Stock Exchange in Warsaw S.A. ("WSE", "Company") informs that starting from 2019, condensed interim financial statements provided for the three months ended March 31 and 9 months ended September 30, provided by WSE, will not be reviewed by the auditing firm and will not include a review report. The lack of such a report is consistent with the Regulation of the Minister of Finance of March 29, 2018 regarding current and periodic information provided by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state.

Management Board Report on the Activity of the

# Giełda Papierów Wartościowych w Warszawie S.A. Group

for the three-month period ended 31 March 2019

Warsaw, April 2019

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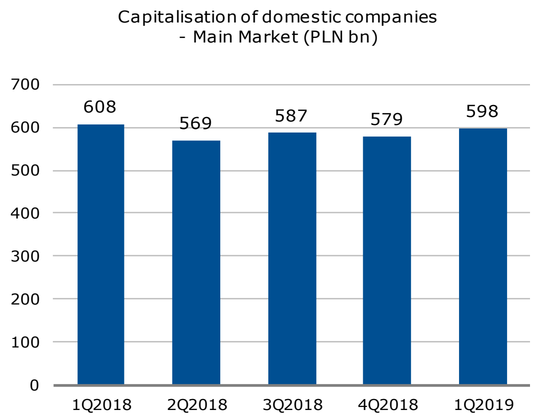
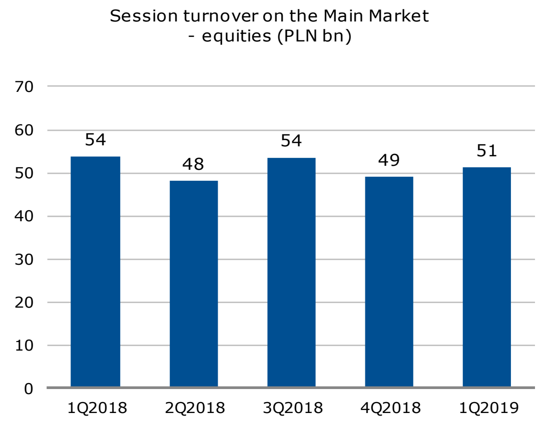
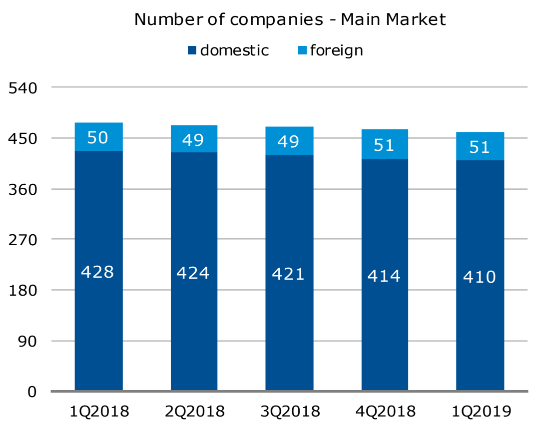
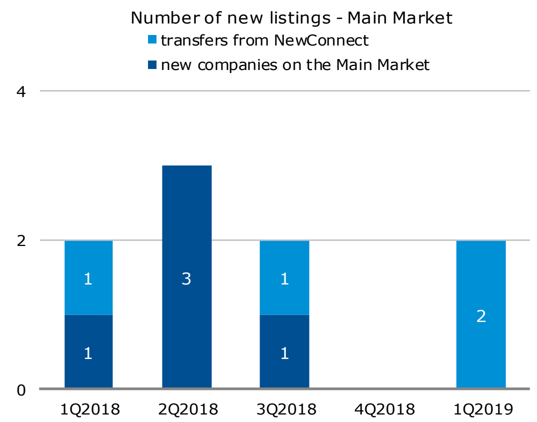
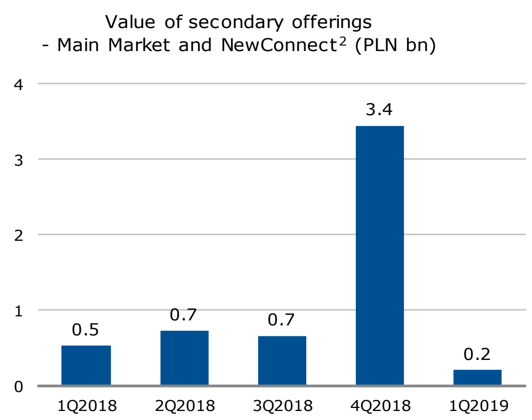
# I. Selected market data[1]

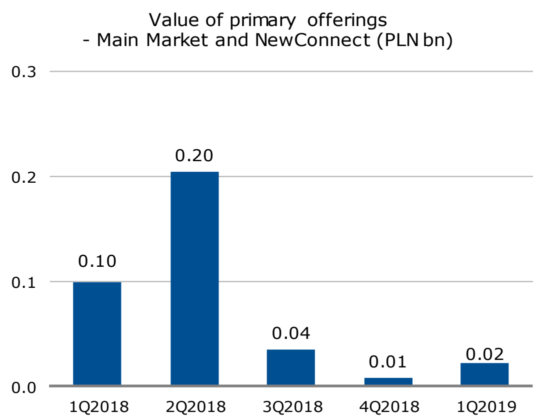


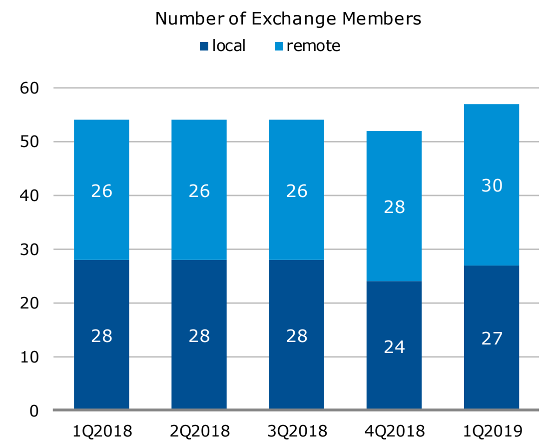



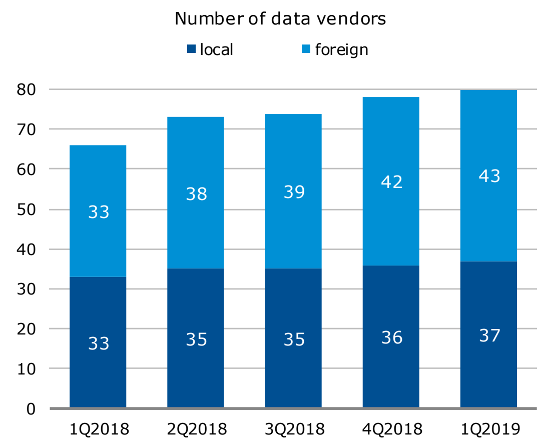



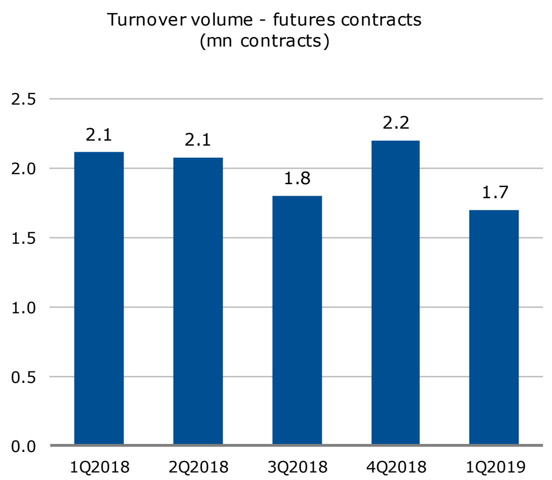



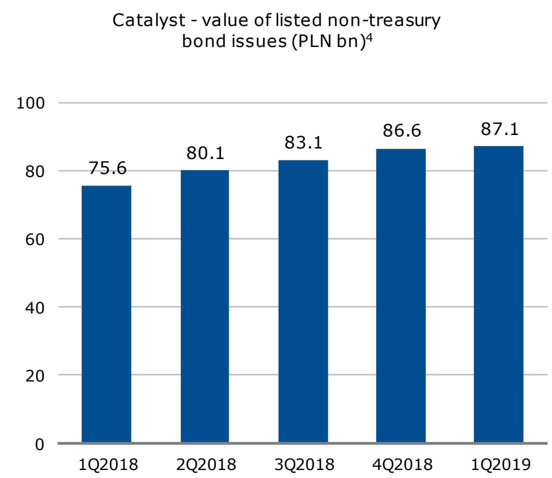



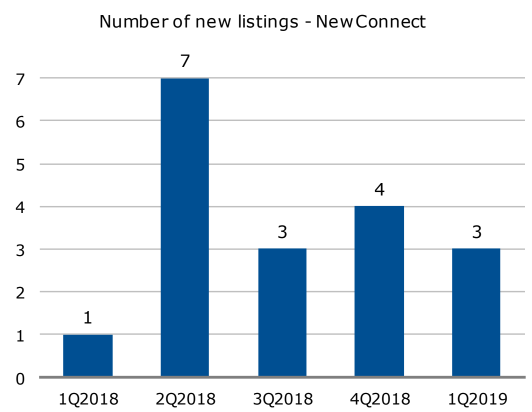

[1] All trading value and volume statistics presented in this Report are single-counted, unless indicated otherwise.
[2] Including offerings of dual-listed companies

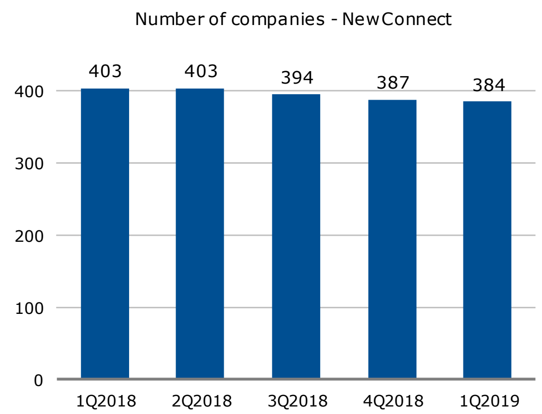


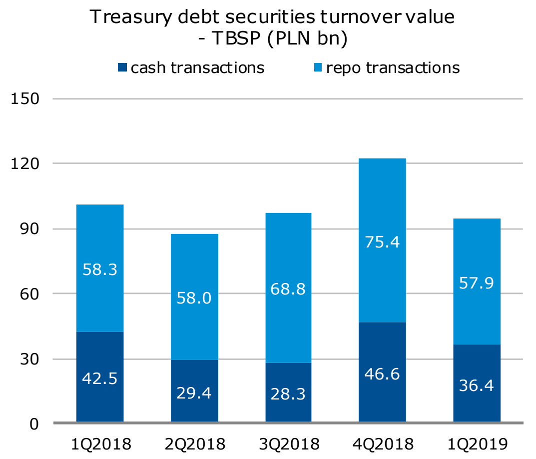



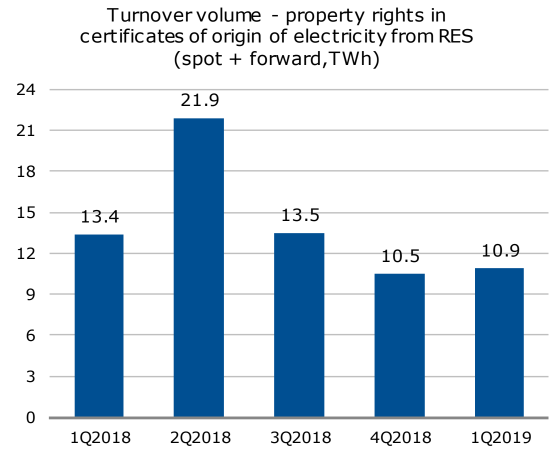



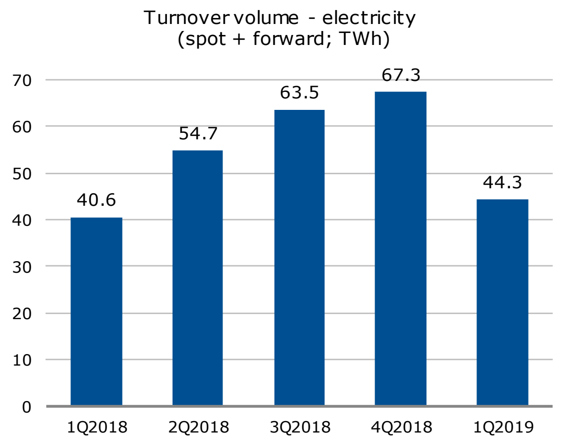



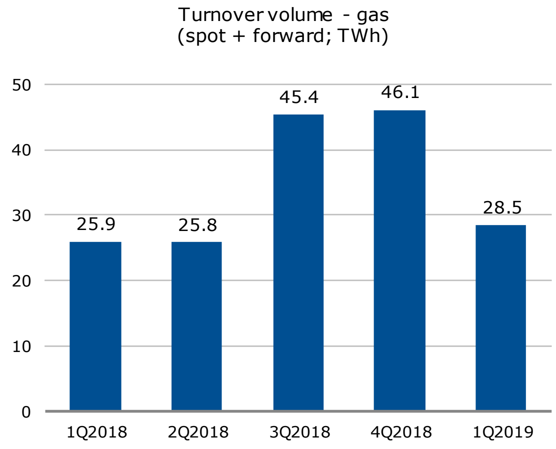



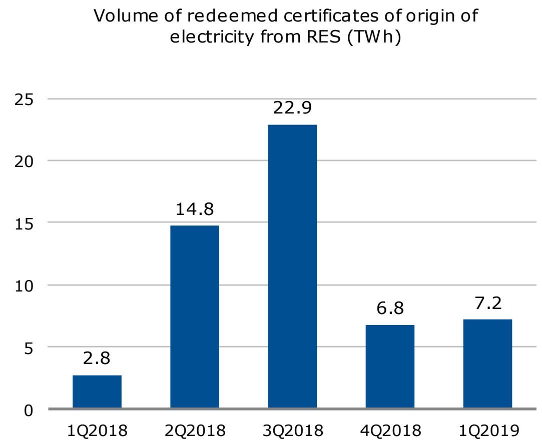

[3] The value of non-Treasury bonds as of January 2018 presented according to the new classification of bonds under MiFID2. 2017 data restated according to the new classification.

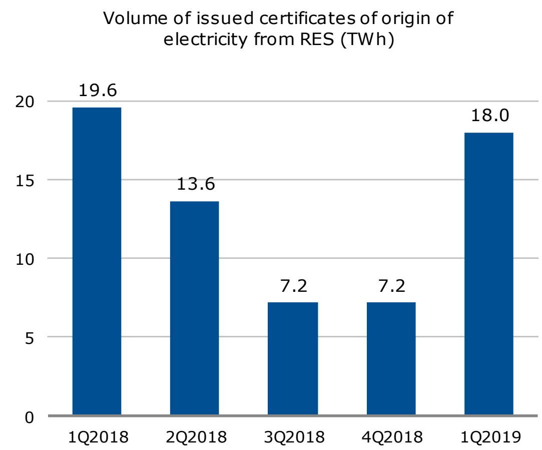

Treasury debt securities turnover value - TBSP (PLN bn)
cash transactions
repo transactions
150
120
90
60
30
0
58.3
42.5
58.0
29.4
68.8
28.3
75.4
46.6
57.9
36.4
1Q2018
2Q2018
3Q2018
4Q2018
1Q2019


Turnover volume - property rights in certificates of origin of electricity from RES (spot + forward,TWh)
24
21
18
15
12
9
6
3
0
13.4
21.9
13.5
10.5
10.9
1Q2018
2Q2018
3Q2018
4Q2018
1Q2019

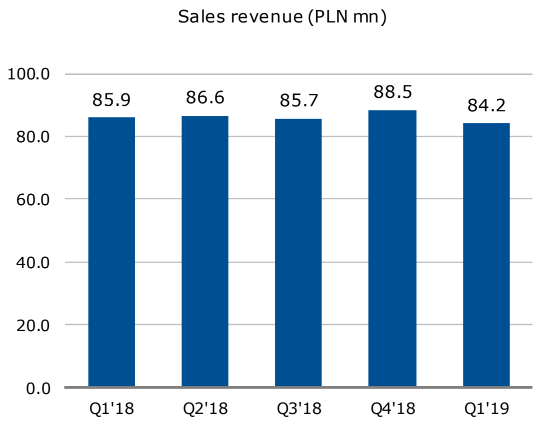

Turnover volume - electricity (spot + forward; TWh)
70
60
50
40
30
20
10
0
40.6
54.7
63.5
67.3
44.3
1Q2018
2Q2018
3Q2018
4Q2018
1Q2019

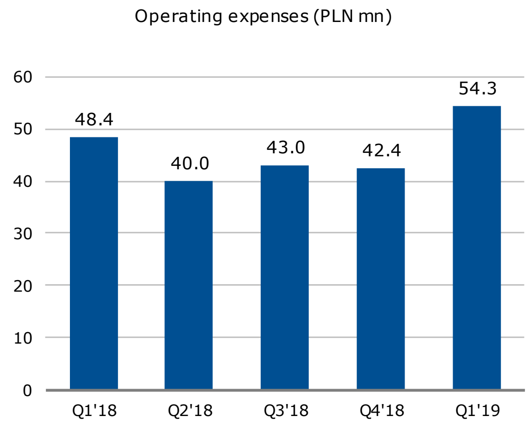

Turnover volume - gas (spot + forward; TWh)
50
40
30
20
10
0
25.9
25.8
45.4
46.1
28.5
1Q2018
2Q2018
3Q2018
4Q2018
1Q2019

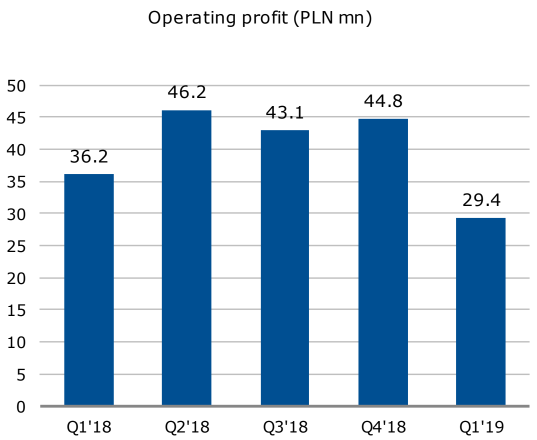

Volume of redeemed certificates of origin of electricity from RES (TWh)
25
20
15
10
5
0
2.8
14.8
22.9
6.8
7.2
1Q2018
2Q2018
3Q2018
4Q2018
1Q2019

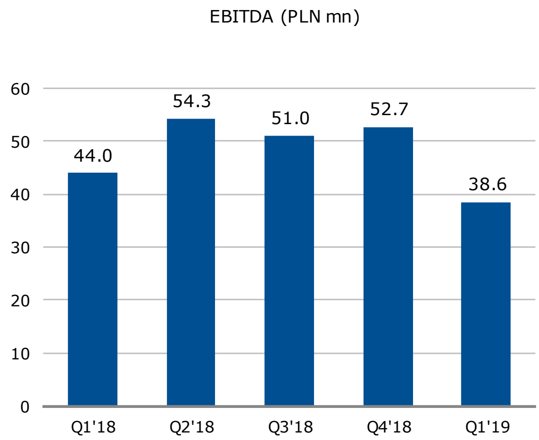

Volume of issued certificates of origin of electricity from RES (TWh)
20
15
10
5
0
19.6
13.6
7.2
7.2
18.0
1Q2018
2Q2018
3Q2018
4Q2018
1Q2019

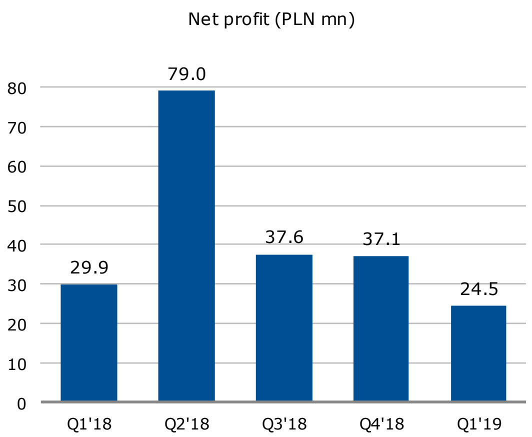
# II. Selected financial data



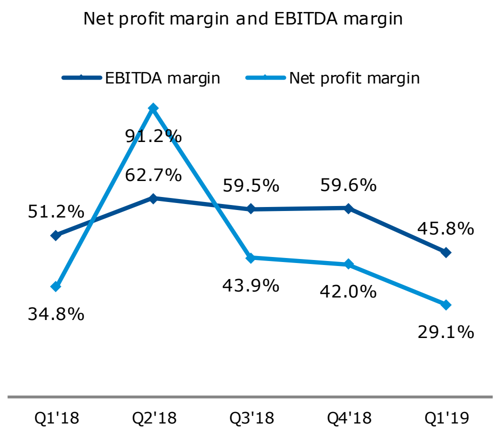



Table 1: Selected data in the consolidated statement of comprehensive income under IFRS, unaudited

| | Three-month period ended 31 March | | | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| | *PLN'000* | | *EUR'000* [1] | |
| **Sales revenue** | **84,156** | **85,936** | **19,557** | **20,412** |
| **Financial market** | **49,486** | **49,572** | **11,500** | **11,775** |
| Trading | 32,015 | 32,897 | 7,440 | 7,814 |
| Listing | 5,271 | 5,924 | 1,225 | 1,407 |
| Information services and revenue from calculation of reference rates | 12,200 | 10,750 | 2,835 | 2,553 |
| **Commodity market** | **34,550** | **36,213** | **8,029** | **8,602** |
| Trading | 15,906 | 17,738 | 3,696 | 4,213 |
| Register of certificates of origin | 7,604 | 7,126 | 1,767 | 1,693 |
| Clearing | 10,871 | 11,251 | 2,526 | 2,672 |
| Information services | 169 | 98 | 39 | 23 |
| **Other revenue** | **120** | **151** | **28** | **36** |
| **Operating expenses** | **54,322** | **48,360** | **12,624** | **11,487** |
| Other income | 1,330 | 844 | 309 | 200 |
| Impairment losses | 1,131 | 1,476 | 263 | 351 |
| Other expenses | 654 | 781 | 152 | 185 |
| **Operating profit** | **29,379** | **36,163** | **6,827** | **8,590** |
| Financial income | 2,095 | 1,867 | 487 | 444 |
| Financial expenses | 2,115 | 2,208 | 491 | 525 |
| Share of profit of entities measured by equity method | 989 | 746 | 230 | 177 |
| **Profit before income tax** | **30,348** | **36,568** | **7,052** | **8,686** |
| Income tax expense | 5,896 | 6,657 | 1,370 | 1,581 |
| **Profit for the period** | **24,452** | **29,911** | **5,682** | **7,105** |
| Basic / Diluted earnings per share[2] (PLN, EUR) | 0.58 | 0.71 | 0.13 | 0.17 |
| **EBITDA[3]** | **38,566** | **43,988** | **8,962** | **10,448** |

[1] Based on the 3M average EUR/PLN exchange rate published by the National Bank of Poland (1 EUR = 4.3032 PLN in 3M 2019 and 1 EUR = 4.2101 PLN in 3M 2018)

[2] Based on total net profit

[3] EBITDA = operating profit + depreciation and amortisation

Source: Condensed Consolidated Interim Financial Statements, Company

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

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

| | As at | | | |
|---|---|---|---|---|
| | 31 March 2019 | 31 March 2018 | 31 March 2019 | 31 March 2018 |
| | *PLN'000* | | *EUR'000* [1] | |
| **Non-current assets** | **597,748** | **580,375** | **138,969** | **134,971** |
| Property, plant and equipment | 104,498 | 108,158 | 24,295 | 25,153 |
| Right-to-use assets | 25,510 | - | 5,931 | - |
| Intangible assets | 250,073 | 254,564 | 58,139 | 59,201 |
| Investment in entities measured by equity method | 207,885 | 207,267 | 48,331 | 48,202 |
| Subleasing receivables | 1,140 | - | 265 | - |
| Deferred tax assets | 1,501 | 540 | 349 | 126 |
| Financial assets measured at fair value through other comprehensive income | 103 | 101 | 24 | 23 |
| Prepayments | 2,816 | 5,523 | 655 | 1,284 |
| Other non-current assets | 4,222 | 4,222 | 982 | 982 |
| **Current assets** | **733,234** | **636,942** | **170,468** | **148,126** |
| Inventories | 52 | 64 | 12 | 15 |
| Trade and other receivables | 66,452 | 69,437 | 15,449 | 16,148 |
| Subleasing receivables | 396 | - | 92 | - |
| Contract assets | 2,007 | 1,215 | 467 | 283 |
| Financial assets measured at amortised cost | 361,705 | 377,502 | 84,092 | 87,791 |
| Cash and cash equivalents | 302,622 | 188,724 | 70,356 | 43,889 |
| **TOTAL ASSETS** | **1,330,982** | **1,217,317** | **309,437** | **283,097** |
| Equity of the shareholders of the parent entity | 914,032 | 889,948 | 212,501 | 206,965 |
| Non-controlling interests | 590 | 590 | 137 | 137 |
| Non-current liabilities | 281,049 | 269,333 | 65,340 | 62,636 |
| Current liabilities | 135,311 | 57,446 | 31,458 | 13,360 |
| **TOTAL EQUITY AND LIABILITIES** | **1,330,982** | **1,217,317** | **309,437** | **283,097** |

[1] Based on the average EUR/PLN exchange rate of the National Bank of Poland as at 31.03.2019 (1 EUR = 4,3013 PLN) and 31.03.2018 (1 EUR = 4.3000 PLN).

Source: Condensed Consolidated Interim Financial Statements, Company

# III. Information about the GPW Group

## 1. Information about the Group

### 1.1. Background information about the Group

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

The Warsaw Stock Exchange is a leading financial instruments exchange in Central and Eastern Europe (CEE)[3]. On 29 September 2017, FTSE Russell announced its decision promoting Poland from Emerging Markets to Developed Markets. The decision took effect on 24 September 2018. Poland offers all the advantages of developed markets, including safety of trading and post-trade services, as well as 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 listed companies follow high standards of corporate governance and disclosure requirements. The markets operated by GPW list stocks and bonds of almost 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 Warsaw, Poland |
| Telephone number: | +48 (22) 628 32 32 |
| Telefax number: | +48 (22) 628 17 54, +48 (22) 537 77 90 |
| Website: | www.gpw.pl |
| E-mail: | gpw@gpw.pl |
| KRS (registry number): | 0000082312 |
| REGON (statistical number): | 012021984 |
| NIP (tax identification number): | 526-02-50-972 |

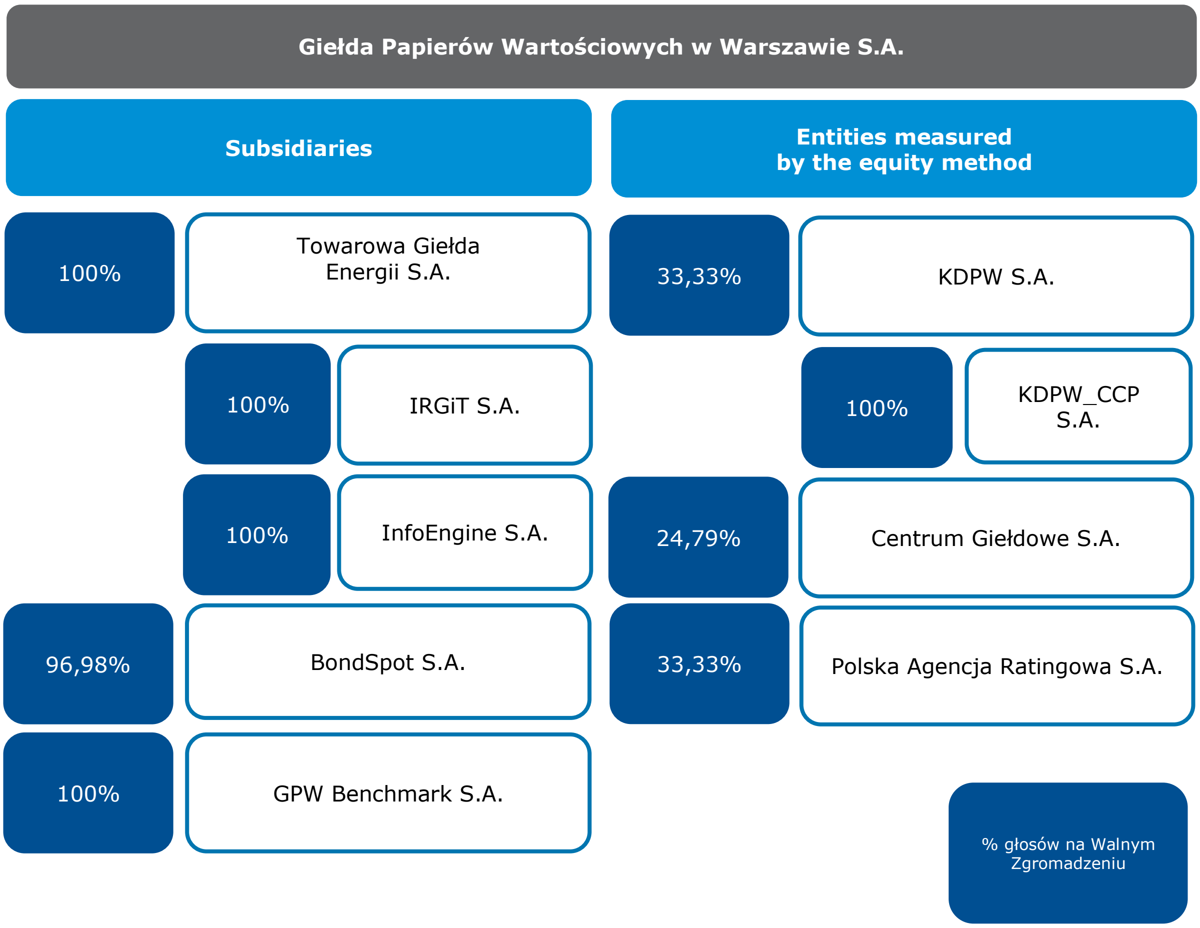
### 1.2. Organisation of the Group and the effect of changes in its structure

As at 31 March 2019, the parent entity and three consolidated subsidiaries comprised the Giełda Papierów Wartościowych w Warszawie S.A. Group. GPW held shares in three entities measured by

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

the equity method. GPW sold its interest in the entity measured by the equity method Aquis Exchange Limited in June 2018.

Figure 1 GPW Group and entities measured by the equity method




Source: Company

The subsidiaries are consolidated using full consolidation as of the date of taking control while the entities measured by the equity method are companies where the Group has significant influence or joint control.

GPW holds 19.98% of InfoStrefa S.A. in liquidation (formerly Instytut Rynku Kapitałowego WSE Research S.A.), 10% of the Ukrainian stock exchange INNEX PJSC, and 5,232 shares of the Bucharest Stock Exchange (BVB) at a par value of RON 10 per share. BVB is listed on the Bucharest Stock Exchange.

The 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 2019

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

Source: Company

As at 31 March 2019, there were 25 shares held by the Company's and the Group's managing and supervising persons, all of which were held by GPW Management Board Member Dariusz Kułakowski.

# 2. Main risks and threats related to the remaining months of 2019

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

The risk factors presented below may impact the operation of GPW in the remaining months of 2019, however the order in which they are presented does not reflect their relative importance for the Group.

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

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

The global exchange industry is strongly competitive. In the European Union, competition in the trade and post-trade sectors is amplified by legal amendments designed to harmonise legislation of the EU member states and integrate their financial markets. The GPW Group may face competition of multilateral trading facilities (MTF, CBOE) and other venues of exchange and OTC trade. Their activity on the Polish market could take away part of the trading volumes handled by the platforms operated by the Group and exert additional pressures on the level of transaction fees.

**Risk factors related to geopolitics and the global economic conditions**

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

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

**Risk factors relating to laws and regulations**

*Risk associated with amendments and interpretations of tax regulations*

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

*The GPW Group operates in a highly regulated industry and regulatory changes may have an adverse effect on the Group's business, financial position and results of operations*

The GPW Group companies operate primarily in Poland but they must comply with both national law and EU legislation. The legal system and regulatory environment can be subject to significant unanticipated changes and Polish laws and regulations may be subject to conflicting official interpretations. The capital market and the commodity market are widely subject to government regulation and increasingly strict supervision. Regulatory change may affect GPW and its subsidiaries as well as existing and prospective customers of the GPW Group's services.

*Regulatory amendments, including a transfer of assets from pension funds to individual pension accounts, could change the volume of the assets and the management approach.*

Open-ended pension funds are an important group of participants in the markets operated by the Group. As at the end of March 2019, open-ended pension funds held shares representing 21.1% of the capitalisation of domestic companies and 41.0% of shares traded on the Main Market (among shareholders holding less than 5% of the shares of a public company or classified as financial investors). In Q1 2019, open-ended pension funds generated 7.3% of trade in shares on the Main Market.

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.

In April 2019, the government published a proposal of reforming the pension system by transferring savings to Individual Savings 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. In addition, IKE savings will be subject to succession. No draft law has yet been published.

*Amendments of Polish energy laws concerning the obligation of selling electricity and natural gas on the public market could have an adverse impact on the business of the Polish Power Exchange, its financial position and results of operations*

The amended Energy Law effective as of 1 January 2019 requires energy companies which generate electricity to sell electricity produced within a year among others on commodity exchanges. The increase of the obligation announced in 2018 was changed from 30% to 100%. Although the legislative amendment took effect as of 1 January 2019, trading in electricity increased above the mandatory 30% already in 2018. The Act in its final wording provides for a range of exclusions to the obligation of trading on commodity exchanges; as a result, the effective obligation is less than 100%. The provisions will impact the volumes of trading in electricity in 2019. The maximum level of the obligation is expected to improve transparency of the energy market and curb unjustified energy price rises. The Ministry of Energy expects that the improved liquidity and transparency on the Polish Power Exchange and the limited ability of market players in a strong position to change prices will mitigate the risk of significant price volatility.

Energy companies trading in gas fuels are required to sell at least 55% of high-methane natural gas introduced to the transmission grid within the year on an exchange. Amendments to or cancellation of these requirements could reduce the activity of certain participants of the Polish Power Exchange, restrict the liquidity of trade in electricity and natural gas and the attractiveness of the commodity market for other participants.

*Changes to the cogeneration support scheme could have an adverse impact on the business of the Polish Power Exchange, its financial position and results of operations*

The existing support scheme for cogeneration electricity producers is based on transferrable certificates of origin (yellow and red certificates). The Property Rights Market in certificates of origin of electricity from high-efficiency cogeneration opened on the Polish Power Exchange on 28 December 2007. The central registry of certificates of origin is managed by the commodity exchange which operates trading in property rights under such certificates of origin. Participation in the market allows energy producers to sell property rights at an attractive price. It allows obligated energy companies to buy the necessary certificates of origin. The described model ended on 31 December 2018.

On 5 April 2018, the Ministry of Energy opened social consultations of a draft law on promotion of electricity from high-efficiency cogeneration. In October 2018, the Ministry of Energy published a draft model of the new cogeneration support scheme. The cogeneration support scheme should comply with the Commission guidelines, i.e., it should be based on auctions. The support scheme proposed by the Ministry will launch in 2019.

Those legislative amendments will end trading in yellow and red property rights as of 31 December 2018. Outstanding rights will be cancelled by June 2019.

*The Renewable Energy Sources Act, effective as of May 2015, could have an adverse impact on the business of the Polish Power Exchange, its financial position and results of operations*

The Renewable Energy Sources Act of 20 February 2015 implements a new support scheme for the production of energy from renewable energy sources (RES) based on auctions, effective as of 2016. The existing system of green certificates of origin will expire on or before 31 December 2035. The support scheme may be phased out even earlier as certificates of origin are available within 15 years after the first day of power generation in an installation (confirmed with an issued certificate of origin). For RES installations which were the first to produce energy eligible for green certificates of origin (in 2005), the period of 15 years under the Act will expire in 2020, after which the existing support scheme will be gradually phased out over the years. Furthermore, the Act allows market players eligible for support under certificates of origin to move to the auction system earlier than after 15 years. Consequently, some of them may move to the auction system early (before 2020), which could affect the results of the TGE Group.

Furthermore, the Renewable Energy Sources Act limits the group of entities eligible for support under green certificates (by excluding large hydropower installations over 5 MW) and imposes restrictions on the issuance of certificates of origin for multi-fuel combustion plants.

These modifications and other provisions of the Renewable Energy Sources Act of 20 February 2015 and its implementing regulations could affect the activity of participants of the Property Rights Market and the Register of Certificates of Origin operated by the Polish Power Exchange and thus affect the results of the TGE Group.

**Risk factors related to the business activity of the Group**

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

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

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

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

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

The changes to the model of financing supervision on the Polish capital market resulted in a reduction of exchange fees as of the beginning of 2016 in order to offset the cost of supervision paid by other market participants as of 2016. The market could exert more pressures to reduce the exchange fees even further, which could reduce the revenue of the Group and have an adverse impact on the financial position of the Group and its financial results.

*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 preparation of WIBID and WIBOR reference rate fixings from the previous organiser, the Financial Markets Association ACI Polska as of 30 June 2017. GPW Benchmark S.A. continues alignment of WIBID and WIBOR with Regulation (EU) 2016/1011. GPW Benchmark is seeking the status of administrator under the Regulation. In the transition period under the Regulation until the end of 2019, GPW Benchmark S.A. is required to apply to the Polish Financial Supervision Authority to be authorised as WIBID and WIBOR administrator. Under Commission Delegated Regulation (EU) 2019/482 of 25 March 2019 published on 25 March 2019, the Warsaw Interbank Offered Rate (WIBOR) was recognised as a critical benchmark. The Commission decision, issued by application of the Polish Financial Supervision Authority (KNF) following a positive opinion of the European Securities and Markets Authority (ESMA), confirms the systemic role of WIBOR in the functioning of the financial market in Poland. The transitional period for harmonisation with the Regulation until the end of 2019 will be extended for crucial benchmarks until the end of 2021. GPW Benchmark continues the alignment of GPW Group reference rates subject to the transitional period, including WIG indices, with the Regulation. GPW Benchmark has developed the concept of a Warsaw Repo Rate. The initiative is implemented in partnership with BondSpot S.A.

Potential disputes or reservations concerning the preparation of reference rates by a Group company could have an adverse impact on its perception by market participants and on its reputation, and entail third-party liability of the Group. Once the status of administrator is granted in connection with the application of Regulation 2016/2011 as of the beginning of 2018, any breach of the administrator’s obligations could lead to civil, administrative or criminal liability.

# IV. FINANCIAL POSITION AND ASSETS

## 1. Summary of results

The **GPW Group** generated EBITDA[4] of PLN 38.6 million in Q1 2019, a decrease of PLN 5.4 million compared to PLN 44.0 million in Q1 2018.

The **GPW Group** generated an operating profit of PLN 29.4 million in Q1 2019 compared to PLN 36.2 million in Q1 2018. The decrease of the operating profit by PLN 6.8 million year on year was a result of lower revenue (a decrease of PLN 1.8 million) and higher operating expenses (an increase of PLN 6.0 million). The decrease of revenue was driven by a decrease of revenue from the financial market by PLN 0.1 million combined with a decrease of revenue from the commodity market by PLN 1.7 million. The decrease of revenue from the commodity market was mainly driven by a decrease of revenue from trading in property rights to certificates of origin. The increase of operating expenses included mainly an increase of fees and charges by PLN 4.0 million, depreciation and amortisation by PLN 1.4 million, and salaries and other employee costs by PLN 2.0 million.

The net profit of the **Group** stood at PLN 24.5 million in Q1 2019, representing a decrease of 18.3% or PLN 5.5 million compared to the net profit of the Group generated in Q1 2018 (PLN 29.9 million). The decrease of the net profit was due to lower revenue (PLN 84.2 million in Q1 2019 v. PLN 85.9 million in Q1 2018) and higher operating expenses (PLN 54.3 million in Q1 2019 v. PLN 48.4 million in Q1 2018).

**GPW**'s EBITDA stood at PLN 19.9 million in Q1 2019, a decrease of PLN 3.2 million compared to PLN 23.1 million in Q1 2018. **GPW** generated a separate operating profit of PLN 14.5 million in Q1 2019 compared to PLN 18.1 million in Q1 2018. The decrease of **GPW**'s operating profit year on year was due to lower revenue (a decrease by PLN 0.7 million or 1.4% year on year) and higher operating expenses (an increase of PLN 3.2 million or 10.8%). **GPW**'s net profit was PLN 10.8 million in Q1 2019 compared to PLN 13.8 million in Q1 2018.

**TGE**'s EBITDA stood at PLN 11.3 million in Q1 2019 compared to PLN 13.3 million in Q1 2018. Its operating profit was PLN 8.8 million in Q1 2019 compared to PLN 11.2 million in Q1 2018. The decrease of the operating profit by PLN 2.5 million was driven by lower revenue (a decrease of PLN 1.4 million) and higher operating expenses (an increase of PLN 1.2 million). The net profit stood at PLN 7.2 million in Q1 2019 compared to PLN 9.3 million in Q1 2018.

**IRGiT**'s EBITDA stood at PLN 6.8 million in Q1 2019 compared to PLN 7.4 million in Q1 2018. Its operating profit was PLN 6.1 million in Q1 2019 compared to PLN 7.0 million in Q1 2018. The decrease of the operating profit in Q1 2019 was driven by a decrease in revenue (by 3.1% or PLN 0.4 million) and an increase of operating expenses (by 10.2% or PLN 0.5 million). The net profit stood at PLN 5.3 million in Q1 2019 compared to PLN 5.9 million in Q1 2018.

**BondSpot**'s EBITDA stood at PLN 0.3 million in Q1 2019 compared to PLN 0.5 million in Q1 2018. BondSpot's operating profit was at negative PLN 0.1 million in Q1 2019 compared to PLN 0.3 million in Q1 2018. Its net profit stood at PLN 7 thousand in Q1 2019 compared to PLN 0.3 million in Q1 2018. The decrease of the net profit and the operating profit was driven by a decrease of revenue by 8.3% or PLN 0.3 million year on year in Q1 2019 combined with an increase of operating expenses by 9.5% or PLN 0.3 million.

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

[4] Operating profit before depreciation and amortisation.

Table 4: Consolidated statement of comprehensive income of GPW Group by quarter in 2019 and 2018 and by year in 2018 and 2017

| | 2019 | 2018 | | | | 2018 | 2017 |
|---|---|---|---|---|---|---|---|
| *PLN'000* | Q1 | Q4 | Q3 | Q2 | Q1 | | |
| **Sales revenue** | **84,156** | **88,455** | **85,743** | **86,647** | **85,936** | **346,781** | **351,956** |
| **Financial market** | **49,486** | **48,083** | **47,134** | **47,063** | **49,572** | **191,852** | **208,849** |
| Trading | 32,015 | 30,601 | 30,679 | 30,103 | 32,897 | 124,280 | 141,336 |
| Listing | 5,271 | 5,661 | 5,385 | 5,835 | 5,924 | 22,805 | 24,968 |
| Information services and revenue from the calculation of benchmarks | 12,200 | 11,821 | 11,070 | 11,126 | 10,750 | 44,767 | 42,545 |
| **Commodity market** | **34,550** | **39,983** | **38,126** | **39,233** | **36,213** | **153,555** | **142,088** |
| Trading | 15,906 | 20,819 | 20,344 | 19,646 | 17,738 | 78,547 | 70,092 |
| Register of certificates of origin | 7,604 | 6,098 | 6,549 | 8,923 | 7,126 | 28,696 | 30,628 |
| Clearing | 10,871 | 12,949 | 11,130 | 10,532 | 11,251 | 45,862 | 41,019 |
| Information services | 169 | 117 | 103 | 132 | 98 | 450 | 349 |
| **Other revenue** | **120** | **389** | **483** | **351** | **151** | **1,374** | **1,019** |
| **Operating expenses** | **54,322** | **42,431** | **43,028** | **39,993** | **48,360** | **173,812** | **165,763** |
| Depreciation and amortisation | 9,187 | 7,907 | 7,948 | 8,093 | 7,825 | 31,772 | 28,325 |
| Salaries | 15,185 | 14,987 | 13,230 | 13,218 | 13,630 | 55,065 | 50,764 |
| Other employee costs | 4,219 | 3,316 | 3,254 | 3,415 | 3,780 | 13,765 | 12,081 |
| Rent and maintenance fees | 1,034 | 2,372 | 2,299 | 1,945 | 2,506 | 9,122 | 9,505 |
| Fees and charges | 13,285 | 126 | 3,790 | 244 | 9,268 | 13,428 | 6,553 |
| *incl. PFSA fees* | *12,888* | *4* | *3,506* | *5* | *9,023* | *12,538* | *5,579* |
| External service charges | 10,131 | 11,941 | 11,149 | 11,507 | 9,923 | 44,520 | 53,194 |
| Other operating expenses | 1,283 | 1,782 | 1,357 | 1,571 | 1,430 | 6,140 | 5,341 |
| Other income | 1,330 | 1,282 | 284 | 293 | 844 | 2,703 | 3,859 |
| Impairment gains/(losses) on receivables | 1,131 | 1,686 | (384) | 375 | 1,476 | 3,153 | 607 |
| Other expenses | 654 | 830 | 330 | 373 | 781 | 2,314 | 2,896 |
| **Operating profit** | **29,379** | **44,790** | **43,053** | **46,199** | **36,163** | **170,205** | **186,549** |
| Financial income | 2,095 | 2,592 | 1,789 | 48,191 | 1,867 | 54,439 | 5,550 |
| Financial expenses | 2,115 | 2,662 | 2,168 | 2,124 | 2,208 | 9,162 | 11,147 |
| Share of profit of entities measured by equity method | 989 | 1,923 | 3,412 | 4,472 | 746 | 10,553 | 10,059 |
| **Profit before income tax** | **30,348** | **46,643** | **46,086** | **96,738** | **36,568** | **226,035** | **191,011** |
| Income tax expense | 5,896 | 9,506 | 8,466 | 17,705 | 6,657 | 42,334 | 32,274 |
| **Profit for the period** | **24,452** | **37,137** | **37,620** | **79,033** | **29,911** | **183,701** | **158,737** |

**As of 1 January 2018, on the application of IFRS 9, the Group reports a line of impairment losses of receivables while comparative data have not been restated (exception under 7.2.15 of IFRS 9).*

Source: Condensed Consolidated Interim Financial Statements, Company

Table 5: Consolidated statement of financial position of GPW Group by quarter in 2017, 2018 and 2019

| | 2019 | 2018 | | | | 2017 |
|---|---|---|---|---|---|---|
| *PLN'000* | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 |
| **Non-current assets** | **597,748** | **580,375** | **575,125** | **578,568** | **580,697** | **596,354** |
| Property, plant and equipment | 104,498 | 108,158 | 106,156 | 108,245 | 108,691 | 110,784 |
| Right-to-use assets** | 25,510 | - | - | - | - | - |
| Intangible assets | 250,073 | 254,564 | 254,491 | 258,320 | 260,918 | 263,769 |
| Investment in entities measured by equity method | 207,885 | 207,267 | 203,273 | 199,929 | 195,986 | 207,389 |
| Subleasing receivables** | 1,140 | - | - | - | - | - |
| Deferred tax assets | 1,501 | 540 | 863 | 1,800 | 4,472 | 3,803 |
| Available-for-sale financial assets | - | - | - | - | - | 271 |
| Financial assets measured at fair value through other comprehensive income | 103 | 101 | 200 | 204 | 197 | - |
| Prepayments | 2,816 | 5,523 | 5,920 | 5,848 | 6,211 | 6,116 |
| Other non-current assets | 4,222 | 4,222 | 4,222 | 4,222 | 4,222 | 4,222 |
| **Current assets** | **733,234** | **636,942** | **618,283** | **693,410** | **612,539** | **550,699** |
| Inventories | 52 | 64 | 64 | 60 | 54 | 56 |
| Receivables in respect of corporate income tax | - | - | 71 | 71 | 71 | 71 |
| Trade and other receivables | 66,452 | 69,437 | 78,747 | 68,509 | 87,399 | 64,096 |
| Subleasing receivables** | 396 | - | - | - | - | - |
| Contract assets | 2,007 | 1,215 | 2,122 | 1,946 | - | - |
| Available-for-sale financial assets | - | - | - | - | - | - |
| Financial assets measured at amortised cost | 361,705 | 377,502 | 364,221 | 380,982 | 201,402 | - |
| Assets held for sale | - | - | - | - | 12,151 | - |
| Other financial assets | - | - | - | - | - | 250,590 |
| Cash and cash equivalents | 302,622 | 188,724 | 173,058 | 241,842 | 311,462 | 235,886 |
| **Total assets** | **1,330,982** | **1,217,317** | **1,193,408** | **1,271,978** | **1,193,236** | **1,147,053** |
| **Equity** | **914,622** | **890,538** | **853,355** | **815,827** | **829,346** | **799,467** |
| Share capital | 63,865 | 63,865 | 63,865 | 63,865 | 63,865 | 63,865 |
| Other reserves | 898 | 1,267 | 1,126 | 1,194 | 1,349 | 1,347 |
| Retained earnings | 849,269 | 824,816 | 787,776 | 750,185 | 763,551 | 733,682 |
| Non-controlling interests | 590 | 590 | 588 | 583 | 581 | 573 |
| **Non-current liabilities** | **281,049** | **269,333** | **268,290** | **265,955** | **264,884** | **270,781** |
| Liabilities under bond issue | 244,058 | 243,961 | 243,864 | 243,767 | 243,670 | 243,573 |
| Employee benefits payable | 1,071 | 1,147 | 1,130 | 1,239 | 1,454 | 1,454 |
| Lease liabilities** | 19,634 | - | - | - | - | - |
| Accruals and deferred income | 4,894 | 5,033 | 5,173 | 5,313 | 5,452 | 5,592 |
| Deferred income tax liability | 994 | 7,357 | 6,358 | 3,941 | 2,682 | 7,108 |
| Other liabilities | 10,398 | 11,835 | 11,765 | 11,695 | 11,626 | 13,054 |
| **Current liabilities** | **135,311** | **57,446** | **71,763** | **190,196** | **99,006** | **76,805** |
| Liabilities under bond issue | 2,068 | 1,938 | 2,099 | 1,899 | 2,070 | 1,938 |
| Trade payables | 19,855 | 8,575 | 7,905 | 18,775 | 23,849 | 21,303 |
| Employee benefits payable | 12,970 | 14,278 | 11,684 | 10,525 | 8,141 | 12,958 |
| Finance lease liabilities | - | - | - | - | 15 | 31 |
| Lease liabilities** | 5,359 | - | - | - | - | - |
| Corporate income tax payable | 7,217 | 3,158 | 1,066 | 8,688 | 1,636 | 6,012 |
| Contract liabilities | 32,676 | 3,581 | 12,533 | 22,375 | 33,037 | - |
| Accruals and deferred income * | 559 | 559 | 559 | 563 | 559 | 7,386 |
| Provisions for other liabilities and charges | 48 | 68 | 68 | 68 | 67 | 210 |
| Other current liabilities | 54,559 | 25,289 | 35,849 | 127,303 | 29,632 | 26,967 |
| **Total equity and liabilities** | **1,330,982** | **1,217,317** | **1,193,408** | **1,271,978** | **1,193,236** | **1,147,053** |

** As of 2018, deferred income is presented under contract liabilities*

*** The Group implemented IFRS 16 Leases as of 1 January, which requires the recognition of almost all contracts which meet the criteria of leases in the statement of financial position*

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 and use of the trading system.

Revenues from transactions in debt instruments were the third largest source of trading revenues on the financial market in Q1 2019. Revenues from transactions in debt instruments are generated by the Catalyst market as well as the Treasury BondSpot Poland market operated by BondSpot S.A., a subsidiary of GPW.

Revenues from transactions in other cash market instruments include fees for trading in structured products, investment certificates, warrants 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. Revenues from real-time information services include revenue from the sale of 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 as a trade operator and the entity responsible for balancing.

Other fees paid by market participants include TGE fees, including revenue from the operation of the RRM system, 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 84.2 million in Q1 2019, a decrease of 2.1% (PLN 1.8 million) year on year compared to PLN 85.9 million in Q1 2018.

The decrease in sales revenues year on year in Q1 2019 was driven mainly by a decrease in revenues from the **commodity market** segment by PLN 1.7 million or 4.6%. The decrease of the revenue was driven mainly by a decrease of trading revenue due to a decrease of revenue from trade in property rights to certificates of origin by PLN 2.2 million. Revenues from clearing decreased by PLN 0.4 million or 3.4%. Revenues from the operation of the register of certificates of origin increased by PLN 0.5 million year on year in Q1 2019. Revenue from information services on the commodity market was PLN 0.2 million in Q1 2019, representing an increase of PLN 0.1 million or 72.0% year on year. Revenues from the **financial market** decreased by PLN 0.1 million or 0.2% year on year in Q1 2019. The revenue from information services continued to grow: it increased by PLN 1.4 million or 13.5% year on year in Q1 2019. The revenue from sales of real-time data and the revenue from the calculation of reference rates increased the most year on year in Q1 2019. Trading revenue decreased by PLN 0.9 million year on year but increased quarter on quarter in Q1 2019. Listing revenue also decreased.

The revenue of **GPW** stood at PLN 48.2 million in Q1 2019, representing a decrease of 1.4% or PLN 0.7 million year on year. The revenue of **TGE** stood at PLN 22.3 million in Q1 2019 compared to PLN 23.8 million in Q1 2018, representing a decrease of PLN 1.4 million or 6.1% year on year. The revenue of **IRGiT** was PLN 11.8 million in Q1 2019, a decrease of PLN 0.4 million or 3.1% year on year. The revenue of **BondSpot** decreased and stood at PLN 2.8 million in Q1 2019 compared to PLN 3.0 million in Q1 2018.

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 2018, 31 December 2018, and 31 March 2019

| | Three-month period ended | | | | | | Change (Q1'2019 vs Q1'2018) | Change (%) (Q1'2019 vs Q1'2018) |
|---|---|---|---|---|---|---|---|---|
| *PLN'000, %* | 31 March 2019 | % | 31 December 2018 | % | 31 March 2018 | % | | |
| **Financial market** | **49,486** | **59%** | **48,083** | **54%** | **49,572** | **58%** | **(86)** | **-0.2%** |
| Trading revenue | 32,015 | 38% | 30,601 | 35% | 32,897 | 38% | (882) | -2.7% |
| Equities and equity-related instruments | 24,124 | 29% | 22,510 | 25% | 24,890 | 29% | (766) | -3.1% |
| Derivative instruments | 2,679 | 3% | 3,215 | 4% | 3,231 | 4% | (552) | -17.1% |
| Other fees paid by market participants | 2,537 | 3% | 1,947 | 2% | 1,914 | 2% | 623 | 32.5% |
| Debt instruments | 2,576 | 3% | 2,819 | 3% | 2,750 | 3% | (174) | -6.3% |
| Other cash instruments | 99 | 0% | 110 | 0% | 112 | 0% | (13) | -11.6% |
| Listing revenue | 5,271 | 6% | 5,661 | 6% | 5,924 | 7% | (653) | -11.0% |
| Listing fees | 4,602 | 5% | 4,825 | 5% | 5,091 | 6% | (489) | -9.6% |
| Introduction fees, other fees | 669 | 1% | 836 | 1% | 833 | 1% | (164) | -19.7% |
| Information services and revenue from calculation of reference rates | 12,200 | 14% | 11,821 | 13% | 10,750 | 13% | 1,450 | 13.5% |
| Real-time information and revenue from calculation of reference rates | 11,201 | 13% | 10,887 | 12% | 9,854 | 11% | 1,347 | 13.7% |
| Indices and historical and statistical information | 999 | 1% | 934 | 1% | 896 | 1% | 103 | 11.4% |
| **Commodity market** | **34,550** | **41%** | **39,983** | **45%** | **36,213** | **42%** | **(1,663)** | **-4.6%** |
| Trading revenue | 15,906 | 19% | 20,819 | 24% | 17,738 | 21% | (1,832) | -10.3% |
| Electricity | 3,227 | 4% | 5,664 | 6% | 3,121 | 4% | 106 | 3.4% |
| Spot | 929 | 1% | 904 | 1% | 744 | 1% | 185 | 24.9% |
| Forward | 2,298 | 3% | 4,760 | 5% | 2,377 | 3% | (79) | -3.3% |
| Gas | 2,375 | 3% | 3,470 | 4% | 2,258 | 3% | 117 | 5.2% |
| Spot | 714 | 1% | 711 | 1% | 1,159 | 1% | (445) | -38.4% |
| Forward | 1,661 | 2% | 2,759 | 3% | 1,099 | 1% | 562 | 51.1% |
| Property rights in certificates of origin | 7,326 | 9% | 8,671 | 10% | 9,527 | 11% | (2,201) | -23.1% |
| Other fees paid by market participants | 2,978 | 4% | 3,014 | 3% | 2,832 | 3% | 146 | 5.2% |
| Register of certificates of origin | 7,604 | 9% | 6,098 | 7% | 7,126 | 8% | 478 | 6.7% |
| Clearing | 10,871 | 13% | 12,949 | 15% | 11,251 | 13% | (380) | -3.4% |
| Information services | 169 | 0% | 117 | 0% | 98 | 0% | 71 | 72.0% |
| **Other revenue** | **120** | **0%** | **389** | **0%** | **151** | **0%** | **(31)** | **-20.6%** |
| **Total** | **84,156** | **100%** | **88,455** | **100%** | **85,936** | **100%** | **(1,780)** | **-2.1%** |

* *other income includes 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 2018, 31 December 2018, and 31 March 2019

| PLN'000, % | Three-month period ended | | | | | | Change (Q1'2019 vs Q1'2018) | Change (%) (Q1'2019 vs Q1'2018) |
|---|---|---|---|---|---|---|---|---|
| | 31 March 2019 | % | 31 December 2018 | % | 31 March 2018 | % | | |
| Revenue from foreign customers | 22,720 | 27% | 24,721 | 28% | 21,444 | 25% | 1,276 | 6.0% |
| Revenue from local customers | 61,436 | 73% | 63,734 | 72% | 64,492 | 75% | (3,056) | -4.7% |
| **Total** | **84,156** | **100%** | **88,455** | **100%** | **85,936** | **100%** | **(1,780)** | **-2.1%** |

Source: Condensed Consolidated Interim Financial Statements, Company

## FINANCIAL MARKET

### TRADING

The revenues of the Group from trading on the financial market stood at PLN 49.5 million in Q1 2019 compared to PLN 49.6 million in Q1 2018.

*Equities and equity-related instruments*

Revenues from trading in **equities and equity-related instruments** amounted to PLN 24.1 million in Q1 2019, representing a decrease of 3.1% or PLN 0.8 million year on year.

The decrease of the revenues from trading in equities was driven by a decrease of the value of trading on the Main Market. The total value of trading was PLN 52.6 billion in Q1 2019, a decrease of 4.8% year on year (including a decrease of trade on the electronic order book by 4.6% and a decrease of the value of block trades by 9.9%). The key drivers of the year-on-year decrease of the value of trading included:

- changes of market conditions and volatility of GPW's leading indices. WIG20 gained almost 2% year to date and more than 5% year on year in Q1 2019. The market does not favour stocks so investors prefer other classes of assets which can generate positive returns;
- less active trading of domestic institutional investors: mutual funds and pension funds;
- an increase of the average value of transactions, the lower share of market makers on the Main Market in Q1 2019.

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

| | Three-month period ended | | | Change (Q1'2019 vs Q1'2018) | Change (%) (Q1'2019 vs Q1'2018) |
|---|---|---|---|---|---|
| | 31 March 2019 | 31 December 2018 | 31 March 2018 | | |
| **Financial market, trading revenue: equities and equity-related instruments *(PLN million)*** | **24.1** | **22.5** | **24.9** | **(0.8)** | **-3.1%** |
| **Main Market:** | | | | | |
| Value of trading (PLN billion) | 52.6 | 49.6 | 55.2 | (2.6) | -4.8% |
| Volume of trading (billions of shares) | 3.4 | 3.8 | 2.8 | 0.6 | 22.8% |
| **NewConnect:** | | | | | |
| Value of trading (PLN billion) | 0.4 | 0.6 | 0.3 | 0.1 | 52.8% |
| Volume of trading (billions of shares) | 0.5 | 0.3 | 0.4 | 0.1 | 13.8% |

Source: Condensed Consolidated Interim Financial Statements, Company

### *Derivatives*

Revenues of the Group from transactions in **derivatives** on the financial market amounted to PLN 2.7 million in Q1 2019 compared to PLN 3.2 million in Q1 2018, representing a decrease of PLN 0.6 million or 17.1%.

The total volume of trading in derivatives decreased by 18.9% year on year in Q1 2019. The volume of trading in WIG20 futures, which account for the major part of the revenues from transactions in derivatives, decreased by 16.6% year on year in Q1 2019. The volume of trading in currency futures decreased from 0.5 million in 2018 to 0.4 million in 2019, i.e., by 22.2%. 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 (Q1'2019 vs Q1'2018) | Change (%) (Q1'2019 vs Q1'2018) |
|---|---|---|---|---|---|
| | 31 March 2019 | 31 December 2018 | 31 March 2018 | | |
| **Financial market, trading revenue: derivatives *(PLN million)*** | **2.7** | **3.2** | **3.2** | **(0.6)** | **-17.1%** |
| Volume of trading in derivatives (millions of contracts): | 1.7 | 2.2 | 2.1 | (0.4) | -18.9% |
| incl.: Volume of trading in WIG20 futures (millions of contracts) | 1.0 | 1.2 | 1.2 | (0.2) | -16.6% |

Source: Condensed Consolidated Interim Financial Statements, Company

### *Other fees paid by market participants*

Revenues of the Group from **other fees** paid by market participants stood at PLN 2.5 million in Q1 2019, representing an increase of PLN 32.5% or PLN 0.6 million year on year. The fees mainly include fees for access to the trading system and fees for use of the system (among others, licence fees, connection fees and maintenance fees).

### *Debt instruments*

Revenues of the Group from transactions in **debt instruments** stood at PLN 2.6 million in Q1 2019 compared to PLN 2.8 million in Q1 2018. The majority of the Group's revenues from the debt instruments segment is generated by Treasury BondSpot Poland (TBSP).

The year-on-year decrease of the revenues on TBSP in Q1 2019 was driven by a decrease in the value of trade on TBS Poland, including both cash and conditional transactions.

The value of trading in Polish Treasury securities on TBSP was PLN 94.4 billion in Q1 2019, a decrease of 6.4% year on year. The value of trade decreased in both market segments. Conditional transactions stood at PLN 57.9 billion, a decrease of 0.6% year on year. Cash transactions stood at PLN 36.4 billion, a decrease of 14.4% year on year.

The value of trading on TBSP in Q1 2019, in particular outright transactions, was driven mainly by local factors, including relatively low inflation and announcements of the Monetary Policy Council to the effect that the rates will stay unchanged by the end of 2020, as well as limited supply of bonds at auctions offered by the Ministry of Finance in view of the strong public budget. Those drivers stabilise market volatility, which limits the activity of banks in TBSP. Another factor impeding trading on the market is the bank tax, which encourages banks to keep Treasury securities on their assets as they reduce the taxable base. As a result, the share of local banks in the pool of Treasury security holders is higher at the expense of the share of active non-residents. The bank tax also affects the activity of banks on the secondary market in sell/buy back and repo transactions: on the one hand, it keeps tenors shorter; on the other hand, in directly limits trading in repos at the end of each month as banks try to reduce the impact of opening transactions on their taxable assets.

The value of trading on Catalyst was PLN 0.7 billion in Q1 2019, a decrease of 16.3% year on year. The value of trading increased by PLN 0.2 million quarter on quarter. Revenues from Catalyst have a small share in the Group's total revenues from transactions in debt instruments.

Table 10: Data for the debt instruments market

| | Three-month period ended | | | Change (Q1'2019 vs Q1'2018) | Change (%) (Q1'2019 vs Q1'2018) |
|---|---|---|---|---|---|
| | 31 March 2019 | 31 December 2018 | 31 March 2018 | | |
| **Financial market, trading revenue: debt instruments *(PLN million)*** | **2.6** | **2.8** | **2.8** | **(0.2)** | **-6.3%** |
| **Catalyst:** | | | | | |
| Value of trading (PLN billion) | 0.7 | 0.5 | 0.9 | (0.1) | -16.3% |
| incl.: Value of trading in non-Treasury instruments (PLN billion) | 0.5 | 0.4 | 0.7 | (0.2) | -28.4% |
| **Treasury BondSpot Poland, value of trading:** | | | | | |
| Conditional transactions (PLN billion) | 57.9 | 75.4 | 58.3 | (0.3) | -0.6% |
| Cash transactions (PLN billion) | 36.4 | 46.6 | 42.5 | (6.1) | -14.4% |

Source: Condensed Consolidated Interim Financial Statements, Company

### *Other cash market instruments*

Revenues from transactions in **other cash market instruments** stood at PLN 99.0 thousand in Q1 2019 compared to PLN 112 thousand in Q1 2018, representing a decrease of 11.6%. The revenues include fees for trading in structured products, investment certificates and ETF units.

## LISTING

**Listing** revenues on the financial market amounted to PLN 5.3 million in Q1 2019 compared to PLN 5.9 million in Q1 2018.

Revenues from **listing fees** amounted to PLN 4.6 million in Q1 2019, a decrease of PLN 0.5 million or 9.6% year on year. The main driver of revenues from listing fees is the number of issuers listed on the GPW markets and their capitalisation at the year's end.

Revenues from **fees for introduction and other fees** decreased by PLN 0.2 million year on year and amounted to PLN 0.7 million in Q1 2019 compared to PLN 0.8 million in Q1 2018. The revenues are driven mainly by the number and value of new listings of shares and bonds on the GPW markets. The value of IPOs and SPOs decreased sharply year on year Q1 2019. The value of IPOs on the Main Market and NewConnect was PLN 22 million. In Q1 2019 compared to PLN 99 million in

Q1 2018. The value of SPOs was PLN 0.2 billion in Q1 2019 compared to PLN 0.5 billion in Q1 2018.

Listing revenues on the GPW Main Market decreased by 9.9% year on year in Q1 2019. The table below presents the key financial and operating figures. Two companies were newly listed and 5 companies were delisted on the Main Market in Q1 2019. The capitalisation of the delisted companies was PLN 1.4 billion, causing a decrease of the value of trade in Q1 2019.

Table 11: Data for the GPW Main Market

| | Three-month period ended | | | Change (Q1'2019 vs Q1'2018) | Change (%) (Q1'2019 vs Q1'2018) |
|---|---|---|---|---|---|
| | 31 March 2019 | 31 December 2018 | 31 March 2018 | | |
| **Main Market** | | | | | |
| **Listing revenue (PLN million)** | **4.3** | **4.6** | **4.8** | **-0.5** | **-9.9%** |
| Total capitalisation of listed companies *(PLN billion)* | 1,189.7 | 1,128.5 | 1,302.2 | -112.5 | -8.6% |
| *including:* Capitalisation of listed domestic companies | 597.7 | 578.9 | 607.7 | -9.9 | -1.6% |
| *including:* Capitalisation of listed foreign companies | 592.0 | 549.6 | 694.6 | -102.6 | -14.8% |
| Total number of listed companies | 461 | 465 | 478 | -17 | -3.6% |
| *including:* Number of listed domestic companies | 410 | 414 | 428 | -18 | -4.2% |
| *including:* Number of listed foreign companies | 51 | 51 | 50 | 1 | 2.0% |
| Value of offerings *(IPO and SPO) (PLN billion)* | 0.2 | 3.4 | 0.6 | -0.4 | -66.1% |
| Number of new listings *(in the period)* | 2 | 0 | 2 | 0 | 0.0% |
| Capitalisation of new listings *(PLN billion)* | 0.5 | 0.0 | 0.4 | 0.0 | 3.7% |
| Number of delistings | 5 | 6 | 7 | -2 | -28.6% |
| Capitalisation of delistings* (PLN billion) | 1.4 | 0.5 | 12.3 | -10.9 | -88.5% |

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

Source: Company

Listing revenues from NewConnect were stable year on year and stood at PLN 0.5 million in Q1 2019. The table below presents the key financial and operating figures.

Table 12: Data for NewConnect

| | Three-month period ended | | | Change (Q1'2019 vs Q1'2018) | Change (%) (Q1'2019 vs Q1'2018) |
|---|---|---|---|---|---|
| | 31 March 2019 | 31 December 2018 | 31 March 2018 | | |
| **NewConnect** | | | | | |
| **Listing revenue *(PLN million)*** | **0.5** | **0.5** | **0.5** | **0.0** | **-8.1%** |
| Total capitalisation of listed companies *(PLN billion)* | 8.9 | 7.4 | 9.1 | -0.1 | -1.6% |
| *including:* Capitalisation of listed domestic companies | 8.6 | 7.2 | 8.9 | -0.3 | -3.5% |
| *including:* Capitalisation of listed foreign companies | 0.3 | 0.2 | 0.2 | 0.2 | 90.3% |
| Total number of listed companies | 384 | 387 | 403 | -19 | -4.7% |
| *including:* Number of listed domestic companies | 378 | 381 | 396 | -18 | -4.5% |
| *including:* Number of listed foreign companies | 6 | 6 | 7 | -1 | -14.3% |
| Value of offerings *(IPO and SPO) (PLN million)* | 22.2 | 19.6 | 31.6 | -9.4 | -29.6% |
| Number of new listings *(in the period)* | 3 | 4 | 1 | 2 | 200.0% |
| Capitalisation of new listings *(PLN billion)* | 0.1 | 0.1 | 0.1 | 0.0 | 11.7% |
| Number of delistings* | 6 | 11 | 6 | 0 | 0.0% |
| Capitalisation of delistings** (PLN billion) | 0.8 | 0.1 | 0.3 | 0.5 | 174.0% |

** includes companies which transferred to the Main Market*

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

Source: Company

Listing revenues from Catalyst stood at PLN 0.5 million in Q1 2019 and were stable year on year. The table below presents the key financial and operating figures.

Table 13: Data for Catalyst

| | Three-month period ended | | | Change (Q1'2019 vs Q1'2018) | Change (%) (Q1'2019 vs Q1'2018) |
|---|---|---|---|---|---|
| | 31 March 2019 | 31 December 2018 | 31 March 2018 | | |
| **Catalyst** | | | | | |
| **Listing revenue *(PLN million)*** | **0.5** | **0.5** | **0.6** | **-0.1** | **-22.2%** |
| Number of issuers | 147 | 148 | 154 | -7 | -4.5% |
| Number of issued instruments | 569 | 575 | 602 | -33 | -5.5% |
| *including*: non-Treasury instruments | 523 | 527 | 552 | -29 | -5.3% |
| Value of issued instruments *(PLN billion)* | 789.1 | 777.2 | 772.8 | 16.3 | 2.1% |
| including: non-Treasury instruments | 87.1 | 86.6 | 75.6 | 11.5 | 15.2% |

Source: Company

## INFORMATION SERVICES

Revenues from **information services** on the financial market and the commodity market amounted to PLN 12.4 million in Q1 2019 compared to PLN 10.8 million in Q1 2018.

Table 14: Data for information services

| | Three-month period ended | | | Change (Q1'2019 vs Q1'2018) | Change (%) (Q1'2019 vs Q1'2018) |
|---|---|---|---|---|---|
| | 31 March 2019 | 31 December 2018 | 31 March 2018 | | |
| **Revenues from information services and WIBID and WIBOR reference rate services * *(PLN million)*** | **12.4** | **11.9** | **10.8** | **1.5** | **14.0%** |
| Number of data vendors | 80 | 78 | 66 | 14 | 21.2% |
| Number of subscribers ('000 subscribers) | 236.0 | 248.0 | 249.4 | (13.4) | -5.4% |

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

Source: Condensed Consolidated Interim Financial Statements, Company

The increase of revenues from information services in Q1 2019 was driven by the following factors:

- Acquisition of new clients of GPW data (mainly data vendors and non-display users including systematic internalisers);
- Fee for non-display use of WIBID/WIBOR rates (risk management applications, etc.) effective as of 1 January 2019 and acquisition of many licence clients.

## COMMODITY MARKET

Revenues on the commodity market include 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 34.6 million in Q1 2019 compared to PLN 36.2 million in Q1 2018.

The year-on-year decrease of revenues on the commodity market in Q1 2019 was mainly driven by a decrease in revenues from trading in property rights to certificates of origin, which stood at PLN 7.3 million compared to PLN 9.5 million in Q1 2018, representing a decrease of 23.1%. Other segments of trading revenues increased, including revenues from transactions in electricity, transactions in gas, and other fees paid by market participants. The revenue from the operation of the register of certificates of origin increased by 6.7% or PLN 0.5 million. The revenue from clearing decreased by 3.4% or PLN 0.4 million year on year in Q1 2019.

Revenue from information services on the commodity market includes information services sold via GPW's channels. Revenue from information services on the commodity market stood at PLN 169 thousand in Q1 2019.

## TRADING

Revenues of the GPW Group from trading on the commodity market stood at PLN 15.9 million in Q1 2019, including PLN 0.9 million of revenues from spot transactions in electricity, PLN 2.3 million of revenues from forward transactions in electricity, PLN 0.7 million of revenues from spot transactions in gas, PLN 1.7 million of revenues from forward transactions in gas, PLN 7.3 million of revenues from transactions in property rights to certificates of origin of electricity, and PLN 3.0 million of other fees paid by market participants. Revenues from trading decreased by 10.3% or PLN 1.8 million year on year in Q1 2019.

The Group's revenues from **trade in electricity** amounted to PLN 3.2 million in Q1 2019 compared to PLN 3.1 million in Q1 2018. The total volume of trading on the energy markets operated by TGE amounted to 44.3 TWh in Q1 2019 compared to 40.6 TWh in Q1 2018. The increase in the revenue from trading in electricity was driven by a higher volume of forward transactions. The volume of forward transactions increased by 7.5% year on year.

The electricity market is sensitive to changes in the legal and the international environment. The amended Energy Law effective as of 1 January 2019 requires energy companies which produce electricity to sell electricity produced within the year among others on commodity exchanges. The maximum level of the obligation is to improve liquidity of the energy market and curb unjustified energy price rises. The Ministry of Energy expects that the improved liquidity and transparency on the Polish Power Exchange and the limited ability of market players in a strong position to change prices will mitigate the risk of significant price volatility.

The Group's revenues from **trade in gas** amounted to PLN 2.4 million in Q1 2019 compared to PLN 2.3 million in Q1 2018. The volume of trade in gas on TGE was 28.5 TWh in Q1 2019 compared to 25.9 TWh in Q1 2018. The volume of trade on the Day-ahead and Intraday Market in gas was 6.9 TWh compared to 10.9 TWh in Q1 2018. The volume of trade on the Commodity Forward Instruments Market was 21.6 TWh, an increase of 43.5% year on year.

The Group's revenue from the operation of **trading in property rights** stood at PLN 7.3 million in Q1 2019 compared to PLN 9.5 million in Q1 2018. The volume of trading in property rights stood at 11.0 TWh in Q1 2019, an increase of 18.6% year on year. Changes in revenue from trading in property rights are not proportionate to changes in the volume of trade due to different fees for different types of property rights.

Revenues of the Group from **other fees paid by commodity market participants** amounted to PLN 3.0 million in Q1 2019 compared to PLN 2.8 million in Q1 2018. Other fees paid by commodity market participants included fees paid by TGE market participants at PLN 1.6 million, revenues of InfoEngine from the activity of trade operator at PLN 0.5 million, and revenues of IRGiT at PLN 0.9 million including participation fees, fees for participation in TGE markets, and other fees.

Other fees paid by market participants are driven mainly by revenues from fixed market participation fees, fees for cancellation of transactions, fees for position transfers, fees for trade reporting in the RRM (Registered Reporting Mechanism), fees for access to the system, and fees for management of the resources of the guarantee fund. Other fees paid by market participants depend mainly on the activity of IRGiT Members, in particular the number of transactions, the number of new clients of brokerage houses, and the number of new users accessing the clearing system.

The revenue from exchange fees had the biggest share of all these. The main contribution to the revenue from other fees paid by commodity market participants was that of fees paid under the market regulations, accounting for 66.9% of revenue from other fees. Revenue from such fees stood at PLN 1.1 million in Q1 2019, an increase of 3.2% year on year. The Exchange Commodity Market had 76 members as at 31 March 2019, three more than a year earlier.

Table 15: Data for the commodity market

| | Three-month period ended | | | Change (Q1'2019 vs Q1'2018) | Change (%) (Q1'2019 vs Q1'2018) |
|---|---|---|---|---|---|
| | 31 March 2019 | 31 December 2018 | 31 March 2018 | | |
| **Commodity market - trading revenue (PLN million)** | **15.9** | **20.8** | **17.7** | **-1.8** | **-10.3%** |
| Volume of trading in electricity | | | | | |
| Spot transactions *(TWh)* | 8.5 | 7.8 | 7.3 | 1.3 | 17.3% |
| Forward transactions *(TWh)* | 35.8 | 59.5 | 33.3 | 2.5 | 7.5% |
| Volume of trading in gas | | | | | |
| Spot transactions *(TWh)* | 6.9 | 7.0 | 10.9 | -4.0 | -36.6% |
| Forward transactions *(TWh)* | 21.6 | 39.1 | 15.1 | 6.6 | 43.5% |
| Volume of trading in property rights (TGE) (TWh) | 11.0 | 10.6 | 13.5 | -2.5 | -18.6% |

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 7.6 million in Q1 2019 compared to PLN 7.1 million in Q1 2018. The year-on-year increase of the revenues by PLN 0.5 million was driven by an increase of revenues from cancellations of property rights to green certificates of origin from PLN 4.6 million to PLN 5.4 million in Q1 2019, a decrease of revenues from cancellations of cogeneration property rights from PLN 1.9 million to PLN 1.6 million, a decrease of revenues from cancellations of property rights in energy efficiency from PLN 0.5 million to PLN 0.2 million, and an increase of revenues from cancellations of guarantees of origin from PLN 0.1 million to PLN 0.5 million.

Table 16: Data for the Register of Certificates of Origin

| | Three-month period ended | | | Change (Q1'2019 vs Q1'2018) | Change (%) (Q1'2019 vs Q1'2018) |
|---|---|---|---|---|---|
| | 31 March 2019 | 31 December 2018 | 31 March 2018 | | |
| **Commodity market - revenue from operation of the Register of Certificates of Origin of electricity (PLN million)** | **7.6** | **6.1** | **7.1** | **0.5** | **6.7%** |
| Issued property rights *(TWh)* | 18.0 | 7.2 | 19.7 | -1.6 | -8.2% |
| Cancelled property rights *(TWh)* | 7.2 | 6.8 | 2.8 | 4.4 | 153.6% |

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 10.9 million in Q1 2019 compared to PLN 11.3 million in Q1 2018. The revenue decreased by PLN 0.4 million or 3.4% due to the volume of trading on the commodity exchange, in particular a decrease of trading in property rights by 18.6%.

## OTHER REVENUES

The Group's other revenues amounted to PLN 0.1 million in Q1 2019 compared to PLN 0.2 million in Q1 2018. The Group's other revenues include mainly revenues from office space lease and sponsorship.

## OPERATING EXPENSES

The total operating expenses of the **GPW Group** amounted to PLN 54.3 million in Q1 2019, representing an increase of PLN 6.0 million or 12.3% year on year. The increase of operating expenses included an increase of depreciation and amortisation charges by PLN 1.4 million, an increase of salaries and other employee costs by PLN 2.0 million or 11.5%, an increase of fees and charges by PLN 4.0 million or 43.3%, and a decrease of other operating expenses by PLN 0.1 million. The annual fee for PFSA supervision was calculated and recognised by the Group in Q1 2019. The fee was PLN 12.9 million in 2019 compared to PLN 9.0 million in 2018.

Separate operating expenses of **GPW** amounted to PLN 33.2 million in Q1 2019, representing an increase of PLN 3.2 million or 10.8% year on year. The increase of the operating expenses over that period was mainly driven by the calculated PFSA supervision fee, which increased by PLN 2.0 million, salaries and other employee costs, which increased by PLN 1.1 million, as well as external service charges, which increased by PLN 0.4 million.

Operating expenses of **TGE** amounted to PLN 13.6 million in Q1 2019 compared to PLN 12.4 million in Q1 2018. The increase of the operating expenses year on year in Q1 2019 was mainly driven by an increase of fees and charges by PLN 1.2 million or 52.9%, as well as the calculated annual PFSA supervision fee, which was PLN 3.4 million in 2019 compared to PLN 2.2 million in 2018.

Operating expenses of **IRGiT** stood at PLN 5.8 million in Q1 2019, representing an increase as compared to PLN 0.5 million in Q1 2018. Similar to other companies of the GPW Group, IRGiT calculated a higher PFSA supervision fee at PLN 2.6 million in 2019 compared to PLN 2.4 million in 2018.

Operating expenses of **BondSpot** stood at PLN 3.0 million in Q1 2019 compared to PLN 2.7 million in Q1 2018, representing an increase of 9.5% or PLN 0.3 million. The increase was mainly driven by an increase of salaries and other employee costs by PLN 0.2 million.

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

| PLN'000, % | Three-month period ended | | | | | | Change (Q1'2019 vs Q1'2018) | Change (%) (Q1'2019 vs Q1'2018) |
|---|---|---|---|---|---|---|---|---|
| | 31 March 2019 | % | 31 December 2018 | % | 31 March 2018 | % | | |
| Depreciation and amortisation | 9,187 | 17% | 7,907 | 19% | 7,825 | 16% | 1,363 | 17.4% |
| Salaries | 15,185 | 28% | 14,987 | 35% | 13,630 | 28% | 1,555 | 11.4% |
| Other employee costs | 4,219 | 8% | 3,316 | 8% | 3,780 | 8% | 439 | 11.6% |
| Rent and other maintenance fees | 1,034 | 2% | 2,372 | 6% | 2,506 | 5% | (1,472) | -58.7% |
| Fees and charges | 13,285 | 24% | 126 | 0% | 9,268 | 19% | 4,017 | 43.3% |
| *including: PFSA fees* | *12,888* | *24%* | *4* | *0%* | *9,023* | *19%* | *3,865* | *42.8%* |
| External service charges | 10,131 | 19% | 11,941 | 28% | 9,923 | 21% | 208 | 2.1% |
| Other operating expenses | 1,283 | 2% | 1,782 | 4% | 1,430 | 3% | (147) | -10.2% |
| **Total** | **54,322** | **100%** | **42,431** | **100%** | **48,360** | **100%** | **5,962** | **12.3%** |

Source: Condensed Consolidated Interim Financial Statements, Company

The table above presents changes in the structure of expenses by quarter in 2019 and 2018 and changes between Q1 2019 and Q1 2018.

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

| PLN'000, % | Three-month period ended | | | | | | Change (Q1'2019 vs Q1'2018) | Change (%) (Q1'2019 vs Q1'2018) |
|---|---|---|---|---|---|---|---|---|
| | 31 March 2019 | % | 31 December 2018 | % | 31 March 2018 | % | | |
| Depreciation and amortisation | 5,423 | 16% | 5,067 | 18% | 4,998 | 17% | 425 | 8.5% |
| Salaries | 8,900 | 27% | 8,702 | 31% | 8,038 | 27% | 862 | 10.7% |
| Other employee costs | 2,787 | 8% | 2,240 | 8% | 2,514 | 8% | 273 | 10.9% |
| Rent and other maintenance fees | 1,015 | 3% | 2,292 | 8% | 1,829 | 6% | (814) | -44.5% |
| Fees and charges | 7,146 | 22% | 30 | 0% | 4,987 | 17% | 2,159 | 43.3% |
| *including: PFSA fees* | *6,842* | *21%* | *1* | *0%* | *4,805* | *16%* | *2,037* | *42.4%* |
| External service charges | 6,881 | 21% | 8,543 | 30% | 6,470 | 22% | 411 | 6.4% |
| Other operating expenses | 1,038 | 3% | 1,252 | 4% | 1,112 | 4% | (74) | -6.7% |
| **Total** | **33,188** | **100%** | **28,126** | **100%** | **29,948** | **100%** | **3,240** | **10.8%** |

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 9.2 million in Q1 2019 compared to PLN 7.8 million in Q1 2018. The increase in depreciation and amortisation charges year on year was driven by the implementation of the new IFRS 17 Leases in all companies of the Group. The implementation of the Standard eliminated the differentiation between operating leases and finance leases. Consequently, lessees recognise nearly all leases in the statement of financial position, including leases of office space, car parks, colocation, perpetual usufruct, and cars. Such leases were previously presented under the relevant segments of operating expenses but are now split between amortisation and depreciation, financial expenses, and fees and charges. Depreciation of right-to-use assets stood at PLN 1.2 million in Q1 2019.

As of 1 January 2019, in addition to presentation differences and an impact on EBITDA, there could be some differences in presented values, mainly due to the estimation of monthly expenses based on discounted cash flows in the term of a contract and the estimated useful life of assets.

It should be noted that IFRS 16, which has a significant impact on the financial statements, does not affect the operations of the Group companies or the cash flows in 2019.

### *Salaries and other employee costs*

Salaries and other employee costs amounted to PLN 19.4 million in Q1 2019 compared to PLN 17.4 million in Q1 2018, representing an increase of 11.5% or PLN 2.0 million.

The increase of salaries and other employee costs in the GPW Group year on year in Q1 2019 was driven by an increase of salaries and other employee costs in GPW by PLN 1.1 million, in TGE by PLN 0.5 million, in GPW Benchmark by PLN 0.2 million and in BondSpot by PLN 0.2 million.

The increase of GPW's salaries year on year in Q1 2019 was driven by an increase in remuneration by PLN 0,7 million, an increase of supplementary salary costs by PLN 0.2 million, and an increase of other employee costs, including social security, by PLN 0.3 million. The increase in remuneration was driven by a gradual increase in the headcount caused by an additional workload related to the published strategy of the Group. The increase in supplementary salary costs was driven by short-term contracts concerning the development of the strategy.

The increase of TGE's salaries was driven by an increase of gross remuneration by PLN 0.3 million and annual bonuses by PLN 0.1 million. The increase of remuneration in TGE was due to an increased headcount. The increase of salaries in Bondspot and GPW Benchmark by PLN 0.2 million was driven by an increase of their headcount. The small changes of costs in other companies were due to employee absenteeism related to long-term sick leaves in 2018, which implies lower comparable figures for the current period.

The headcount of the Group was 367 FTEs as at 31 March 2019.

Table 19: Employment in GPW Group

| # FTEs | As at | | |
|---|---|---|---|
| | 31 March 2019 | 31 December 2018 | 31 March 2018 |
| GPW | 211 | 204 | 185 |
| Subsidiaries | 155 | 146 | 137 |
| **Total** | **367** | **350** | **322** |

Source: Company

*Rent and other maintenance fees*

Rent and other maintenance fees amounted to PLN 1.0 million in Q1 2019 compared to PLN 2.5 million in Q1 2018. The decrease of rent was due to the fact that the Group implemented IFRS 16 without restating comparative numbers, as per paragraph C5(b) of IFRS 16, which implies that the 2018 and 2019 numbers are not comparable. Office space lease contracts are classified as leases as of 2019.

*Fees and charges*

Fees and charges stood at PLN 13.3 million in Q1 2019 compared to PLN 9.3 million in Q1 2018. The main component of fees and charges is the fee paid to the Polish Financial Supervision Authority (PFSA) for supervision (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, the full estimated amount of the annual PFSA fee is recognised early in the year. It should be noted, however, that the fee may vary year to year depending on a range of factors. 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 10.1 million in Q1 2019 compared to PLN 9.9 million in Q1 2018, representing an increase of 2.1% or PLN 0.2 million.

Table 20: Consolidated external service charges of the Group and structure of external service charges in the three-month periods ended 31 March 2018, 31 December 2018, and 31 March 2019

| PLN'000, % | Three-month period ended | | | | | | Change (Q1'2019 vs Q1'2018) | Change (%) (Q1'2019 vs Q1'2018) |
|---|---|---|---|---|---|---|---|---|
| | 31 March 2019 | % | 31 December 2018 | % | 31 March 2018 | % | | |
| IT cost: | 5,580 | 55% | 5,624 | 47% | 5,726 | 58% | (146) | -2.6% |
| *IT infrastructure maintenance* | *4,087* | *40%* | *3,906* | *33%* | *3,973* | *40%* | *114* | *2.9%* |
| *TBSP maintenance service* | *382* | *4%* | *371* | *3%* | *367* | *4%* | *15* | *4.1%* |
| *Data transmission lines* | *1,055* | *10%* | *1,227* | *10%* | *1,318* | *13%* | *(263)* | *-19.9%* |
| *Software modification* | *56* | *1%* | *121* | *1%* | *68* | *1%* | *(12)* | *-18.0%* |
| Office and office equipment maintenance: | 728 | 7% | 1,071 | 9% | 683 | 7% | 45 | 6.7% |
| *Repair and maintenance of installations* | *91* | *1%* | *467* | *4%* | *111* | *1%* | *(20)* | *-18.2%* |
| *Security* | *391* | *4%* | *376* | *3%* | *351* | *4%* | *40* | *11.5%* |
| *Cleaning* | *163* | *2%* | *141* | *1%* | *129* | *1%* | *34* | *26.4%* |
| *Phone and mobile phone services* | *83* | *1%* | *87* | *1%* | *92* | *1%* | *(9)* | *-9.4%* |
| International (energy) market services | *424* | *4%* | *176* | *1%* | *462* | *5%* | *(38)* | *-8.2%* |
| Leasing, rental and maintenance of vehicles | *147* | 1% | *205* | 2% | *159* | 2% | *(12)* | -7.7% |
| Transportation services | 28 | 0% | 54 | 0% | 27 | 0% | 1 | 3.3% |
| Promotion, education, market development | 1,158 | 11% | 1,486 | 12% | 665 | 7% | 493 | 74.2% |
| Market liquidity support | 241 | 2% | 303 | 3% | 202 | 2% | 39 | 19.3% |
| Advisory (including: audit, legal services, business consulting) | 972 | 10% | 2,025 | 17% | 1,569 | 16% | (597) | -38.0% |
| Information services | 194 | 2% | 52 | 0% | (35) | 0% | 229 | -649.9% |
| Training | 204 | 2% | 558 | 5% | 123 | 1% | 81 | 65.6% |
| Mail fees | 32 | 0% | 21 | 0% | 22 | 0% | 10 | 45.5% |
| Bank fees | 79 | 1% | 74 | 1% | 32 | 0% | 47 | 146.9% |
| Translation | 132 | 1% | 62 | 1% | 120 | 1% | 12 | 10.0% |
| Other | 212 | 2% | 229 | 2% | 169 | 2% | 43 | 25.7% |
| **Total** | **10,131** | **100%** | **11,941** | **100%** | **9,923** | **100%** | **208** | **2.1%** |

Source: Condensed Consolidated Interim Financial Statements

The increase in external service charges year on year in Q1 2019 was mainly driven by changes in the following costs lines:

1/ IT infrastructure maintenance – an increase of PLN 0.1 million due to the cost of IT hardware and software maintenance services.

2/ promotion, education and development – an increase of PLN 0.5 million due mainly to the cost of organisation of the Annual Market Review Gala at PLN 0.4 million, which was half that number in 2018.

3/ advisory – a decrease of PLN 0.6 million due mainly to the cost and support in the update of the strategy and verification of the valuation of the associate Aquis in Q1 2018.

4/ information services – an increase of PLN 0.2 million due mainly to provisions for sales of NYSET services at PLN 0.2 million released in Q1 2018.

*Other operating expenses*

Other operating expenses amounted to PLN 1.3 million in Q1 2019 compared to PLN 1.4 million in Q1 2018, representing a decrease of PLN 0.1 million or 10.2% year on year. Other operating expenses in Q1 2019 included mainly the cost of material and energy consumption at PLN 0.7 million, industry organisation membership fees at PLN 0.1 million, insurance at PLN 0.1 million, business travel at PLN 0.2 million, conference participation at PLN 0.1 million. The cost of business travel reported the highest decrease year on year in Q1 2019 by 23.3% or PLN 0.1 million, followed by the cost of material and energy consumption by 7.1% or PLN 0.1 million.

## OTHER INCOME AND EXPENSES

**Other income** of the Group amounted to PLN 1.3 million in Q1 2019 compared to PLN 0.8 million in Q1 2018. Other income includes damages received, gains on the sale of property, plant and equipment (PLN 0.1 million), medical services reinvoiced to employees (PLN 0.1 million), an annual correction of input VAT (PLN 0.9 million), TGE's income from PSE in respect of the PCR (Price Coupling of Regions) project (PLN 0.2 million), and other income.

**Other expenses** of the Group amounted to PLN 0.7 million in Q1 2019 compared to PLN 0.8 million in Q1 2018. Other expenses include donations paid, losses on the sale of property, plant and equipment, impairment write-downs of receivables, and provisions against damages. Donations stood at PLN 0.5 million in Q1 2019 compared to PLN 0.1 million in Q1 2018. Donations include GPW's donation to the GPW Foundation at PLN 543 thousand.

As of 1 January 2018, in implementation of IFRS 9, the Group presents a separate line in the consolidated statement of comprehensive income, impairment losses on receivables, without restating comparative data (the GPW Management Board decided to use the exemption under 7.2.15 IFRS 9). Impairment losses on receivables are based on expected lifetime credit losses. The Group's expected credit losses were PLN 1.1 million in Q1 2019. Impairment losses on receivables were PLN 1.5 million in Q1 2018.

### FINANCIAL INCOME AND EXPENSES

**Financial income** of the Group amounted to PLN 2.1 million in Q1 2019, representing an increase of PLN 0.2 million year on year compared to PLN 1.9 million in Q1 2018.

Financial income includes mainly interest on bank deposits and positive FX differences. The biggest item of financial income was interest on bank deposits (from 3 to 12 months) at PLN 1.1 million. Interest on current accounts and bank deposits presented in cash and cash equivalents stood at PLN 0.7 million in Q1 2019. The Group earned an income from certificates of deposit held at PLN 0.2 million.

**Financial expenses** of the Group amounted to PLN 2.1 million in Q1 2019 compared to PLN 2.2 million in Q1 2018, a decrease of PLN 0.1 million.

The decrease of financial expenses year on year was due to the revaluation of the interest in Infostrefa recognised in expenses in 2018.

Interest cost of GPW's series C, D and E bonds (including the cost of the issue recognised over time) was the biggest item of financial expenses: it stood at PLN 1.8 million in Q1 2019 and was stable year on year.

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

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

### SHARE OF PROFIT OF ENTITIES MEASURED BY THE EQUITY METHOD

The Group's share of profit of entities measured by the equity method stood at PLN 1.0 million in Q1 2019 compared to PLN 0.7 million in Q1 2018. The increase was driven mainly by the sale of the interest in Aquis.

The Group's share of the **KDPW Group** profit was PLN 1.1 million in Q1 2019 compared to PLN 1.6 million in Q1 2018.

The share in the net profit of **Centrum Giełdowe** was PLN 0.1 million in Q1 2019 and was stable year on year.

**Polska Agencja Ratingowa** (formerly IAiR) was recognised in the profit of entities measured by the equity method as at 31 December 2018 as it became an entity measured by the equity method following a change of shareholders in Q4 2018. The share of loss of PAR was PLN 0.2 million as at 31 March 2019.

The loss of Aquis Exchange Ltd recognised by the Group under the share of profit of entities measured by the equity method was PLN 0.9 million in Q1 2018. GPW sold the interest in Aquis in Q2 2018.

Table 21: Profit / (Loss) of entities measured by the equity method

| PLN'000 | Three-month period ended 31 March 2019 | 31 December 2018 | 31 March 2018 | Change (Q1'2019 vs Q1'2018) | Change (%) (Q1'2019 vs Q1'2018) |
|---|---|---|---|---|---|
| Grupa KDPW S.A. | 3,205 | 6,302 | 4,696 | (1,491) | -31.8% |
| Centrum Giełdowe S.A. | 372 | 13 | 424 | (51) | -12.1% |
| Polska Agencja Ratingowa S.A. | (508) | (543) | - | (508) | - |
| Aquis Exchange Limited * | - | - | (4,548) | 4,548 | -100.0% |
| **Razem** | **3,069** | **5,772** | **571** | **2,498** | **437.3%** |

** the data as at 31 March 2018, in Q2 2018 GPW sold shares in Aquis*

Source: Company

Table 22: GPW's share of profit / (loss) of entities measured by the equity method

| PLN'000 | Three-month period ended 31 March 2019 | 31 December 2018 | 31 March 2018 | Change (Q1'2019 vs Q1'2018) | Change (%) (Q1'2019 vs Q1'2018) |
|---|---|---|---|---|---|
| Grupa KDPW S.A. | 1,068 | 2,100 | 1,565 | (497) | -31.8% |
| Centrum Giełdowe S.A. | 92 | 3 | 105 | (13) | -12.1% |
| Polska Agencja Ratingowa S.A. | (171) | (181) | - | (171) | - |
| Aquis Exchange Limited * | - | - | (924) | 924 | -100.0% |
| **Razem** | **989** | **1,923** | **746** | **243** | **32.5%** |

** the data as at 31 March 2018, in Q2 2018 GPW sold shares in Aquis*

Source: Company

## INCOME TAX

Income tax of the Group was PLN 5.9 million in Q1 2019 compared to PLN 6.7 million in Q1 2018. The **effective income tax rate** in the periods under review was 19.4% and 18.2%, respectively, as compared to the standard Polish corporate income tax rate of 19%. Income tax **paid** by the Group was PLN 9.1 million in Q1 2019 compared to PLN 16.0 million in Q1 2018.

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

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

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

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

# V. Atypical factors and events

## GPW as the organiser of WIBID and WIBOR reference rate fixings

The GPW Group acting through its subsidiary GPW Benchmark took over the preparation of WIBID and WIBOR reference rate fixings from the previous organiser, the Financial Markets Association ACI Polska as of 30 June 2017.

The decision of GPW to take over the functions of the organiser of reference rate fixings followed a proposal extended by the Association ACI Polska to GPW. In view of the Regulation, the Association ACI Polska decided that it would be unable to meet its requirements and approached GPW with a proposal to take over the functions of the organiser of WIBID and WIBOR reference rate fixings. The decision of the Exchange to take over as organiser of WIBID and WIBOR rate fixings is a milestone in its business. While the Group previously focused on trading in capital and commodity market instruments, it is now adding financial services.

The alignment of WIBID and WIBOR to the new requirements under Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds started in February 2018 with the implementation of the new reference rate documentation.

On 1 May 2018, GPW Benchmark S.A. introduced the Agreement for Use of WIBID and WIBOR Reference Rates under which the rates shall be used in financial instruments and contracts under the Regulation exclusively on the terms of the Agreement.

The take-over of the responsibilities for WIBID and WIBOR takes place in phases including: starting the organisation of fixings, which took place on 30 June 2017; aligning the documentation, completed with the implementation of the model agreement as of 1 May 2018; review of the reference rate calculation methodology; and obtaining the authorisation to perform the functions of administrator. In the transition period under the Regulation until the end of 2019, GPW Benchmark S.A. is required to apply to the Polish Financial Supervision Authority to be authorised as WIBID and WIBOR administrator. Under Commission Delegated Regulation (EU) 2019/482 of 25 March 2019 published on 25 March 2019, the Warsaw Interbank Offered Rate (WIBOR) was recognised as a critical benchmark. The Commission decision, issued by application of the Polish Financial Supervision Authority (KNF) following a positive opinion of the European Securities and Markets Authority (ESMA), confirms the systemic role of WIBOR in the functioning of the financial market in Poland. The transitional period for harmonisation with the Regulation until the end of 2019 will be extended for crucial benchmarks until the end of 2021. GPW Benchmark is taking over the organisation of WIBID and WIBOR fixings in close collaboration with banks – fixing participants. This is very relevant in view of the role of banks in the process and the scope of use of reference rates in the banks' business.

GPW Benchmark continues the alignment of GPW Group reference rates subject to the transitional period, including WIG indices, with the Regulation. GPW Benchmark has developed the concept of a Warsaw Repo Rate. The initiative is implemented in partnership with BondSpot S.A.

## Establishment of the rating agency

According to an amendment of the entry in the National Court Register at 31 October 2018, the name of Instytut Analiz i Ratingu was changed to Polska Agencja Ratingowa S.A. ("PAR"). The capital of PAR was increased from PLN 2.1 million to PLN 6.5 million, resulting in a change of the shareholding structure. The shareholders of PAR are now, in equal parts, one-third each: GPW, Polski Fundusz Rozwoju, and Biuro Informacji Kredytowej. The mission of the joint rating agency is to build a rating culture in Poland by offering services to a broad group of entities, mainly small and mid-sized enterprises.

# VI. Group's assets and liabilities structure

The **balance-sheet total** of the Group was PLN 1,331.0 million as at 31 March 2019, representing an increase compared to PLN 1,193.2 million as at 31 March 2018.

ASSETS

The Group's **non-current assets** stood at PLN 597.7 million representing 45% of total assets as at 31 March 2019 compared to PLN 580.4 million or 48% of total assets as at 31 December 2018 and PLN 580.7 million or 49% of total assets as at 31 March 2018. The share of non-current assets in total assets decreased due to a disproportionately strong increase of non-current assets in relation to total assets.

In the implementation of IFRS 16 Leases, the Group recognised a right-to-use asset of PLN 25.5 million in non-current assets as at 31 March 2019 (including the right of perpetual usufruct of land at PLN 2.4 million, reclassified from prepayments). The Group recognised sublease receivables at PLN 1.1 million as at 31 March 2019.

IFRS 9 Financial Instruments, effective as of 1 January 2018, changes the classification of financial assets. In accordance with the Standard, financial assets comprised by a minority interest in Bucharest Stock Exchange (BVB, formerly SIBEX) are presented as financial assets measured at fair value through other comprehensive income. The Group recognised PLN 103 thousand as the updated value of the interest in Bucharest Stock Exchange as at 31 March 2019.

The Group's **current assets** stood at PLN 733.2 million representing 55% of total assets as at 31 March 2019 compared to PLN 636.9 million or 52% of total assets as at 31 December 2018 and PLN 612.5 million or 51% of total assets as at 31 March 2018.

The increase of current assets by 15.1% quarter on quarter and by 19.7% year on year in Q1 2019 was driven by an increase of cash and cash equivalents to PLN 302.6 million. Cash and cash equivalents include cash in current and auxiliary accounts as well as deposits up to 3 months.

As at 31 March 2019, the GPW Group recognised PLN 361.7 million in financial assets measured at amortised cost, including investments with a maturity over 3 months (bank deposits, corporate bonds, certificates of deposit). Bank deposits (from 3 to 12 months) stood at PLN 323.4 million as at 31 March 2019. The remaining balance of PLN 38.3 million were certificates of deposit.

As at 31 March 2018, the GPW Management Board reclassified the investment in the associate Aquis at PLN 12.1 million to assets held for sale in connection with the planned sale of the interest in Aquis Exchange Limited. The nominal value of Aquis shares was reduced during its IPO. As a result, GPW's interest increased from 384,025 shares as at 31 December 2017 to 4,608,300 shares. GPW sold Aquis shares at GBP 2.69 per share on 14 June 2018. The net proceeds from the sale stood at PLN 57.5 million (net of transaction costs of PLN 2.7 million). The assets measured by the equity method stood at PLN 12.1 million as at the date of reclassification to assets held for sale.

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

| | As at | | | | | |
|---|---|---|---|---|---|---|
| *PLN'000* | **31 March 2019** | **%** | **31 December 2018** | **%** | **31 March 2018** | **%** |
| **Non-current assets** | **597,748** | **45%** | **580,375** | **48%** | **580,697** | **49%** |
| Property, plant and equipment | 104,498 | 8% | 108,158 | 9% | 108,691 | 9% |
| Right-to-use assets | 25,510 | 2% | - | 0% | - | 0% |
| Intangible assets | 250,073 | 19% | 254,564 | 21% | 260,918 | 22% |
| Investment in entities measured by equity method | 207,885 | 16% | 207,267 | 17% | 195,986 | 16% |
| Leasing receivable | 1,140 | 0% | - | 0% | - | 0% |
| Deferred tax assets | 1,501 | 0% | 540 | 0% | 4,472 | 0% |
| Financial assets measured at fair value through other comprehensive income | 103 | 0% | 101 | 0% | 197 | 0% |
| Prepayments | 2,816 | 0% | 5,523 | 0% | 6,211 | 1% |
| Other non-current assets | 4,222 | 0% | 4,222 | 0% | 4,222 | 0% |
| **Current assets** | **733,234** | **55%** | **636,942** | **52%** | **612,539** | **51%** |
| Inventory | 52 | 0% | 64 | 0% | 54 | 0% |
| Receivables in respect of corporate income tax | - | 0% | - | 0% | 71 | 0% |
| Trade and other receivables | 66,452 | 5% | 69,437 | 6% | 87,399 | 7% |
| Leasing receivable | 396 | 0% | - | 0% | - | 0% |
| Available-for-sale financial assets | 2,007 | 0% | 1,215 | 0% | - | 0% |
| Financial assets measured at amortised cost | 361,705 | 27% | 377,502 | 31% | 201,402 | 17% |
| Assets held for sale | - | 0% | - | 0% | 12,151 | 1% |
| Cash and cash equivalents | 302,622 | 23% | 188,724 | 16% | 311,462 | 26% |
| **Total assets** | **1,330,982** | **100%** | **1,217,317** | **100%** | **1,193,236** | **100%** |

Source: Condensed Consolidated Interim Financial Statements

## EQUITY AND LIABILITIES

The **equity** of the Group stood at PLN 914.6 million representing 69% of the Group's total equity and liabilities as at 31 March 2019 compared to PLN 890.5 million or 73% of total equity and liabilities as at 31 December 2018 and PLN 829.3 million or 70% of the total equity and liabilities as at 31 March 2018.

**Non-current liabilities** of the Group stood at PLN 281.1 million representing 21% of the Group's total equity and liabilities as at 31 March 2019 compared to PLN 269.3 million or 22% of total equity and liabilities as at 31 December 2018 and PLN 264.9 million or 22% of the total equity and liabilities as at 31 March 2018. The Group's non-current liabilities include mainly GPW's liabilities under outstanding series C bonds due for redemption on 6 October 2022 and series D and E bonds due for redemption on 31 January 2022. The series D and E bonds were issued on 2 January 2017, which is when the company recognised the liability on the books.

Non-current deferred income included the subsidy received by TGE for assets in the PCR project at a carrying value of PLN 5.5 million as at 31 March 2019, including PLN 4.9 million presented as non-current and PLN 0.6 million presented as current. The carrying value of the subsidy was PLN 5.6 million as at 31 December 2018, including PLN 5.0 million presented as non-current and PLN 0.6 million presented as current.

The increase in total non-current liabilities was due to the implementation of IFRS 16 in 2019. As a result, the Group recognised lease liabilities of PLN 25.0 million as at 31 March 2019, including PLN 19.6 million presented as non-current and PLN 5.4 million presented as current.

Other non-current liabilities as at 31 March 2019 included mainly the liability of the parent entity to the Polish National Foundation at PLN 8.2 million (PLN 9.6 million as at 31 December 2018).

**Current liabilities** of the Group stood at PLN 135.3 million representing 10% of the Group's total equity and liabilities as at 31 March 2019 compared to PLN 57.4 million or 5% of total equity and liabilities as at 31 December 2018 and PLN 99.0 million or 8% of the total equity and liabilities as at 31 March 2018.

The increase in current liabilities as at 31 March 2019 was mainly driven by an increase of:

- ✓ contract liabilities,
- ✓ other current liabilities,
- ✓ trade payables,
- ✓ the implementation of IFRS 16 Leases.

Contract liabilities include income of future periods distributed over time in respect of annual fees paid by market participants and data vendors. Current contract liabilities on the financial and commodity markets include annual and quarterly fees paid by market participants. As at 31 March 2019, such liabilities included mainly income of future periods on the financial market: trading revenue at PLN 0.5 million, listing revenue at PLN 12.4 million, as well as information services and revenue from the calculation of reference rates at PLN 15.6 million.

Other current liabilities as at 31 March 2019 included mainly TGE's VAT payable of the current period at PLN 38.4 million and InfoEngine's liabilities in respect of margins securing electricity buy/sell transactions on the balancing market at PLN 1.2 million. Other current liabilities as at 31 December 2018 included mainly TGE's VAT payable of the current period at PLN 12.5 million and InfoEngine's liabilities in respect of margins securing electricity buy/sell transactions on the balancing market at PLN 2.5 million.

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

| | As at | | | | | |
|---|---|---|---|---|---|---|
| *PLN'000* | 31 March 2019 | % | 31 December 2018 | % | 31 March 2018 | % |
| **Equity** | **914,622** | **69%** | **890,538** | **73%** | **829,346** | **70%** |
| Share capital | 63,865 | 5% | 63,865 | 5% | 63,865 | 5% |
| Other reserves | 898 | 0% | 1,267 | 0% | 1,349 | 0% |
| Retained earnings | 849,269 | 64% | 824,816 | 68% | 763,551 | 64% |
| Non-controlling interests | 590 | 0% | 590 | 0% | 581 | 0% |
| **Non-current liabilities** | **281,049** | **21%** | **269,333** | **22%** | **264,884** | **22%** |
| Liabilities under bond issue | 244,058 | 18% | 243,961 | 20% | 243,670 | 20% |
| Employee benefits payable | 1,071 | 0% | 1,147 | 0% | 1,454 | 0% |
| Lease liabilities | 19,634 | 1% | - | 0% | - | 0% |
| Accruals and deferred income | 4,894 | 0% | 5,033 | 0% | 5,452 | 0% |
| Deferred income tax liability | 994 | 0% | 7,357 | 1% | 2,682 | 0% |
| Other liabilities | 10,398 | 1% | 11,835 | 1% | 11,626 | 1% |
| **Current liabilities** | **135,311** | **10%** | **57,446** | **5%** | **99,006** | **8%** |
| Liabilities under bond issue | 2,068 | 0% | 1,938 | 0% | 2,070 | 0% |
| Trade payables * | 19,855 | 1% | 8,575 | 1% | 23,849 | 2% |
| Employee benefits payable | 12,970 | 1% | 14,278 | 1% | 8,141 | 1% |
| Finance lease liabilities | - | 0% | - | 0% | 15 | 0% |
| Lease liabilities | 5,359 | 0% | - | 0% | - | 0% |
| Corporate income tax payable | 7,217 | 1% | 3,158 | 0% | 1,636 | 0% |
| Contract liabilities | 32,676 | 2% | 3,581 | 0% | 33,037 | 3% |
| Accruals and deferred income * | 559 | 0% | 559 | 0% | 559 | 0% |
| Provisions for other liabilities and charges | 48 | 0% | 68 | 0% | 67 | 0% |
| Other current liabilities | 54,559 | 4% | 25,289 | 2% | 29,632 | 2% |
| **Total equity and liabilities** | **1,330,982** | **100%** | **1,217,317** | **100%** | **1,193,236** | **100%** |

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

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 102.4 million in Q1 2019 compared to positive cash flows of PLN 33.0 million in Q1 2018. The positive cash flows from operating activities in Q1 2019 were mainly driven by an increase in positive cash flows from operating activities before tax as well as an increase of receivables.

The cash flows from investing activities were positive at PLN 14.3 million in Q1 2019 compared to positive cash flows of PLN 44.6 million in Q1 2018. The positive cash flows from investing activities were due to a surplus of the selling price of financial assets over their cost of purchase. GPW purchased corporate bonds in Q1.

The cash flows from financing activities were negative at PLN 2.7 million in Q1 2019 compared to negative cash flows of PLN 1.7 million in Q1 2018. The negative cash flows from financing activities in 2018 were driven by the payment of interest on bonds at PLN 1.7 million and the payment of finance lease (IFRS 16) interest at PLN 1.1 million.

Table 25: Consolidated cash flows

| | **Przepływy za okres 3 miesięcy zakończony** | | |
|---|---|---|---|
| ***tys. zł*** | **31 marca 2019** | **31 grudnia 2018** | **31 marca 2018** |
| Przepływy pieniężne z działalności operacyjnej | 102,402 | 39,914 | 32,981 |
| Przepływy pieniężne z działalności inwestycyjnej | 14,250 | (18,071) | 44,577 |
| Przepływy pieniężne z działalności finansowej | (2,726) | (6,372) | (1,684) |
| **Zwiększenie (zmniejszenie) środków pieniężnych netto** | **113,926** | **15,471** | **75,476** |
| *Wpływ zmian kursów walut na saldo środków pieniężnych w walutach* | *(28)* | *195* | *(298)* |
| **Środki pieniężne i ich ekwiwalenty na początek okresu** | **188,724** | **173,058** | **235,886** |
| **Środki pieniężne i ich ekwiwalenty na koniec okresu** | **302,622** | **188,724** | **311,462** |

Source: Condensed Consolidated Interim Financial Statements

## CAPITAL EXPENDITURE

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 Group's total capital expenditure in Q1 2018 amounted to PLN 5.6 million, including expenditure for property, plant and equipment at PLN 2.3 million and expenditure for intangible assets at PLN 3.3 million.

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

Contracted investments in plant, property and equipment were PLN 479 thousand as at 31 December 2018 including mainly the acquisition of IT hardware and software in GPW. Contracted investments in intangible assets were PLN 1,100 thousand as at 31 December 2018 including mainly the trade surveillance system in GPW and the acquisition of the 2PI application in TGE.

Contracted investments in plant, property and equipment were PLN 133 thousand as at 31 March 2018 including mainly the refurbishment of office space in GPW and cables in the server room. Contracted investments in intangible assets were PLN 1,620 thousand as at 31 March 2018 including mainly the trade surveillance system in GPW and the market surveillance system in TGE.

# 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 exceeded interest-bearing liabilities (negative net debt). The debt to equity ratio decreased quarter on quarter and year on year in Q1 2018 due to an increase of the equity in Q1 2019 and a reduction of the Group's debt.

## LIQUIDITY RATIOS

The current liquidity ratio was 5.4 as at 31 March 2019. The year-on-year decrease of the ratio was due to an increase in current liabilities, which mainly included other liabilities.

The coverage ratio of interest costs under the bond issue decreased year on year. 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 deteriorated slightly in relation to the comparative periods presented in the table below due to a decrease of the operating profit, the net profit and EBITDA. The cost/income ratio increased due to an increase of operating expenses combined with a decrease of revenues.

Table 26: Key financial indicators of GPW Group

| | | As at / For the 3-month period ended | | |
|---|---|---|---|---|
| | | 31 March 2019 | 31 December 2018 | 31 March 2018 |
| **Debt and financing ratios** | | | | |
| Net debt / EBITDA (for a period of 12 months) | 1), 2) | (0,3) | (1,2) | (0,3) |
| Debt to equity | 3) | 26,9% | 27,6% | 29,6% |
| **Liquidity ratios** | | | | |
| Current liquidity | 4) | 5,4 | 11,1 | 6,2 |
| Coverage of interest on bonds | 5) | 20,5 | 27,7 | 24,4 |
| **Return ratios** | | | | |
| EBITDA margin | 6) | 45,8% | 59,6% | 51,2% |
| Operating profit margin | 7) | 34,9% | 50,6% | 42,1% |
| Net profit margin | 8) | 29,1% | 42,0% | 34,8% |
| Cost / income | 9) | 64,5% | 48,0% | 56,3% |
| ROE | 10) | 20,4% | 21,7% | 19,9% |
| ROA | 11) | 14,1% | 15,5% | 13,3% |

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 12 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 some 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 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.

Trading in energy on the Commodity Forward Instruments Market operated by TGE is not distributed evenly over the year. It is seasonal in that trading is relatively low in the first half of the year compared to the second half of the year. This is because the supply side is awaiting information about the costs of electricity generation (including the cost of fuel) in the first half of the year. The demand side, in turn, needs time to determine its demand for the next year based on the demand of its clients.

SYSTEM OF FINANCING CAPITAL MARKET SUPERVISION

The Act of 12 June 2015 amending the Capital Market Supervision Act and certain other Acts largely extended the list of entities required to finance supervision (by adding, among others, banks, insurers, investment funds, public companies, brokerage houses and foreign investment firms) and changed the amount of contributions of entities. A Regulation of the Minister of Finance effective as of 1 January 2016 determines among others the calculation method as well as the terms and conditions of the payment of fees by relevant entities. As a result, the cost paid by the Group was reduced significantly (nearly by half) as of January 2016. However, the fees stood at PLN 12.5 million in 2018, the highest number since the changes. GPW has no control of the amount of the fees and is unable to estimate the exact amount of the fee due to PFSA in any given year. Consequently, GPW cannot estimate the impact of the fee on the Group's cash flows. An increase of the fee may have an adverse effect on the Group's business, financial position and results of operations.

Following an amendment of regulations governing fees paid to cover the cost of supervision of the capital market and in view of the provisions of an interpretation of the International Financial Reporting Interpretations Committee (IFRIC 21), the GPW Group has decided to change the timing of recognition of liabilities in respect of fees due to PFSA and of charging the fees to costs. Until the end of 2015, GPW recognised 1/12 of the annual fee due to PFSA in each month of the year. According to IFRIC 21, the entity should recognise liabilities in respect of fees due to PFSA at the date of the obligating event. The obligating event is the business subject to the fees due to PFSA carried out as at the 1 January of each year. Consequently, the total estimated amount of the annual fees due to PFSA will be charged to the results of the GPW Group's results in the first quarter of each year.

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. 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.

In connection with the aforementioned changes related to supervision fees paid to PFSA and the method of their calculation, the amounts of the fees may change from year to year, as demonstrated by the amount of the fees paid in 2016 and 2017. The PFSA fee paid by the Group was PLN 9.1 million in 2016, PLN 5.6 million in 2017, and PLN 12.5 million in 2018, affecting the annual results of the Group. The much higher fee in 2018 was due to higher rates published in a communication of the Chairperson of the Financial Supervision Committee of 30 August 2018. The Group recognised provisions of PLN 12.9 million for the fee in Q1 2019.

# X. Other information

### CONTINGENT LIABILITIES AND ASSETS

The GPW Group had no contingent liabilities or assets as at 31 March 2019.

### 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 2019, GPW and the associates of GPW did not make any significant transactions on terms other than at arm's length.

### GUARANTIES AND SURETIES GRANTED

In June 2018, a new agreement was signed, granting TGE a bank guarantee in favour of NordPool at PLN 3.6 million valid from 1 July 2018 to 30 June 2019 and another guarantee at EUR 3.6 million valid from 1 December 2018 to 30 April 2019.

The Group granted and accepted no other guarantees and sureties in Q1 2019.

### FEASIBILITY OF PREVIOUSLY PUBLISHED FORECASTS

The Group did not publish any forecasts of 2019 results.

### DIVIDEND PAYMENT

On 29 March 2019, the Exchange Supervisory Board issued a positive opinion concerning the motion of the Exchange Management Board for the distribution of the Company's profit of 2018, including a dividend payment of PLN 133,470,960.00, i.e., PLN 3.18 per share. The dividend payout rate will be 72.7% of the consolidated profit (77.1% of the net profit attributable to the shareholders of the parent entity adjusted for the share of profit of entities measured by the equity method) and the dividend yield will be 8.15% based on GPW's capitalisation of 26 March 2019.

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

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

## FACTORS WHICH WILL IMPACT THE RESULTS AT LEAST IN THE NEXT QUARTER

- In June 2018, the GPW Group published its updated strategy #GPW2022. As a part of the strategy, the GPW Management Board acting with the approval of the Exchange Supervisory Board presented 14 strategic initiatives which will set the direction in strengthening the GPW Group's international position. 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, 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 associates.

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

- On 24 September 2018, the rating agency FTSE Russell promoted Poland from Advanced Emerging Markets to Developed Markets as of September 2018. The new positioning of the Polish capital market could drive additional interest of investors and bring additional capital to the Polish exchange.

- On 5 October 2015, the multilateral trading facility (MTF) Turquoise in London started to offer trade in Polish shares participating in WIG30. It cannot be ruled out that some investors will trade in shares of Polish companies on Turquoise. On 20 September 2018, CBOE (Chicago Board Options Exchange), the biggest US option exchange, published its plan to enter three new European markets: Hungary (BUX index), the Czech Republic (PX Index) and Poland (WIG20 Index). Trading on the new markets is scheduled to launch on 5 November 2018. CBOE is interested in Polish blue chips participating in WIG20. CBOE Europe will offer trading in securities deposited in KDPW. The entry of an alternative trading venue in stocks to the Polish market could have an adverse impact on trading on GPW.

- 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 (General Data Protection Regulation or GDPR) took effect on 25 May 2018 and replaced the existing Personal Data Protection Act of 29 August 1997. The new regulations apply to all entities which process personal data in the EU. GDPR introduced a number of changes and extended the scope of obligations of data controllers and processors. The implementation of GDPR in the GPW Group has put in place uniform and coherent solutions including shared data controlling, data retention, and modified security of systems used to process personal data. GDPR introduces the obligation of reporting to the supervisory authority and personal data owners in the event of any data protection violations with 72 hours of identification of the event. In the case of non-compliance with the data disclosure prohibition, personal data controllers may be subject to penalties up to EUR 20 million or 4% of the annual global turnover of the business concerned in the financial year preceding the violation.

- On 5 April 2018, the Ministry of Energy opened social consultations of a draft law on promotion of electricity from high-efficiency cogeneration. In October 2018, the Ministry of Energy published a draft model of the new cogeneration support scheme. The cogeneration support scheme should comply with the Commission guidelines, i.e., it should be based on auctions. The support scheme proposed by the Ministry will launch in 2019.

  Those legislative amendments will end trading in yellow and red property rights as of 31 December 2018. Outstanding rights will be cancelled by June 2019.

- The Act of 20 February 2015 on renewable energy sources introduces as of 2016 a new system of support for the production of energy from renewable energy sources (RES) based on auctions. Energy prices fixed at auction will be available to investors within 15 years from the launch of production, increased annually by inflation. The Act allows entities participating in the existing support scheme based on certificates of origin to move to the auction system, which would have an adverse impact on the volume of trading on the Property Rights Market and in the Register of Certificates of Origin. In addition, the Act narrows down the group of entities eligible for support in the form of green certificates (excluding large hydropower installations above 5 MW) and imposes restrictions on the issuance of certificates of origin for multi-fuel combustion plants, which may largely limit the number of property rights to green certificates of origin issued by the Register. Furthermore, the Energy Law requires energy companies which produce electricity and are entitled to compensation (to cover stranded costs) for early termination of long-term power and electricity sale contracts to "publicly" sell generated electricity. The number of entities subject to the formal obligation diminishes over time.

- TGE results will be impacted by the preparation of the Commodity Forward Instruments Market for transformation into an OTF (Organised Trading Facility) under MiFiD2. On 29 December 2017, the Commodity Forward Instruments Market implemented the principle of discretion, which is a special feature of OTFs under MiFID 2. The principle of discretion implemented by TGE allows for improvement of market liquidity in less liquid instruments. The principle of discretion allows TGE to retain the turnover of the Commodity Forward Instruments Market 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), TGE has 12 months to apply to PFSA for a licence to operate an Organised Trading Facility into which the Commodity Forward Instruments Market will be transformed.

- The integration of the European market as a coherent harmonised internal market (Internal Electricity Market – IEM) enables all market players to participate in cross-border trade in electricity. The target market coupling (MC) solution for day-ahead markets is the Price Coupling of Regions (PCR) developed by Western European exchanges while the Cross-border Intra-day model (XBID) is the MC solution for the intraday market. On 15 November 2017, TGE started production on the European day-ahead market in the PCR model, which means that TGE became a PCR operator/co-ordinator exchange. TGE is an authorised active market broker as one of five exchanges including TGE, EPEX SPOT, OMIE, GME, NORD POOL. As a result, TGE can launch as a NEMO on the markets with no NEMO monopoly, which presents an opportunity for TGE to expand to foreign markets. At the same time, other NEMOs may launch on the Polish electricity market. Two NEMOs are expected to start operation competitive to TGE on the Polish spot electricity market in October 2018.

- In July 2018, GPW, the Polish Development Fund (PFR), Biuro Informacji Kredytowej (BIK) and Polska Agencja Ratingowa (PAR), formerly Instytut Analiz i Ratingu (IAiR), signed an investment agreement which provides for a partnership between GPW, PFR and BIK to develop a recognisable, strong local rating agency based on IAiR. GPW, PFR and BIK expect that the shareholder structure of Polska Agencja Ratingowa should correspond to the equal equity investment of each of them in PAR (1/3 each). The planned equity injection will enable the entity to launch full-fledged operation until it breaks even.

  The investment agreement signed by GPW, PFR, BIK and PAR follows an agreement signed on 28 November 2017 concerning co-operation in the development of Polska Agencja

Ratingowa in order to compile and provide credit risk ratings of entities, including mainly issuers of bonds.

The main objective of the joint rating agency will be to build a rating culture in Poland by providing services to a broad group of clients, including mainly small and medium-sized enterprises (SMEs). The mission of the agency will be to bridge a gap on the Polish market with regard to access to local risk ratings and research. The rating agency will also bolster the role of the debt market in financing the economy and help to improve the quality of the Polish capital market by facilitating the risk valuation for investors on the exchange.

## OTHER MATERIAL INFORMATION

*Changes on the Management Board of the Company*

The composition of the Management Board of the Company did not change in the reporting period from 1 January to 31 March 2019.

In the opinion of the Company, in Q1 2019, there were no significant events or circumstances, other than those presented in this Report, which would be material to an evaluation of the Company's or the Group's position with regard to its human resources, assets, financial position, financial results and capacity to meet obligations.

# XI. Quarterly financial information of Giełda Papierów Wartościowych w Warszawie S.A. for Q1 2019

This quarterly financial information of Giełda Papierów Wartościowych w Warszawie S.A. has been prepared in accordance with the accounting policy principles binding for the Condensed Consolidated Interim Financial Statements for the three-month period ended 31 March 2019.

The estimates did not change substantially in the three-month period ended 31 March 2019, including adjustments of provisions, deferred tax provisions and deferred tax assets mentioned in the IFRS. In the period under review, the Company and its subsidiaries did not make one or more significant transactions with related parties on terms other than at arm's length, and neither did they grant credit or loan sureties other than described in section IX.

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

| | for the three-month period ended 31.03.2019 | for the three-month period ended 31.12.2018 | for the three-month period ended 31.03.2018 |
|---|---|---|---|
| **Revenue** | **48,171** | **47,915** | **48,876** |
| Operating expenses | 33,188 | 28,126 | 29,948 |
| Other income | 1,004 | 284 | 609 |
| Impairment losses | 891 | 1,160 | 1,036 |
| Other expenses | 646 | 790 | 390 |
| **Operating profit** | **14,450** | **18,123** | **18,111** |
| Financial income | 1,325 | 1,337 | 1,136 |
| Financial expenses | 2,057 | 2,288 | 2,043 |
| **Profit before income tax** | **13,718** | **17,172** | **17,204** |
| Income tax expense | 2,880 | 3,453 | 3,359 |
| **Profit for the period** | **10,838** | **13,719** | **13,845** |
| **Total comprehensive income** | **10,838** | **13,719** | **13,845** |
| **Basic / Diluted earnings per share (PLN)** | **0.26** | **0.33** | **0.33** |

Source: Company

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

| ASSETS | 31.03.2019 | 31.12.2018 | 31.03.2018 |
|---|---|---|---|
| **Non-current assets** | **442,721** | **426,635** | **432,853** |
| Property, plant and equipment | 94,120 | 96,362 | 94,359 |
| Right-to-use assets | 9,670 | - | - |
| Intangible assets | 54,413 | 56,439 | 62,271 |
| Investment in associates | 13,825 | 13,825 | 11,652 |
| Investment in subsidiaries | 250,885 | 250,885 | 254,985 |
| Leasing Receivable | 13,221 | - | - |
| Financial assets measured at fair value through other comprehensive income | 103 | 101 | 197 |
| Non-current prepayments | 2,262 | 4,801 | 5,167 |
| Cash and cash equivalents | 4,222 | 4,222 | 4,222 |
| **Current assets** | **407,449** | **358,619** | **332,097** |
| Inventory | 51 | 64 | 54 |
| Trade and other receivables | 39,872 | 25,483 | 39,223 |
| Leasing Receivable | 4,096 | - | - |
| Financial assets measured at amortised cost | 1,858 | 1,015 | - |
| Other financial assets measured at amortised cost | 306,026 | 310,090 | 149,731 |
| Assets held for sale | - | - | 25,307 |
| Cash and cash equivalents | 55,546 | 21,967 | 117,782 |
| **TOTAL ASSETS** | **850,170** | **785,254** | **764,950** |

| EQUITY AND LIABILITIES | 31.03.2019 | 31.12.2018 | 31.03.2018 |
|---|---|---|---|
| **Equity** | **509,074** | **498,237** | **452,508** |
| Share capital | 63,865 | 63,865 | 63,865 |
| Other reserves | (141) | (142) | (125) |
| Retained earnings | 445,350 | 434,514 | 388,768 |
| **Non-current liabilities** | **274,988** | **263,237** | **258,842** |
| Liabilities under bond issue | 244,059 | 243,961 | 243,670 |
| Employee benefits payable | 595 | 595 | 884 |
| Lease liabilities | 19,159 | - | - |
| Deferred tax liability | 777 | 6,846 | 2,662 |
| Other liabilities | 10,398 | 11,835 | 11,626 |
| **Current liabilities** | **66,108** | **23,780** | **53,600** |
| Liabilities under bond issue | 2,067 | 1,938 | 2,070 |
| Trade payables | 13,980 | 4,498 | 11,137 |
| Employee benefits payable | 6,684 | 9,095 | 5,281 |
| Lease liabilities | 5,241 | - | - |
| Deferred tax liability | 5,755 | 1,373 | 1,047 |
| Performance obligations | 26,100 | 11 | 25,771 |
| Provisions for other liabilities and charges | 47 | 68 | 68 |
| Other liabilities | 6,234 | 6,797 | 8,226 |
| **TOTAL EQUITY AND LIABILITIES** | **850,170** | **785,254** | **764,950** |

Source: Company

## Table 29: Separate cash flow statement (PLN'000)

| | | for the three-month period ended 31.03.2019 | for the three-month period ended 31.12.2018 | for the three-month period ended 31.03.2018 |
|---|---|---|---|---|
| **A** | **Cash flows from operating activities** | **33,571** | **18,329** | **21,515** |
| | Cash generated from operating activities | 40,635 | 20,482 | 36,022 |
| | Income tax (paid)/refunded | (7,064) | (4,688) | (14,441) |
| **B** | **Cash flows from investing activities** | **2,387** | **(16,382)** | **45,476** |
| | Purchase of property, plant and equipment and advances for property, plant and equipment | (845) | (3,602) | (1,112) |
| | Purchase of intangible assets and advances for intangible assets | (850) | (840) | (909) |
| | Proceeds from sale of property, plant and equipment and intangible assets | 3 | 219 | 82 |
| | Interest received on financial assets measured at amortised cost | 1,504 | 1,113 | 882 |
| | Purchase of financial assets measured at amortised cost | (194,000) | (120,529) | (149,529) |
| | Sale of financial assets measured at amortised cost | 197,630 | 107,237 | 196,000 |
| | Interest received on loans granted | 1 | 3 | - |
| | Others | - | - | 62 |
| | Sale of financial assets measured at amortised cost | - | 17 | - |
| | Purchase of shares of associates | (1,000) | - | - |
| | Sublease payments received (interest, IFRS 16) | 123 | - | - |
| | Lease payments made (interest, IFRS 16) | (179) | - | - |
| **C** | **Cash flows from financing activities:** | **(2,347)** | **(2,000)** | **(1,668)** |
| | Interest paid on bonds issued | (1,656) | (2,000) | (1,668) |
| | Sublease payments received (principal, IFRS 16) | 328 | - | - |
| | Lease payments made (principal, IFRS 16) | (1,019) | - | - |
| **D** | **Net (decrease) / increase in cash and cash equivalents** | **33,611** | **(53)** | **65,323** |
| | *Impact of change of fx rates on cash balances in foreign currencies* | (32) | 278 | (287) |
| | **Cash and cash equivalents - opening balance** | **21,967** | **21,742** | **52,746** |
| | **Cash and cash equivalents - closing balance** | **55,546** | **21,967** | **117,782** |

Source: Company

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

| | Attributable to the shareholders of the entity | | | Total equity |
|---|---|---|---|---|
| | Share capital | Other reserves | Retained earnings | |
| **As at 31 December 2017** *(poprzednio raportowane)* | **63,865** | **(125)** | **387,147** | **450,887** |
| Adjustments | **-** | **-** | (12,014) | **(12,014)** |
| **As at 31 December 2017** *(restated - PFN)* | **63,865** | **(125)** | **375,133** | **438,873** |
| Adjustment on initial application of IFRS 9 | **-** | **-** | (210) | **(210)** |
| **As at 1 january 2018** *(restated - PFN and IFRS 9)* | **63,865** | **(125)** | **374,923** | **438,663** |
| Net profit for the three-month period ended 31 March 2018 | **-** | **-** | 13,845 | **13,845** |
| **Total comprehensive income for the three-month period ended 31 March 2018** | **63,865** | **(125)** | **388,768** | **452,508** |
| **As at 31 March 2018** *(unaudited, restated)* | **63,865** | **(125)** | **388,768** | **452,508** |
| | **-** | **-** | **-** | **-** |
| **As at 31 December 2017** *(poprzednio raportowane)* | **63,865** | **(125)** | **387,147** | **450,887** |
| Adjustments | **-** | **-** | (12,014) | **(12,014)** |
| **As at 31 December 2017** *(restated - PFN)* | **63,865** | **(125)** | **375,133** | **438,873** |
| Adjustment on initial application of IFRS 9 | **-** | - | (210) | **(210)** |
| **As at 1 january 2018** *(restated - PFN and IFRS 9)* | **63,865** | **(125)** | **374,923** | **438,663** |
| Dividends | **-** | **-** | (92,338) | **(92,338)** |
| **Transactions with owners shown directly in equity** | **-** | **-** | **(92,338)** | **(92,338)** |
| Net profit for the year ended 31 December 2018 | - | - | 151,929 | **151,929** |
| Other comprehensive income | - | (17) | - | **(17)** |
| **Total comprehensive income for the year ended 31 December 2018** | **-** | **(17)** | **151,929** | **151,912** |
| **As at 31 December 2018** | **63,865** | **(142)** | **434,514** | **498,237** |
| | **-** | **-** | **-** | **-** |
| **As at 31 December 2018** | **63,865** | **(142)** | **434,514** | **498,237** |
| Dividends | - | - | (92,338) | **(92,338)** |
| **Transactions with owners shown directly in equity** | **-** | **-** | **(92,338)** | **(92,338)** |
| Net profit for the three-month period ended 31 March 2019 | - | - | 10,838 | **10,838** |
| **Total comprehensive income for the three-month period ended 31 March 2019** | **-** | **1** | **10,836** | **10,837** |
| **As at 31 March 2019** *(unaudited)* | **63,865** | **(141)** | **445,350** | **509,074** |

Source: Company

# XII. Appendices

Condensed Consolidated Interim Financial Statements for the three-month period ended 31 March 2019

Condensed Consolidated Interim
Financial Statements of the

# Giełda Papierów Wartościowych w Warszawie S.A. Group

for the three-month period ended 31 March 2019

April 2019

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*(all amounts in PLN'000 unless indicated otherwise)*

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Note | As at 31 March 2019 *(unaudited)* | As at 31 December 2018 |
|---|---|---|---|
| **Non-current assets** | | **597,748** | **580,375** |
| Property, plant and equipment | 3 | 104,498 | 108,158 |
| Right-to-use assets | | 25,510 | - |
| Intangible assets | 4 | 250,073 | 254,564 |
| Investment in entities measured by equity method | 5 | 207,885 | 207,267 |
| Subleasing receivables | | 1,140 | - |
| Deferred tax assets | | 1,501 | 540 |
| Financial assets measured at fair value through other comprehensive income | | 103 | 101 |
| Prepayments | | 2,816 | 5,523 |
| Other non-current assets | | 4,222 | 4,222 |
| **Current assets** | | **733,234** | **636,942** |
| Inventories | | 52 | 64 |
| Trade and other receivables | 6 | 66,452 | 69,437 |
| Subleasing receivables | | 396 | - |
| Contract assets | 11 | 2,007 | 1,215 |
| Financial assets measured at amortised cost | 7 | 361,705 | 377,502 |
| Cash and cash equivalents | 9 | 302,622 | 188,724 |
| **TOTAL ASSETS** | | **1,330,982** | **1,217,317** |

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

*(all amounts in PLN'000 unless indicated otherwise)*

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

| | Note | As at 31 March 2019 *(unaudited)* | As at 31 December 2018 |
|---|---|---|---|
| **Equity** | | **914,622** | **890,538** |
| **Equity of the shareholders of the parent entity** | | **914,032** | **889,948** |
| Share capital | | 63,865 | 63,865 |
| Other reserves | | 898 | 1,267 |
| Retained earnings | | 849,269 | 824,816 |
| **Non-controlling interests** | | **590** | **590** |
| **Non-current liabilities** | | **281,049** | **269,333** |
| Liabilities on bonds issue | 10 | 244,058 | 243,961 |
| Employee benefits payable | | 1,071 | 1,147 |
| Lease liabilities | | 19,634 | - |
| Acruals and deferred income | 12 | 4,894 | 5,033 |
| Deferred tax liability | | 994 | 7,357 |
| Other liabilities | 13 | 10,398 | 11,835 |
| **Current liabilities** | | **135,311** | **57,446** |
| Liabilities on bonds issue | 10 | 2,068 | 1,938 |
| Trade payables | | 19,855 | 8,575 |
| Employee benefits payable | | 12,970 | 14,278 |
| Lease liabilities | | 5,359 | - |
| Corporate income tax payable | | 7,217 | 3,158 |
| Contract liabilities | 11 | 32,676 | 3,581 |
| Accruals and deferred income | 12 | 559 | 559 |
| Provisions for other liabilities and charges | | 48 | 68 |
| Other current liabilities | 13 | 54,559 | 25,289 |
| **TOTAL EQUITY AND LIABILITIES** | | **1,330,982** | **1,217,317** |

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

(all amounts in PLN'000 unless indicated otherwise)

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Note | Three-month period ended | |
|---|---|---|---|
| | | **31 March 2019** *(unaudited)* | **31 March 2018** *(restated, unaudited)* |
| Sales revenue | | 84,156 | 85,936 |
| Operating expenses | | (54,322) | (48,360) |
| Other income | | 1,330 | 844 |
| Impairment losses | | (1,131) | (1,476) |
| Other expenses | | (654) | (781) |
| **Operating profit** | | **29,379** | **36,163** |
| Financial income | | 2,095 | 1,867 |
| Financial expenses | | (2,115) | (2,208) |
| Share of profit of entities measured by equity method | 5 | 989 | 746 |
| **Profit before income tax** | | **30,348** | **36,568** |
| Income tax expense | 14 | (5,896) | (6,657) |
| **Profit for the period** | | **24,452** | **29,911** |
| *Gains/(Losses) on valuation of financial assets measured at fair value through other comprehensive income* | | *2* | *-* |
| *Gains/(Losses) on valuation of financial assets measured at fair value through other comprehensive income (entities measured by equity method)* | 5 | *(371)* | *2* |
| Total items that may be reclassified to profit or loss | | (369) | 2 |
| **Other comprehensive income after tax** | | **(369)** | **2** |
| **Total comprehensive income** | | **24,083** | **29,913** |
| *Profit for the period attributable to shareholders of the parent entity* | | *24,452* | *29,903* |
| *Profit for the period attributable to non-controlling interests* | | *-* | *8* |
| Total profit for the period | | 24,452 | 29,911 |
| *Comprehensive income attributable to shareholders of the parent entity* | | *24,083* | *29,905* |
| *Comprehensive income attributable to non-controlling interests* | | *-* | *8* |
| Total comprehensive income | | 24,083 | 29,913 |
| **Basic/Diluted earnings per share (PLN)** | | **0.58** | **0.71** |

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

*(all amounts in PLN'000 unless indicated otherwise)*

# CONSOLIDATED STATEMENT OF CASH FLOWS

| | Note | Three-month period ended 31 March | |
|---|---|---|---|
| | | **2019** *(unaudited)* | **2018** *(restated, unaudited)* |
| **Cash flows from operating activities:** | | **102,402** | **32,981** |
| Cash generated from operation before tax | | 111,518 | 49,032 |
| Net profit of the period | | 24,452 | 29,911 |
| Adjustments: | | 87,066 | 19,121 |
| Income tax | | 5,896 | 6,657 |
| Depreciation of property, plant and equipment | | 4,109 | 3,991 |
| Depreciation of intangible assets | | 3,873 | 3,834 |
| Depreciation of right-to-use assets | | 1,204 | - |
| (Gains)/Losses on sale of property, plant and equipment and intangible assets | | (70) | (5) |
| Revaluation of investments | | - | 74 |
| Foreign exchange (gains)/losses (accounts and deposits) | | 28 | 298 |
| Interest (income) on deposits, certificates of deposit and corporate bonds (not classified as cash and cash equivalents) | | (1,154) | (882) |
| Interest on bonds | | 1,787 | 1,898 |
| Interest (income) from sublease (IFRS 16) | | (11) | - |
| Interest on leases (IFRS 16) | | 182 | - |
| Financial cost of the bond issue | | 96 | - |
| Share of (profit)/loss of entities measured by equity method | | (989) | (746) |
| Other adjustments | | 207 | 145 |
| Change of assets and liabilities: | | 71,908 | 3,857 |
| *(Increase)/Decrease of inventories* | | *12* | *2* |
| *(Increase)/Decrease of trade and other receivables** | | *2,879* | *(23,561)* |
| *(Increase)/Decrease of contract assets* | | *(792)* | *33,037* |
| *Increase/(Decrease) of non-current prepayments** | | *376* | *(95)* |
| *Increase/(Decrease) of trade payables* | | *11,280* | *2,546* |
| *Increase/(Decrease) of employee benefits payable* | | *(1,384)* | *(4,817)* |
| *Increase/(Decrease) of accruals and deferred income* | | *(139)* | *(6,967)* |
| *Increase/(Decrease) of contract liabilities* | | *29,095* | *-* |
| *Increase/(Decrease) of other liabilities (excluding committed investments and dividend payable)* | | *30,602* | *3,855* |
| *Increase/(Decrease) of net provisions for liabilities and other charges* | | *(21)* | *(143)* |
| Interest on taxes (paid)/refunded | | - | (66) |
| Income tax (paid)/refunded | | (9,116) | (15,985) |

** The difference between the "Changes of trade and other receivables" and "Changes of non-current prepayments" in the consolidated statement of financial position and those presented in the consolidated statement of cash flows is caused by the implementation of IFRS 16 and different presentation of the perpetual usufruct, please see details in Note 19*

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

*(all amounts in PLN'000 unless indicated otherwise)*

# CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

| | Note | Three-month period ended 31 March | |
|---|---|---|---|
| | | **2019** *(unaudited)* | **2018** *(restated, unaudited)* |
| **Cash flows from investing activities:** | | **14,250** | **44,577** |
| Purchase of property, plant and equipment and advances for property, plant and equipment | | (1,233) | (2,310) |
| Purchase of intangible assets and advances for intangible assets | | (2,832) | (3,320) |
| Proceeds from sale of property, plant and equipment and intangible assets | | 1,535 | 137 |
| Interest received on financial assets measured at amortised cost | | 1,621 | 1,099 |
| Purchase of financial assets measured at amortised cost | | (196,300) | (195,529) |
| Sale of financial assets measured at amortised cost | | 211,630 | 244,500 |
| Sublease payments received (interest, IFRS 16) | | 11 | - |
| Lease payments made (interest, IFRS 16) | | (182) | - |
| **Cash flows from financing activities:** | | **(2,726)** | **(1,684)** |
| Interest paid on bonds issued | | (1,656) | (1,668) |
| Sublease payments received (principal, IFRS 16) | | 44 | - |
| Lease payments made (principal, IFRS 16) | | (1,114) | - |
| Finance lease payments (IAS 17) | | - | (16) |
| **Net (decrease)/increase in cash and cash equivalents** | | **113,926** | **75,874** |
| *Impact of fx rates on cash balance in currencies* | | *(28)* | *(298)* |
| **Cash and cash equivalents - opening balance** | | **188,724** | **235,886** |
| **Cash and cash equivalents - closing balance** | | **302,622** | **311,462** |

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

*(all amounts in PLN'000 unless indicated otherwise)*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Attributable to the shareholders of the parent entity | | | | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|
| | Share capital | Other reserves | Retained earnings | Total | | |
| **As at 1 January 2019** | **63,865** | **1,267** | **824,816** | **889,948** | **590** | **890,538** |
| Net profit for the three-month period ended 31 March 2019 | - | - | 24,452 | **24,452** | - | **24,452** |
| Other comprehensive income | - | (369) | - | **(369)** | - | **(369)** |
| **Total comprehensive income for the three-month period ended 31 March 2019** | **-** | **(369)** | **24,452** | **24,083** | **-** | **24,083** |
| **As at 31 March 2019** *(unaudited)* | **63,865** | **898** | **849,269** | **914,032** | **590** | **914,622** |

| | Attributable to the shareholders of the parent entity | | | | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|
| | Share capital | Other reserves | Retained earnings | Total | | |
| **As at 31 December 2017** *(previously reported)* | **63,865** | **1,347** | **745,696** | **810,908** | **573** | **811,481** |
| Adjustment - donation to PFN | - | - | (12,014) | **(12,014)** | - | **(12,014)** |
| **As at 31 December 2017** *(restated - adjusted for PFN)* | **63,865** | **1,347** | **733,682** | **798,894** | **573** | **799,467** |
| Adjustment at initial application of IFRS 9 | - | - | (210) | **(210)** | - | **(210)** |
| **As at 1 January 2018** *(restated - adjusted for PFN and IFRS 9)* | **63,865** | **1,347** | **733,472** | **798,684** | **573** | **799,257** |
| Dividends | - | - | (92,338) | **(92,338)** | - | **(92,338)** |
| **Transactions with owners recognised directly in equity** | **-** | **-** | **(92,338)** | **(92,338)** | **-** | **(92,338)** |
| Net profit for the year ended 31 December 2018 | - | - | 183,683 | **183,683** | 18 | **183,701** |
| Other comprehensive income | - | (80) | - | **(80)** | - | **(80)** |
| **Total comprehensive income for the year ended 31 December 2018** | **-** | **(80)** | **183,683** | **183,603** | **18** | **183,621** |
| **As at 31 December 2018** | **63,865** | **1,267** | **824,816** | **889,948** | **590** | **890,538** |

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

*(all amounts in PLN'000 unless indicated otherwise)*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

| | Attributable to the shareholders of the parent entity | | | | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|
| | Share capital | Other reserves | Retained earnings | Total | | |
| **As at 31 December 2017** *(previously reported)* | **63,865** | **1,347** | **745,696** | **810,908** | **573** | **811,481** |
| Adjustment - donation to PFN | - | - | (12,014) | **(12,014)** | - | **(12,014)** |
| **As at 31 December 2017** *(restated - adjusted for PFN)* | **63,865** | **1,347** | **733,682** | **798,894** | **573** | **799,467** |
| Adjustment at initial application of IFRS 9 | - | - | (210) | **(210)** | - | **(210)** |
| **As at 1 January 2018** *(restated - adjusted for PFN and IFRS 9)* | **63,865** | **1,347** | **733,472** | **798,684** | **573** | **799,257** |
| Net profit of the three-month period ended 31 March 2018 | - | - | 28,484 | **28,484** | 8 | **28,492** |
| Other comprehensive income | - | 2 | - | **2** | - | **2** |
| **Total comprehensive income for the three-month period ended 31 March 2018** | **-** | **2** | **28,484** | **28,486** | **8** | **28,494** |
| **Other changes in equity** | **-** | **-** | **176** | **176** | - | **176** |
| **As at 31 March 2018** *(restated, unaudited)* | **63,865** | **1,349** | **762,132** | **827,346** | **581** | **827,927** |

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

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

## 1. General

### 1.1. Legal status and scope of operations of the entity

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

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

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

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

- **Energy Markets** (trade in electricity on the Intra-Day Market, Day-Ahead Market, Commodity Forward Instruments Market, Electricity Auctions),
- **Gas Market** (trade in natural gas with physical delivery on the Intra-Day and Day-Ahead Market and the Commodity Forward Instruments Market),
- **Property Rights Market** (trade in property rights in certificates of origin of electricity),
- **$CO_2$ Emission Allowances Market** (trade in $CO_2$ emission allowances),
- **OTC (Over-the-Counter) commodity trade platform** (complements the offer with OTC commodity trade in electricity, energy biomass and property rights in certificates of origin).

On 23 February 2015, TGE received a decision of the Minister of Finance authorising TGE to operate an exchange and start trade on the Financial Instruments Market. The TGE Financial Instruments Market opened on 4 November 2015.

On 30 June 2017, the GPW Group (through its subsidiary GPW Benchmark S.A.) started the business of calculating and publishing WIBID and WIBOR reference rates, which are used by financial institutions as benchmarks in credit and deposit agreements and bond issues.

The GPW Group also operates:

- **Clearing House and Settlement System** (performing the functions of an exchange settlement system for transactions in exchange-traded commodities),
- **Trade Operator and Balancing Entity services** – both types of services are offered by InfoEngine S.A., balancing involves the submission of power sale contracts for execution and clearing of non-balancing with the grid operator (differences between actual power production or consumption and power sale contracts accepted for execution).

GPW also has a consultant in London whose mission is to support acquisition on the London market, in particular the acquisition of new investors and Exchange Members.

### 1.2. Approval of the financial statements

The Condensed Consolidated Interim Financial Statements were authorised for issuance by the Management Board of the parent entity on 26 April 2019.

### 1.3. Composition and activity of the Group

The Warsaw Stock Exchange and its following subsidiaries:

- Towarowa Giełda Energii S.A. ("TGE") the parent entity of the Towarowa Giełda Energii S.A. Group ("TGE Group"),
- BondSpot S.A. ("BondSpot"),
- GPW Benchmark S.A. ("GPWB"), formerly GPW Centrum Usług S.A.,

comprise the Warsaw Stock Exchange Group.

The following are the investment entities measured by the equity method, over which the Group exerts significant influence or 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", formerly "IAiR").

## 2. Basis of preparation of the financial statements

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

In the opinion of the Management Board of the parent entity, in the notes to the Condensed Consolidated Interim Financial Statements of the Giełda Papierów Wartościowych w Warszawie S.A. Group ("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 2019 and its financial results for the period from 1 January 2019 to 31 March 2019.

These Condensed Consolidated Interim Financial Statements have been prepared based 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 Financial Statements for the year ended 31 December 2018 other than for changes resulting from the application of new standards as described below. The Condensed Consolidated Interim Financial Statements for the three-month period ended 31 March 2019 should be read in conjunction with the audited Consolidated Financial Statements of the Group for the year ended 31 December 2018.

The following amendments of existing standards adopted by the European Union are effective for the financial statements of the Group for the financial year started on 1 January 2019:

1) IFRS 16 Leases – the influence of the introduction of the new standard is presented in Note 19 in these financial statements,
2) IFRIC 23 Uncertainty over Income Tax Treatments,
3) Amendments to IFRS 9 Financial Instruments,
4) Amendments to IAS 28 Investments in Associates and Joint Ventures,
5) Amendments to IAS 19 Employee Benefits,
6) Annual Improvements to IFRSs 2015-2017.

As a result of the implementation of IFRS 16 the Group's accounting policy described in Notes 2.8., 2.10. and 2.23. in the audited financial statements for the year ended 31 December 2018 has been updated as follows:

## 2.9. Non-current prepayments

Non-current prepayments present amounts paid relating to future periods which are recognised over time. Until 31 December 2018, non-current prepayments included the right to perpetual usufruct of land with expected economic useful life longer than one year. Following the implementation of IFRS 16, as of 1 January 2019, all historical, current and future payments relating to the right to perpetual usufruct of land are included in the measurement of right-of-use assets and liabilities (see a description of the accounting policy concerning the recognition of leases, Note 2.23).

## 2.10. Other receivables

Other receivables present mainly prepayments. Expenses paid in relation to future reporting periods are recognised as prepayments. Prepayments include:

- non-current items relating to future reporting periods longer than 12 months after the balance-sheet date;
- current items relating to future reporting periods not longer than 12 months after the balance-sheet date. Prepayments are recognised at cost in the consolidated statement of comprehensive income depending on the term of the related contract.

Until 31 December 2018, other receivables included prepayments relating to payments for the right to perpetual usufruct of land. Following the implementation of IFRS 16, as of 1 January 2019, all historical, current and future payments relating to the right to perpetual usufruct of land are included in the measurement of right-of-use assets and liabilities (see a description of the accounting policy concerning the recognition of leases, Note 2.23.).

## 2.23. Leases

### General

The Group recognises as leases all contracts under which the right to use an asset is transferred for a given term in exchange for a fee. According to allowed simplifications, the Group does not apply lease accounting to the following lease contracts where it is the lessee:

- short-term lease contracts with a term shorter than 12 months;
- leases of low-value underlying assets (less than PLN 20 thousand).

For each lease contract, the Group defines the lease term as an uncancellable period including:

- periods when the lessee is reasonably certain to exercise an option to extend the lease; and
- periods when the lessee is reasonably certain not to exercise an option to terminate the lease.

### Lessee

At the commencement date, i.e., the date when the lessor makes the underlying asset available for use, the Group recognises a right-to-use asset and a lease liability.

The Group initially measures right-to-use assets at cost, including the initial valuation of the lease liability, any lease payments paid at or before the commencement date less any lease incentives received, any initial direct costs incurred by the lessee, and an estimate of any costs to be incurred by the lessee in dismantling and removing the underlying asset, or restoring the site on which it is located, or restoring the underlying asset to the condition required by the terms and conditions of the lease.

After the commencement date of the lease, the Group measures right-to-use assets applying a cost model, i.e., at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liability. Right-to-use assets are depreciated on a straight-line basis over the lease term.

Right-to-use assets are presented in a separate line of the statement of financial position. The Group groups such assets by class of underlying asset and discloses the classes in the Notes. The main classes of underlying assets used under the right to use include perpetual usufruct of land and office space lease.

The Group measures lease liabilities at the commencement date of the lease at the present value of the lease payments outstanding at that date. Lease payments are discounted at the interest rate implicit in the lease. If the Group cannot easily determine the interest rate implicit in the lease, it applies its marginal borrowing rate. The incremental borrowing rate of the Group is equal to the interest rate that the Group would have to pay to borrow, for a similar term and against similar collateral, funds necessary to buy an asset of a similar value as the asset used under the lease contract.

For the purposes of initial measurement of lease liabilities, the Group determines lease payments including:

- fixed lease payments and variable lease payments depending on an index or rate;
- amounts which the Group is expected to pay under a residual value guarantee;
- the exercise price of an option to purchase the asset that the Group is reasonably certain to exercise;
- payments for terminating the lease if the Group may exercise an option to terminate the lease according to the terms and conditions of the lease.

After the commencement date of the lease, the Group measures lease liabilities by increasing the carrying amount to reflect interest on the lease liability at the interest rate implicit in the lease or its incremental borrowing rate, reducing the carrying amount to reflect the lease payments made, or remeasuring the carrying amount of the liability to reflect any reassessment or lease modifications.

The Group presents lease liabilities in a separate item of the statement of financial position, broken down by current and non-current items, and discloses an analysis of lease liabilities in the Notes.

*(all amounts in PLN'000 unless indicated otherwise)*

### Lessor

The Group recognises lease contracts where it is a lessor as an operating lease or a finance lease. The policy described in this section applies accordingly to sublease contracts, i.e., contracts where the underlying asset is re-leased by the Group ("intermediate lessor") to a third party and the lease ("head lease") between the head lessor and the Group remains in effect.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

The Group recognises lease payments from operating leases as income on either a straight-line basis or another systemic basis. Income from office space leases is recognised in the amount of monthly rent. Any costs, including depreciation charges, incurred to earn the lease income are recognised in the Group's financial result.

At the commencement date, the Group recognises assets held under a finance lease in the statement of financial position and presents them as a sublease receivable at an amount equal to the net investment in the lease. The Group recognises interest income on leases in the term of the lease to reflect a fixed periodic interest rate on the net investment in the lease made by the Group in the finance lease; the Group applies the effective interest rate method.

## 3. Property, plant and equipment

Table 1: Change of the net carrying value of property, plant and equipment by category

| | Period of | |
|---|---|---|
| | **3 months ended 31 March 2019** *(unaudited)* | **12 months ended 31 December 2018** |
| **Net carrying value - opening balance** | **108,158** | **110,784** |
| Additions | 506 | 13,641 |
| Reclassification and other adjustments | - | 272 |
| Disposals | (56) | (246) |
| Depreciation charge | (4,109) | (16,294) |
| **Net carrying value - closing balance** | **104,498** | **108,158** |

Contracted investments in property, plant and equipment amounted to PLN 253 thousand as at 31 March 2019, including mainly the acquisition of IT hardware and software in GPW.

Contracted investments in property, plant and equipment amounted to PLN 479 thousand as at 31 December 2018, including mainly the acquisition of IT hardware and software in GPW.

*(all amounts in PLN'000 unless indicated otherwise)*

## 4. Intangible assets

Table 2: Change of the net carrying value of intangible assets by category

| | Period of | |
|---|---|---|
| | **3 months ended 31 March 2019** *(unaudited)* | **12 months ended 31 December 2018** |
| **Net carrying value - opening balance** | **254,564** | **263,769** |
| Additions | 791 | 8,046 |
| Reclassification and other adjustments | - | 480 |
| Loss of control of PAR | - | (1,353) |
| Disposals | (1,409) | (900) |
| Depreciation charge | (3,873) | (15,478) |
| **Net carrying value - closing balance** | **250,073** | **254,564** |

Contracted investments in intangible assets amounted to PLN 860 thousand as at 31 March 2019, including mainly the trade surveillance system in GPW, the acquisition of the 2PI application in TGE and software in InfoEngine.

Contracted investments in intangible assets amounted to PLN 1,100 thousand as at 31 December 2018, including mainly the trade surveillance system in GPW and the acquisition of the 2PI application in TGE.

## 5. Investment in entities measured by equity method

Table 3: Carrying value of interest in entities measured by equity method

| | As at | |
|---|---|---|
| | **31 March 2019** *(unaudited)* | **31 December 2018** |
| KDPW S.A. Group | 189,162 | 188,465 |
| Centrum Giełdowe S.A. | 17,160 | 17,068 |
| Polska Agencja Ratingowa S.A. | 1,563 | 1,734 |
| **Total** | **207,885** | **207,267** |

(all amounts in PLN'000 unless indicated otherwise)

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

| | As at/Period of | |
|---|---|---|
| | **3 months ended 31 March 2019** *(unaudited)* | **12 months ended 31 December 2018** |
| **Opening balance** | **207,267** | **207,389** |
| Reclassification to investements in entities measured by equity method due to dilution of interest in a subsidiary | - | 1,915 |
| Dividends due to GPW S.A. | - | (372) |
| *Share of profit* | *989* | *10,791* |
| *Other increase/(decrease) of profit* | - | *(238)* |
| Total Group share of profit after tax | 989 | 10,553 |
| Share in other comprehensive income | (371) | (67) |
| Reclassification to assets held for sale and sale of interest | - | (12,151) |
| **Closing blance** | **207,885** | **207,267** |

**Interest in Polska Agencja Ratingowa S.A.**

As at 31 December 2017, the parent entity held 100% of the subsidiary Instytut Analiz i Ratingu S.A.

According to an amendment of the entry in the National Court Register at 31 October 2018, the name of Instytut Analiz i Ratingu S.A. was changed to Polska Agencja Ratingowa S.A. ("PAR"). The capital of PAR was increased from PLN 2,173 thousand to PLN 6,519 thousand, resulting in a change of the shareholding structure. The shareholders of PAR are now, in equal parts, one-third each: Giełda Papierów Wartościowych w Warszawie S.A., Polski Fundusz Rozwoju S.A. and Biuro Informacji Kredytowej S.A. The mission of the joint rating agency is to build a rating culture in Poland by offering services to a broad group of entities, mainly small and mid-sized enterprises. As at 31 October 2018, the parent entity recognised gains on loss of control of PAR at PLN 517 thousand, presented as financial income in the consolidated statement of comprehensive income for 2018.

**Sale of interest in Aquis Exchange Limited**

In connection with the planned sale of Aquis Exchange Limited, the GPW Management Board reclassified the investment in the associate Aquis to "Assets held for sale" at PLN 12,151 thousand as at 31 March 2018. The IPO of Aquis decreased the par value of Aquis shares. As a result, the number of shares held by GPW increased from 384,025 as at 31 December 2017 to 4,608,300. On 14 June 2018, GPW sold the shares at GBP 2.69 per share. The net receipts from the sale were PLN 57,546 thousand (net of the transaction cost of PLN 2,677 thousand). The assets held for sale measured by the equity method were PLN 12,151 thousand at the date of the reclassification. The gains on the sale of the shares at PLN 45,395 thousand are presented as financial income in the consolidated statement of comprehensive income.

*(all amounts in PLN'000 unless indicated otherwise)*

## 6. Trade and other receivables

Table 5: Trade and other receivables

| | As at | |
|---|---|---|
| | **31 March 2019** *(unaudited)* | **31 December 2018** |
| Gross trade receivables | 50,330 | 41,990 |
| Impairment allowances for receivables | (6,418) | (5,349) |
| **Total trade receivables** | **43,912** | **36,641** |
| Current prepayments | 10,935 | 4,411 |
| VAT refund receivable | - | 25,013 |
| Other receivables | 11,605 | 3,372 |
| **Total other receivables** | **22,540** | **32,796** |
| **Total trade and other receivables** | **66,452** | **69,437** |

## 7. Financial assets measured at amortised cost

Table 6: Financial assets measured at amortised cost

| | As at | |
|---|---|---|
| | **31 March 2019** *(unaudited)* | **31 December 2018** |
| Corporate bonds | - | 34,964 |
| Certificates of deposit | 38,331 | 38,159 |
| Bank deposits (from 3 to 12 months) | 323,374 | 304,379 |
| **Total current** | **361,705** | **377,502** |
| **Total financial assets measured at amortised cost** | **361,705** | **377,502** |

*(all amounts in PLN'000 unless indicated otherwise)*

## 8. Change of estimates

In the period from 1 January 2019 to 31 March 2019, impairment losses for assets were adjusted as follows:

Table 7: Change of estimates

| | As at | |
|---|---|---|
| | 31 March 2019 *(unaudited)* | 31 December 2018 |
| **Closing balance of previous year** | **5,349** | **2,529** |
| Adjustment at first application of IFRS 9 | N/A | 259 |
| **Opening balance** | **5,349** | **2,788** |
| Change of allowance balances | 1,069 | 2,609 |
| Receivables written off during the period as uncollectible | - | (48) |
| **Closing balance** | **6,418** | **5,349** |

Furthermore, in the period from 1 January 2019 to 31 March 2019, there were the following changes in estimates relating to provisions:

- provisions against employee benefits (mainly annual bonuses) were reduced by PLN 1,384 thousand (usage of PLN 5,088 thousand, provision additions of PLN 3,759 thousand, releases of PLN 55 thousand);
- provisions against litigation and other provisions were reduced by PLN 21 thousand (usage of PLN 9 thousand, releases of PLN 12 thousand).

## 9. Cash and cash equivalents

Table 8: Cash and cash equivalents

| | As at | |
|---|---|---|
| | 31 March 2019 *(unaudited)* | 31 December 2018 |
| Current accounts (other) | 84,973 | 36,037 |
| VAT current accounts (split payment) | 549 | 632 |
| Bank deposits (up to 3 months) | 217,100 | 152,055 |
| **Total cash and cash equivalents** | **302,622** | **188,724** |

Cash and cash equivalents include short-term bank deposits, current accounts and cash in hand. For short-term bank deposits and current accounts, given their short realisation period, the carrying value is similar to their fair value.

Current accounts (other) include restricted cash at PLN 10 million, set up as an additional risk management tool in IRGiT and dedicated to secure the liquidity of clearing of exchange transactions by IRGiT in cases defined in the Exchange Clearing House Rules.

(all amounts in PLN'000 unless indicated otherwise)

# 10. Bond issue liabilities

Table 9: Bond issue liabilities

| | As at | |
|---|---|---|
| | 31 March 2019 *(unaudited)* | 31 December 2018 |
| Series C bonds | 124,366 | 124,303 |
| Series D and E bonds | 119,692 | 119,658 |
| **Total non-current** | **244,058** | **243,961** |
| Series C bonds | 1,668 | 682 |
| Series D and E bonds | 400 | 1,256 |
| **Total current** | **2,068** | **1,938** |
| **Total liabilities under bond issue** | **246,126** | **245,899** |

### Series C bonds

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

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

The fair value of the series C bonds was PLN 130,285 thousand as at 31 March 2019 (PLN 128,565 thousand as at 31 December 2018).

### Series D and E bonds

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

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

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

The fair value of the series D and E bonds was PLN 121,790 thousand as at 31 March 2019 (PLN 122,492 thousand as at 31 December 2018).

(all amounts in PLN'000 unless indicated otherwise)

## 11. Contract assets and contract liabilities

Table 10: Contract assets

| | As at | |
|---|---|---|
| | 31 March 2019 *(unaudited)* | 31 December 2018 |
| Financial market | 11 | 13 |
| Commodity market | 1 | - |
| Other revenue | 1,995 | 1,202 |
| **Total contract assets** | **2,007** | **1,215** |

Table 11: Contract liabilities

| | As at | |
|---|---|---|
| | 31 March 2019 *(unaudited)* | 31 December 2018 |
| Trading | 502 | - |
| Listing | 12,434 | - |
| Information services and revenues from the calculation of benchmarks | 15,588 | 2,132 |
| **Total financial market** | **28,524** | **2,132** |
| Trading | 4,000 | 1,441 |
| **Total commodity market** | **4,000** | **1,441** |
| **Other revenue** | 152 | 8 |
| **Total contract liabilities** | **32,676** | **3,581** |

Contract liabilities include deferred income from annual fees paid by market participants and information distributors.

## 12. Accruals and deferred income

Non-current deferred income includes a subsidy received by TGE in the PCR project at a carrying amount of PLN 5,453 thousand as at 31 March 2019, including PLN 4,894 thousand presented as non-current and PLN 559 thousand presented as current. The carrying amount of the subsidy was PLN 5,592 thousand as at 31 December 2018, including PLN 5,033 thousand presented as non-current and PLN 559 thousand presented as current.

*(all amounts in PLN'000 unless indicated otherwise)*

## 13. Other non-current and current liabilities

Table 12: Other non-current and current liabilities

| | As at | |
|---|---|---|
| | **31 March 2019** *(unaudited)* | **31 December 2018** |
| Committed investments | 2,224 | 2,224 |
| Liabilities to the Polish National Foundation | 8,174 | 9,611 |
| **Total non-current** | **10,398** | **11,835** |
| Dividend payable | 248 | 248 |
| VAT payable | 46,360 | 14,988 |
| Liabilities in respect of other taxes | 3,952 | 2,222 |
| Committed investments | 1,014 | 3,783 |
| Liabilities to the Polish National Foundation | 1,228 | 1,219 |
| Other liabilities | 1,758 | 2,830 |
| **Total current** | **54,559** | **25,289** |
| **Total other liabilities** | **64,957** | **37,124** |

Other non-current liabilities as at 31 March 2019 include mainly GPW's liabilities to Polska Fundacja Narodowa in the total amount of PLN 8,174 thousand (respectfully as at 31 December 2018: PLN 9,611 thousand).

Other current liabilities as at 31 March 2019 include mainly TGE's liabilities in respect of the VAT of the current period at PLN 38,421 thousand, liabilities in respect of margins securing purchase/sale of electricity on the balancing market of InfoEngine at PLN 1,195 thousand. As at 31 December 2018, other current liabilities included mainly TGE's current VAT liabilities at PLN 12,457 thousand, as well as liabilities of InfoEngine in respect of margins securing purchase/sale of electricity on the balancing market at PLN 2,533 thousand.

## 14. Income tax

Table 13: Income tax by current and deferred tax

| | Three-month period ended | |
|---|---|---|
| | **31 March 2019** *(unaudited)* | **31 March 2018** *(restated, unaudited)* |
| Current income tax | 13,221 | 11,613 |
| Deferred tax | (7,325) | (4,956) |
| **Total income tax** | **5,896** | **6,657** |

As required by the Polish tax regulations, the tax rate applicable in 2019 and 2018 is 19%.

*(all amounts in PLN'000 unless indicated otherwise)*

Table 14: Reconciliation of the theoretical amount of tax arising from profit before tax and the statutory tax rate with the income tax expense presented in the statement of comprehensive income

| | Three-month period ended | |
|---|---|---|
| | **31 March 2019** *(unaudited)* | **31 March 2018** *(restated, unaudited)* |
| Profit before income tax | 30,348 | 36,568 |
| Income tax rate | 19% | 19% |
| **Income tax at the statutory tax rate** | **5,766** | **6,948** |
| **Tax effect:** | **130** | **(291)** |
| Non-tax-deductible expenses | 308 | 229 |
| Recognised defered tax asset on investment in enitites measured by equity method | - | (176) |
| Tax losses of subsidiaries not recognised in deferred tax | 9 | 68 |
| Non-taxable dividend income | (187) | (412) |
| **Total income tax** | **5,896** | **6,657** |

# 15. Related party transactions

Related parties of the Group include entities measured by equity method (KDPW S.A. Group, Centrum Giełdowe S.A. and Polska Agencja Ratingowa S.A.) and the State Treasury as the parent entity (holding 35.00% of the share capital and 51.77% of the total number of voting rights as at 31 March 2019), entities controlled and jointly controlled by the State Treasury and entities on which the State Treasury has significant influence. Furthermore, related parties include the key management personnel of the Group.

## 15.1. Information about transactions with companies which are related parties of the State Treasury

### Companies with a stake held by the State Treasury

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

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

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

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

*(all amounts in PLN'000 unless indicated otherwise)*

**Polish Financial Supervision Authority**

The Regulation of the Minister of Finance which determines among others the calculation method as well as the terms and conditions of the payment of fees by relevant entities to the Polish Financial Supervision Authority took effect as of 1 January 2016. According to the Regulation, 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.

In the three-month period ended 31 March 2019, the operating expenses of the GPW Group included an estimated amount of the annual fee at PLN 12,888 thousand. The fee charged to the expenses of the GPW Group in the three-month period ended 31 March 2018 was PLN 9,023 thousand.

## 15.2. Transactions with entities measured by equity method

Table 15: Transactions of GPW Group companies with entities measured by equity method

| | As at 31 March 2019 *(unaudited)* | | Three-month period ended 31 March 2019 *(unaudited)* | |
|---|---|---|---|---|
| | **Receivables** | **Liabilities** | **Sales revenue** | **Operating expenses** |
| KDPW S.A.Group | - | 1 | 21 | 1 |
| Centrum Giełdowe S.A.: | - | 8,973 | - | 815 |
| *incl.: leases (IFRS 16)* | - | *8,964* | - | *590* |
| *incl.: other* | - | *9* | - | *225* |
| Polska Agencja Ratingowa S.A. | 41 | - | - | - |
| **Total** | **41** | **8,974** | **21** | **816** |

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

| | As at 31 December 2018 | | Year ended 31 December 2018 | |
|---|---|---|---|---|
| | **Receivables** | **Liabilities** | **Sales revenue** | **Operating expenses** |
| KDPW S.A.Group | 62 | - | 279 | 112 |
| Centrum Giełdowe S.A. | - | 639 | 38 | 3,985 |
| Aquis Exchange Limited (until March 2018)* | N/A | N/A | 1 | - |
| Polska Agencja Ratingowa S.A. (from October 2018)* | 46 | - | 71 | - |
| **Total** | **108** | **639** | **389** | **4,097** |

** For details about Aquis Exchange Limited and Polska Agencja Ratingowa S.A., see Note 5*

During the first three months of 2019 and 2018, there were no write-offs or material impairment allowances created for receivables from associates.

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

*(all amounts in PLN'000 unless indicated otherwise)*

As of 2019, due to the application of IFRS 16, office space lease contracts are classified as leases and shown in the statement of comprehensive income. See Note 19 for details.

**Książęca 4 Street Tenants Association**

In 2019 and 2018, GPW also concluded transactions with the Książęca 4 Street Housing Cooperative of which it is a member. The expenses amounted to PLN 971 thousand in the first three months of 2019 and PLN 941 thousand in the first three months of 2018.

**Transactions with the key management personnel**

The Company entered into no transactions with the Company's key management personnel in the three-month period ended 2019 and in the three-month period ended 2018.

### 15.3. Information on remuneration and benefits of the key management personnel (amounts paid and provisions)

The management personnel of the Group includes the Exchange Management Board and the Exchange Supervisory Board as well as the Management Board and the Supervisory Boards of other companies from the Group. The data presented in the table below are for all (current and former) members of the Management Boards and the Supervisory Boards from the Group who were in office in 2019 and 2018, respectively.

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

Table 17: Remuneration and benefits to the key management personnel of the Group

| | Three-month period ended | |
|---|---|---|
| | **31 March 2019** *(unaudited)* | **31 March 2018** *(restated, unaudited)* |
| Base salary | 500 | 387 |
| Variable pay (provisions calculated according to the New Remuneration Cap Act) | 513 | - |
| Bonus - one-off payment | - | 393 |
| Other benefits | 13 | - |
| **Total remuneration of the Exchange Management Board** | **1,026** | **780** |
| **Remuneration of the Exchange Supervisory Board** | **126** | **146** |
| **Remuneration of the Management Boards of GPW Group companies** | **792** | **650** |
| **Remuneration of the Supervisory Boards of GPW Group companies** | **220** | **218** |
| **Total remuneration of the key management personnel** | **2,164** | **1,794** |

## 16. Dividend

No resolution concerning the distribution of the profit of GPW earned in 2018 was passed on or before the date of publication of this report.

## 17. 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).

## 18. Segment reporting

These Condensed Consolidated Interim Financial Statements disclose information on segments based on components of the entity which are monitored by managers to make operating decisions. Operating segments are components of the entity for which discrete financial information is available and whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess the Group's performance.

For management purposes, the Group is divided into segments based on the type of services provided. The three main reporting segments are as follows:

The **Financial Market** segment covers the activity of the Group including organising trade in financial instruments on the exchange as well as related activities. The Group also engages in capital market education, promotion and information activities and organises an alternative trading system.

The Financial Market includes three subsegments:

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

The Financial Market segment includes the companies GPW S.A., BondSpot S.A. and GPW Benchmark S.A.

The **Commodity Market** segment covers the activity of the Group including organising trade in commodities as well as related activities. The Group provides clearing and settlement on the commodity market through the company Izba Rozliczeniowa Giełd Towarowych S.A. ("IRGiT") and offers exchange trade in commodities (electricity, gas) and operates the Register of Certificates of Origin of electricity through the company TGE. The GPW Group also earns revenues from the activity of a trade operator on the electricity market.

The Commodity Market includes the following sub-segments:

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

The Commodity Market segment includes the TGE Group.

The segment **Other** included the company IAiR as well as revenue from the sale of services provided by GPW to GPW Group companies. Following loss of control of IAiR on 31 October 2018, the amounts presented under "Other" include other activities of the Group and do not meet the criteria of aggregation and the quantitative thresholds defined in IFRS 8 Operating Segments necessary to present it as a separate operating segment.

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

*(all amounts in PLN'000 unless indicated otherwise)*

The 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 operating segments focus their activities on the territory of Poland.

The tables below present a reconciliation of the data analysed by the Management Board of the parent entity with the data shown in these Condensed Consolidated Interim Financial Statements.

Table 18: Operating segments: Statement of comprehensive income

| | **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*** |
| *sales between segments and intragroup transactions* | *673* | *116* | *1,649* | ***2,438*** | *(2,438)* | **-** |
| Operating expenses: | (37,118) | (19,667) | - | **(56,785)** | 2,463 | **(54,322)** |
| *including depreciation and amortisation* | *(5,660)* | - | - | ***(5,660)*** | - | ***(5,660)*** |
| **Profit/(Loss) on sales** | **13,041** | **14,999** | **1,769** | **29,809** | **25** | **29,834** |
| Profit/(Loss) on other operations | 466 | 213 | - | **679** | (3) | **676** |
| Impairment losses of receivables | (891) | (240) | - | **(1,131)** | - | **(1,131)** |
| **Operating profit (loss)** | **12,616** | **14,972** | **1,769** | **29,357** | **22** | **29,379** |
| Profit/(Loss) on financial operations: | (679) | 656 | - | **(23)** | 3 | **(20)** |
| *interest income* | *1,202* | *609* | - | ***1,811*** | *(120)* | ***1,691*** |
| *interest cost* | *(1,840)* | *(48)* | - | ***(1,888)*** | *123* | ***(1,765)*** |
| Share of profit 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** |

Table 19: Operating segments: Statement of financial position

| | **As at 31 March 2019** *(unaudited)* | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Financial segment** | **Commodity segment** | **Other** | **Total segments** | **Adjustments for investments measured by equity method** | **Other exclusions and adjustments** | **Total segments and exclusions** |
| Total assets | 881,189 | 417,573 | - | **1,298,762** | 194,058 | (161,838) | **1,330,982** |
| Total liabilities | 351,250 | 99,048 | - | **450,298** | - | (33,938) | **416,360** |
| **Net assets (assets - liabilities)** | **529,939** | **318,525** | **-** | **848,464** | **194,058** | **(127,900)** | **914,622** |

(all amounts in PLN'000 unless indicated otherwise)

Table 20: Operating segments: Statement of comprehensive income

| | Three-month period ended 31 March 2018 *(restated, unaudited)* | | | | | |
|---|---|---|---|---|---|---|
| | Financial segment | Commodity segment | Other | Total segments | Exclusions and adjustments | Total segments and exclusions |
| Sales revenue: | 50,107 | 36,281 | 2,453 | **88,841** | (2,905) | **85,936** |
| *to third parties* | *49,572* | *36,213* | *151* | ***85,936*** | - | ***85,936*** |
| *sales between segments and intragroup transactions* | *535* | *68* | *2,302* | ***2,905*** | *(2,905)* | **-** |
| Operating expenses: | (33,103) | (18,038) | *(117)* | **(51,258)** | 2,898 | **(48,360)** |
| *including depreciation and amortisation* | *(5,268)* | *(2,557)* | - | ***(7,825)*** | - | ***(7,825)*** |
| **Profit/(Loss) on sales** | **17,004** | **18,244** | **2,336** | **37,583** | **(7)** | **37,576** |
| Profit/(Loss) on other operations | 228 | (165) | - | **63** | - | **63** |
| Impairment losses of receivables | (1,128) | (348) | - | **(1,476)** | - | **(1,476)** |
| **Operating profit (loss)** | **16,104** | **17,731** | **2,336** | **36,170** | **(7)** | **36,163** |
| Profit/(Loss) on financial operations: | (824) | 479 | *4* | **(341)** | - | **(341)** |
| *interest income* | *845* | *652* | - | ***1,497*** | *(7)* | ***1,490*** |
| *interest cost* | *(1,900)* | *(7)* | - | ***(1,907)*** | *7* | ***(1,900)*** |
| Share of profit of entities measured by equity method | - | - | - | **-** | 746 | **746** |
| **Profit before income tax** | **15,280** | **18,210** | **2,340** | **35,829** | **739** | **36,568** |
| Income tax | (3,371) | (3,462) | - | **(6,833)** | 176 | **(6,657)** |
| **Net profit** | **11,909** | **14,748** | **2,340** | **28,996** | **915** | **29,911** |

Table 21: Operating segments: Statement of financial position

| | As at 31 December 2018 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Financial segment | Commodity segment | Other | Total segments | Adjustments for investments measured by equity method | Other exclusions and adjustments | Total segments and exclusions |
| Total assets | 810,696 | 348,156 | - | **1,158,852** | 193,442 | (134,977) | **1,217,317** |
| Total liabilities | 291,556 | 42,266 | - | **333,822** | - | (7,043) | **326,779** |
| **Net assets (assets - liabilities)** | **519,140** | **305,890** | **-** | **825,030** | **193,442** | **(127,934)** | **890,538** |

## 19. Impact of initial application of IFRS 16 Leases

The Group initially applied IFRS 16 in the period started 1 January 2019; consequently, these are the first financial statements where the new standard applies.

IFRS 16 was published in January 2016. For lessees, the new standard eliminates the distinction between operating and finance leases. As a result, lessees will recognise nearly all lease contracts in the statement of financial position. According to the new standard, right-to-use assets and lease liabilities are recognised in the consolidated statement of financial position. The only exceptions are short-term leases and low-value leases, which are not recognised by the Group in the consolidated statement of financial position.

According to paragraph C5(b) of IFRS 16, the Group implemented IFRS 16 without restating its comparative data; consequently, 2018 and 2019 data are not comparable. The Company recognised the total effect of initial application of the standard as a correction of the opening balance of retained earnings (the application of the standard does not impact the profits of previous years as at 1 January 2019 because lease assets and liabilities are estimated to be equal).

The entity uses the following practical solutions for leases previously classified as operating leases under IAS 17:

- applies a single discount rate to a portfolio of leases of reasonably similar characteristics,
- does not apply requirements for the recognition of lease assets and liabilities to leases whose term ends after 12 months from initial application. The entity recognises such leases as current leases and presents the costs related to such leases in information disclosed in the annual reporting period,
- does not recognise initial direct costs in the measurement of right-to-use assets at initial application.

As at 1 January 2019, the Group recognised:

- right-to-use assets at PLN 25,913 thousand (including perpetual usufruct of land at PLN 2,437 thousand, reclassified from prepayments),
- sublease receivables at PLN 1,219 thousand,
- lease liabilities at PLN 25,002 thousand,
- the Group no longer recognised prepayments at PLN 2,437 thousand (including PLN 106 thousand presented at 31 December 2018 as trade and other receivables and PLN 2,331 thousand presented at 31 December 2018 as non-current prepayments).

In the three-month period ended 31 March 2019, the Group:

- depreciated right-to-use assets on a straight-line basis throughout the useful life (depreciation expense was PLN 1,205 thousand, including reduction due to partial sublease of right-to-use assets to third parties),
- recognised lease liabilities at the lessee's marginal borrowing rate (interest expense amounted to PLN 182 thousand).

The Group considers its activity as a lessor to be insignificant; additional disclosures will be presented in the consolidated financial statements for the year ended 31 December 2019.

The weighted average incremental borrowing rate used for the calculation of lease liabilities included in the statement of financial position as at 1 January 2019 amounted to 3,02 %.

Future minimum lease payments presented in the consolidated financial statements of the Group as at 31 December 2018 amounted to PLN 25,032 thousand. The payments amount discounted at the weighted average incremental borrowing rate mentioned above amounted to PLN 22,760 thousand. The difference between the discounted future minimum lease payments and the lease liabilities disclosed as at 1 January 2019 is caused by the different lease term assumptions.

*(all amounts in PLN'000 unless indicated otherwise)*

Table 22: Impact of initial application of IFRS 16 on the statement of financial position

| | As at | | |
|---|---|---|---|
| | **31 December 2018** | *Adjustment on initial application of IFRS 16* | **1 January 2019** |
| **Total non-current assets** | **580,375** | **24,801** | **605,176** |
| incl.: Right-to-use assets | - | 25,913 | 25,913 |
| incl.: Sublease receivables | - | 1,219 | 1,219 |
| incl.: Prepayments | 5,523 | (2,331) | 3,192 |
| **Total current assets** | **636,942** | **201** | **637,143** |
| incl.: Trade and other receivables | 69,437 | (106) | 69,331 |
| incl.: Sublease receivables | - | 307 | 307 |
| **TOTAL ASSETS** | **1,217,317** | **25,002** | **1,242,319** |
| **Equity** | **890,538** | **-** | **890,538** |
| **Total non-current liabilities** | **269,333** | **20,360** | **289,693** |
| incl.: Lease liabilities | - | 20,360 | 20,360 |
| **Total current liabilities** | **57,446** | **4,642** | **62,088** |
| incl.: Lease liabilities | - | 4,642 | 4,642 |
| **TOTAL EQUITY AND LIABILITIES** | **1,217,317** | **25,002** | **1,242,319** |

## 20. Changes of the accounting treatment of liabilities to Polska Fundacja Narodowa and deposits with maturities over 3 months

### Liabilities to Polska Fundacja Narodowa

As a co-founder of Polska Fundacja Narodowa established in 2016 ("Polish National Foundation", "Foundation" or "PFN"), GPW is required to contribute annual payments towards the statutory mission of the Foundation, totalling 11 payments from the establishment of the Foundation. According to the founding deed of the Foundation, the Company's total financial commitment towards PFN is PLN 19,500 thousand.

Up to 31 March 2019, the Company paid PLN 9,000 thousand towards the endowment of the Foundation, including PLN 7,500 thousand in 2016-2018 and PLN 1,500 thousand in the period of three months ended 31 March 2019. The payments to the Foundation were recognised in the Group's statement of comprehensive income at the date of each payment up to 30 September 2018.

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

As a result, the Company decided to retrospectively change the accounting treatment of payments to PFN by discounting the future payments committed by GPW as at 31 December 2016 and by their one-off recognition in other expenses in the Group's statement of comprehensive income for the year ended 31 December 2016 and in other liabilities in Group's statement of financial position for the year ended 31 December 2016.

As a result, the net profit for the three-month period ended 31 March 2018, presented in these financial statements as comparative data, increased by PLN 1,419 thousand.

*(all amounts in PLN'000 unless indicated otherwise)*

For a detailed description of the change of presentation of the liabilities to Polska Fundacja Narodowa, see Note 35 to the Consolidated Financial Statements of the GPW Group for the year ended 31 December 2018.

**Deposits with maturities over 3 months**

As at 31 December 2018, the Company's management reviewed the treatment of deposits with maturities over 3 months in the light of IAS 7 Statement of Cash Flows. The analysis concluded that only deposits with maturities up to 3 months should be presented in cash and cash equivalents in the consolidated statement of financial position.

As a result, the Company decided to retrospectively change the accounting treatment of deposits and to present deposits with maturities over 3 months in financial assets measured at amortised cost. As a result of the reclassification, cash and cash equivalents decreased by PLN 250,590 thousand as at 31 December 2017 and by PLN 118,695 thousand as at 31 March 2018, and the total cash flows presented in the statement of cash flows for the three-month period ended 31 March 2018 increased from negative PLN 56,021 thousand to positive PLN 75,874 thousand.

For a detailed description of the change of presentation of deposits with maturities over 3 months, see Note 35 to the Consolidated Financial Statements of the GPW Group for the year ended 31 December 2018.

Table 23: Impact of changes of the accounting treatment of liabilities to PFN and deposits with maturities over 3 months on the consolidated statement of comprehensive income for the three-month period ended 31 March 2018

| | **Three-month period ended 31 March 2018** *(previously reported, unaudited)* | **Adjustments** | | **Three-month period ended 31 March 2018** *(restated, unaudited)* |
|---|---|---|---|---|
| | | **PFN** | **Deposits** | |
| Sales revenue | 85,936 | - | - | **85,936** |
| Operating expenses | (48,360) | - | - | **(48,360)** |
| Other revenue | 844 | - | - | **844** |
| Impairment loss of receivables | (1,476) | - | - | **(1,476)** |
| Other expenses | (2,200) | 1,419 | - | **(781)** |
| **Operating profit** | **34,744** | **1,419** | **-** | **36,163** |
| Financial income | 1,867 | **-** | **-** | **1,867** |
| Financial expenses | (2,208) | **-** | **-** | **(2,208)** |
| Share of profit of entities measured by equity method | 746 | **-** | **-** | **746** |
| **Profit before income tax** | **35,149** | **1,419** | **-** | **36,568** |
| Income tax expense | (6,657) | **-** | **-** | **(6,657)** |
| **Profit for the period** | **28,492** | **1,419** | **-** | **29,911** |
| **Basic/Diluted earnings per share (PLN)** | **0.68** | **0.03** | **-** | **0.71** |

*(all amounts in PLN'000 unless indicated otherwise)*

Table 24: Impact of changes of the accounting treatment of liabilities to PFN and deposits with maturities over 3 months on selected items of the consolidated statement of cash flows for the three-month period ended 31 March 2018

| | Three-month period ended 31 March 2018 *(previously reported, unaudited)* | Adjustments | | Three-month period ended 31 March 2018 *(restated, unaudited)* |
|---|---|---|---|---|
| | | PFN | Deposits | |
| **Cash flows from operating activities (selected items):** | | | | |
| Net profit of the period | 28,492 | 1,419 | - | 29,911 |
| Adjustments: Interest (income) on deposits, certificates of deposit and corporate bonds | (1,670) | - | 788 | (882) |
| Increase/(Decrease) of other liabilities (excluding committed investments and dividend payable) | 5,274 | (1,419) | - | 3,855 |
| **Net cash flows from operating activities (all items)** | **32,193** | **-** | **788** | **32,981** |
| **Cash flows from investing activities (selected items):** | | | | |
| Interest received on deposits (presented as cash and cash equivalents) | 1,492 | - | (1,492) | - |
| Interest received on financial assets measured at amortised cost | - | - | 1,099 | 1,099 |
| Purchase of financial assets measured at amortised cost | (82,529) | - | (113,000) | (195,529) |
| Sale of financial assets measured at amortised cost | - | - | 244,500 | 244,500 |
| **Net cash flows from investing activities (all items)** | **(86,530)** | **-** | **131,107** | **44,577** |
| **Net (decrease)/increase in cash and cash equivalents** | **(56,021)** | **-** | **131,895** | **75,874** |
| *Impact of fx rates on cash balance in currencies* | *(298)* | - | - | *(298)* |
| **Cash and cash equivalents - opening balance** | **486,476** | **-** | **(250,590)** | **235,886** |
| **Cash and cash equivalents - closing balance** | **430,157** | **-** | **(118,695)** | **311,462** |

## 21. Events after the balance sheet date

There were no events after the balance sheet date, i.e., 31 March 2019, impacting these Condensed Consolidated Interim Financial Statements of the GPW Group for the three-month period ended 31 March 2019.

The Condensed Consolidated Interim Financial Statements are presented by the Management Board of the Warsaw Stock Exchange:

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

Jacek Fotek – Vice-President of the Management Board ……………………………………..

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

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

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

Signature of the person responsible for keeping the accounting records:

Sylwia Sawicka – Chief Accountant ……………………………………..

Warsaw, 26 April 2019