



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE
GIEŁDA PAPIERÓW WARTOŚCIOWYCH
W WARSZAWIE S.A. GROUP

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at	
		30 June 2023 (unaudited)	31 December 2022
Non-current assets:		682 796	651 608
Property, plant and equipment	2.1.	106 976	107 605
Right-to-use assets		5 180	4 685
Intangible assets	2.2.	296 292	282 892
Investment in entities measured by equity method	2.3.	251 061	241 313
Sublease receivables		289	290
Deferred tax asset		12 812	6 526
Financial assets measured at fair value through other comprehensive income		7 042	6 681
Prepayments		3 142	781
Other non-current assets		2	835
Current assets:		608 148	530 648
Corporate income tax receivable		5 120	6 652
Trade receivables and other receivables	2.4.1.	100 485	79 348
Sublease receivables		87	94
Contract assets		3 972	1 949
Financial assets measured at amortised cost	2.4.2.	122 609	63 964
Financial assets at fair value through profit or loss		16	-
Cash and cash equivalents	2.4.3.	375 859	378 641
TOTAL ASSETS		1 290 944	1 182 256

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at	
		30 June 2023 (unaudited)	31 December 2022
Equity:		963 629	1 000 827
Equity of shareholders of the parent entity:		953 037	990 780
Share capital		63 865	63 865
Other reserves		(7 253)	(11 941)
Foreign exchange translation reserve		(682)	-
Retained earnings		897 107	938 856
Non-controlling interests		10 592	10 047
Non-current liabilities:		59 924	53 814
Employee benefits payable		1 509	1 524
Lease liabilities		2 869	495
Contract liabilities	2.6.	7 567	7 276
Accruals and deferred income	2.7.	35 887	30 899
Deferred tax liability		2 144	2 158
Provisions for other liabilities and other charges		3	-
Other liabilities	2.8.	9 945	11 462
Current liabilities:		267 391	127 615
Trade payables		22 069	17 927
Employee benefits payable		21 691	31 109
Lease liabilities		2 857	4 852
CIT payable		1 273	401
Contract liabilities	2.6.	32 703	4 406
Accruals and deferred income	2.7.	2 616	4 755
Provisions for other liabilities and other charges		35 161	32 098
- VAT provision	5.9.	33 467	30 691
Other liabilities	2.8.	149 021	32 067
TOTAL EQUITY AND LIABILITIES		1 290 944	1 182 256

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Three months ended 30 June (unaudited)		Six months period ended 30 June (unaudited)	
		2023	2022	2023	2022
Sales revenue		110 664	99 072	222 939	209 314
Operating expenses		(75 046)	(62 519)	(161 225)	(131 350)
Gains on reversed impairment of receivables/ (Loss) on impairment of receivables		(429)	799	(657)	265
Other income		1 764	470	2 751	967
Other expenses		(1 347)	(518)	(1 654)	(944)
Operating profit		35 606	37 304	62 154	78 252
Financial income, incl.:		10 194	6 565	16 327	9 170
interest income under the effective interest rate method		7 637	6 658	15 605	8 611
income from reversal of VAT provision		2 014	-	-	-
Financial expenses, incl.:		(416)	(4 624)	(3 863)	(6 139)
financial cost of VAT risk	5.9.	-	(2 985)	(2 776)	(2 985)
Share of profit of entities measured by equity method		9 120	7 803	13 451	12 356
Profit before tax		54 504	47 048	88 069	93 639
Income tax	3.1.	(9 045)	(8 987)	(15 574)	(17 519)
Profit for the period		45 459	38 061	72 495	76 120
Share of other comprehensive income/(expense) of entities measured by equity method (net)		1 428	(2 722)	4 385	(6 672)
Exchange differences on translation of foreign subsidiaries		(960)	-	(1 049)	-
Total items that may be reclassified to profit or loss		468	(2 722)	3 336	(6 672)
Gains/(Losses) on valuation of financial assets measured at fair value through other comprehensive income, net		69	(180)	303	(396)
Total items that will not be reclassified to profit or loss		69	(180)	303	(396)
Total other comprehensive income after tax		537	(2 902)	3 639	(7 068)
Total comprehensive income		45 996	35 159	76 134	69 052
Profit for the period attributable to shareholders of the parent entity		44 978	38 060	71 575	76 115
Profit for the period attributable to non- controlling interests		481	1	920	5
Total profit for the period		45 459	38 061	72 495	76 120
Comprehensive income attributable to shareholders of the parent entity		45 851	35 158	75 581	69 047
Comprehensive income attributable to non-controlling interests		145	1	553	5
Total comprehensive income		45 996	35 158	76 134	69 052
Basic / Diluted earnings per share (PLN)		1,07	0,91	1,71	1,81

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Six months period ended 30 June (unaudited)	
		2023	2022
Total net cash flows from operating activities		91 552	165 127
Net profit for the period		72 495	76 120
Adjustments:		38 379	114 216
Income tax	3.1.	15 574	17 519
Depreciation and amortisation	4.1.	16 730	19 251
Impairment allowances		39	(55)
Share of profit of entities measured by equity method		(13 451)	(12 356)
(Gains) on financial assets measured at amortised cost		(4 888)	(4 016)
Interest on bonds		-	2 165
Other adjustments		6 366	(580)
Change of assets and liabilities:		13 934	92 288
Inventories		-	5
Trade receivables and other receivables	2.4.1.	(13 962)	83 101
Trade payables		4 142	5 045
Contract assets		(2 023)	152
Contract liabilities	2.6.	28 588	25 779
Prepayments		(2 361)	1 086
Accruals and deferred income	2.7.	2 849	4 345
Employee benefits payable		(9 433)	(6 904)
Other current liabilities (excluding contracted investments and dividend payable)	2.8.	8 660	(22 852)
Provisions for liabilities and other charges		3 066	4 231
Other non-current liabilities		(1 517)	(1 700)
Income tax (paid)/refunded		(19 322)	(25 209)

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

	Six months period ended 30 June (unaudited)	
	2023	2022
Total cash flows from investing activities:	(90 936)	57 280
In:	380 251	393 127
Sale of property, plant and equipment and intangible assets	-	2 607
Dividends received	913	10 556
Inflow related to the expiry of deposits and the maturity of bonds	371 298	377 807
Interest on financial assets measured at amortised cost	4 832	2 103
Grants received	3 127	-
Sublease payments (interest)	3	-
Sublease payments (principal)	1 234	54
Out:	(471 187)	(335 847)
Purchase of property, plant and equipment and advances for property, plant and equipment	(12 277)	(5 732)
Purchase of intangible assets and advances for intangible assets	(19 233)	(14 309)
Establishing deposits and subscription of bonds	(439 677)	(310 767)
Purchase of financial assets at fair value through other comprehensive income	-	(5 001)
Purchase of shares of related parties	-	(38)
Total cash flows from financing activities:	(3 334)	(124 311)
In:	-	4 905
Grants received	-	4 905
Out:	(3 334)	(129 216)
Interest paid on bonds	-	(2 708)
Redemption of issued bonds	-	(120 000)
Settlement of a grant advance	-	(3 518)
Lease payments (interest)	(77)	(144)
Lease payments (principal)	(3 257)	(2 846)
Net increase in cash and cash equivalents	(2 718)	98 096
Impact of fx rates on cash balance in currencies	(64)	99
Cash and cash equivalents - opening balance	2.4.3. 378 641	349 324
Cash and cash equivalents - closing balance	2.4.3. 375 859	447 519

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity					Non-controlling interests	Total equity
	Share capital	Other reserves	Foreign exchange translation reserve	Retained earnings	Total		
-							
As at 1 January 2023	63 865	(11 941)	-	938 856	990 780	10 047	1 000 827
Dividend	-	-	-	(113 324)	(113 324)	(19)	(113 343)
Transactions with owners recognised directly in equity	-	-	-	(113 324)	(113 324)	(19)	(113 343)
Net profit for the six months period ended 30 June 2023	-	-	-	71 575	71 575	920	72 495
Other comprehensive income	-	4 688	(682)	-	4 006	(367)	3 639
Comprehensive income for the six months period ended 30 June 2023	-	4 688	(682)	71 575	75 581	553	76 134
Other changes	-	-	-	-	-	11	11
Increase of capital of a related company	-	-	-	-	-	11	11
As at 30 June 2023 (unaudited)	63 865	(7 253)	(682)	897 107	953 037	10 592	963 629

	Equity					Non-controlling interests	Total equity
	Share capital	Other reserves	Foreign exchange translation reserve	Retained earnings	Total		
-							
As at 1 January 2022	63 865	(5 557)	-	908 903	967 211	646	967 857
Dividend	-	-	-	(115 003)	(115 003)	(28)	(115 031)
Transactions with owners recognised directly in equity	-	-	-	(115 003)	(115 003)	(28)	(115 031)
Net profit for year ended 31 December 2022	-	-	-	144 956	144 956	20	144 976
Other comprehensive income	-	(6 384)	-	-	(6 384)	-	(6 384)
Comprehensive income for year ended 31 December 2022	-	(6 384)	-	144 956	138 572	20	138 592
Other changes	-	-	-	-	-	9 409	9 409
Obtaining control over subsidiaries	-	-	-	-	-	9 409	9 409
As at 31 December 2022	63 865	(11 941)	-	938 856	990 780	10 047	1 000 827

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

1.1. LEGAL STATUS

The parent entity of the Giełda Papierów Wartościowych w Warszawie S.A. Group ("the Group", "the GPW Group") is Giełda Papierów Wartościowych w Warszawie Spółka Akcyjna ("the Warsaw Stock Exchange", "the Exchange", "GPW", "the Company" or "parent entity") with its registered office in Warsaw, ul. Książęca 4. The Company was established by Notarial Deed on 12 April 1991 and registered in the Commercial Court in Warsaw on 25 April 1991, entry no. KRS 0000082312, Tax Identification Number 526-025-09-72, Regon 012021984. GPW is a joint-stock company listed on GPW's Main Market since 9 November 2010. The Company has not changed its name or other identification details since the end of the previous reporting period.

1.2. SCOPE OF ACTIVITIES OF THE GROUP

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

The Group operates the following markets:

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

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

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

The GPW Group also operates:

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

1.3. APPROVAL OF THE FINANCIAL STATEMENTS

These Condensed Consolidated Interim Financial Statements were authorised for issuance by the Management Board of the Exchange on 10 August 2023.

1.4. COMPOSITION AND ACTIVITY OF THE GROUP

The Exchange and its following subsidiaries:

- › Towarowa Giełda Energii S.A. ("TGE"), the parent entity of the Towarowa Giełda Energii S.A. Group ("TGE Group"), which includes TGE and: Izba Rozliczeniowa Giełd Towarowych S.A. ("IRGiT") and InfoEngine S.A. ("InfoEngine") – 100%,
- › BondSpot S.A. ("BondSpot") - 97.23%,
- › GPW Benchmark S.A. ("GPWB") – 100%,
- › GPW Ventures ASI S.A. ("GPVW"), the parent entity of the GPW Ventures ASI S.A. Group ("GPVW Group") which includes GPVW and: GPW Ventures Asset Management Sp. z o.o. ("GPVW AM") and GPW Ventures SKA ("GPVW SKA") – 100%,
- › GPW Tech S.A. ("GPWT") – 100%,
- › GPW Private Market S.A. – 100%,
- › GPW Logistics S.A. – 95.0%,
- › GPW DAI S.A. – 100%,
- › Armenia Securities Exchange OJSC („AMX”) – 65.03% (company acquired on 27 December 2022), the parent entity of the AMX Group which includes AMX and: Central Depository of Armenia OJSC ("CDA") – 100% via AMX

comprise the Warsaw Stock Exchange Group.

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

On 23 March 2023, the General Meeting of GPW Private Market S.A. adopted a resolution to increase the share capital by PLN 3,600 thousand as a result of the issue of 3,600,000 series C ordinary registered shares with a nominal value and an issue price of PLN 1. The shares were fully taken up by GPW.

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

On 24 February 2023, the Extraordinary General Meeting of GPW Logistics S.A. adopted a resolution to increase the share capital by PLN 10,527 as a result of the issue of 10,527 series C ordinary registered shares with a nominal value of PLN 1. The shares were fully taken up by KGHM Polska Miedź S.A.

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

On 26 June 2023, the Extraordinary General Meeting of GPW DAI S.A. adopted a resolution to increase the share capital by PLN 50,000 as a result of the issue of 50,000 series B ordinary registered shares with a nominal value of PLN 1. The shares were fully taken up by GPW.

The following are the associates over which the Group exerts significant influence:

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

Polska Agencja Ratingowa S.A. ("PAR") is a joint venture in which the Group holds 35.86%.

1.5. STATEMENT OF COMPLIANCE

These Condensed Consolidated Interim Financial Statements of the Giełda Papierów Wartościowych w Warszawie S.A. Group have been prepared according to the International Accounting Standard 34 "Interim Financial Reporting" approved by the European Union. These Financial Statements do not contain all information required of complete financial statements prepared under the International Financial Reporting Standards adopted by the European Union ("EU IFRS" ¹).

In the opinion of the Management Board of the parent entity, in the notes to the Condensed Consolidated Interim Financial Statements of the Giełda Papierów Wartościowych w Warszawie S.A. Group, the Company included all material information necessary for the proper assessment of the assets and the financial position of the Group as at 30 June 2023 and its financial results in the period from 1 January 2023 to 30 June 2023.

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

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

The Group has prepared the Condensed Consolidated Interim Financial Statements in accordance with the same accounting policies as those described in the Consolidated Financial Statements for the year ended 31 December 2022 other than for changes resulting from the application of new standards as described below. The Condensed Consolidated Interim Financial Statements for the six-month period ended 30 June 2023 should be read in conjunction with the Consolidated Financial Statements of the Group for the year ended 31 December 2022.

The following standards and amendments of existing standards adopted by the European Union are effective for the financial statements of the Group for the financial year started on 1 January 2023:

- › Amendment to IAS 1 Presentation of Financial Statements, Practice Statement IFRS 2 Disclosure of Accounting Policies;
- › Amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates;
- › IFRS 17 Insurance Contracts (including Amendment to IFRS 17 (published on 25 June 2020) and Amendment to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (published on 9 December 2021));
- › Amendment to IAS 12 Income Tax – Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

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

Amendments to IAS 1 Presentation of Financial Statements – presentation of liabilities as current or non-current, Amendment to IAS 1 Presentation of Financial Statements – Non-current Liabilities with Covenants, Amendment to IFRS 16 Leases – Lease Liability in a Sale and Leaseback, and Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – supplier finance arrangements have not been adopted by the European Union and have not yet entered into force for annual periods starting on 1 January 2023.

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

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

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

	Six months period ended 30 June 2023 (unaudited)				
	Land and buildings	Vehicles and machinery	Furniture, fittings and equipment	Property, plant and equipment under construction	Total
Net carrying amount - opening balance	69 501	28 499	1 318	8 287	107 605
Additions (+)	218	10 518	284	3 442	14 462
Purchase and modernisation	187	3 854	284	3 442	7 767
Transfer to PPE from Assets under construction	31	6 664	-	-	6 695
Disposals (-)	(1 649)	(6 432)	(271)	(6 695)	(15 047)
Sale and liquidation	-	-	-	-	-
gross carrying amount (-)	(223)	(38)	(24)	-	(285)
accumulated depreciation (+)	223	38	24	-	285
Transfer from Assets under construction	-	-	-	(6 695)	(6 695)
Changes of presentation	(1)	-	1	-	-
Depreciation charge*	(1 648)	(6 432)	(272)	-	(8 352)
Other changes	-	-	11	-	11
Differences on foreign currency translation of subsidiaries (+)/(-)	-	(8)	(47)	-	(55)
Net carrying amount - closing balance	68 070	32 577	1 295	5 034	106 976
As at 30 June 2023 (unaudited)					
Gross carrying amount	130 529	141 026	8 783	5 034	285 372
Accumulated depreciation	(62 459)	(108 449)	(7 488)	-	(178 396)
Net carrying amount	68 070	32 577	1 295	5 034	106 976

* Depreciation of PLN 2051 thousand is capitalised to intangible assets (development work)

	Year ended 31 December 2022				
	Land and buildings	Vehicles and machinery	Furniture, fittings and equipment	Property, plant and equipment under construction	Total
Net carrying amount - opening balance	72 320	16 528	383	2 656	91 887
Additions (+)	550	20 988	1 243	12 076	34 857
Purchase and modernisation	496	14 451	258	12 076	27 281
Transfer to PPE from Assets under construction	54	6 392	-	-	6 446
Obtaining control over subsidiaries	-	145	985	-	1 130
Disposals (-)	(3 369)	(9 017)	(308)	(6 445)	(19 139)
Transfer from Assets under construction	-	-	-	(6 446)	(6 446)
Depreciation charge*	(3 301)	(9 017)	(293)	-	(12 611)
Other changes	(68)	-	(15)	1	(82)
Net carrying amount - closing balance	69 501	28 499	1 318	8 287	107 605
As at 31 December 2022					
Gross carrying amount	130 535	130 554	8 558	8 287	277 934
Accumulated depreciation	(61 034)	(102 055)	(7 240)	-	(170 329)
Net carrying amount	69 501	28 499	1 318	8 287	107 605

* Depreciation of PLN 1070 thousand is capitalised to intangible assets (development work)

Contracted investments in property, plant and equipment amounted to PLN 1,734 thousand as at 30 June 2023 and concerned purchase of IT hardware and vehicles.

Contracted investments in plant, property and equipment amounted to PLN 3 thousand as at 31 December 2022 and concerned purchase of office furniture.

2.2. INTANGIBLE ASSETS

	Six months period ended 30 June 2023 (unaudited)							Total
	Licences	Copyrights	Know-how	Goodwill	Development work	Perpetual usufruct of land	Intangible assets recognised in business combinations	
Net carrying amount - opening balance	35 136	2 660	3 963	157 669	65 815	5 731	11 918	282 892
Additions (+)	3 587	137	-	-	21 975	-	-	25 699
Purchase and modernisation	251	137	-	-	18 325	-	-	18 713
Capitalised depreciation	-	-	-	-	3 650	-	-	3 650
Transfer to Intangibles form Development work (+)	3 336	-	-	-	-	-	-	3 336
Disposals (-)	(8 023)	(189)	(272)	-	(3 336)	(40)	(390)	(12 250)
Transfer from Development work (-)	-	-	-	-	(3 336)	-	-	(3 336)
Amortisation charge*	(8 023)	(189)	(272)	-	-	(40)	(390)	(8 914)
Differences on foreign currency translation of subsidiaries (+)/(-)	(28)	(21)	-	-	-	-	-	(49)
Net carrying amount - closing balance	30 672	2 587	3 691	157 669	84 454	5 691	11 528	296 292
As at 30 June 2023 (unaudited)								
Gross carrying amount	257 746	9 904	6 498	172 429	84 500	5 973	11 918	548 968
Impairment	-	-	-	(14 760)	(46)	-	-	(14 806)
Accumulated amortisation	(227 074)	(7 317)	(2 807)	-	-	(282)	(390)	(237 870)
Net carrying amount	30 672	2 587	3 691	157 669	84 454	5 691	11 528	296 292

* Amortisation of PLN 1600 thousand is capitalised to intangible assets (development work)

	Year ended 31 December 2022							Total
	Licences	Copyrights	Know-how	Goodwill	Development work	Perpetual usufruct of land	Intangible assets recognised in business combinations	
Net carrying amount - opening balance	44 299	2 445	4 352	167 446	39 669	5 811	-	264 022
Additions (+)	10 627	579	182	55	29 683	-	11 918	53 044
Purchase and modernisation	6 910	135	4	55	27 611	-	-	34 715
Capitalised depreciation	-	-	-	-	2 072	-	-	2 072
Transfer to Intangibles form Development work (+)	3 225	-	178	-	-	-	-	3 403
Obtaining control over subsidiaries	492	444	-	-	-	-	11 918	12 854
Disposals (-)	(19 790)	(364)	(571)	(9 832)	(3 537)	(80)	-	(34 174)
Transfer from Development work (-)	-	-	-	-	(3 403)	-	-	(3 403)
Recognition of impairment	-	-	-	(9 832)	(46)	-	-	(9 878)
Amortisation charge*	(19 790)	(364)	(571)	-	-	(80)	-	(20 805)
Other changes	-	-	-	-	(88)	-	-	(88)
Net carrying amount - closing balance	35 136	2 660	3 963	157 669	65 815	5 731	11 918	282 892
As at 31 December 2022								
Gross carrying amount	254 187	9 788	6 498	172 429	65 861	5 973	11 918	526 654
Impairment	-	-	-	(14 760)	(46)	-	-	(14 806)
Accumulated amortisation	(219 051)	(7 128)	(2 535)	-	-	(242)	-	(228 956)
Net carrying amount	35 136	2 660	3 963	157 669	65 815	5 731	11 918	282 892

* Amortisation of PLN 1002 thousand is capitalised to intangible assets (development work)

Contracted investments in intangible assets amounted to PLN 591 thousand as at 30 June 2023 and concerned mainly the development of the SPOT project, changes to the X-Stream Clearing system and changes to the margin netting system (contracted investments in intangible assets amounted to PLN 1,473 thousand as at 31 December 2022 and concerned mainly modernisation of the integration layer in the New Market Image project and development of the WIBIX system).

Impairment of goodwill

Indications of impairment of goodwill recognised in these financial statements were reviewed as at 30 June 2023. No indications were identified that would require an impairment test.

2.3. INVESTMENT IN ENTITIES MEASURED BY THE EQUITY METHOD

The entities measured by the equity method included:

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

As a result of the recognition of impairment of the investment in PAR at PLN 583 thousand as at 30 June 2020, the value of the investment in PAR was equal to nil in the Group's consolidated statement of financial position as at 30 June 2023 and as at 31 December 2022.

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

	Six months period ended 30 June 2023 (unaudited)	Year ended 31 December 2022
Opening balance	241 313	230 825
Dividends due to GPW S.A.	(8 088)	(10 556)
Share of net profit/(loss)	13 787	28 485
Other increase/(decrease) of profit	(336)	(230)
Total Group share of profit/(loss) after tax	13 451	28 255
Share in other comprehensive income	4 385	(7 211)
Closing balance	251 061	241 313

	As at	
	30 June 2023 (unaudited)	31 December 2022
Grupa Kapitałowa KDPW S.A.	235 566	224 801
Centrum Giełdowe S.A.	15 495	16 512
Polska Agencja Ratingowa S.A.	-	-
Total carrying amount of entities measured by equity method	251 061	241 313

2.4. FINANCIAL ASSETS

2.4.1. TRADE RECEIVABLES AND OTHER RECEIVABLES

	As at	
	30 June 2023 (unaudited)	31 December 2022
Gross trade receivables	54 105	48 846
Impairment allowances for trade receivables	(4 205)	(4 009)
Total trade receivables	49 900	44 837
Current prepayments	18 245	7 243
VAT refund receivable	11 064	10 012
Other public and legal receivables	17	-
Sublease receivables	268	12
Grants receivable	6 843	3 889
Other receivables	6 974	13 355
Total other receivables	50 585	34 511
Total trade receivables and other receivables	100 485	79 348

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

2.4.2. FINANCIAL ASSETS MEASURED AT AMORTISED COST

	As at	
	30 June 2023 (unaudited)	31 December 2022
Corporate bonds	36 740	53 737
Bank deposits	85 388	-
Borrowings granted	566	-
Other assets	-	10 273
Total current	122 694	64 010
Allowance for losses on debt instruments measured at amortised cost	(85)	(46)
Total financial assets measured at amortised cost	122 609	63 964

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

2.4.3. CASH AND CASH EQUIVALENTS

	As at	
	30 June 2023 (unaudited)	31 December 2022
Current accounts (other)	120 272	114 844
VAT current accounts (split payment)	82	604
Bank deposits	255 713	263 430
Expected credit loss	(208)	(237)
Total cash and cash equivalents	375 859	378 641

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

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

At the commencement of the projects: New Trading System, GPW Data, GPW Private Market, TeO, PCOL and Gospostrateg (see Note 5.4), the Group opened dedicated banks accounts for each of those projects. The total balance in those accounts was PLN 5,514 thousand as at 30 June 2023 (PLN 7,698 thousand as at 31 December 2022). Cash in such accounts is classified as restricted cash.

Cash in VAT accounts at PLN 82 thousand (PLN 604 thousand as at 31 December 2022) is also restricted cash due to regulatory restrictions on the availability of cash in such accounts for current payments.

2.5. CHANGE OF ESTIMATES

In the period from 1 January 2023 to 30 June 2023, impairment losses for trade receivables were adjusted as follows:

	Six months period ended	
	30 June 2023 (unaudited)	31 December 2022
Opening balance	4 009	4 516
Creating a write-off	930	1 453
Dissolution of the write-off	(263)	(2 018)
Utilisation of the write-off	(1)	(39)
Increase due to business combination	-	102
Receivables written off during the period as uncollectible	(470)	(5)
Closing balance	4 205	4 009

In the period from 1 January 2023 to 30 June 2023, there were the following changes in estimates:

- › provisions against employee benefits were reduced by PLN 9,433 thousand (provisions set up at PLN 14,789 thousand, provisions used at PLN 21,191 thousand and provisions released at PLN 3,031 thousand);
- › provisions against interest on a VAT correction were increased by PLN 2,776 thousand (see Note 5.9).

2.6. CONTRACT LIABILITIES

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

	As at	
	30 June 2023 (unaudited)	31 December 2022
Listing	7 397	7 048
Total financial market	7 397	7 048
Other revenue	170	228
Total non-current	7 567	7 276
Trading	516	730
Listing	11 499	3 182
Information services and revenue from the calculation of reference rates	13 365	-
Total financial market	25 380	3 912
Trading	6 431	249
Total commodity market	6 431	249
Other revenue	892	245
Total current	32 703	4 406
Total contract liabilities	40 270	11 682

The year-to-date increase of contract liabilities as at 30 June 2023 was due to pro-rata distribution over time of annual fees invoiced by the Group in the first days of the financial year.

2.7. ACCRUALS AND DEFERRED INCOME

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

	As at	
	30 June 2023 (unaudited)	31 December 2022
PCR project	3 397	3 537
Agricultural Market	202	316
New Trading System Project	21 704	19 753
GPWT Data Project	3 934	3 934
Telemetry Project	3 519	1 671
Private Market Project	1 283	814
Project PCOL	1 848	874
Total non-current deferred income from grants	35 887	30 899
PCR	280	280
Agricultural Market	226	226
Private Market	1 398	3 127
Gospostrateg Project	18	-
Total non-current deferred income from grants	1 922	3 633
Other deferred liabilities	694	1 122
Total other deferred liabilities	694	1 122
Total current	2 616	4 755
Total accruals and deferred income	38 503	35 654

As at 30 June 2023, the Group recognised over time the following deferred income:

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

Details of grants are presented in Note 5.4.

2.8. OTHER LIABILITIES

	As at	
	30 June 2023 (unaudited)	31 December 2022
Liabilities to the Polish National Foundation	2 907	4 361
Perpetual usufruct liabilities	3 479	3 989
Liabilities due to the purchase of subsidiary	-	3 112
Other liabilities	3 559	-
Total non-current	9 945	11 462
Dividend payable	113 339	15
VAT payable	3 976	14 140
Liabilities in respect of other taxes	4 472	4 497
Contracted investments	3 528	8 558
Liabilities to the Polish National Foundation	1 391	1 371
Liabilities to the Polish Financial Supervision Authority	15 469	-
Other liabilities	6 846	3 486
Total current	149 021	32 067
Total other liabilities	158 966	43 529

In accordance with the dividend policy, the Exchange pays dividends to shareholders annually. As at 30 June 2023, GPW recognised liabilities in respect of dividend payments (the dividend payment date in 2023 was set at 7 August 2023). Details of the 2023 and 2022 dividend payments are presented in Note 5.3.

Other liabilities as at 30 June 2023 included credits/debits with the tax office relating to current reporting periods, a liability to the Polish National Foundation, as well as a significant liability to PFSA in respect of the capital market supervision fee payable in Q3 2023.

3. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

3.1. INCOME TAX

	Three months ended 30 June (unaudited)		Six months period ended 30 June (unaudited)	
	2023	2022	2023	2022
Current income tax	4 551	7 176	21 945	24 784
Deferred tax	4 494	1 811	(6 371)	(7 265)
Total income tax	9 045	8 987	15 574	17 519

As required by the Polish tax regulations, the corporate income tax rate applicable in 2023 and 2022 is 19%.

	Three months ended 30 June (unaudited)		Six months period ended 30 June (unaudited)	
	2023	2022	2023	2022
Profit before income tax	54 504	47 048	88 069	93 639
Income tax rate	19%	19%	19%	19%
Income tax at the statutory tax rate	10 356	8 939	16 733	17 791
Tax effect of:	(1 311)	48	(1 159)	(272)
Non tax-deductible costs	559	936	468	1 814
Non-taxable share of profit of entities measured by the equity method	(1 733)	(1 483)	(2 556)	(2 348)
Other adjustments	(137)	595	929	262
Total income tax	9 045	8 987	15 574	17 519

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

4. NOTE TO THE STATEMENT OF CASH FLOWS

4.1. DEPRECIATION AND AMORTISATION

	Six months period ended 30 June (unaudited)	
	2023	2022
Depreciation of property, plant and equipment*	6 301	5 996
Amortisation of intangible assets**	7 315	10 542
Depreciation and amortisation of right-to-use assets	3 114	2 713
Total depreciation and amortisation charges	16 730	19 251

* In the six months period ended in 30 June 2023, depreciation was reduced by depreciation capitalized to intangible assets of PLN 2051 thousand, and in six months period ended in 30 June 2022, of PLN 114 thousand.

** In the six months period ended in 30 June 2023, depreciation was reduced by depreciation capitalized to intangible assets of PLN 1600 thousand, and in six months period ended in 30 June 2022, of PLN 20 thousand.

5. OTHER NOTES

5.1. RELATED PARTY TRANSACTIONS

Related parties of the Group include:

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

5.1.1. INFORMATION ABOUT TRANSACTIONS WITH THE STATE TREASURY AND ENTITIES WHICH ARE RELATED PARTIES OF THE STATE TREASURY**Companies with a stake held by the State Treasury**

The Group applies the exemption under IAS 24 Related Party Disclosures and keeps no records which would clearly identify and aggregate transactions with the State Treasury and all entities which are related parties of the State Treasury.

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

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

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

Polish Financial Supervision Authority ("PFSA")

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

The fee for 2023 charged to the GPW Group's operating expenses in the first six months of 2023 was PLN 15,473 thousand, equal to the annual 2023 fee.

The fee for 2022 charged to the Group's operating expenses in the first six months of 2022 was PLN 14,639 thousand.

Tax Office

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

Polish National Foundation

As one of the founders of the Polish National Foundation ("PFN"), established in 2016 by 17 state-owned companies, the Exchange is obliged to make an annual contribution towards the statutory activities of PFN in the form of 11 annual payments starting from the date of establishment of the Foundation. This liability was recognised in 2016 costs and is accrued over time. As at 30 June 2023, the liability of the Exchange to PFN amounted to PLN 4,298 thousand (31 December 2022: PLN 5,732 thousand).

5.1.2. TRANSACTIONS WITH ENTITIES MEASURED BY THE EQUITY METHOD**Dividend**

Dividends paid by associates to the Group stood at PLN 8,088 thousand in the six-month period ended 30 June 2023 (PLN 10,556 thousand in the six-month period ended 30 June 2022).

On 5 June 2023, the Annual General Meeting of CG decided to allocate a part of the profit equal to PLN 1,683 thousand to a dividend payment. The dividend attributable to GPW was PLN 417 thousand. GPW also received a dividend for previous years at PLN 496 thousand. The dividend was paid on 13 June 2023.

On 1 June 2023, the Annual General Meeting of KDPW decided to allocate a part of the profit equal to PLN 21,525 thousand to a dividend payment. The dividend attributable to GPW was PLN 7,175 thousand. The dividend payment date was set at 5 September 2023.

Loans and advances

As at 30 June 2023, the carrying amount of loans granted to PAR was PLN 566 thousand (as at 31 December 2022: nil). In view to PAR's intention to repay the loan during the period, the allowance set up for the loan was reversed and financial income of PLN 576 thousand was recognised. The loan was repaid in full on 11 July 2023.

Space lease

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

	As at 30 June 2023 (unaudited)		Six months period ended 30 June 2023 (unaudited)	
	Receivables	Trade payables and other liabilities	Sales revenue or sublease interest	Expenses
KDPW Group:	-	-	50	13
other	-	-	50	13
Centrum Giełdowe:	-	125	-	2 091
leases	-	-	-	1 304
other	-	125	-	787
PAR:	6	-	28	17
leases	-	-	19	-
other	6	-	9	17
Total	6	125	78	2 121

	As at 31 December 2022		Year ended 31 December 2022	
	Receivables	Trade payables and other liabilities	Sales revenue or sublease interest	Expenses
KDPW Group:	53	-	132	120
other	53	-	132	120
Centrum Giełdowe:	-	2 500	-	4 581
leases	-	2 188	-	2 329
other	-	312	-	2 252
PAR:	5	10	84	40
leases	-	-	1	-
other	5	10	83	40
Total	58	2 510	216	4 741

Receivables from associates and joint ventures were not provided for or written off as uncollectible in the six months of 2023 and 2022.

5.1.3. OTHER TRANSACTIONS

Transactions with the key management personnel

The Group entered into no transactions with the key management personnel as at 30 June 2023 and as at 31 December 2022.

Książęca 4 Street Tenants Association

In 2023 and 2022, the Exchange concluded transactions with the Książęca 4 Street Tenants Association of which it is a member. The expenses amounted to PLN 2,618 thousand in the six-month period ended 30 June 2023 and PLN 2,629 thousand in the six-month period ended 30 June 2022.

GPW Foundation

In the six months of 2023, GPW made donations to the GPW Foundation at PLN 1,245 thousand (in the six months of 2022 – no donations), received an income of PLN 84 thousand from the Foundation (in the six months of 2022 – PLN 56 thousand), and paid the Foundation's costs of PLN 8 thousand (in the six months of 2022 – PLN 2 thousand). As at 30 June 2023, the Exchange's receivables from the GPW Foundation stood at PLN 40 thousand (as at 31 December 2022 – PLN 40 thousand) and the Exchange had no payables to the Foundation (as at 31 December 2022 – PLN 0 thousand).

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

The data presented in the table below are for all (current and former) members of the Exchange Management Board and the Exchange Supervisory Board, the Management Boards and the Supervisory Boards of the subsidiaries who were in office in the three-month and the six-month period ended 30 June 2023 and 30 June 2022, respectively.

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

	Three months ended 30 June (unaudited)		Six months period ended 30 June (unaudited)	
	2023	2022	2023	2022
Base salary	650	404	1 297	807
Variable pay	656	456	1 115	867
Other benefits	32	41	67	82
Benefits after termination	-	-	34	-
Total remuneration of the Exchange Management Board	1 338	901	2 513	1 756
Remuneration of the Exchange Supervisory Board	233	150	469	299
Remuneration of the Management Boards of other GPW Group companies	1 789	897	3 392	2 096
Remuneration of the Supervisory Boards of other GPW Group companies	368	213	667	465
Total remuneration of the key management personnel	3 728	2 161	7 041	4 616

As at 30 June 2023, unpaid bonuses and variable remuneration of the key management personnel stood at PLN 5,920 thousand including bonuses and remuneration for 2022-2023. The cost was shown in the consolidated statement of comprehensive income for 2022-2023.

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

5.3. DIVIDEND

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

On 26 June 2023, the Annual General Meeting of the Exchange passed a resolution to distribute the Company's profit for 2022, including a dividend payment of PLN 113,324 thousand. The dividend per share was PLN 2.70. The dividend record date was 24 July 2023 and the dividend payment date was 7 August 2023. The dividend due to the State Treasury was PLN 39,675 thousand.

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

5.4. GRANTS

New Trading System

The New Trading System is a development project of a new trading platform which will in the future help to reduce transaction costs and offer new functionalities and types of orders for Exchange Members, issuers and investors. The system will provide superior reliability and security according to advanced technical parameters.

GPW Data

The GPW Data project is an innovative Artificial Intelligence system supporting investment decisions of capital market participants. The core of the system is a repository of a broad range of structured exchange data. Such information will support investments on the capital market based on classical and innovative analysis models.

GPW Private Market

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

The objective of the project is to develop a platform for the issuance of tokens representing digital rights (digital assets). The platform will also support trade in such assets.

Telemetry ("TeO")

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

The aim of the project is to develop an innovative TeO Platform. The new solution will be designed to profile TV users and sell and display targeted advertising on linear TV.

Polish Digital Logistics Operator ("PCOL")

On 4 November 2021, GPW signed an agreement with the National Centre for Research and Development to co-finance the Polish Digital Logistics Operator ("PCOL") project.

PCOL is a project for an innovative logistics platform based on artificial intelligence to optimise costs in areas related to transport and logistics services for State-owned companies as well as private companies which will in the future use the services and solutions offered. The grant will be used to finance research and development work related primarily to the development of innovative technologies based on artificial intelligence.

Gospostrateg

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

The main objective of the project is to transform the Mazowieckie Voivodeship into an accelerator of global enterprises by building a knowledge repository of key global markets and developing and implementing an effective model of co-operation between administration, science and business taking into account the conditions of the Mazowieckie Voivodeship.

The table below provides key information on the amount of the grants received by project:

Stan na dzień/dane za okres zakończony 30 czerwca 2023 r.					
	Planowany łączny budżet (mln zł)	Wartość przyznanej dotacji (mln zł)	Wartość dotacji otrzymanej w 2023 roku (tys. zł)	Kwota ujęta w przychodach (tys. zł)	Kwota obciążająca RMP (tys. zł)
Projekt Nowy System Transakcyjny	90,0	29,2	1 609	370	21 704
Projekt GPW Data	8,3	4,2	-	-	3 934
Projekt Private Market	15,6	2,8	87	-	2 681
Projekt Telemetry	33,6	13,3	946	-	3 519
Projekt PCOL	19,7	5,1	387	770	1 848
Projekt Gospostrateg	0,4	0,3	98	62	18
Razem	167,6	54,9	3 127	1 202	33 704

5.5. SEASONALITY

The activity of the Group shows no significant seasonality except for the revenue from the commodity market which shows seasonality during the year (the revenue of the first and last months of the year is higher than the revenue for the other

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

5.6. SEGMENT REPORTING

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

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

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

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

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

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

	Six months period ended 30 June 2023 (unaudited)					
	Financial segment	Commodity segment	Other	Total segments	Exclusions and adjustments	Total segments and exclusions
Sales revenue:	132 081	81 548	22 125	235 754	(12 815)	222 939
To third parties	127 614	81 083	14 242	222 939	-	222 939
Between segments	4 467	465	7 883	12 815	(12 815)	-
Operating expenses, including:	(117 687)	(46 420)	(10 084)	(174 191)	12 966	(161 225)
depreciation and amortisation	(12 666)	(3 897)	(246)	(16 809)	79	(16 730)
Profit/(loss) on sales	14 394	35 128	12 041	61 563	151	61 714
Loss on impairment of receivables	(531)	(126)	-	(657)	-	(657)
Other income	3 436	770	14	4 220	(1 469)	2 751
Other expenses	(1 680)	(104)	(15)	(1 799)	145	(1 654)
Operating profit (loss)	15 619	35 668	12 040	63 327	(1 173)	62 154
Financial income, including:	70 988	30 760	269	102 017	(85 690)	16 327
interest income	7 012	8 383	269	15 664	(59)	15 605
Financial expenses, including:	(362)	(3 363)	(102)	(3 827)	(36)	(3 863)
interest cost	(186)	(152)	(12)	(350)	163	(187)
VAT provision	-	(2 776)	-	(2 776)	-	(2 776)
Share of profit/(loss) of entities measured by equity method	-	-	-	-	13 451	13 451
Profit before income tax	86 245	63 065	12 207	161 517	(73 448)	88 069
Income tax	(11 743)	(3 837)	(15)	(15 595)	21	(15 574)
Net profit	74 502	59 228	12 192	145 922	(73 427)	72 495

As at 30 June 2023 (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	871 249	410 819	20 516	1 302 584	239 409	(251 049)	1 290 944
Total liabilities	250 256	161 597	2 287	414 140	-	(86 825)	327 315
Net assets (assets - liabilities)	620 993	249 222	18 229	888 444	239 409	(164 224)	963 629

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

As at 31 December 2022							
	Financial segment	Commodity segment	Other	Total segments	Adjustments for investments measured by equity method	Other exclusions and adjustments	Total segments and exclusions
Total assets	750 983	352 558	17 470	1 121 011	229 661	(168 416)	1 182 256
Total liabilities	107 297	81 397	1 783	190 477	-	(9 048)	181 429
Net assets (assets - liabilities)	643 686	271 161	15 687	930 534	229 661	(159 368)	1 000 827

Three months ended 30 June 2023 (unaudited)							
	Financial segment	Commodity segment	Other	Total segments	Exclusions and adjustments	Total segments and exclusions	
Sales revenue:	63 353	39 983	13 767	117 103	(6 439)	110 664	
To third parties	61 129	39 716	9 819	110 664	-	110 664	
Between segments	2 224	267	3 948	6 439	(6 439)	-	
Operating expenses, including:	(55 735)	(20 834)	(5 266)	(81 835)	6 789	(75 046)	
depreciation and amortisation	(6 358)	(1 892)	(141)	(8 391)	11	(8 380)	
Profit/(loss) on sales	7 618	19 149	8 501	35 268	350	35 618	
Loss on impairment of receivables	(354)	(75)	-	(429)	-	(429)	
Other income	1 521	575	14	2 110	(346)	1 764	
Other expenses	(1 507)	(41)	(15)	(1 563)	216	(1 347)	
Operating profit (loss)	7 278	19 608	8 500	35 386	220	35 606	
Financial income, including:	67 387	28 357	113	95 857	(85 663)	10 194	
interest income	3 503	4 051	119	7 673	(36)	7 637	
income from reversal of VAT provision	-	2 014	-	2 014	-	2 014	
Financial expenses, including:	(134)	(99)	(67)	(300)	(116)	(416)	
interest cost	(85)	(51)	(8)	(144)	63	(81)	
Share of profit/(loss) of entities measured by equity method	-	-	-	-	9 120	9 120	
Profit before income tax	74 531	47 866	8 546	130 943	(76 439)	54 504	
Income tax	(7 046)	(2 009)	32	(9 023)	(22)	(9 045)	
Net profit	67 485	45 857	8 578	121 920	(76 461)	45 459	

	Three months ended 30 June 2022 (unaudited)					
	Financial segment	Commodity segment	Other	Total segments	Exclusions and adjustments	Total segments and exclusions
Sales revenue:	60 298	39 657	4 142	104 097	(5 025)	99 072
To third parties	58 634	39 465	973	99 072	-	99 072
Between segments	1 664	192	3 169	5 025	(5 025)	-
Operating expenses, including:	(45 887)	(19 933)	(976)	(66 796)	4 277	(62 519)
depreciation and amortisation	(6 884)	(2 769)	(37)	(9 690)	236	(9 454)
Profit/(loss) on sales	14 411	19 724	3 166	37 301	(748)	36 553
Loss on impairment of receivables	858	(59)	-	799	-	799
Other income	529	222	-	751	(281)	470
Other expenses	(577)	(37)	-	(614)	96	(518)
Operating profit (loss)	15 221	19 850	3 166	38 237	(933)	37 304
Financial income, including:	41 438	28 547	2	69 987	(63 422)	6 565
interest income	4 801	2 001	2	6 804	(146)	6 658
Financial expenses, including:	(1 372)	(3 652)	(19)	(5 043)	419	(4 624)
interest cost	(1 268)	(40)	(2)	(1 310)	148	(1 162)
rozwiązanie rezerwy na koszty związane z ryzykiem VAT	-	(3 406)	-	(3 406)	421	(2 985)
Share of profit/(loss) of entities measured by equity method	-	-	-	-	7 803	7 803
Profit before income tax	55 287	44 745	3 149	103 181	(56 133)	47 048
Income tax	(7 247)	(1 752)	(2)	(9 001)	14	(8 987)
Net profit	48 040	42 993	3 147	94 180	(56 119)	38 061

5.7. ADDITIONAL INFORMATION CONCERNING THE OUTBREAK OF WAR IN UKRAINE

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

As the GPW Group companies do not have business operations in Russia and Ukraine, the war in this region does not directly affect the presented and future financial results of the Group. The Group's financial results may be affected by the situation on the gas and electricity market in connection with the operation of a commodity exchange for the trading of these commodities.

The GPW Group analysed the depreciation rates for property, plant and equipment and intangible assets applied to assets held as at 30 June 2023 and identified no need to change the estimates used.

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

As at 30 June 2023, the GPW Group held PLN 498.5 million of cash and cash equivalents and short-term financial assets in the form of bank deposits and guaranteed corporate bonds. These represent sufficient financial resources to conclude that the Group's liquidity risk in the short to medium term is low.

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

The GPW Group monitors the amount of trade receivables on an ongoing basis, especially trade receivables from counterparties related to parties involved in the armed conflict. As at 30 June 2023, no significant receivables were identified in this group of counterparties.

Details of the identified risks related to the pandemic and the outbreak of the armed conflict in Ukraine on the Company's and the Group's operations and financial position are presented in Note 2.7 to the Management Board Report on the Activity of the Parent Company and the Warsaw Stock Exchange Group for 2022 and in Note 7.1 to the Interim Report of the Warsaw Stock Exchange Group for the six months of 2023.

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

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

5.8. CONTINGENT LIABILITIES

5.8.1. CONTINGENT LIABILITIES – GRANTS, GUARANTEES

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

As at 30 June 2023, the Group recognised a contingent liability in respect of an overdue VAT correction. Acting in the interest of GPW shareholders, pursuant to point 92 of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, the Group is not disclosing the estimated amount of the potential payable (see: Note 5.9).

As at 30 June 2023, the Group held bank guarantees issued in favour of:

- › NordPool in the amount of EUR 15.0 million effective to 16 June 2024,
- › Slovenská Elektrizácia Prenosová Sústava (SEPS) in the amount of EUR 4.5 million effective to 30 June 2024,
- › ČEPS in the amount of EUR 2.0 million effective to 30 June 2024,
- › European Commodity Clearing AG (ECC) in the amount of EUR 5.5 million effective to 30 June 2024.

The Group also has an agreement with Santander Bank Polska S.A. concerning a guarantee limit up to EUR 90 million. The agreement was concluded on 14 June 2022.

The Group guarantees the due performance by the subsidiary InfoEngine of its payment obligations under the Transmission Agreement concluded between InfoEngine and PSE. The amount of the guarantee is PLN 2.0 million.

5.8.2. CONTINGENT LIABILITIES – TRANSACTIONS WITH IRL POLSKA SP. Z O.O.

The subsidiary IRGiT provides clearing and settlement of transactions in forward instruments on the electricity exchange market, to which IRL Polska Sp. z o.o. ("IRL") is a party. As a result of its failure to file VAT returns (JPK files), IRL was removed from the VAT taxpayer register on 12 September 2022. IRL is subject to the provisions of the Act of 13 April 2022 on special solutions to counteract the support of aggression against Ukraine and to protect national security, and was included in the sanction list. IRL is a member of the Clearing House and has entered into a self-invoicing agreement with IRGiT, under which IRGiT, which is the technical party to transactions on the TGE market, issues invoices on behalf of and for the account of IRL. Such invoices document the delivery of electricity, where IRGiT is named as the buyer of electricity. Between September 2022 and the end of March 2023, input VAT resulting from invoices issued in self-invoicing was not deducted by IRGiT. As a result of internal consultations, analysis of the regulations, and two opinions confirming the right to deduct input VAT, it was decided to submit corrections to the tax returns for the periods from September 2022 to March 2023, recognising the amounts of input VAT, and it was decided to settle on an ongoing basis, starting from April 2023, the input VAT from invoices issued by IRL to IRGiT in self-invoicing. IRGiT was reporting the amount of tax payable in the aforementioned period, and the VAT corrections will result in a reduction in the amount of tax payable. Consequently, in addition to the corrections to the tax returns, IRGiT submitted applications for the declaration of overpayment for each of the corrected accounting periods.

In the opinion of the management board of the parent entity, supported by tax opinions, the actions taken with regard to the settlement of input VAT were reasonable and compliant with the law. There was a risk that the Tax Authority may challenge the above procedure; however, the management board of the parent entity estimated that the probability of a favourable court ruling in potential overpayment proceedings is high.

As a result of the above circumstances, as at 30 June 2023, the Group presents a VAT receivable of PLN 10.9 million under trade receivables and other receivables. On the other hand, the input VAT related to transactions with IRL settled in April-June 2023 of approximately PLN 4.0 million represent a contingent liability as at 30 June 2023.

5.8.3. CONTINGENT LIABILITIES – INDUSTRIAL DISPUTE AT GPW

On 1 June 2023, an industrial dispute arose with the Trade Union of Stock Exchange Employees ("ZZPG"). The dispute arose as a result of the refusal to comply with the demands of the ZZPG concerning, among others, the payment of an inflationary benefit at GPW, which for 2023 would amount to at least 15% of the annual gross base salary of GPW employees. The Company notified the competent district labour inspector that a dispute had arisen and entered into negotiations in good faith. On 4 July 2023, a record of divergence at the negotiation stage was drawn up. The parties to the dispute entered the second stage provided by law, i.e., the mediation stage, and are in the process of selecting a mediator. Due to the Management Board's position emphasising the adaptability of GPW's incentive system to market conditions, the probability of a material financial impact, at this stage of the dispute, is considered to be low.

5.9. UNCERTAINTY ABOUT VAT

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

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

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

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

Due to uncertainty concerning the time of settlement of input and output VAT in all open periods and the amount of the aforementioned VAT payable, guided by the principles of prudence, in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, provisions were set up at PLN 33.0 million as at 30 June 2023 (PLN 30.2 million as at 31 December 2022) against interest that will arise in the event of a shift in the VAT deduction period. After an update of the provisions, the Group recognised financial income of PLN 2.8 million (financial expense of PLN 0.4 million in Q2 2022). The provisions represent the best possible estimate of the potential liability as at 30 June 2023 which would have to be paid upon an amendment of the existing methodology of determining the time of origination of the tax liability and the deduction right.

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

5.10. EVENTS AFTER THE BALANCE SHEET DATE

On August 8, 2023, the Tax Authority returned to IRGiT bank account the amount of input VAT related to transactions with IRL, settled in September, October and December 2022 and in the period from January to March 2023, in the total PLN 9.2 million. (issue described in note 5.8.2.)

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

Marek Dietl – President of the Management Board

Monika Gorgoń – Member of the Management Board

Izabela Olszewska – Member of the Management Board

Adam Młodkowski – Member of the Management Board

Signature of the person responsible for keeping books of account:

Piotr Kajczuk, Director, Financial Department

Warsaw, 10 August 2023