Interim Report of the Giełda Papierów Wartościowych w Warszawie S.A. Group

for Q1 2020

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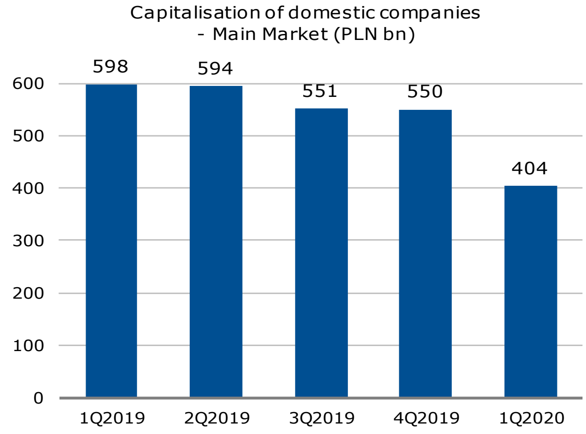
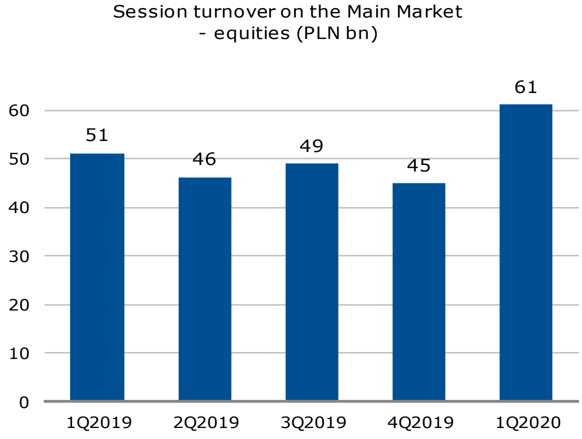
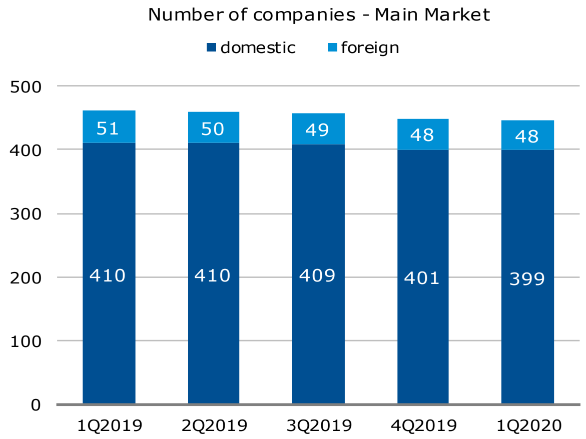
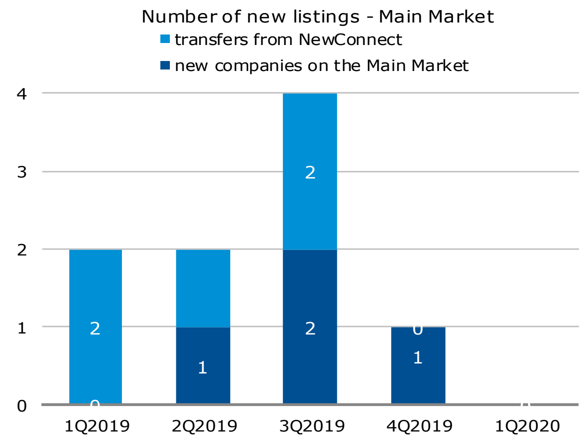
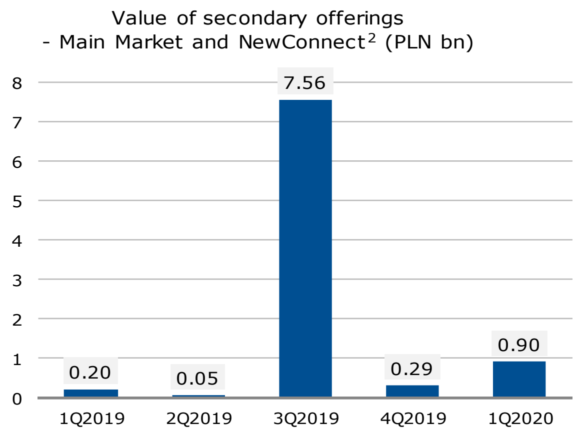
I. Selected market data[1]

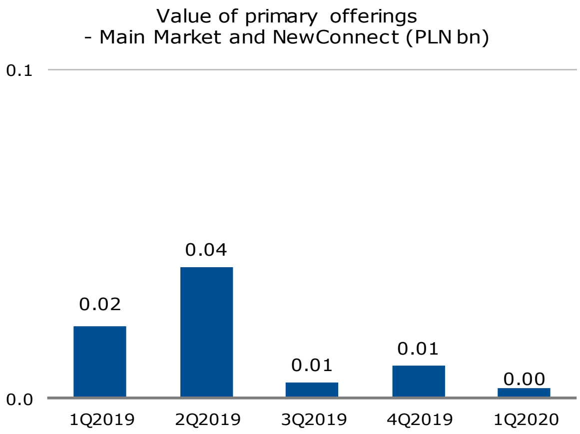




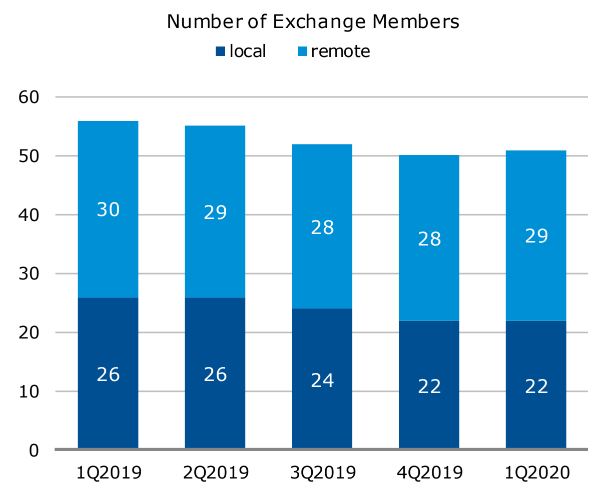


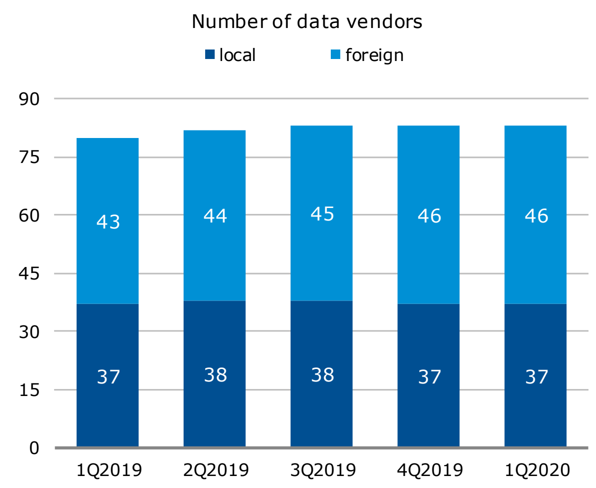


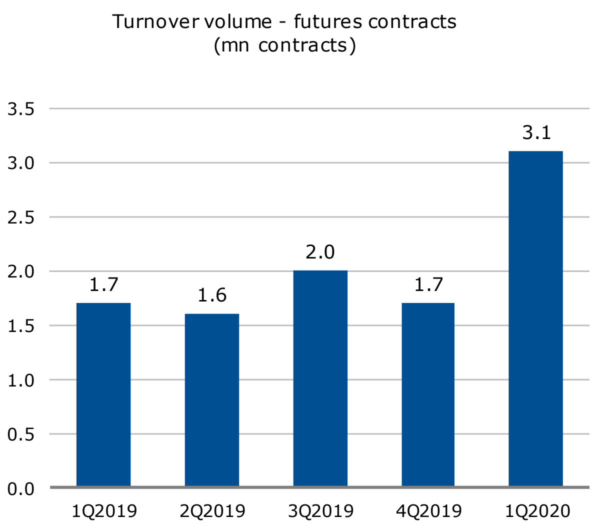


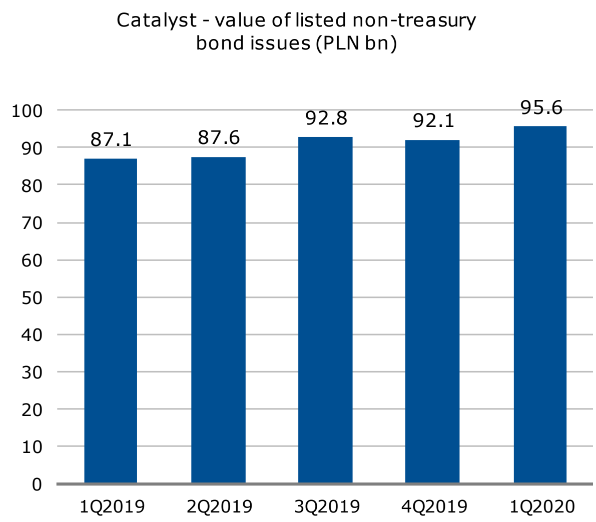


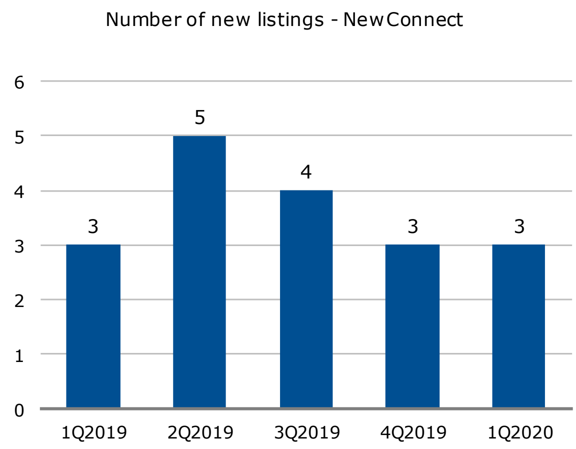
[1] All trading value and volume statistics presented in this Report are single-counted, unless indicated otherwise.
[2] Including offerings of dual-listed companies.

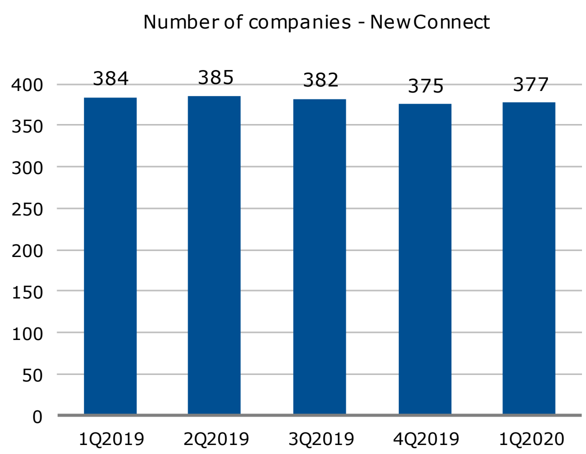

Number of Exchange Members
local
remote
60
50
40
30
20
10
0
30
29
28
28
29
26
26
24
22
22
1Q2019
2Q2019
3Q2019
4Q2019
1Q2020

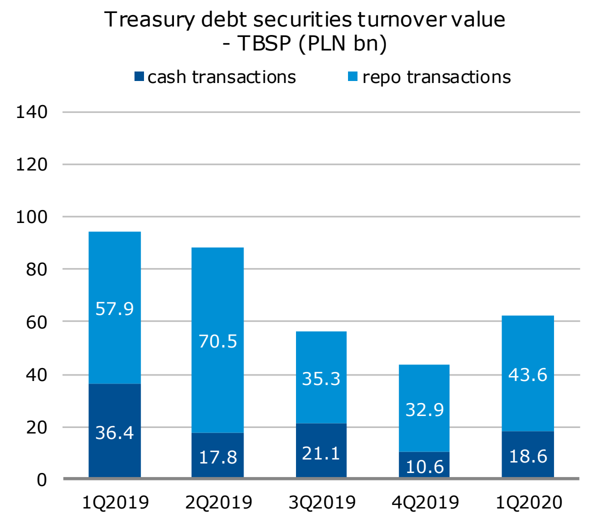

Number of data vendors
local
foreign
90
75
60
45
30
15
0
43
44
45
46
46
37
38
38
37
37
1Q2019
2Q2019
3Q2019
4Q2019
1Q2020

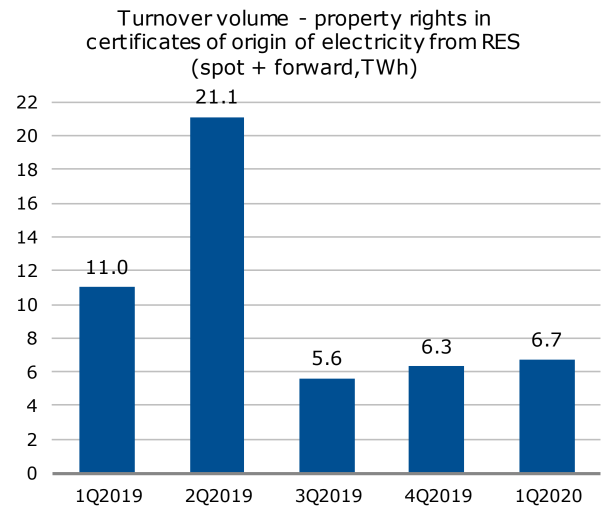

Turnover volume - futures contracts
(mn contracts)
3.5
3.0
2.5
2.0
1.5
1.0
0.5
0.0
1.7
1.6
2.0
1.7
3.1
1Q2019
2Q2019
3Q2019
4Q2019
1Q2020

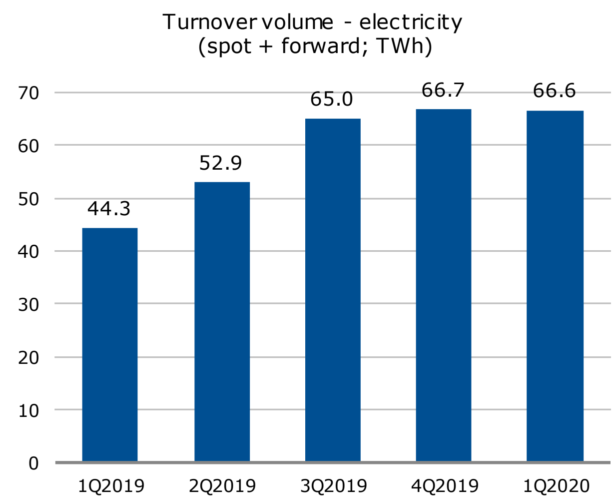

Catalyst - value of listed non-treasury
bond issues (PLN bn)
100
90
80
70
60
50
40
30
20
10
0
87.1
87.6
92.8
92.1
95.6
1Q2019
2Q2019
3Q2019
4Q2019
1Q2020

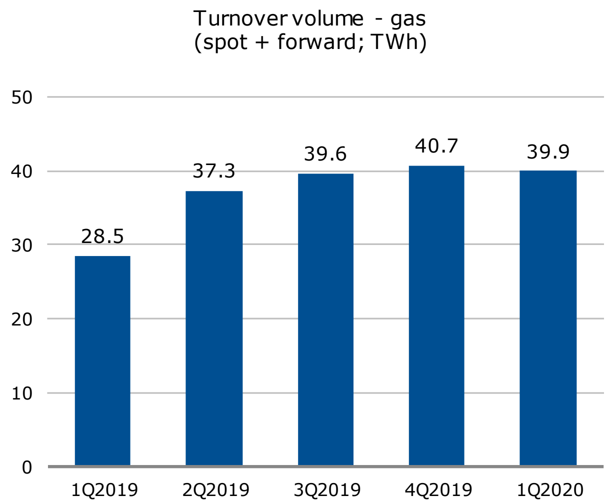

Number of new listings - NewConnect
6
5
4
3
2
1
0
3
5
4
3
3
1Q2019
2Q2019
3Q2019
4Q2019
1Q2020

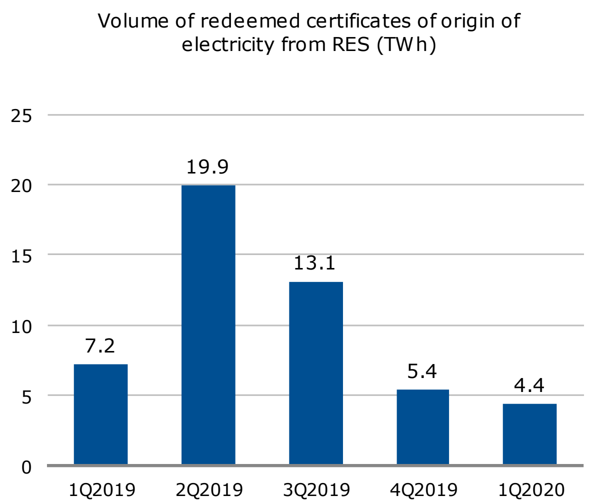

Number of companies - NewConnect
400
350
300
250
200
150
100
50
0
384
385
382
375
377
1Q2019
2Q2019
3Q2019
4Q2019
1Q2020

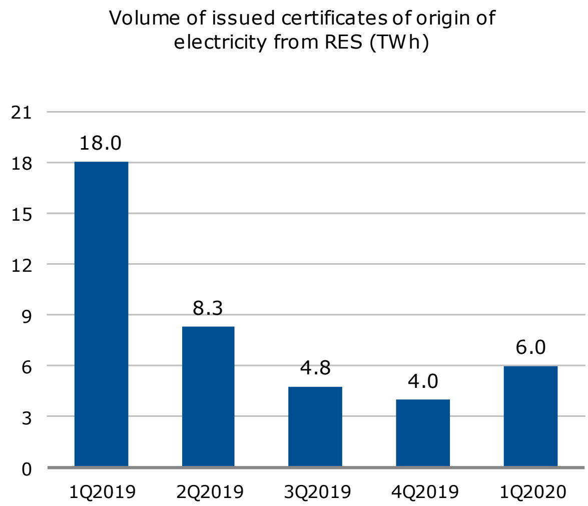

Treasury debt securities turnover value - TBSP (PLN bn)
cash transactions
repo transactions
140
120
100
80
60
40
20
0
57.9
36.4
70.5
17.8
35.3
21.1
32.9
10.6
43.6
18.6
1Q2019
2Q2019
3Q2019
4Q2019
1Q2020


Turnover volume - property rights in certificates of origin of electricity from RES (spot + forward,TWh)
22
20
18
16
14
12
10
8
6
4
2
0
11.0
21.1
5.6
6.3
6.7
1Q2019
2Q2019
3Q2019
4Q2019
1Q2020

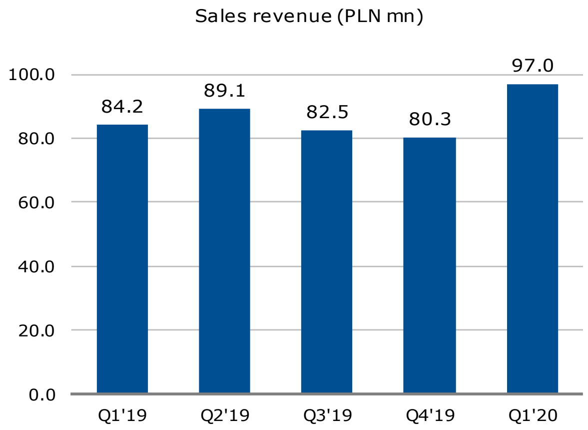

Turnover volume - electricity (spot + forward; TWh)
70
60
50
40
30
20
10
0
44.3
52.9
65.0
66.7
66.6
1Q2019
2Q2019
3Q2019
4Q2019
1Q2020

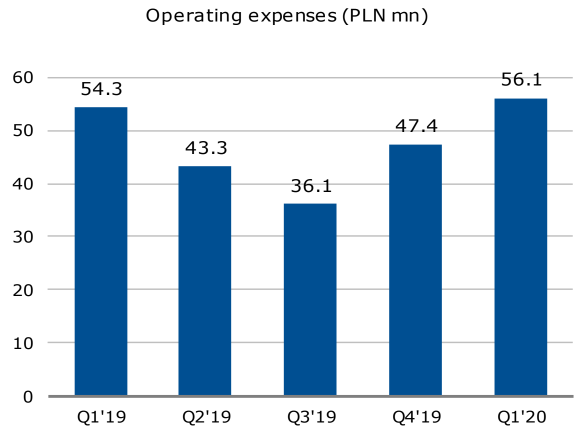

Turnover volume - gas (spot + forward; TWh)
50
40
30
20
10
0
28.5
37.3
39.6
40.7
39.9
1Q2019
2Q2019
3Q2019
4Q2019
1Q2020

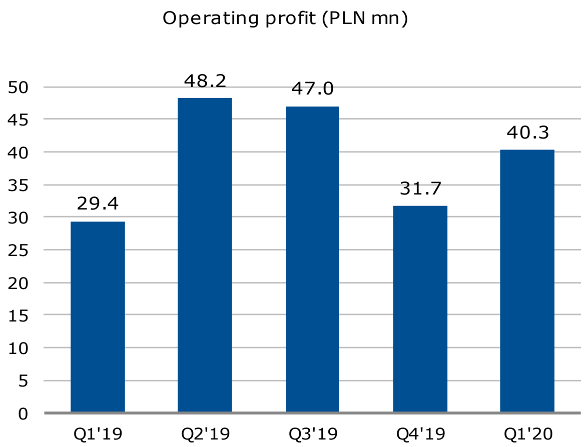

Volume of redeemed certificates of origin of electricity from RES (TWh)
25
20
15
10
5
0
7.2
19.9
13.1
5.4
4.4
1Q2019
2Q2019
3Q2019
4Q2019
1Q2020

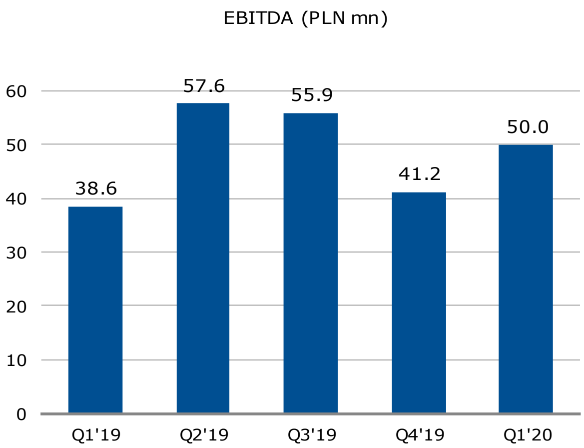

Volume of issued certificates of origin of electricity from RES (TWh)
21
18
15
12
9
6
3
0
18.0
8.3
4.8
4.0
6.0
1Q2019
2Q2019
3Q2019
4Q2019
1Q2020

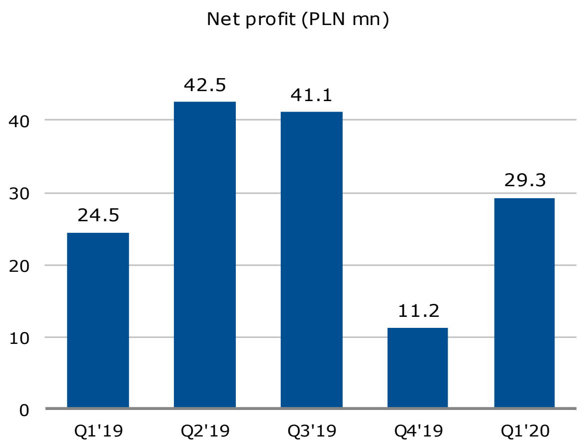
II. Selected financial data











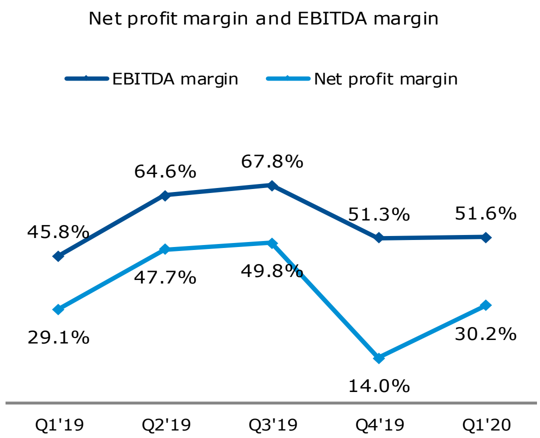


Table 1: Selected data in the consolidated statement of comprehensive income under IFRS, unaudited

	3-month period ended 31 March			
	2020	2019	2020	2019
	PLN'000		*EUR'000* [1]	
Sales revenue	**97,039**	**84,156**	**22,449**	**19,557**
Financial market	**58,719**	**49,486**	**13,584**	**11,500**
Trading	41,512	32,015	9,603	7,440
Listing	5,371	5,271	1,243	1,225
Information services and revenue from calculation of reference rates	11,836	12,200	2,738	2,835
Commodity market	**38,149**	**34,550**	**8,825**	**8,029**
Trading	18,912	15,906	4,375	3,696
Register of certificates of origin	5,864	7,604	1,357	1,767
Clearing	13,082	10,871	3,026	2,526
Information services	291	169	67	39
Other revenue	**171**	**120**	**40**	**28**
Operating expenses	**56,061**	**54,322**	**12,969**	**12,624**
Other income	1,238	1,330	286	309
Gains on reversed impairment/(losses) on impairment of receivables	(1,061)	(1,131)	(245)	(263)
Other expenses	866	654	200	152
Operating profit	**40,289**	**29,379**	**9,321**	**6,827**
Financial income	4,278	2,095	990	487
Financial expenses	9,101	2,115	2,105	491
Gains on investment/(losses) on impairment of investment in other entities	-	-	-	-
Share of profit/(losses) of entities measured by equity method	1,981	989	458	230
Profit before income tax	**37,447**	**30,348**	**8,663**	**7,052**
Income tax	8,180	5,896	1,892	1,370
Profit for the period	**29,267**	**24,452**	**6,771**	**5,682**
Basic / Diluted earnings per share [2] (PLN, EUR)	0.70	0.58	0.16	0.13
EBITDA [3]	**50,049**	**38,566**	**11,579**	**8,962**

[1] Based on the 3M average EUR/PLN exchange rate published by the National Bank of Poland (1 EUR = 4.3226 PLN in 2020 and 1 EUR = 4.3032 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			
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
	PLN'000		EUR'000 [1]	
Non-current assets	**587,842**	**590,114**	**129,131**	**138,573**
Property, plant and equipment	98,234	101,968	21,579	23,945
Right-to-use assets	21,323	22,725	4,684	5,336
Intangible assets	246,011	246,649	54,041	57,919
Investment in entities measured by equity method	211,737	210,327	46,512	49,390
Investment in non-consolidated subsidiaries	4,000	4,000	879	939
Subleasing receivables	566	523	124	123
Deferred tax assets	2,844	464	625	109
Financial assets measured at fair value through other comprehensive income	113	120	25	28
Prepayments	1,719	2,043	378	480
Other non-current assets	1,295	1,295	284	304
Current assets	**740,208**	**666,680**	**162,601**	**156,553**
Inventories	13	47	3	11
Corporate income tax receivable	-	4,132	-	970
Trade and other receivables	68,068	45,232	14,952	10,622
Subleasing receivables	239	190	53	45
Contract assets	1,856	2,415	408	567
Financial assets measured at amortised cost	243,280	328,998	53,441	77,257
Other current assets	4,397	4,382	966	1,029
Cash and cash equivalents	422,355	281,284	92,778	66,052
TOTAL ASSETS	**1,328,050**	**1,256,794**	**291,732**	**295,126**
Equity of the shareholders of the parent entity	900,965	872,881	197,914	204,974
Non-controlling interests	612	605	134	142
Non-current liabilities	276,854	283,502	60,816	66,573
Current liabilities	149,619	99,807	32,867	23,437
TOTAL EQUITY AND LIABILITIES	**1,328,050**	**1,256,794**	**291,732**	**295,126**

[1] Based on the average EUR/PLN exchange rate of the National Bank of Poland as at 31.03.2020 (1 EUR = 4.5523 PLN) and 31.12.2019 (1 EUR = 4.2585 PLN).

Source: Condensed Consolidated Interim Financial Statements, Company

III. Information about the GPW Group

1. Information about the Group

1.1. Background information about the Group

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

The Warsaw Stock Exchange is a leading financial instruments exchange in Central and Eastern Europe (CEE)[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;
- operating a register of certificates of origin;
- providing the services of trade operator and entity responsible for balancing;
- operating a clearing house and settlement institution which performs the functions of an exchange clearing house for transactions in exchange commodities;
- organising reference rate WIBID and WIBOR fixings;
- conducting activities in capital market education, promotion and information.

Basic information about the parent entity:

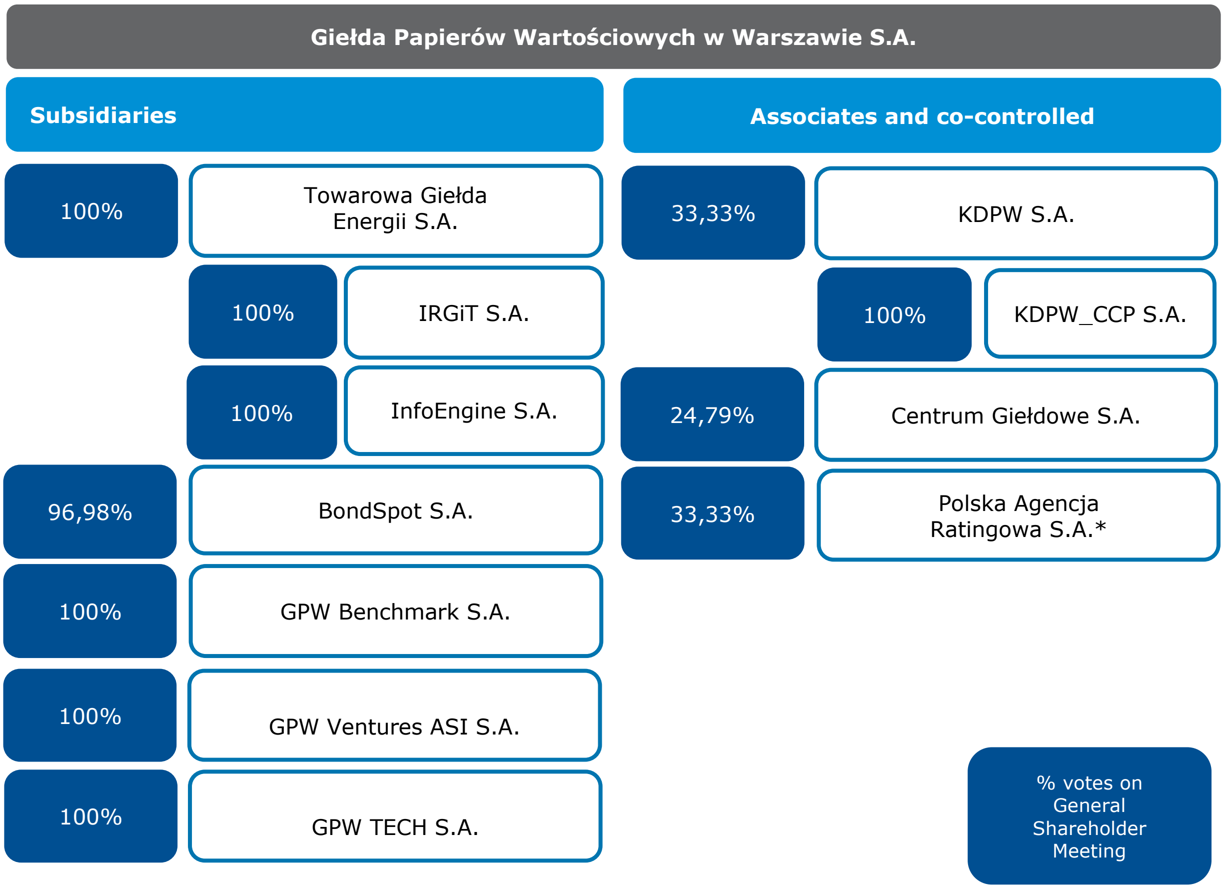
Name and legal status:	Giełda Papierów Wartościowych w Warszawie Spółka Akcyjna
Abbreviated name:	Giełda Papierów Wartościowych w Warszawie S.A.
Registered office and address:	ul. Książęca 4, 00-498 Warszawa, Poland
Telephone number:	+48 (22) 628 32 32
Telefax number:	+48 (22) 628 17 54, +48 (22) 537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

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

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

As at 31 March 2020, the parent entity and seven consolidated direct and indirect subsidiaries 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.

Diagram 1 GPW Group, associates and joint ventures



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

Source: Company

The subsidiaries are consolidated using full consolidation as of the date of taking control while the associates and joint ventures are companies where the Group has significant influence or joint control.

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.

The Group does not hold any branches or establishments.

1.3. Ownership

As at the date of publication of this Report, the share capital of the Warsaw Stock Exchange was divided into 41,972,000 shares including 14,772,470 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.

The table below presents GPW shares and allotment certificates held by the Company's and the Group's supervising and managing persons.

Table 3: GPW shares, allotment certificates and bonds held by the Company's and the Group's managing and supervising persons as at 31 March 2020

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

Source: Company

As at 31 March 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.

2. Main risks and threats related to the remaining months of 2020

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

The risk factors presented below may impact the operation of the GPW Group in the remaining periods of 2020, however the order in which they are presented does not reflect their relative importance for the Group.

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

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

The global exchange industry is strongly competitive. In the European Union, competition in the trade and post-trade sectors is amplified by legal amendments designed to harmonise legislation of the EU member states and integrate their financial markets. The 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 could 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.

Risk factors related to geopolitics and the global economic conditions

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

The Group's business 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.

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 unexpected 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.

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 Company'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 on GPW's listing revenue. Perception of increased investment risk of Polish assets could curb the availability of capital which could be invested on GPW 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 GPW and thus on the Group's revenue.

Risk factors relating to laws and regulations

Risk associated with amendments and interpretations of tax regulations

The Polish tax system is not stable. Tax regulations are frequently amended, 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.

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).

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.

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

Open-ended pension funds are an important group of participants in the markets operated by the Group. As at the end of March 2020, open-ended pension funds held shares representing 20.5% of the capitalisation of domestic companies and 42.1% 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 will now go back to the Sejm. The conversion of OFE into IKE is scheduled on 1 June 2020; OFE participants will decide either to invest in IKE or in ZUS between 1 June 2020 and 1 August 2020. However, due to the COVID-19 pandemic, the final decision on timing is still pending.

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.

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 no less than 100% of electricity produced within a year on commodity exchanges or via NEMOs (subject to certain exceptions). 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.

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.

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.

Risk factors related to the business activity of the Group

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

The Act of 12 June 2015 amending the Capital Market Supervision Act and certain other Acts largely extended the list of entities required to finance supervision (by adding, among others, banks, insurers, investment funds, public companies, brokerage houses and foreign investment firms) and changed the amount of contributions of entities. As a result, the cost of fees paid by the GPW Group was reduced significantly in 2016-2019 (from PLN 22.0 million in 2015 to PLN 9.1 million in 2016, PLN 5.6 million in 2017, PLN 12.5 million in 2018, and PLN 6.8 million in 2019). The amount of fees due for supervision has been very volatile in the past years and is difficult to predict in the coming years. There is a risk of gradual increase of the cost in the coming years.

According to IFRIC 21, an entity recognises a liability for fees due to PFSA at the date of the obligating event. The obligating event is the fact of carrying out a business subject to fees due to PFSA as at 1 January of each year. Consequently, the estimated amount of the annual fees due to PFSA is charged to the accounts of the GPW Group of the first quarter of each year.

However, the amount of the liability is not yet known at the time when it is recognised and charged because the Chairperson of the Polish Financial Supervision Authority publishes the rates and the indicators necessary to calculate the fees in a public communique promulgated in the Official Journal of the Polish Financial Supervision Authority by 31 August of each calendar year. On that basis, the entities obliged to pay the fee will calculate the final amount of the annual fee due for the year and pay the fee by 30 September of the calendar year.

Consequently, the final amount of the fees due to the Polish Financial Supervision Authority may differ from the amount estimated by the GPW Group companies at the time of recognition.

A new Regulation of the Minister of Finance of 17 December 2019 concerning fees covering the cost of capital market supervision took effect on 1 January 2020. Under the Regulation, the cost of capital market supervision will be financed without the intermediation of the public budget, directly from the revenue of the Office of the Polish Financial Supervision Authority. However, the Regulation does not change the existing system of covering supervision costs.

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. As a part of its analyses, GPW Benchmark presented in 2019 the provision methods and simulation results of alternative interest-rate benchmarks. The provision of alternative benchmarks mitigates the systemic risk generated by the concentration of financial contracts and financial instruments which are mainly based on the WIBID and WIBOR Reference Rates.

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.

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.

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. Unfortunately, according to the analysis of the financial impact of the participation of exchanges, including TGE, in the European market integration projects, their refinancing is exposed to risks.

However, TGE needs to engage in the European market projects in view of the political and regulatory decisions. In the absence of TGE's action or investment, TGE could suffer adverse market effects including declining trading on electricity markets, obstacles to the operation of the forward market and, in the longer term, also the financial market. TGE could miss the opportunity to grow, especially that big exchanges such as EPEX SPOT and NORD POOL will operate as competitive NEMOs on the Polish energy market.

Market solutions under implementation follow from the applicable regulations (CACM) and project documentation (MCO PLAN, MNA). The expected completion date of the current phase is 2020, including third-wave XBID and CORE. It should be noted that the key beneficiaries of an integrated market are market participants, especially energy consumers. Hence, the EU has agreed to respect a socially acceptable cost base, including under CACM.

Poland is the only CEE country to adopt a competitive NEMO model. Risks to TGE materialise with competitive operation of other exchanges on the Polish electricity market. The scale of risks to TGE is augmented by the fact that TGE is supervised by the Polish Financial Supervision Authority as a licensed commodity exchange while being supervised together with IRGiT by the Energy Regulatory Office as a NEMO.

TGE may also consider expanding to other markets. TGE will decide whether to launch as a NEMO on foreign markets following an in-depth financial analysis and risk analysis, for instance, return on investment in trade on new markets. Activity on other markets will require additional expenditures, including participation in NEMO costs on foreign markets, additional licence costs and HR expenses.

Risk generated by the SARS-CoV-2 pandemic

As an operator of Poland's capital market, electricity and gas market infrastructure, the Group is exposed to moderate operational and financial risk generated by the outbreak of the SARS-CoV-2 pandemic.

The Exchange Management Board and the Management Boards of the subsidiaries have taken a number of measures to mitigate the risk.

Identified operational risks include:

- periodic HR shortages caused by potential coronavirus infection and/or quarantine of GPW employees:

  Increased absenteeism is due to child-care benefits used by some employees following the closing of all schools and universities in Poland. To prevent the risk of excessive absenteeism, most of the employees have been delegated to work remotely (as at the date of this report, over 95% of staff are working remotely). The Group continuously monitors human resources across its departments. Key employees have been identified and their substitutes have been appointed. A total ban on business travel to affected countries and on the reception of employees from such regions has been imposed. The procedures in place provide for mitigating measures in the event of confirmed coronavirus infections among employees. The legal framework applicable in the GPW Group companies supports continued operation even if more than a half of members of the Exchange Management Board and the Exchange Supervisory Board and the Management Boards and Supervisory Boards of the subsidiaries were to be quarantined.

- interruption of vendors' services;
- Exchange employees continuously monitor compliance with the scope and quality requirements for services provided by third-party vendors. The Group has not identified any interruption in the provision of services by telecommunication, energy, and banking suppliers. Business continuity of the Group is ensured among others by diversification of providers and recovery resources available at the back-up location;
- 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;
- trading in structured instruments could be suspended in the absence of market makers.

The impact of the coronavirus on the financial standing of the Group has been analysed and the following factors have been identified:

- If trading on the markets operated by the Group is suspended, there may be a total or partial loss of daily revenues.
- In the case of an economic slow-down, the value of companies listed on GPW will decrease sharply, which could prompt flight of institutional and retail investors and delisting of companies. Falling numbers of investors and companies listed on GPW could reduce the liquidity of instruments traded on GPW and reduce the Group's revenue.
- A long-term downtrend could discourage retail investors from investing on the capital markets, which could have an adverse impact on the Group's revenue.
- Credit risk could materialise if Exchange Members, issuers, and members of other markets operated by the Exchange stop paying amounts due to the Group.
- The size and structure of the Group's financial assets suggest that the liquidity risk is low in the short and mid-term.
- Thanks to natural hedging, the Group is not exposed to a high FX risk.

The Group's procedures cover risk scenarios of the pandemic and include adequate legal solutions necessary to ensure business continuity of the Group companies. The parent entity has established a Crisis Management Team responsible for continuous monitoring and identification of risks. In consultation with the other GPW Group companies, the Crisis Management Team has prepared an action plan in the event of further escalation. As an organiser of trading, under its business continuity plan, the Group has established a range of tools, procedures and mechanisms to ensure continuity and safety of trade at a time of high market volatility.

IV. FINANCIAL POSITION AND ASSETS

1. Summary of results

The **GPW Group** generated EBITDA[4] of PLN 50.0 million in Q1 2020, representing an increase of PLN 11.5 million compared to PLN 38.6 million in Q1 2019.

The **GPW Group** generated an operating profit of PLN 40.3 million in Q1 2020 compared to PLN 29.4 million in Q1 2019. The increase of the operating profit by PLN 10.9 million year on year was a result of a bigger increase of revenue (up by 15.3% i.e. PLN 12.9 million) than operating expenses (up by 3.2% i.e. PLN 1.7 million). The increase of the revenue included an increase of the revenue on the financial market (up by PLN 9.2 million) and an increase of the revenue on the commodity market (by PLN 3.6 million). The increase of operating expenses in Q1 2020 was mainly driven by an increase of salaries and other employee costs by PLN 2.9 million, an increase of external service charges by PLN 1.3 million, and a decrease of fees and charges by PLN 2.9 million.

The net profit of the **Group** stood at PLN 29.3 million in Q1 2020, an increase of 19.7% (PLN 4.8 million) compared to the net profit of the Group at PLN 24.5 million in Q1 2019. The increase of the net profit was driven by an increase of the operating profit by PLN 10.9 million and a much lower negative net balance of financial income less expenses at (PLN 4.8 million). The negative balance of financial income less expenses was driven by higher financial expenses at PLN 9.1 million in Q1 2020 compared to PLN 2.1 million in Q1 2019. The higher financial expenses in Q1 2020 were mainly driven by provisions against potential VAT payable in the subsidiary IRGiT.

GPW's EBITDA stood at PLN 28.2 million in Q1 2020, an increase of PLN 8.3 million compared to PLN 19.9 million in Q1 2019. **GPW**'s operating profit stood at PLN 21.9 million in Q1 2020 compared to PLN 14.5 million in Q1 2019. The increase of **GPW**'s operating profit year on year was driven by an increase of revenue by PLN 9.9 million (20.6%) combined with an increase of operating expenses by PLN 2.1 million (6.4%) year on year. **GPW**'s net profit was PLN 18.5 million in Q1 2020 compared to PLN 10.8 million in Q1 2019. The increase of GPW's net profit by PLN 7.7 million year on year in Q1 2020 was driven mainly by a higher sales revenue on the financial market in Q1 2020. The sales revenue on the financial market stood at PLN 55.0 million in Q1 2020, including revenue on the stock market which increased the most by PLN 7.8 million (32.4%), compared the sales revenue on the financial market at PLN 46.4 million in Q1 2019.

TGE's EBITDA stood at PLN 11.7 million in Q1 2020 compared to PLN 11.3 million in Q1 2019. Its operating profit was PLN 9.2 million in Q1 2020 compared to PLN 8.8 million in Q1 2019. The net profit stood at PLN 7.8 million in Q1 2020 compared to PLN 7.2 million in Q1 2019. The increase of TGE's net profit in Q1 2020 was driven by an increase of sales revenue by PLN 1.1 million combined with an increase of operating expenses by PLN 0.8 million, an increase of other revenue by PLN 0.2 million, and an increase of financial income by PLN 0.2 million year on year. The increase of revenue on the commodity market by PLN 1.1 million year on year was driven by an increase of revenue on the electricity market by 50% i.e. PLN 1.6 million, an increase of revenue on the gas market by 41.3% i.e. PLN 1.7 million, a decrease of revenue from trading in property rights by 0.9% i.e. PLN 0.1 million, and a decrease of the revenue from the operation of the register of certificates of origin by 22.9% i.e. PLN 1.7 million.

IRGiT's EBITDA stood at PLN 9.3 million in Q1 2020 compared to PLN 6.8 million in Q1 2019. Its operating profit was PLN 8.6 million in Q1 2020 compared to PLN 6.1 million in Q1 2019. The increase of the operating profit in Q1 2020 was driven by an increase of revenue by 18.8% i.e. PLN 2.2 million combined with a slight decrease of operating expenses (PLN 5.6 million v. PLN 5.8 million). The net profit stood at PLN 0.3 million in Q1 2020 compared to PLN 5.3 million in Q1 2019. The decrease of the net profit was driven by an increase of financial expenses by PLN 7.0 million due to provisions for potential VAT payable.

BondSpot's EBITDA stood at PLN 0.6 million in Q1 2020 compared to PLN 0.3 million in Q1 2019. BondSpot's operating profit was PLN 0.1 million in Q1 2020 compared to negative PLN 0.1 million in Q1 2019. Its net profit was PLN 0.2 million in Q1 2020 compared to PLN 7 thousand in Q1 2019. The increase of the net profit

[4] Operating profit before depreciation and amortisation

and the operating profit was driven by an increase of revenue by 8.9% i.e. PLN 0.2 million combined with a decrease of operating expenses by 1.9% i.e. PLN 0.1 million year on year in Q1 2020.

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

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

PLN'000	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2019	2018
Sales revenue	**97,039**	**80,268**	**82,517**	**89,140**	**84,156**	**336,081**	**346,781**
Financial market	**58,719**	**43,627**	**46,429**	**45,448**	**49,486**	**184,990**	**191,852**
Trading	41,512	27,110	29,901	28,429	32,015	117,455	124,280
Listing	5,371	4,282	5,013	5,063	5,271	19,629	22,805
Information services and revenue from the calculation of benchmarks	11,836	12,235	11,515	11,956	12,200	47,906	44,767
Commodity market	**38,149**	**35,951**	**36,011**	**43,428**	**34,550**	**149,940**	**153,555**
Trading	18,912	18,347	18,816	22,098	15,906	75,167	78,547
Register of certificates of origin	5,864	5,072	6,183	8,956	7,604	27,815	28,696
Clearing	13,082	12,356	10,840	12,203	10,871	46,270	45,862
Information services	291	176	172	171	169	688	450
Other revenue	**171**	**691**	**76**	**264**	**120**	**1,151**	**1,374**
Operating expenses	**56,061**	**47,373**	**36,119**	**43,335**	**54,322**	**181,149**	**173,812**
Depreciation and amortisation	9,760	9,417	8,899	9,415	9,187	36,918	31,772
Salaries	16,943	15,620	15,329	15,202	15,185	61,336	55,065
Other employee costs	5,314	4,325	3,856	4,095	4,219	16,495	13,765
Rent and maintenance fees	1,076	759	1,095	1,082	1,034	3,970	9,122
Fees and charges	10,340	448	(5,747)	434	13,285	8,420	13,428
incl. PFSA fees	*10,022*	*22*	*(6,159)*	*1*	*12,888*	*6,752*	*12,538*
External service charges	11,398	15,292	11,498	11,545	10,131	48,466	44,520
Other operating expenses	1,230	1,512	1,190	1,559	1,283	5,544	6,140
Other income	1,238	1,514	1,896	1,876	1,330	6,616	2,703
Gains on reversed impairment/(losses) on impairment of receivables	(1,061)	(1,836)	(341)	1,407	(1,131)	(1,901)	(3,153)
Other expenses	866	839	933	919	654	3,345	2,314
Operating profit	**40,289**	**31,734**	**47,020**	**48,169**	**29,379**	**156,302**	**170,205**
Financial income	4,278	1,809	2,605	2,402	2,095	8,911	8,527
Financial expenses	9,101	17,845	3,283	2,306	2,115	25,549	9,021
Gains on investment/(losses) on impairment of investment in other entities	-	-	(1,089)	-	-	(1,089)	45,771
Share of profit/(losses) of entities measured by equity method	1,981	1,942	4,692	3,639	989	11,262	10,553
Profit before tax	**37,447**	**17,640**	**49,946**	**51,903**	**30,348**	**149,837**	**226,035**
Income tax	8,180	6,441	8,813	9,353	5,896	30,503	42,334
Profit for the period	**29,267**	**11,199**	**41,133**	**42,550**	**24,452**	**119,334**	**183,701**

Source: Condensed Consolidated Interim Financial Statements, Company

Table 5: Consolidated statement of financial position of GPW Group by quarter in 2020, 2019 and 2018

	2020	2019				2018
PLN'000	Q1	Q4	Q3	Q2	Q1	Q4
Non-current assets	**587,842**	**590,114**	**585,647**	**586,167**	**598,181**	**580,501**
Property, plant and equipment	98,234	101,968	97,303	100,642	104,498	108,158
Right-to-use assets	21,323	22,725	23,406	24,254	25,510	-
Intangible assets	246,011	246,649	247,314	246,780	250,073	254,564
Investment in entities measured by equity method	211,737	210,327	208,384	204,763	207,885	207,267
Investment in non-consolidated subsidiaries	4,000	4,000	-	0	-	-
Subleasing receivables	566	523	774	1,167	1,140	-
Deferred tax assets	2,844	464	706	1,432	1,934	666
Financial assets measured at fair value through other comprehensive income	113	120	130	105	103	101
Prepayments	1,719	2,043	1,953	2,801	2,816	5,523
Other non-current assets	1,295	1,295	5,677	4,222	4,222	4,222
Current assets	**740,208**	**666,680**	**645,424**	**771,938**	**733,234**	**636,942**
Inventories	13	47	46	47	52	64
Corporate income tax receivable	-	4,132	114	-	-	-
Trade and other receivables	68,068	45,232	56,169	73,154	66,452	69,437
Subleasing receivables	239	190	237	392	396	-
Contract assets	1,856	2,415	1,797	2,503	2,007	1,215
Financial assets measured at amortised cost	243,280	328,998	333,693	217,711	361,705	377,502
Other current assets	4,397	4,382	-	-	-	-
Cash and cash equivalents	422,355	281,284	253,368	478,131	302,622	188,724
Total assets	**1,328,050**	**1,256,794**	**1,231,071**	**1,358,105**	**1,331,415**	**1,217,443**
Equity	**901,577**	**873,486**	**859,105**	**821,208**	**911,884**	**887,800**
Share capital	63,865	63,865	63,865	63,865	63,865	63,865
Other reserves	514	1,089	1,185	1,145	898	1,267
Retained earnings	836,586	807,927	793,458	755,610	846,531	822,078
Non-controlling interests	612	605	597	588	590	590
Non-current liabilities	**276,854**	**283,502**	**282,639**	**281,172**	**281,049**	**269,026**
Liabilities under bond issue	244,448	244,350	244,253	244,156	244,058	243,961
Employee benefits payable	960	960	929	1,005	1,071	1,147
Lease liabilities	14,840	16,204	17,238	18,486	19,634	-
Contract liabilities	550	572	-	-	-	-
Accruals and deferred income	7,532	6,389	5,444	4,753	4,894	5,033
Deferred tax liability	360	5,386	4,257	2,314	994	7,050
Other liabilities	8,164	9,641	10,518	10,458	10,398	11,835
Current liabilities	**149,619**	**99,807**	**89,327**	**255,724**	**138,482**	**60,617**
Liabilities under bond issue	2,087	1,932	2,097	1,893	2,068	1,938
Trade payables	21,408	11,561	13,788	31,902	19,855	8,575
Employee benefits payable	15,788	17,175	16,474	13,624	12,970	14,278
Lease liabilities	5,207	5,181	5,051	5,011	5,359	-
Corporate income tax payable	2,367	1,555	5,241	8,552	10,388	6,329
Contract liabilities	35,629	4,364	12,015	22,219	32,676	3,581
Accruals and deferred income	1,080	767	559	559	559	559
Provisions for other liabilities and charges	22,474	15,563	95	95	48	68
Other liabilities	43,579	41,709	34,007	171,870	54,559	25,289
Total equity and liabilities	**1,328,050**	**1,256,794**	**1,231,071**	**1,358,105**	**1,331,415**	**1,217,443**

Source: Condensed Consolidated Interim Financial Statements, Company

2. Presentation of the financials

REVENUE

The Group has three revenue-generating segments:

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

Revenues from the financial market include revenues from:

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

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

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

Revenues from transactions in equities and equity-related securities are the Group's main source of trading revenues and its main source of sales revenues in general.

Revenues from transactions in derivative financial instruments are the second biggest source of trading revenues on the financial market after revenues from transactions in equities. Transactions in WIG20 index futures account for the majority of revenues from transactions in derivatives.

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

Revenues from transactions in debt instruments were the third largest source of trading revenues on the financial market in Q1 2020. Revenues from transactions in debt instruments are generated by the Catalyst market as well as the Treasury BondSpot Poland market operated by BondSpot S.A., a subsidiary of GPW.

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

Listing revenues include two elements:

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

Revenues from information services mainly include fees paid by data vendors for real-time market data as well as historical and statistical data. Real-time data fees include fixed annual fees and monthly fees based on the data vendor's number of subscribers and the scope of data feeds used by a subscriber. Revenue from real-time data fees includes revenue from WIBOR and WIBID reference rates.

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

Revenue on the commodity market includes the following:

- trading,
- operation of the Register of Certificates of Origin,
- clearing,

- information services.

Trading revenue on the commodity market includes:

- revenue from trading in electricity (spot and forward),
- revenue from trading in natural gas (spot and forward),
- revenue from trading in property rights,
- other fees paid by market participants (members).

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

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

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

The **Group**'s sales revenues amounted to PLN 97.0 million in Q1 2020, an increase of 15.3% (PLN 12.9 million) compared to PLN 84.2 million in Q1 2019.

The increase in sales revenues year on year in Q1 2020 was driven mainly by an increase of revenues from the **financial market** which grew by 18.7% or PLN 9.2 million. The biggest increase in revenue on the financial market was reported on the equity market, where the revenue increased by 32.4% or PLN 7.8 million. The revenue on the commodity market increased by 10.4% i.e. PLN 3.6 million. The increase of revenues from the commodity market was mainly driven by an increase of the revenue from forward trade in electricity by 72.4% or PLN 1.7 million, an increase of the revenue from trade in gas by 41.3% i.e. PLN 1.0 million, and from clearing by 20.3% or PLN 2.2 million.

The revenues from the **financial market** increased by 18.7% or PLN 9.2 million year on year in Q1 2020. The biggest increase on the financial market was reported on the equity market, as mentioned above. The revenue on the derivatives market also increased by 68.1% i.e. PLN 1.8 million in Q1 2020. The revenue from the debt market continued to increase: it grew by 9.4% i.e. PLN 0.2 million year on year in Q1 2020. The biggest decrease by 25.4% i.e. PLN 0.6 million year on year in Q1 2020 affected revenue from other fees paid by market participants.

The revenue of **GPW** was PLN 58.1 million in Q1 2020, an increase of 20.6% or PLN 9.9 million year on year. The revenue of **TGE** stood at PLN 23.5 million in Q1 2020 compared to PLN 22.3 million in Q1 2019, representing an increase of 5.0% or PLN 1.1 million year on year. The revenue of **IRGiT** was PLN 14.1 million in Q1 2020, an increase of 18.8% or PLN 2.2 million year on year. The revenue of **BondSpot** increased and stood at PLN 3.0 million in Q1 2020 compared to PLN 2.8 million in Q1 2019.

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

Table 6: Consolidated revenues of GPW Group and revenue structure in the three-month periods ended 31 March 2020, 31 December 2019 and 31 March 2019

PLN'000, %	Three - month period ended						Change (Q1 2020 vs Q1 2019)	Change (%) (Q1 2020 vs Q1 2019)
	31 March 2020	%	31 December 2019	%	31 March 2019	%		
Financial market	**58,719**	**61%**	**43,627**	**54%**	**49,486**	**59%**	**9,233**	**18.7%**
Trading revenue	41,512	43%	27,110	34%	32,015	38%	9,497	29.7%
Equities and equity-related instruments	31,952	33%	20,417	25%	24,124	29%	7,828	32.4%
Derivative instruments	4,504	5%	2,582	3%	2,679	3%	1,825	68.1%
Other fees paid by market participants	1,893	2%	1,313	2%	2,537	3%	(644)	-25.4%
Debt instruments	2,819	3%	2,649	3%	2,576	3%	243	9.4%
Other cash instruments	344	0%	149	0%	99	0%	245	247.5%
Listing revenue	5,371	6%	4,282	5%	5,271	6%	100	1.9%
Listing fees	4,549	5%	4,290	5%	4,602	5%	(53)	-1.2%
Introduction fees, other fees	822	1%	(8)	0%	669	1%	153	22.9%
Information services and revenue from calculation of reference rates	11,836	12%	12,235	15%	12,200	14%	(364)	-3.0%
Real-time information and revenue from calculation of reference rates	11,043	11%	11,248	14%	11,201	13%	(158)	-1.4%
Indices and historical and statistical information	793	1%	987	1%	999	1%	(206)	-20.6%
Commodity market	**38,149**	**39%**	**35,951**	**45%**	**34,550**	**41%**	**3,599**	**10.4%**
Trading revenue	18,912	19%	18,347	23%	15,906	19%	3,006	18.9%
Electricity	4,839	5%	4,883	6%	3,227	4%	1,612	50.0%
Spot	877	1%	1,057	1%	929	1%	(52)	-5.6%
Forward	3,962	4%	3,826	5%	2,298	3%	1,664	72.4%
Gas	3,355	3%	3,418	4%	2,375	3%	980	41.3%
Spot	753	1%	783	1%	714	1%	39	5.5%
Forward	2,602	3%	2,635	3%	1,661	2%	941	56.7%
Property rights in certificates of origin	7,262	7%	6,731	8%	7,326	9%	(64)	-0.9%
Other fees paid by market participants	3,456	4%	3,315	4%	2,978	4%	478	16.1%
Register of certificates of origin	5,864	6%	5,072	6%	7,604	9%	(1,740)	-22.9%
Clearing	13,082	13%	12,356	15%	10,871	13%	2,211	20.3%
Information services	291	0%	176	0%	169	0%	122	72.2%
Other revenue *	**171**	**0%**	**691**	**1%**	**120**	**0%**	**51**	**42.5%**
Total	**97,039**	**100%**	**80,269**	**100%**	**84,156**	**100%**	**12,883**	**15.3%**

** 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 three-month periods ended 31 March 2020, 31 December 2019 and 31 March 2019

PLN'000, %	Three - month period ended						Change (Q1 2020 vs Q1 2019)	Change (%) (Q1 2020 vs Q1 2019)
	31 March 2020	%	31 December 2019	%	31 March 2019	%		
Revenue from foreign customers	27,938	29%	25,179	31%	22,720	27%	5,218	23.0%
Revenue from local customers	69,101	71%	55,089	69%	61,436	73%	7,665	12.5%
Total	**97,039**	**100%**	**80,268**	**100%**	**84,156**	**100%**	**12,883**	**15.3%**

Source: Condensed Consolidated Interim Financial Statements, Company

FINANCIAL MARKET

TRADING

The revenues of the Group from trading on the financial market stood at PLN 41.5 million in Q1 2020 compared to PLN 32.0 million in Q1 2019, representing an increase of 29.7% or PLN 9.5 million.

Equities and equity-related instruments

Revenues from trading in **equities and equity-related instruments** amounted to PLN 32.0 million and increased by 32.4% or PLN 7.8 million year on year in Q1 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 62.1 billion in Q1 2020, an increase of 18.2% year on year (including an increase of trade on the electronic order book by 6.8% and a decrease of the value of block trades by 19.8%).

The increase in the value of trading is largely attributable to increased volatility caused by the outbreak of the pandemic. Dynamic sell-off of shares in early March (prompted by COVID-19) followed by a strong recovery on the markets two weeks later were driven by the following factors:

- quantitative easing: theasset purchase programme announced by the Fed in the USA;
- relatively low valuations of company shares which attracted short-term investors to the market;
- inflow of retail investors (more than 30 thousand new broker account opened in March and April);
- asset valuations on the local market typically follow developed markets.

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

	Three - month period ended			Change (Q1 2020 vs Q1 2019)	Change (%) (Q1 2020 vs Q1 2019)
	31 March 2020	31 December 2019	31 March 2019		
Financial market, trading revenue: equities and equity-related instruments (PLN million)	**32.0**	**20.4**	**24.1**	**7.8**	**32.4%**
Main Market:					
Value of trading (PLN billion)	62.1	45.4	52.6	9.6	18.2%
Volume of trading (billions of shares)	3.6	2.3	3.4	0.2	5.4%
NewConnect:					
Value of trading (PLN billion)	1.4	0.5	0.4	0.9	232.0%
Volume of trading (billions of shares)	0.7	0.3	0.5	0.2	44.6%

Source: Condensed Consolidated Interim Financial Statements, Company

Derivatives

Revenues of the Group from transactions in **derivatives** on the financial market amounted to PLN 4.5 million in Q1 2020 compared to PLN 2.7 million in Q1 2019, representing an increase of 68.1% or PLN 1.8 million.

The total volume of trading in derivatives increased by 80.8% year on year in Q1 2020. The volume of trading in WIG20 futures, which account for the major part of the revenues from transactions in derivatives, increased by 86.2% year on year in Q1 2020. The volume of trading in currency futures increased from 0.4 million in Q1 2019 to 0.5 million in Q1 2020, i.e., by 41.5%. However, fees on currency futures are the lowest among all futures, hence their impact on revenue is much smaller.

Table 9: Data for the derivatives market

	Three - month period ended			Change (Q1 2020 vs Q1 2019)	Change (%) (Q1 2020 vs Q1 2019)
	31 March 2020	31 December 2019	31 March 2019		
Financial market, trading revenue: derivatives (PLN million)	**4.5**	**2.6**	**2.7**	**1.8**	**68.1%**
Volume of trading in derivatives (millions of contracts):	3.1	1.7	1.7	1.4	80.8%
incl.: Volume of trading in WIG20 futures (millions of contracts)	1.8	0.9	1.0	0.8	86.2%

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 1.9 million in Q1 2020, a decrease of 25.4% or PLN 0.6 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 Q1 2020 was driven mainly by the Technology Development Support Programme, which was introduced in March 2019 and did not yet impact the revenue in Q1 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 Q1 2020 was PLN 250 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 529.4 thousand in Q1 2020.

Debt instruments

Revenues of the Group from transactions in **debt instruments** stood at PLN 2.8 million in Q1 2020 compared to PLN 2.6 million in Q1 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 Q1 2020 was driven by an increase of the value of transactions on TBS Poland.

The value of trading in Polish Treasury securities on TBSP was PLN 62.2 billion in Q1 2020, a decrease of 34.0% 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 18.6 billion in Q1 2020, a decrease of 48.9% year on year. Conditional transactions stood at PLN 43.6 billion in Q1 2020, a decrease of 24.7% 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 March, the market was mainly impacted by the spread of the coronavirus, resulting in a sharp increase of volatility and market risk, causing investors to withdraw from bond funds, and by interest rate cuts imposed by the Monetary Policy Council (RPP) as well as the emergency purchase of government bonds by the National Bank of Poland.

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 0.7 billion in Q1 2020, representing a decrease of 7.6% 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

	Three - month period ended			Change (Q1 2020 vs Q1 2019)	Change (%) (Q1 2020 vs Q1 2019)
	31 March 2020	31 December 2019	31 March 2019		
Financial market, trading revenue: debt instruments (PLN million)	**2.8**	**2.6**	**2.6**	**0.2**	**9.4%**
Catalyst:					
Value of trading (PLN billion)	0.7	0.7	0.7	(0.1)	-7.6%
incl.: Value of trading in non-Treasury instruments (PLN billion)	0.5	0.4	0.5	(0.0)	-2.3%
Treasury BondSpot Poland, value of trading:					
Conditional transactions (PLN billion)	43.6	32.9	57.9	(14.3)	-24.7%
Cash transactions (PLN billion)	18.6	10.6	36.4	(17.8)	-48.9%

Source: Condensed Consolidated Interim Financial Statements, Company

Other cash market instruments

Revenues from transactions in **other cash market instruments** stood at PLN 344 thousand in Q1 2020 compared to PLN 99 thousand in Q1 2019, representing an increase of 247.5% i.e. PLN 0.2 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 174.6 thousand.

LISTING

Listing revenues on the financial market amounted to PLN 5.4 million in Q1 2020 compared to PLN 5.3 million in Q1 2019.

Revenues from **listing fees** amounted to PLN 4.5 million in Q1 2020, a decrease of 1.2% or PLN 0.1 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** increased by PLN 0.2 million year on year in Q1 2020. They amounted to PLN 0.8 million in Q1 2020 compared to PLN 0.7 million in Q1 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 0.9 billion in Q1 2020 compared to PLN 0.2 billion in Q1 2019. The PLN 0.9 billion mainly included SPOs on the Main Market.

Listing revenues on the GPW Main Market were stable year on year and stood at PLN 4.3 million in Q1 2020. The table below presents the key financial and operating figures.

Table 11: Data for the GPW Main Market

	Three - month period ended			Change (Q1 2020 vs Q1 2019)	Change (%) (Q1 2020 vs Q1 2019)
	31 March 2020	31 December 2019	31 March 2019		
Main Market					
Listing revenue (PLN million)	**4.3**	**3.8**	**4.3**	**0.0**	**0.0%**
Total capitalisation of listed companies *(PLN billion)*	782.0	1,103.8	1,189.7	-407.7	-34.3%
including: Capitalisation of listed domestic companies	404.2	550.2	597.7	-193.5	-32.4%
including: Capitalisation of listed foreign companies	377.8	553.6	592.0	-214.2	-36.2%
Total number of listed companies	447	449	461	-14	-3.0%
including: Number of listed domestic companies	399	401	410	-11	-2.7%
including: Number of listed foreign companies	48	48	51	-3	-5.9%
Value of offerings *(IPO and SPO) (PLN billion)*	0.9	0.3	0.2	0.7	340.9%
Number of new listings *(in the period)*	0	1	2	-2	-100.0%
Capitalisation of new listings *(PLN billion)*	0.0	0.3	0.5	-0.5	-100.0%
Number of delistings	2	10	5	-3	-60.0%
Capitalisation of delistings* (PLN billion)	0.0	4.0	1.4	-1.4	-99.4%

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

Source: Company

Listing revenues from NewConnect increased by 10.3% year on year in Q1 2020. The table below presents the key financial and operating figures.

Table 12: Data for NewConnect

	Three - month period ended			Change (Q1 2020 vs Q1 2019)	Change (%) (Q1 2020 vs Q1 2019)
	31 March 2020	31 December 2019	31 March 2019		
NewConnect					
Listing revenue *(PLN million)*	**0.5**	**0.5**	**0.5**	**0.0**	**10.3%**
Total capitalisation of listed companies *(PLN billion)*	9.9	9.7	8.9	1.0	10.9%
including: Capitalisation of listed domestic companies	9.5	9.1	8.6	0.9	10.2%
including: Capitalisation of listed foreign companies	0.4	0.6	0.3	0.1	26.7%
Total number of listed companies	377	375	384	-7	-1.8%
including: Number of listed domestic companies	371	369	378	-7	-1.9%
including: Number of listed foreign companies	6	6	6	0	0.0%
Value of offerings *(IPO and SPO) (PLN million)*	0.0	0.0	0.0	0.0	-38.3%
Number of new listings *(in the period)*	3	3	3	0	0.0%
Capitalisation of new listings *(PLN billion)*	0.0	0.1	0.1	(0.1)	-66.5%
Number of delistings*	1	9	6	-5	-83.3%
Capitalisation of delistings** (PLN billion)	0.1	0.0	0.8	-0.7	-91.8%

** 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 0.5 million in Q1 2020 and increased by 10.3% year on year. The table below presents the key financial and operating figures. The negative revenue in Q4 2019 was due to the application of IFRS 15 (i.e. the recognition of the revenues over time) and the adjustment of 2019 figures in Q4 2019.

Table 13: Data for Catalyst

	Three - month period ended			Change (Q1 2020 vs Q1 2019)	Change (%) (Q1 2020 vs Q1 2019)
	31 March 2020	31 December 2019	31 March 2019		
Catalyst					
Listing revenue *(PLN million)* *	**0.54**	**-0.07**	**0.49**	**0.05**	**10.3%**
Number of issuers	146	145	147	-1	-0.7%
Number of issued instruments	559	562	569	-10	-1.8%
including: non-Treasury instruments	510	512	523	-13	-2.5%
Value of issued instruments *(PLN billion)*	834.2	796.9	789.1	45.0	5.7%
including: non-Treasury instruments	95.6	92.1	87.1	8.5	9.7%

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

Source: Company

INFORMATION SERVICES

Revenues from **information services** including the financial market and the commodity market amounted to PLN 12.1 million in Q1 2020 compared to PLN 12.4 million in Q1 2019.

Table 14: Data for information services

	Three - month period ended			Change (Q1 2020 vs Q1 2019)	Change (%) (Q1 2020 vs Q1 2019)
	31 March 2020	31 December 2019	31 March 2019		
Revenues from information services and WIBID and WIBOR reference rate services *** *(PLN million)***	**12.1**	**12.4**	**12.4**	**(0.2)**	**-2.0%**
Number of data vendors	85	83	80	5	6.3%
Number of subscribers ('000 subscribers)	312.1	260.3	253.9	58.2	22.9%

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

Source: Condensed Consolidated Interim Financial Statements, Company

The decrease of the revenue year on year and quarter on quarter was due to a higher reference base in those quarters of 2019 when fees from earlier periods were recognised.

Net of the additional fees recognised in Q1 2019 and Q4 2019, the revenue from information services was stable in Q1 2020 while the client base changed as follows:

- acquisition of new clients of GPW data (mainly data vendors and non-display users);
- introduction of fees for non-display use of WIBID/WIBOR data (in automated trading, risk management applications, etc.) as of 1 January 2019 and acquisition of many clients for such licences;
- increase of the number of TGE data subscribers and licence fees for TGE data vendors;
- offering a wide range of products containing processed data, client acquisition and change of fees in this product segment.

COMMODITY MARKET

Revenues on the commodity market include mainly the revenues of the TGE Group.

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

Revenues of the GPW Group on the commodity market stood at PLN 38.1 million in Q1 2020 compared to PLN 34.5 million in Q1 2019.

The year-on-year increase of revenues on the commodity market in Q1 2020 was mainly driven by an increase in revenues from clearing by PLN 2.2 million (20.3%), from forward trading in electricity by PLN 1.7 million (72.4%), and from forward trading in gas by PLN 0.9 million (56.7%). Trading revenues from other fees paid by market participants increased by PLN 0.5 million i.e. 16.1%. Revenues from the operation of the register of certificates of origin decreased by PLN 1.7 million i.e. 22.9%.

TRADING

Revenues of the GPW Group from trading on the commodity market stood at PLN 18.9 million in Q1 2020, including PLN 0.9 million of revenues from spot transactions in electricity, PLN 4.0 million of revenues from forward transactions in electricity, PLN 0.8 million of revenues from spot transactions in gas, PLN 2.6 million of revenues from forward transactions in gas, PLN 7.3 million of revenues from transactions in property rights in certificates of origin of electricity, and PLN 3.5 million of other fees paid by market participants. Revenues from trading increased by 18.9% or PLN 3.0 million year on year in Q1 2020.

The Group's revenues from **trading in electricity** amounted to PLN 4.8 million in Q1 2020 compared to PLN 3.2 million in Q1 2019. The total volume of trading on the energy markets operated by TGE amounted to 66.6 TWh in Q1 2020 compared to 44.3 TWh in Q1 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 was stable year on year and stood at 8.5 TWh.

The Group's revenues from **trading in gas** amounted to PLN 3.4 million in Q1 2020 compared to PLN 2.4 million in Q1 2019. The volume of trading in natural gas on TGE was 39.9 TWh in Q1 2020 compared to 28.5 TWh in Q1 2020. The volume of trading on the Day-ahead and Intraday Market in gas was 7.4 TWh in Q1 2020 compared to 6.9 TWh in Q1 2019. The volume of trading on the Commodity Forward Instruments Market was 32.5 TWh in Q1 2020, an increase of 50.3% year on year, driving the year-on-year increase in the revenue.

The Group's revenue from the operation of **trading in property rights** stood at PLN 7.3 million in Q1 2020 and was stable year on year. The volume of trading in certificates of origin stood at 6.8 TWh in Q1 2020, a decrease of 39% year on year compared to 11.0 TWh in Q1 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 H1 2019.

On the other hand, the volume of trade in green certificates increased by 13.0% from 5.9 TWh in Q1 2019 to 6.7 TWh in Q1 2020, and the volume of trade in white certificates increased by 27.6%. 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 limited in 2020.

Revenues of the Group from **other fees paid by commodity market participants** amounted to PLN 3.5 million in Q1 2020 compared to PLN 3.0 million in Q1 2019. Other fees paid by commodity market participants included fees paid by TGE market participants at PLN 2.0 million, revenues of InfoEngine at PLN 0.5 million, including its revenue from the activity of trade operator at PLN 0.4 million, and revenues of IRGiT at PLN 0.9 million, including mainly fees for participation in TGE markets, fees on IRGiT Member's assets maintained in the clearing guarantee system, membership 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. Other fees paid by market participants depend mainly on the activity of IRGiT members, in particular the number of transactions, the number of new clients of brokerage houses, and the number of new users accessing the clearing system.

TGE's revenue from exchange fees had the biggest share of all these. The main contribution to the revenue from other fees paid by commodity market participants was that of annual fees, accounting for 63,0% of revenue from other fees. Revenue from annual fees stood at PLN 1.2 million in Q1 2020, an increase of 18,5% year on year. The increase of the revenue was driven by the expiry of promotional fees on the gas market.

Table 15: Data for the commodity market

	Three - month period ended			Change (Q1 2020 vs Q1 2019)	Change (%) (Q1 2020 vs Q1 2019)
	31 March 2020	31 December 2019	31 March 2019		
Commodity market - trading revenue (PLN million)	**18.9**	**18.3**	**15.9**	**3.0**	**18.9%**
Volume of trading in electricity					
Spot transactions *(TWh)*	8.5	9.0	8.5	0.0	-0.4%
Forward transactions *(TWh)*	58.1	57.7	35.8	22.3	62.4%
Volume of trading in gas					
Spot transactions *(TWh)*	7.4	7.7	6.9	0.5	7.7%
Forward transactions *(TWh)*	32.5	32.9	21.6	10.9	50.3%
Volume of trading in property rights (TGE) (TWh)	6.8	6.3	11.0	-4.2	-38.6%

Source: Condensed Consolidated Interim Financial Statements, Company

REGISTER OF CERTIFICATES OF ORIGIN

Revenues from the operation of the **Register of Certificates of Origin** amounted to PLN 5.9 million in Q1 2020 compared to PLN 7.6 million in Q1 2019. The year-on-year decrease of the revenues by PLN 1.7 million was driven by a decrease of the volumes of issued property rights (by 66.5%) and cancelled property rights (by 39.3%). The decrease of the revenue was due to a decrease of the revenue from the RES register from PLN 5.4 million to PLN 5.2 million, no revenue from cogeneration in Q1 2020 compared to a revenue of PLN 1.6 million in Q1 2019, and stable revenue from energy efficiency and from guarantees of origin year on year.

Table 16: Data for the Register of Certificates of Origin

	Three - month period ended			Change (Q1 2020 vs Q1 2019)	Change (%) (Q1 2020 vs Q1 2019)
	31 March 2020	31 December 2019	31 March 2019		
Commodity market - revenue from operation of the Register of Certificates of Origin of electricity (PLN million)	**5.9**	**5.1**	**7.6**	**-1.7**	**-22.9%**
Issued property rights *(TWh)*	6.0	4.0	18.0	-12.0	-66.5%
Cancelled property rights *(TWh)*	4.4	5.4	7.2	-2.8	-39.3%

Source: Condensed Consolidated Interim Financial Statements, Company

CLEARING

The Group earns revenue from the **clearing activities** of IRGiT, which is a subsidiary of TGE. The revenue stood at PLN 13.1 million in Q1 2020 compared to PLN 10.9 million in Q1 2019. The increase of revenues by PLN 2.2 million i.e. 20.3% was driven by an increase of revenue from clearing, settlement, and registration of electricity forwards on the Electricity Forwards Market by 52.7% i.e. PLN 1.1 million and an increase of revenue from clearing, settlement, and registration of gas forwards on the Gas Forwards Market by 24.6% i.e. PLN 1.1 million.

OTHER REVENUES

The Group's other revenues amounted to PLN 0.2 million in Q1 2020 compared to PLN 0.1 million in Q1 2019. The Group's other revenues include mainly revenues from educational activities, PR, office space lease and sponsorship.

OPERATING EXPENSES

The total operating expenses of the **GPW Group** amounted to PLN 56.1 million in Q1 2020, representing an increase of PLN 1.7 million or 3.2% year on year. The increase of operating expenses was driven by an increase of depreciation and amortisation charges by PLN 0.6 million, an increase of salaries and other employee costs by PLN 2.9 million i.e. 14.7%, a decrease of fees and charges by PLN 2.9 million or 22.2%, and an increase of external service charges by PLN 1.3 million i.e. 12.5%. Provisions against the estimated annual supervision fee due to PFSA were calculated and recognised in the Group's expenses in the period under review; the fee due from the Group stood at PLN 10.0 million in 2020 compared to PLN 12.9 million in 2019.

Separate operating expenses of **GPW** amounted to PLN 35.3 million in Q1 2020, representing an increase of PLN 2.1 million or 6.4% year on year. The year-on-year increase of operating expenses was mainly driven by an increase of salaries and other employee costs by PLN 1.4 million, an increase of external service charges by PLN 1.4 million, an increase of depreciation and amortisation charges by PLN 0.9 million, and a decrease of fees and charges by PLN 1.5 million. The provisions set up against the estimated annual supervision fees stood at PLN 5.5 million in 2020 compared to PLN 6.8 million in 2019.

Operating expenses of **TGE** amounted to PLN 14.4 million in Q1 2020 compared to PLN 13.6 million in Q1 2019, representing an increase of PLN 0.8 million. The year-on-year increase of operating expenses in Q1 2020 was mainly driven by an increase of salaries and other employee costs by PLN 0.8 million and an increase of external service charges by PLN 0.7 million. On the other hand, fees and charges decreased by PLN 0.7 million i.e. 19.4%. The estimated annual supervision fee was PLN 2.7 million in 2020 compared to PLN 3.4 million in 2019.

Operating expenses of **IRGiT** stood at PLN 5.6 million in Q1 2020, a small decrease of 2.6% i.e. PLN 0.2 million year on year. Similar to other companies of the GPW Group, IRGiT set up lower provisions against the estimated supervision fee due to PFSA at PLN 1.8 million in 2020 v. PLN 2.6 million in 2019.

Operating expenses of **BondSpot** stood at PLN 2.9 million in Q1 2020 compared to PLN 3.0 million in Q1 2019, representing a decrease of 1.9% or PLN 0.1 million. The decrease was mainly driven by a decrease of salaries and other employee costs by PLN 0.1 million.

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

PLN'000, %	Three - month period ended						Change (Q1 2020 vs Q1 2019)	Change (%) (Q1 2020 vs Q1 2019)
	31 March 2020	%	31 December 2019	%	31 March 2019	%		
Depreciation and amortisation	9,760	17%	9,417	20%	9,187	17%	573	6.2%
Salaries	16,943	30%	15,620	33%	15,185	28%	1,758	11.6%
Other employee costs	5,314	9%	4,325	9%	4,219	8%	1,095	26.0%
Rent and other maintenance fees	1,076	2%	759	2%	1,034	2%	42	4.1%
Fees and charges	10,340	18%	448	1%	13,285	24%	(2,945)	-22.2%
including: PFSA fees	10,022	*18%*	22	*0%*	12,888	*24%*	(2,866)	*-22.2%*
External service charges	11,398	20%	15,292	32%	10,131	19%	1,267	12.5%
Other operating expenses	1,230	2%	1,512	3%	1,283	2%	(53)	-4.2%
Total	**56,061**	**100%**	**47,373**	**100%**	**54,324**	**100%**	**1,737**	**3.2%**

Source: Condensed Consolidated Interim Financial Statements, Company

The table above presents changes in the structure of expenses by three-month period in 2020 and 2019 and changes between Q1 2020 and Q1 2019.

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

PLN'000, %	Three - month period ended						Change (Q1 2020 vs Q1 2019)	Change (%) (Q1 2020 vs Q1 2019)
	31 March 2020	%	31 December 2019	%	31 March 2019	%		
Depreciation and amortisation	6,305	18%	7,026	22%	5,423	16%	882	16.3%
Salaries	9,818	28%	9,358	29%	8,900	27%	918	10.3%
Other employee costs	3,312	9%	2,694	8%	2,787	8%	525	18.8%
Rent and other maintenance fees	1,063	3%	746	2%	1,015	3%	48	4.7%
Fees and charges	5,670	16%	299	1%	7,146	22%	(1,476)	-20.7%
including: PFSA fees	5,464	*15%*	-	*0%*	6,842	*21%*	(1,378)	*-20.1%*
External service charges	8,238	23%	10,920	34%	6,881	21%	1,357	19.7%
Other operating expenses	903	3%	1,323	4%	1,038	3%	(135)	-13.0%
Total	**35,309**	**100%**	**32,366**	**100%**	**33,190**	**100%**	**2,119**	**6.4%**

Source: Company

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

Depreciation and amortisation

Depreciation and amortisation charges stood at PLN 9.8 million in Q1 2020 compared to PLN 9.2 million in Q1 2019, representing an increase of PLN 0.6 million. The increase in depreciation and amortisation charges year on year in Q1 2020 was driven by an increase of the depreciation and amortisation charges in GPW by PLN 0.9 million due to depreciation of purchased property, plant and equipment (mainly network devices) initiated in H2 2019. Depreciation and amortisation charges in the subsidiaries TGE, BondSpot and IRGiT were stable year on year. Depreciation and amortisation charges representing right-to-use assets and subleases stood at PLN 1.3 million in Q1 2020.

Salaries and other employee costs

Salaries and other employee costs amounted to PLN 22.3 million in Q1 2020 compared to PLN 19.4 million in Q1 2019, representing an increase of 14.7% or PLN 2.9 million.

The increase of salaries and other employee costs in the GPW Group year on year in Q1 2020 was driven by an increase of salaries and other employee costs in GPW by PLN 1.4 million, in TGE by PLN 0.8 million, in IRGiT by PLN 0.3 million, and in GPW Benchmark by PLN 0.3 million.

The increase of GPW's salaries and other employee costs year on year in Q1 2020 was driven by an increase in remuneration by PLN 0.1 million, an increase of supplementary salary costs by PLN 0.9 million, and an increase of other employee costs, including social security, by PLN 0.5 million. In view of active development projects in GPW, a part of salaries are capitalised and will be recognised in expenses after the projects are rolled out. Capitalised salaries and other employee costs stood at PLN 1.6 million in Q1 2020. The increase in supplementary salary costs was driven by short-term contracts concerning projects in the development of the Group's strategy.

The increase of salaries in TGE was due to an increased headcount driven by the implementation of strategic projects including broader 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 Q1 2019. The increase of salaries in IRGiT was driven mainly by an increase of base salary in 2020 following an increase of the company's headcount. The increase of salaries in the subsidiary GPW Benchmark was driven by an increase of the headcount.

The headcount of the GPW Group was 389 FTEs as at 31 March 2020.

Table 19: Employment in GPW Group

# FTEs	As at		
	31 March 2020	31 December 2019	31 March 2019
GPW	215	223	211
Subsidiaries	174	174	155
Total	**389**	**397**	**367**

Source: Company

Rent and other maintenance fees

Rent and other maintenance fees amounted to PLN 1.1 million in Q1 2020 compared to PLN 1.0 million in Q1 2019, representing a small increase of 4.1% i.e. PLN 42 thousand.

Fees and charges

Fees and charges stood at PLN 10.3 million in Q1 2020 compared to PLN 13.3 million in Q1 2019. The main component of fees and charges are fees paid to the Polish Financial Supervision Authority (PFSA) for capital market supervision. Provisions set up against the estimated PFSA fee due from the Group stood at PLN 10.0 million in Q1 2020 compared to PLN 12.9 million in Q1 2019.

Following the change of the system of financing the cost of market supervision and of the range of entities participating in the financing as of the beginning of 2016, and considering IFRIC 21, the full estimated amount of the annual PFSA fee is recognised early in the year. The exact, final amount of the annual fee may only be calculated after the Chairperson of the Polish Financial Supervision Authority publishes the fees and the indicators necessary to calculate the fees in a public communique promulgated in the Official Journal of the Polish Financial Supervision Authority by 31 August of each calendar year. The calculated fee is to be paid by 30 September of the calendar year.

External service charges

External service charges amounted to PLN 11.4 million in Q1 2020 compared to PLN 10.1 million in Q1 2019, representing an increase of 12.5% or PLN 1.3 million.

Table 20: Consolidated external service charges of the Group and structure of external service charges in the three-month periods ended 31 March 2020, 31 December 2019 and 31 March 2019

PLN'000, %	Three - month period ended						Change (Q1 2020 vs Q1 2019)	Change (%) (Q1 2020 vs Q1 2019)
	31 March 2020	%	31 December 2019	%	31 March 2019	%		
IT cost:	5,940	52%	6,340	41%	5,580	55%	360	6.5%
IT infrastructure maintenance	4,441	*39%*	4,921	*32%*	4,087	*40%*	354	*8.7%*
TBSP maintenance service	386	*3%*	375	*2%*	382	*4%*	4	*1.0%*
Data transmission lines	962	*8%*	893	*6%*	1,055	*10%*	(93)	*-8.8%*
Software modification	151	*1%*	151	*1%*	56	*1%*	95	*169.6%*
Office and office equipment maintenance:	821	7%	1,034	7%	728	7%	93	12.8%
Repair and maintenance of installations	57	*1%*	351	*2%*	91	*1%*	(34)	*-37.4%*
Security	456	*4%*	392	*3%*	391	*4%*	65	*16.6%*
Cleaning	266	*2%*	172	*1%*	163	*2%*	103	*63.2%*
Phone and mobile phone services	42	*0%*	119	*1%*	83	*1%*	(41)	*-49.4%*
International (energy) market services	847	*7%*	1,105	*7%*	424	*4%*	423	*99.8%*
Leasing, rental and maintenance of vehicles	90	1%	88	1%	147	1%	(57)	-38.8%
Transportation services	41	0%	46	0%	28	0%	13	46.4%
Promotion, education, market development	552	5%	2,251	15%	1,158	11%	(606)	-52.3%
Market liquidity support	334	3%	329	2%	241	2%	93	38.6%
Advisory (including: audit, legal services, business consulting)	1,657	15%	2,534	17%	972	10%	685	70.5%
Information services	565	5%	490	3%	194	2%	371	191.2%
Training	159	1%	510	3%	204	2%	(45)	-22.1%
Mail fees	28	0%	43	0%	32	0%	(4)	-12.5%
Bank fees	82	1%	53	0%	79	1%	3	3.8%
Translation	153	1%	73	0%	132	1%	21	15.9%
Other	129	1%	396	3%	212	2%	(83)	-39.2%
Total	**11,398**	**100%**	**15,292**	**100%**	**10,131**	**100%**	**1,267**	**12.5%**

Source: Condensed Consolidated Interim Financial Statements

The increase of external service charges year on year in Q1 2020 was mainly driven by changes in the following cost items:

1/ IT infrastructure maintenance – an increase of PLN 0.4 million due to the cost of IT hardware and software maintenance services;

2/ data transmission lines – a decrease of PLN 0.1 million, mainly driven by a decrease of the cost by PLN 0.1 million in TGE. The decrease of the cost in TGE was due to optimisation of infrastructure services in the GPW Group;

3/ building and office equipment maintenance – an increase of PLN 0.1 million 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;

4/ international energy market services – an increase of PLN 0.4 million due to participation in the integration of the European energy market, continued development work including development of the intra-day market XBiD (the third wave of XBiD is scheduled in 2020) and other projects including the day-ahead market;

5/ promotion, education, market development – a decrease of PLN 0.6 million mainly due to the absence of the cost of organisation of annual events including the Annual Exchange Gala and lower costs of participation in conferences due to the epidemic;

6/ advisory – an increase of PLN 0.7 million due mainly to the cost of advisory for strategic projects including GPW's Private Market and the cost of tax advisory in IRGiT;

7/ information services – an increase of PLN 0.4 million due mainly to the implementation of GPW's Analytical Coverage Support Pilot Programme

The Analytical Coverage Support Pilot Programme aims to:

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

The Programme was open to members who met the criteria defined in the programme rules until 22 April 2019. Twelve members joined the Programme who jointly cover 40 issuers. The cost of analytical support is PLN 100 thousand net per company covered over a period of 2 years. The expected cost of the Programme is ca. PLN 4.0 million net in the two years. The costs of the Programme recognised in Q1 2020 was PLN 307.5 thousand.

Other operating expenses

Other operating expenses amounted to PLN 1.2 million in Q1 2020 compared to PLN 1.3 million in Q1 2019, representing a small decrease of 4.2%.

Other operating expenses in Q1 2020 included mainly the cost of material and energy consumption at PLN 0.8 million, industry organisation membership fees at PLN 0.2 million, insurance at PLN 0.1 million, business travel at PLN 0.1 million and conference participation at PLN 0.1 million. The cost of business travel reported the highest nominal decrease year on year in Q1 2020 and fell by 54.4% or PLN 0.1 million.

OTHER INCOME AND EXPENSES

Other income of the Group amounted to PLN 1.2 million in Q1 2020 compared to PLN 1.3 million in Q1 2019, representing a decrease of 6.9% year on year. Other income includes mainly damages received, gains on the sale of property, plant and equipment, medical services reinvoiced to employees (PLN 0.1 million), an annual correction of input VAT at PLN 0.4 million, as well as TGE's revenue from PSE in respect of the PCR (Price Coupling of Regions) project at PLN 0.3 million, a subsidy of PLN 0.2 million received for the Agricultural Market project and a subsidy of PLN 0.2 million for the New Trading Platform project.

Other expenses of the Group amounted to PLN 0.9 million in Q1 2020 compared to PLN 0.7 million in Q1 2019. Other expenses include mainly donations paid. The cost of donations stood at PLN 0.8 million in Q1 2020 compared to PLN 0.5 million in Q1 2019.

Donations paid in Q1 2020 included GPW's donation in kind of COVID-19 medical test equipment at PLN 1.0 million provided to two District Sanitary Stations in Siedlce and Radom. PLN 0.8 million of that amount was charged to the Company's expenses in Q1 2020.

Both in Q1 2020 and in Q1 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 63 thousand in Q1 2020 and PLN 72 thousand in Q1 2019.

The accounting presentation follows from the fact that the management of the Group reviewed the treatment of donations paid to PFN in the Group's financial statements for 2016-2018 in the light of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as at 30 September 2018. The analysis concluded that the payments to PFN are a liability and that the liability of GPW to make all payments to PFN according to the founding deed of the Foundation arose when GPW joined the Foundation and signed its founding deed.

GAINS ON REVERSAL OF IMPAIRMENT OF RECEIVABLES OR LOSSES ON IMPAIRMENT OF RECEIVABLES

As of 1 January 2018, due to the application of IFRS 9, the Group's consolidated statement of comprehensive income includes a dedicated line "Gains on reversal of impairment of receivables or losses on impairment of receivables". The impairment of receivables is determined on the basis of lifetime expected credit loss. The ECL impairment charged to the results of the Group stood at PLN 1.1 million in Q1 2020 and was stable year on year.

FINANCIAL INCOME AND EXPENSES

Financial income of the Group amounted to PLN 4.3 million in Q1 2020 compared to PLN 2.1 million in Q1 2019, representing an increase of PLN 2.2 million.

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 2.1 million in Q1 2020 and remained stable year on year. The Group earned a higher other financial income in Q1 2020 (up by PLN 2.1 million), which mainly included positive FX differences at PLN 2.0 million in Q1 2020.

Financial expenses of the Group amounted to PLN 9.1 million in Q1 2020 compared to PLN 2.1 million in Q1 2019, representing an increase of PLN 7.0 million.

The increase of financial expenses year on year in Q1 2020 was due to the recognition of provisions against potential VAT payable for 2014-2020 at PLN 7 million.

The second biggest line of financial expenses in Q1 2020 was interest cost of debt under GPW's series C, D and E bonds (including the cost of the bond issue recognised over time), which stood at PLN 1.9 million in Q1 2020 and was stable year on year.

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

The interest rate on the series D and E bonds was 2.74% in Q1 2020 and in Q1 2019.

GAINS ON INVESTMENTS/(LOSSES) ON IMPAIRMENT OF INVESTMENTS IN OTHER ENTITIES

Gains on investments/(losses) on impairment of investments in other entities stood at PLN 0 in Q1 2020 and in Q1 2019.

SHARE OF PROFIT OF ENTITIES MEASURED BY EQUITY METHOD

The Group's share of profit of entities measured by equity method stood at PLN 2.0 million in Q1 2020 compared to PLN 1.0 million in Q1 2019. The higher gains in Q1 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 1.8 million in Q1 2020 compared to PLN 1.1 million in Q1 2019.

The share in the net profit of **Centrum Giełdowe** was PLN 0.1 million in Q1 2020, an increase of 44.0% i.e. PLN 40 thousand year on year.

Polska Agencja Ratingowa (formerly IAiR) was recognised in the profit of entities measured by equity method as at 31 March 2019 as it became a joint venture following a change of shareholders in Q4 2018. 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

PLN'000	Three - month period ended			Change (Q1 2020 vs Q1 2019)	Change (%) (Q1 2020 vs Q1 2019)
	31 March 2020	31 December 2019	31 March 2019		
Grupa KDPW S.A.	5,544	5,482	3,205	2,339	73.0%
Centrum Giełdowe S.A.	534	470	372	162	43.5%
Polska Agencja Ratingowa S.A.	-	-	(508)	508	-
Razem	**6,077**	**5,952**	**3,069**	**3,008**	**98.0%**

Source: Company

Table 22: GPW's share of profit of associates

PLN'000	Three - month period ended			Change (Q1 2020 vs Q1 2019)	Change (%) (Q1 2020 vs Q1 2019)
	31 March 2020	31 December 2019	31 March 2019		
Grupa KDPW S.A.	1,848	1,827	1,068	780	73.0%
Centrum Giełdowe S.A.	132	116	92	40	44.0%
Polska Agencja Ratingowa S.A.	-	-	(171)	171	-
Razem	**1,981**	**1,943**	**989**	**992**	**100.3%**

Source: Company

INCOME TAX

Income tax of the Group was PLN 8.2 million in Q1 2020 compared to PLN 5.9 million in Q1 2019. The **effective income tax rate** in the periods under review was 21.8% and 19.4%, respectively, as compared to the standard Polish corporate income tax rate of 19%. Income tax **paid** by the Group was PLN 10.5 million in Q1 2020 compared to PLN 9.1 million in Q1 2019.

On 28 September 2016, the following companies: Giełda Papierów Wartościowych w Warszawie S.A., Towarowa Giełda Energii S.A., BondSpot S.A. and GPW Benchmark, entered into a notarised agreement creating the GPW Tax Group ("GPW TG" or "TG") for a period of three tax years from 1 January 2017 to 31 December 2019.

On 7 November 2019, GPW and the aforementioned subsidiaries signed a notarised agreement extending the operation of the GPW Tax Group for one fiscal year, i.e., from 1 January 2020 to 31 December 2020. In December 2019, GPW received a decision of the tax office which registered the agreement extending the Tax Group.

The companies participating in TG are not treated individually but collectively as one corporate income taxpayer under the Corporate Income Tax Act. Such taxpayer's income is determined as the surplus of the sum of incomes of the companies participating in TG over the sum of their losses.

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

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

V. Atypical factors and events

Capital market supervision fee due from the GPW Group

According to IFRIC 21, the entity recognised in full a liability for fees due to PFSA at the date of the obligating event. The obligating event is the fact of carrying out a business subject to fees due to PFSA as at 1 January of each year. Consequently, the estimated amount of the annual fees due to PFSA is charged to the accounts of the GPW Group of the first quarter of each year. The estimated PFSA fee due from the Group was PLN 10.0 million in 2020.

The exact amount of the PFSA fee will be known when the Chairperson of the Polish Financial Supervision Authority publishes the rates and the indicators necessary to calculate the fees in a public communique promulgated in the Official Journal of the Polish Financial Supervision Authority by 31 August of each calendar year.

Launch of the Food Platform

In the first half of March 2020, the GPW Group launched the Food Platform ("Agricultural Market") dedicated to trade in agricultural commodities. The Agricultural Market is operated by TGE. The Market will be run as a pilot in the first three months: the Platform will charge no fees as it finetunes all operations. The first product to be traded on the Platform is consumption wheat, to be followed in the future by other agricultural commodities: maize, rape, concentrated apple juice, sugar, milk powder. The Agricultural Market is co-ordinated by Krajowy Ośrodek Wsparcia Rolnictwa (National Centre for Agricultural Support, KOWR). The project is financed by the National Centre for Research and Development.

Start of research and development work on the development of a proprietary Trading Platform with co-financing from NCBR grants

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

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

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

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

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

"GPW Data Platform" project

On 21 August 2019, the National Centre for Research and Development (NCBR) published a list of evaluated projects proposed in the Operational Programme Smart Development 2014-2020. The projects selected for co-financing include the project of the Warsaw Stock Exchange "GPW Data platform: an innovative Artificial Intelligence system supporting investment decisions on the capital market". The project cost is estimated at PLN 8.3 million, including NCBR co-financing at PLN 4.2 million. The GPW Data project is a part of GPW's strategic initiatives in the Exchange's information services business segment. The project is aligned with the

Capital Market Development Strategy which provides among others for the introduction of electronic reporting standards in the Inline eXtensible Business Reporting Language (iXBRL). The GPW Data project is based on machine learning and artificial intelligence. It will enable capital market participants to make faster decisions when investing on the exchange. The GPW Data system will support fast access to, analysis and processing of market data, as well as the development of investors' proprietary trading algorithms based on AI. The project is scheduled to be rolled out in 2021.

Provisions against VAT corrections in IRGiT

According to the tax risk management policy of the GPW Group, as of 2017, tax accounts of all Group members, including IRGiT, have been reviewed on an annual basis by an independent tax advisor. In addition, following one of such reviews, in order to verify the tax risk identified in the review, the IRGiT Management Board requested independent advisors to provide opinions concerning the recognition of the 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 and to calculate the potential impact of a potential change to IRGiT's current approach on IRGiT's tax payable.

On the basis of opinions presented by independent tax advisors, IRGiT's approach was found to be correct in the light of Union law but potentially controversial under national tax regulations. Based on the literal wording of national tax regulations, it could be found that IRGiT occasionally recognises the tax payable in respect of electricity and gas sale invoices too early and that in some financial periods it recognises the right to an input VAT deduction too early. The application of the literal wording of such regulations would result in a correction of VAT accounts since December 2014 (for all periods not subject to the statute of limitation), giving rise to a VAT payable and interest to be paid by IRGiT.

Furthermore, the opinions point out that the matter is not unequivocal and may give rise to different interpretations. According to the advisors, there are arguments to conclude among others that:

- according to the VAT Directive, the methodology of input VAT deductions currently applied by IRGiT is correct and all conditions of input VAT deductions are met;
- potential payable in respect of prior uncorrected periods, subject to the statute of limitation, could be considered to be in breach of the principle of value added tax neutrality.

In view of the uncertainty concerning the amount of the potential VAT payable, guided by the principle of prudence, in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, it was decided to set up provisions of PLN 15.5 million as at 31 December 2019. The provisions were charged to financial expenses (including interest on tax payable). As at 31 March 2020, the provisions were increased to PLN 22.5 million. The provision amount is the best possible estimate of the potential payable as at 31 March 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 relatively low risk due to the expiration of the five-year statute of limitation. In the case of a potential correction of tax accounts 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 accounts 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. Acting in the interest of GPW shareholders, pursuant to IAS 37.92, the Company is not disclosing the estimated amount of the potential payable as it is in the process of confirming the adequacy of its approach.

As at the date of these financial statements, IRGiT is awaiting the scheduling of a hearing before the Regional Administrative Court in the case of an appeal against an individual interpretation issued by tax authorities concerning the date of origination of the right to deduct VAT.

VI. Group's assets and liabilities structure

The **balance-sheet total** of the Group was PLN 1.3 billion as at 31 March 2020 and remained stable year on year.

ASSETS

The Group's **non-current assets** stood at PLN 587.8 million representing 44% of total assets as at 31 March 2020 compared to PLN 590,1 million or 47% of total assets as at 31 December 2019 and PLN 598.2 million or 45% of total assets as at 31 March 2019.

In the implementation of IFRS 16 Leases, the Group recognised a right-to-use asset of PLN 21.3 million in non-current assets as at 31 March 2020 (including the right of perpetual usufruct of land at PLN 4.2 million, reclassified from prepayments). The Group recognised sublease receivables at PLN 0.6 million as at 31 March 2020.

The Group recognised investments in non-consolidated subsidiaries at PLN 4.0 million as at 31 March 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 fair value through other comprehensive income included minority interest in Bucharest Stock Exchange (BVB, formerly SIBEX), recognised at PLN 113.0 thousand as at 31 March 2020.

Other non-current assets included margins securing energy market transactions in InfoEngine at PLN 1.3 million as at 31 March 2020 and the option to acquire a trading system at PLN 4.2 million as at 31 March 2019. Prepayments mainly include IT hardware support.

The Group's **current assets** stood at PLN 740.2 million representing 56% of total assets as at 31 March 2020 compared to PLN 666.7 million as at 31 December 2019 and PLN 733.2 million or 55% of total assets as at 31 March 2019.

Current assets as at 31 March 2020 were stable year on year (increase of 1.0% i.e. PLN 7.0 million) and increased by 11.0% i.e. PLN 73.5 million year to date. The increase of current assets year to date was mainly driven by an increase in cash by PLN 55.4 million and an increase in trade receivables by PLN 22.8 million. The increase of current assets relates to the sum of cash and cash equivalents as well as financial assets measured at amortised cost, which jointly increased to PLN 665.6 million from PLN 610.3 million as at 31 December 2019. Looking at an increase or decrease of the Group's cash assets, those lines need to be considered in conjunction because they represent the total amount of cash held by the Group. At a given point in time, such funds may be invested in larger part in instruments with maturities over 3 months, and such larger part is then presented under assets measured at amortised cost; or they may be invested in larger part in instruments with maturities up to 3 months, and such larger part is then presented under cash and cash equivalents. The Group's cash as at 31 March 2020 was stable year on year. Consequently, the Group generated cash flows, restoring the balance reported a year earlier, although it also invested in projects and paid out the highest dividend to the shareholders in that period.

As at 31 March 2020, financial assets measured at amortised cost stood at PLN 243.3 million including corporate bonds at PLN 89.7 million and bank deposits at PLN 153.4 million.

As at 31 March 2020, the Group recognised current sublease receivables at PLN 0.2 million. Other current assets at PLN 4.4 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 0.2 million.

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

PLN'000	As at					
	31 March 2020	%	31 December 2019	%	31 March 2019	%
Non-current assets	**587,842**	**44%**	**590,114**	**47%**	**598,181**	**45%**
Property, plant and equipment	98,234	7%	101,968	8%	104,498	8%
Right-to-use assets	21,323	2%	22,725	2%	25,510	2%
Intangible assets	246,011	19%	246,649	20%	250,073	19%
Investment in entities measured by equity method	211,737	16%	210,327	17%	207,885	16%
Investment in non-consolidated subsidiaries	4,000	0%	4,000	0%	-	0%
Sublease receivables	566	0%	523	0%	1,140	0%
Deferred tax assets	2,844	0%	464	0%	1,934	0%
Available-for-sale financial assets	-	0%	-	0%	-	0%
Financial assets measured at fair value through other comprehensive income	113	0%	120	0%	103	0%
Prepayments	1,719	0%	2,043	0%	2,816	0%
Other non-current assets	1,295	0%	1,295	0%	4,222	0%
Current assets	**740,208**	**56%**	**666,680**	**53%**	**733,234**	**55%**
Inventory	13	0%	47	0%	52	0%
Corporate income tax receivable	-	0%	4,132	0%	-	0%
Trade receivables and other receivables	68,068	5%	45,232	4%	66,452	5%
Sublease receivables	239	0%	190	0%	396	0%
Contract assets	1,856	0%	2,415	0%	2,007	0%
Financial assets measured at amortised cost	243,280	18%	328,998	26%	361,705	27%
Other financial assets	4,397	0%	4,382	0%	-	0%
Cash and cash equivalents	422,355	32%	281,284	22%	302,622	23%
Total assets	**1,328,050**	**100%**	**1,256,794**	**100%**	**1,331,415**	**100%**

Source: Condensed Consolidated Interim Financial Statements

EQUITY AND LIABILITIES

The **equity** of the Group stood at PLN 901.6 million representing 67.9% of the Group's total equity and liabilities as at 31 March 2020 compared to PLN 873.5 million or 69.5% of total equity and liabilities as at 31 December 2019 and PLN 911.9 million or 68.5% of the total equity and liabilities as at 31 March 2019.

Non-current liabilities of the Group stood at PLN 276.9 million representing 20.8% of the Group's total equity and liabilities as at 31 March 2020 compared to PLN 283.5 million or 22.6% of total equity and liabilities as at 31 December 2019 and PLN 281.0 million or 21.1% of the total equity and liabilities as at 31 March 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, which is when the company recognised the liability on the books.

As at 31 March 2020, lease liabilities decreased by 24.4% i.e. PLN 4.8 million year on year. Accruals and deferred income increased from PLN 4.9 million to PLN 7.5 million.

Non-current deferred income included the subsidy received by TGE for assets in the PCR project at a carrying value of PLN 4.9 million as at 31 March 2020, including PLN 4.4 million presented as non-current and PLN 0.5 million presented as current. The carrying value of the subsidy was PLN 5.5 million as at 31 March 2019, including PLN 4.9 million presented as non-current and PLN 0.6 million presented as current. Non-current deferred income as at 31 March 2020 also included grants received for the Agricultural Market project in TGE at PLN 0.8 million and grants received for the New Trading Platform project at PLN 2.1 million.

Other non-current liabilities as at 31 March 2020 included mainly the liability of the parent entity to the Polish National Foundation at PLN 6.9 million (PLN 8.2 million as at 31 March 2019).

Current liabilities of the Group stood at PLN 149.6 million representing 11.3% of the Group's total equity and liabilities as at 31 March 2020 compared to PLN 99.8 million or 7.9% of total equity and liabilities as at 31 December 2019 and PLN 138.5 million or 10.4% of the total equity and liabilities as at 31 March 2019.

The increase in current liabilities as at 31 March 2020 was mainly driven by an increase of:

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

The main item of provisions against liabilities is the provision against VAT payable in IRGiT at PLN 22.5 million.

Other current liabilities as at 31 March 2020 included mainly VAT payable of the current period at PLN 21.9 million in TGE and PLN 10.0 million in IRGiT, contracted investments at PLN 2.6 million in GPW and PLN 0.8 million in TGE, current liabilities to PFN at PLN 1.3 million, and liabilities in respect of other taxes in GPW at PLN 1.4 million.

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

PLN'000	As at					
	31 March 2020	%	31 December 2019	%	31 March 2019	%
Equity	**901,577**	**68%**	**873,486**	**70%**	**911,884**	**68%**
Share capital	63,865	5%	63,865	5%	63,865	5%
Other reserves	514	0%	1,089	0%	898	0%
Retained earnings	836,586	63%	807,927	64%	846,531	64%
Non-controlling interests	612	0%	605	0%	590	0%
Non-current liabilities	**276,854**	**21%**	**283,502**	**23%**	**281,049**	**21%**
Liabilities under bond issue	244,448	18%	244,350	19%	244,058	18%
Employee benefits payable	960	0%	960	0%	1,071	0%
Lease liabilities	14,840	1%	16,204	1%	19,634	1%
Contract liabilities	550					
Accruals and deferred income	7,532	1%	6,389	1%	4,894	0%
Deferred income tax liability	360	0%	5,386	0%	994	0%
Other liabilities	8,164	1%	9,641	1%	10,398	1%
Current liabilities	**149,619**	**11%**	**99,807**	**8%**	**138,482**	**10%**
Liabilities under bond issue	2,087	0%	1,932	0%	2,068	0%
Trade payables	21,408	2%	11,561	1%	19,855	1%
Employee benefits payable	15,788	1%	17,175	1%	12,970	1%
Finance lease liabilities	-	0%	-	0%	-	0%
Lease liabilities	5,207	0%	5,181	0%	5,359	0%
CIT payable	2,367	0%	1,555	0%	10,388	1%
Contract liabilities	35,629	3%	4,364	0%	32,676	2%
Accruals and deferred income	1,080	0%	767	0%	559	0%
Provisions for other liabilities and charges	22,474	2%	15,563	1%	48	0%
Other current liabilities	43,579	3%	41,709	3%	54,559	4%
Total equity and liabilities	**1,328,050**	**100%**	**1,256,794**	**100%**	**1,331,415**	**100%**

Source: Condensed Consolidated Interim Financial Statements

VII. Statement of cash flows and capital expenditure

CASH FLOWS

The Group generated positive cash flows from **operating activities** at PLN 67.1 million in Q1 2020 compared to positive cash flows of PLN 102.4 million in Q1 2019. The decrease of the positive cash flows from operating activities in Q1 2020 was mainly driven by a much lower positive change in assets and liabilities (PLN 33.5 million in Q1 2020 compared to PLN 71.9 million in Q1 2019). The lower positive change in assets and liabilities in Q1 2020 was due to a higher increase in receivables and a lower increase in payables compared to Q1 2019.

The cash flows from **investing activities** were positive at PLN 76.0 million in Q1 2020 compared to positive cash flows of PLN 14.5 million in Q1 2019. The positive cash flows from investing activities were driven by disposals of financial assets exceeding the purchase of financial assets.

The cash flows from **financing activities** were negative at PLN 2.4 million in Q1 2020 compared to negative cash flows of PLN 3,0 million in Q1 2019. Similar to 2019, the negative cash flows from financing activities in 2020 were driven by the payment of interest on bonds at PLN 1.7 million and the payment of leases (IFRS 16) at PLN 1.5 million.

Table 25: Consolidated cash flows

PLN'000	Cash flows for the 3-month period ended		
	31 March 2020	31 December 2019	31 March 2019
Cash flows from operating activities	67,121	30,886	102,402
Cash flows from investing activities	75,979	(2,507)	14,476
Cash flows from financing activities	(2,415)	94	(2,952)
Net increase / (decrease) in cash	**140,685**	**28,474**	**113,926**
Impact of change of fx rates on cash balances in foreign currencies	*386*	*(558)*	*(28)*
Cash and cash equivalents - opening balance	**281,284**	**253,368**	**188,724**
Cash and cash equivalents - closing balance	**422,355**	**281,284**	**302,622**

Source: Condensed Consolidated Interim Financial Statements

CAPITAL EXPENDITURE

The Group's total capital expenditure in Q1 2020 amounted to PLN 11.2 million including expenditure for property, plant and equipment at PLN 4.1 million and expenditure for intangible assets at PLN 7.0 million. The Group's total capital expenditure in Q1 2019 amounted to PLN 4.1 million including expenditure for property, plant and equipment at PLN 1.2 million and expenditure for intangible assets at PLN 2.8 million. The capital expenditure in Q1 2020 included mainly the projects GRC System, GPW Data, and New Trading Platform, investment in the new index calculator and the central data bus, as well as investment in system maintenance and the projects Food Platform, intra-day market XBiD, and Data Commercialisation in TGE.

Contracted investment commitments for property, plant and equipment were PLN 105 thousand as at 31 March 2020, including mainly the acquisition of IT hardware for the GPW Data project and the acquisition of furniture. Contracted investment commitments for intangible assets stood at PLN 1,060 thousand including mainly the acquisition of IT services (including the Electronic Information & Research Platform in TGE, the GRC system, server time synchronisation software and the new Indexator in GPW), advisory services and legal services.

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 Indexator in GPW, as well as the EPIA, XBiD and Food Platform projects in TGE.

Contracted investment commitments for property, plant and equipment were PLN 253 thousand as at 31 March 2019, including mainly the acquisition of IT hardware and software in GPW. Contracted investment commitments for intangible assets were PLN 860 thousand, including mainly the GPW trading surveillance system, the acquisition of the 2PI application in TGE and software in InfoEngine.

VIII. Ratio analysis

DEBT AND FINANCING RATIOS

In the period covered by the financial statements, the debt of the Group posed no threat to its going concern and capacity to meet liabilities on time. The ratio of net debt to EBITDA remained negative in the periods under review as liquid assets of the GPW Group significantly exceeded interest-bearing liabilities (negative net debt). The debt to equity ratio as at 31 March 2020 remained stable year on year.

LIQUIDITY RATIOS

The current liquidity ratio was 4.9 as at 31 March 2020. The year-on-year decrease of the ratio was due to an increase of current liabilities.

The coverage ratio of interest costs under the bond issue increased year on year in Q1 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.

PROFITABILITY RATIOS

The profitability ratios increased year on year, as shown in the table below, due to an increase of the operating profit and EBITDA.

Table 26: Key financial indicators of GPW Group

		As at / For the 3-month period ended		
		31 March 2020	31 December 2019	31 March 2019
Debt and financing ratios				
Net debt / EBITDA (for a period of 12 months)	1), 2)	(1.5)	(1.3)	(1.8)
Debt to equity	3)	29.6%	30.6%	29.7%
Liquidity ratios				
Current liquidity	4)	4.9	6.7	5.3
Coverage of interest on bonds	5)	27.6	22.4	21.6
Return ratios				
EBITDA margin	6)	51.6%	51.3%	45.8%
Operating profit margin	7)	41.5%	39.5%	34.9%
Net profit margin	8)	30.2%	14.0%	29.1%
Cost / income	9)	57.8%	59.0%	64.5%
ROE	10)	13.7%	13.6%	20.5%
ROA	11)	9.3%	9.6%	14.1%

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 3 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 3 months)

6) EBITDA margin = EBITDA / GPW Group revenue (for a period of 3 months)

7) Operating profit margin = GPW Group operating profit / GPW Group revenue (for a period of 3 months)

8) Net profit margin = GPW Group net profit / GPW Group revenue (for a period of 3 months)

9) Cost / income = GPW Group operating expenses / GPW Group revenue (for a period of 3 months)

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

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

Source: Company

IX. SEASONALITY AND CYCLICALITY OF OPERATIONS

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

TRADING ON THE COMMODITY MARKET

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

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

The issuance of certificates of origin also intensifies in Q1 and in Q4 of each year. Certificates of origin are subject to mandatory cancellation within time limits set in the energy market regulations.

Trade in electricity on the Commodity Forward Instruments Market operated by TGE is not spread equally throughout the year. It is seasonal in that trade is relatively low in the first half of the year compared to the second half of the year. That is because the supply side awaits information concerning the cost of electricity generation (including the cost of fuel) in the first half of the year. The demand side, in turn, needs time to determine its needs for the following year, which depend on demand of its clients.

X. FACTORS WHICH WILL IMPACT THE RESULTS AT LEAST IN THE NEXT QUARTER

The GPW Group presented the updated strategy #GPW2022 in June 2018. Under the strategy, the GPW Management Board acting with the approval of the Exchange Supervisory Board presented 14 strategic initiatives. The key objectives of the updated strategy #GPW2022 include the development of new platforms matching buyers and sellers on the Warsaw trading floor and supporting the national economy more than ever before. The document is a continuation of the existing strategic framework. A detailed presentation of the #GPW2022 strategic initiatives is available on the GPW website at https://www.gpw.pl/pl-spolka-strategia-i-misja.

On 29 March 2019, the Exchange Supervisory Board approved a motion of the Exchange Management Board concerning an update of the financial targets under the "Update of the GPW Group Strategy #GPW2022" approved in June 2018. The Company's financial targets defined for 2022 and approved by the Exchange Supervisory Board are as follows:

- Revenue: PLN 470 million in 2022,
- EBITDA - PLN 250 million in 2022,
- ROE: 19% in 2022 (it may temporarily fall below 19% due to expenditures in connection with the implementation of the strategy),
- C/I under 50% after 2022 (it may temporarily range from 63% to 55% due to expenditures in connection with the implementation of the strategy),
- Dividend from the 2019 profit at least PLN 2.4 per share (already proposed by the GPW Management Board and approved by the Exchange Supervisory Board), annual increase in the dividend from the 2020-2022 profits by at least PLN 0.1 per share; however, the dividend will be no less than 60% of the annual consolidated net profit of the GPW Group attributable to the GPW shareholders, adjusted for the share of profit of entities measured by the equity method.

Furthermore, the Group announced that these strategic objectives and targets are not a forecast or estimate of results, including financial results, and concern only the intended directions of activities in 2019-2022.

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

External factors

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

- The global GDP is expected to contract by 3% (according to the International Monetary Fund forecast). The crisis will affect both developed and emerging economies. Poland's GDP is expected to contract by 4.6%.

- The duration of the epidemic will determine the direction of the global economy. If the pandemic persists, the crisis may be deeper.

- 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.

- Growing unemployment: according to the International Monetary Fund, unemployment in Poland will reach 9.9% in 2020 (under BAEL methodology), at triple the rate of 3.3% reported before the pandemic.

- Falling assets of funds: the assets of Polish mutual funds decreased by -11% i.e. PLN 30 billion month on month in March, mainly due to net outflows (massive withdrawals of cash by customers), mainly affecting debt funds (down by PLN 20 billion).
- Pension funds: double-digit loss of share prices on the exchange reduced the funds' assets by PLN 19.5 billion in March while the gradual transfer of funds to the Social Security Institution was negative at PLN 668 million in Q1 2020.
- Net assets of Employee Capital Plans (PPK) exceeded PLN 600 million as at 31 March 2020, an increase of PLN 182 million month on month (mainly due to new contributions).

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.

OTF

TGE results will be impacted by the preparation of the Commodity Forward Instruments Market for transformation into an OTF (Organised Trading Facility) under MiFiD2. On 29 December 2017, the Commodity Forward Instruments Market implemented the principle of discretion, which is a special feature of OTFs under MiFID2. The principle of discretion allows TGE to retain the turnover of the Commodity Forward Instruments Market until its transformation into an OTF and to access OTC trade in the future. Following the introduction of the Act implementing MiFID2 (amendment of the Act on Trading in Financial Instruments, known as UC 86) in April 2018, TGE had 12 months to apply to PFSA for a licence to operate an Organised Trading Facility.

The application was filed with PFSA in December 2018. On 16 April 2020, the PFSA authorised TGE to operate an Organised Trading Facility. The TGE OTC Trading Rules took effect on 1 May 2020. The first trading day on the OTF took place on 4 May 2020.

Launch of the Food Platform

In the first half of March 2020, the GPW Group launched the Food Platform ("Agricultural Market") dedicated to trade in agricultural commodities. The Agricultural Market is operated by TGE. The Market will be run as a pilot in the first months (i.e. until the end of August 2020): the Platform will charge no fees as it finetunes all operations. The first product to be traded on the Platform is consumption wheat, to be followed in the future by other agricultural commodities: maize, rape, concentrated apple juice, sugar, milk powder. The Agricultural Market is co-ordinated by Krajowy Ośrodek Wsparcia Rolnictwa (National Centre for Agricultural Support, KOWR). The project is financed by the National Centre for Research and Development.

GPW's continued development of a proprietary Trading Platform

GPW's continued work on the development of a proprietary Trading Platform with co-financing from NCBR. On 3 July 2019, the Exchange Management Board decided to launch a project aimed at research and development work on the development of a proprietary trading system with co-financing from grants of the National Centre for Research and Development (NCBR). At this stage, the total amount of capital expenditure connected with the implementation of the project is estimated at PLN 90 million and the agreement with the National Centre for Research and Development concerning the co-financing of the project is worth PLN 30.3 million. The development of a proprietary Trading Platform is significant to continued operation of the Exchange among others due to: the strategic impact of the decision which determines the competitive position of GPW; the amount of capital expenditures and operating expenses for the Trading Platform; and impact on the market environment, in particular Exchange Members. On the other hand, the development and implementation of a new trading system will diversify the revenue thanks to potential sale of the system to other exchanges, help to launch new products added to the offer of GPW, and make GPW more attractive to capital market participants. The development of the Trading Platform will boost the reputation of GPW, as well.

GPW's continued development of the GPW Data Platform

On 21 August 2019, the National Centre for Research and Development (NCBR) published a list of evaluated projects proposed in the Operational Programme Smart Development 2014-2020. The projects selected for co-financing include the project of the Warsaw Stock Exchange "GPW Data platform: an innovative Artificial Intelligence system supporting investment decisions on the capital market". The project cost is estimated at PLN 8.3 million, including NCBR co-financing at PLN 4.2 million. The GPW Data project is a part of GPW's strategic initiatives in the Exchange's information services business segment. The project is relevant to the diversification of the GPW Group's revenue.

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. 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.

However, 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.

Co-operation with the Lithuanian gas exchange GET Baltic

Co-operation established by IRGiT with the Lithuanian gas exchange GET Baltic. GPW's subsidiary IRGiT and the Baltic-Finnish gas exchange GET Baltic signed an advisory service agreement in Vilnius on 16 September 2019. The scope of IRGiT's services includes the development of a risk management system and a collateral and clearing model for the gas exchange operated by GET Baltic for Lithuania, Latvia, Estonia and, from 1 January 2020, Finland. GET Baltic is working to develop a new collateral and clearing model which will open better conditions of spot and forward trade for Baltic and Finnish market participants, improving the liquidity, competitiveness and attractiveness of the region. The integration of gas markets in the Baltic region is a process aimed at connecting gas markets into homogeneous balancing zones. It takes place at many levels: infrastructural, regulatory and business. With its central location, Poland will establish in the near future a physical connection to Denmark and Sweden via the Baltic Pipe, and to Lithuania, Latvia, Estonia and Finland via the GIPL. This will create new opportunities for the development of cross-border trade and the creation of a liquid regional gas market.

XI. Other information

CONTINGENT LIABILITIES AND ASSETS

The GPW Group had no contingent liabilities or assets as at 31 March 2020 other than described below.

Contingent liabilities

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

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

According to the agreement and the bill-of-exchange declaration, NCBR may complete the bill of exchange with the amount of provided co-financing which may be subject to refunding, together with interest accrued at the statutory rate of overdue taxes from the date of transfer of the amount to GPW's account to the day of repayment. NCBR may also complete the bill of exchange with the payment date and insert a "no protest" clause. The bill of exchange may be completed upon the fulfilment of conditions laid down in the Agreement of 3 July 2019 between GPW and NCBR. The bill of exchange shall be returned to GPW or destroyed at the written request of GPW after the project sustainability period defined in the project co-financing agreement.

"GPW Data platform" project

On 14 October 2019, GPW presented an own blank bill of exchange to NCBR securing obligations under the Agreement of 30 September 2019 concerning the co-financing of the project "GPW Data platform: an innovative Artificial Intelligence system supporting investment decisions on the capital market" financed under the Operational Programme Smart Development Sub-measure 1.1.1 Industrial research and development work implemented by enterprises. 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. According to the agreement and the bill-of-exchange declaration, NCBR may complete the bill of exchange with the amount of provided co-financing which may be subject to refunding, together with interest accrued at the statutory rate of overdue taxes from the date of transfer of the amount to GPW's account to the day of repayment. NCBR may also complete the bill of exchange with the payment date and insert a "no protest" clause. The bill of exchange may be completed upon the fulfilment of conditions laid down in the Agreement of 30 September 2019 between GPW and NCBR. The bill of exchange shall be returned to GPW or destroyed at the written request of GPW after the project sustainability period defined in the project co-financing agreement.

IRGiT VAT correction

As at 31 March 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.

Contingent assets

TGE's CIT payable

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 1.9 million as at 31 March 2020.

PENDING LITIGATION

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

RELATED PARTY TRANSACTIONS

In Q1 2020, GPW and the associates of GPW did not make any significant transactions on terms other than at arm's length.

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 Q1 2020.

FEASIBILITY OF PREVIOUSLY PUBLISHED FORECASTS

The Group did not publish any forecasts of 2020 results.

DIVIDEND PAYMENT

No resolution of the Company's General Meeting distributing GPW's profits for 2019 was passed until the date of publication of this report.

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

On 14 April 2020, the Extraordinary General Meeting of PAR increased the share capital of PAR by PLN 1,166 thousand with a new share issue. GPW as well as Polski Fundusz Rozwoju S.A. each took up new issue shares worth PLN 568 thousand at par. As at the date of publication of this report, the capital increase has not yet been registered in the National Court Register. Following the registration, GPW's stake in PAR's share capital will increase from 33% to 36%.

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

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.

In the opinion of the Company, in Q1 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.

XII. Quarterly financial information of Giełda Papierów Wartościowych w Warszawie S.A. for the three-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 three-month period ended 31 March 2020.

In the three-month period ended 31 March 2020, there were no significant changes of estimates, including adjustments in respect of provisions, deferred tax liabilities and assets referred to in the IFRS. In that period, the Company and its subsidiaries did not make one or more material transactions with related parties other than at arm's length, and neither did they issue loan guarantees other than the surety and the loan described in section IX.

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

	For the three-month period ended		
	31.03.2020	31.12.2019	31.03.2019
Revenue	**58,116**	**44,839**	**48,171**
Operating expenses	35,309	32,367	33,188
Other income	673	95	1,004
Impairment losses	(737)	(792)	(891)
Other expenses	877	826	646
Operating profit	**21,866**	**10,949**	**14,450**
Financial income	3,184	773	1,325
Financial expenses	2,068	2,468	2,057
Profit before income tax	**22,982**	**9,254**	**13,718**
Income tax expense	4,458	2,368	2,880
Profit for the period	**18,524**	**6,886**	**10,838**
Total comprehensive income	**18,520**	**6,818**	**10,840**
Basic / Diluted earnings per share (PLN)	**0.44**	**0.16**	**0.26**

Source: Company

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

ASSETS	31.03.2020	31.12.2019	31.03.2019
Non-current assets	**432,402**	**435,342**	**442,721**
Property, plant and equipment	92,805	95,416	94,120
Right-to-use assets	13,496	14,329	9,670
Intangible assets	49,529	49,829	54,413
Investment in associates	11,652	11,652	13,825
Investment in subsidiaries	255,885	255,885	250,885
Leasing Receivable	5,863	6,363	13,221
Deferred tax assets	1,582	-	-
Financial assets measured at fair value through other comprehensive income	113	120	103
Non-current prepayments	1,477	1,748	2,262
Cash and cash equivalents	-	-	4,222
Current assets	**406,034**	**357,422**	**407,449**
Inventory	9	47	51
Corporate income tax receivable	-	4,132	-
Trade and other receivables	54,044	30,128	39,872
Leasing Receivable	2,356	2,302	4,096
Financial assets measured at amortised cost	1,731	940	1,858
Other financial assets measured at amortised cost	222,397	267,687	306,026
Other current financial assets	4,222	4,222	-
Cash and cash equivalents	121,275	47,964	55,546
TOTAL ASSETS	**838,436**	**792,764**	**850,170**

EQUITY AND LIABILITIES	31.03.2020	31.12.2019	31.03.2019
Equity	**498,365**	**479,843**	**509,074**
Share capital	63,865	63,865	63,865
Other reserves	(191)	(187)	(141)
Retained earnings	434,691	416,165	445,350
Non-current liabilities	**269,136**	**275,299**	**274,988**
Liabilities under bonds issue	244,447	244,350	244,059
Employee benefits payable	682	682	595
Lease liabilities	14,463	15,826	19,159
Accruals and deferred income	2,085	809	-
Deferred tax liability	-	4,705	777
Other liabilities	6,909	8,355	10,398
Current liabilities	**70,935**	**37,622**	**66,108**
Liabilities under bond issue	2,087	1,932	2,067
Trade payables	16,933	7,970	13,980
Employee benefits payable	11,239	10,579	6,684
Deferred tax liability	1,417	-	5,755
Contract liabilities	27,515	1,390	26,100
Provisions for other liabilities and charges	-	95	47
Other liabilities	6,670	10,401	6,234
TOTAL EQUITY AND LIABILITIES	**838,436**	**792,764**	**850,170**

Source: Company

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

	For the three-month period ended		
	31.03.2020	31.12.2019	31.03.2019
Cash flows from operating activities	**35,882**	**10,434**	**33,571**
Cash generated from operating activities	43,674	15,167	40,635
Advances received from related parties in TG	-	2,991	-
Income tax (paid)/refunded	(7,792)	(7,724)	(7,064)
Cash flows from investing activities	**40,286**	**2,701**	**2,894**
In:	**206,437**	**176,523**	**199,589**
Sale of property, plant and equipment and intangible assets	1	-	3
Sale of financial assets measured at amortised cost	204,388	175,651	197,630
Interest received on financial assets measured at amortised cost	1,401	943	1,504
Sublease payments (interest)	72	(78)	123
Sublease payments (principal)	575	(90)	328
Interest received on loans granted	-	(3)	1
Repayment of a loan granted to a related party	-	100	-
Out:	**(166,151)**	**(173,822)**	**(196,695)**
Purchase of property, plant and equipment and advances for property, plant and equipment	(4,296)	(2,801)	(845)
Purchase of intangible assets and advances for intangible assets	(2,333)	(1,283)	(850)
Purchase of financial assets measured at amortised cost	(159,322)	(165,638)	(194,000)
Loan granted	(200)	(100)	-
Investments in subsidiaries	-	(4,000)	(1,000)
Cash flows from financing activities:	**(3,147)**	**(2,337)**	**(2,854)**
In:	**-**	**1,072**	**-**
Grants received	-	1,072	-
Out:	**(3,147)**	**(3,409)**	**(2,854)**
Dividend paid	-	(47)	-
Interest paid on bonds	(1,656)	(1,999)	(1,656)
Lease payments (interest part of lease payments)	(158)	(166)	(179)
Lease payments (principal part of lease payments)	(1,333)	(1,197)	(1,019)
Net (decrease) / increase in cash and cash equivalents	**73,021**	**10,798**	**33,611**
Impact of change of fx rates on cash balance in foreign currencies	290	(512)	(32)
Cash and cash equivalents - opening balance	**47,964**	**37,678**	**21,967**
Cash and cash equivalents - closing balance	**121,275**	**47,964**	**55,546**

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 three-month period ended 31 March 2019	-	-	10,838	**10,838**
Other comprehensive income	-	1	(2)	**(1)**
Total comprehensive income for the three-month period ended 31 March 2020	**-**	**1**	**10,836**	**10,837**
Other changes in equity	-	**-**	(2)	**(2)**
As at 31 March 2019	**63,865**	**(141)**	**445,350**	**509,074**
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**
Total comprehensive income for the year ended 31 December 2019	**-**	**(45)**	**115,123**	**115,078**
As at 31 December 2019	**63,865**	**(187)**	**416,166**	**479,844**
As at 1 January 2020	**63,865**	**(187)**	**416,165**	**479,843**
Net profit for the three-month period ended 31 March 2020	-	-	18,524	**18,524**
Other comprehensive income	-	(4)	-	(4)
Total comprehensive income for the three-month period ended 31 March 2020	**-**	**(4)**	**18,524**	**18,520**
As at 31 March 2020	**63,865**	**(191)**	**434,689**	**498,365**

Source: Company

XIII. Appendices

Condensed Consolidated Interim Financial Statements for the three-month period ended 31 March 2020

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE
GIEŁDA PAPIERÓW WARTOŚCIOWYCH W WARSZAWIE S.A. GROUP
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at	
		31 March 2020 *(unaudited)*	31 December 2019
Non-current assets:		**587,842**	**590,114**
Property, plant and equipment	2.1.	98,234	101,968
Right-to-use assets		21,323	22,725
Intangible assets	2.2.	246,011	246,649
Investment in entities measured by equity method	2.4.	211,737	210,327
Investment in non-consolidated subsidiaries	2.3.	4,000	4,000
Sublease receivables		566	523
Deferred tax asset		2,844	464
Financial assets measured at fair value through other comprehensive income		113	120
Prepayments		1,719	2,043
Other non-current assets		1,295	1,295
Current assets:		**740,208**	**666,680**
Inventories		13	47
Corporate income tax receivable		-	4,132
Trade receivables and other receivables	2.5.1.	68,068	45,232
Sublease receivables		239	190
Contract assets		1,856	2,415
Financial assets measured at amortised cost	2.5.2.	243,280	328,998
Other current assets		4,397	4,382
Cash and cash equivalents	2.5.3.	422,355	281,284
TOTAL ASSETS		**1,328,050**	**1,256,794**

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

2 DATA FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – CONTINUED

	Note	As at	
		31 March 2020 *(unaudited)*	31 December 2019
Equity:		**901,577**	**873,486**
Equity of shareholders of the parent entity:		900,965	872,881
Share capital		*63,865*	*63,865*
Other reserves		*514*	*1,089*
Retained earnings		*836,586*	*807,927*
Non-controlling interests		612	605
Non-current liabilities:		**276,854**	**283,502**
Liabilities on bonds issue	2.7.	244,448	244,350
Employee benefits payable		960	960
Lease liabilities		14,840	16,204
Contract liabilities	2.8.	550	572
Accruals and deferred income	2.9.	7,532	6,389
Deferred tax liability		360	5,386
Other liabilities	2.10.	8,164	9,641
Current liabilities:		**149,619**	**99,807**
Liabilities on bonds issue	2.7.	2,087	1,932
Trade payables		21,408	11,561
Employee benefits payable		15,788	17,175
Lease liabilities		5,207	5,181
CIT payable		2,367	1,555
Contract liabilities	2.8.	35,629	4,364
Accruals and deferred income	2.9.	1,080	767
Provisions for other liabilities and other charges, incl.:		22,474	15,563
VAT correction	4.9.	*22,474*	*15,468*
Other liabilities	2.10.	43,579	41,709
TOTAL EQUITY AND LIABILITIES		**1,328,050**	**1,256,794**

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

DATA FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Three-month period ended 31 March	
		2020 (unaudited)	2019 (unaudited)
Sales revenue		97,039	84,156
Operating expenses		(56,061)	(54,322)
(Losses) on impairment of receivables	2.6.	(1,061)	(1,131)
Other income		1,238	1,330
Other expenses		(866)	(654)
Operating profit		**40,289**	**29,379**
Financial income		4,278	2,095
Financial expenses, incl.:		(9,101)	(2,115)
VAT correction	4.9.	*(7,006)*	-
Share of profit/(losses) of entities measured by equity method	2.4.	1,981	989
Profit before tax		**37,447**	**30,348**
Income tax	2.11.	(8,180)	(5,896)
Profit for the period		**29,267**	**24,452**
Gains/(losses) on valuation of financial assets measured at fair value through other comprehensive income		*(4)*	*2*
Gains/(losses) on valuation of financial assets measured at fair value through other comprehensive income (entities measured by equity method)		*(571)*	*(371)*
Total items that may be reclassified to profit or loss		(575)	(369)
Total other comprehensive income after tax		**(575)**	**(369)**
Total comprehensive income		**28,692**	**24,083**
Profit for the period attributable to shareholders of the parent entity		*29,260*	*24,452*
Profit for the period attributable to non-controlling interests		*7*	*-*
Total profit for the period		**29,267**	**24,452**
Comprehensive income attributable to shareholders of the parent entity		*28,685*	*24,083*
Comprehensive income attributable to non-controlling interests		*7*	*-*
Total comprehensive income		**28,692**	**24,083**
Basic / Diluted earnings per share (PLN)		**0,70**	**0,58**

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

4 DATA FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Three-month period ended 31 March	
		2020 (unaudited)	2019 (unaudited)
Total net cash flows from operating activities		**67,121**	**102,402**
Net profit of the period		**29,267**	**24,452**
Adjustments:		**48,342**	**87,066**
Income tax	2.11.	8,180	5,896
Depreciation and amortisation	3.	9,815	9,186
Share of (profit)/loss of entities measured by equity method	2.4.	(1,980)	(989)
(Gains) of financial assets measured at amortised cost		(1,177)	(1,154)
Interest on bonds		1,813	1,787
Other adjustments		(1,770)	432
Change of assets and liabilities:		33,461	71,908
Inventories		*34*	*12*
Trade receivables and other receivables	2.5.1.	*(22,836)*	*2,879*
Trade payables		*9,847*	*11,280*
Contract assets		*559*	*(792)*
Contract liabilities	2.8.	*31,243*	*29,095*
Non-current prepayments		*324*	*376*
Accruals and deferred income	2.9.	*1,456*	*(139)*
Employee benefits payable		*(1,387)*	*(1,384)*
Other liabilities (excluding contracted investments and dividend payable)		*8,787*	*30,602*
Provisions for liabilities and other charges		*6,911*	*(21)*
Other non-current liabilities	2.10.	*(1,477)*	-
Income tax (paid)/refunded		**(10,488)**	**(9,116)**

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

5 DATA FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

CONSOLIDATED STATEMENT OF CASH FLOWS – CONTINUED

	Note	Three-month period ended 31 March	
		2020 (unaudited)	2019 (unaudited)
Total cash flows from investing activities:		**75,979**	**14,476**
In:		**256,961**	**214,841**
Sale of property, plant and equipment and intangible assets		110	1,535
Sale of financial assets measured at amortised cost		254,887	-
Interest on financial assets measured at amortised cost		1,825	1,621
Sale of financial assets measured at amortised cost		-	211,630
Sublease payments (interest)		7	11
Sublease payments (principal)		132	44
Out:		**(180,982)**	**(200,365)**
Purchase of property, plant and equipment and advances for property, plant and equipment		(4,113)	(1,233)
Purchase of intangible assets and advances for intangible assets		(7,046)	(2,832)
Purchase of financial assets measured at amortised cost		(169,623)	(196,300)
Loan granted to a related party	**4.1.3.**	(200)	-
Total cash flows from financing activities:		**(2,415)**	**(2,952)**
In:		**787**	**-**
Grants received		787	-
Out:		**(3,202)**	**(2,952)**
Interest paid on bonds		(1,656)	(1,656)
Lease payments (interest)		(167)	(182)
Lease payments (principal)		(1,379)	(1,114)
Net (decrease)/increase in cash and cash equivalents		**140,685**	**113,926**
Impact of fx rates on cash balance in currencies		*386*	*(28)*
Cash and cash equivalents - opening balance	**2.5.3.**	**281,284**	**188,724**
Cash and cash equivalents - closing balance	**2.5.3.**	**422,355**	**302,622**

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

6 DATA FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity of shareholders of the parent entity				Non-controlling interests	Total equity
	Share capital	Other reserves	Retained earnings	Total		
As at 1 January 2020	**63,865**	**1,089**	**807,927**	**872,881**	**605**	**873,486**
Net profit for the three-month period ended 31 March 2020	-	-	29,260	**29,260**	7	**29,267**
Other comprehensive income	-	(575)	-	**(575)**	-	**(575)**
Comprehensive income for the three-month period ended 31 March 2020	**-**	**(575)**	**29,260**	**28,685**	**7**	**28,692**
Other change of equity	**-**	**-**	**(602)**	**(602)**	**-**	**(602)**
As at 31 March 2020 *(unaudited)*	**63,865**	**514**	**836,586**	**900,965**	**612**	**901,577**

	Equity of shareholders of the parent entity				Non-controlling interests	Total equity
	Share capital	Other reserves	Retained earnings	Total		
As at 1 January 2019 *(previously reported)*	**63,865**	**1,267**	**824,816**	**889,948**	**590**	**890,538**
Adjustment - corporate income tax	-	-	*(2,738)*	***(2,738)***	-	***(2,738)***
As at 1 January 2019 *(restated)*	**63,865**	**1,267**	**822,078**	**887,210**	**590**	**887,800**
Dividends	-	-	(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 the year ended 31 December 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**

	Equity of shareholders of the parent entity				Non-controlling interests	Total equity
	Share capital	Other reserves	Retained earnings	Total		
As at 1 January 2019 *(previously reported)*	**63,865**	**1,267**	**824,816**	**889,948**	**590**	**890,538**
Adjustment - corporate income tax	-	-	*(2,738)*	***(2,738)***	-	***(2,738)***
As at 1 January 2019 *(restated)*	**63,865**	**1,267**	**822,078**	**887,210**	**590**	**887,800**
Net profit for the three-month period ended 31 March 2019	-	-	24,452	**24,452**	-	**24,452**
Other comprehensive income	-	(369)	-	**(369)**	-	**(369)**
Comprehensive income for the three-month period ended 31 March 2019	**-**	**(369)**	**24,452**	**24,083**	**-**	**24,083**
As at 31 March 2019 *(restated, unaudited)*	**63,865**	**898**	**846,530**	**911,293**	**590**	**911,883**

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

7 DATA FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 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"), Izba Rozliczeniowa Giełd Towarowych ("IRGiT") and InfoEngine S.A. ("IE", "InfoEngine"):

- **Energy Market**: trade in electricity on the Intra-Day Market, the Day-Ahead Market, the Commodity Forward Instruments Market, Electricity Auctions,
- **Gas Market**: trade in natural gas with physical delivery on the Intra-Day and Day-Ahead Market, the Commodity Forward Instruments Market, Gas Auctions,
- **Property Rights Market**: trade in property rights in certificates of origin of electricity 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 and Food Commodities 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 Forward Market, where products became financial instruments.

The GPW Group also operates:

- **Clearing House and Settlement System** operated by 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 (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** calculation and distribution (the benchmarks are used by financial institutions in credit and deposit agreements and in the issuance of bonds),
- 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 11 May 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.,
- 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 31 March 2020.

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

- Krajowy Depozyt Papierów Wartościowych S.A. ("KDPW"), the parent entity of the KDPW S.A. Group ("KDPW Group"),
- 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 EU IFRS.

In the opinion of the Management Board of the parent entity, in the notes to the Condensed Consolidated Interim Financial Statements of the Giełda Papierów Wartościowych w Warszawie S.A. Group, GPW included all material information necessary for the proper assessment of the assets and the financial position of the Group as at 31 March 2020 and its financial results in the period from 1 January 2020 to 31 March 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 three-month period ended 31 March 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:

- Update to references of the IFRS Conceptual Framework,

The Update includes a reference to the principle of substance over form and a definition of reporting entity. The Update of the Conceptual Framework improves the definition of assets and liabilities, defines income (as increases in assets or decreases in liabilities) and expenses (as decreases in assets or increases in liabilities). The Update directly links the disclosure criteria for information with qualitative characteristics. The Update modifies measurement methods (historical cost and current value) and measurement guidelines. The Update includes a new chapter dedicated to the presentation and disclosure of information in financial statements and the recognition of income and expenses in the statement of comprehensive income.

- 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.

2. NOTES TO THE STATEMENT OF FINANCIAL POSITION

2.1. PROPERTY, PLANT AND EQUIPMENT

	Period of	
	3 months ended 31 March 2020 *(unaudited)*	12 months ended 31 December 2019
Net carrying amount - opening balance	**101,968**	**108,158**
Additions	640	10,214
Reclassification and other adjustments	4	(12)
Disposals	(82)	(181)
Depreciation charge*	(4,296)	(16,210)
Net carrying amount - closing balance	**98,234**	**101,968**

**Depreciation at PLN 50 thousand as at 31 March 2020 and PLN 163 thousand as at 31 December 2019 was capitalised to intangible assets in construction (licences).*

Contracted investments in plant, property and equipment amounted to PLN 105 thousand as at 31 March 2020, including mainly the acquisition of IT hardware for the GPW Data project as well as furniture.

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 Platform.

2.2. INTANGIBLE ASSETS

	Period of	
	3 months ended 31 March 2020 *(unaudited)*	12 months ended 31 December 2019
Net carrying amount - opening balance	**246,649**	**254,564**
Additions	3,602	11,639
Reclassification and other adjustments	(90)	-
Capitalised depreciation	56	168
Disposals	-	(3,955)
Depreciation charge*	(4,206)	(15,767)
Net carrying amount - closing balance	**246,011**	**246,649**

**Depreciation at PLN 6 thousand as at 31 March 2020 and PLN 5 thousand as at 31 December 2019 was capitalised to intangible assets in construction (licences).*

Contracted investments in intangible assets amounted to PLN 1,060 thousand as at 31 March 2020, including mainly the EPIA platform in TGE, the GRC system, server time synchronisation software and the new Indexator in GPW , as well as other legal, advisory and IT services.

Contracted investments in intangible assets amounted to PLN 1,287 thousand as at 31 December 2019, including mainly the GRC system, server time synchronisation software and the new Indexator in GPW, the EPIA and XBID platforms in TGE, and the Food Platform.

10 DATA FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

2.3. INVESTMENT IN SUBSIDIARIES EXCLUDED FROM CONSOLIDATION

The subsidiaries GPWT and GPWV were excluded from consolidation as immaterial as at 31 March 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 31 March 2020 and as at 31 December 2019 at cost, i.e., PLN 1,000 thousand and PLN 3,000 thousand, respectively.

2.4. INVESTMENT IN ENTITIES MEASURED BY EQUITY METHOD

The GPW Group's investments measured by equity method as at 31 December 2019 and as at 31 March 2020 included: KDPW, CG, and PAR.

The shareholders of PAR (in equal parts, one-third each) as at 31 March 2020 and as at 31 December 2019 were: the Exchange, Polski Fundusz Rozwoju S.A. ("PFR"), and Biuro Informacji Kredytowej S.A. ("BIK"). The entire investment in the amount of PLN 1,089 thousand was written off as impaired as at 30 September 2019.

	As at	
	31 March 2020 *(unaudited)*	31 December 2019
KDPW S.A. Group	194,475	193,197
Centrum Giełdowe S.A.	17,262	17,129
Polska Agencja Ratingowa S.A.	-	-
Total	**211,737**	**210,327**

	As at/For the period	
	31 March 2020 *(unaudited)*	31 December 2019
Opening balance	**210,327**	**207,267**
Dividends due to GPW S.A.	-	(7,007)
Share of net profit/(loss)	*1,980*	*11,479*
Other increase/(decrease) of profit	-	*(217)*
Total Group share of profit/(loss) after tax	1,980	11,262
Share in other comprehensive income	(571)	(107)
Impairment of investment in an entity measured by equity method	-	(1,089)
Closing balance	**211,737**	**210,327**

11 DATA FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

2.5. FINANCIAL ASSETS

2.5.1. TRADE RECEIVABLES AND OTHER RECEIVABLES

	Note	As at	
		31 March 2020 *(unaudited)*	31 December 2019
Gross trade receivables		58,680	41,039
Impairment allowances for trade receivables	2.6.	(6,703)	(6,039)
Total trade receivables		**51,977**	**35,000**
Current prepayments		10,310	5,290
VAT refund receivable		-	113
Sublease receivables		340	13
Grants receivables		1,486	562
Other receivables		3,955	4,254
Total other receivables		**16,091**	**10,232**
Total trade receivables and other receivables		**68,068**	**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.

2.5.2. FINANCIAL ASSETS MEASURED AT AMORTISED COST

	As at	
	31 March 2020 *(unaudited)*	31 December 2019
Corporate bonds	89,727	89,958
Bank deposits	153,352	239,040
Loans granted	201	-
Total current	**243,280**	**328,998**
Total financial assets measured at amortised cost (over 3 months)	**243,280**	**328,998**

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

2.5.3. CASH AND CASH EQUIVALENTS

	As at	
	31 March 2020 *(unaudited)*	31 December 2019
Current accounts (other)	86,782	135,119
VAT current accounts (split payment)	186	3,265
Bank deposits	335,387	142,900
Total cash and cash equivalents	**422,355**	**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 and GPW Data (see Note 4.4), the Group opened dedicated bank accounts for each of those projects. The total balance in those accounts was PLN 1,259 thousand as at 31 March 2020 (PLN 627 thousand as at 31 December 2019). Cash in such accounts is classified by the Group as restricted cash.

12 DATA FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

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 31 March 2020, impairment losses for assets were adjusted as follows:

	As at	
	31 March 2020 *(unaudited)*	31 December 2019
Impairment of trade receivables - opening balance	**6,039**	**5,349**
Change of allowance balances - expected loss model (IFRS 9)	1,060	1,542
Receivables written off during the period as uncollectible	(8)	(852)
Reclassified to other receivables	(388)	-
Impairment of trade receivables - closing balance	**6,703**	**6,039**

In the period from 1 January 2020 to 31 March 2020, there were the following changes in estimates:

- provisions against a VAT correction were increased by PLN 7,006 thousand (see: Note 4.9);
- provisions against employee benefits were reduced by PLN 1,389 thousand (provision additions of PLN 4,716 thousand, usage of PLN 5,353 thousand, released provisions of PLN 752 thousand).

2.7. BOND ISSUE LIABILITIES

	As at	
	31 March 2020 *(unaudited)*	31 December 2019
Series C bonds	124,620	124,556
Series D and E bonds	119,827	119,794
Total non-current	**244,448**	**244,350**
Series C bonds	1,679	683
Series D and E bonds	408	1,250
Total current	**2,087**	**1,932**
Total liabilities under bond issue	**246,535**	**246,282**

Series C bonds

On 6 October 2015, the Exchange issued 1,250,000 series C unsecured bearer bonds in a total nominal amount of PLN 125 million. The nominal amount and the issue price was PLN 100 per bond. The series C bonds bear interest at a fixed rate of 3.19 percent per annum. Interest on the bonds is paid semi-annually. The bonds are due for redemption on 6 October 2022 against the payment of the nominal value to the bond holders.

The series C bonds were introduced to trading in the alternative trading system on Catalyst.

The fair value of the series C bonds was PLN 125,471 thousand as at 31 March 2020 (PLN 128,265 thousand as at 31 December 2019).

Series D and E bonds

On 13 October 2016, the Exchange issued 1,200,000 unsecured bearer bonds with a nominal value of PLN 100 per bond and a total nominal value of PLN 120 million. The bonds were issued in January 2017 in two series: series D bonds with a total nominal value of PLN 60 million and series E bonds with a total nominal value of PLN 60 million. The issue price of series D bonds addressed to institutional investors was PLN 100 per bond. The issue price of series E bonds addressed to individual investors was from PLN 99.88 to PLN 99.96 (depending on the date of subscription).

The series D and E bonds bear interest at a floating rate equal to WIBOR 6M plus a margin of 95 basis points. The interest on the bonds is paid semi-annually. The bonds are due for redemption on 31 January 2022.

13 DATA FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

The series D and E bonds were introduced to trading on the Catalyst regulated market operated by GPW and in the Catalyst ATS operated by BondSpot.

The fair value of the series D and E bonds was PLN 119,669 thousand as at 31 March 2020 (PLN 122,470 thousand as at 31 December 2019).

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	
	31 March 2020 *(unaudited)*	31 December 2019
Listing	*550*	*572*
Total financial market	550	572
Total non-current	**550**	**572**
Trading	*1,400*	*1,115*
Listing	*13,112*	*192*
Information services and revenue from the calculation of reference rates	*15,192*	*762*
Total financial market	29,704	2,069
Trading	*5,731*	*2,216*
Total commodity market	5,731	2,216
Other revenue	194	79
Total current	**35,629**	**4,364**
Total contract liabilities	**36,179**	**4,936**

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	
	31 March 2020 *(unaudited)*	31 December 2019
PCR	4,426	4,520
Agricultural and Food Commodities Market	1,021	1,060
New Trading System	2,085	809
Total non-current deferred income from grants	**7,532**	**6,389**
PCR	467	513
Agricultural and Food Commodities Market	613	23
New Trading System	-	231
Total current deferred income from grants	**1,080**	**767**
Total accruals and deferred income	**8,612**	**7,156**

As at 31 March 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 and Food Commodities Market,
- grant received from Narodowe Centrum Badań i Rozwoju (National Centre for Research and Development, NCBR) in the development of the New Trading System.

14 DATA FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

Details of grants are presented in Note 4.4.

2.10. OTHER LIABILITIES

	As at	
	31 March 2020 *(unaudited)*	31 December 2019
Liabilities to the Polish National Foundation	6,909	8,355
Other liabilities	1,255	1,285
Total non-current	**8,164**	**9,641**
Dividend payable	270	270
VAT payable	33,583	25,493
Liabilities in respect of other taxes	3,741	3,335
Contracted investments	4,071	11,127
Liabilities to the Polish National Foundation	1,265	1,255
Other liabilities	649	229
Total current	**43,579**	**41,709**
Total other liabilities	**51,743**	**51,350**

2.11. INCOME TAX

	Three-month period ended 31 March	
	2020 *(unaudited)*	2019 *(unaudited)*
Current income tax	15,583	13,221
Deferred tax	(7,403)	(7,325)
Total income tax	**8,180**	**5,896**

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

	Three-month period ended 31 March	
	2020 *(unaudited)*	2019 *(unaudited)*
Profit before income tax	37,447	30,348
Income tax rate	19%	19%
Income tax at the statutory tax rate	7,115	**5,766**
Tax effect of:	**1,065**	**130**
Costs which are not tax-deductible	793	308
Non-taxable share of profit of entities measured by equity method	(376)	(189)
Grants which are not taxable	(46)	-
Other adjustments	(42)	11
Total income tax	**8,180**	**5,896**

15 DATA FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

3. NOTE TO THE STATEMENT OF CASH FLOWS

	Three-month period ended 31 March	
	2020 (unaudited)	2019 (unaudited)
Depreciation of property, plant and equipment*	4,296	4,109
Depreciation of intangible assets**	4,206	3,873
Depreciation of right-to-use assets	1,313	1,204
Total depreciation	**9,815**	**9,186**

**Depreciation of property, plant and equipment recognised in the financial results of the Group was reduced with capitalised depreciation of intangible assets at PLN 50 thousand in the three-month period ended 31 March 2020. No depreciation of property, plant and equipment was capitalised in the three-month period ended 31 March 2019.*
***Depreciation of intangible assets recognised in the financial results of the Group was reduced with capitalised depreciation of intangible assets at PLN 6 thousand in the three-month period ended 31 March 2020. No depreciation of intangible assets was capitalised in the three-month period ended 31 March 2019.*

4. OTHER NOTES

4.1. 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 Group.

4.1.1. 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 GPW Group's operating expenses in the three-month period ended 31 March 2020 include an estimate cost of the annual fee at PLN 10,022 thousand. The fee charged to the expenses of the GPW Group in the three-month period ended 31 March 2019 was PLN 12,888 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.

16 DATA FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

4.1.2. TRANSACTIONS WITH SUBSIDIARIES EXCLUDED FROM CONSOLIDATION

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

	As at 31 March 2020 *(unaudited)*		Three-month period ended 31 March 2020 *(unaudited)*	
	Receivables	**Liabilities**	**Sales revenue or sublease interest**	**Operating expenses** *(including: decrease of depreciation due to subleases)*
GPW Tech:	**179**	**-**	**11**	**(11)**
leases	*131*	*-*	*1*	*(11)*
other	*48*	*-*	*10*	*-*
GPW Ventures:	**134**	**-**	**13**	**(10)**
leases	*120*	*-*	*1*	*(10)*
other	*14*	*-*	*12*	*-*
Total	**313**	**-**	**24**	**(21)**

	As at 31 December 2019		Year ended 31 December 2019	
	Receivables	**Liabilities**	**Sales revenue or sublease interest**	**Operating expenses** *(including: decrease of depreciation due to subleases)*
GPW Tech:	**163**	**-**	**16**	**(1)**
leases	*141*	*-*	*5*	*(1)*
other	*22*	*-*	*11*	*-*
GPW Ventures	**-**	**-**	**-**	**-**
Total	**163**	**-**	**16**	**(1)**

4.1.3. TRANSACTIONS WITH ENTITIES MEASURED BY EQUITY METHOD

As owner and lessee of space in the Centrum Giełdowe building, the Exchange pays rent and maintenance charges for office space, including joint property, to the building manager, Centrum Giełdowe S.A.

Transactions with PAR included office space lease and related fees.

As at 31 March 2020, PAR had a liability to GPW in respect of a PLN 200 thousand loan agreement: 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 agreement (advanced in equal parts by each of the lenders) was paid to PAR on 28 February 2020. Under the agreement, PAR is required to pay the entire loan back to the lenders plus interest at 3.4% per annum on or before 30 June 2020.

17 DATA FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

	As at 31 March 2020 (unaudited)		Three-month period ended 31 March 2019 (unaudited)	
	Receivables	Liabilities	Sales revenue or sublease interest	Operating expenses
KDPW Group	**2**	**-**	**2**	**1**
Centrum Giełdowe:	**-**	**7,380**	**-**	**867**
leases	-	*7,325*	-	*584*
other	-	*55*	-	*283*
PAR:	**470**	**-**	**52**	**-**
leases	*426*	-	*35*	-
other	*44*	-	*17*	-
Total	**472**	**7,380**	**54**	**868**

	As at 31 December 2019		Year ended 31 December 2019	
	Receivables	Liabilities	Sales revenue or sublease interest	Operating expenses
KDPW Group	**44**	**1**	**117**	**67**
Centrum Giełdowe:	**-**	**7,806**	**-**	**3,496**
leases	-	*7,516*	-	*2,254*
other	-	*290*	-	*1,242*
PAR:	**456**	**75**	**318**	**-**
leases	*456*	-	*197*	-
other	-	*75*	*121*	-
Total	**500**	**7,882**	**435**	**3,563**

Receivables from associates and joint ventures were not written off as uncollectible in the three-month perioed ended 31March 2020 and 31 March 2019. Also there were no significant impairment allowances created for receivables from associates and joint ventures at at 31 March 2020 and 31 March 2019.

4.1.4. OTHER TRANSACTIONS

Transactions with the key management personnel

The Exchange entered into no transactions with the key management personnel as at 31 March 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 868 thousand in the three-month period ended 31 March 2020 and PLN 971 thousand in the three-month period ended 31 March 2019.

4.2. 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 three-month period ended 31 March 2020 and in the three-month period ended 31 March 2019.

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

18 DATA FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

	Three-month period ended 31 March	
	2020 (unaudited)	2019 (unaudited)
Base salary	495	500
Variable pay	513	513
Other benefits	118	13
Total remuneration of the Exchange Management Board	**1,126**	**1,026**
Remuneration of the Exchange Supervisory Board	**146**	**126**
Remuneration of the Management Boards of other GPW Group companies	**804**	**792**
Remuneration of the Supervisory Boards of other GPW Group companies	**214**	**220**
Total remuneration of the key management personnel	**2,290**	**2,164**

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 31 March 2020, due (not paid) bonuses and variable remuneration of the key management personnel stood at PLN 4,178 thousand including bonuses for 2018-2020. The cost was shown in the statement of comprehensive income for 2018-2020.

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.

4.3. DIVIDENDS

The General Meeting passed no resolution distributing GPW's profit for 2019 by the date of publication of this report.

4.4. 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 system will provide superior reliability, security, and technical parameters.

The development and implementation of the new trading system will diversify the revenue base of the Exchange as the new system can be sold to other exchanges. The trading system will help to add new products to the Exchanges offer and make the Exchange even more attractive to capital market participants. The development of the Trading Platform will boost the reputation of the Exchange.

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. Grant payments will be recognised as investment in assets and other expenses (indirect eligible expenses).

GPW Data

The GPW Data project is an innovative Artificial Intelligence system supporting investment decisions of capital market participants. GPW Data will be a tool for compilation and distribution of market data. The core of the system is a data repository, which may be made available to exchange investors for in-depth research supporting decision-making and investing on the capital market. Integral modules of GPW Data will include tools supporting decision-making based on AI algorithms. Project work was initiated in 2019. The first stage is the development of financial reporting models (taxonomy) compliant with the applicable electronic reporting standards. Next steps will focus on the development of a data repository, followed by the provision of investment tools. The project is scheduled to be rolled out in the latter half of 2021.

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). Grant payments will be recognised as investment in assets and other expenses (indirect eligible expenses).

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. The Group's participation (via TGE) in the project relates mainly to the required implementation of European regulations and the special role of the energy exchange supporting the development of the energy market. The project will provide financial benefits to TGE market participants by maximising the benefits of cross-border trade in electricity.

19 DATA FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 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 refund took place under agreements signed with the operator and letters of guarantee issued by the Polish energy regulator as a partial refund of capital expenditure and operating expenses paid by the Group in the project.

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

Agricultural and Food Commodities 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 and Food Commodities Market project which will launch an electronic trading platform for certain agricultural commodities. The project will be 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.

The Agricultural and Food Commodites Market opened as a pilot in March 2020.

4.5. 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).

4.6. SEGMENT REPORTING

Segment information is disclosed in these Condensed Consolidated Interim 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. Operating segments are based on categories of services with common characteristics for which discrete financial information is available and which are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess the Group's performance. The presentation of financial data by operating segment is consistent with the management approach at Group level.

For management purposes, the Group is divided into segments based on the type of services provided. 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 as well as related activities. The Group also organises an alternative trading system and engages in capital market education, promotion and information activities.

The financial market includes three subsegments:

- trading (mainly revenue from trading fees which depends on turnover on the exchange, fees for access to and use of exchange systems);
- listing (revenue from annual securities listing fees and one-off fees, e.g., for introduction of securities to trading on the exchange);
- information services (mainly revenue from information services for data vendors, historical data, calculation and distribution of WIBOR and WIBID reference rates).

The commodity segment covers the activity of the Group including organising trade in commodities as well as related activities, e.g., operation of a clearing house and a settlement system, activity of a trade operator and the entity responsible for trade balancing.

The commodity segment includes the following sub-segments:

- trading (mainly revenue on the Energy Market from spot and forward transactions in electricity, revenue from spot and forward transactions in natural gas, revenue on the Property Rights Market from trade in certificates of origin of electricity);
- operation of the Register of Certificates of Origin of electricity (mainly revenue from issuance and cancellation of property rights in certificates of origin of electricity);
- CO_2 Allowances Market (trade in certificates of origin of electricity);
- clearing (revenue from other fees paid by market participants (members)).
- information services.

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

The Exchange Management Board monitors separately the operating results of the segments to make decisions about resources to be allocated and assess the results of their allocation and performance. Each segment is assessed up to the level of net profit or loss.

Transaction prices of transactions between the operating segments are set at arm's length, as for transactions with non-related parties.

The Group's business segments focus their activities on the territory of Poland.

The tables below present a reconciliation of the data analysed by the Exchange Management Board with the data shown in these consolidated financial statements.

	Three-month period ended 31 March 2020 *(unaudited)*					
	Financial segment	**Commodity segment**	**Other**	**Total segments**	**Exclusions and adjustments**	**Total segments and exclusions**
Sales revenue:	59,658	38,254	2,949	**100,861**	(3,822)	**97,039**
To third parties	*58,719*	*38,149*	*171*	***97,039***	-	***97,039***
Between segments	*939*	*105*	*2,778*	***3,822***	*(3,822)*	-
Operating expenses, including:	(39,569)	(20,443)	-	**(60,012)**	3,951	**(56,061)**
depreciation	*(6,866)*	*(3,229)*	-	***(10,095)***	-	***(10,095)***
Profit/(loss) on sales	**20,089**	**17,811**	**2,949**	**40,849**	**129**	**40,978**
Impairment losses on receivables	(737)	(324)	-	**(1,061)**	-	**(1,061)**
Other income	682	584	-	**1,266**	(28)	**1,238**
Other expenses	(880)	(8)	-	**(888)**	22	**(866)**
Operating profit/(loss)	**19,154**	**18,063**	**2,949**	**40,166**	**123**	**40,289**
Financial income, including:	3,336	1,014	-	**4,350**	(72)	**4,278**
interest income	*1,288*	*918*	-	***2,206***	*(72)*	***2,134***
Financial expenses, including:	(2,093)	(7,127)	-	**(9,220)**	119	**(9,101)**
interest cost	*(2,091)*	*(96)*	-	***(2,187)***	*113*	***(2,074)***
VAT correction	-	*(7,006)*	-	***(7,006)***	-	***(7,006)***
Share of profit/(loss) of entities measured by equity method	-	-	-	-	1,981	**1,981**
Profit before income tax	**20,397**	**11,950**	**2,949**	**35,296**	**2,151**	**37,447**
Income tax	(4,571)	(3,609)	-	**(8,180)**	-	**(8,180)**
Net profit	**15,826**	**8,341**	**2,949**	**27,116**	**2,151**	**29,267**

	As at 31 March 2020 *(unaudited)*					
	Financial segment	**Commodity segment**	**Total segments**	**Adjustments for investments measured by equity method**	**Other exclusions and adjustments**	**Total segments and exclusions**
Total assets	1,077,052	205,564	**1,282,616**	200,085	(154,651)	**1,328,050**
Total liabilities	400,119	52,424	**452,543**	-	(26,070)	**426,473**
Net assets (assets - liabilities)	**676,933**	**153,140**	**830,073**	**200,085**	**(128,581)**	**901,577**

21 DATA FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

	Three-month period ended 31 March 2019 (unaudited)					
	Financial segment	Commodity segment	Other	Total segments	Exclusions and adjustments	Total segments and exclusions
Sales revenue:	50,159	34,666	1,769	**86,594**	(2,438)	**84,156**
To third parties	*49,486*	*34,550*	*120*	***84,156***	-	***84,156***
Between segments	*673*	*116*	*1,649*	***2,438***	*(2,438)*	***-***
Operating expenses, including:	(37,118)	(19,667)	-	**(56,785)**	2,463	**(54,322)**
depreciation	*(5,660)*	*(3,290)*	-	***(8,950)***	-	***(8,950)***
Profit/(loss) on sales	**13,041**	**14,999**	**1,769**	**29,809**	**25**	**29,834**
Impairment losses on receivables	(891)	(240)	-	**(1,131)**	-	**(1,131)**
Other income	1,114	219	-	**1,333**	(3)	**1,330**
Other expenses	(648)	(6)	-	**(654)**	-	**(654)**
Operating profit/(loss)	**12,616**	**14,972**	**1,769**	**29,357**	**22**	**29,379**
Financial income, including:	1,403	812	-	**2,215**	(120)	**2,095**
interest income	*1,202*	*609*	-	***1,811***	*(120)*	***1,691***
Financial expenses, including:	(2,082)	(156)	-	**(2,238)**	123	**(2,115)**
interest cost	*(1,840)*	*(48)*	-	***(1,888)***	*123*	***(1,765)***
Share of profit/(loss) of entities measured by equity method	-	-	-	**-**	989	**989**
Profit before income tax	**11,937**	**15,628**	**1,769**	**29,334**	**1,014**	**30,348**
Income tax	(2,877)	(3,019)	-	**(5,896)**	-	**(5,896)**
Net profit	**9,060**	**12,609**	**1,769**	**23,438**	**1,014**	**24,452**

	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**

4.7. RISK OF THE SARS-COV-2 PANDEMIC

As an operator of Poland's capital market, electricity and gas market infrastructure, the Group is exposed to moderate operational and financial risk generated by the outbreak of the SARS-CoV-2 pandemic.

The Exchange Management Board and the Management Boards of the subsidiaries have taken a number of measures to mitigate the risk.

22 DATA FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

Identified operational risks include:

- periodic HR shortages caused by potential coronavirus infection and/or quarantine of the Group employees: Increased absenteeism is due to child-care benefits used by some employees following the closing of all schools and universities in Poland. To prevent the risk of excessive absenteeism, most of the employees have been delegated to work remotely (as at the date of this report, over 95% of staff are working remotely). The Group continuously monitors human resources across its departments. Key employees have been identified and their substitutes have been appointed. A total ban on business travel to affected countries and on the reception of employees from such regions has been imposed. The procedures in place provide for mitigating measures in the event of confirmed coronavirus infections among employees. The legal framework applicable in the GPW Group companies supports continued operation even if more than a half of members of the Exchange Management Board and the Exchange Supervisory Board and the Management Boards and Supervisory Boards of the subsidiaries were to be quarantined.
- interruption of vendors' services;

  The Group employees continuously monitor compliance with the scope and quality requirements for services provided by third-party vendors. The Group has not identified any interruption in the provision of services by telecommunication, energy, and banking suppliers. Business continuity of the Group is ensured among others by diversification of providers and recovery resources available at the back-up location.
- 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; trading in structured instruments could be suspended in the absence of market makers.

The impact of the coronavirus on the financial standing of the Group has been analysed and the following factors have been identified:

- In the case of an economic slow-down, the value of companies listed on GPW will decrease sharply, which could prompt flight of institutional and retail investors and delisting of companies. Falling numbers of investors and companies listed on GPW could reduce the liquidity of instruments traded on GPW and reduce the Group's revenue.
- A long-term downtrend could discourage retail investors from investing on the capital markets, which could have an adverse impact on the Group's revenue.
- Credit risk could materialise if Exchange Members, issuers, and members of other markets operated by the Exchange stop paying amounts due to the Group. As at the date of the publication of this report, the Group identified no material increase in the share of overdue trade receivables in total trade receivables and no indications which would require an update of the impairment matrix applicable as at 31 March 2020 to receivables under the expected loss model.
- The size and structure of the Group's financial assets suggest that the liquidity risk is low in the short and mid-term. According to the GPW investment policy, the Group's investment portfolio comprises only securities guaranteed by the State Treasury or issued (guaranteed) by institutions with a stable market position and high rating (rated above Baa2 by Moody's). As at 31 March 2020, the Exchange Management Board identified no indications of credit risk increase or impairment of financial assets held by the Group.
- Thanks to natural hedging, the Group is not exposed to a high FX risk.

The Group's procedures cover risk scenarios of the pandemic and include adequate legal solutions necessary to ensure business continuity of the Group companies. The parent entity has established a Crisis Management Team responsible for continuous monitoring and identification of risks. In consultation with the other GPW Group companies, the Crisis Management Team has prepared an action plan in the event of further escalation. As an organiser of trading, under its business continuity plan, the Group has established a range of tools, procedures and mechanisms to ensure continuity and safety of trade at a time of high market volatility.

As a part of efforts designed to calm investor sentiment in connection with the coronavirus threat, 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. The Exchange is actively present in the media, working to reinforce investor confidence. In March 2020, the Exchange Management Board decided to make a special donation of PLN 1 million for the acquisition of SARS-CoV-2 test equipment by the District Sanitary Stations in Siedlce and Radom.

In the opinion of the Exchange Management Board, the SARS-CoV-2 pandemic at this stage poses no threat to continued operation of the Group companies.

4.8. CONTINGENT ASSETS AND LIABILITIES

4.8.1. 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 1.9 million as at 31 March 2020.

4.8.2. CONTINGENT LIABILITIES

In connection with the implementation of the New Trading Platform project and GPW Data, the Exchange presented two 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 31 March 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 4.9.).

4.9. UNCERTAINTY CONCERNING VAT

According to the tax risk management policy of the GPW Group, as of 2017, tax accounts of all Group members, including IRGiT, have been reviewed on an annual basis by an independent tax advisor. In addition, following one of such reviews, in order to verify the tax risk identified in the review, the IRGiT Management Board requested independent advisors to provide opinions concerning the recognition of the 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 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 was found to be correct in the light of Union law but potentially controversial under national tax regulations. Based on the literal wording of national tax regulations, it could be found that IRGiT occasionally recognises the tax payable in respect of electricity and gas sale invoices too early and that in some financial periods it recognises the right to an input VAT deduction too early. The application of the literal wording of such regulations would result in a correction of VAT returns since December 2014 (for all periods not subject to the statute of limitation), giving rise to a VAT payable and interest to be paid by IRGiT.

Furthermore, the opinions point out that the matter is not unequivocal and may give rise to different interpretations. According to the advisors, there are arguments to conclude among others that:

- according to the VAT Directive, the methodology of input VAT deductions currently applied by IRGiT is correct and all conditions of input VAT deductions are met;
- potential payable in respect of prior uncorrected periods, subject to the statute of limitation, could be considered to be in breach of the principle of value added tax neutrality.

In view of the uncertainty concerning the amount of the potential VAT payable, guided by the principle of prudence, in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, it was decided to set up provision of PLN 15.5 million as at 31 December 2019. The provision was charged to financial expenses (including interest on tax payable). As at 31 March 2020, the provision was increased to PLN 22.5 million. As a result, estimated interest on tax payable at PLN 7.0 million was charged to the results of Q1 2020. The provision amount is the best possible estimate of the potential payable as at 31 March 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 relatively low risk 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. 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.

4.10. EVENTS AFTER THE BALANCE SHEET DATE

On 14 April 2020, the Extraordinary General Meeting of PAR increased the share capital of PAR by PLN 1,166 thousand with a new share issue. GPW as well as Polski Fundusz Rozwoju S.A. each took up new issue shares worth PLN 568 thousand at par. As at the date of publication of this report, the capital increase has not yet been registered in the National Court Register. Following the registration, GPW's stake in PAR's share capital will increase from 33% to 36%.

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:

Piotr Kajczuk – Director of the Financial Department, Chief Accountant ……………………………………

Warsaw, 11 May 2020