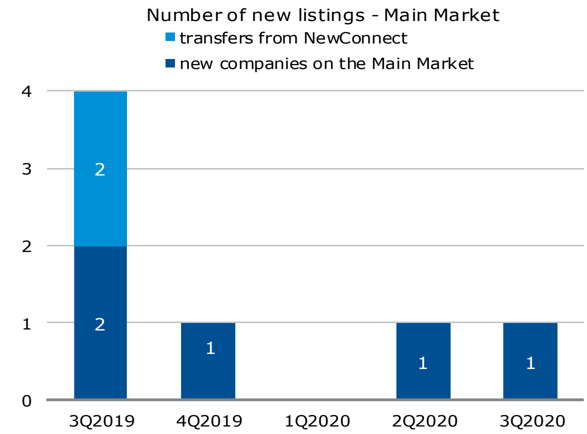
TABLE OF CONTENTS

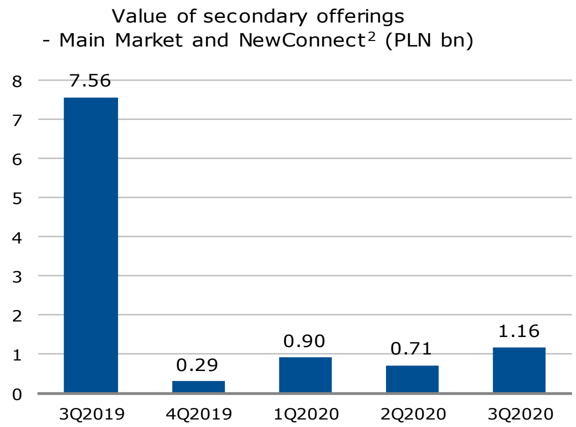
1. Selected market data[1]

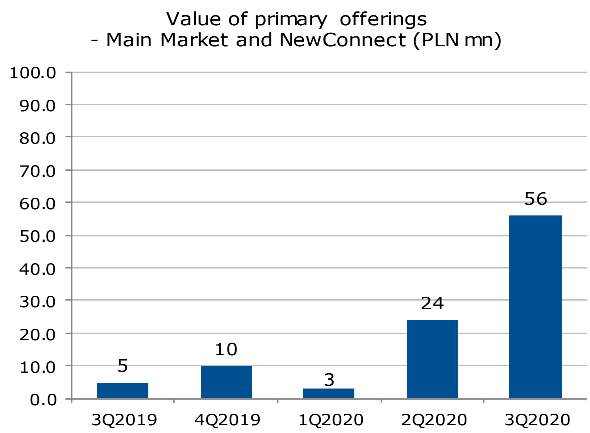




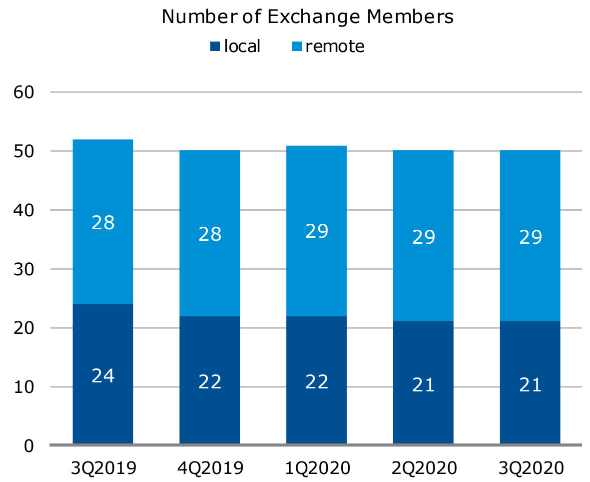


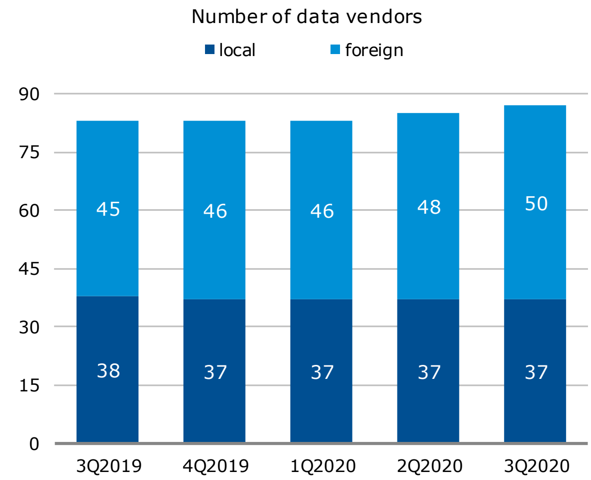




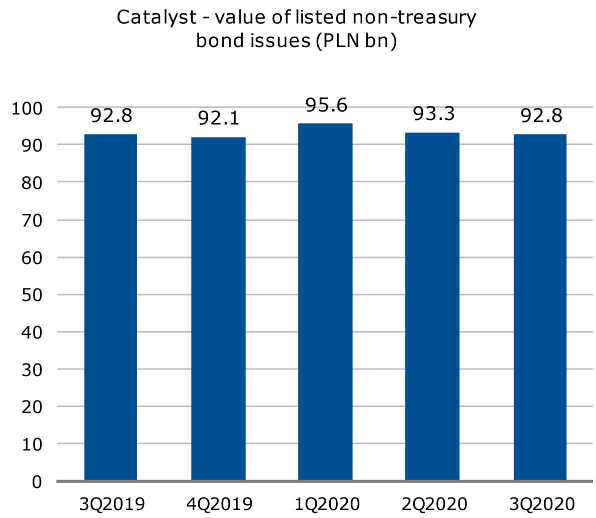


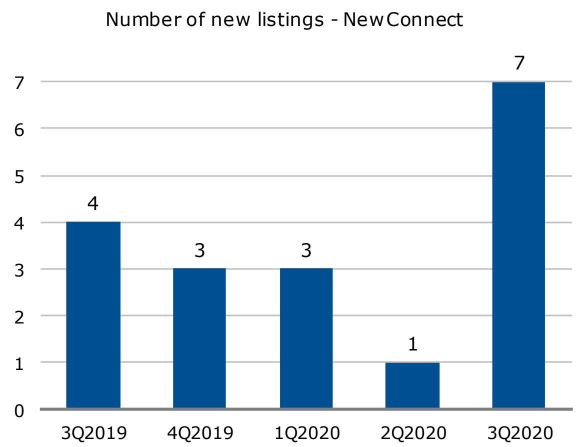
[1] All trading value and volume statistics presented in this Report are single-counted, unless indicated otherwise.
[2] Including offerings of dual-listed companies.

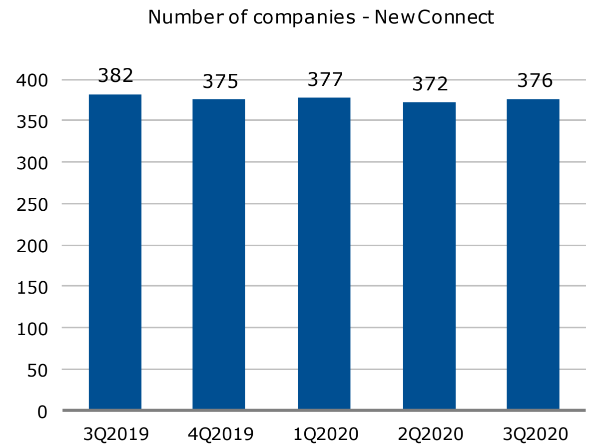

Number of Exchange Members
local
remote
60
50
40
30
20
10
0
28
28
29
29
29
24
22
22
21
21
3Q2019
4Q2019
1Q2020
2Q2020
3Q2020

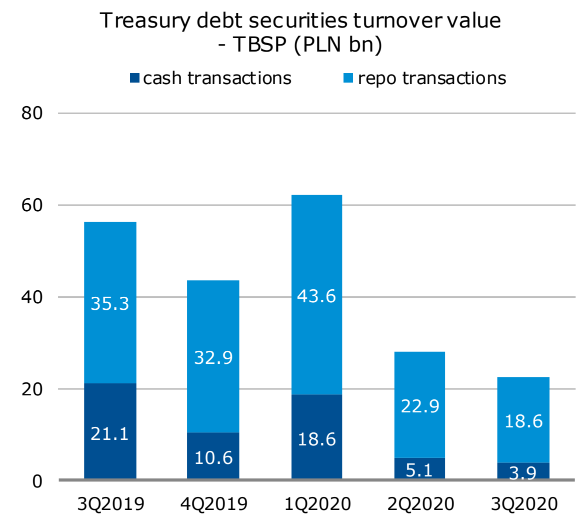

Number of data vendors
local
foreign
90
75
60
45
30
15
0
45
46
46
48
50
38
37
37
37
37
3Q2019
4Q2019
1Q2020
2Q2020
3Q2020

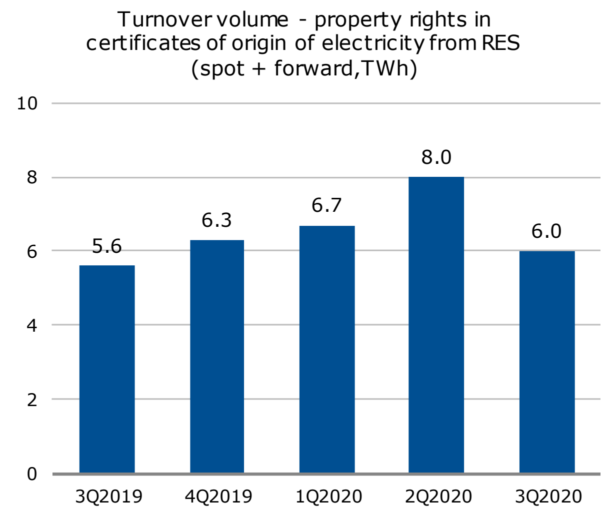

Turnover volume - futures contracts
(mn contracts)
3.5
3.0
2.5
2.0
1.5
1.0
0.5
0.0
2.0
1.7
3.1
2.7
2.3
3Q2019
4Q2019
1Q2020
2Q2020
3Q2020

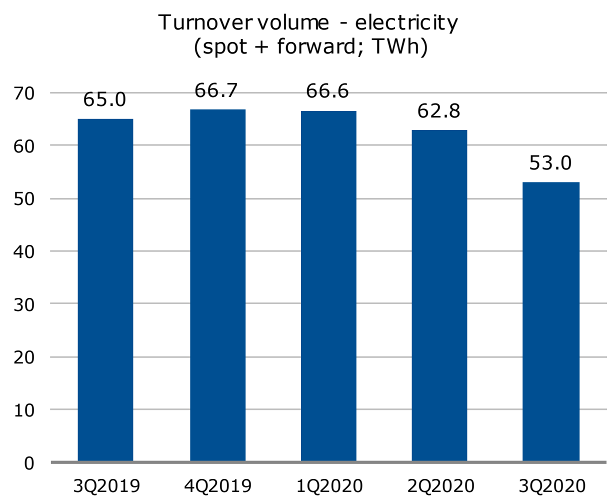

Catalyst - value of listed non-treasury
bond issues (PLN bn)
100
90
80
70
60
50
40
30
20
10
0
92.8
92.1
95.6
93.3
92.8
3Q2019
4Q2019
1Q2020
2Q2020
3Q2020

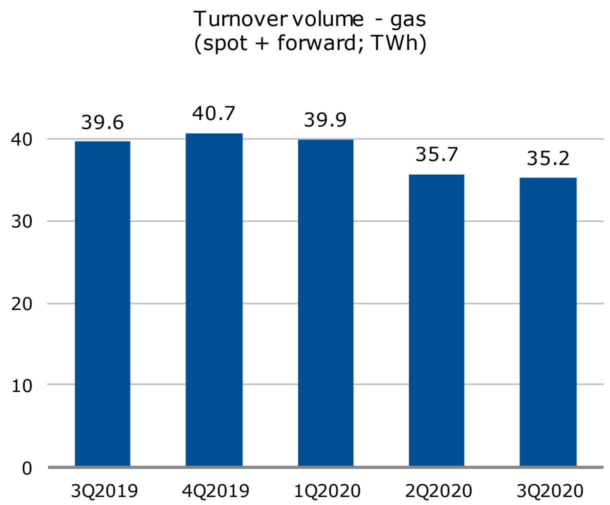

Number of new listings - NewConnect
7
6
5
4
3
2
1
0
4
3
3
1
7
3Q2019
4Q2019
1Q2020
2Q2020
3Q2020

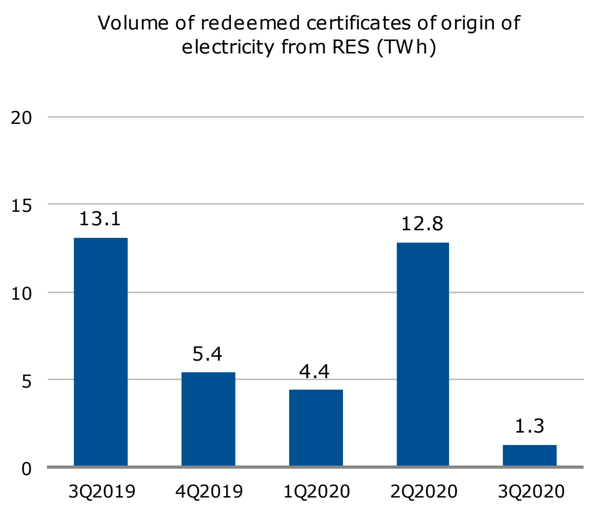

Number of companies - NewConnect
400
350
300
250
200
150
100
50
0
382
375
377
372
376
3Q2019
4Q2019
1Q2020
2Q2020
3Q2020

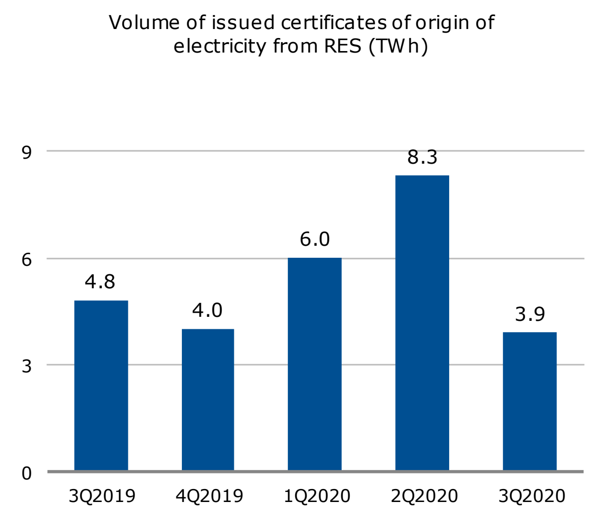

Treasury debt securities turnover value - TBSP (PLN bn)
cash transactions
repo transactions
80
60
40
20
0
35.3
21.1
32.9
10.6
43.6
18.6
22.9
5.1
18.6
3.9
3Q2019
4Q2019
1Q2020
2Q2020
3Q2020


Turnover volume - property rights in certificates of origin of electricity from RES (spot + forward,TWh)
10
8
6
4
2
0
5.6
6.3
6.7
8.0
6.0
3Q2019
4Q2019
1Q2020
2Q2020
3Q2020

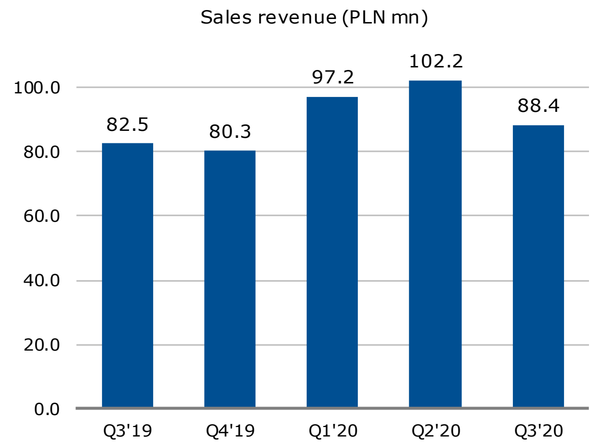

Turnover volume - electricity (spot + forward; TWh)
70
60
50
40
30
20
10
0
65.0
66.7
66.6
62.8
53.0
3Q2019
4Q2019
1Q2020
2Q2020
3Q2020

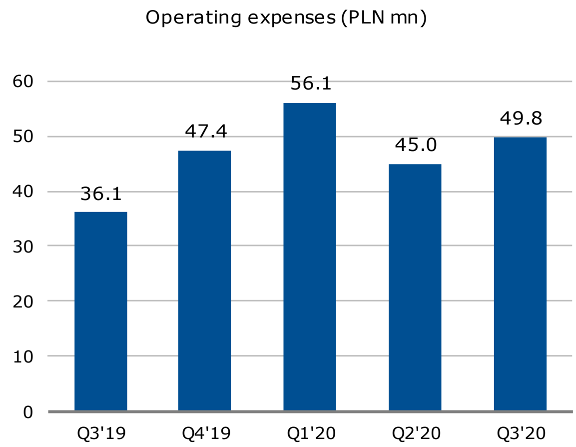

Turnover volume - gas (spot + forward; TWh)
40
30
20
10
0
39.6
40.7
39.9
35.7
35.2
3Q2019
4Q2019
1Q2020
2Q2020
3Q2020

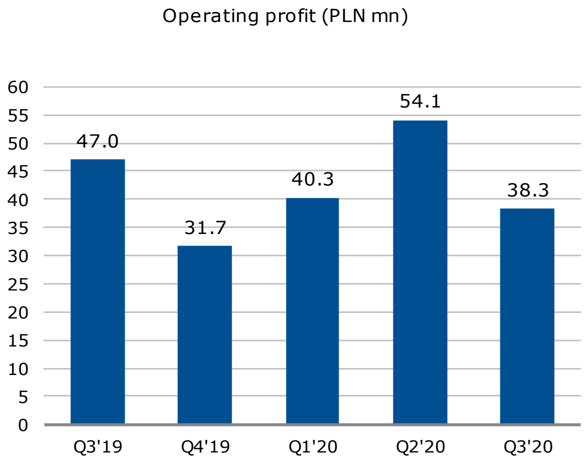

Volume of redeemed certificates of origin of electricity from RES (TWh)
20
15
10
5
0
13.1
5.4
4.4
12.8
1.3
3Q2019
4Q2019
1Q2020
2Q2020
3Q2020

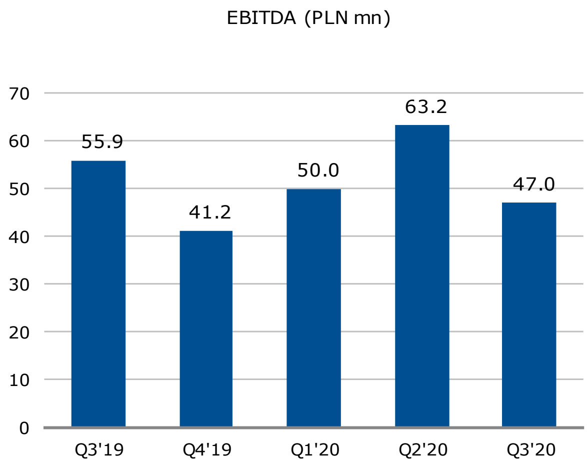

Volume of issued certificates of origin of electricity from RES (TWh)
9
6
3
0
4.8
4.0
6.0
8.3
3.9
3Q2019
4Q2019
1Q2020
2Q2020
3Q2020

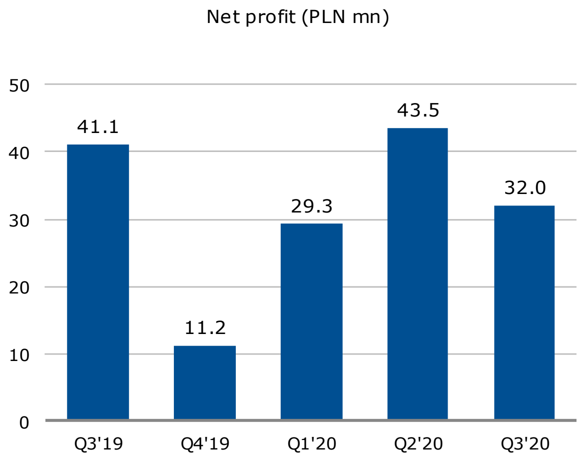
2. Selected financial data











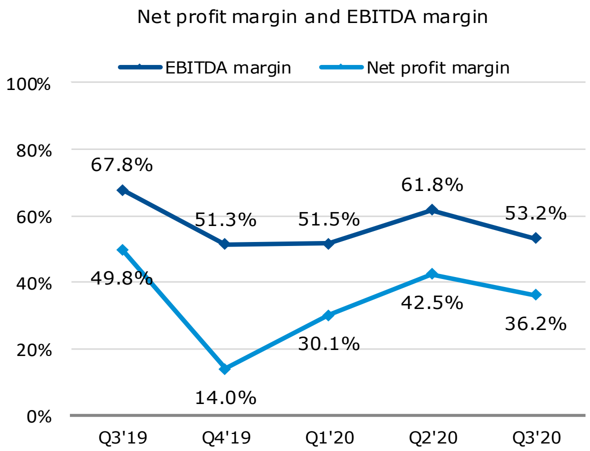


Table 1: Selected data in the consolidated statement of comprehensive income under IFRS, unaudited

	9-month period ended 30 September			
	2020	2019	2020	2019
	PLN'000		*EUR'000* [1]	
Sales revenue	**287,860**	**255,813**	**65,068**	**59,465**
Financial market	**177,419**	**141,363**	**40,104**	**32,861**
Trading	125,719	90,345	28,417	21,001
Listing	14,105	15,347	3,188	3,567
Information services and revenue from calculation of reference rates	37,595	35,671	8,498	8,292
Commodity market	**107,768**	**113,989**	**24,360**	**26,497**
Trading	54,179	56,820	12,247	13,208
Register of certificates of origin	18,811	22,743	4,252	5,287
Clearing	34,077	33,914	7,703	7,883
Information services	701	512	158	119
Other revenue	**2,673**	**460**	**604**	**107**
Operating expenses	**150,933**	**133,776**	**34,117**	**31,097**
Other income	2,365	5,102	535	1,186
Gain / (loss) on impairment of receivables	(873)	(65)	(197)	(15)
Other expenses	5,713	2,506	1,291	583
Operating profit	**132,706**	**124,568**	**29,997**	**28,957**
Financial income	5,911	7,102	1,336	1,651
Financial expenses	18,353	7,704	4,149	1,791
(Loss) on impairment of investment in other entities	(583)	(1,089)	(132)	(253)
Share of profit/(losses) of entities measured by equity method	10,942	9,320	2,473	2,166
Profit before income tax	**130,623**	**132,197**	**29,526**	**30,730**
Income tax	25,854	24,062	5,844	5,593
Profit for the period	**104,769**	**108,135**	**23,682**	**25,137**
Basic / Diluted earnings per share [2] (PLN, EUR)	2.50	2.58	0.57	0.60
EBITDA [3]	**160,250**	**152,069**	**36,223**	**35,349**

[1] Based on the 9M average EUR/PLN exchange rate published by the National Bank of Poland (1 EUR = 4.4240 PLN in 2020 and 1 EUR = 4.3019 PLN in 2019)

[2] Based on total net profit

[3] EBITDA = operating profit + depreciation and amortisation

Source: Condensed Consolidated Interim Financial Statements, Company

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

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

	As at			
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
	PLN'000		EUR'000 [1]	
Non-current assets	**579,659**	**590,114**	**128,050**	**138,573**
Property, plant and equipment	93,397	101,968	20,632	23,945
Right-to-use assets	18,985	22,725	4,194	5,336
Intangible assets	241,524	246,649	53,354	57,919
Investment in entities measured by equity method	216,251	210,327	47,771	49,390
Investment in non-consolidated subsidiaries	4,000	4,000	884	939
Subleasing receivables	475	523	105	123
Deferred tax assets	2,109	464	466	109
Financial assets measured at amortised cost	300	-	66	-
Financial assets measured at fair value through other comprehensive income	121	120	27	28
Prepayments	1,232	2,043	272	480
Other non-current assets	1,265	1,295	279	304
Current assets	**733,398**	**666,680**	**162,012**	**156,553**
Inventories	15	47	3	11
Corporate income tax receivable	-	4,132	-	970
Trade and other receivables	43,938	45,232	9,706	10,622
Subleasing receivables	293	190	65	45
Contract assets	2,786	2,415	615	567
Financial assets measured at amortised cost	264,147	328,998	58,352	77,257
Financial assets measured at fair value through profit or loss	655	-	145	-
Other current assets	4,302	4,382	950	1,029
Cash and cash equivalents	417,262	281,284	92,176	66,052
TOTAL ASSETS	**1,313,057**	**1,256,794**	**290,063**	**295,126**
Equity of the shareholders of the parent entity	877,593	872,881	193,866	204,974
Non-controlling interests	611	605	135	142
Non-current liabilities	277,032	283,502	61,198	66,573
Current liabilities	157,821	99,807	34,864	23,437
TOTAL EQUITY AND LIABILITIES	**1,313,057**	**1,256,794**	**290,063**	**295,126**

[1] Based on the average EUR/PLN exchange rate of the National Bank of Poland as at 30.09.2020 (1 EUR = 4.5268 PLN) and 31.12.2019 (1 EUR = 4.2585 PLN).

Source: Condensed Consolidated Interim Financial Statements, Company

3. Information about the GPW Group

3.1. Information about the GPW Group

3.1.1. Background information about the GPW Group

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

The Warsaw Stock Exchange is a leading financial instruments exchange in Central and Eastern Europe (CEE)[3]. FTSE Russell announced the upgrade of Poland from Emerging Markets to Developed Markets on 29 September 2017. The decision took effect on 24 September 2018. Poland has all the features of a developed market, including secure trading and post-trade services, as well as an advanced infrastructure. The decision was largely driven by the functioning and status of the Warsaw Stock Exchange. GPW uses a state-of-the-art trading system and its listed companies meet the highest standards of corporate governance and disclosure requirements. The markets operated by GPW list stocks and bonds of nearly a thousand local and international issuers. The Exchange also offers trade in derivatives and structured products, as well as information services. More than 25 years of experience, high safety of trading, operational excellence and a broad range of products make GPW one of the most recognised Polish financial institutions in the world.

The GPW Group conducts activity in the following segments:

- organising trade in financial instruments and conducting activities related to such trade;
- organising an alternative trading system;
- operating the wholesale Treasury bond market Treasury Bondspot Poland;
- operating a commodity exchange, including trade in electricity, gas, property rights in certificates of origin of electricity from Renewable Energy Sources and energy efficiency, CO2 emission allowances, food and agricultural products;
- operating a register of certificates of origin;
- providing the services of trade operator and entity responsible for balancing;
- operating a clearing house and settlement institution which performs the functions of an exchange clearing house for transactions in exchange commodities;
- organising reference rate WIBID and WIBOR fixings;
- provision and publication of indices and non-interest rate benchmarks including the Exchange Indices, TBSP.Index and CEEplus,
- conducting activities in capital market education, promotion and information.

Basic information about the parent entity:

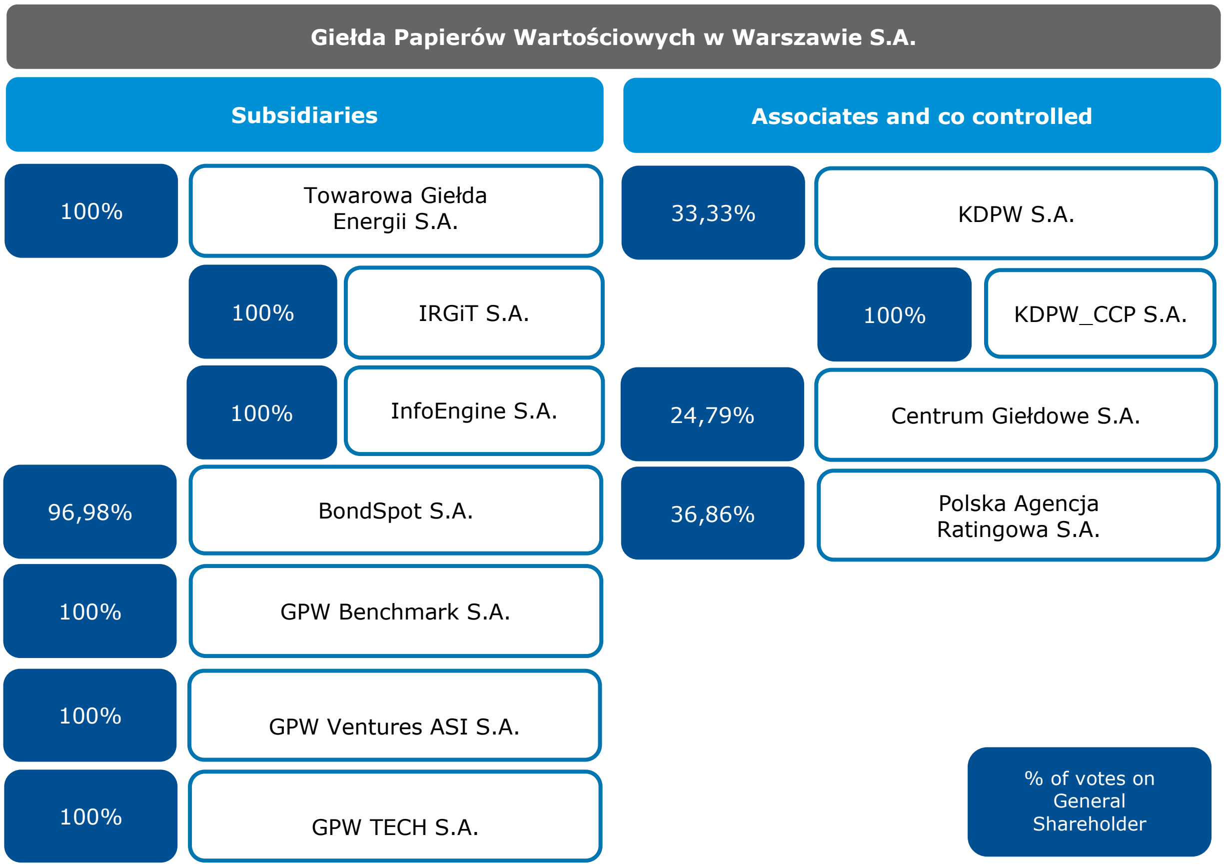
Name and legal status:	Giełda Papierów Wartościowych w Warszawie Spółka Akcyjna
Abbreviated name:	Giełda Papierów Wartościowych w Warszawie S.A.
Registered office and address:	ul. Książęca 4, 00-498 Warszawa, Poland
Telephone number:	+48 (22) 628 32 32
Telefax number:	+48 (22) 628 17 54, +48 (22) 537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

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

3.1.2. Organisation of the GPW Group

As at 30 September 2020, the parent entity and seven direct and indirect subsidiaries, of which five are consolidated, comprised the Giełda Papierów Wartościowych w Warszawie S.A. Group. GPW held shares in companies measured by the equity method, including three associates and one joint venture.

Figure 1 GPW Group, associates and joint ventures



Source: Company

GPW holds 10% of the Ukrainian exchange INNEX PJSC and 0.06% (5,232 shares) of the Bucharest Stock Exchange (BVB). BVB is listed on the Bucharest Stock Exchange. GPW took up 682,023 shares of the company IDM S.A. as a result of debt conversion in 2020.

The Group does not hold any branches or establishments.

3.1.3. Ownership

As at the date of publication of this Report, the share capital of the Warsaw Stock Exchange was divided into 41,972,000 shares including 14,772,470 Series A preferred registered shares (one share gives two votes) and 27,199,530 Series B ordinary bearer shares.

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

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

As at 30 September 2020, there were 25 shares held by the Company's and the Group's managing and supervising persons, all of which were held by GPW Management Board Member Dariusz Kułakowski.

3.2. Main risks and threats

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

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

3.2.1. Risk factors related to the sector of the Group's business activity

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

The global exchange industry is strongly competitive. In the European Union, competition in the trade and post-trade sectors is amplified by legal amendments designed to harmonise legislation of the EU member states and integrate their financial markets. As a result, the Group is exposed to the risk of competition of exchanges and alternative trading venues whose emergence on the Polish market could adversely impact the activity of GPW. The issuer's competitors include multilateral trading facilities (MTF) and other venues of exchange and OTC trade. If alternative venues open trade in Polish stocks, it may impact the value of trade in shares on GPW. Their activity on the Polish market could take away part of the trading volumes handled by the platforms operated by the Group and exert additional pressures on the level of transaction fees, resulting in an adverse impact on the activity of the Group, its financial position and results.

3.2.2. Risk factors related to geopolitics and the global economic conditions

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

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

3.2.2.2. Risk of economic conditions in other countries

The economic situation and market conditions prevailing in other countries, in particular during the COVID- 19 pandemic, could also have an adverse impact on the perception of Poland's economy and its financial markets. Although the economic situation in other countries could be significantly different than in Poland, investors' risk aversion due to the economic situation in other countries could cause a drop in the volume of trade in financial instruments on GPW. In particular, an economic slow-down or crisis in Europe or economic crises in other parts of the world, especially if certain countries cannot pay their debt, could impact the perception of investment risk in European economies, resulting in a quest for safe heavens, which could have an adverse impact on investor activity and sentiment and consequently the activity of the Group, its financial position and results.

3.2.2.3. Risk of the economic situation in Poland

Economic conditions in Poland, which may deteriorate in the coming period due to the COVID-19 pandemic, have a very strong impact on investors' activity and sentiment on the Polish market and consequently volumes on the Group's markets. Changes of economic conditions in Poland affect the economic and investment activity of issuers whose securities are listed on the markets operated by the Group and consequently their financial results, which could impact stock prices and trading volumes as well as new securities issues of companies. Changes of investors' activity and sentiment on the Polish market directly impact the GPW Group's trading revenue. In periods of economic instability and risk aversion, the Group's revenue may decrease, causing a drop of the GPW Group's profits even under conditions of strict cost discipline. Changes of prices of listed instruments have a direct impact in particular on GPW's listing revenue. Perception of increased investment risk of Polish assets could curb the availability of capital which could be invested on the GPW Group's markets and have an adverse impact on the prices of assets traded on the markets organised and operated by the Group. Changes of FX rates could have an adverse impact on investment decisions and consequently on the volumes, value, and numbers of transactions on the GPW Group's markets and thus on the Group's revenue.

3.2.3. Risk factors related to laws and regulations

3.2.3.1. Risk associated with amendments and interpretations of tax regulations

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

3.2.3.2. Risk of inconsistency between Polish and EU tax regulations including VAT regulations

The risk of inconsistency between local (Polish) regulations and the EU VAT Directive may raise doubts about the accounting policies of a taxpayer who recognises purchase invoices and deducts input VAT on that basis in a financial period where such invoices include invoices received after that period but before the deadline for the submission of tax receipts, i.e., in practice, before the 25th day of the following month. This could cause the risk that tax authorities will literally follow Polish regulations and may challenge the timing of deduction of input VAT under Article 86(10b)(1) of the VAT Act (i.e., one of the conditions necessary to deduct input VAT is not met).

3.2.3.3. GPW Group's activity is strictly regulated and regulatory amendments could have an adverse impact on the activity of the Group, its financial position and results

GPW Group companies operate mainly in Poland; however, in addition to national law, they are also subject to EU regulations. European Union regulation increasingly impacts the Group and adds to the costs of compliance, especially in the area of trading and post-trade services. It could hurt the competitiveness of smaller European exchanges, such as GPW, in favour of larger market players. Changes to regulations could require the harmonisation of the Group's trading systems and operations, which could entail additional capital and operating expenditures, resulting in reduction of the Group's profit.

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

Open-ended pension funds are an important group of participants in the markets operated by the Group. In Q3 2020, open-ended pension funds accounted for approx. 5.0% of turnover on the GPW Main Market and held shares representing 20.5% of the capitalisation of domestic companies and 41.2% of shares traded on the Main Market (among shareholders holding less than 5% of the shares of a public company or classified as financial investors).

On 13 February 2020, the Sejm approved the governmental draft law reforming the pension fund system by transferring savings to Individual Pension Accounts (IKE) or "depositing" savings with ZUS. The option of transferring savings from pension funds to IKE involves a 15% conversion fee. The fee is due to the fact that pensions paid by ZUS are subject to taxation. The solution proposed by the government allows individuals to freely dispose of their savings after reaching retirement age. In addition, IKE savings will be subject to succession. The law amending certain laws in connection with the transfer of assets from open-ended pension funds OFE to individual pension accounts IKE was tabled to the Senate, which rejected the draft. The law was referred back to the Sejm. However, due to the COVID-19 pandemic, the legislative work on the law was suspended and the conversion of OFE into IKE was postponed until 2021.

Regulatory amendments replacing OFE with other collective investment schemes may change the activity of such investors on GPW. They could also cause the risk of oversupply of shares listed in GPW and reduce other investors' interest in such shares. As a consequence, this could cause a decrease of trade in financial instruments including shares on GPW, a reduction of the number and value of issues of shares and bonds admitted and introduced to trading on GPW, and consequently a reduction of the Group's revenue and profit.

3.2.3.5. Changes to Polish energy law concerning the mandatory public sale of electricity and natural gas may have an adverse impact on the activity of Towarowa Giełda Energii, its financial standing and results

The Energy Law requires energy companies which generate electricity to sell (subject to certain exceptions) no less than 100% of electricity produced within a year on commodity exchanges or via NEMOs (Nominated Electricity Market Operators). Energy companies trading in gas fuels are required to sell at least 55% of high-methane natural gas introduced to the transmission grid within the year on an exchange. Amendments to or cancellation of these requirements could reduce the activity of certain participants of TGE. This could restrict the liquidity of trade in electricity and natural gas and the attractiveness of the commodity market for other participants, affecting the volume of trade in such commodities and the resulting revenue.

3.2.3.6. The Renewable Energy Law, effective as of May 2015, could have an adverse impact on the activity of Towarowa Giełda Energii, its financial standing and results

TGE operates among other things trade in property rights to certificates of origin of electricity from renewable energy sources as well as the Register of Certificates or Origin. The Renewable Energy Sources Act implemented a new support scheme for the production of energy from renewable energy sources based on auctions, which is to replace the existing support system. The existing system of green certificates of origin will expire on or before 31 December 2035. The support scheme may be phased out even earlier as certificates of origin are available within 15 years after the first day of power generation in an installation. For RES installations which were the first to produce energy eligible for green certificates of origin in 2005, the period of 15 years under the Act will expire in 2020, after which the existing support scheme will be gradually phased out. The phasing out is due to the fact that RES generation systems were gradually commissioned over a long period of time after 2005.

3.2.3.7. Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data

Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC ("GDPR introduced a number of changes and extended the scope of obligations of data controllers and processors. The implementation of GDPR in the GPW Group has put in place uniform and coherent solutions including shared data controlling, data retention, and modified security of systems used to process personal data. GDPR introduces the obligation of reporting to the supervisory authority and personal data subjects in the event of any data protection violations with 72 hours of identification of the event.

In the case of non-compliance with the data disclosure prohibition under GDPR, personal data controllers may be subject to penalties up to EUR 20 million or 4% of the annual global turnover of the business concerned in the financial year preceding the violation.

3.2.4. Risk factors related to the business activity of the Group

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

Following the 2015 amendments to the Capital Market Supervision Act and certain other Acts, the capital market supervision fee has varied considerably. The fee stood at PLN 9.1 million in 2016, the first year when the amendments were in effect. The fee decreased to PLN 5.6 million in 2017 and increased to PLN 12.5 million in 2018. The fee due from the Group was PLN 6.8 million in 2019 and it increased to PLN 13.8 million in 2020. The amount of the fee in the coming years is difficult to predict and there is a risk that the fee will increase in the coming years.

3.2.4.2. Risk of the take-over of the functions of fixing organiser

The GPW Group acting through its subsidiary GPW Benchmark S.A. took over the provision of WIBID and WIBOR reference rates in 2017 and initiated the alignment of the provision method with Regulation (EU) 2016/1011 (BMR). As a part of the alignment, GPW Benchmark conducted open consultations with financial market participants and key institutions, including regular consultations with the Fixing Participants. After the alignment, on 6 December 2019, GPW Benchmark applied to the Polish Financial Supervision Authority for authorisation as administrator of interest-rate benchmarks including the critical interest-rate benchmark WIBOR.

As the application was filed in December 2019, the WIBID and WIBOR Reference Rates may be used after 1 January 2020, i.e., after the transitional period for non-critical benchmarks (WIBID). In connection with the interest-rate benchmark activity of GPW Benchmark, the GPW Group faces the risk of potential delay in PFSA procedures and the risk of delayed alignment of Fixing Participants with the new requirements. The risk of refused authorisation for the WIBID and WIBOR Reference Rates has been largely mitigated thanks to the alignment of the benchmark method and the implementation of new requirements defined in the revised documentation; however, the Company continues to monitor such risk. Next steps in the alignment and verification of the WIBID and WIBOR Reference Rates method will follow BMR, including public consultations.

GPW Benchmark is engaged in research and operations aiming to ensure the development of quality interest rate benchmarks which may be used as alternative interest rate benchmarks in financial instruments and agreements. The provision of alternative indices ensures system stability and safety owing to the continuity of financial instruments and agreements containing references to benchmarks. When it is authorised as the administrator of a critical interest rate benchmark, GPW Benchmark will be in a position to offer such benchmarks under the authorisation.

Potential disputes or reservations concerning the provision of reference rates by a Group company could have an adverse impact on its perception by market participants and on its reputation, and entail third-party liability of the Group.

3.2.4.3. Risk of provision of capital market indices and benchmarks

On 27 November 2019, GPW Benchmark S.A. was authorised by the Polish Financial Supervision Authority as an administrator of significant and non-significant regulated data and non-interest-rate benchmarks and was entered in the ESMA register. As of the beginning of December 2019, GPW Benchmark took full control of the provision of indices of the GPW Main Market, NewConnect and TBSP including WIG20, mWIG40 and sWIG80.

The authorisation to operate as an administrator imposes the obligation to review and validate the methodology of benchmarks under BMR. As a result, GPW Benchmark will be exposed to operational risk and compliance risk due to oversight and control of the provision of benchmarks.

As a supervised entity, GPW Benchmark is exposed to the risk of non-compliance with the provisions of Regulation (EU) No 2016/1011 (BMR) which lay down the obligations of benchmark administrators, and to the risk of resulting supervisory sanctions. If such risks materialise, they could have an adverse effect to the reputation of the entire GPW Group.

3.2.4.4. Risks of TGE's participation in European electricity market projects

TGE's strategy for the spot electricity market follows from the decision of the European Council of February 2011 and the obligation defined by the EU Member States' governments to jointly build an integrated market. According to the strategy, TGE needs to engage in the European market projects. Were the TGE Group not to take measures and invest in the participation in the international energy market, there is a risk that turnover on the electricity market could drop, hindering the operation of the forward market and, in a longer term, of the financial market. TGE could miss the opportunity to grow, especially that one exchange is already active as a competitive NEMO on the Polish energy market under the international XIBID Intra-Day Market model and will soon also operate under the international PCR Day-Ahead Market model as of early 2021. That is due to the fact that Poland is the only CEE country to adopt the competitive NEMO model.

3.2.4.5. Risk generated by the SARS-CoV-2 pandemic

The Exchange Management Board and the Management Boards of the subsidiaries monitor the epidemiological situation in Poland and globally on an on-going basis and analyse its impact on the position of the Group companies. In the opinion of the Exchange Management Board, as an operator of Poland's capital market infrastructure, GPW is exposed to moderate operational and financial risk generated by the outbreak of the SARS-CoV-2 pandemic. The same assessment holds for other companies from the GPW Group. However, given the spread of the pandemic, it is difficult to estimate its further potential impact. The factors at stake include the duration of the pandemic, its potential further spread and reach, and its impact on economic growth in Poland.

The Group has identified the following operational risks of the SARS-CoV-2 pandemic:

- risk of periodic HR shortages caused by potential coronavirus infection and/or quarantine of Group employees;
- risk of interruption of vendors' services;
- risk of slow-down of operating processes due to limited availability of third-party contractors;
- risk of restricted activity of market makers caused by potential higher COVID-19 incidence and/or quarantine, which could reduce the liquidity of financial instruments listed on GPW and on the commodity market; trading in structured instruments could be suspended in the absence of market makers;
- risk of long-term side effects of the pandemic (employees' lower productivity, chronic fatigue syndrome, vulnerability to other diseases) and the psychological impact of long isolation of employees, which is difficult to estimate.

The mitigating measures taken to address the identified risks are described in Chapter 5.7.2.

4. Financial position and assets

4.1. Summary of results

The **GPW Group** generated EBITDA[4] of PLN 160.2 million in 9M 2020, representing an increase of PLN 8.2 million (5.4%) compared to PLN 152.1 million in 9M 2019.

The **GPW Group** generated an operating profit of PLN 132.7 million in 9M 2020 compared to PLN 124.6 million in 9M 2019. The increase of the operating profit by PLN 8.1 million (6.5%) year on year was a result of a bigger increase of revenue, up by PLN 32.0 million i.e. 12.5%, compared to operating expenses, up by PLN 17.2 million i.e. 12.8%. The increase of the revenue included mainly an increase of the revenue on the financial market (up by PLN 36.1 million i.e. 25.5%). The revenue on the commodity market decreased by PLN 6.2 million as certificates of origin of cogeneration were not traded in 2020. Trade in such certificates ended on 30 June 2019; as a result, the comparative period includes revenue from trading in such instruments. The increase of operating expenses in 9M 2020 was mainly driven by an increase of salaries and other employee costs by PLN 8.7 million i.e. 15.1%, an increase of external service charges by PLN 2.4 million i.e. 7.1%, and an increase of fees and charges by PLN 6.7 million i.e. 84.2%.

The net profit of the **Group** stood at PLN 104.8 million in 9M 2020, a decrease of 3.1% i.e. PLN 3.3 million compared to the net profit of the Group at PLN 108.1 million in 9M 2019. The decrease of the net profit was driven by an increase of the operating profit by PLN 8.1 million i.e. 6.5% and a higher negative net balance of financial income less expenses at (PLN 10.6 million). The negative balance of financial income less expenses was driven by higher financial expenses at PLN 18.4 million in 9M 2020 compared to PLN 7.7 million in 9M 2019. The higher financial expenses in 9M 2020 were mainly driven by provisions against potential VAT payable in the subsidiary IRGiT.

GPW's EBITDA stood at PLN 96.8 million in 9M 2020, an increase of PLN 29.8 million i.e. 44.6% compared to PLN 70.0 million in 9M 2019. **GPW**'s operating profit stood at PLN 78.9 million in 9M 2020 compared to PLN 50.5 million in 9M 2019 (up by 56.2%). The increase of **GPW**'s operating profit year on year was driven by an increase of revenue by PLN 38.9 million i.e. 28.0% combined with an increase of operating expenses by PLN 10.7 million i.e. 12.3% year on year. **GPW**'s net profit was PLN 142.4 million in 9M 2020 compared to PLN 108.2 million in 9M 2019. The increase of GPW's net profit by PLN 34.1 million i.e. 31.5% year on year in 9M 2020 was driven mainly by a higher sales revenue on the financial market in 9M 2020 as well as a higher dividend paid by the subsidiary TGE, up by nearly PLN 11 million (PLN 75.1 million in 2020 vs. PLN 63.9 million in 2019). The sales revenue on the financial market stood at PLN 177.6 million in 9M 2020, including revenue on the stock market which increased the most by PLN 33.2 million (49.5%), compared the sales revenue on the financial market at PLN 89.0 million in 9M 2019.

TGE's EBITDA stood at PLN 40.5 million in 9M 2020 compared to PLN 54.7 million in 9M 2019, down by 26.1%. Its operating profit was PLN 33.4 million in 9M 2020 compared to PLN 47.2 million in 9M 2019 (down by 29.3%). The net profit stood at PLN 37.3 million in 9M 2020 compared to PLN 65.8 million in 9M 2019. The decrease of TGE's net profit by 43.3% in 9M 2020 was driven by a decrease of sales revenue by PLN 5.7 million i.e. 7.4% combined with an increase of operating expenses by PLN 5.8 million and a decrease of financial income by PLN 18.8 million i.e., 63.9% year on year. The decrease of financial income in 2020 was due to a lower dividend from the subsidiary IRGiT. TGE received a dividend of PLN 28.2 million in 2019 and PLN 10.0 million in 2020. The decrease of revenue on the commodity market by PLN 6.3 million year on year was driven by a decrease of revenue from trading in property rights by 23.1% i.e. PLN 6.4 million, a decrease of revenue from the operation of the register of certificates of origin by 17.3% i.e. PLN 3.9 million, and an increase of revenue on the electricity market by 19.4% i.e. PLN 2.2 million, an increase of revenue on the gas market by 5.7% i.e. PLN 0.5 million, and an increase of fixed fees paid by market participants by 24.6% i.e. PLN 1.2 million.

IRGiT's EBITDA stood at PLN 24.2 million in 9M 2020 compared to PLN 27.7 million in 9M 2019 (down by 12.6% i.e. PLN 3.5 million). Its operating profit was PLN 22.4 million in 9M 2020 compared to PLN 25.4 million in 9M 2019. The decrease of the operating profit by 12.2% i.e. PLN 3.1 million in 9M 2020 was driven

[4] Operating profit before depreciation and amortisation

by a decrease of revenue by 0.9% i.e. PLN 0.2 million and an increase of operating expenses by 17.5% i.e. PLN 2.1 million year on year. The net profit stood at PLN 10.8 million in 9M 2020 compared to PLN 21.7 million in 9M 2019. The decrease of the net profit by 50.2% was driven by a decrease of the operating profit and an increase of financial expenses due to provisions for potential VAT payable.

BondSpot's EBITDA was stable at PLN 1.3 million in 9M 20120 and 9M 2019. BondSpot's operating profit was also stable at PLN 0.1 million in 9M 20120 and 9M 2019. Its net profit stood was PLN 0.2 million in 9M 20120 and 9M 2019.

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

Table 4: Consolidated statement of comprehensive income of GPW Group by quarter in 2020 and 2019 and in 9M 2020 and 9M 2019

	2020			2019				2020	2019
PLN'000	Q3	Q2	Q1	Q4	Q3	Q2	Q1		
Sales revenue	**88,425**	**102,234**	**97,201**	**80,268**	**82,517**	**89,140**	**84,156**	**287,860**	**255,813**
Financial market	**58,029**	**60,671**	**58,719**	**43,627**	**46,429**	**45,448**	**49,486**	**177,419**	**141,363**
Trading	40,162	44,045	41,512	27,110	29,901	28,429	32,015	125,719	90,345
Listing	4,984	3,750	5,371	4,282	5,013	5,063	5,271	14,105	15,347
Information services and revenue from the calculation of benchmarks	12,883	12,876	11,836	12,235	11,515	11,956	12,200	37,595	35,671
Commodity market	**29,514**	**40,105**	**38,149**	**35,951**	**36,011**	**43,428**	**34,550**	**107,768**	**113,989**
Trading	15,920	19,347	18,912	18,347	18,816	22,098	15,906	54,179	56,820
Register of certificates of origin	3,844	9,103	5,864	5,072	6,183	8,956	7,604	18,811	22,743
Clearing	9,635	11,360	13,082	12,356	10,840	12,203	10,871	34,077	33,914
Information services	115	295	291	176	172	171	169	701	512
Other revenue	**882**	**1,458**	**333**	**691**	**76**	**264**	**120**	**2,673**	**460**
Operating expenses	**49,824**	**45,048**	**56,061**	**47,373**	**36,119**	**43,335**	**54,322**	**150,933**	**133,776**
Depreciation and amortisation	8,706	9,077	9,760	9,417	8,899	9,415	9,187	27,544	27,501
Salaries	17,127	17,325	16,943	15,620	15,329	15,202	15,185	51,395	45,716
Other employee costs	4,936	4,954	5,314	4,325	3,856	4,095	4,219	15,204	12,170
Rent and maintenance fees	1,112	1,095	1,076	759	1,095	1,082	1,034	3,283	3,211
Fees and charges	4,065	279	10,340	448	(5,747)	434	13,285	14,684	7,972
incl. PFSA fees	*3,765*	*2*	*10,022*	*22*	*(6,159)*	*1*	*12,888*	*13,789*	*6,730*
External service charges	12,856	11,276	11,398	15,292	11,498	11,545	10,131	35,530	33,174
Other operating expenses	1,021	1,042	1,230	1,512	1,190	1,559	1,283	3,293	4,032
Other income	570	719	1,076	1,514	1,896	1,876	1,330	2,365	5,102
Gain / (loss) on impairment of receivables	(595)	783	(1,061)	(1,836)	(341)	1,407	(1,131)	(873)	(65)
Other expenses	245	4,602	866	839	933	919	654	5,713	2,506
Operating profit	**38,331**	**54,086**	**40,289**	**31,734**	**47,020**	**48,169**	**29,379**	**132,706**	**124,568**
Financial income	488	1,145	4,278	1,809	2,605	2,402	2,095	5,911	7,102
Financial expenses	4,213	5,039	9,101	17,845	3,283	2,306	2,115	18,353	7,704
(Loss) on impairment of investment in other entities	-	(583)	-	-	(1,089)	-	-	(583)	(1,089)
Share of profit/(losses) of entities measured by equity method	4,557	4,404	1,981	1,942	4,692	3,639	989	10,942	9,320
Profit before tax	**39,163**	**54,013**	**37,447**	**17,640**	**49,946**	**51,903**	**30,348**	**130,623**	**132,197**
Income tax	7,160	10,514	8,180	6,441	8,813	9,353	5,896	25,854	24,062
Profit for the period	**32,003**	**43,499**	**29,267**	**11,199**	**41,133**	**42,550**	**24,452**	**104,769**	**108,135**

Source: Condensed Consolidated Interim Financial Statements, Company

Table 5: Consolidated statement of financial position of GPW Group by quarter in 2020 and 2019

	2020			2019			
PLN'000	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Non-current assets	**579,659**	**577,404**	**587,842**	**590,114**	**585,647**	**586,167**	**598,181**
Property, plant and equipment	93,397	95,597	98,234	101,968	97,303	100,642	104,498
Right-to-use assets	18,985	20,494	21,323	22,725	23,406	24,254	25,510
Intangible assets	241,524	241,868	246,011	246,649	247,314	246,780	250,073
Investment in entities measured by equity method	216,251	211,132	211,737	210,327	208,384	204,763	207,885
Investment in non-consolidated subsidiaries	4,000	4,000	4,000	4,000	-	-	-
Subleasing receivables	475	399	566	523	774	1,167	1,140
Deferred tax assets	2,109	1,219	2,844	464	706	1,432	1,934
Financial assets measured at amortised cost	300	-	-	-	-	-	-
Financial assets measured at fair value through other comprehensive income	121	116	113	120	130	105	103
Prepayments	1,232	1,409	1,719	2,043	1,953	2,801	2,816
Other non-current assets	1,265	1,170	1,295	1,295	5,677	4,222	4,222
Current assets	**733,398**	**804,764**	**740,208**	**666,680**	**645,424**	**771,938**	**733,234**
Inventories	15	16	13	47	46	47	52
Corporate income tax receivable	-	-	-	4,132	114	-	-
Trade and other receivables	43,938	62,087	68,068	45,232	56,169	73,154	66,452
Subleasing receivables	293	223	239	190	237	392	396
Contract assets	2,786	3,048	1,856	2,415	1,797	2,503	2,007
Financial assets measured at amortised cost	264,147	316,505	243,280	328,998	333,693	217,711	361,705
Financial assets measured at fair value through profit or loss	655	-	-	-	-	-	-
Other current assets	4,302	4,504	4,397	4,382	-	-	-
Cash and cash equivalents	417,262	418,381	422,355	281,284	253,368	478,131	302,622
Total assets	**1,313,057**	**1,382,168**	**1,328,050**	**1,256,794**	**1,231,071**	**1,358,105**	**1,331,415**
Equity	**878,204**	**845,634**	**901,577**	**873,486**	**862,382**	**821,208**	**911,884**
Share capital	63,865	63,865	63,865	63,865	63,865	63,865	63,865
Other reserves	1,770	1,204	514	1,089	1,185	1,145	898
Retained earnings	811,958	779,954	836,586	807,927	796,735	755,610	846,531
Non-controlling interests	611	610	612	605	597	588	590
Non-current liabilities	**277,032**	**278,030**	**276,854**	**283,502**	**283,072**	**281,172**	**281,049**
Liabilities under bond issue	244,641	244,545	244,448	244,350	244,253	244,156	244,058
Employee benefits payable	950	960	960	960	929	1,005	1,071
Lease liabilities	12,487	13,777	14,840	16,204	17,238	18,486	19,634
Contract liabilities	930	876	550	572	-	-	-
Accruals and deferred income	10,516	9,325	7,532	6,389	5,444	4,753	4,894
Deferred tax liability	497	417	360	5,386	4,690	2,314	994
Other liabilities	7,011	8,130	8,164	9,641	10,518	10,458	10,398
Current liabilities	**157,821**	**258,504**	**149,619**	**99,807**	**85,617**	**255,724**	**138,482**
Liabilities under bond issue	2,098	1,902	2,087	1,932	2,097	1,893	2,068
Trade payables	9,663	22,118	21,408	11,561	13,788	31,902	19,855
Employee benefits payable	17,119	14,886	15,788	17,175	16,474	13,624	12,970
Lease liabilities	5,365	5,349	5,207	5,181	5,051	5,011	5,359
Corporate income tax payable	6,359	1,751	2,367	1,555	1,531	8,552	10,388
Contract liabilities	14,394	25,315	35,629	4,364	12,015	22,219	32,676
Accruals and deferred income	2,390	2,753	1,080	767	559	559	559
Provisions for other liabilities and charges	27,147	25,353	22,474	15,563	95	95	48
Other liabilities	73,286	159,077	43,579	41,709	34,007	171,870	54,559
Total equity and liabilities	**1,313,057**	**1,382,168**	**1,328,050**	**1,256,794**	**1,231,071**	**1,358,105**	**1,331,415**

Source: Condensed Consolidated Interim Financial Statements, Company

4.1. Revenue

The Group has three revenue-generating segments:

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

Revenues from the financial market include revenues from:

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

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

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

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

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

Listing revenues include two elements:

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

Revenues from real-time information services also include revenues from the sale of the reference rates WIBOR and WIBID.

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

Revenue on the commodity market includes the following:

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

Trading revenue on the commodity market includes:

- revenue from trading in electricity (spot and forward),
- revenue from trading in natural gas (spot and forward),
- revenue from trading in property rights,
- revenue from trading in agricultural and food commodities,

- other fees paid by market participants (members).

Other fees paid by market participants include TGE fees, IRGiT fees as well as revenues of InfoEngine.

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

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

The **Group**'s sales revenues amounted to PLN 287.9 million in 9M 2020, an increase of 12.5% (PLN 32.0 million) compared to PLN 255.8 million in 9M 2019.

The increase in sales revenues year on year in 9M 2020 was driven mainly by an increase of revenues from the **financial market**, which grew by PLN 36.1 million i.e. 25.5%. The biggest increase in revenue on the financial market was reported on the equity market, where the revenue increased by PLN 33.2 million i.e. 49.5%. The revenue on the commodity market decreased by PLN 6.2 million i.e. 5.5% year on year. The decrease of the revenue from the commodity market was mainly driven by a decrease in the revenue from trading in property rights by PLN 6.4 million i.e. 23.1% and in revenue from the operation of the register of certificates of origin by PLN 3.9 million i.e. 17.3%. The revenue from trading in electricity increased by PLN 2.2 million i.e. 19.4% and the revenue from trading in gas increased by PLN 0.5 million i.e. 5.7%, which partly offset the decrease of the revenue from trading in property rights resulting from the discontinuation of trade in property rights in cogeneration.

The revenues from the **financial market** increased by PLN 36.1 million year i.e. 25.5% on year in 9M 2020. The biggest increase on the financial market was reported on the equity market. The revenue on the derivatives market increased by 3.3 million i.e. 41.0% in 9M 2020. The revenue from the debt market continued to increase: it grew by PLN 0.2 million i.e. 2.6% year on year in 9M 2020. The biggest decrease by PLN 1.9 million i.e. 24.8% year on year in 9M 2020 affected revenue from other fees paid by market participants.

The revenue of **GPW** was PLN 177.6 million in 9M 2020, an increase of 28.0% i.e. PLN 38.9 million year on year. The revenue of **TGE** stood at PLN 70.6 million in 9M 2020 compared to PLN 76.3 million in 9M 2019, representing a decrease of 7.4% i.e. PLN 5.7 million year on year. The revenue of **IRGiT** was PLN 36.5 million in 9M 2020, a decrease of 0.9% i.e. PLN 0.3 million year on year. The revenue of **BondSpot** increased and stood at PLN 8.2 million in 9M 2020 compared to PLN 8.1 million in 9M 2019.

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

Table 6: Consolidated revenues of GPW Group and revenue structure in the none-month periods ended 30 September 2020 and 30 September 2019

PLN'000, %	Nine - month period ended				Change (9M 2020 vs 9M 2019)	Change (%) (9M 2020 vs 9M 2019)
	30 September 2020	%	30 September 2019	%		
Financial market	**177,419**	**62%**	**141,363**	**55%**	**36,056**	**25.5%**
Trading revenue	125,719	44%	90,345	35%	35,374	39.2%
Equities and equity-related instruments	100,202	35%	67,032	26%	33,170	49.5%
Derivative instruments	11,322	4%	8,029	3%	3,293	41.0%
Other fees paid by market participants	5,659	2%	7,521	3%	(1,862)	-24.8%
Debt instruments	7,605	3%	7,412	3%	193	2.6%
Other cash instruments	931	0%	351	0%	580	165.2%
Listing revenue	14,105	5%	15,347	6%	(1,242)	-8.1%
Listing fees	12,749	4%	13,168	5%	(419)	-3.2%
Introduction fees, other fees	1,356	0%	2,179	1%	(823)	-37.8%
Information services and revenue from calculation of reference rates	37,595	13%	35,671	14%	1,924	5.4%
Real-time information and revenue from calculation of reference rates	35,204	12%	32,801	13%	2,403	7.3%
Indices and historical and statistical information	2,391	1%	2,870	1%	(479)	-16.7%
Commodity market	**107,768**	**37%**	**113,989**	**45%**	**(6,221)**	**-5.5%**
Trading revenue	54,179	19%	56,820	22%	(2,641)	-4.6%
Electricity	13,673	5%	11,456	4%	2,217	19.4%
Spot	2,585	1%	2,964	1%	(379)	-12.8%
Forward	11,088	4%	8,492	3%	2,596	30.6%
Gas	9,220	3%	8,719	3%	501	5.7%
Spot	1,606	1%	1,546	1%	60	3.9%
Forward	7,614	3%	7,173	3%	441	6.1%
Property rights in certificates of origin	21,105	7%	27,462	11%	(6,357)	-23.1%
Other fees paid by market participants	10,181	4%	9,183	4%	998	10.9%
Register of certificates of origin	18,811	7%	22,743	9%	(3,932)	-17.3%
Clearing	34,077	12%	33,914	13%	163	0.5%
Information services	701	0%	512	0%	189	36.9%
Other revenue *	**2,673**	**1%**	**460**	**0%**	**2,213**	**481.1%**
Total	**287,860**	**100%**	**255,812**	**100%**	**32,048**	**12.5%**

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

Source: Condensed Consolidated Interim Financial Statements, Company

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

Table 7: Consolidated revenues of the Group by geographical segment in the nine-month periods ended 30 September 2020 and 30 September 2019

PLN'000, %	Nine - month period ended				Change (9M 2020 vs 9M 2019)	Change (%) (9M 2020 vs 9M 2019)
	30 September 2020	%	30 September 2019	%		
Revenue from foreign customers	78,731	27%	74,756	29%	3,975	5.3%
Revenue from local customers	209,129	73%	181,057	71%	28,072	15.5%
Total	**287,860**	**100%**	**255,813**	**100%**	**32,047**	**12.5%**

Source: Condensed Consolidated Interim Financial Statements, Company

4.2.1. Financial market

4.2.1.1. Trading

The revenues of the Group from trading on the financial market stood at PLN 125.7 million in 9M 2020 compared to PLN 90.3 million in 9M 2019, representing an increase of 39.2% i.e. PLN 35.4 million.

Equities and equity-related instruments

Revenues from trading in **equities and equity-related instruments** amounted to PLN 100.2 million and increased by 49.5% i.e. PLN 33.2 million year on year in 9M 2020.

The increase of the revenues from trading in equities was driven by an increase of the value of trading on the Main Market. The total value of trading on the Main Market was PLN 197.8 billion in 9M 2020, an increase of 32.0% year on year (including an increase of trade on the electronic order book by 32.7% and an increase of the value of block trades by 3.1%). The average daily turnover value on the Main market was PLN 1,047 million in 9M 2020 compared to PLN 793 million in 2019.

The increase in the value of trading is largely attributable to increased volatility caused by the outbreak of the pandemic. The outbreak of the pandemic resulted in strong market volatility and the materialisation of the risk of economic recession, resulting in:

- sell-out of assets at the outset of the pandemic (equities, bonds, commodities, as well as crypto-currencies);
- remodelling of portfolios of large investment funds;
- falling oil prices (West Texas Intermediate (WTI) crude oil futures settled at negative prices for the first time ever);
- Fed and ECB interventions and assets purchase programmes at record-high USD 7 trillion;
- interest rate cuts imposed by central banks including the National Bank of Poland;
- mass-scale return of retail investors: in Poland from the beginning of the year to the end of September'2020 the number of investment accounts increased by 44.1 thousand;
- individual investors were moving some of their savings from bank deposits to other classes of assets, including equities and bonds; in particular, turnover on NewConnect dominated by retail investors rose more than 13-fold year on year in 9M 2020.

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

	Nine - month period ended		Change (9M 2020 vs 9M 2019)	Change (%) (9M 2020 vs 9M 2019)
	30 September 2020	30 September 2019		
Financial market, trading revenue: equities and equity-related instruments (PLN million)	**100.2**	**67.0**	**33.2**	**49.5%**
Main Market:				
Value of trading (PLN billion)	197.8	149.9	48.0	32.0%
Volume of trading (billions of shares)	12.7	8.7	4.0	46.2%
NewConnect:				
Value of trading (PLN billion)	9.4	1.1	8.3	772.8%
Volume of trading (billions of shares)	5.3	1.0	4.3	429.8%

Source: Condensed Consolidated Interim Financial Statements, Company

Derivatives

Revenues of the Group from transactions in **derivatives** on the financial market amounted to PLN 11.3 million in 9M 2020 compared to PLN 8.0 million in 9M 2019, representing an increase of 41.0% i.e. PLN 3.3 million.

Similar to the spot market, the derivatives market reported sharp growth. The total volume of trading in derivatives increased by 54.6% year on year in 9M 2020. The volume of trading in WIG20 futures, which account for the major part of the revenues from transactions in derivatives, increased by 52.0% year on year in 9M 2020. The volume of trading in single-stock futures increased by 73.6% from PLN 1.0 million to PLN 1.8 million, the volume of trading in index futures increased by 51.2% from PLN 3.0 million to PLN 4.5 million, and the volume of trading in currency futures increased by 49.1% from 1.1 million in 9M 2019 to 1.6 million in 9M 2020. WIG20 futures and index futures have the biggest contribution to revenue while fees on currency futures are the lowest among all futures, hence their impact on revenue is much smaller.

Table 9: Data for the derivatives market

	Nine - month period ended		Change (9M 2020 vs 9M 2019)	Change (%) (9M 2020 vs 9M 2019)
	30 September 2020	30 September 2019		
Financial market, trading revenue: derivatives (PLN million)	**11.3**	**8.0**	**3.3**	**41.0%**
Volume of trading in derivatives (millions of contracts):	8.2	5.3	2.9	54.6%
incl.: Volume of trading in WIG20 futures (millions of contracts)	4.5	2.9	1.5	52.0%

Source: Condensed Consolidated Interim Financial Statements, Company

Other fees paid by market participants

Revenues of the Group from **other fees** paid by market participants stood at PLN 5.7 million in 9M 2020, a decrease of 24.8% i.e. PLN 1.9 million year on year. The fees mainly include fees for access to and use of the trading system (among others, licence fees, connection fees and maintenance fees). The decrease of the revenue in 9M 2020 was driven mainly by the Technology Development Support Programme, which was introduced in March 2019 and did not yet impact the revenue in 9M 2019.

In March 2019, GPW launched the Exchange's Technology Development Support Programme which grants discount limits to exchange members who meet the criteria set in the rules for the purposes of technological development in the brokerage business. Members' applications for participation in the programme were accepted until 31 March 2019. The granted discount limit was PLN 6 million over a period of 3 years. The actual discount granted in 9M 2020 was PLN 789.1 thousand. According to IFRS 15 Revenue from Contracts with Customers, the Exchange is required to recognise the discount for all members accepted in the Programme on a pro rata basis in the duration of the Programme. The amount charged to the income of the period under IFRS 15 was PLN 1,588.2 thousand in 9M 2020.

Debt instruments

Revenues of the Group from transactions in **debt instruments** stood at PLN 7.6 million in 9M 2020 compared to PLN 7.4 million in 9M 2019. The majority of the Group's revenues from the debt instruments segment is generated by Treasury BondSpot Poland (TBSP).

The year-on-year increase of the revenues on TBSP in 9M 2020 was driven by a change of the price list, i.e., an increase of the fixed subscription fee. The value of trade on TBSP decreased in the period under review.

The value of trading in Polish Treasury securities on TBSP was PLN 112.7 billion in 9M 2020, a decrease of 52.8% year on year. The decrease of the value of trading was reported both in the cash segment and the conditional segment. The value of cash transactions stood at PLN 27.6 billion in 9M 2020, a decrease of

63.4% year on year. Conditional transactions stood at PLN 85.1 billion in 9M 2020, a decrease of 48.0% year on year.

The value of trading on TBSP until mid-February 2020, in particular the value of outright transactions, was mainly driven by market factors impacting the interest rate market, concerns with rising inflation, and expected limited supply of bonds at auctions held by the Ministry of Finance owing to a strong position of the public budget. Those factors stabilised market volatility, resulting in less active trading by banks on TBSP. In the latter half of February and in the following months, the market was mainly impacted by the spread of SARS-CoV-2 (initially resulting in a sharp increase of volatility and market risk, causing investors to withdraw from bond funds) and Monetary Policy Council decisions aiming to offset the adverse impact of the pandemic by means of interest rate cuts and the emergency purchase of government bonds by the National Bank of Poland. Those factors impacted turnover both on the cash and on the forward market.

The initial increase in volatility prompted the Ministry of Finance to widen the maximum spreads of market maker quotes on TBSP. Wider spreads curbed competitiveness of prices on TBSP compared with prices on competitive platforms (in particular, interbank brokers). While market volatility decreased in the following weeks, the Ministry of Finance decided to gradually reduce the spreads over the following months (the spreads were above the pre-pandemic levels until 22 July 2020).

The Monetary Policy Council decisions and the National Bank of Poland operations resulted in a sharp reduction of market interest rates, including yields across the Treasury curve, which curbed transactional activity of market participants. However, the key driver which reduced their activity were regular redemptions of Treasury bonds (and instruments issued by PFR and BGK) by the National Bank of Poland. On the one hand, they are an effective tool supporting liquidity in the banking system (as banks do not need to source liquidity by selling Treasury bonds); on the other hand, they reduce the value of outstanding Treasury bonds in trading. Furthermore, the National Bank of Poland operations reduce the volatility of Treasury bond prices, which encourages banks to opt for the aforementioned competitive forms of negotiating and executing transactions.

Trading on the market is also affected by the bank tax, whose structure encourages banks to keep Treasury securities in their assets as they reduce the balance of assets which is the tax base. This implies a higher share of local banks among all holders of Treasury securities and a falling share of active non-residents. The tax structure also affects the activity of banks on the secondary market in sell/buy-back and repo transactions: on the one hand, it shortens the tenor of transactions and, on the other hand, directly limits trading activity on the repo market at the end of each month in order to contain the potential impact of opening transactions on the assets which form the taxable base.

The value of trading on Catalyst was PLN 2.1 billion in 9M 2020, representing a decrease of 7.9% year on year. Revenues from Catalyst have a small share in the Group's total revenues from transactions in debt instruments: Treasury BondSpot Poland has a predominant share in this market segment.

Table 10: Data for the debt instruments market

	Nine - month period ended		Change (9M 2020 vs 9M 2019)	Change (%) (9M 2020 vs 9M 2019)
	30 September 2020	30 September 2019		
Financial market, trading revenue: debt instruments (PLN million)	**7.6**	**7.4**	**0.2**	**2.6%**
Catalyst:				
Value of trading (PLN billion)	2.1	2.3	(0.2)	-7.9%
incl.: Value of trading in non-Treasury instruments (PLN billion)	1.3	1.4	(0.1)	-4.4%
Treasury BondSpot Poland, value of trading:				
Conditional transactions (PLN billion)	85.1	163.7	(78.6)	-48.0%
Cash transactions (PLN billion)	27.6	75.3	(47.7)	-63.4%

Source: Condensed Consolidated Interim Financial Statements, Company

Other cash market instruments

Revenues from transactions in **other cash market instruments** stood at PLN 931 thousand in 9M 2020 compared to PLN 351 thousand in 9M 2019, representing an increase of 165.2% i.e. PLN 0.6 million. The revenues include fees for trading in structured products, investment certificates, and ETF units. Revenue from trade in structured certificates increased the most in nominal terms i.e. by PLN 276.7 thousand.

4.2.1.2. Listing

Listing revenues on the financial market amounted to PLN 14.1 million in 9M 2020 compared to PLN 15.3 million in 9M 2019.

Revenues from **listing fees** amounted to PLN 12.7 million in 9M 2020, a decrease of 3.2% i.e. PLN 0.4 million year on year. The main driver of revenues from listing fees is the number of issuers listed on the GPW markets and their capitalisation at the year's end.

Revenues from **fees for introduction and other fees** decreased by 37.8% i.e. PLN 0.8 million year on year in 9M 2020. They amounted to PLN 1.4 million in 9M 2020 compared to PLN 2.2 million in 9M 2019. The revenues are driven mainly by the number and value of new listings of shares and bonds on the GPW markets, as well as the structure of IPOs. The value of IPOs and SPOs on the Main Market and NewConnect was PLN 2.9 billion in 9M 2020 compared to PLN 7.9 billion in 9M 2019. The amount of PLN 1.6 billion mainly included SPOs on the Main Market. The revenue from the introduction of new issues to the market decreased due to a decrease of the value of issues introduced in 9M 2020 and due to the application of IFRS 15 Revenue from Contracts with Customers and the distribution of revenue from introduction over time.

The decision to no longer recognise revenue from the introduction of debt instruments to trading on a one-off basis took effect as of 1 January 2019. However, the entire correction of the recognition of fees under IFRS 15 for all of 2019 was recognised in Q4 2019. Consequently, the revenue reported for 9M 2019 does not include the correction of the recognition of revenue in time.

The revenue of 9M 2020 was adjusted down by PLN 653 thousand on a one-off basis due to a change of BondSpot's accounting policy under IFRS 15 and a different recognition of revenue from fees for the introduction of instruments to trading as of the beginning of 2020.

Listing revenues on the GPW Main Market decreased by 3.5% i.e. PLN 0.4 million year on year in 9M 2020. The table below presents the key financial and operating figures.

Table 11: Data for the GPW Main Market

	Nine - month period ended		Change (9M 2020 vs 9M 2019)	Change (%) (9M 2020 vs 9M 2019)
	30 September 2020	30 September 2019		
Main Market				
Listing revenue (PLN million)	**11.7**	**12.1**	**-0.4**	**-3.5%**
Total capitalisation of listed companies *(PLN billion)*	804.7	1,112.7	-308.0	-27.7%
including: Capitalisation of listed domestic companies	467.9	551.1	-83.2	-15.1%
including: Capitalisation of listed foreign companies	336.7	561.5	-224.8	-40.0%
Total number of listed companies	436	458	-22	-4.8%
including: Number of listed domestic companies	388	409	-21	-5.1%
including: Number of listed foreign companies	48	49	-1	-2.0%
Value of offerings *(IPO and SPO) (PLN billion)*	2.7	7.8	-5.1	-65.5%
Number of new listings *(in the period)*	2	6	-4	-66.7%
Capitalisation of new listings *(PLN billion)*	0.3	0.9	-0.6	-67.7%
Number of delistings	15	12	3	25.0%
Capitalisation of delistings* (PLN billion)	6.7	22.5	-15.8	-70.2%

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

Source: Company

Listing revenues from NewConnect increased by 9.6% year on year in 9M 2020. The table below presents the key financial and operating figures.

Table 12: Data for NewConnect

	Nine - month period ended		Change (9M 2020 vs 9M 2019)	Change (%) (9M 2020 vs 9M 2019)
	30 September 2020	30 September 2019		
NewConnect				
Listing revenue *(PLN million)*	**1.6**	**1.5**	**0.1**	**9.6%**
Total capitalisation of listed companies *(PLN billion)*	20.7	9.0	11.6	128.8%
including: Capitalisation of listed domestic companies	19.6	8.5	11.1	130.5%
including: Capitalisation of listed foreign companies	1.0	0.5	0.5	100.6%
Total number of listed companies	376	382	-6	-1.6%
including: Number of listed domestic companies	371	376	-5	-1.3%
including: Number of listed foreign companies	5	6	-1	-16.7%
Value of offerings *(IPO and SPO) (PLN million)*	0.2	0.1	0.1	127.7%
Number of new listings *(in the period)*	11	12	-1	-8.3%
Capitalisation of new listings *(PLN billion)*	0.3	0.4	(0.1)	-28.6%
Number of delistings*	10	18	-8	-44.4%
Capitalisation of delistings** (PLN billion)	0.3	1.2	-0.9	-73.0%

** includes companies which transferred to the Main Market*
*** based on market capitalisation at the time of delisting*

Source: Company

Listing revenues from Catalyst stood at PLN 0.83 million in 9M 2020 and decreased by 53.6% year on year. The table below presents the key financial and operating figures. The lower revenue in 9M 2020 was also due to the application of IFRS 15 (i.e., recognition of revenue over time) and a higher comparative base as 9M 2019 data included no such recognition of revenue over time and were adjusted under IFRS 15 in Q4 2019. Furthermore, as mentioned above, the revenue of 9M 2020 was adjusted down by PLN 653 thousand on a one-off basis due to a change of BondSpot's accounting policy under IFRS 15 and a different recognition of revenue from fees for the introduction of instruments to trading as of the beginning of 2020.

Table 13: Data for Catalyst

	Nine - month period ended		Change (9M 2020 vs 9M 2019)	Change (%) (9M 2020 vs 9M 2019)
	30 September 2020	30 September 2019		
Catalyst				
Listing revenue *(PLN million)* *	**0.83**	**1.80**	**-0.96**	**-53.6%**
Number of issuers	132	142	-10	-7.0%
Number of issued instruments	524	562	-38	-6.8%
including: non-Treasury instruments	466	513	-47	-9.2%
Value of issued instruments *(PLN billion)*	1047.1	777.2	269.9	34.7%
including: non-Treasury instruments	95.2	86.6	8.5	9.8%

** the application of IFRS 15 and the adjustment of figures in Q4 2019*

Source: Company

4.2.1.3. Information services

Revenues from **information services** including the financial market and the commodity market amounted to PLN 38.3 million in 9M 2020 compared to PLN 36.2 million in 9M 2019, representing an increase of 5.8%.

Table 14: Data for information services

	Nine - month period ended		Change (9M 2020 vs 9M 2019)	Change (%) (9M 2020 vs 9M 2019)
	30 September 2020	30 September 2019		
Revenues from information services and WIBID and WIBOR reference rate services * *(PLN million)*	**38,3**	**36,2**	**2,1**	**5,8%**
Number of data vendors	87	83	4	4,8%
Number of subscribers ('000 subscribers)	350,9	238,5	112,4	47,1%

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

Source: Condensed Consolidated Interim Financial Statements, Company

The increase of revenue year on year was driven by the following factors:

- acquisition of new clients of GPW data (mainly non-display users and data vendors);
- strong increase in the number of subscribers (up by 47%).

4.2.2. Commodity market

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

Revenues of the GPW Group on the commodity market stood at PLN 107.8 million in 9M 2020 compared to PLN 114.0 million in 9M 2019, a decrease of 5.5% i.e. PLN 6.2 million.

The decrease in the revenue in 9M 2020 was due to the termination of trade in cogeneration certificates, which expired as of 31 December 2018, were fully cancelled by 30 June 2019, and were delisted in June 2019. The revenues and volumes are presented in detail below.

4.2.2.1. Trading

Revenues of the GPW Group from trading on the commodity market stood at PLN 54.2 million in 9M 2020, including PLN 2.6 million of revenues from spot transactions in electricity, PLN 11.1 million of revenues from forward transactions in electricity, PLN 1.6 million of revenues from spot transactions in gas, PLN 7.6 million of revenues from forward transactions in gas, PLN 21.1 million of revenues from transactions in property rights in certificates of origin of electricity, and PLN 10.2 million of other fees paid by market participants. Revenues from trading decreased by 4.6% i.e. PLN 2.6 million year on year in 9M 2020.

The Group's revenues from **trading in electricity** amounted to PLN 13.7 million in 9M 2020 compared to PLN 11.5 million in 9M 2019. The total volume of trading on the energy markets operated by TGE amounted to 182.4 TWh in 9M 2020 compared to 162.2 TWh in 9M 2019. The year-on-year increase in the revenue from trading in electricity was driven by an increase in the volume of forward transactions. The volume of spot transactions increased year on year and stood at 25.4 TWh vs. 24.9 TWh in 9M 2019. However, the revenue from spot transactions in electricity decreased year on year, mainly due to two factors. First, price list options chosen by market participants differed between 9M 2020 and 9M 2019. Price list options either offer higher fixed fees combined with lower transaction fees or lower fixed fees combined with higher variable fees. Options are chosen every year and the revenue from transaction fees may differ from year to year even if trading volumes remain stable. Fixed fees are higher in 2020 (revenue from fixed fees increased year on year in 2020) while variable fees are lower. Second, the share of the Intra-Day Market increased as international trade has been available on the market since November 2019. TGE charges no fees for international trade from counterparties who are members of other exchanges.

The Group's revenues from **trading in gas** amounted to PLN 9.2 million in 9M 2020 compared to PLN 8.7 million in 9M 2019. The volume of trading in natural gas on TGE was 110.9 TWh in 9M 2020 compared to 105.5 TWh in 9M 2020. The volume of trading on the Day-ahead and Intraday Market in gas was 15.7 TWh in 9M 2020 compared to 14.9 TWh in 9M 2019. The volume of trading on the Commodity Forward Instruments Market (OTF) was 95.2 TWh in 9M 2020, an increase of 5.1% year on year, driving the year-on-year increase in the revenue.

The Group's revenue from the operation of **trading in property rights** decreased year on year and stood at PLN 21.1 million compared to PLN 27.5 million in 9M 2020. The volume of trading in certificates of origin stood at 20.8 TWh in 9M 2020, a decrease of 45.3% year on year compared to 38.1 TWh in 9M 2019. The decrease in trading was due to the expiry of certificates of energy from cogeneration as of 31 December 2018, their final cancellation by 30 June 2019 and discontinuation of trading in June 2019. As a result, property rights to cogeneration were still being traded in 9M 2019.

On the other hand, the volume of trade in green certificates increased by 4.7% from 19.7 TWh in 9M 2019 to 20.6 TWh in 9M 2020. Given that fees on trade in green certificates are higher than fees on trade in cogeneration, the year-on-year drop of revenue from trading in property rights to certificates of origin was lower than the drop in volumes.

Revenues of the Group from **other fees paid by commodity market participants** amounted to PLN 10.2 million in 9M 2020 compared to PLN 9.2 million in 9M 2019. Other fees paid by commodity market participants included fees paid by TGE market participants at PLN 6.0 million, revenues of InfoEngine at PLN 1.8 million, and revenues of IRGiT at PLN 2.4 million, including mainly, fees for participation in TGE markets, fees on assets of Clearing House members maintained in the clearing guarantee system, participation fees and other fees.

Other fees paid by market participants are driven mainly by revenues from fixed market participation fees, fees for cancellation of transactions, fees for position transfers, fees for trade reporting in the RRM (Registered Reporting Mechanism), fees for access to the system, and fees for management of the resources of the guarantee fund.

TGE's revenue from exchange fees had the biggest share of all these. The main contribution to TGE's revenue from other fees paid by commodity market participants was that of annual fees, accounting for 62.5% of revenue from other fees. Revenue from annual fees stood at PLN 3.8 million in 9M 2020, an increase of 15.4% year on year. The increase of the revenue was driven by the expiry of promotional fees on the gas market and the selection of higher fixed fees combined with lower variable fees (fee options are selected on an annual basis).

Table 15: Data for the commodity market

	Nine - month period ended		Change (9M 2020 vs 9M 2019)	Change (%) (9M 2020 vs 9M 2019)
	30 September 2020	30 September 2019		
Commodity market - trading revenue (PLN million)	**54.2**	**56.8**	**-2.6**	**-4.6%**
Volume of trading in electricity				
Spot transactions *(TWh)*	25.4	24.9	0.5	2.0%
Forward transactions *(TWh)*	157.0	137.3	19.7	14.4%
Volume of trading in gas				
Spot transactions *(TWh)*	15.7	14.9	0.8	5.3%
Forward transactions *(TWh)*	95.2	90.5	4.6	5.1%
Volume of trading in property rights (TGE) (TWh)	20.8	38.1	-17.2	-45.3%

Source: Condensed Consolidated Interim Financial Statements, Company

4.2.2.2. Register of certificates of origin

Revenues from the operation of the **Register of Certificates of Origin** amounted to PLN 18.8 million in 9M 2020 compared to PLN 22.7 million in 9M 2019. The year-on-year decrease of the revenues by PLN 3.9 million was driven by a decrease of the volumes of issued property rights (by 41.5%) and cancelled property rights (by 36.7%). The year-on-year decrease of the revenue was due to:

- an increase of the revenue from the RES register from PLN 15.0 million to PLN 17.0 million due to an increase of issued and cancelled green certificates,
- no revenue from cogeneration in 9M 2020 compared to a revenue of PLN 4.6 million in 9M 2019,
- a decrease of revenue from energy efficiency from PLN 2.1 million to PLN 0.6 million, and
- a modest increase of revenue from guarantees of origin from PLN 1.1 million to PLN 1.2 million.

Table 16: Data for the Register of Certificates of Origin

	Nine - month period ended		Change (9M 2020 vs 9M 2019)	Change (%) (9M 2020 vs 9M 2019)
	30 September 2020	30 September 2019		
Commodity market - revenue from operation of the Register of Certificates of Origin of electricity (PLN million)	**18.8**	**22.7**	**-3.9**	**-17.3%**
Issued property rights *(TWh)*	18.3	31.3	-13.0	-41.5%
Cancelled property rights *(TWh)*	17.3	27.3	-10.0	-36.7%

Source: Condensed Consolidated Interim Financial Statements, Company

4.2.2.3. Clearing

The Group earns revenue from the **clearing activities** of IRGiT, which is a subsidiary of TGE. The revenue stood at PLN 34.1 million in 9M 2020 compared to PLN 33.9 million in 9M 2019. The increase of the revenue by PLN 0.2 million i.e. 0.5% was driven by an increase of revenue from clearing, settlement and registration of forward trade in electricity on the OTF by 29.6% i.e. PLN 2.1 million combined with an increase of revenue from clearing, settlement and registration of forward trade in gas on the OTF by 5.9% i.e. PLN 0.7 million. The revenue from clearing of property rights decreased by 24.1% i.e. PLN 2.7 million.

4.2.3. Other revenues

The Group's other revenues amounted to PLN 2.7 million in 9M 2020 compared to PLN 0.5 million in 9M 2019. The Group's other revenues include mainly revenues from educational activities, PR, office space lease and sponsorship. The Group's other revenues include the revenue from the reimbursement of expenses incurred by TGE in the pre-financing of certain services on the international market (PLN 1.3 million) and the revenue of GPW Benchmark relating to the Model Quotes System (PLN 0.7 million).

4.3. Operating expenses

The total operating expenses of the **GPW Group** amounted to PLN 150.9 million in 9M 2020, representing an increase of PLN 17.2 million i.e. 12.8% year on year. The increase of operating expenses was driven by an increase of salaries and other employee costs by PLN 8.7 million i.e. 15.1%, an increase of fees and charges by PLN 6.7 million i.e. 84.2%, and an increase of external service charges by PLN 2.4 million i.e. 7.1%. The annual supervision fee due to PFSA from the Group stood at PLN 13.8 million in 2020 compared to PLN 6.7 million in 2019, representing an increase of 105%.

Separate operating expenses of **GPW** amounted to PLN 97.7 million in 9M 2020, representing an increase of PLN 10.7 million i.e. 12.3% year on year. The year-on-year increase of operating expenses was mainly driven by an increase of salaries and other employee costs by PLN 4.4 million i.e. 12.3%, an increase of external service charges by PLN 1.9 million i.e. 7.8%, an increase of depreciation and amortisation charges by PLN 1.5 million i.e. 8.9%, and an increase of fees and charges by PLN 3.5 million. The annual supervision fee due to PFSA from GPW stood at PLN 7.3 million in 2020 compared to PLN 3.6 million in 2019, representing an increase of 105%.

Operating expenses of **TGE** amounted to PLN 37.9 million in 9M 2020 compared to PLN 32.0 million in 9M 2019, representing an increase of PLN 5.9 million i.e. 18.2%. The year-on-year increase of operating expenses in 9M 2020 was mainly driven by an increase of salaries and other employee costs by PLN 2.1 million i.e. 17.2%, an increase of external service charges by PLN 2.4 million i.e. 24.6%, and an increase of fees and charges including the PFSA fee by PLN 2.0 million i.e. 116.7%. The final annual supervision fee was PLN 3.7 million in 2020 compared to PLN 1.7 million in 2019.

Operating expenses of **IRGiT** stood at PLN 14.0 million in 9M 2020, an increase of PLN 2.1 million i.e. 17.5% year on year. Similar to other companies of the GPW Group, IRGiT's supervision fee due to PFSA increased to PLN 2.7 million compared to PLN 1.4 million in 2019, up by 90.9%.

Operating expenses of **BondSpot** stood at PLN 8.1 million in 9M 2020 and were stable year on year.

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

PLN'000, %	Nine - month period ended				Change (9M 2020 vs 9M 2019)	Change (%) (9M 2020 vs 9M 2019)
	30 September 2020	%	30 September 2019	%		
Depreciation and amortisation	27,544	18%	27,501	21%	43	0.2%
Salaries	51,395	34%	45,716	34%	5,679	12.4%
Other employee costs	15,204	10%	12,170	9%	3,034	24.9%
Rent and other maintenance fees	3,283	2%	3,211	2%	72	2.2%
Fees and charges	14,684	10%	7,972	6%	6,712	84.2%
including: PFSA fees	*13,789*	*9%*	*6,730*	*5%*	*7,059*	*104.9%*
External service charges	35,530	24%	33,174	25%	2,356	7.1%
Other operating expenses	3,293	2%	4,032	3%	(739)	-18.3%
Total	**150,933**	**100%**	**133,776**	**100%**	**17,157**	**12.8%**

Source: Condensed Consolidated Interim Financial Statements, Company

The table above presents changes in the structure of expenses in 9M 2020 and 9M 2019 and changes between those periods.

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

PLN'000, %	Nine - month period ended 30 September 2020	%	30 September 2019	%	Change (9M 2020 vs 9M 2019)	Change (%) (9M 2020 vs 9M 2019)
Depreciation and amortisation	17,886	18%	16,422	19%	1,464	8.9%
Salaries	30,062	31%	27,291	31%	2,771	10.2%
Other employee costs	9,704	10%	8,110	9%	1,594	19.7%
Rent and other maintenance fees	3,243	3%	3,159	4%	84	2.7%
Fees and charges	8,009	8%	4,501	5%	3,508	77.9%
including: PFSA fees	7,328	*8%*	3,578	*4%*	3,750	*104.8%*
External service charges	26,258	27%	24,356	28%	1,902	7.8%
Other operating expenses	2,493	3%	3,111	4%	(618)	-19.9%
Total	**97,655**	**100%**	**86,950**	**100%**	**10,705**	**12.3%**

Source: Company

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

4.3.1. Depreciation and amortisation

Depreciation and amortisation charges stood at PLN 27.5 million in 9M 2020 and were stable year on year. Depreciation and amortisation charges stood at PLN 4.0 million in 9M 2020 compared to PLN 3.7 million in 9M 2019.

4.3.2. Salaries and other employee costs

Salaries and other employee costs amounted to PLN 66.6 million in 9M 2020 compared to PLN 57.9 million in 9M 2019, representing an increase of 15.1% i.e. PLN 8.7 million.

The increase of salaries and other employee costs in the GPW Group year on year in 9M 2020 was driven by an increase of salaries and other employee costs in GPW by PLN 4.4 million i.e. 12.3%, in TGE by PLN 2.1 million i.e. 17.2%, in IRGiT by PLN 0.7 million i.e. 14.2%, in BS by 0.1 million i.e. 1.6%, in IE by PLN 0.2 million i.e. 30.4%, and in GPW Benchmark by PLN 1.3 million.

The increase of GPW's salaries and other employee costs year on year in 9M 2020 was driven by an increase in remuneration by PLN 0.5 million, an increase of supplementary salary costs by PLN 2.3 million, and an increase of other employee costs, including social security, by PLN 1.6 million. In view of active development projects in GPW, a part of salaries are capitalised and will be recognised in depreciation charges after the projects are rolled out. Capitalised salaries and other employee costs stood at PLN 4.6 million in 9M 2020. The increase in supplementary salary costs was driven by short-term contracts concerning projects in the development of the Group's strategy.

TGE's salaries increased by PLN 1.2 million and other employee costs, including social security, by PLN 0.9 million. The increase of remuneration in TGE was due to an increased headcount driven by the implementation of strategic projects including extended participation in international markets and the opening of the Agricultural Market. In addition, TGE introduced an employee pension plan (PPE) in Q4 2019, which was not yet in place in 9M 2019.

The increase of salaries in IRGiT was driven mainly by an increase of base salary in 2020 due to the Company's bigger headcount. The increase of salaries in the subsidiary GPW Benchmark was also driven by an increase of the headcount.

The headcount of the GPW Group was 426 FTEs as at 30 September 2020.

Table 19: Employment in GPW Group

# FTEs	As at		
	30 September 2020	31 December 2019	30 September 2019
GPW	249	223	219
Subsidiaries	177	174	164
Total	**426**	**397**	**382**

Source: Company

4.3.3. Rent and other maintenance fees

Rent and other maintenance fees amounted to PLN 3.3 million in 9M 2020 compared to PLN 3.2 million in 9M 2019, representing a small increase of 2.2% i.e. PLN 0.1 million. Due to the application of IFRS 16, this line includes mainly maintenance fees.

4.3.4. Fees and charges

The final amount of the annual fee may only be calculated after the Chairperson of the Polish Financial Supervision Authority publishes the rates and the indicators necessary to calculate the fees in a public communiqué promulgated in the Official Journal of the Polish Financial Supervision Authority by 31 August of each calendar year. The calculated fee is to be paid by 30 September of the calendar year. In 2020, the deadline was postponed until 30 November 2020 due to the pandemic.

4.3.5. External service charges

External service charges amounted to PLN 35.5 million in 9M 2020 compared to PLN 33.2 million in 9M 2019, representing an increase of 7.1% i.e. PLN 2.3 million.

Table 20: Consolidated external service charges of the Group and structure of external service charges in the nine-month periods ended 30 September 2020 and 30 September 2019

PLN'000, %	Nine - month period ended				Change (9M 2020 vs 9M 2019)	Change (%) (9M 2020 vs 9M 2019)
	30 September 2020	%	30 September 2019	%		
IT cost:	19,725	56%	17,415	52%	2,310	13.3%
IT infrastructure maintenance	15,309	*43%*	12,960	*39%*	2,349	*18.1%*
TBSP maintenance service	1,176	*3%*	1,126	*3%*	50	*4.4%*
Data transmission lines	2,954	*8%*	3,093	*9%*	(139)	*-4.5%*
Software modification	287	*1%*	236	*1%*	51	*21.6%*
Office and office equipment maintenance:	2,660	7%	2,464	7%	196	8.0%
Repair and maintenance of installations	475	*1%*	550	*2%*	(75)	*-13.6%*
Security	1,394	*4%*	1,178	*4%*	216	*18.3%*
Cleaning	587	*2%*	490	*1%*	97	*19.8%*
Phone and mobile phone services	204	*1%*	246	*1%*	(42)	*-17.1%*
International (energy) market services	2,450	*7%*	167	*1%*	2,283	*1367.1%*
Leasing, rental and maintenance of vehicles	272	1%	325	1%	(53)	-16.3%
Transportation services	108	0%	91	0%	17	18.7%
Promotion, education, market development	1,954	5%	3,121	9%	(1,167)	-37.4%
Market liquidity support	897	3%	992	3%	(95)	-9.6%
Advisory (including: audit, legal services, business consulting)	3,236	9%	4,860	15%	(1,624)	-33.4%
Information services	2,285	6%	2,094	6%	191	9.1%
Training	766	2%	544	2%	222	40.8%
Mail fees	68	0%	92	0%	(24)	-26.1%
Bank fees	160	0%	130	0%	30	23.1%
Translation	299	1%	270	1%	29	10.7%
Other	649	2%	609	2%	40	6.5%
Total	**35,530**	**100%**	**33,174**	**100%**	**2,356**	**7.1%**

Source: Condensed Consolidated Interim Financial Statements

The increase of external service charges year on year in 9M 2020 was mainly driven by changes in the following cost items:

- IT infrastructure maintenance – an increase of PLN 2.3 million (18.1%) due to the cost of IT hardware services and software warranty services;
- data transmission lines – a decrease of PLN 0.1 million (4.5%) driven by a decrease of the cost in GPW and TGE. The decrease of the cost was due to optimisation of infrastructure services in the GPW Group;
- building and office equipment maintenance – an increase of PLN 0.2 million (8.0%) due to rising costs of security and cleaning services following a minimum wage raise and an hourly rate raise year after year under the Regulation of the Council of Ministers;
- international energy market services – an increase of PLN 2.3 million due to participation in the integration of the European energy market, continued development work including development of the intra-day market XBiD and the day-ahead market. In addition, part of the expense are reinvoiced due to the specificity of payments in the aforementioned international projects. Reinvoiced expenses are shown in sales revenue. They stood at PLN 1.25 million in 9M 2020. Net income was PLN 1.2 million, representing an increase year on year. However, the Company carried out the XBiD implementation project in 2019, resulting in partial but higher capitalisation of project expenses.;
- promotion, education, market development – a decrease of PLN 1.2 million (37.4%) mainly due to the absence of the cost of organisation of annual events including the Annual Exchange Gala, the Trading Forum, and lower costs of participation in conferences due to the COVID-19 epidemic;

- advisory – a decrease of PLN 1.6 million due mainly to a higher cost of advisory for strategic projects in 2019 including GPW Ventures and GPW Growth advisory, TGE Gas Hub, the Agricultural Market, and TGE secondary capacity market research, as well as the Group's tax advisory. No such costs were paid in 2020;
- information services – an increase of PLN 0.2 million due mainly to the implementation of GPW's Analytical Coverage Support Pilot Programme

The Analytical Coverage Support Pilot Programme aims to:

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

The Programme was open to members who met the criteria defined in the programme rules until 22 April 2019. Twelve members joined the Programme who jointly cover 40 issuers. The Analytical Coverage Support Programme was extended in July 2020. In the extension of the Programme, each of the 12 Exchange Members (brokers) participating in the Programme nominated one additional company for coverage; as a result, 12 companies joined the existing 39 participants of the Programme (the number of participants decreased by 1 during the Programme).
The expected cost of the Programme after its extension is ca. PLN 4.525 million net in the two years. The costs of the Programme recognised in 9M 2020 was PLN 1.4 million.

4.3.6. Other operating expenses

Other operating expenses amounted to PLN 3.3 million in 9M 2020 compared to PLN 4.0 million in 9M 2019, representing a decrease of 18.3% i.e. PLN 0.7 million.

Other operating expenses in 9M 2020 included mainly the cost of material and energy consumption at PLN 2.0 million, industry organisation membership fees at PLN 0.6 million, insurance at PLN 0.3 million, business travel at PLN 0.2 million and conference participation at PLN 0.1 million. The cost of business travel reported the highest nominal decrease year on year in 9M 2020 and fell by 74.9% i.e. PLN 0.5 million.

4.4. Other income and expenses

Other income of the Group amounted to PLN 2.4 million in 9M 2020 compared to PLN 5.1 million in 9M 2019, a decrease of 53.6% i.e. PLN 2.7 million. Other income includes mainly medical services reinvoiced to employees (PLN 0.4 million), an annual correction of input VAT (PLN 0.4 million vs. PLN 1.0 million in 9M 2019), TGE's revenue from PSE in respect of the PCR (Price Coupling of Regions) project at PLN 0.4 million (the income is recognised over time), TGE's revenue from a grant of PLN 0.5 million (vs. PLN 1 million in 9M 2019) received for the Agricultural Market project, revenue from a grant of PLN 0.7 million for the New Trading System project. Other operating income in 2019 included revenue from the reinvoicing of costs incurred by TGE due to its participation in international projects at PLN 2.0 million. In 2020, such revenue is presented in other sales revenue at PLN 1.3 million.

Other expenses of the Group amounted to PLN 5.7 million in 9M 2020 compared to PLN 2.5 million in 9M 2019.

The main item of other expenses in 9M 2020 was a goodwill impairment charge for the subsidiary BondSpot at PLN 3.5 million. The BondSpot goodwill impairment charge was recognised as a result of an impairment test carried out due to the occurrence of indications of impairment, i.e., a decrease in TBSP turnover, which was caused by the COVID-19 pandemic. The turnover value and the conditions on the debt market are described in the section Financial Market – Debt Instruments. The valuation parameters are described in Note 2.2 to the Consolidated Financial Statements of the GPW Group for the nine-month period ended 30 September 2020. The value of BondSpot after the impairment is PLN 19.4 million compared to nearly PLN 23.0 million as at 31 December 2019.

Other expenses also included donations. The cost of donations stood at PLN 2.0 million in 9M 2020 vs. PLN 2.1 million in 9M 2019.

Donations in 9M 2020 included mainly PLN 1 million donated in connection with the COVID-19 pandemic: GPW's donations in the form of medical equipment for COVID-19 testing for the Sanitary Epidemiological Stations in Siedlce and Radom, as well as barrier tents for two hospitals in Pruszków, and IRGiT's donation to the Warsaw Medical University Clinical Centre. GPW also donated PLN 0.9 million to the GPW Foundation. IRGiT donated PLN 5 thousand to Fundacja Magia Serca. TGE donated PLN 10 thousand to Fundacja Domy Samotnych Matek z Dziećmi w Kraśniewie.

Both in 9M 2020 and in 9M 2019, GPW provided a cash donation of PLN 1.5 million to the Polish National Foundation (PFN). The expenses of those periods only present the difference between the amount paid in the period and the liability relating to 2020 discounted as at 31 December 2016. As a result, other expenses of the period include the discounted donation to PFN at PLN 183.7 thousand in 9M 2020 and PLN 210.8 thousand in 9M 2019.

4.5. Financial income and expenses

Financial income of the Group amounted to PLN 5.9 million in 9M 2020 compared to PLN 7.1 million in 9M 2019, representing a decrease of PLN 1.2 million i.e. 16.8%.

Financial income includes mainly interest on bank deposits and financial instruments (corporate bonds and certificates of deposit) as well as positive FX differences. Interest income stood at PLN 3.8 million in 9M 2020 compared to PLN 6.7 million in 9M 2019. The sharp decrease in interest income in 9M 2020 was due to reference rate cuts, resulting in very low interest on bank deposits and other instruments such as corporate bonds and certificates of deposit. The Group earned a higher other financial income in 9M 2020 (up by PLN 1.7 million), representing positive FX differences in 9M 2020.

Financial expenses of the Group amounted to PLN 18.4 million in 9M 2020 compared to PLN 7.7 million in 9M 2019, representing an increase of PLN 10.7 million i.e. 138.2%.

The increase of financial expenses year on year in 9M 2020 was due to the recognition of additional provisions against potential VAT payable for 2014-2020 at PLN 11.7 million.

The second biggest line of financial expenses in 9M 2020 was interest cost of GPW's series C, D and E bonds (including the cost of the issue recognised over time), which stood at PLN 5.8 million in 9M 2020 and remained stable year on year.

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

The interest rate on the series D and E bonds was 2.74% in 9M 2020 and in 9M 2019.

4.6. Gains on other investments/(losses) on impairment of investments in other entities

Losses on impairment of investments in other entities stood at PLN 583 thousand in 9M 2020 compared to PLN 1.1 million in 9M 2019. The loss recognized in the period of 9 months of 2020 is the impairment of the investment in PAR. The investment in PAR is described in Chapter 11.4.

4.7. Share of profit of entities measured by equity method

The Group's share of profit of entities measured by equity method stood at PLN 10.9 million in 9M 2020 compared to PLN 9.3 million in 9M 2019 (up by 17.4% i.e. PLN 1.6 million). The higher gains in 9M 2020 were driven by higher profits of the KDPW Group.

The share of the GPW Group in the profits of the **KDPW Group** stood at PLN 10.5 million in 9M 2020 compared to PLN 9.6 million in 9M 2019.

The share in the net profit of **Centrum Giełdowe** was PLN 0,4 million in 9M 2020, an increase of 2.1% i.e. PLN 8 thousand year on year.

The share of loss of PAR was no longer recognised in 2020 as the investment was fully impaired in 2019.

Table 21: Profit/Loss of associates and joint ventures

PLN'000	Nine - month period ended		Change (9M 2020 vs 9M 2019)	Change (%) (9M 2020 vs 9M 2019)
	30 September 2020	30 September 2019		
Grupa KDPW S.A.	31,641	28,734	2,907	10.1%
Centrum Giełdowe S.A.	1,590	1,557	33	2.1%
Polska Agencja Ratingowa S.A.	-	(1,934)	1,934	-
Razem	**33,231**	**28,357**	**4,874**	**17.2%**

Source: Company

Table 22: GPW's share of profit of associates and joint ventures

PLN'000	Nine - month period ended		Change (9M 2020 vs 9M 2019)	Change (%) (9M 2020 vs 9M 2019)
	30 September 2020	30 September 2019		
Grupa KDPW S.A.	10,547	9,578	969	10.1%
Centrum Giełdowe S.A.	394	386	8	2.1%
Polska Agencja Ratingowa S.A.	-	(645)	645	-
Razem	**10,941**	**9,320**	**1,622**	**17.4%**

Source: Company

4.8. Income tax

Income tax of the Group was PLN 25.9 million in 9M 2020 compared to PLN 24.1 million in 9M 2019. The **effective income tax rate** in the periods under review was 19.8% and 18.2%, respectively, as compared to the standard Polish corporate income tax rate of 19%. Income tax **paid** by the Group was PLN 23.3 million in 9M 2020 compared to PLN 31.5 million in 9M 2019.

The following companies: Giełda Papierów Wartościowych w Warszawie S.A., Towarowa Giełda Energii S.A., BondSpot S.A. and GPW Benchmark, participate in the GPW Tax Group ("GPW TG" or "TG") since September 2016.

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

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

5. Atypical factors and events

5.1. Capital market supervision fee due from the GPW Group

The cost of capital market supervision stood at PLN 13.8 million in 2020, the highest figure since the effective date of the amendments in the rules of covering the costs of supervision in 2016.

The GPW Group does not control the amount of the fees and cannot reliably predict the final amount to be paid to PFSA in any given year; as a result, it cannot predict the impact of the fees on the Group's cash flows and results.

5.2. Launch of the Food Platform

In connection with the implementation of the "Food Platform" project co-financed by Krajowy Ośrodek Wsparcia Rolnictwa (National Centre for Agricultural Support, KOWR), the GPW Group launched the Food Platform ("Agricultural Market") in the first half of March 2020, dedicated to trade in agricultural commodities. The Agricultural Market is operated by TGE. The Market was run as a pilot until the end of August 2020: the Platform charged no fees as it finetuned all operations. The first products traded on the platform are consumption wheat and class B and C rye. These will be followed in the future by other agricultural commodities: maize, rape, concentrated apple juice, sugar, milk powder.

5.3. Research and development work on the development of a proprietary Trading Platform with co-financing from NCBR grants

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

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

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

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

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

5.4. "GPW Data Platform" project

On 21 August 2019, the National Centre for Research and Development (NCBR) published a list of evaluated projects proposed in the Operational Programme Smart Development 2014-2020. The projects selected for co-financing include the project of the Warsaw Stock Exchange "GPW Data platform: an innovative Artificial Intelligence system supporting investment decisions on the capital market". The project cost is estimated at PLN 8.3 million, including NCBR co-financing at PLN 4.2 million. The GPW Data project is a part of GPW's strategic initiatives in the Exchange's information services business segment. The project is aligned with the Capital Market Development Strategy which provides among others for the introduction of electronic reporting standards in the Inline eXtensible Business Reporting Language (iXBRL). The GPW Data project is based on machine learning and artificial intelligence. It will enable capital market participants to make faster decisions when investing on the exchange. The GPW Data system will support fast access to, analysis and processing of market data, as well as the development of investors' proprietary trading algorithms based on AI. The project is scheduled to be rolled out in 2022.

5.5. Implementation of the Private Market project

The strategic initiatives implemented by GPW include the Private Market project which aims to develop a blockchain platform matching start-ups with potential investors. The project involves work on trade in digital assets. The platform will allow companies to raise funding by means of security tokens, i.e., tokenisation of interest and trade in tokens on the secondary market. Innovative solutions will be developed for investors to use such platforms and ensure safe trading and regulatory compliance. The project is being developed by a consortium comprised of GPW, the Silesian University of Technology, and VRTechnology sp. z o.o. The total project budget is approx. PLN 12.6 million.

On 23 September 2020, acting as the leader of the consortium comprised of the Silesian University of Technology and VRTechnology sp. z o.o., GPW signed a co-financing agreement with the National Centre for Research and Development (NCBR) for the project "Development of an innovative blockchain platform" (GPW Private Market). The project received a PLN 8.5 million grant from NCBR.

5.6. Provisions against VAT corrections in IRGiT

Provisions against VAT payable were set up, in accordance with the principle of prudence and IAS 37 Provisions, Contingent Liabilities and Contingent Assets, in the amount of PLN 15.5 million as at 31 December 2019. The provisions were charged to financial expenses (including interest on tax payable). The provisions were increased to PLN 27.1 million as at 30 September 2020. As a result, estimated interest on tax payable at PLN 11.7 million was charged to the results of 9M 2020.

Details concerning the potential VAT payable at IRGiT are presented in Note 5.9 to the Consolidated Financial Statements.

5.7. COVID-19 pandemic

The GPW Management Board and the Management Boards of the subsidiaries monitor the epidemiological situation in Poland and globally on an on-going basis and analyse its impact on the position of the Group companies. The COVID-19 pandemic impacted the situation of the Group in different ways, as discussed below.

5.7.1. Impact of COVID–19 on the financial standing of the Group

Atypical events in Poland and globally in 2020 included the outbreak of the COVID-19 pandemic which resulted in turbulences in global and national economies and on financial markets. In the early stage of the pandemic, concerns about the impact of the spread of the contagion (looming economic collapse) triggered mass sell-out of assets both by institutional and retail investors while prices on global exchanges including GPW were in an all-time downtrend. The main index WIG20 lost 29.6% year to date as at 31 March 2020. However, in view of a combination of multiple economic factors, including sharp rate cuts imposed by central banks and the low valuations of assets, many investors quickly turned to the exchange markets to take advantage of those conditions. As investors returned to GPW, GPW's main index bounced back. The increase in turnover in 9M 2020 is presented in detail in Chapter 4. It should be noted that the SARS-CoV-2 pandemic is a factor stimulating investors' interest in GPW-listed biomedical and gaming companies. That interest boosts turnover on the exchange and generates higher trading revenue.

As regards the turnover value in the equity and derivatives instruments, the impact of the developments on the **financial market** triggered by the pandemic was positive for the revenue. Given the above-average volatility resulting from the SARS-CoV-2 pandemic in 2020, the volume and value of turnover both on the Regulated Market and in the Alternative Trading System increased significantly year on year. On the one hand, this resulted in a heavy burden on GPW systems, in particular the trading system; on the other hand, it had a positive impact on additional trading revenue generated by GPW.

The potential adverse impact of the pandemic on the financial standing of the Exchange has been analysed and the following factors have been identified:

- In the case of a longer economic slow-down, the value of companies listed on GPW could decrease sharply, which could prompt flight of institutional and retail investors, delisting of companies, and fewer new listings. Falling numbers of investors and companies listed on GPW could reduce the liquidity of instruments traded on GPW and reduce the Exchange's revenue. Falling valuations of listed companies could reduce the revenue of the Exchange from annual listing fees;
- A long-term downtrend could discourage retail investors from investing on the capital markets, which could have an adverse impact on the Exchange's revenue.
- Credit risk could materialise if Exchange Members, issuers, and members of other markets operated by GPW stop paying amounts due to the Exchange.
- Thanks to natural hedging, the Exchange is not exposed to a high FX risk.

Concerning the **commodity market**, given that economic slow-down caused by the SARS-CoV-2 pandemic impacts directly demand for electricity and gas and the related markets, it may in the short term have an impact on trading revenue as well as revenue from clearing. The conclusions concerning the impact of the pandemic on the commodity markets are presented below:

- TGE's operations and financial standing have not been affected by the SARS-CoV-2 pandemic since its outbreak. The volume of turnover increased by 12.5% on the electricity market and by 5% (YoY) on the gas market in 9M 2020, boosting revenue.
- On TGE's gas market, falling demand for fuel on the macro scale caused by the coronavirus pandemic triggered a sharp downtrend in global oil, gas, coal, and CO2 prices, which could boost turnover in the short term.
- Credit risk may materialise in the case of the trade balancing service if debt owed to InfoEngine is not paid when due or at all; however, the company did not report any such event or threat as at the date of publication of this report.

In view of a sharp reduction of interest rates in the period under review, in particular Q2 and Q3 2020, the Group's financial income on its investment of free cash decreased by 43% year on year. The downtrend may deepen further as rates offered on deposits and other instruments are close to 0%.

5.7.2. Measures taken to prevent and mitigate the impact of the COVID-19 pandemic

The financial position of the Group is strong, which is why the Group did not use public support measures or schemes offered by the Government of Poland.

The Management Board of GPW and the Management Boards of the subsidiaries have identified potential operational risks caused by the SARS-CoV-2 pandemic, presented in Chapter 3.2.

The GPW Management Board and the Management Boards of the subsidiaries have taken the following measures to mitigate the adverse impact:

- **Implementation of procedures mitigating the risk of infection and spread of SARS-Cov-2 in the Group**

The GPW Management Board and the Management Boards of the subsidiaries have enabled their employees' work from home. The vast majority of employees are working remotely. Teams present at the office alternate and follow the safety procedures.

Procedures have been put in place in the event of confirmed coronavirus infections of employees. Health and safety procedures have been reinforced, including the application of personal safety measures by employees present at the office, as well as office space cleaning and disinfection.

Mitigating measures have been taken to ensure business continuity as well as continued project implementation. Although most employees have been working remotely since March 2020, all processes in the Group are executed without interruption.

The Group supports employees with regard to IgG and IgM antibody diagnostic tests for SARS-CoV-2 provided by a national network of diagnostic laboratories ALAB Laboratoria. PCR tests are carried out in the case of reasonable suspicion that an employee has been in contact with another employee or client diagnosed with COVID-19.

- **On-going monitoring of the conformity of the scope and quality of services provided by third-party vendors**

No interruption of services provided by telecom, energy or banking vendors has been reported. Business continuity of Group members is ensured among others by diversification of vendors and recovery resources maintained at back-up sites.

- On 10 March 2020, the Exchange issued a communication to Exchange Members announcing the steps being taken and giving assurance of continuity of the service.
- Processes have been reviewed with a view to automation and improvement of workflows, including improved productivity of remote work.
- Communication with the companies of the Group has been facilitated and procedures have been modified to limit face-to-face contacts.

Those measures include the option of submitting documentation to GPW by electronic means of communication and the extension of the validity of supervising broker authorisations (in specific cases, the authorisation expires after 12 months) of investment firm employees until 30 days after the lifting of the state of epidemic threat in Poland or the state of epidemic in connection with SARS-CoV-2 infections. Moreover GPW introduced temporary modifications of measures taken in the case of issuers in the NewConnect and Catalyst alternative trading system (ATS) who fail to publish periodic reports within the regulatory time limits – conditional waiver of the usual practice of imposing regulatory penalties and other disciplinary measures, including suspension of trading in such issuers' securities (with respect to the 2019 annual report and the Q1 2020 interim report).

- **Active contribution to the fight with the coronavirus**

A donation of PLN 1 million has been made towards the acquisition of SARS-CoV-2 testing equipment by the Sanitary Epidemiological Stations in Siedlce and Radom. The entire profit earned by the Exchange on the first day of trading in Allegro shares at PLN 680 thousand was donated towards the fight with the coronavirus pandemic.

In summary, as at the date of publication of this report, the operation of the Exchange and its subsidiaries continues without interruption. The Exchange has implemented all of the ESMA and KNF recommendations for regulated markets of 12 March 2020, the ESMA recommendations concerning financial reporting of 20 May 2020, the IOSCO Statement of 29 May 2020 on Importance of Disclosure about COVID-19, as well as the guidelines of the Chief Sanitary Inspectorate, including in particular recommendations concerning the safety, health and hygiene of the Company's employees.

As at 30 September 2020, the Group held PLN 681 million in cash and cash equivalents and assets measured at amortised cost including bank deposits and guaranteed corporate bonds; in the opinion of the Management Board, those financial resources are sufficient to conclude that the Group's short-term and mid-term liquidity risk is low. No adverse impact of events caused by the pandemic on the liquidity of the Group was reported in 9M 2020. However, in view of mounting and persistent economic slow-down in the face of the continued pandemic, the Company cannot rule out potential deterioration in the collection of its debt, which would require higher provisioning.

The procedures put in place by the Group members cover different scenarios of the pandemic and include adequate legal solutions necessary to ensure business continuity.

5.7.3. Expected future impact on financial results, assets, and cash flows, and identified risks and uncertainties

The market conditions which triggered strong volatility until the day of the publication of this have so far had a positive impact, boosting turnover on the exchange markets, which helped to grow revenue and profits. The pandemic may have a positive impact on the Company's prospective financial position as its core business is not directly exposed to adverse effect of the pandemic while higher volatility on the capital market may generate more transactions and additional turnover, boosting the revenue of the GPW Group. However, a prolonged economic crisis could in a longer term adversely impact the Group's business segments, causing a drop of revenue and profits in the coming quarters. At this time, it is not possible to assess future market behaviour and its impact on turnover on the markets operated by the Group.

Further economic slow-down resulting in lower revenue and profits of listed companies could reduce their valuation; a deteriorating position of listed companies could result in their delisting; all those factors could lead to a lower capitalisation. As already mentioned, the key driver of listing revenue is the number of issuers listed on the GPW markets and their capitalisation at the year's end. If the number of issuers drops and the capitalisation of listed companies decreases, the revenue generated by issuers may be lower.

Given that interest rates on deposits and corporate instruments are close to 0, financial income will continue to decline in the coming quarters as compared to 2019 and 2020.

Due to massive transition of the economy to online processes and remote work, demand for IT specialists has increased significantly, which may inflate the employment cost of IT specialists while delayed recruitment may affect ongoing projects implementation timelines.

Spreading infections, including infections of GPW employees, may affect or prevent the staffing necessary to safely manage trading sessions. Moreover,the financial crisis unleashed by the pandemic, this could have a significant impact on supply chains, affecting the ability of vendors to meet SLAs and deliver equipment etc. in due time.

In the opinion of the Exchange Management Board, as an operator of Poland's capital market infrastructure, GPW is exposed to moderate operational and financial risk generated by the outbreak of the SARS-CoV-2 pandemic. The same assessment holds for other companies from the GPW Group. However, given a strong increase in the number of new SARS-CoV-2 cases in Poland in October 2020, it is difficult to estimate the further potential impact of the pandemic. The factors at stake include the duration of the pandemic, its potential further spread and reach, and its impact on economic growth in Poland.

The Exchange Management Board and the Management Boards of the subsidiaries monitor the epidemiological situation in Poland an on-going basis and its impact on the position of the Group. If any additional risks arise in the future, measures will be taken to mitigate such risks and to protect the interest of the Group, its staff and stakeholders.

The presented measures, indicators, and calculations are a fair representation of the financial position and assets of the GPW Group.

6. Group's assets and liabilities structure

The **balance-sheet total** of the Group was PLN 1.3 billion as at 30 September 2020, representing an increase of 4,5% year to date (PLN 1.26 billion as at 31 December 2019) and an increase of 6,7% year on year (PLN 1.23 billion as at 30 September 2019).

6.1. Assets

The Group's **non-current assets** stood at PLN 579.7 million representing 44% of total assets of the Group as at 30 September 2020 compared to PLN 590.1 million i.e. 47% of total assets as at 31 December 2019 and PLN 585.6 million i.e. 48% of total assets as at 30 September 2019.

As at 30 September 2020, the Group recognised a right-to-use asset of PLN 19.0 million in non-current assets (including the right of perpetual usufruct of land at PLN 4.1 million). The Group recognised sublease receivables at PLN 0.5 million as at 30 September 2020.

Investments in non-consolidated subsidiaries stood at PLN 4.0 million as at 30 September 2020 including the investment in GPW Ventures (PLN 3.0 million) and GPW TECH (PLN 1.0 million). The companies were established in 2019.

Financial assets measured at amortised costs at PLN 300 thousand represent a long-term loan granted to PAR, described in section 11.3.

Financial assets measured at fair value through other comprehensive income included minority interest in Bucharest Stock Exchange (BVB, formerly SIBEX) and interest in Innex. The interest in BVB was recognised at PLN 121 thousand and the interest in Innex at PLN 0 as at 30 September 2020.

Other non-current assets included margins securing energy market transactions in InfoEngine at PLN 1.2 million and in 9M 2019 additionally the option to acquire a trading system at PLN 4.2 million.

The Group's **current assets** stood at PLN 733.4 million representing 56% of total assets of the Group as at 30 September 2020 compared to PLN 666.7 million i.e. 53% of total assets as at 31 December 2019 and PLN 645.4 million i.e. 52% of total assets as at 30 September 2019.

Current assets as at 30 September 2020 increased by 13.6% i.e. PLN 88.0 million year on year and by 10% i.e. PLN 66.7 million year to date. The increase of current assets year to date and year on year in 9M 2019 was mainly driven by an increase in liquid financial assets by PLN 71.1 million year to date and by PLN 94.3 million year on year. The increase of liquid financial assets includes two lines: cash and cash equivalents, as well as financial assets measured at amortised cost. The sum of those two lines increased to PLN 681.4 million from PLN 610.3 million as at 31 December 2019 and PLN 587.1 million as at 30 September 2019. The increase of liquid assets combined with lower receivables suggests that the Group generated higher liquid assets while paying expenditure to invest in the implementation of the Group's strategy.

As at 30 September 2020, financial assets measured at amortised cost stood at PLN 264.1 million including corporate bonds at PLN 90.0 million, bank deposits at PLN 167.0 million, and a loan grated to PAR at PLN 204 thousand.

Financial assets measured at fair value through profit or loss at PLN 655 thousand as at 30 June 2020 represent interest in IDM taken up through the conversion of IDM's debt owed to GPW and TGE. As a result of the debt conversion, GPW and TGE took up 682,023 shares and 7,578 shares, respectively, with a nominal value of PLN 0.05 per share. The issue price was PLN 1.35 per share.

As at 30 September 2020, other current assets at PLN 4.3 million included an advance payment for the acquisition of a new licence from the UTP vendor under the 2010 agreement with the system vendor at PLN 4.2 million and the short-term portion of margins securing energy market transactions in InfoEngine at PLN 0.1 million.

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

PLN'000	As at					
	30 September 2020	%	31 December 2019	%	30 September 2019	%
Non-current assets	**579,659**	**44%**	**590,114**	**47%**	**585,647**	**48%**
Property, plant and equipment	93,397	7%	101,968	8%	97,303	8%
Right-to-use assets	18,985	1%	22,725	2%	23,406	2%
Intangible assets	241,524	18%	246,649	20%	247,314	20%
Investment in entities measured by equity method	216,251	16%	210,327	17%	208,384	17%
Investment in non-consolidated subsidiaries	4,000	0%	4,000	0%	-	0%
Sublease receivables	475	0%	523	0%	774	0%
Deferred tax assets	2,109	0%	464	0%	706	0%
Financial assets measured at amortised cost	300	0%	-	0%	-	0%
Financial assets measured at fair value through other comprehensive income	121	0%	120	0%	130	0%
Prepayments	1,232	0%	2,043	0%	1,953	0%
Other non-current assets	1,265	0%	1,295	0%	5,677	0%
Current assets	**733,398**	**56%**	**666,680**	**53%**	**645,424**	**52%**
Inventory	15	0%	47	0%	46	0%
Corporate income tax receivable	-	0%	4,132	0%	114	0%
Trade receivables and other receivables	43,938	3%	45,232	4%	56,169	5%
Sublease receivables	293	0%	190	0%	237	0%
Contract assets	2,786	0%	2,415	0%	1,797	0%
Financial assets measured at amortised cost	264,147	20%	328,998	26%	333,693	27%
Financial assets measured at fair value through profit or loss	655	0%	-	0%	-	0%
Other financial assets	4,302	0%	4,382	0%	-	0%
Cash and cash equivalents	417,262	32%	281,284	22%	253,368	21%
Total assets	**1,313,057**	**100%**	**1,256,794**	**100%**	**1,231,071**	**100%**

Source: Condensed Consolidated Interim Financial Statements

6.2. Equity and liabilities

The **equity** of the Group stood at PLN 878.2 million representing 67% of the Group's total equity and liabilities as at 30 September 2020 compared to PLN 873.5 million i.e. 70% of total equity and liabilities as at 31 December 2019 and PLN 862,4 million i.e. 70% of the total equity and liabilities as at 30 September 2019.

Non-current liabilities of the Group stood at PLN 277.0 million representing 21% of the Group's total equity and liabilities as at 30 September 2020 compared to PLN 283.5 million i.e. 23% of total equity and liabilities as at 31 December 2019 and PLN 283,1 million i.e. 23% of the total equity and liabilities as at 30 September 2019. The Group's non-current liabilities include mainly GPW's liabilities under outstanding series C bonds due for redemption on 6 October 2022 and series D and E bonds due for redemption on 31 January 2022. The series D and E bonds were issued on 2 January 2017.

As at 30 September 2020, lease liabilities decreased by 27.6% i.e. PLN 4.8 million year on year. Accruals and deferred income increased from PLN 5.4 million to PLN 10.5 million as at 30 September 2020. Non-current deferred income included the grant received by TGE for assets in the PCR project at a carrying value of PLN 4.2 million as at 30 September 2020 and the grant for the Agricultural Market project at PLN 0.9 million, as well as the grant received by GPW for the New Trading System project at PLN 4.7 million, the grant for the GPW Data project at PLN 0.5 million, and the grant for the Private Market project at PLN 0.06 million.

Other non-current liabilities as at 30 September 2020 included mainly the liability of the parent entity to the Polish National Foundation at PLN 7.0 million (PLN 8.3 million as at 30 September 2019).

Current liabilities of the Group stood at PLN 157.8 million representing 12% of the Group's total equity and liabilities as at 30 September 2020 compared to PLN 99.8 million i.e. 8.0% of total equity and liabilities as at 31 December 2019 and PLN 85,6 million i.e. 7% of the total equity and liabilities as at 30 September 2019.

The increase in current liabilities as at 30 September 2020 by 58.1% year to date and by 84,3% year on year was mainly driven by an increase of:

- contract liabilities,
- provisions against liabilities and other charges,
- other liabilities.

Contract liabilities, which increased by 229.8% year to date and by 19.8% year on year as at 30 September 2020, include deferred income, recognised over time, due in respect of annual fees paid by market participants and data vendors. Such fees are recognised pro rata to time. The year-on-year increase as at 30 September 2020 was driven by an increase of annual fees in 2020.

The main item of provisions against liabilities as at 30 September 2020 is the provision against VAT payable in IRGiT at PLN 27.1 million.

Other current liabilities as at 30 September 2020 included mainly VAT payable of the current period at PLN 25.6 million in TGE and PLN 23.9 million in IRGiT, contracted investments at PLN 2.6 million in GPW, current liabilities to PFN at PLN 1.3 million, and liabilities in respect of other taxes in GPW at PLN 1.6 million. In addition, PLN 1.4 million includes InfoEngine transaction margins. The year-to-date and the year-on-year increase in other liabilities as at 30 September 2020 was also driven by the supervision fee due to PFSA for 2020. The PFSA fee due from the Group is PLN 13.8 million. As the due date of the fee for 2020 was postponed from 30 September to 30 November 2020, the PFSA fee was not yet paid as at the balance sheet date.

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

PLN'000	As at					
	30 September 2020	%	31 December 2019	%	30 September 2019	%
Equity	**878,204**	**67%**	**873,486**	**70%**	**862,382**	**70%**
Share capital	63,865	5%	63,865	5%	63,865	5%
Other reserves	1,770	0%	1,089	0%	1,185	0%
Retained earnings	811,958	62%	807,927	64%	796,735	65%
Non-controlling interests	611	0%	605	0%	597	0%
Non-current liabilities	**277,032**	**21%**	**283,502**	**23%**	**283,072**	**23%**
Liabilities under bond issue	244,641	19%	244,350	19%	244,253	20%
Employee benefits payable	950	0%	960	0%	929	0%
Lease liabilities	12,487	1%	16,204	1%	17,238	1%
Contract liabilities	930	0%	572	0%	-	0%
Accruals and deferred income	10,516	1%	6,389	1%	5,444	0%
Deferred income tax liability	497	0%	5,386	0%	4,690	0%
Other liabilities	7,011	1%	9,641	1%	10,518	1%
Current liabilities	**157,821**	**12%**	**99,807**	**8%**	**85,617**	**7%**
Liabilities under bond issue	2,098	0%	1,932	0%	2,097	0%
Trade payables	9,663	1%	11,561	1%	13,788	1%
Employee benefits payable	17,119	1%	17,175	1%	16,474	1%
Lease liabilities	5,365	0%	5,181	0%	5,051	0%
CIT payable	6,359	0%	1,555	0%	1,531	0%
Contract liabilities	14,394	1%	4,364	0%	12,015	1%
Accruals and deferred income	2,390	0%	767	0%	559	0%
Provisions for other liabilities and charges	27,147	2%	15,563	1%	95	0%
Other current liabilities	73,286	6%	41,709	3%	34,007	3%
Total equity and liabilities	**1,313,057**	**100%**	**1,256,794**	**100%**	**1,231,071**	**100%**

Source: Condensed Consolidated Interim Financial Statements

7. Statement of cash flows and capital expenditure

7.1. Cash flows

The Group generated positive cash flows from **operating activities** at PLN 187.5 million in 9M 2020 compared to positive cash flows of PLN 160.2 million in 9M 2019. The increase of the positive cash flows from operating activities in 9M 2020 was driven by positive revaluation of assets, which was greater in 9M 2020 than in 9M 2019, and by a lower income tax paid.

The cash flows from **investing activities** were positive at PLN 50.4 million in 9M 2020 compared to positive cash flows of PLN 47.0 million in 9M 2019. Outflows in investing activities included the investment of financial assets measured at amortised cost as well as the purchase of property, plant and equipment and intangible assets. Inflows included mainly the sale of assets measured at amortised cost.

The cash flows from **financing activities** were negative at PLN 102.2 million in 9M 2020 compared to negative cash flows of PLN 142.8 million in 9M 2019. The lower negative cash flows from financing activities in 2020 were driven by a dividend payment at PLN 100.7 million compared to PLN 133.4 million paid in 2019. Outflows also included the payment of interest on bonds at PLN 5.3 million and lease payments at PLN 4.4 million. Inflows included grants at PLN 8.3 million.

Table 25: Consolidated cash flows

PLN'000	Cash flows for the 9-month period ended	
	30 September 2020	30 September 2019
Cash flows from operating activities	187,470	160,201
Cash flows from investing activities	50,444	46,955
Cash flows from financing activities	(102,210)	(142,769)
Net increase / (decrease) in cash	**135,704**	**64,386**
Impact of change of fx rates on cash balances in foreign currencies	*274*	*258*
Cash and cash equivalents - opening balance	**281,284**	**188,724**
Cash and cash equivalents - closing balance	**417,262**	**253,368**

Source: Condensed Consolidated Interim Financial Statements

7.2. Capital expenditure

The Group's total capital expenditure in 9M 2020 amounted to PLN 21.8 million including expenditure for property, plant and equipment at PLN 6.9 million and expenditure for intangible assets at PLN 14.9 million. The Group's total capital expenditure in 9M 2019 amounted to PLN 8.8 million including expenditure for property, plant and equipment at PLN 2.4 million and expenditure for intangible assets at PLN 6.4 million.

The capital expenditure in 9M 2020 included mainly the projects GRC System, GPW Data, and the New Trading System, investment in the new index calculator and the central data bus, as well as hardware system maintenance in GPW; and system maintenance and the projects Agricultural Platform, intra-day market XBiD, OTF, and Data Commercialisation in TGE.

There were no significant contracted investment commitments for property, plant and equipment as at 30 September 2020. Contracted investment commitments for intangible assets stood at PLN 282 thousand including mainly the acquisition of the GCR System, the New Trading System and the new index calculator.

Contracted investment commitments for property, plant and equipment stood at PLN 115 thousand as at 31 December 2019 including mainly the acquisition of IT hardware for the New Trading Platform. Contracted investment commitments for intangible assets stood at PLN 1,287 thousand as at 31 December 2019 including mainly the GRC system, server time synchronisation software and the new index calculator in GPW, as well as Data Commercialisation Platform, XBiD and Food Platform projects in TGE.

Contracted investment commitments for intangible assets stood at PLN 1.1 million as at 30 September 2019 including mainly TGE's Data Commercialisation Platform and Food Platform. Contracted investment commitments for property, plant and equipment stood at PLN 114 thousand including mainly acquisition of IT hardware in GPW.

8. Ratio analysis

8.1. Debt and financing ratios

In the period covered by the financial statements, the debt of the Group posed no threat to its going concern and capacity to meet liabilities on time. The ratio of net debt to EBITDA remained negative in the periods under review as liquid assets of the GPW Group significantly exceeded interest-bearing liabilities (negative net debt). The debt to equity ratio as at 30 September 2020 decreased modestly year on year due to an increase of equity.

8.2. Liquidity ratios

The current liquidity ratio was 4.6 as at 30 September 2020, representing a decrease year on year. However, the ratio is safe and the Group has no liquidity issues.

The coverage ratio of interest costs under the bond issue increased year on year in 9M 2020 due to a higher EBITDA. The ratio suggests that the Group generated cash flows from operating activities which were several times higher than necessary to cover current liabilities under the bond issue.

8.3. Profitability ratios

The profitability ratios decreased modestly year on year, as shown in the table below, due to a bigger increase of sale revenue than operating profit and EBITDA. The Cost/Income ratio remained stable at 52.4%. ROE and ROA decreased due to a lower net profit of the last 12 months and higher average equity.

Table 26: Key financial indicators of GPW Group

		As at / For the 9-month period ended	
		30 September 2020	30 September 2019
Debt and financing ratios			
Net debt / EBITDA (for a period of 12 months)	1), 2)	(1.6)	(1.2)
Debt to equity	3)	30.1%	31.2%
Liquidity ratios			
Current liquidity	4)	4.6	7.5
Coverage of interest on bonds	5)	29.3	28.0
Return ratios			
EBITDA margin	6)	55.7%	59.4%
Operating profit margin	7)	46.1%	48.7%
Net profit margin	8)	36.4%	42.3%
Cost / income	9)	52.4%	52.3%
ROE	10)	13.3%	17.0%
ROA	11)	9.1%	12.0%

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

2) EBITDA = GPW Group operating profit + depreciation and amortisation (for a period of 9 months; net of the share of profit of associates)

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

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

5) Coverage of interest on bonds = EBITDA / interest on bonds (interest paid and accrued for a period of 9 months)

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

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

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

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

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

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

Source: Company

9. Seasonality and cyclicality of operations

9.1. Trading on the financial market

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

9.2. Trading on the commodity market

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

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

Trade in electricity on the Commodity Forward Instruments Market operated by TGE is not spread equally throughout the year. It is seasonal in that it depends on hedging strategies of large players; it is typically lower in H1 but not always so as it also depends on the financial standing of companies, regulatory changes, and current energy and gas prices.

10. Factors which will impact the results at least in the next quarter

Below are the key factors and initiatives which will impact the results of the GPW Group at least in the next quarter:

10.1. External factors

A number of external factors have a direct or indirect impact on the results of the GPW Group including:

- expected GDP contraction by -7.4% on average in the EU according to the European Commission. The World Bank upgraded its GDP forecast for Poland from -4.2% to -3.9%. However, according to a broad consensus, the economies will not recover to pre-pandemic levels in 2021. GDP growth in 2022 should be similar to that reported in late 2019 and early 2020;
- the concern is that the expectations concerning a COVID-19 vaccine or treatment are overly optimistic and the contagion may strike back in Q4. A potential second wave of the COVID-19 pandemic could adversely impact valuations and boost turnover;
- a significant increase in new COVID-19 cases in Poland brings back risks and uncertainty about the economy and the impact of restrictions on businesses and households; the probability of another economic lockdown has increased substantially;
- turbulences on the global capital markets combined with high volatility bolster investor activity on the exchange but affect the valuations of most stocks, which impacts the revenue earned by the Group;
- Decrease of the asset value of pension funds as the net transfers totalled (PLN 1.74 billion) in 2020 to the disadvantage of pension funds.;
- Growing net asset value of Employee Pension Plans (PPK), which crossed the mark of PLN 1.8 billion as at 31 August 2020, may boost demand for instruments listed on the GPW markets.

10.2. GPW Benchmark as an organiser of fixings of the WIBID and WIBOR reference rates

GPW Benchmark is the licensed administrator of significant and non-significant regulated data benchmarks and significant and non-significant non-interest-rate benchmarks under the decision of the Polish Financial Supervision Authority of 27 November 2019.

GPW Benchmark took over operational control of the provision of the Exchange Indices of the GPW Main Market, NewConnect and TBSP including WIG20, mWIG40 and sWIG80 as of 1 December 2019.

As an index administrator, GPW Benchmark is required to align with Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (BMR). The alignment involves the establishment of the adequate management framework for the calculation of the indices according to the requirements of the Regulation.

As of 1 January 2020, as a benchmark administrator within the meaning of Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (BMR), GPW Benchmark took over control of the indices WIG-ESG and CEEplus from GPW. The WIG-ESG index has been published since 3 September 2019 based on a portfolio of stocks of socially responsible companies according to environmental, social and governance factors. The index is a member of a family of exchange indices. CEEplus has been published since 4 September 2019 based on a portfolio of the biggest and most liquid stocks listed on exchanges in Central Europe including Croatia, the Czech Republic, Hungary, Poland, Romania, Slovakia and Slovenia.

GPW Benchmark is in the process of getting authorised as a licensed administrator of interest rate benchmarks including the critical benchmark WIBOR. The application for the authorisation as administrator of the WIBID and WIBOR Reference Rates was lodged on 6 December 2019. The complete documentation of the WIBID and WIBOR Reference Rates aligned with the Benchmark Regulation was attached to the application.

The WIBID and WIBOR Reference Rates are currently covered by a transitional period which remains in effect until the date of PFSA's authorisation decision provided that the application is lodged before 1 January 2020. This ensures the continuity of the use of WIBID and WIBOR by supervised entities in financial contracts and financial instruments, both contracted before and after 1 January 2020.

GPW Benchmark is engaged in research and operations aiming to ensure the development of quality interest rate benchmarks which may be used as alternative interest rate benchmarks in financial instruments and agreements. When it is authorised as the administrator of a critical interest rate benchmark, GPW Benchmark will be in a position to offer such benchmarks under the authorisation.

10.3. OTF Platform

TGE results will be impacted by the transformation of the Commodity Forward Instruments Market into an OTF (Organised Trading Facility) under MiFiD2. On 16 April 2020, the PFSA authorised TGE to operate an Organised Trading Facility. The TGE OTC Trading Rules took take effect on 1 May 2020. The first trading day on the OTF took place on 4 May 2020. The Organised Trading Facility operates the Electricity Forwards Market, the Gas Forwards Market and the Property Rights Forwards Market on which financial instruments are traded.

10.4. Launch of the Agricultural Market

In connection with the implementation of the "Food Platform" project co-financed by Krajowy Ośrodek Wsparcia Rolnictwa (National Centre for Agricultural Support, KOWR), the GPW Group launched the Food

Platform ("Agricultural Market") in the first half of March 2020, dedicated to trade in agricultural commodities. The Agricultural Market is operated by TGE. The Market was run as a pilot in the first months (until the end of August 2020): the Platform charged no fees as it finetuned all operations. The first product to be traded on the Platform is consumption wheat. Rye was added to the offering in July 2020. Other agricultural commodities to be added in the future include: maize, rape, concentrated apple juice, sugar, milk powder. The Agricultural Market was co-ordinated by Krajowy Ośrodek Wsparcia Rolnictwa (National Centre for Agricultural Support, KOWR). The market launch was financed by the National Centre for Research and Development.

10.5. GPW's continued development of the New Trading System

The development of a proprietary New Trading System is significant to continued operation of the Exchange among others due to the strategic impact of the decision which determines the competitive position of GPW; the amount of capital expenditures and operating expenses for the Trading System; and impact on the market environment, in particular Exchange Members. On the other hand, the development and implementation of a new trading system will diversify the revenue thanks to potential sale of the system to other exchanges, help to launch new products added to the offer of GPW, and make GPW more attractive to capital market participants. The development of the New Trading System will boost the reputation of GPW, as well.

10.6. GPW's continued development of the GPW Data Platform

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

10.7. Employee Capital Plans (PPK)

PPK will replace the existing pension funds (OFE). The PPK Act took effect on 1 January 2019. It provides for four steps of mandatory PPK implementation by several categories of companies required to implement PPK. Companies with at least 250 employees as at 31 December 2018 are required to implement PPK by 1 July 2019. Companies with at least 50 employees as at 30 June 2019 are required to implement PPK by 1 January 2020. Companies with at least 20 employees as at 31 December 2020 are required to implement PPK by 1 July 2020. The other companies are required to implement PPK by 1 January 2021. In addition to those time limits, the PPK Act sets time limits for companies to execute PPK management agreements. Companies which are required to implement PPK the earliest have to execute such agreements by 25 October 2019. Hence, the first employee capital plans launched in Q3 and Q4 2019.

Due to the pandemic and the introduction of emergency support regulations, the deadlines for employers in PPK phase 2 have been extended. According to the new regulations, companies with at least 50 employees as at 30 June 2019 are required to sign PPK management contracts by 27 October 2020 and PPK administration contracts by 10 November 2020. The PPK Act contains provisions applicable where employers and PPK participants pay no contributions, including periods of economic lockdown and periods of reduced working hours. This could slow down the investment of assets in Employee Capital Plans.

However, capital invested in PPK is expected to increasingly support the capital market and generate demand for stocks, including IPOs and SPOs, as well as demand for other financial instruments.

10.8. Planned acquisition of the Armenia Securities Exchange

The GPW Management Board signed a memorandum of understanding with the Central Bank of Armenia (CBoA) concerning negotiations of the acquisition of a 65% majority interest in the Armenia Securities Exchange (AMX). The MoU is not binding. An investment agreement may be signed depending on GPW's due diligence and corporate approvals. The due diligence is scheduled in 2021. Considering that the location of the potential investment is strongly marked by geopolitics, the Exchange Management Board made best efforts to secure conditions that would best protect the interest of GPW. The Nagorno-Karabakh conflict has continued for more than 30 years and the GPW Management Board is aware of inherent risks. Consequently, the transaction was designed to ensure GPW's option to withdraw within three years and recover all its investment. GPW's financial commitment to the deal (and the due diligence) depends on progress of negotiations concerning de-escalation of the Nagorno-Karabakh conflict.

10.9. Co-operation between GPW Ventures and KOWR

GPW Ventures, a subsidiary of the Warsaw Stock Exchange, and Krajowy Ośrodek Wsparcia Rolnictwa (National Centre for Agricultural Support, KOWR) signed a memorandum of understanding concerning co-operation in the development of innovation in the broadly understood agricultural sector on 14 July 2020.

The partnership between GPW Ventures and KOWR will support the development of agriculture, the food and agricultural industry, renewable energy sources in agriculture, and rural areas by financing innovation and development including through venture capital (VC) funds. In the project, GPW Ventures will establish KOWR Ventures, an investment fund dedicated to KOWR. KOWR will be the sole investor of the KOWR Ventures Fund. The fund manager will be GPW Ventures.

KOWR is planning to invest up to PLN 25 million of assets managed by GPW Ventures in 2020 and possibly more in the coming years. KOWR Ventures Fund assets will be invested in companies whose business helps to improve the competitiveness of agriculture and the profitability of agricultural establishments, supports effective management of resources and prevents climate change, including renewable energy sources and the development of non-agricultural activity in rural areas.

10.10. COVID-19 pandemic

The Group's results in the coming quarters will certainly be impacted by economic conditions in Poland and globally under pressure of the COVID-19 pandemic. The performance of financial markets in the context of the continued pandemic will impact the turnover on the markets operated by GPW and its subsidiaries, the number of issuers and IPOs, and the market capitalisation. The impact on the financial standing and assets of the Group members is discussed in Chapter 3.2.4.5 and Chapter 5.7.

11. Other information

11.1. Contingent liabilities and assets

The GPW Group had no contingent liabilities or assets as at 30 September 2020 other than described below.

11.1.1. Contingent assets

In September 2019, TGE submitted a correction of CIT receipts for 2012-2016 and paid the resulting amounts due to the tax office and interest. The correction concerned among others a conversion of IRGiT's debt to TGE into shares of IRGiT at PLN 10 million in 2013. In view of inconsistent interpretations of the tax authorities regarding the tax treatment of the transaction, TGE took steps to recover the paid amount of tax at PLN 1.9 million.

Due to uncertainty of the recovery, the Group recognised a contingent asset of PLN 2.6 million as at 30 June 2020 (including PLN 1.9 million principal and PLN 0.7 million interest).

11.1.2. Contingent liabilities

On 15 July 2019, GPW presented an own blank bill of exchange to NCBR securing obligations under the Agreement concerning the co-financing of a project financed under the Operational Programme Smart Development Sub-measure 1.1.1 Industrial research and development work implemented by enterprises. The project co-financed in the amount of PLN 30.3 million is "Research and development work for the development and implementation of a state-of-the-art integrated Trading Platform of ground-breaking performance and capacity parameters and innovative communication protocols and trading algorithms".

On 14 October 2019, GPW presented an own blank bill of exchange to NCBR securing obligations under the Agreement of 30 September 2019 concerning the co-financing of the project "GPW Data platform: an innovative Artificial Intelligence system supporting investment decisions on the capital market" financed under the Operational Programme Smart Development Sub-measure 1.1.1 Industrial research and development work implemented by enterprises. The type of security and the terms of the agreement and the bill of exchange follow from the general terms of project finance under the Operational Programme Smart Development 2014-2020.

In connection with the implementation of the Private Market project, on 31 July 2020, the Exchange presented a blank bill of exchange to NCBR to secure liabilities under the project co-financing agreement.

According to the agreements and the bill-of-exchange declarations, NCBR may complete the bills of exchange with the amount of provided co-financing which may be subject to refunding, together with interest accrued at the statutory rate of overdue taxes from the date of transfer of the amount to GPW's account to the day of repayment. NCBR may also complete the bills of exchange with the payment date and insert a "no protest" clause. The bills of exchange may be completed upon the fulfilment of conditions laid down in the co-financing agreement. The bills of exchange shall be returned to the Exchange or destroyed after the project sustainability period defined in the co-financing agreement.

As at 30 September 2020, the Group recognised contingent liabilities in respect of a correction of VAT past the statute of limitation. Acting in the interest of GPW shareholders, pursuant to IAS 37.92 Provisions, Contingent Liabilities and Contingent Assets, the Group is not disclosing the estimated amount of the potential payable as it is in the process of confirming the adequacy of its approach.

11.2. Pending litigation

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

11.3. Loans and advances

On 28 February 2020, the Exchange and Polski Fundusz Rozwoju S.A. signed a PLN 400 thousand loan agreement with PAR to finance the borrower's short-term liquidity gap. The amount of the loan was paid to PAR on 28 February 2020. Under the initial agreement, PAR was required to pay the entire loan back to the lenders plus interest at 3.4% per annum on or before 30 June 2020. In Q2 2020, the Exchange and Polski Fundusz Rozwoju S.A. signed an annex to the loan agreement with PAR, extending the repayment period until 30 June 2021.

On 21 September 2020, the Exchange and PAR signed another PLN 600 thousand loan agreement to finance the borrower's short-term debt. On 28 September 2020, the first loan tranche of PLN 300 thousand was paid after the condition precedent was met, i.e., the letter of intent of 28 September 2020 between the borrower and a potential client to use the service of monitoring a portfolio of companies with credit scoring. The second tranche of the loan at PLN 300 thousand will be paid to PAR by 30 November 2020 subject to the execution of an agreement concerning the service of monitoring a portfolio of companies with credit scoring. The loan bears interest at 1.8% p.a. and will be repaid to the Exchange in a single payment on or before 30 June 2022.

As at 30 September 2020, the net balance of PAR loans granted by the Exchange including interest stood at PLN 504 thousand.

11.4. Investment in 3Q 2020

To maintain PAR's liquidity, under the agreement of 24 April 2020, the Exchange took up 1,100,000 series C new issue shares of PAR with a nominal value of PLN 0.53 per share and a total nominal value of PLN 583 thousand in exchange for a cash contribution of PLN 0.53 per series C share, i.e., PLN 583 thousand in total. The cash contribution was paid to PAR in April 2020.

As at 6 August 2020, the amendment of PAR's Articles of Association incorporating an increase of its share capital by the Exchange and Polski Fundusz Rozwoju was registered in the National Court Register. As a result, the Exchange's interest in PAR increased from 33.33% as at 30 June 2020 to 36.86% as at 6 August 2020.

11.5. Guaranties and Sureties Granted

On 5 July 2017, TGE granted a surety of PLN 1.0 million for its subsidiary InfoEngine S.A. in favour of Polskie Sieci Energetyczne S.A. against the clearing of transactions on the balancing energy market. On 25 January 2019, the surety issued by TGE to PSE for InfoEngine was annexed in order to extend it and raise the surety amount from PLN 1 million to PLN 2 million. On 21 February 2020, the agreement concerning TGE's surety in favour of PSE issued to InfoEngine was annexed to extend it until 28 February 2022.

The Group granted and accepted no other guarantees and sureties in 9M 2020.

11.6. Related party transactions

In 9M 2020, GPW and the other members of the GPW Group did not make any transactions with related parties on terms other than at arm's length.

11.7. Feasibility of previously published forecasts

The Group did not publish any forecasts of 2020 results.

11.8. Dividend payment

On 22 June 2020, the Annual General Meeting of GPW passed a resolution to distribute the Company's profit for 2019, including a dividend payment of PLN 100,732,800.00. The dividend record date was 28 July 2020 and the dividend payment date was 11 August 2020. The dividend per share was PLN 2.40. The dividend was paid from 41,972,000 shares. The dividend payout ratio was 84.4% of the consolidated net profit (93.22% of the new profit attributable to shareholders of the parent entity adjusted for the share of profit of associates).

11.9. Events after the balance-sheet date which could significantly impact the future financial results of the issuer

On 15 October 2020, the GPW Management Board decided to donate the entire net income of the Exchange from trading in Allegro shares on the first day of trading towards the fight with COVID-19. The donation is PLN 680 thousand. The IPO of Allegro took place on 12 October 2020. The turnover value in Allegro shares at the trading session on 12 October was close to PLN 4 billion. It was the biggest IPO on GPW in 2020 and the biggest event on the Polish capital market in 2020.

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

11.10. Other material information

On 2 March 2020, Mr Jacek Fotek, Vice-President of the Exchange Management Board, resigned from the Exchange Management Board effective on 30 April 2020.

On 6 May 2020, the General Meeting appointed Piotr Zawistowski President of TGE for a new three-year joint term of office starting on the day following the date of the General Meeting which approved the Company's financial statements for the financial year ended 31 December 2019.

On 18 May 2020, the Supervisory Board of Towarowa Giełda Energii S.A. appointed the Company's Vice-Presidents for a new term starting on the day following the General Meeting held to approve the financial statements for the year ended 31 December 2019. The Supervisory Board re-appointed Mr Piotr Listwoń as Vice-President and COO and appointed Mr Adam Młodkowski as Vice-President and CFO.

On 22 June 2020, the Annual General Meeting of GPW appointed the following members of the Exchange Supervisory Board for a new term of office starting on 23 June 2020:

- Mr Filip Paszke,
- Mr Michał Bałabanow,
- Mr Dominik Kaczmarski,
- Mr Janusz Krawczyk,
- Mr Adam Szyszka,
- Mr Jakub Modrzejewski,
- Mr Eugeniusz Szumiejko.

On 6 July 2020, the Warsaw Stock Exchange was informed about the death of Mr Eugeniusz Szumiejko, Member of the Exchange Supervisory Board. Mr Eugeniusz Szumiejko was a Member of the Exchange Supervisory Board from 22 February 2017.

The Exchange Supervisory Board currently has six members.

In the opinion of the Company, in 9M 2020, there were no significant events or circumstances, other than those presented in this Report, which would be material to an evaluation of the Company's or the Group's position with regard to its human resources, assets, financial position, financial results and capacity to meet obligations.

12. Quarterly financial information of Giełda Papierów Wartościowych w Warszawie S.A. for the nine-month period of 2020

The quarterly financial information of Giełda Papierów Wartościowych w Warszawie S.A. was prepared according to the same accounting principles that were followed in the preparation of the Condensed Consolidated Interim Financial Statements for the nine-month period ended 30 September 2020.

Other than a decrease of the provisions against deferred income tax by PLN 4,529 thousand, there was no other significant change of estimates in the nine-month period ended 30 September 2020. The Company did not make any transactions with related parties on terms other than at arm’s length in the nine-month period ended 30 September 2020. The Company granted no credit guarantees. The loan granted by the Company to PAR is described in section 11.3.

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

	Nine-month period ended 30 September 2020	Nine-month period ended 30 September 2019	Three-month period ended 30 September 2020	Three-month period ended 30 September 2019
Revenue	**177,618**	**138,760**	**58,154**	**46,244**
Operating expenses	97,655	86,950	32,931	26,172
Other income	1,296	1,182	277	10
Impairment losses	(250)	36	(102)	(337)
Other expenses	2,092	2,489	228	911
Operating profit	**78,917**	**50,539**	**25,170**	**18,834**
Financial income	85,177	75,433	426	1,685
Financial expenses	6,501	6,274	2,361	2,002
Impairment loss on investments	(583)	(2,173)	-	(2,173)
Profit before income tax	**157,010**	**117,525**	**23,235**	**16,344**
Income tax expense	14,629	9,288	4,664	3,167
Profit for the period	**142,381**	**108,237**	**18,571**	**13,177**
Total comprehensive income	**142,381**	**108,260**	**18,574**	**13,198**
Basic / Diluted earnings per share (PLN)	**3.39**	**2.58**	**0.44**	**0.32**

Source: Company

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

ASSETS	30.09.2020	31.12.2019	30.09.2019
Non-current assets	**425,773**	**435,342**	**432,198**
Property, plant and equipment	89,709	95,416	91,425
Right-to-use assets	12,175	14,329	9,016
Intangible assets	50,177	49,829	50,764
Investment in associates	11,651	11,652	11,652
Investment in subsidiaries	255,885	255,885	251,885
Leasing Receivable	4,684	6,363	11,406
Financial assets measured at amortised cost	300	-	-
Financial assets measured at fair value through other comprehensive income	121	120	130
Non-current prepayments	1,071	1,748	1,698
Cash and cash equivalents	-	-	4,222
Current assets	**421,141**	**357,422**	**353,027**
Inventory	9	47	47
Corporate income tax receivable	-	4,132	114
Trade and other receivables	35,431	30,128	32,415
Leasing Receivable	2,448	2,302	3,563
Financial assets measured at amortised cost	2,154	940	1,665
Other financial assets measured at amortised cost	257,146	267,687	277,545
Financial assets measured at fair value through profit or loss	648	-	-
Other current financial assets	4,222	4,222	-
Cash and cash equivalents	119,083	47,964	37,678
TOTAL ASSETS	**846,914**	**792,764**	**785,225**

EQUITY AND LIABILITIES	30.09.2020	31.12.2019	30.09.2019
Equity	**521,491**	**479,843**	**473,026**
Share capital	63,865	63,865	63,865
Other reserves	(187)	(187)	(119)
Retained earnings	457,813	416,165	409,280
Non-current liabilities	**270,718**	**275,299**	**276,219**
Liabilities under bonds issue	244,642	244,350	244,253
Employee benefits payable	671	682	595
Lease liabilities	12,079	15,826	16,808
Contract liabilities	811	572	-
Accruals and deferred income	5,328	809	70
Deferred tax liability	176	4,705	3,975
Other liabilities	7,011	8,355	10,518
Current liabilities	**54,706**	**37,622**	**35,980**
Liabilities under bond issue	2,098	1,932	2,097
Trade payables	5,726	7,970	7,034
Employee benefits payable	10,388	10,579	9,711
Lease liabilities	5,212	5,024	4,873
Deferred tax liability	5,759	-	-
Contract liabilities	11,072	1,390	8,863
Accruals and deferred income	183	231	-
Provisions for other liabilities and charges	-	95	95
Other liabilities	14,268	10,401	3,307
TOTAL EQUITY AND LIABILITIES	**846,914**	**792,764**	**785,225**

Source: Company

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

		Nine-month period ended 30 September 2020	Nine-month period ended 30 September 2019
A	**Cash flows from operating activities**	**96,258**	**56,418**
	Cash generated from operating activities	108,780	70,344
	Advances received from related parties in TG	4,719	8,780
	Income tax (paid)/refunded	(17,241)	(22,706)
B	**Cash flows from investing activities**	**80,139**	**101,774**
	In:	**733,528**	**618,637**
	Sale of property, plant and equipment and intangible assets	30	7
	Dividens received	80,766	70,951
	Sale of financial assets measured at amortised cost	647,572	541,630
	Interest received on financial assets measured at amortised cost	3,216	3,454
	Sublease payments (interest)	207	371
	Sublease payments (principal)	1,737	2,221
	Interest received on loans granted	-	3
	Out:	**(653,389)**	**(516,863)**
	Purchase of property, plant and equipment and advances for property, plant and equipment	(6,533)	(3,569)
	Purchase of intangible assets and advances for intangible assets	(7,726)	(2,894)
	Purchase of financial assets measured at amortised cost	(638,047)	(509,400)
	Loan granted	(500)	-
	Investments in subsidiaries	(583)	(1,000)
C	**Cash flows from financing activities:**	**(105,518)**	**(142,729)**
	In:	**4,787**	**-**
	Grants received	4,787	-
	Out:	**(110,305)**	**(142,729)**
	Dividend paid	(100,716)	(133,402)
	Interest paid on bonds	(5,300)	(5,276)
	Lease payments (interest part of lease payments)	(463)	(531)
	Lease payments (principal part of lease payments)	(3,826)	(3,520)
D	**Net (decrease) / increase in cash and cash equivalents**	**70,879**	**15,463**
	Impact of change of fx rates on cash balance in foreign currencies	240	248
	Cash and cash equivalents - opening balance	**47,964**	**21,967**
	Cash and cash equivalents - closing balance	**119,083**	**37,678**

Source: Company

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

	Attributable to the shareholders of the entity			Total equity
	Share capital	Other reserves	Retained earnings	
As at 1 January 2019	**63,865**	**(142)**	**434,514**	**498,237**
Net profit for the nine-month period ended 30 September 2019	-	-	108,237	**108,237**
Other comprehensive income	-	23	-	**23**
Total comprehensive income for the three-month period ended 30 September 2020	**-**	**23**	**108,237**	**108,260**
As at 30 September 2019	**63,865**	**(119)**	**409,280**	**473,026**
As at 1 January 2019	**63,865**	**(142)**	**434,514**	**498,237**
Dividends	-	-	(133,471)	**(133,471)**
Transactions with owners recognised directly in equity	**-**	**-**	**(133,471)**	**(133,471)**
Net profit for the year ended 31 December 2019	-	-	115,123	**115,123**
Other comprehensive income	-	(45)	-	**(45)**
Total comprehensive income for the year ended 31 December 2019	**-**	**(45)**	**115,123**	**115,078**
As at 31 December 2019	**63,865**	**(187)**	**416,165**	**479,843**
As at 1 January 2020	**63,865**	**(187)**	**416,165**	**479,843**
Dividends	-	-	(100,733)	**(100,733)**
Transactions with owners recognised directly in equity	**-**	**-**	**(100,733)**	**(100,733)**
Net profit for the nine-month period ended 30 September 2020	-	-	142,381	**142,381**
Total comprehensive income for the three-month period ended 30 September 2020	**-**	**-**	**142,381**	**142,381**
As at 30 September 2020	**63,865**	**(187)**	**457,813**	**521,491**

Source: Company

13. Appendice: Condensed Consolidated Interim Financial Statements for the nine-month period ended 30 September 2020

Condensed Consolidated Interim Financial Statements of the

Giełda Papierów Wartościowych w Warszawie S.A. Group

for the nine-month period ended 30 September 2020

TABLE OF CONTENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at	
		30 September 2020 *(unaudited)*	31 December 2019
Non-current assets:		**579,659**	**590,114**
Property, plant and equipment	2.1.	93,397	101,968
Right-to-use assets		18,985	22,725
Intangible assets	2.2.	241,524	246,649
Investment in entities measured by equity method	2.3.	216,251	210,327
Investment in non-consolidated subsidiaries	2.4.	4,000	4,000
Sublease receivables		475	523
Deferred tax asset		2,109	464
Financial assets measured at amortised cost	2.5.2.	300	-
Financial assets measured at fair value through other comprehensive income		121	120
Prepayments		1,232	2,043
Other non-current assets		1,265	1,295
Current assets:		**733,398**	**666,680**
Inventories		15	47
Corporate income tax receivable		-	4,132
Trade receivables and other receivables	2.5.1.	43,938	45,232
Sublease receivables		293	190
Contract assets		2,786	2,415
Financial assets measured at amortised cost	2.5.2.	264,147	328,998
Financial assets measured at fair value through profit or loss		655	-
Other current assets		4,302	4,382
Cash and cash equivalents	2.5.3.	417,262	281,284
TOTAL ASSETS		**1,313,057**	**1,256,794**

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

2 DATA FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at	
		30 September 2020 *(unaudited)*	31 December 2019
Equity:		**878,204**	**873,486**
Equity of shareholders of the parent entity:		877,593	872,881
Share capital		*63,865*	*63,865*
Other reserves		*1,770*	*1,089*
Retained earnings		*811,958*	*807,927*
Non-controlling interests		611	605
Non-current liabilities:		**277,032**	**283,502**
Liabilities on bonds issue	2.7.	244,641	244,350
Employee benefits payable		950	960
Lease liabilities		12,487	16,204
Contract liabilities	2.8.	930	572
Accruals and deferred income	2.9.	10,516	6,389
Deferred tax liability		497	5,386
Other liabilities	2.10.	7,011	9,641
Current liabilities:		**157,821**	**99,807**
Liabilities on bonds issue	2.7.	2,098	1,932
Trade payables		9,663	11,561
Employee benefits payable		17,119	17,175
Lease liabilities		5,365	5,181
Corporate income tax payable		6,359	1,555
Contract liabilities	2.8.	14,394	4,364
Accruals and deferred income	2.9.	2,390	767
Provisions for other liabilities and other charges, incl.:		27,147	15,563
VAT correction	5.9.	*27,147*	*15,468*
Other liabilities	2.10.	73,286	41,709
TOTAL EQUITY AND LIABILITIES		**1,313,057**	**1,256,794**

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

3 DATA FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Three-month period ended 30 September		Nine-month period ended 30 September	
		2020 (unaudited)	2019 (unaudited)	2020 (unaudited)	2019 (unaudited)
Sales revenue		88,425	82,517	287,860	255,813
Operating expenses		(49,824)	(36,119)	(150,933)	(133,776)
Gain / (loss) on impairment of receivables		(595)	(341)	(873)	(65)
Other income		570	1,896	2,365	5,102
Other expenses		(245)	(933)	(5,713)	(2,506)
Operating profit		**38,331**	**47,020**	**132,706**	**124,568**
Financial income		488	2,605	5,911	7,102
Financial expenses, incl.:		(4,213)	(3,283)	(18,353)	(7,704)
VAT correction	5.9.	*(1,793)*	-	*(11,679)*	-
(Loss) on impairment of investment in other entities		-	(1,089)	(583)	(1,089)
Share of profit/(losses) of entities measured by equity method		4,557	4,692	10,942	9,320
Profit before tax		**39,163**	**49,946**	**130,623**	**132,197**
Income tax	3.1.	(7,160)	(8,813)	(25,854)	(24,062)
Profit for the period		**32,003**	**41,133**	**104,769**	**108,135**
Gain / (loss) on valuation of financial assets measured at fair value through other comprehensive income		*3*	*23*	*-*	*25*
Gain / (loss) on valuation of financial assets measured at fair value through other comprehensive income (entities measured by equity method)		*564*	*16*	*682*	*(107)*
Total items that may be reclassified to profit or loss		567	39	682	(82)
Total other comprehensive income after tax		**567**	**39**	**682**	**(82)**
Total comprehensive income		**32,569**	**41,172**	**105,451**	**108,053**
Profit for the period attributable to shareholders of the parent entity		*32,003*	*41,124*	*104,764*	*108,128*
Profit for the period attributable to non-controlling interests		*-*	*8*	*5*	*7*
Total profit for the period		**32,003**	**41,133**	**104,769**	**108,135**
Comprehensive income attributable to shareholders of the parent entity		*32,569*	*41,163*	*105,446*	*108,047*
Comprehensive income attributable to non-controlling interests		*-*	*8*	*5*	*7*
Total comprehensive income		**32,569**	**41,172**	**105,451**	**108,053**
Basic / Diluted earnings per share (PLN)		**0.77**	**0.98**	**2.50**	**2.58**

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

4 DATA FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Nine-month period ended 30 September	
		2020 (unaudited)	2019 (unaudited)
Total net cash flows from operating activities		**187,470**	**160,201**
Net profit of the period		**104,769**	**108,135**
Adjustments:		**105,999**	**83,584**
Income tax		25,854	24,062
Depreciation and amortisation	4.1.	27,546	27,523
Impairment (loss) on investment in other entities	2.3.	583	1,089
Share of (profit)/loss of entities measured by equity method	2.3.	(10,943)	(9,320)
(Gains) on financial assets measured at amortised cost		(2,379)	(3,811)
Interest on bonds		5,466	5,435
Other adjustments		(5,005)	(1,106)
Change of assets and liabilities:		64,877	39,713
Inventories		*32*	*18*
Trade receivables and other receivables (excluding dividend receivable)		*1,294*	*13,162*
Trade payables		*(1,898)*	*5,213*
Contract assets		*(371)*	*(582)*
Contract liabilities		*10,388*	*8,434*
Non-current prepayments		*811*	*1,239*
Accruals and deferred income		*5,750*	*411*
Employee benefits payable		*(66)*	*1,978*
Other liabilities (excluding contracted investments and dividend payable)		*39,873*	*11,132*
Provisions for liabilities and other charges		*11,584*	*27*
Other non-current liabilities		*(2,520)*	*(1,319)*
Income tax (paid)/refunded		**(23,298)**	**(31,518)**

The attached Notes are an integral part of these Financial Statements

5 DATA FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Nine-month period ended 30 September	
		2020 *(unaudited)*	2019 *(unaudited)*
Total cash flows from investing activities:		**50,444**	**46,955**
In:		**772,987**	**650,985**
Sale of property, plant and equipment and intangible assets		30	882
Dividends received	**5.1.3.**	5,699	7,006
Sale of financial assets measured at amortised cost		763,172	638,630
Interest on financial assets measured at amortised cost		3,905	4,208
Sublease payments (interest)		18	27
Sublease payments (principal)		163	232
Out:		**(722,543)**	**(604,031)**
Purchase of property, plant and equipment and advances for property, plant and equipment		(6,950)	(2,378)
Purchase of intangible assets and advances for intangible assets		(14,863)	(6,434)
Purchase of financial assets measured at amortised cost		(699,647)	(595,219)
Loan granted to a related party		(500)	-
Purchase of shares in a related party	**2.3.**	(583)	-
Total cash flows from financing activities:		**(102,210)**	**(142,769)**
In:		**8,259**	**-**
Grants received		8,259	-
Out:		**(110,469)**	**(142,769)**
Dividend paid		(100,716)	(133,402)
Interest paid on bonds		(5,300)	(5,276)
Lease payments (interest)		(477)	(545)
Lease payments (principal)		(3,976)	(3,547)
Net (decrease)/increase in cash and cash equivalents		**135,704**	**64,386**
Impact of fx rates on cash balance in currencies		*274*	*258*
Cash and cash equivalents - opening balance		**281,284**	**188,724**
Cash and cash equivalents - closing balance		**417,262**	**253,368**

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

6 DATA FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
As at 1 January 2020	**63,865**	**1,089**	**807,927**	**872,881**	**605**	**873,486**
Dividend	-	-	(100,733)	**(100,733)**	-	**(100,733)**
Transactions with owners recognised directly in equity	**-**	**-**	**(100,733)**	**(100,733)**	**-**	**(100,733)**
Net profit for the nine-month period ended 30 September 2020	-	-	104,764	**104,764**	5	**104,769**
Other comprehensive income	-	682	-	**682**	-	**682**
Comprehensive income for the nine-month period ended 30 September 2020	**-**	**682**	**104,764**	**105,445**	**5**	**105,452**
As at 30 September 2020 *(unaudited)*	**63,865**	**1,770**	**811,958**	**877,593**	**611**	**878,204**

	Share capital	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
As at 1 January 2019	**63,865**	**1,267**	**822,078**	**887,210**	**590**	**887,800**
Dividend	-	-	(133,471)	**(133,471)**	-	**(133,471)**
Transactions with owners recognised directly in equity	**-**	**-**	**(133,471)**	**(133,471)**	**-**	**(133,471)**
Net profit for 2019	-	-	119,320	**119,320**	14	**119,334**
Other comprehensive income	-	(178)	-	**(178)**	-	**(178)**
Comprehensive income for 2019	**-**	**(178)**	**119,320**	**119,142**	**14**	**119,156**
As at 31 December 2019	**63,865**	**1,089**	**807,927**	**872,881**	**605**	**873,486**

	Share capital	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
As at 1 January 2019	**63,865**	**1,267**	**822,078**	**887,210**	**590**	**887,800**
Dividend	-	-	(133,471)	**(133,471)**	-	**(133,471)**
Transactions with owners recognised directly in equity	**-**	**-**	**(133,471)**	**(133,471)**		**(133,471)**
Net profit for the nine-month period ended 30 September 2019	-	-	108,128	**108,128**	7	**108,135**
Other comprehensive income	-	(82)	-	**(82)**	-	**(82)**
Comprehensive income for the nine-month period ended 30 September 2019	**-**	**(82)**	**108,128**	**108,047**	**7**	**108,053**
As at 30 September 2019 *(unaudited)*	**63,865**	**1,185**	**796,735**	**861,786**	**597**	**862,382**

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

7 DATA FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

1.1. LEGAL STATUS

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

1.2. SCOPE OF ACTIVITIES OF THE GROUP

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

The Group operates the following markets:

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

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

- **Energy Market**: trade in electricity on the Intra-Day Market, the Day-Ahead Market, the Commodity Forward Instruments Market, Electricity Auctions,
- **Gas Market**: trade in natural gas with physical delivery on the Intra-Day and Day-Ahead Market, the Commodity Forward Instruments Market, Gas Auctions,
- **Property Rights Market**: trade in property rights in certificates of origin of electricity from Renewable Energy Sources and energy efficiency,
- **Financial Instruments Market**: trade in CO_2 emission allowance,
- **Market Operator Platform**: InfoEngine provides market operator services and balancing services to electricity traders, producers and large industrial customers,
- **Agricultural Market**: electronic trading platform for agricultural commodities operated by TGE and IRGiT.

On 4 May, TGE opened trading on the **Organised Trading Facility** ("OTF") comprising the following markets: Electricity Forwards Market, Gas Forwards Market and Property Rights Forwards Market, where financial instruments are traded.

The GPW Group also operates:

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

1.3. APPROVAL OF THE FINANCIAL STATEMENTS

These Condensed Consolidated Interim Financial Statements were authorised for issuance by the Management Board of the Exchange on 3 November 2020.

1.4. COMPOSITION AND ACTIVITY OF THE GROUP

The Exchange and its following subsidiaries:

- Towarowa Giełda Energii S.A. ("TGE"), the parent entity of the Towarowa Giełda Energii S.A. Group ("TGE Group") which includes TGE, Izba Rozliczeniowa Giełd Towarowych S.A. ("IRGiT") and InfoEngine S.A. ("InfoEngine"),
- BondSpot S.A. ("BondSpot"),
- GPW Benchmark S.A. ("GPWB"),
- GPW Ventures ASI S.A. ("GPWV"),
- GPW Tech S.A. ("GPWT")

comprise the Warsaw Stock Exchange Group.

The results of GPWV and GPWT, which are immaterial, are not consolidated in these financial statements of the GPW Group as at 30 September 2020.

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

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

1.5. STATEMENT OF COMPLIANCE

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

In the opinion of the Management Board of the parent entity, in the notes to the Condensed Consolidated Interim Financial Statements of the Giełda Papierów Wartościowych w Warszawie S.A. Group, the Company included all material information necessary for the proper assessment of the assets and the financial position of the Group as at 30 September 2020 and its financial results in the period from 1 January 2020 to 30 September 2020.

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

The Group has prepared the Condensed Consolidated Interim Financial Statements in accordance with the same accounting policies as those described in the audited Consolidated Financial Statements for the year ended 31 December 2019 other than for changes resulting from the application of new standards as described below. The Condensed Consolidated Interim Financial Statements for the nine-month period ended 30 September 2020 should be read in conjunction with the Consolidated Financial Statements for the year ended 31 December 2019.

The following standards and amendments of existing standards adopted by the European Union are effective for the financial statements of the Group for the financial year started on 1 January 2020:

- Amendment to IFRS 16 Leases which exempts lessees from having to account for amendments to agreements as a direct consequence of COVID-19 as if they were lease modifications and imposes the requirement of accounting adjustments of lease liabilities and right-to-use assets,
- Update to references of the IFRS Conceptual Framework,
- Amendments to IFRS 3 Business Combinations – definition of a business,
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of material,
- Interest Rate Benchmark Reform - Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, and IFRS 7 Statement of Cash Flows.

Those amendments to the International Financial Reporting Standards ("IFRS") had no significant impact on data presented in these Condensed Consolidated Interim Financial Statements.

2. NOTES TO THE STATEMENT OF FINANCIAL POSITION

2.1. PROPERTY, PLANT AND EQUIPMENT

	Period of	
	nine months ended 30 September 2020 *(unaudited)*	12 months ended 31 December 2019
Net carrying amount - opening balance	**101,968**	**108,158**
Additions	2,721	10,214
Reclassification and other adjustments	-	(12)
Disposals	(30)	(181)
Depreciation charge*	(11,263)	(16,210)
Net carrying amount - closing balance	**93,397**	**101,968**

**Depreciation charges capitalised to intangible assets under construction (licences) were PLN 234 thousand in the nine-month period ended 30 September 2020 and PLN 163 thousand in the 12-month period ended 31 December 2019.*

There were no significant contracted investments in plant, property and equipment as at 30 September 2020.

Contracted investments in plant, property and equipment amounted to PLN 115 thousand as at 31 December 2019, including mainly the acquisition of IT hardware for the New Trading System.

2.2. INTANGIBLE ASSETS

	Period of	
	nine months ended 30 September 2020 *(unaudited)*	12 months ended 31 December 2019
Net carrying amount - opening balance	**246,649**	**254,564**
Additions	10,779	11,639
Reclassification and other adjustments	(92)	-
Impairment	(3,524)	-
Capitalised amortisation and depreciation	265	168
Disposals	-	(3,955)
Amortisation charge*	(12,552)	(15,767)
Net carrying amount - closing balance	**241,524**	**246,649**

**Amortization charges capitalised to intangible assets under construction (licences) were PLN 31 thousand in the nine-month period ended 30 September 2020 and PLN 5 thousand in the 12-month period ended 31 December 2019.*

Contracted investments in intangible assets amounted to PLN 282 thousand as at 30 September 2020, including mainly the GRC system, the New Trading System and the new Indexator (contracted investments in intangible assets amounted to PLN 1,287 thousand as at 31 December 2019).

10 DATA FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

Impairment of the goodwill of BondSpot

In the latter half of March and in the following months of 2020, the key driver of BondSpot's financial position was the outbreak of the SARS-CoV-2 pandemic and its economic impact. Initially, volatility and market risk increased sharply, investors pulled out from bond funds, while the Monetary Policy Council and the National Bank of Poland took measures aiming to mitigate the adverse impact of the pandemic. The Monetary Policy Council decisions and the National Bank of Poland operations resulted in a sharp reduction of market interest rates, including yields across the Treasury curve, which curbed transactional activity of market participants. However, the key driver which reduced their activity were regular redemptions of Treasury bonds and instruments issued by Polski Fundusz Rozwoju and BGK, carried out by the National Bank of Poland. On the one hand, they are an effective tool supporting liquidity in the banking system (as banks do not need to source liquidity by selling Treasury bonds); on the other hand, they reduce the value of outstanding Treasury bonds in trading. Those drivers caused a reduction of the turnover on Treasury BondSpot Poland, a decrease of BondSpot revenues and a downgrade of BondSpot's revenue guidance for 2020 and beyond.

The deterioration of the financial position of BondSpot was a criterion that required goodwill generated by the acquisition of BondSpot by GPW to be tested again for impairment as at 30 June 2020, following an impairment test carried out as at 31 December 2019. The value in use of a cash generating unit, which was considered to be the entire company, i.e., BondSpot, was carried out as a DCF valuation on the basis of a forecast of BondSpot's results for 2020-2024. The forecast was reduced as compared to the forecast used in the impairment test of the investment in BondSpot as at 31 December 2019.

Following the analysis, goodwill impairment charges were recognised at PLN 3,524 thousand in other expenses of the Group as at 30 June 2020. After the recognition of impairment, the goodwill generated by the acquisition of BondSpot by GPW stood at PLN 19,462 thousand in the statement of financial position of the Group as at 30 June 2020 (PLN 22,986 thousand as at 31 December 2019).

The goodwill generated by the acquisition of BondSpot by GPW was tested again for impairment as at 30 September 2020, following the impairment test carried out as at 30 June 2020. The new test identified no additional impairment charges. The test was carried out on the basis of cash flows estimated using historical results and the expected future market outlook.

The assumptions of the test as at 30 September 2020 included: weighted average cost of capital at 8.56%, revenue CAGR at 5%, expenses CAGR at 2%, growth rate after the projection time horizon at 0%.

The goodwill stood at PLN 19,462 thousand as at 30 September 2020 and as at 30 June 2020.

The table below presents the sensitivity of the valuation as at 30 September 2020 to changes of assumptions.

Test of sensitivity of BondSpot impairment to change of assumptions		
	+0,5 p.p.	-0,5 p.p.
WACC	(1,508)	1,698
Revenue CAGR	2,449	(2,417)
Expenses CAGR	(2,148)	2,119
Growth rate after the projection time horizon	1,220	(1,086)

11 DATA FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

2.3. INVESTMENT IN ENTITIES MEASURED BY EQUITY METHOD

The Group's entities measured by equity method include:

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

The shareholders of PAR as at 31 December 2019 were in equal parts: the Exchange, Polski Fundusz Rozwoju S.A. ("PFR"), and Biuro Informacji Kredytowej S.A. ("BIK").

In H1 2020, GPW took up 1,100,000 series C shares of PAR with a nominal value of PLN 0.53 per share and a total nominal value of PLN 583 thousand in exchange for a cash contribution of PLN 0.53 per share, i.e., PLN 583 thousand in total. As a result, the interest of the Exchange in PAR increased to 35.85% of PAR shares as at 30 September 2020. As at 30 June 2020, the Group recognised impairment of the investment in PAR at PLN 583 thousand, which was recognised in the statement of comprehensive income under "Impairment loss on investment in other entities". The impairment was recognised due to uncertainty in connection with the postponed launch of PAR's planned business activity. As a result, the value of the investment in PAR was equal to 0 in the Group's statement of financial position as at 30 September 2020, as at 30 June 2020 and as at 31 December 2020.

A loan granted by the Exchange to PAR is disclosed in Note 5.1.3.

	As at/For the period ended	
	30 September 2020 *(unaudited)*	**31 December 2019**
KDPW S.A. Group	199,241	193,197
Centrum Giełdowe S.A.	17,012	17,129
Polska Agencja Ratingowa S.A.	-	-
Total	**216,251**	**210,327**

	As at/For the period ended	
	30 September 2020 *(unaudited)*	**31 December 2019**
Opening balance	**210,327**	**207,267**
Purchase of interest in entities measured by equity method	583	-
Dividends due to GPW S.A.	(5,699)	(7,007)
Share of net profit/(loss)	*11,157*	*11,479*
Other increase/(decrease) of profit	*(216)*	*(217)*
Total Group share of profit/(loss) after tax	10,942	11,262
Share in other comprehensive income	682	(107)
Impairment of investment in an entity measured by equity method	(583)	(1,089)
Closing balance	**216,251**	**210,327**

12 DATA FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

2.4. INVESTMENT IN SUBSIDIARIES EXCLUDED FROM CONSOLIDATION

The subsidiaries GPWT and GPWV were excluded from consolidation as immaterial as at 30 September 2020 and as at 31 December 2019.

Further to the foregoing, the investment in GPWT and GPWV is presented in the consolidated statement of financial position as at 30 September 2020 and as at 31 December 2019 at cost, i.e., PLN 4,000 thousand in aggregate.

2.5. FINANCIAL ASSETS

2.5.1. TRADE RECEIVABLES AND OTHER RECEIVABLES

	As at	
	30 September 2020 *(unaudited)*	31 December 2019
Gross trade receivables	42,396	41,039
Impairment allowances for trade receivables	(6,904)	(6,039)
Total trade receivables	**35,492**	**35,000**
Current prepayments	6,693	5,290
VAT refund receivable	35	113
Sublease receivables	277	13
Grants receivable	336	562
Other receivables	1,104	4,254
Total other receivables	**8,445**	**10,232**
Total trade receivables and other receivables	**43,938**	**45,232**

In the opinion of the Exchange Management Board, in view of the short due date of trade receivables, the carrying value of those receivables is close to their fair value. A qualitative analysis of the Company's receivables in connection with the SARS- Cov-2 pandemic is presented in Note 5.7.

2.5.2. FINANCIAL ASSETS MEASURED AT AMORTISED COST

	As at	
	30 September 2020 *(unaudited)*	31 December 2019
Loans granted	300	-
Total non-current	**300**	**-**
Corporate bonds	89,912	89,958
Bank deposits	174,031	239,040
Loans granted	204	-
Total current	**264,147**	**328,998**
Total financial assets measured at amortised cost (over 3 months)	**264,447**	**328,998**

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

13 DATA FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

2.5.3. CASH AND CASH EQUIVALENTS

	As at	
	30 September 2020 *(unaudited)*	31 December 2019
Current accounts (other)	135,920	135,119
VAT current accounts (split payment)	183	3,265
Bank deposits	281,159	142,900
Total cash and cash equivalents	**417,262**	**281,284**

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

At the commencement of the development projects: New Trading System, GPW Data and GPW Private Market (see Note 5.4), the Group opened dedicated banks accounts for each of those projects. The total balance in those accounts was PLN 2,207 thousand as at 30 September 2020 (PLN 627 thousand as at 31 December 2019). Cash in such accounts is classified by the Group as restricted cash.

Current accounts (other) included restricted cash at PLN 10 million which is IRGiT's additional risk management tool and secures the liquidity of IRGiT's clearing of exchange transactions under the GIR Rules.

Cash in VAT accounts is also restricted cash due to regulatory restrictions on the availability of cash in such accounts for current payments.

2.6. CHANGE OF ESTIMATES

In the period from 1 January 2020 to 30 September 2020, impairment losses for assets were adjusted as follows:

	As at	
	30 September 2020 *(unaudited)*	31 December 2019
Opening balance	**6,039**	**5,349**
Change of allowance balances - expected loss model	873	1,542
Receivables written off during the period as uncollectible	(8)	(852)
Closing balance	**6,904**	**6,039**

In the period from 1 January 2020 to 30 September 2020, there were the following changes in estimates:

- provisions against employee benefits were reduced by PLN 67 thousand (provision additions of PLN 12,643 thousand, usage of PLN 12,170 thousand, released provisions of PLN 540 thousand);
- provisions against litigation were reduced by PLN 95 thousand (provisions released at PLN 60 thousand, usage of PLN 35 thousand);
- provisions against a VAT correction were increased by PLN 11,679 thousand (see Note 5.9).

14 DATA FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

2.7. BOND ISSUE LIABILITIES

	As at	
	30 September 2020 *(unaudited)*	31 December 2019
Series C bonds	124,747	124,556
Series D and E bonds	119,895	119,794
Total non-current	**244,641**	**244,350**
Series C bonds	1,679	683
Series D and E bonds	418	1,250
Total current	**2,098**	**1,932**
Total liabilities under bond issue	**246,739**	**246,282**

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

	Issue date	Redemption date	Total value at par	Currency	Interest rate	Coupon
Series C bonds	6.10.2015	6.10.2022	125,000	PLN	3.19%	6M
Series D bonds	02.01.2017	31.01.2022	60,000	PLN	WIBOR 6M + 0.95%	6M
Series E bonds	18.01.2017	31.01.2022	60,000	PLN	WIBOR 6M + 0.95%	6M

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

	As at	
	30 September 2020 *(unaudited)*	31 December 2019
Fair value of series C bonds	131,059	128,265
Fair value of series D and E bonds	120,643	122,470
Total fair value of bonds in issue	**251,702**	**250,735**

15 DATA FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

2.8. CONTRACT LIABILITIES

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

	As at	
	30 September 2020 *(unaudited)*	**31 December 2019**
Listing	*811*	*572*
Total financial market	811	572
Total non-current	**930**	**572**
Trading	*1,916*	*1,115*
Listing	*4,987*	*192*
Information services and revenue from the calculation of reference rates	*5,478*	*762*
Total financial market	12,381	2,069
Trading	*2,095*	*2,216*
Total commodity market	2,095	2,216
Other revenue	38	79
Total current	**14,394**	**4,364**
Total contract liabilities	**15,324**	**4,936**

The year-to-date increase of contract liabilities as at 30 September 2020 was due to pro-rata distribution over time of annual fees invoiced by the Group in the first days of the financial year.

2.9. ACCRUALS AND DEFERRED INCOME

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

	As at	
	30 September 2020 *(unaudited)*	**31 December 2019**
PCR	4,239	4,520
Agricultural Market	949	1,060
New Trading Platform project	4,740	809
GPW Data project	527	-
Private Market	61	-
Total non-current deferred income from grants	**10,516**	**6,389**
PCR	375	513
Agricultural Market	1,832	23
New Trading Platform project	183	231
Total current deferred income from grants	**2,390**	**767**
Total accruals and deferred income	**12,906**	**7,156**

DATA FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

As at 30 September 2020, the Group recognised over time the following deferred income:

- reimbursement of part of the PCR project expenses received from Polskie Sieci Energetyczne,
- revenue received from Krajowy Ośrodek Wsparcia Rolnictwa (National Centre for Agricultural Support, KOWR) in the Agricultural Market project,
- grant received from Narodowe Centrum Badań i Rozwoju (National Centre for Research and Development, NCBR) in the development of the New Trading System,
- grant received from Narodowe Centrum Badań i Rozwoju in the GPW Data project,
- grant received from Narodowe Centrum Badań i Rozwoju in the GPW Private Market project.

Details of grants are presented in Note 5.4.

2.10. OTHER LIABILITIES

	As at	
	30 September 2020 *(unaudited)*	31 December 2019
Liabilities to the Polish National Foundation	7,011	8,355
Other liabilities	-	1,285
Total non-current	**7,011**	**9,641**
Dividend payable	287	270
VAT payable	50,148	25,493
Liabilities in respect of other taxes	2,649	3,335
Contracted investments	3,391	11,127
Liabilities to the Polish National Foundation	1,283	1,255
Liabilities to the Polish Financial Supervision Authority	13,685	-
Other liabilities	1,843	229
Total current	**73,286**	**41,709**
Total other liabilities	**80,297**	**51,350**

The VAT payable as at 30 September 2020 includes mainly tax payments of TGE and IRGiT in relation to current reporting periods. As at 30 September 2020 the Group recognised also a liability to PFSA in respect of the capital market supervision fee. Because of the SARS-CoV-2 pandemic the due date of the fee was postponed until 30 November 2020; as a result, the fee due to PFSA was not yet paid by the Group as at 30 September 2020).

3. NOTE TO THE STATEMENT OF COMPREHENSIVE INCOME

3.1. INCOME TAX

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2020 *(unaudited)*	2019 *(unaudited)*	2020 *(unaudited)*	2019 *(unaudited)*
Current income tax	7,971	6,142	32,388	26,895
Deferred tax	(811)	2,671	(6,534)	(2,833)
Total income tax	**7,160**	**8,813**	**25,854**	**24,062**

As required by the Polish tax regulations, the tax rate applicable in 2020 and 2019 is 19%.

17 DATA FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2020 (unaudited)	2019 (unaudited)	2020 (unaudited)	2019 (unaudited)
Profit before income tax	39,163	49,946	130,623	132,197
Income tax rate	19%	19%	19%	19%
Income tax at the statutory tax rate	**7,441**	**9,489**	**24,818**	**25,117**
Tax effect of:	**(281)**	**(676)**	**1,036**	**(1,055)**
Costs which are not tax-deductible	780	430	1,562	921
Impairment of goodwill of a subsidiary	-	-	670	-
Interest on VAT correction	341	-	2,219	-
Grants which are not taxable	(569)	(13)	(662)	(13)
Non-taxable share of profit of entities measured by equity method	(866)	(892)	(2,079)	(1,771)
Other adjustments	33	(201)	(673)	(192)
Total income tax	**7,160**	**8,813**	**25,854**	**24,062**

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

4. NOTE TO THE STATEMENT OF CASH FLOWS

4.1. DEPRECIATION AND AMORTISATION

	Nine-month period ended 30 September	
	2020 (unaudited)	2019 (unaudited)
Depreciation of property, plant and equipment*	11,263	12,121
Amortization of intangible assets**	12,287	11,688
Depreciation of right-to-use assets	3,996	3,714
Total depreciation	**27,546**	**27,523**

**In the nine-month period ended 30 September 2020 depreciation charge was decreased by the depreciation capitalised to intangible assets under construction (licences) in the amount of PLN 234 thousand. Depreciation charge was decreased by the depreciation capitalised to intangible assets under construction (licences) were PLN 11 thousand in the nine-month period ended 30 September 2019.*

***In the nine-month period ended 30 September 2020 amortization charge was decreased by the amortization capitalised to intangible assets under construction (licences) in the amount of PLN 31 thousand. No amortization charges were capitalised in the nine-month period ended 30 September 2019.*

5. OTHER NOTES

5.1. RELATED PARTY TRANSACTIONS

Related parties of the Group include:

- the associates and joint ventures,
- the State Treasury as the parent entity,
- entities controlled and jointly controlled by the State Treasury and entities over which the State Treasury has significant influence,
- members of the key management personnel of the Exchange.

18 DATA FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

5.1.1. INFORMATION ABOUT TRANSACTIONS WITH THE STATE TREASURY AND ENTITIES WHICH ARE RELATED PARTIES OF THE STATE TREASURY

Companies with a stake held by the State Treasury

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

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

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

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

Polish Financial Supervision Authority ("PFSA")

The PFSA Chairperson publishes the rates and the indicators necessary to calculate capital market supervision fees by 31 August of each calendar year. On that basis, the entities obliged to pay the fee calculate the final amount of the annual fee due for the year and pay the fee by 30 September of the calendar year. The Regulation of the Minister of Finance of 17 September 2020 amending the regulation concerning other deadlines of certain reporting and disclosure obligations postponed the due date of the 2020 fee to 30 November 2020. Consequently, the fee due to PFSA was not yet paid by the Group as at 30 September 2020.

The fee for 2020 charged to the GPW Group's operating expenses in 9M 2020 was PLN 13,789 thousand, equal to the annual 2002 fee.

The fee for 2019 charged to the Group's operating expenses in 9M 2019 was PLN 6,730 thousand.

Tax Office

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

5.1.2. TRANSACTIONS WITH SUBSIDIARIES EXCLUDED FROM CONSOLIDATION

Transactions with subsidiaries excluded from consolidation include administrative services and space lease.

	As at 30 September 2020 *(unaudited)*		Nine-month period ended 30 September 2020 *(unaudited)*	
	Receivables	**Liabilities**	**Sales revenue or sublease interest**	**Operating expenses** *(including: decrease of depreciation and amortisation due to subleases)*
GPW Tech:	**330**	**-**	**62**	**41**
leases	*311*	*-*	*4*	*41*
other	*19*	*-*	*58*	*-*
GPW Ventures:	**113**	**-**	**59**	**27**
leases	*101*	*-*	*3*	*27*
other	*12*	*-*	*56*	*-*
Total	**443**	**-**	**121**	**68**

19 DATA FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

	As at 31 December 2019		Nine-month period ended 30 September 2019 *(unaudited)*	
	Receivables	**Liabilities**	**Sales revenue or sublease interest**	**Operating expenses** *(including: decrease of depreciation and amortisation due to subleases)*
GPW Tech:	**163**	**-**	**n/a**	**n/a**
leases	*141*	-	*n/a*	*n/a*
other	*22*	-	*n/a*	*n/a*
GPW Ventures	-	-	**n/a**	**n/a**
Total	**163**	**-**	**n/a**	**n/a**

The table above includes no comparative data because GPW Tech and GPW Ventures were registered in the National Court Register in Q4 2019.

5.1.3. TRANSACTIONS WITH ENTITIES MEASURED BY EQUITY METHOD

Dividends

The Group received PLN 5,699 thousand in dividend income from associates in the nine-month period ended 30 September 2020 (PLN 7,007 thousand as at 30 September 2019).

On 18 June 2020, the Annual General Meeting of CG decided to allocate a part of the profit equal to PLN 2,067 thousand to a dividend payment. The dividend attributable to GPW was PLN 512 thousand. The dividend was paid on 30 September 2020.

On 20 May 2019, the Annual General Meeting of CG decided to allocate a part of the profit equal to PLN 1,779 thousand to a dividend payment. The dividend attributable to GPW was PLN 441 thousand. The dividend was paid on 31 May 2019.

On 29 June 2020, the Annual General Meeting of KDPW decided to allocate a part of the profit equal to PLN 15,561 thousand to a dividend payment. The dividend attributable to GPW was PLN 5,187 thousand. The dividend was paid on 10 August 2020.

On 10 June 2019, the Annual General Meeting of KDPW decided to allocate a part of the profit equal to PLN 19,697 thousand to a dividend payment. The dividend attributable to GPW was PLN 6,566 thousand. The dividend was paid on 4 September 2019.

Loans and advances

On 28 February 2020, the Exchange and Polski Fundusz Rozwoju S.A. signed a PLN 400 thousand loan agreement with PAR to finance the borrower's short-term liquidity gap. The amount of the loan (advanced in equal parts i.e. PLN 200 thousand by each of the lenders) was paid to PAR on 28 February 2020. Under the agreement, PAR was required to pay the entire loan back to the lenders plus interest at 3.4% per annum on or before 30 September 2020. In Q2 2020, the Exchange and Polski Fundusz Rozwoju S.A. and PAR signed an annex to the loan agreement which extended the final repayment date to 30 June 2021.

On 21 September 2020, the Exchange and PAR signed another PLN 600 thousand loan agreement to finance the borrower's short-term debt. On 28 September 2020, the first loan tranche of PLN 300 thousand was paid after the condition precedent was met, i.e., the letter of intent of 28 September 2020 between the borrower and potential client concerning the service of monitoring a portfolio of companies with credit scoring. The second tranche of the loan at PLN 300 thousand will be paid to PAR by 30 November 2020 subject to the execution of an agreement concerning the service of monitoring a portfolio of companies with credit scoring. The loan bears interest at 1.8% p.a. and will be repaid to the Exchange in a single payment on or before 30 June 2022.

As at 30 September 2020, the net balance of PAR loans granted by the Exchange including interest stood at PLN 504 thousand.

Space lease

As owner and lessee of space in the Centrum Giełdowe building, the Exchange pays lease fees and maintenance charges for office space to the building manager, Centrum Giełdowe S.A.

The Group leases office space to PAR.

20 DATA FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

	As at 30 September 2020 *(unaudited)*		Nine-month period ended 30 September 2020 *(unaudited)*	
	Receivables	**Liabilities**	**Sales revenue or sublease interest**	**Operating expenses** *(including: decrease of depreciation and amortisation due to subleases)*
KDPW Group	**-**	**-**	**16**	**58**
Centrum Giełdowe:	**-**	**6,593**	**-**	**4,288**
leases	-	*6,464*	-	*1,786*
other	-	*129*	-	*2,502*
PAR:	**597**	**-**	**86**	**-**
loans	*504*	-	*4*	-
leases	*88*	-	*61*	-
other	*5*	-	*21*	-
Total	**597**	**6,593**	**102**	**4,346**

	As at 31 December 2019		Nine-month period ended 30 September 2019 *(unaudited)*	
	Receivables	**Liabilities**	**Sales revenue or sublease interest**	**Operating expenses** *(including: decrease of depreciation and amortisation due to subleases)*
KDPW Group	**44**	**1**	**33**	**10**
Centrum Giełdowe:	**-**	**7,806**	**-**	**2,205**
leases	-	*7,516*	-	*1,692*
other	-	*290*	-	*513*
PAR:	**456**	**75**	**82**	**-**
leases	*456*	-	-	-
other	-	*75*	*82*	-
Total	**500**	**7,882**	**115**	**2,215**

Receivables from associates and entities measured by equity method were not written off as uncollectible or provided for as at 30 September 2020 and as at 30 September 2019.

5.1.4. OTHER TRANSACTIONS

Transactions with the key management personnel

The Exchange entered into no transactions with the key management personnel as at 30 September 2020 and as at 31 December 2019.

Książęca 4 Street Tenants Association

In 2020 and in 2019, the Exchange concluded transactions with the Książęca 4 Street Tenants Association of which it is a member. The expenses amounted to PLN 2,890 thousand in the nine-month period ended 30 September 2020 and PLN 2,980 thousand in the nine-month period ended 30 September 2019.

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

The data presented in the table below are for all (current and former) members of the Exchange Management Board and the Exchange Supervisory Board, as well as members of the Management Boards and the Supervisory Boards of the subsidiaries, who were in office in the nine-month period ended 30 September 2020 and in the nine-month period ended 30 September 2019.

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

21 DATA FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2020 (unaudited)	2019 (unaudited)	2020 (unaudited)	2019 (unaudited)
Base salary	405	499	1,339	1,502
Variable pay	593	513	1,551	1,538
Bonus bank	71	-	71	-
Other benefits	37	33	191	57
Benefits after termination*	(47)	-	157	-
Total remuneration of the Exchange Management Board	**1,059**	**1,045**	**3,309**	**3,097**
Remuneration of the Exchange Supervisory Board	**130**	**127**	**420**	**379**
Remuneration of the Management Boards of other GPW Group companies	**1,003**	**620**	**2,769**	**2,268**
Remuneration of the Supervisory Boards of other GPW Group companies	**211**	**219**	**632**	**663**
Total remuneration of the key management personnel	**2,403**	**2,011**	**7,130**	**6,407**

** Negative amount due to release of provisions against benefits after termination in the three-month period ended 30 September 2020.*

The table above does not include the remuneration of the Management Boards of GPWV and GPWT, which were excluded from full consolidation as immaterial.

As at 30 September 2020, due (not paid) bonuses and variable remuneration of the key management personnel stood at PLN 6,390 thousand including bonuses for 2017-2020. The cost was shown in the statement of comprehensive income for 2017-2020.

As at 31 December 2019, due (not paid) bonuses and variable remuneration of the key management personnel stood at PLN 5,357 thousand including bonuses for 2016-2019. The cost was shown in the statement of comprehensive income for 2016-2019.

5.3. DIVIDEND

According to the Commercial Companies Code, distributions to shareholders shall not exceed the profit of the last financial year plus profits of previous years less losses and less allocations to the supplementary capital and other reserves set up under the law or the articles of association which cannot be paid out as dividend.

On 22 June 2020, the Annual General Meeting of the Exchange passed a resolution to distribute the Company's profit for 2019, including a dividend payment of PLN 100,733 thousand. The dividend per share was PLN 2.40. The dividend record date was 28 July 2020. The dividend was paid on 11 August 2020. The dividend due to the State Treasury was PLN 35,252 thousand.

On 17 June 2019, the Ordinary General Meeting of the Exchange passed a resolution to distribute the Company's profit for 2018, including a payment of dividend in the total amount of PLN 133,471 thousand. The dividend per share was PLN 3.18. The dividend record date was 19 July 2019. The dividend was paid on 2 August 2019. The dividend paid to the State Treasury was PLN 46,709 thousand.

5.4. GRANTS

New Trading System

The New Trading System is a development project of a new trading platform which will in the future help to reduce transaction costs and implement new functionalities and types of orders for Exchange Members, issuers, and investors.

The project expenditure is estimated at approx. PLN 90 million including PLN 30.3 million to be financed by the National Centre for Research and Development (grant amount). The project work was initiated on 1 September 2019.

GPW Data

The GPW Data project is an innovative Artificial Intelligence system supporting investment decisions of capital market participants.

The cost of the development of the new system is estimated at PLN 8.3 million including PLN 4.2 million to be financed by the National Centre for Research and Development (grant amount).

Price Coupling of Regions ("PCR")

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

22 DATA FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

In 2016, TGE received a refund of part of the PCR cost from the Polish power transmission system operator Polskie Sieci Energetyczne S.A. in the implementation of international projects (aiming among others to implement European regulations applicable to cross-border energy exchange).

The total amount of the refund stood at PLN 7.0 million.

Agricultural Market

A consortium comprised of GPW, TGE and IRGiT signed an agreement with Krajowy Ośrodek Wsparcia Rolnictwa (National Centre for Agricultural Support, "KOWR") on 29 January 2019 concerning the Agricultural Market project which launched an electronic trading platform for certain agricultural commodities. The platform is operated by TGE and IRGiT (without the participation of the Exchange). As the consortium leader and the parent entity of the GPW Group, the Exchange only participates in project management and is paid a fee by the other consortium members which covers its expenses.

GPW Private Market

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

The objective of the project is to develop a new trading market and accompanying services. The new market will offer trade in assets which are currently not available in organised trading, in particular based on tokenisation, i.e., creation of digital goods in the form of tokens through the digitalisation of traditional assets (including financial instruments, real estate, works of art, commodities, etc.) or through the development of virtual reality (digital native goods originating for instance from computer games). The project relies on blockchain technology/DLT.

The capital expenditure of the project is estimated at PLN 12.5 million, including PLN 8.5 million cofinancing from the National Centre for Research and Development.

5.5. SEASONALITY

The activity of the Group shows no significant seasonality except for the revenue from the Commodity Market which shows seasonality during the year (the revenue of the first months of the year is higher than the revenue for the other quarters of the year). Share prices and turnover value are largely driven by national, regional and global trends impacting the capital markets, which results in seasonality of the revenue from the financial market).

5.6. SEGMENT REPORTING

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

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

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

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

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

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

	Nine-month period ended 30 September 2020 (unaudited)					
	Financial segment	Commodity segment	Other	Total segments	Exclusions and adjustments	Total segments and exclusions
Sales revenue:	181,434	108,260	11,167	**300,861**	(13,000)	**287,860**
To third parties	*177,419*	*107,768*	*2,673*	***287,860***	-	***287,860***
Between segments	*4,015*	*492*	*8,494*	***13,001***	*(13,001)*	***-***
Operating expenses, including:	(110,447)	(53,159)	-	**(163,606)**	12,673	**(150,933)**
depreciation and amortisation	*(19,568)*	*(8,979)*	-	***(28,547)***	*999*	***(27,546)***
Profit/(Loss) on sales	**70,987**	**55,101**	**11,167**	**137,255**	**(327)**	**136,927**
Impairment losses on receivables	(268)	(605)	-	**(873)**	-	**(873)**
Other income	1,317	1,099	-	**2,416**	(51)	**2,365**
Other expenses	(5,625)	(88)	-	**(5,713)**	-	**(5,713)**
Operating profit/(loss)	**66,411**	**55,507**	**11,167**	**133,085**	**(378)**	**132,706**
Financial income, including:	85,385	11,465	-	**96,850**	(90,939)	**5,911**
interest income	*2,600*	*1,442*	-	***4,042***	*3,507*	***7,549***
dividend income	*80,766*	*9,959*	-	***90,725***	*(90,725)*	***-***
Financial expenses, including:	(6,575)	(8,276)	-	**(14,851)**	(3,502)	**(18,353)**
interest cost	*(6,285)*	*(310)*	-	***(6,595)***	*(360)*	***(6,955)***
VAT correction	-	*(7,807)*	-	***(7,807)***	*(3,872)*	***(11,679)***
Share of profit of entities measured by equity method	-	-	-	**-**	10,942	**10,942**
(Loss) on impairment of investment in other entities	(583)	-	-	**(583)**	-	**(583)**
Profit before income tax	**144,638**	**58,696**	**11,167**	**214,501**	**(83,876)**	**130,623**
Income tax	(14,966)	(10,888)	-	**(25,854)**	-	**(25,854)**
Net profit	**129,672**	**47,808**	**11,167**	**188,647**	**(83,876)**	**104,769**

	As at 30 September 2020 (unaudited)						
	Financial segment	Commodity segment	Segment pozostałe	Total segments	Adjustments for investments measured by equity method	Other exclusions and adjustments	Total segments and exclusions
Total assets	879,057	383,484	-	**1,262,541**	*204,600*	*(154,084)*	**1,313,057**
Total liabilities	333,455	123,584	-	**457,039**	-	*(22,186)*	**434,853**
Net assets (assets - liabilities)	**545,602**	**259,900**	**-**	**805,502**	**204,600**	**(131,898)**	**878,204**

DATA FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

	Nine-month period ended 30 September 2019 *(unaudited)*					
	Financial segment	Commodity segment	Other	Total segments	Exclusions and adjustments	Total segments and exclusions
Sales revenue:	143,411	114,349	7,096	264,856	(9,043)	255,813
To third parties	*141,363*	*113,989*	*461*	*255,813*	-	*255,813*
Between segments	*2,048*	*360*	*6,635*	*9,043*	*(9,043)*	-
Operating expenses, including:	(97,771)	(45,045)	-	(142,816)	9,040	(133,776)
depreciation and amortisation	*(17,857)*	*(9,766)*	-	*(27,623)*	-	*(27,623)*
Profit/(Loss) on sales	**45,640**	**69,304**	**7,096**	**122,040**	**(3)**	**122,037**
Impairment losses on receivables	36	(101)	-	(65)	-	(65)
Other income	1,591	3,599	-	5,190	(88)	5,102
Other expenses	(2,493)	(53)	-	(2,546)	40	(2,506)
Operating profit/(loss)	**44,774**	**72,749**	**7,096**	**124,619**	**(51)**	**124,568**
Financial income, including:	75,693	30,942	-	106,635	(99,533)	7,102
interest income	*4,876*	*2,201*	-	*7,077*	*(364)*	6,713
dividend income	*70,951*	*28,218*	-	*99,169*	*(99,169)*	-
Financial expenses, including:	(6,352)	(1,712)	-	(8,064)	360	(7,704)
interest cost	*(6,628)*	*(1,292)*	-	*(7,920)*	*364*	(7,556)
Share of profit/(loss) of entities measured by equity method	-	-	-	-	9,320	9,320
Gains on investment/(Loss) on impairment of investment in other entities	(2,173)	-	-	(2,173)	1,084	(1,089)
Profit before income tax	**111,942**	**101,979**	**7,096**	**221,017**	**(88,820)**	**132,197**
Income tax	(9,536)	(14,526)	-	(24,062)	-	(24,062)
Net profit	**102,406**	**87,453**	**7,096**	**196,955**	**(88,820)**	**108,135**

	As at 31 December 2019					
	Financial segment	Commodity segment	Total segments	Adjustments for investments measured by equity method	Other exclusions and adjustments	Total segments and exclusions
Total assets	1,020,346	188,193	1,208,539	198,675	(150,420)	1,256,794
Total liabilities	369,957	34,971	404,928	-	(21,620)	383,308
Net assets (assets - liabilities)	**650,389**	**153,222**	**803,611**	**198,675**	**(128,800)**	**873,486**

25 DATA FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

	Three-month period ended 30 September 2020 *(unaudited)*					
	Financial segment	**Commodity segment**	**Other**	**Total segments**	**Exclusions and adjustments**	**Total segments and exclusions**
Sales revenue:	59,282	28,531	5,091	**92,904**	(4,478)	**88,425**
To third parties	*58,029*	*28,248*	*2,148*	***88,425***	-	***88,425***
Between segments	*1,253*	*283*	*2,943*	***4,479***	*(4,479)*	***-***
Operating expenses, including:	(37,361)	(16,925)	-	**(54,286)**	4,462	**(49,824)**
depreciation and amortisation	*(6,238)*	*(2,805)*	-	***(9,043)***	*332*	***(8,708)***
Profit/(Loss) on sales	**21,921**	**11,606**	**5,091**	**38,618**	**(16)**	**38,601**
Impairment losses on receivables	(120)	(475)	-	**(595)**	-	**(595)**
Other income	284	336	-	**620**	(50)	**570**
Other expenses	(232)	(13)	-	**(245)**	-	**(245)**
Operating profit/(loss)	**21,853**	**11,454**	**5,091**	**38,398**	**(66)**	**38,331**
Financial income, including:	469	10,051	-	**10,520**	(10,032)	**488**
interest income	*361*	*87*	-	***448***	*3,648*	***4,096***
dividend income	-	*9,959*	-	***9,959***	*(9,959)*	***-***
Financial expenses, including:	(2,387)	1,917	-	**(470)**	(3,743)	**(4,213)**
interest cost	*(2,099)*	*(109)*	-	***(2,208)***	*(601)*	***(2,809)***
VAT correction	-	*2,079*	-	***2,079***	*(3,872)*	***(1,793)***
Share of profit/(loss) of entities measured by equity method	-	-	-	**-**	4,557	**4,557**
Profit before income tax	**19,935**	**23,422**	**5,091**	**48,448**	**(9,283)**	**39,163**
Income tax	(4,806)	(2,354)	-	**(7,160)**	-	**(7,160)**
Net profit	**15,129**	**21,068**	**5,091**	**41,288**	**(9,283)**	**32,003**

26 DATA FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

	Three-month period ended 30 September 2019 *(unaudited)*					
	Financial segment	**Commodity segment**	**Other**	**Total segments**	**Exclusions and adjustments**	**Total segments and exclusions**
Sales revenue:	47,117	36,137	3,232	**86,486**	(3,969)	**82,517**
To third parties	*46,429*	*36,011*	*77*	***82,517***	-	***82,517***
Between segments	*688*	*126*	*3,155*	***3,969***	*(3,969)*	***-***
Operating expenses, including:	(29,308)	(10,651)	-	**(39,959)**	3,840	**(36,119)**
depreciation and amortisation	*(5,913)*	*(2,986)*	-	***(8,899)***	*(122)*	***(9,019)***
Profit/(Loss) on sales	**17,809**	**25,486**	**3,232**	**46,527**	**(129)**	**46,397**
Impairment losses on receivables	(337)	(4)	-	**(341)**	-	**(341)**
Other income	275	1,678	-	**1,953**	(57)	**1,896**
Other expenses	(912)	(32)	-	**(944)**	11	**(933)**
Operating profit/(loss)	**16,835**	**27,128**	**3,232**	**47,195**	**(175)**	**47,020**
Financial income, including:	1,787	941	-	**2,728**	(123)	**2,605**
interest income	*1,950*	*433*	-	***2,383***	*(136)*	***2,247***
dividend income	-	-	-	***-***	-	***-***
Financial expenses, including:	(2,028)	(1,366)	-	**(3,394)**	111	**(3,283)**
interest cost	*(2,423)*	*(1,092)*	-	***(3,515)***	*124*	***(3,391)***
Share of profit/(loss) of entities measured by equity method	-	-	-	**-**	4,692	**4,692**
Gains on investment/(Loss) on impairment of investment in other entities	(2,173)	-	-	**(2,173)**	1,084	**(1,089)**
Profit before income tax	**14,421**	**26,703**	**3,232**	**44,356**	**5,590**	**49,946**
Income tax	(3,394)	(5,419)	-	**(8,813)**	-	**(8,813)**
Net profit	**11,027**	**21,284**	**3,232**	**35,543**	**5,590**	**41,133**

27 DATA FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

5.7. ADDITIONAL INFORMATION CONCERNING THE SARS-COV-2 PANDEMIC

As a key new circumstance which markedly impacted the Group's activity in 9M 2020, the outbreak of the SARS-CoV-2 pandemic exerted an economic impact due to limitations imposed on economic activity as required to keep social distance, combined with support schemes and tax credits offered by governments including Poland.

The Exchange Management Board and the Management Boards of the subsidiaries monitor the epidemiological situation in Poland and globally on an on-going basis and analyse its impact on the position of the Group. In the opinion of the Exchange Management Board, as an operator of Poland's capital market and commodity exchange infrastructure, the Group is exposed to moderate operational and financial risk generated by the outbreak of the SARS-CoV-2 pandemic.

In view of the new economic situation in Poland, the Group identified a number of operational risks (including periodic HR shortages, interruption of vendors' services, and restricted activity of market makers) and took adequate risk mitigating measures. Furthermore, with a view to safety of Group employees and employees of the Group's contractors, the Group's companies facilitated mutual communications and modified their procedures to limit face-to-face contacts. The Group took into consideration ESMA and KNF recommendations for regulated markets of 12 March 2020, the ESMA recommendations concerning financial reporting of 20 May 2020, the IOSCO Statement of 29 May 2020 on Importance of Disclosure about COVID-19, as well as the guidelines of the Chief Sanitary Inspectorate, including in particular recommendations concerning the safety, health and hygiene of employees. As at the date of publication of these financial statements, the operation of the Group continues without interruption.

The potential adverse impact of the pandemic on the financial position of the Group was analysed and the following issues were identified: a decrease of the Company's revenue in the case of a longer economic slow-down discouraging investors from investing on the capital markets, as well as materialisation of credit risk if counterparties stop paying amounts due.

None of those risks materialised in 9M 2020. The financial results of the Group in 9M 2020 improved year on year, mainly as a result of an increase in sales revenue driven by an increase of trade in financial instruments on the markets operated by the Exchange. The key drivers included high volatility on the financial markets correlated with strong investor activity (in particular, the initial sell-out of assets followed by a rally as investors were encouraged by falling valuations), as well as the presence of many new individual investors.

In the nine-month period ended 30 September 2020, the Group did not use any of the support schemes offered by the government to Polish companies due to the pandemic. External sources of financing used by the Group as at 30 September 2020, the same as at 31 December 2019, included leases and bonds in issue (see Note 2.7). The outbreak of the pandemic did not change the terms of the Group's external financing.

Due to the fact that the outbreak of the pandemic caused uncertainty in many areas of the Polish and global economy, the Exchange Management Board and the Management Boards of the subsidiaries decided, in accordance with the ESMA recommendations, to review their judgments and estimates as at 31 December 2019 as well as other assumptions used in the application of the Group's accounting policies. In particular, the following issues were considered:

- Indications of impairment of goodwill recognised in the Group's statement of financial position as at 30 September 2020 were reviewed. An indication requiring an impairment test was identified only for the company BondSpot. The test identified no impairment charge as at 30 September 2020. As a result, the Group's statement of financial position recognised only an impairment charge for BondSpot as at 30 June 2020. More details concerning the valuation are presented in Note 2.2.
- No need was identified to change any of the estimates concerning the useful life and the depreciation rate of property, plant and equipment and intangible assets.
- The judgments used in the valuation of lease liabilities were not modified. The Exchange Management Board decided in particular that the term of leases used in the valuation of lease liabilities under lease agreements with no fixed term (5 years, i.e., by the end of 2023) is an adequate representation of the most probable term of leases taking into account all facts and circumstances in connection with the outbreak of the pandemic.
- The Company carried out an in-depth analysis of the regularity of payment of trade receivables due from Exchange Members, issuers, and data vendors as well as participants of the markets operated by TGE, and modified its assumptions used in the valuation of expected credit loss of trade receivables. No adverse impact was identified of the economic slow-down on the regular payment of receivables due from counterparties of the Exchange or TGE as at 30 September 2020. The impairment provisions for trade receivables based on an updated provision matrix did not increase as compared to trade receivables as at 31 December 2019.

- The Exchange Management Board and the Management Boards of the subsidiaries considered whether the outbreak of the pandemic and its impact affected the companies' ability to continue as a going concern. As at 30 September 2020, the Group held PLN 681,409 thousand in cash and cash equivalents and short-term financial assets including bank deposits and guaranteed corporate bonds; in the opinion of the Exchange Management Board and the Management Boards of the subsidiaries, those financial resources are sufficient to conclude that the Group's short-term and mid-term liquidity risk is low.

In summary, in the opinion of the Exchange Management Board, the SARS-CoV-2 pandemic poses no threat to continued operation of the Group in the foreseeable future unless the situation in the GPW Group's environment changes materially.

5.8. CONTINGENT ASSETS AND LIABILITIES

5.8.1. CONTINGENT ASSETS

In September 2019, TGE submitted a correction of CIT returns and paid the resulting amounts due to the tax office and interest.

The correction concerned among others a conversion of IRGiT's debt to TGE into shares of IRGiT at PLN 10 million in 2013. In view of inconsistent interpretations of the tax authorities regarding the tax treatment of the transaction, TGE took steps to recover the paid amount of tax at PLN 1.9 million.

Due to uncertainty of the recovery, the Group recognised a contingent asset of PLN 2.6 million as at 30 September 2020 (including PLN 1.9 million principal and PLN 0.7 million interest).

5.8.2. CONTINGENT LIABILITIES

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

As at 30 September 2020, the Group recognised contingent liabilities in respect of a correction of overdue VAT. Acting in the interest of GPW shareholders, pursuant to IAS 37.92 Provisions, Contingent Liabilities and Contingent Assets, the Group is not disclosing the estimated amount of the potential payable as it is in the process of confirming the adequacy of its approach (see Note 5.9.).

5.9. UNCERTAINTY CONCERNING VAT

The IRGiT Management Board requested independent advisors to provide opinions concerning the recognition of the correct date of origination of a VAT tax payable in respect of deliveries of electricity and gas and the recognition of the date of origination of the right to an input VAT deduction resulting from invoices for electricity and gas and to calculate the potential impact of a potential change to IRGiT's current approach on IRGiT's tax payable. On the basis of the received opinions, IRGiT's approach could be found to be correct in the light of Union law, in particular concerning input VAT, but potentially controversial under national tax regulations in view of their literal wording. The measures taken by the Company and its position concerning VAT are described in detail in the Group's Consolidated Financial Statements for the year ended 31 December 2019.

On 9 October 2020, the Regional Administrative Court in Warsaw dismissed an appeal of IRGiT concerning an individual interpretation issued by the Director of the National Tax Information Service of 12 November 2019 regarding the date of deducting input VAT resulting from invoices for electricity and gas. The Regional Administrative Court found, as did the tax authority, that the deduction should have been recognised in the period in which the date of receipt of invoices was marked with a stamp on invoices. IRGiT is planning to file for cassation after it receives the written justification.

The provisions against interest on VAT payable were increased to PLN 27,1 million as at 30 September 2020. As a result, estimated interest on tax payable at PLN 11,7 million was charged to the results of 9M 2020. The provision amount is the best possible estimate of the potential payable as at 30 September 2020 due in the case of a potential change of the methodology of recognising the date of origination of tax payable. IRGiT is planning to confirm the adequacy of its approach.

There is a risk, which is relatively low, due to the expiration of the five-year statute of limitation. In the case of a potential correction of tax returns for the period not subject to the statute of limitation (December 2014), IRGiT would be required to report once again the output VAT originally declared in the tax return submitted for November 2014 and paid when due, which is no longer subject to a correction due to the expiration of the statute of limitation. According to the tax opinion received by IRGiT, the risk that the competent authorities may decide that IRGiT should report and pay the output VAT twice when making such potential correction is relatively low because the interpretation of national law, not subject to harmonisation, would result in a breach of a higher-rank norm arising from Union law; such double recognition of input VAT would be a direct violation of the principle of tax neutrality.

Acting in the interest of GPW shareholders, pursuant to IAS 37.92, the Group is not disclosing the estimated amount of the potential payable as it is in the process of confirming the adequacy of its approach.

5.10. EVENTS AFTER THE BALANCE SHEET DATE

On 15 October 2020, the GPW Management Board decided to donate the entire net income of the Exchange from trading in Allegro shares on the first day of trading (12 October 2020) to institutions and units participating in prevention of the spread of COVID-19. The donation is PLN 680 thousand.

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

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

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

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

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

Signature of the person responsible for keeping books of account:

Małgorzata Gola-Radwan, Chief Accountant ……………………………………

Warsaw, 3 November 2020