2020

CONSOLIDATED FINANCIAL STATEMENTS
OF THE GIEŁDA PAPIERÓW WARTOŚCIOWYCH W WARSZAWIE S.A. GROUP
FOR THE YEAR ENDED 31 DECEMBER 2020

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December	
		2020 r.	2019 *(restated)*
Non-current assets:		**588,819**	**586,114**
Property, plant and equipment	3.1.	97,333	101,968
Right-of-use assets	3.4.4.	18,031	22,725
Intangible assets	3.2.	247,308	246,649
Investment in entities measured by equity method	3.3.	220,395	210,327
Sublease receivables	3.4.6.	179	523
Deferred tax asset	3.15.	1,442	464
Financial assets measured at fair value through other comprehensive income	3.5.3.	115	120
Prepayments	3.7.	2,393	2,043
Other non-current assets		1,623	1,295
Current assets:		**773,362**	**670,703**
Inventories		11	47
Corporate income tax receivable		-	4,132
Trade receivables and other receivables	3.5.4.	55,229	45,243
Sublease receivables	3.4.6.	137	190
Contract assets	3.6.	1,696	2,415
Financial assets measured at amortised cost	3.5.5.	294,986	328,998
Other current assets	3.8.	140	4,404
Cash and cash equivalents	3.5.6.	421,163	285,274
TOTAL ASSETS		**1,362,181**	**1,256,817**

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

3 DATA FOR THE YEAR ENDED 31 DECEMBER 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – CONTINUED

	Note	As at 31 December	
		2020 r.	2019 (restated)
Equity:		**924,167**	**873,486**
Equity of shareholders of the parent entity:		923,548	872,881
Share capital	3.9.1.	*63,865*	*63,865*
Other reserves	3.9.2.	*1,063*	*1,089*
Retained earnings	3.9.3.	*858,620*	*807,927*
Non-controlling interests		619	605
Non-current liabilities:		**281,570**	**283,502**
Liabilities on bonds issue	3.10.	244,738	244,350
Employee benefits payable	3.11.	1,116	960
Lease liabilities	3.4.5.	11,298	16,204
Contract liabilities	3.6.	1,170	572
Accruals and deferred income	3.12.	12,461	6,389
Deferred tax liability	3.15.	2,113	5,386
Other liabilities	3.13.	8,674	9,641
Current liabilities:		**156,444**	**99,829**
Liabilities on bonds issue	3.10.	1,167	1,932
Trade payables	3.14.	15,117	11,584
Employee benefits payable	3.11.	23,750	17,175
Lease liabilities	3.4.5.	5,463	5,181
CIT payable		6,744	1,554
Contract liabilities	3.6.	5,582	4,364
Accruals and deferred income	3.12.	2,912	767
Provisions for other liabilities and other charges	3.16.	26,844	15,563
VAT correction	6.10.	*26,844*	*15,468*
Other liabilities	3.13.	68,865	41,709
TOTAL EQUITY AND LIABILITIES		**1,362,181**	**1,256,817**

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

4 DATA FOR THE YEAR ENDED 31 DECEMBER 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2020	Year ended 31 December 2019 (restated)
Sales revenue	4.1.	403,776	336,081
Operating expenses	4.2.	(208,505)	(181,149)
Gains/(losses) on impairment of receivables	3.5.4.	(950)	(1,901)
Other income	4.3.	5,690	6,616
Other expenses	4.4.	(11,691)	(3,345)
Operating profit		**188,320**	**156,302**
Financial income, incl.:	4.5.	6,166	8,911
Interest income under the effective interest rate method		*3,959*	*8,841*
Financial expenses, incl.:	4.6., 6.12.	(21,170)	(26,638)
VAT correction	6.10.	*(11,376)*	*(15,468)*
Share of profit/(losses) of entities measured by equity method	3.3.	15,748	11,262
Profit before tax		**189,064**	**149,837**
Income tax	4.7.	(37,624)	(30,503)
Profit for the period		**151,440**	**119,334**
Gains/(Losses) on valuation of financial assets measured at fair value through other comprehensive income (entities measured by equity method)		20	*(107)*
Total items that may be reclassified to profit or loss		20	(107)
Gains/(Losses) on valuation of financial assets measured at fair value through other comprehensive income	3.9.2.	*(4)*	*15*
Actuarial gains/(losses) on provisions for employee benefits after termination		*(42)*	*(86)*
Total items that will not be reclassified to profit or loss	3.9.2.	(46)	(71)
Total other comprehensive income after tax		**(26)**	**(178)**
Total comprehensive income		**151,414**	**119,156**
Profit for the period attributable to shareholders of the parent entity		*151,426*	*119,320*
Profit for the period attributable to non-controlling interests		*14*	*14*
Total profit for the period		**151,440**	**119,334**
Comprehensive income attributable to shareholders of the parent entity		*151,400*	*119,142*
Comprehensive income attributable to non-controlling interests		*14*	*14*
Total comprehensive income		**151,414**	**119,156**
Basic / Diluted earnings per share (PLN)	3.9.5.	**3.61**	**2.84**

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

5 DATA FOR THE YEAR ENDED 31 DECEMBER 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December	
		2020	2019 (restated)
Total net cash flows from operating activities		**231,375**	**191,077**
Net profit of the period		**151,440**	**119,334**
Adjustments:		**112,783**	**113,710**
Income tax	4.7.	37,624	30,503
Depreciation and amortisation	5.	36,331	37,086
Share of (profit)/loss of entities measured by equity method		(15,749)	(11,262)
(Gains) on financial assets measured at amortised cost	3.5.5.	(2,485)	(5,162)
Interest on bonds	3.10.	6,535	7,269
Other adjustments	5.	5,454	(1,995)
Change of assets and liabilities:		45,073	57,271
Inventories		*36*	*17*
Trade receivables and other receivables (excluding dividend payable)	3.5.4.	*(9,986)*	*24,088*
Trade payables	3.14.	*3,533*	*3,009*
Contract assets	3.6.	*719*	*(1,200)*
Contract liabilities	3.6.	*1,816*	*1,355*
Non-current prepayments	3.7.	*(350)*	*1,149*
Accruals and deferred income	3.12.	*(442)*	*1,564*
Employee benefits payable	3.11.	*6,731*	*2,710*
Other liabilities (excluding contracted investments and dividend payable)	3.13.	*33,039*	*9,084*
Provisions for liabilities and other charges	3.16.	*11,281*	*15,495*
Other non-current liabilities		*(1,304)*	*-*
Interest on tax payable (paid)/refunded		**-**	**(1,272)**
Income tax (paid)/refunded		**(32,848)**	**(40,695)**

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

6 DATA FOR THE YEAR ENDED 31 DECEMBER 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

CONSOLIDATED STATEMENT OF CASH FLOWS – CONTINUED

	Note	Year ended 31 December	
		2020	2019 *(restated)*
Total cash flows from investing activities:		**4,918**	**48,448**
In:		**947,087**	**846,119**
Sale of property, plant and equipment and intangible assets		103	4,276
Dividends received	6.4.2.	5,699	7,006
Sale of financial assets measured at amortised cost		937,172	829,281
Interest on financial assets measured at amortised cost	3.5.5.	3,970	5,223
Sublease payments (interest)	4.5, 3.4.6	12	26
Sublease payments (principal)	3.4.6.	131	207
Repayment of a loan by a related party		-	100
Out:		**(942,169)**	**(797,671)**
Purchase of property, plant and equipment and advances for property, plant and equipment		(13,413)	(9,237)
Purchase of intangible assets and advances for intangible assets		(23,026)	(7,496)
Purchase of financial assets measured at amortised cost		(904,647)	(780,838)
an granted to a related party	6.4.2.	(500)	(100)
Purchase of shares of a related party	3.3., 4.6.	(583)	-
Total cash flows from financing activities:		**(100,948)**	**(142,675)**
In:		**13,499**	**3,704**
Grants received		13,499	3,704
Out:		**(114,447)**	**(146,379)**
Dividend paid	3.9.4.	(100,716)	(133,449)
Interest paid on bonds	3.10.	(7,300)	(7,275)
Zwrócone dotacje		(506)	-
Lease payments (interest)	4.5, 3.4.6	(621)	(745)
Lease payments (principal)	3.4.6.	(5,304)	(4,910)
Net (decrease)/increase in cash and cash equivalents		**135,345**	**96,850**
Impact of fx rates on cash balance in currencies		*544*	*(300)*
Cash and cash equivalents - opening balance	3.5.6.	**285,274**	**188,724**
Cash and cash equivalents - closing balance	3.5.6.	**421,163**	**285,274**

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

7 DATA FOR THE YEAR ENDED 31 DECEMBER 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity of shareholders of the parent entity				Non-controlling interests	Total equity
	Share capital	Other reserves	Retained earnings	Total		
As at 1 January 2020	**63,865**	**1,089**	**807,927**	**872,881**	**605**	**873,486**
Dividends	-	-	(100,733)	**(100,733)**	-	**(100,733)**
Transactions with owners recognised directly in equity	**-**	**-**	**(100,733)**	**(100,733)**	**-**	**(100,733)**
Net profit for 2020	-	-	151,426	**151,426**	14	**151,440**
Other comprehensive income	-	(26)	-	**(26)**	-	**(26)**
Comprehensive income for 2020	**-**	**(26)**	**151,426**	**151,400**	**14**	**151,414**
As at 31 December 2020	**63,865**	**1,063**	**858,620**	**923,548**	**619**	**924,167**

	Equity of 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**	**822,078**	**887,210**	**590**	**887,800**
Dividends	-	-	(133,471)	**(133,471)**	-	**(133,471)**
Transactions with owners recognised directly in equity	**-**	**-**	**(133,471)**	**(133,471)**	**-**	**(133,471)**
Net profit for 2019	-	-	119,320	**119,320**	14	**119,334**
Other comprehensive income	-	(178)	-	**(178)**	-	**(178)**
Comprehensive income for 2019	**-**	**(178)**	**119,320**	**119,142**	**14**	**119,156**
As at 31 December 2019	**63,865**	**1,089**	**807,927**	**872,881**	**605**	**873,486**

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

8 DATA FOR THE YEAR ENDED 31 DECEMBER 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

1.1. LEGAL STATUS

The parent entity of the Giełda Papierów Wartościowych w Warszawie S.A. Group ("the Group", "the GPW Group") is Giełda Papierów Wartościowych w Warszawie Spółka Akcyjna ("the Warsaw Stock Exchange", "the Exchange", "GPW", "the Company" or "parent entity") with its registered office in Warsaw, ul. Książęca 4. The Company was established by Notarial Deed on 12 April 1991 and registered in the Commercial Court in Warsaw on 25 April 1991, entry no. KRS 0000082312, Tax Identification Number 526-025-09-72, Regon 012021984. GPW 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 markets instruments as well as derivatives;
- **NewConnect**: trade in equities and other equity-related financial instruments of small and medium-sized enterprises;
- **Catalyst**: trade in corporate, municipal, co-operative, Treasury and mortgage bonds operated by the Exchange and BondSpot S.A. ("BondSpot");

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 CO_2 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.

On 4 May 2020, TGE opened trading on the **Organised Trading Facility** ("OTF") including the following markets: Electricity Forwards Market, Gas Forwards Market and Property Rights Forward 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** – both types of services are offered by InfoEngine (balancing involves the submission of power sale contracts for execution and clearing of non-balancing with the grid operator, i.e., differences between actual power production or consumption and power sale contracts accepted for execution),
- **WIBID and WIBOR 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 market.

1.3. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were authorised for issuance by the Management Board of the Exchange on 9 March 2021.

1.4. COMPOSITION AND ACTIVITY OF THE GROUP

At 31 December 2020 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"),
- BondSpot S.A. ("BondSpot"),
- GPW Benchmark S.A. ("GPWB"),
- GPW Ventures ASI S.A. ("GPWV"), the parent entity of the GPW Ventures ASI S.A. Group ("GPWV Group") which includes GPWV and: GPW Ventures Asset Management Sp. z o.o. ("GPWV AM"),
- GPW Tech S.A. ("GPWT")

comprised the Warsaw Stock Exchange Group.

These consolidated financial statements are the first financial statements to consolidate the GPW Ventures ASI S.A. Group and the company GPW Tech S.A. The consolidated statement of financial position as at 31 December 2019 was restated to reflect full consolidation of the group and the company which were initially presented as at 31 December 2019 as non-consolidated entities on grounds of no significance. See Note 6.12 for details.

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

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

GPW is the ultimate parent entity.

Name of the entity	Registered office of the entity	Scope of operations	Shareholders
Towarowa Giełda Energii S.A.	ul. Książęca 4 00-498 Warsaw Poland	Operation of a commodity exchange on which the following may be traded: electricity, liquid and gas fuels, production limits, pollution emission limits, property rights whose value depends directly or indirectly on the value of electricity, liquid or gas fuels, operation of a register of certificates of origin of energy from renewable energy sources and from cogeneration and agricultural biogas.	GPW: 100%
Izba Rozliczeniowa Giełd Towarowych S.A.	ul. Książęca 4 00-498 Warsaw Poland	› Operation of a clearing house and a settlement system for transactions made on the regulated market, › Clearing transactions made on TGE, › Other activities related to organising and conducting clearing or settlement of transactions.	TGE: 100%
InfoEngine S.A.	ul. Książęca 4 00-498 Warsaw Poland	› Trade Operator services on the electricity market, › Trade balancing services on the electricity market.	TGE: 100%

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Name of the entity	Registered office of the entity	Scope of operations	Shareholders
BondSpot S.A.	ul. Książęca 4 00-498 Warsaw Poland	› Operation of an over-the-counter market and conducting other activities related to organising trading in debt instruments, › Organising an alternative trading system, › Organising and conducting all activities which supplement and support the functioning of the markets operated by BondSpot.	GPW: 96.98%
GPW Benchmark S.A.	ul. Książęca 4 00-498 Warsaw Poland	› Organiser and administrator of WIBID and WIBOR reference rate fixings, › Administrator of exchange indices (including WIG20, mWIG40, sWIG80) using the INDEXATOR system.	GPW: 100%
GPW Ventures ASI S.A.	ul. Książęca 4 00-498 Warsaw Poland	The company is a fund of funds and plans to invest assets of many investors in venture capital (VC) funds, mainly funds which plan to invest in microforms and SMEs or divest through pre-IPOs and IPOs.	GPW: 100%
GPW Ventures Asset Management sp. z o.o.	ul. Książęca 4 00-498 Warsaw Poland	Management of investment funds in the form of Alternative Investment Companies which it plans to set up jointly with external professional financial and industry investors (the company was registered in the National Court Register on 29 October 2020).	GPWV: 100%
GPW Tech S.A.	ul. Książęca 4 00-498 Warsaw Poland	Designing, developping and commercialising IT solutions dedicated to the financial market.	GPW: 100%
Krajowy Depozyt Papierów Wartościowych S.A.	ul. Książęca 4 00-498 Warsaw Poland	› Maintaining a depository for securities, › Clearing transactions made on financial instruments exchanges, commodity exchanges including energy exchanges, among others via the subsidiary KDPW_CCP S.A., › Conducting other activities related to trading in securities and other financial instruments, › Administering the Guarantee Fund, › Operating a trade repository and issuing LEI codes.	GPW: 33.33%
Centrum Giełdowe S.A.	ul. Książęca 4 00-498 Warsaw Poland	› Leasing of real estate on own account, › Real estate management, › Activities in respect of building, urban and technological design, › Undertaking general building works related to constructing buildings.	GPW: 24.79%
Polska Agencja Ratingowa S.A.	ul. Książęca 4 00-498 Warsaw Poland	Planned core business: credit rating of companies based on scoring and non-Treasury debt rating services, in particular for small and medium-sized companies.	GPW: 35.86%

GPW is the ultimate parent entity.

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1.5. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS" [1]) as adopted by the European Union.

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

- Update to references of the IFRS Conceptual Framework,
- Amendments to IFRS 3 *Business Combinations* – definition of a business,
- Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* – Definition of material,
- Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement*, and IFRS 7 *Financial Instruments: Disclosures* - Interest Rate Benchmark Reform.

Those IFRS amendments had no significant impact on data presented in these Consolidated Financial Statements.

The key accounting policies applied in the preparation of these Consolidated Financial Statements are presented below. These policies were continuously followed in all presented periods, unless indicated otherwise.

1.6. NEW STANDARDS AND INTERPRETATIONS

The Group did not use the option of early application of new standards and interpretations already published and adopted by the European Union or planned for adoption in the near future which will take effect after the balance sheet date.

1.6.1. STANDARDS AND INTERPRETATIONS ADOPTED BY THE EUROPEAN UNION

The following amendments already adopted by the European Union will take effect for periods starting after 1 January 2021:

- Amendments to IFRS 4 *Insurance Contracts* – extension of the temporary exemption from applying IFRS 9 *Financial Instruments,*
- Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement*, IFRS 7 *Financial Instruments: Disclosures*, IFRS 4 *Insurance Contracts*, and IFRS 16 *Leases* - Interest Rate Benchmark Reform Phase 2,
- Amendments to IFRS 16 *Leases* providing lessees with an exemption from treating COVID-19-related rent concessions as lease modifications and accounting adjustments to lease liabilities and right-of-use assets (1 June 2020).

1.6.2. STANDARDS AND INTERPRETATIONS AWAITING ADOPTION BY THE EUROPEAN UNION

IFRS adopted by the European Union are not significantly different from the regulations approved by the International Accounting Standards Board (IASB) with the exception of the following Standards, Interpretations and Amendments that are not yet effective in the EU as at the date of these consolidated financial statements.

The following Standards and Interpretations (not yet effective) do not apply to the Group or are not expected to have material impact on the consolidated financial statements of the Group.

Standard	Effective date (IASB)
Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* – onerous contracts – cost of fulfilling obligations	1 January 2022
Amendments to IAS 16 *Property, Plant and Equipment* – pre-commissioning revenue	1 January 2022
Amendments to IFRS 3 *Business Combinations* – references to the IFRS Conceptual Framework	1 January 2022
Annual Improvements 2018-2020	1 January 2022
Amendments to IAS 1 *Presentation of Financial Statements* – Classification of liabilities as current or non-current	1 January 2023
IFRS 17 *Insurance Contracts, including Amendments to IFRS 17*	1 January 2023

[1] *International Accounting Standards, International Financial Reporting Standards and related interpretations published in regulations of the European Commission*

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The Group plans to adopt these Amendments, as applicable to its business, when they become effective.

1.7. THE SCOPE AND METHODS OF CONSOLIDATION

On the date the Group takes control over a company, the subsidiary begins to be fully consolidated. The consolidation ceases once the Group no longer controls the entity.

Associates and joint ventures are initially recognised at cost and afterwards using the equity method. Details concerning the recognition of entities measured by the equity method are presented in Note 3.3.

Subsidiaries are entities controlled by the Company. The Company controls an entity if its investment in the entity gives it the right to participate in variable financial results and exert influence on the amount of such financial results through the power to govern the entity. In assessing whether the Group controls a given entity, the existence and effects of potential voting rights, which are exercisable or convertible at a given time, must be assessed.

Acquisitions of subsidiaries by the Group are accounted for using the purchase method. The cost of the acquisition is measured as the fair value of the consideration transferred less the value of non-controlling interest in the acquiree plus the fair value of previously held equity interest in the acquiree less the net recognised value (fair value) of the identifiable assets acquired and assumed liabilities. Identifiable acquired assets, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date regardless of the extent of any minority interest. Excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated statement of comprehensive income.

Intra-group transactions and settlements between Group companies, as well as unrealised gains on intra-group transactions, have been eliminated. Unrealised losses are also subject to elimination, unless the transaction provides evidence of an impairment loss of the asset transferred.

On loss of control, the Group no longer recognises the assets and liabilities of the subsidiary, non-controlling interests and other equity of the subsidiary. Any surplus or shortage on loss of control is recognised in the profit / loss of the period. If the Group retains any stake in a former subsidiary, it is shown at fair value as at the date of loss of control.

1.8. ACCOUNTING POLICIES AND OTHER INFORMATION

1.8.1. FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are presented in the Polish zloty (PLN), which is the functional currency of the parent entity, and all values are presented in thousands of Polish zlotys (PLN'000) unless stated otherwise.

1.8.2. BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis, except for financial assets measured at fair value.

These consolidated financial statements have been prepared on the going concern basis.

1.8.3. ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements in accordance with the IFRS requires making certain critical accounting estimates. It also requires the Exchange's Management Board to use its judgment in the application of the Group's accounting policy. Estimates and judgments are subject to on-going verification. Estimates and judgments adopted for the purpose of preparing the consolidated financial statements are based on historical experience, analyses and predictions of future events, which to the best knowledge of the Management Board of the Exchange are believed to be reasonable in the given situation.

Details of judgments and estimations are presented and highlighted in the Notes to these consolidated financial statements.

1.8.4. SELECTED ACCOUNTING POLICIES

Selected accounting policies are presented in the Notes to these consolidated financial statements.

The Group presents a single statement of profit or loss and other comprehensive income.

1.8.5. EVALUATION OF BALANCES PRESENTED IN FOREIGN CURRENCIES

Transactions presented in foreign currencies are booked at the transaction date at the following foreign exchange rate:

- the rate actually applied at such date, depending on the nature of the transaction – for sale or purchase of foreign currencies or payment of receivables or payables;
- the average rate published for the currency by the National Bank of Poland at the day preceding such date – for other operations.

As at the balance sheet date:

- monetary items presented in foreign currencies are converted with the closing foreign exchange (FX) rates;
- non-monetary items presented in foreign currencies valued at historical cost are converted at the FX rate prevailing at the transaction date;
- non-monetary items presented in foreign currencies at fair value are converted at the FX rate prevailing at the day of determining the fair value.

Foreign exchange gains and losses resulting from settlements of transactions in foreign currencies and from the conversions of monetary assets and liabilities denominated in foreign currencies are disclosed as profit / loss of the current period.

1.8.6. SEGMENT REPORTING

Segment information is disclosed based on the entity's components monitored by the top management (Management Board of the Exchange) to the extent of operating decision-making. An operating segment is a component of the entity:

- which may earn revenues and incur expenses;
- whose operating results are regularly reviewed by the Exchange Management Board to make decisions about resources to be allocated to the segment and assess its performance; and
- for which discrete financial information is available.

The segments are identified based on specific service groups having homogenous characteristics. The presentation by operating segment follows the management approach at GPW Group level.

1.9. IMPACT OF THE SARS-COV-2 PANDEMIC

The outbreak of the SARS-CoV-2 pandemic in March 2020 was an unprecedented event which had a significant impact on the activity of the Group. Revenue from the markets operated by GPW is strongly dependent on economic conditions in Poland and globally. Factors such as business restrictions, support schemes and tax credits, and especially growing uncertainty on the financial markets, strongly impacted volatility on the capital markets and consequently the turnover value and the capitalisation of companies on the GPW Main Market. As a result, GPW's revenue increased substantially and the Group's financial results improved in 2020 year on year.

Uncertainty relating to the pandemic

According to the recommendations issued by ESMA and the Polish Accounting Standards Committee, in connection with the outbreak of the pandemic and the ensuing uncertainty, the Group reviewed its judgments and estimates and other accounting policy assumptions as at 31 December 2020.

- The key assumptions of the impairment tests of goodwill of the Group's subsidiaries were reviewed. The review identified no need for impairment allowances as at 31 December 2020 (see Note 3.2).
- No need was identified to change any of the estimates concerning the useful life and the depreciation rate of property, plant and equipment and intangible assets.
- The judgments used in the valuation of lease liabilities were not modified. The Exchange Management Board decided that the term of leases used in the valuation of lease liabilities under lease agreements with no fixed term (5 years, i.e., by the end of 2023) is an adequate representation of the most probable term of leases taking into account all facts and circumstances in connection with the outbreak of the pandemic. An analysis of sensitivity to the key variables (change of the term of leases and change of the lessee's incremental borrowing rate) is presented in Note 3.4.3. In 2020, the Exchange and the subsidiaries received and granted no rent concessions and neither did they make significant modifications of the scope of their lease agreements.
- The impact of the pandemic on the accounting treatment of financial instruments under IFRS 9 was reviewed. In the opinion of the Exchange Management Board and the Management Boards of the Group members, the existing classification of financial assets and the assessment of the business model of holding financial assets are adequate and there is no indication that they should be modified.
- The Exchange carried out an in-depth analysis of the regularity of payment of trade receivables due from Exchange Members, issuers, and data vendors and modified its assumptions used in the valuation of expected credit loss of trade receivables. No significant adverse impact was identified of the economic slow-down on the regular payment of receivables due from counterparties of the Group as at 31 December 2020.
- The estimation of the fair value of held financial instruments measured at fair value was reviewed. In view of the low liquidity of equity instruments received in 2020 in a conversion of debt from a debtor of the Exchange, the instruments were fully impaired at PLN 0.9 million.

Going concern

The Exchange Management Board and the Management Boards of the subsidiaries considered whether the outbreak of the pandemic and its impact affected the companies' ability to continue as a going concern. As at 31 December 2020, the Group held PLN 716 million in cash and cash equivalents and short-term financial assets including bank deposits and guaranteed corporate bonds; in the opinion of the Exchange Management Board, those financial resources are sufficient to conclude that the Group's short-term and mid-term liquidity risk is low. As at 31 December 2020, the Group identified no significant uncertainty about events or circumstances which could raise serious doubt as to the ability of the Group members to continue as a going concern.

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

Risks arising from the pandemic

The Exchange Management Board and the Management Boards of the subsidiaries monitor the epidemiological situation in Poland and globally on an on-going basis and analyse its impact on the position of the Group. In view of the new economic situation in Poland, the Group identified a number of operational and financial risks including periodic HR shortages, interruption of vendors' services, restricted activity of market makers, the risk that operating processes may be slowed down, the psychological impact of long-term isolation, and the risk of shrinking ability and willingness of the Exchange's clients to pay amounts due on time.

In the opinion of the Exchange Management Board and the Management Boards of the subsidiaries, such operational and financial risks resulting from the pandemic are considered to be moderate. For detailed information about the risks, including a description of measures taken to mitigate the identified risks and a detailed presentation of the impact of the pandemic on the financial position of the Company and the Group, see the Management Board Report on the activity of the parent entity and the Group of Giełda Papierów Wartościowych w Warszawie S.A., Note 2.8.

2. FINANCIAL RISK MANAGEMENT

2.1. FINANCIAL RISK FACTORS

The Group is exposed to the following financial risks:

- market risk:
  - cash flow and fair value interest rate risk,
  - currency risk,
  - price risk,
- credit risk,
- liquidity risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise any potential adverse effects on the Group's financial performance. The Management Board of the Exchange and the Management Boards of the subsidiaries are responsible for financial risk management. The Group has dedicated departments responsible for ensuring its liquidity (including foreign currency liquidity), debt collection and timely payment of liabilities (particularly tax liabilities).

2.2. MARKET RISK

2.2.1. CASH FLOW AND FAIR VALUE INTEREST RISK

The Group is moderately exposed to interest rate risk.

The Group invests free cash in bank deposits, corporate bonds, Treasury bonds, certificates of deposit, and other instruments where the interest rate is fixed, negotiated and determined when contracted at levels close to market rates at contracting. If market rates rise, the Group will earn higher interest income; if market rates fall, the Group will earn lower interest income.

The Exchange is an issuer of series C bonds at fixed interest rates as well as series D and E bonds at floating interest rates based on WIBOR 6M. In the case of an increase in interest rates, the Group will be obligated to pay out interest coupons on series D and E bonds with a higher value; in the case of a decrease in interest rates, the value of those coupons will be lower (which has a direct impact on financial expenses of the Group).

Based on an analysis of the sensitivity of the profit before tax of the Group to market interest rates, the table below presents the impact of a change in the rate by 0.5 percentage point on financial income/costs (assuming no other changes):

	Impact of an 0.5 pps interest rate decrease on items of the statement of comprehensive income in year ended 31 December	
	2020	2019
Financial income	(2,231)	(2,351)
Financial expenses	1,513	1,772

An 0.5 pps interest rate increase will result in the opposite change of financial income/expenses as presented above.

The table below presents financial assets and liabilities by maturity. Financial assets and liabilities not presented in the table below bear no interest.

	As at 31 December 2020					
	Maturity up to 1 year				1-5 Y	Total
	< 1 M	1-3 M	> 3 M	Total		
Corporate bonds	-	-	89,977	**89,977**	-	**89,977**
Bank deposits	5,000	164,219	202,009	**371,228**	-	**371,228**
Current accounts (other)	228,602	25,868	-	**254,470**	-	**254,470**
Total current	**233,602**	**190,087**	**291,986**	**715,675**	**-**	**715,675**
Total financial assets	**233,602**	**190,087**	**291,986**	**715,675**	**-**	**715,675**
Floating-rate bonds in issue	-	-	-	-	119,928	**119,928**
Total non-current	**-**	**-**	**-**	**-**	**119,928**	**119,928**
Floating-rate bonds in issue	-	-	485	**485**	-	**485**
Total current	**-**	**-**	**485**	**485**	**-**	**485**
Total financial liabilities	**-**	**-**	**485**	**485**	**119,928**	**120,413**

	As at 31 December 2019					
	Maturity up to 1 year				1-5 Y	Total
	< 1 M	1-3 M	> 3 M	Total		
Corporate bonds	-	-	89,958	**89,958**	-	**89,958**
Bank deposits	95,251	57,185	229,503	**381,939**	-	**381,940**
Current accounts (other)	137,583	-	1,526	**139,109**	-	**139,109**
Total current	**232,834**	**57,185**	**320,987**	**611,006**	**-**	**611,007**
Total financial assets	**232,834**	**57,185**	**320,987**	**611,006**	**-**	**611,007**
Floating-rate bonds in issue	-	-	-	-	119,794	**119,794**
Total non-current	**-**	**-**	**-**	**-**	**119,794**	**119,794**
Floating-rate bonds in issue	-	-	1,250	**1,250**	-	**1,250**
Total current	**-**	**-**	**1,250**	**1,250**	**-**	**1,250**
Total financial liabilities	**-**	**-**	**1,250**	**1,250**	**119,794**	**121,044**

2.2.2. FOREIGN EXCHANGE RISK

The Group is exposed to moderate foreign exchange risk. The Group earns income in PLN and EUR. The Group pays costs mainly in PLN and also in EUR, USD and GBP. To minimise FX risk, the Group uses natural hedging, i.e., it covers the current cost denominated in EUR with cash deposited in a currency account, raised from clients who pay their debt in EUR. The Group used no derivatives to manage FX risk in 2020 and in 2019.

Based on a sensitivity analysis, as at 31 December 2020, a 10% change in the average exchange rate of PLN assuming no other changes would result in moderate change in the profit before tax, as presented in the table below:

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	Impact of a 10% FX rate increase on profit before tax in year ended 31 December	
	2020	2019
EUR	1,892	3,960
USD	39	1
GPB	1	25
Total impact on profit before tax	**1,932**	**3,986**

An 10% FX rate decrease will result in the opposite change of financial income/expenses as presented above.

	As at 31 December 2020 *(converted to PLN at FX rate as at the balance-sheet date)*				
	PLN	EUR	USD	GBP	Total carrying amount in PLN
Financial assets measured at amortised cost	294,986	-	-	-	**294,986**
Trade receivables (net)	37,563	9,829	-	-	**47,392**
Other receivables*	1,626	-	-	-	**1,626**
Sublease receivables	316	0	-	-	**316**
Cash and cash equivalents	408,399	12,764	-	-	**421,163**
Total assets	**742,890**	**22,594**	**-**	**-**	**765,483**
Bonds in issue	245,906	-	-	-	**245,905**
Trade payables	13,785	1,247	73	12	**15,117**
Lease liabilities	14,018	2,427	316	-	**16,761**
Other liabilities**	18,746	-	-	-	**18,746**
Total liabilities	**292,455**	**3,674**	**389**	**12**	**296,529**
Net FX position	**450,435**	**18,920**	**(389)**	**(12)**	**468,954**

** net of prepayments and receivables from other taxes*
*** net of VAT payable and other taxes payable*

	As at 31 December 2019 *(converted to PLN at FX rate as at the balance-sheet date)*				
	PLN	EUR	USD	GBP	Total carrying amount in PLN
Financial assets measured at amortised cost	328,998	-	-	-	**328,998**
Trade receivables (net)	13,822	21,178	-	-	**35,000**
Other receivables*	4,394	441	-	5	**4,840**
Sublease receivables	524	189	-	-	**713**
Cash and cash equivalents	255,759	29,515	-	-	**285,274**
Total assets	**603,496**	**51,323**	**-**	**5**	**654,825**
Bonds in issue	246,282	-	-	-	**246,282**
Trade payables	6,717	4,559	110	198	**11,584**
Lease liabilities	20,339	1,046	-	-	**21,385**
Other liabilities**	20,841	5,975	-	-	**26,816**
Total liabilities	**294,178**	**11,580**	**110**	**198**	**306,067**
Net FX position	**309,318**	**39,743**	**(110)**	**(193)**	**348,758**

** net of prepayments and receivables from other taxes*
*** net of VAT payable and other taxes payable*

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2.2.3. PRICE RISK

Given the nature of its business, the Group is not exposed to any mass commodity price risk.

The Group is minimally exposed to price risk of held equities measured at fair value. The value of such investments was not significant as at 31 December 2020 and as at 31 December 2019 (see Note 3.5.3).

2.3. CREDIT RISK

Credit risk is defined as a risk of occurrence of losses due to the Group's counterparty's default of payments or as a risk of decrease in economic value of amounts due as a result of deterioration of a counterparty's ability to pay due amounts.

Credit risk connected with trade receivables is mitigated by the Exchange Management Board and the Management Boards of the subsidiaries by performing assessment of counterparties' credibility. In the opinion of the Exchange Management Board, there is no material concentration of credit risk of trade receivables within the Group.

In the parent entity, resolutions of the Exchange Management Board set payment dates that differ depending on groups of counterparties. The payment dates amount to 21 days for most counterparties, however, for data vendors, they are most often 45 days.

In the parent entity, the credibility of counterparties is verified in accordance with internal regulations and good practice of the capital market as applicable to issuers of securities and Exchange Members. In the verification, the Exchange reviews in detail the application documents including financial statements, copies of entries in the National Court Register, and notifications of the Polish Financial Supervision Authority.

The maximum exposure of the Group to credit risk is reflected in the carrying amount of trade receivables, bank deposits, corporate bonds, certificates of deposit, and other securities. By decision of the Exchange Management Board, the Group's investment portfolio comprises only securities guaranteed by the State Treasury or issued (guaranteed) by institutions with a stable market position and high rating (rated above Baa2 by Moody's). In this way, exposure to the risk of potential loss is mitigated. In addition, credit risk is managed by the Group by diversifying banks in which free cash is deposited.

The table below presents the Group's exposure to credit risk.

	As at	
	31 December 2020	31 December 2019
Trade receivables (net)	47,392	35,000
Other receivables*	1,626	4,840
Cash and cash equivalents	421,163	285,274
Financial assets measured at amortised cost	294,986	328,998
Total exposure of the Group to credit risk	**765,167**	**654,112**

** net of prepayments and receivables from other taxes*

The Group established collateral on its receivables under the Employee Loan Programme in GPW and TGE and POB collateral in IE (PLN 1.8 million). The Group's total receivables under the Employee Loan Programme stood at PLN 395 thousand as at 31 December 2020.

2.4. LIQUIDITY RISK

An analysis of the Group's financial position and assets shows that the Group is not materially exposed to liquidity risk.

An analysis of the structure of the Group's assets shows a stable and rising share and value of liquid assets in total assets and, thus, a good liquidity position of the Group.

18 DATA FOR THE YEAR ENDED 31 DECEMBER 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

	As at 31 December 2020		As at 31 December 2019	
	amount	% of total assets	amount	% of total assets
Cash and cash equivalents	421,163	30.9%	285,274	22.7%
Financial assets measured at amortised cost	294,986	21.7%	328,998	26.2%
Assets other than cash and cash equivalents and financial assets measured at amortised cost	646,034	47.4%	642,545	51.1%
Total assets	**1,362,183**	**100.0%**	**1,256,817**	**100.0%**

An analysis of the structure of liabilities shows a share of equity in the financing of the operations of the Group in excess of 50%.

	As at 31 December 2020		As at 31 December 2019	
	amount	% of total equity and liabilities	amount	% of total equity and liabilities
Equity	924,167	67.8%	873,486	69.5%
Liabilities	438,012	32.2%	383,331	30.5%
Total equity and liabilities	**1,362,181**	**100.0%**	**1,256,817**	**100.0%**

To mitigate liquidity risk, the Exchange Management Board monitors, on an on-going basis, forecasts of liquid assets on the basis of maturities of assets, due dates of payables, and other projected cash flows.

	As at 31 December 2020						
	> 1M	1-3 M	3-6 M	6-12 M	1-5 Y	> 5 Y	Total
Trade receivables (net)	44,108	3,284	-	-	-	-	**47,392**
Other receivables*	1,626	-	-	-	-	-	**1,626**
Sublease receivables	11	21	32	54	198	-	**316**
Financial assets measured at amortised cost	-	182,982	112,004	-	-	-	**294,986**
Cash and cash equivalents	421,163	-	-	-	-	-	**421,163**
Total assets	**466,908**	**186,287**	**112,036**	**54**	**198**	**-**	**765,483**
Bonds in issue	620	-	941	-	-	244,345	**245,905**
Trade payables	14,294	823	-	-	-	-	**15,117**
Lease liabilities	1,125	1,585	2,207	4,370	5,879	1,596	**16,761**
Other liabilities**	4,553	7,131	-	-	7,062	-	**18,746**
Total liabilities	**20,592**	**9,539**	**3,148**	**4,370**	**12,941**	**245,941**	**296,529**
Liquidity surplus/(gap)	**446,316**	**176,748**	**108,888**	**(4,316)**	**(12,743)**	**(245,941)**	**468,954**

** net of prepayments and receivables from other taxes*
*** net of VAT payable and other taxes payable*

19 DATA FOR THE YEAR ENDED 31 DECEMBER 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

	As at 31 December 2019						
	> 1M	1-3 M	3-6 M	6-12 M	1-5 Y	> 5 Y	Total
Trade receivables (net)	30,955	2,776	1,269	-	-	-	**35,000**
Other receivables*	4,840	-	-	-	-	-	**4,840**
Sublease receivables	16	31	47	96	523		**713**
Financial assets measured at amortised cost	207,831	50,274	70,043	-	850	-	**328,998**
Cash and cash equivalents	255,163	30,111	-	-	-	-	**285,274**
Total assets	**498,805**	**83,192**	**71,359**	**96**	**1,373**	**-**	**654,825**
Bonds in issue	1,380	-	941	-	243,961	-	**246,282**
Trade payables	11,083	502	-	-	-	-	**11,584**
Leases (IFRS 16)	701	1,523	2,122	871	14,573	1,596	**21,385**
Other liabilities**	16,281	2,178	-	-	6,859	1,496	**26,816**
Total liabilities	**29,445**	**4,203**	**3,063**	**871**	**265,393**	**3,092**	**306,067**
Liquidity surplus/(gap)	**469,360**	**78,989**	**68,296**	**(775)**	**(264,020)**	**(3,092)**	**348,758**

** net of prepayments and receivables from other taxes*
*** net of VAT payable and other taxes payable*

2.5. CAPITAL MANAGEMENT

It is the objective of the Group's effective capital management to ensure that the Exchange and the subsidiaries may continue as a going concern while providing optimum benefits to all stakeholders. It is a priority of the Exchange Management Board and the Management Boards of the subsidiaries when deciding about the structure of financing and the dividend policy of the Group that any investments carry low risk while generating possibly optimal returns for the shareholders and stable and safe returns for the bondholders. Any decisions of the Management Boards in that regard have a long-term horizon and are geared at creating long-term value for the Group and the Polish capital market. As regulated market operators, the Exchange and BondSpot are required under the Act on Trading in Financial Instruments to maintain own capital as a minimum equal to PLN 10 million.

In pursuit of those objectives, as at 31 December 2020 and as at 31 December 2019, the Group used external capital (interest-bearing liabilities) including bonds in issue (see Note 3.10) and leases (Note 3.4.5). According to its internal capital management policy and dividend policy, the Exchange annually pays a dividend to the shareholders. It is the intention of the GPW Management Board to recommend to the General Meeting to pay a dividend depending on the profitability and financial capacity of GPW but no less than 60% of the consolidated net profit of the GPW Group for a financial year attributable to the shareholders of GPW, adjusted for the share of profit of associates. For more information about dividends paid in 2020 and 2019, see Note 3.9.4.

The Exchange Management Board and the Management Boards of the subsidiaries optimise the capital structure and monitor the achievement of goals using Alternative Performance Measures calculated according to the Guidelines of the European Securities and Markets Authority ("ESMA"). The table below presents the indicators used by the Group to monitor capital management performance. The table presents the indicators achieved by the Group in 2020 and in 2019 as well as their optimum thresholds which the Group does not intend to cross (thanks to effective capital management by the Exchange Management Board and the Management Boards of the subsidiaries).

20 DATA FOR THE YEAR ENDED 31 DECEMBER 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

	As at/Year ended		Optimum
	31 December 2020	31 December 2019	
Debt and financing ratios:			
Net debt/EBITDA*	(1.6)	(1.3)	under 3
Debt to equity**	28.4%	30.6%	under 100%
Liquidity ratios:			
Current liquidity***	4.9	6.7	over 1.5
Coverage of interest on bonds****	34.4	26.6	over 4

** Net debt = interest-bearing liabilities - liquid assets (as at balance-sheet date)*
EBITDA = operating profit + depreciation and amortisation (for the last 12 months)

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

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

***** Coverage of interest on bonds = EBITDA / interest on bonds*

3. NOTES TO THE CONSOLIDATEDSTATEMENT OF FINANCIAL POSITION

3.1. PROPERTY, PLANT AND EQUIPMENT

Selected accounting policies

Property, plant and equipment are disclosed at the cost of purchase or production, expansion or modernisation, net of accumulated depreciation and impairment losses. Purchase cost includes the cost of purchase, expansion and/or modernisation. Depreciation is calculated for property, plant and equipment items over their estimated useful life, taking into account their residual value and using the straight-line depreciation method.

Categories of property, plant and equipment	Depreciation period
Buildings	40 Y
Leasehold improvements	10 Y
Vehicles	5 Y
Computer hardware	3-5 Y
Other fixed assets	5-10 Y

The depreciation method, the depreciation rate and the residual value are subject to regular verification by the Group. Any changes resulting from the verification are recorded as a change in accounting estimates, prospectively.

Land is not subject to depreciation.

Property, plant and equipment under construction or development is not depreciated until complete.

A component of property, plant and equipment is derecognised when sold or when economic benefits from its use or disposal are no longer expected. Gains and losses on disposal/liquidation of property, plant and equipment are determined as the difference between the proceeds (if any) and the net book value of property, plant and equipment and included in the profit or loss of the period as other income or other expenses.

Selected judgments and estimates

The Group determines the estimated economic useful life and depreciation rates for property, plant and equipment. These estimates are based on the anticipated periods for using the individual groups of assets. The adopted economic useful life may undergo considerable changes as a result of new technological solutions appearing on the market, plans of the Management Board of the Exchange or intensive use.

21 DATA FOR THE YEAR ENDED 31 DECEMBER 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

	Year ended 31 December 2020				
	Land and buildings	Vehicles and machinery	Furniture, fittings and equipment	Property, plant and equipment under construction	Total
Net carrying amount - opening balance	**76,411**	**20,389**	**486**	**4,682**	**101,968**
Additions	380	8,182	122	1,392	**10,077**
Reclassification and other adjustments	-	(331)	24	179	**(128)**
Disposals	-	(48)	(6)	(49)	**(103)**
Depreciation charge*	(3,226)	(11,084)	(171)	-	**(14,481)**
Net carrying amount - closing balance	**73,566**	**17,108**	**455**	**6,204**	**97,333**
As at 31 December 2020 :					
Gross carrying amount	128,139	115,825	4,938	6,204	**255,106**
Written off	(54,574)	(98,717)	(4,483)	-	**(157,774)**
Net carrying amount	**73,566**	**17,108**	**455**	**6,204**	**97,333**

**Depreciation of PLN 390 thousand is capitalised to intangible assets (licences).*

	Year ended 31 December 2019				
	Land and buildings	Vehicles and machinery	Furniture, fittings and equipment	Property, plant and equipment under construction	Total
Net carrying amount - opening balance	**78,290**	**25,834**	**711**	**3,322**	**108,158**
Additions	1,382	6,841	453	1,538	**10,214**
Reclassification and other adjustments	-	104	(10)	(106)	**(12)**
Disposals	(61)	15	(63)	(72)	**(181)**
Depreciation charge*	(3,200)	(12,405)	(605)	-	**(16,210)**
Wartość księgowa netto na koniec okresu	**76,411**	**20,389**	**486**	**4,682**	**101,968**
As at 31 December 2019 :					
Gross carrying amount	127,759	108,058	5,205	4,872	**245,894**
Written off	(51,348)	(87,669)	(4,719)	(190)	**(143,926)**
Net carrying amount	**76,411**	**20,389**	**486**	**4,682**	**101,968**

**Depreciation of PLN 163 thousand is capitalised to intangible assets (licences).*

Vehicles and machinery include mainly IT hardware: servers, computers and network devices.

As at 31 December 2020, 1% of office space, car park space and other space owned by the Group in the Centrum Giełdowe building was under operating leases where the Exchange was the lessor (see: Note 3.4.2). The fixed assets under the leases (recognised in the consolidated statement of financial position as at 31 December 2020) stood at PLN 738 thousand. As at 31 December 2019, 1% of such space was under leases and the fixed assets under the leases stood at PLN 764 thousand.

Selected accounting policies

At each balance sheet date, the Group reviews non-financial assets to determine whether there are indicators of impairment except for inventories and deferred tax assets.

If such indicators are identified, the recoverable amount of an asset is estimated (as the higher of: fair value less selling costs or value in use). Value in use corresponds to the discounted value of the future economic benefits which would be generated by an asset.

At the end of every reporting period, the Group checks for conditions indicating that the impairment losses recognised in previous reporting periods may be redundant or excessive. In that case, impairment losses are reversed in whole or in part and the asset value is disclosed net of the impairment losses (but including depreciation).

Impairment losses are recognised in other expenses and reversed in other income.

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The Group recognised no impairment of property, plant and equipment in 2020 and in 2019.

3.2. INTANGIBLE ASSETS

Selected accounting policies

Intangible assets include goodwill and other intangible assets as well as development.

Other intangible assets (licences, copyright, and know-how) are disclosed at cost of purchase or production net of accumulated amortisation and impairment losses.

Internally generated intangible assets are classified as research (recognised in expenses) or development (recognised in intangible assets). Development is disclosed at cost of production which includes all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by the Management Board of the Exchange. Direct costs include the cost of services used for production; depreciation of selected property, plant and equipment (IT hardware) used directly to produce the asset; and the cost of employee benefits directly attributable to the production of the asset. Such costs are capitalised when the costs and the related intangible asset meet the criteria of IAS 38.

Amortisation is calculated for other intangible assets over their estimated useful life using the straight-line amortisation method. The amortisation method and the amortisation rate are subject to regular verification by the Group. Any changes resulting from the verification are recorded as a change in accounting estimates, prospectively.

A component of intangible assets is derecognised when sold or when economic benefits from its use or disposal are no longer expected. Gains and losses on disposal/liquidation of intangible assets are determined as the difference between the net proceeds (if any) and the book value of intangible assets and included in the profit or loss of the period as other income or other expenses.

The Group performs an annual test of impairment of intangible assets which are not yet available for use by comparing the carrying value and the recoverable amount. For impairment testing purposes, intangible assets which are not yet available for use are allocated to cash generating units which are expected to benefit from the transaction responsible for the creation of the assets.

If the carrying value of an asset (or a cash generating unit) is higher than its recoverable value, impairment is recognised and the asset value is written down to recoverable value. Impairment losses are charged to the profit or loss of the period as other income or other expenses.

Selected judgments and estimates

The Group determines the estimated economic useful life and amortisation rates for other intangible assets. These estimates are based on the anticipated periods for using the individual groups of assets. The adopted economic useful life may undergo considerable changes as a result of new technological solutions appearing on the market, plans of the Management Board of the Exchange or intensive use. Individual useful life periods apply to:

- *intangible assets relating to trading systems whose estimated useful life ranges from 6 to 12 years;*
- *know-how acquired in the PCR project in the subsidiary TGE whose economic useful life in 20 years;*
- *copyright in the WIBID and WIBOR reference rates in the subsidiary GPWB whose estimated useful life is 20 years.*

Apart from assets whose useful life is determined on an individual basis, the estimated useful life of intangible assets is 5 years.

	Year ended 31 December 2020				
	Licences	Copyrights	Know-how	Goodwill	Total
Net carrying amount - opening balance	**67,425**	**2,867**	**5,387**	**170,970**	**246,649**
Additions	20,557	154	-	-	**20,711**
Reclassification and other adjustments	(71)	-	(42)	-	**(113)**
Capitalised depreciation	436	-	-	-	**436**
Impairment	-	-	-	(3,524)	**(3,524)**
Depreciation charge*	(15,878)	(449)	(524)	-	**(16,851)**
Net carrying amount - closing balance	**72,468**	**2,571**	**4,824**	**167,446**	**247,308**
As at 31 December 2020 :					
Gross carrying amount	254,835	8,310	6,240	172,374	**441,759**
Impairment	-	-	-	(4,928)	**(4,928)**
Written off	(182,367)	(5,738)	(1,417)	-	**(189,522)**
Net carrying amount	**72,468**	**2,571**	**4,824**	**167,446**	**247,308**

** Amortization of PLN 46 thousand is capitalised to intangible assets (licences).*

	Year ended 31 December 2019				
	Licences	Copyrights	Know-how	Goodwill	Total
Net carrying amount - opening balance	**75,009**	**3,199**	**5,386**	**170,970**	**254,564**
Additions	10,538	175	926	-	**11,639**
Capitalised depreciation	168	-	-	-	**168**
Disposals	(3,373)	-	(582)	-	**(3,955)**
Depreciation charge*	(14,917)	(507)	(343)	-	**(15,767)**
Net carrying amount - closing balance	**67,425**	**2,867**	**5,387**	**170,970**	**246,649**
As at 31 December 2019 :					
Gross carrying amount	233,914	8,158	6,280	172,374	**420,726**
Impairment	-	-	-	(1,404)	**(1,404)**
Written off	(166,489)	(5,291)	(893)	-	**(172,673)**
Net carrying amount	**67,425**	**2,867**	**5,387**	**170,970**	**246,649**

** Amortization of PLN 4 thousand is capitalised to intangible assets (licences).*

Universal Trading Platform ("UTP")

The UTP trading system represents the biggest intangible asset in the category "Licences". The UTP trading system licence was commissioned on 15 April 2013. The useful life of the UTP trading system was determined at 12 years (until 31 March 2025). The net value of the UTP trading system was PLN 32,976 thousand as at 31 December 2020 (PLN 40,735 thousand as at 31 December 2019).

Development

Development includes expenditure for intangible assets developed in-house, mainly expenditure in projects co-financed with grants described in Note 6.3. The Group did not make significant expenditures for research recognised in the period as expenses in the consolidated statement of comprehensive income.

No impairment of intangible assets was recognised in the year ended 31 December 2020 and 31 December 2019 other than the impairment of goodwill described below.

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Goodwill

Selected accounting policies

Goodwill from acquisition is the difference between the purchase price and the fair value of the acquired assets, liabilities and identifiable contingent commitments. After initial recognition, goodwill is disclosed at cost of purchase net of accumulated impairment losses. Goodwill is tested against potential impairment annually or more frequently in case of events or changes indicating potential impairment.

For impairment testing purposes, goodwill is allocated to cash generating units which are expected to benefit from the transaction responsible for the creation of goodwill.

Impairment losses on goodwill are not subject to reversal.

Selected judgments and estimates

A cash flow generating unit, to which goodwill has been allocated, is subject to annual impairment tests.

Goodwill impairment tests are conducted using the discounted cash flows method based on financial forecasts or estimated fair value less cost of sale. Forecasts of future financial results of cash flow generating units are based on a number of assumptions, of which some (among others those relating to observable market data such as macroeconomic conditions) are beyond control of the Group.

The goodwill from taking control of the **TGE Group** was tested for impairment as at 31 December 2020 by estimating the value in use under the discounted cash flows (DCF) method according to the financial assumptions for 2021-2025 defined for the test based among others on the projected turnover in electricity, gas and property rights, taking into account expected market changes in those segments, price changes, operating expenses and capital expenditure. The main assumptions of the impairment test are presented in the table below. The Management Board identified no key assumptions whose change in a reasonably expected degree would cause impairment.

Following the analysis, the Exchange Management Board identified no circumstances indicating impairment of the goodwill of the TGE Group as at 31 December 2020.

The goodwill from taking control of **BondSpot** was tested for impairment as at 31 December 2020 by estimating the value in use under the discounted cash flows (DCF) method according to the financial assumptions for 2021-2025 defined for the test based among others on the expected growth of the Treasury debt market and the company's market share, operating expenses and capital expenditure. The main assumptions of the impairment test are presented in the table below.

In the latter half of February and in the following months of 2020, the key driver of BondSpot's financial position was the outbreak of the SARS-CoV-2 pandemic and its economic impact. Initially, volatility and market risk increased sharply, investors pulled out from bond funds, while the Monetary Policy Council and the National Bank of Poland took measures aiming to mitigate the adverse impact of the pandemic. The Monetary Policy Council decisions and the National Bank of Poland operations resulted in a sharp reduction of market interest rates, including yields across the Treasury curve, which curbed transactional activity of market participants. However, the key driver which reduced their activity were regular redemptions of Treasury bonds and instruments issued by PF and BGK, carried out by the National Bank of Poland. On the one hand, they were an effective tool supporting liquidity in the banking system (as banks do not need to source liquidity by selling Treasury bonds); on the other hand, they reduced the value of outstanding Treasury bonds in trading. Those drivers caused a reduction of the turnover on Treasury BondSpot Poland, a decrease of BondSpot revenues and a downgrade of BondSpot's revenue guidance for 2021 and beyond.

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

Following the analysis, goodwill impairment charges were recognised at PLN 3,524 thousand in other expenses of the Group as at 30 June 2020.

The impairment test of goodwill of BondSpot as at 31 December 2020 identified no indication of further impairment. As a result, the goodwill generated by the acquisition of BondSpot stood at PLN 19,462 thousand in the consolidated statement of financial position of the Group as at 31 December 2020 (PLN 22,986 thousand as at 31 December 2019).

The value in use of the cash-generating unit, i.e., BondSpot, was measured using the DCF method based on BondSpot's projection for 2021-2025. The projection was downgraded as compared to the projection used in the impairment test of BondSpot's goodwill as at 31 December 2019.

The goodwill from the acquisition of an organised part of the enterprise of ELBIS Sp. z o.o. by **InfoEngine** (Platforma Obrotu Energią Elektryczną "POEE") was tested for impairment as at 31 December 2020 by estimating the value in use under the discounted cash flows (DCF) method according to the financial assumptions for 2021-2025 defined for the test based on existing operations, i.e., provision of the market operator service as a trade operator and the entity responsible for trade balancing. It was assumed that the company would grow moderately in the coming years on the assumption that it would attract 2 clients/participants per year for each of its services. The Exchange Management Board identified no key assumptions whose change in a reasonably expected degree would cause impairment.

Following the analysis, the Exchange Management Board identified no circumstances indicating impairment of the goodwill of Platforma Obrotu Energią Elektryczną as at 31 December 2020.

	Goodwill		
	Gross carrying amount	Impairment	Net amount after impairment
Goodwill from:			
GPW's taking control of TGE	147,792	-	**147,792**
GPW's taking control of BondSpot	22,986	(3,524)	**19,462**
InfoEngine's acquisition of Platforma Obrotu Energią Elektryczną (poee)*	1,589	(1,404)	**185**
GPW's taking control of GPW CU	8	-	**8**
Total as at 31 December 2020	**172,375**	**(4,928)**	**167,446**
Goodwill from:			
GPW's taking control of TGE	147,792	-	**147,792**
GPW's taking control of BondSpot	22,986	-	**22,986**
InfoEngine's acquisition of Platforma Obrotu Energią Elektryczną (poee)*	1,589	(1,404)	**185**
GPW's taking control of GPW CU	8	-	**8**
Total as at 31 December 2019	**172,375**	**(1,404)**	**170,970**

** The impairment test was carried out by comparing the carrying amount of the cash flow generating unit to which the goodwill was allocated with fair value (price of InfoEngine shares sold by GPW to TGE)*

	Goodwill				
	Projection years	WACC	Revenue CAGR	Expense CAGR	Growth rate after the projection horizon
Key valuation assumptions as at 31 December 2020					
Goodwill from:					
GPW's taking control of TGE	5	7%	4%	2%	2%
GPW's taking control of BondSpot	5	8%	13%	3%	0%
InfoEngine's acquisition of Platforma Obrotu Energią Elektryczną (poee)	5	9%	8%	3%	2%
Key valuation assumptions as at 31 December 2019					
Goodwill from:					
GPW's taking control of TGE	5	7%	-1%	5%	0%
GPW's taking control of BondSpot	5	7%	5%	1%	0%
InfoEngine's acquisition of Platforma Obrotu Energią Elektryczną (poee)	5	7%	10%	3%	0%

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	Sensitivity of the impairment test to change of key assumptions 2020			
	TGE		BondSpot	
	+0,5 p.p.	-0,5 p.p.	+0,5 p.p.	-0,5 p.p.
WACC	(120,014)	149,176	(2,473)	2,816
Revenue CAGR	52,174	(51,453)	3,234	(3,193)
Expense CAGR	(31,279)	30,840	(2,844)	2,805
Growth rate after the projection horizon	125,074	(100,645)	2,139	(1,885)

	Sensitivity of the impairment test to change of key assumptions 2019			
	TGE		BondSpot	
	+0,5 p.p.	-0,5 p.p.	+0,5 p.p.	-0,5 p.p.
WACC	(7,503)	7,575	(4,206)	4,976
Revenue CAGR	60,684	(59,853)	6,006	(7,318)
Expense CAGR	(35,165)	34,672	(3,526)	3,477
Growth rate after the projection horizon	176,914	(140,939)	3,977	(3,367)

3.3. INVESTMENT IN ENTITIES MEASURED BY THE EQUITY METHOD

Selected accounting policies

Entities measured by the entity method include associated and joint ventures. Investment in associates and joint ventures is disclosed at cost of purchase on initial recognition.

Associates are all entities over which the Group has significant influence but does not control.

Joint ventures are entities which are jointly controlled by at least two partners under a partners' agreement, a company agreement, or the company's articles of association.

The Group's share of profit of entities measured by equity method from the date of acquisition is recognised in the consolidated statement of comprehensive income, and its share of changes in other reserves from the date of purchase - in other reserves. When the Group's share of losses of an entity measured by the equity method equals or exceeds its interest in the associate, including any other unsecured receivables, the Group ceases to recognise further losses, unless it has incurred obligations or made payments on behalf of the entity measured by the equity method.

Unrealised gains on transactions between the Group and its entities measured by the equity method are eliminated to the extent of the Group's participation in those entities. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred.

The entities measured by the equity method as at 31 December 2020 and 31 December 2019 included:

- KDPW S.A. Group ("KDPW"),
- Centrum Giełdowe S.A. ("CG"),
- Polska Agencja Ratingowa S.A. ("PAR").

The entities measured by the equity method prepare financial statements under the Accountancy Act. The results presented in the tables below are restated under the GPW Group accounting policies.

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	As at/Year ended 31 December 2020			
	KDPW Group	Centrum Giełdowe S.A.	Polska Agencja Ratingowa S.A.	Total
Opening balance	**193,197**	**17,129**	**-**	**210,326**
Dividends due to GPW S.A.	(5,187)	(512)	-	**(5,699)**
Share of net profit/(loss)	*15,552*	*412*	-	**15,964**
Other increase/(decrease) of profit	*(217)*	-	-	**(217)**
Total Group share of profit/(loss) after tax	15,335	412	-	**15,748**
Share in other comprehensive income	20	-	-	**20**
Entities measured by equity method - closing balance	**203,365**	**17,029**	**-**	**220,395**

** At the 30 of September 2019 r. the investment in PAR was fully impaired and from that day the Group's profit does not include the results of PAR.*

	As at/Year ended 31 December 2019			
	KDPW Group	Centrum Giełdowe S.A.	Polska Agencja Ratingowa S.A.	Total
Opening balance	**188,465**	**17,068**	**1,734**	**207,267**
Dividends due to GPW S.A.	(6,566)	(441)	-	**(7,007)**
Share of net profit/(loss)	*11,622*	*502*	*(645)*	**11,479**
Other increase/(decrease) of profit	*(217)*	-	-	**(217)**
Total Group share of profit/(loss) after tax	11,405	502	(645)	**11,262**
Share in other comprehensive income	(107)	-	-	**(107)**
Impairment of investments in entities measured by equity method	-	-	(1,089)	**(1,089)**
Entities measured by equity method - closing balance	**193,197**	**17,129**	**-**	**210,327**

**The Group's profit includes the profit of PAR for the period from 1 January 2019 to 30 September 2019 when the investment in PAR was fully impaired.*

	As at/Year ended 31 December 2020			
	KDPW Group	Centrum Giełdowe S.A.	Polska Agencja Ratingowa S.A.*	Total
Current assets, including:	2,970,732	10,331	232	**N/A**
cash and cash equivalents	*70,454*	*8,437*	*199*	***N/A***
Non-current assets	464,309	61,687	2,201	**N/A**
Current liabilities	2,793,732	2,798	486	**N/A**
Non-current liabilities	25,443	3,240	324	**N/A**
Sales revenue	172,116	15,658	-	**N/A**
Depreciation and amortisation	21,340	3,135	730	**N/A**
Income tax	12,521	453	-	**N/A**
Dividend due to GPW S.A. in 2020	5,187	512	-	**N/A**
Net profit/(loss) for the year ended 31 December 2020	**45,939**	**1,661**	**(2,284)**	**N/A**
Group share of profit/(loss)	33.33%	24.79%	35.86%	**N/A**
Group share of profit/(loss) for the year ended 31 December 2020	**15,335**	**412**	**-**	**15,748**

** At the 30 of September 2019 r. the investment in PAR was fully impaired and from that day the Group's profit does not include the results of PAR.*

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	As at/Year ended 31 December 2019			
	KDPW Group	Centrum Giełdowe S.A.	Polska Agencja Ratingowa S.A.*	Total
Current assets, including:	2,797,395	8,239	216	N/A
cash and cash equivalents	*153,142*	*6,572*	*127*	***N/A***
Non-current assets	281,249	67,311	2,931	N/A
Current liabilities	2,473,334	2,281	616	N/A
Non-current liabilities	23,183	3,367	58	N/A
Sales revenue	138,997	15,462	23	N/A
Depreciation and amortisation	18,088	3,221	573	N/A
Income tax	7,914	472	-	N/A
Dividend due to GPW S.A. in 2019	6,566	441	-	N/A
Net profit/(loss) for the year ended 31 December 2019	**34,216**	**2,027**	**(2,816)**	**N/A**
Group share of profit/(loss)	33.33%	24.79%	33.33%	N/A
Group share of profit/(loss) for the year ended 31 December 2019	**11,405**	**502**	**(645)**	**11,262**

**The Group's profit includes the profit of PAR for the period from 1 January 2019 to 30 September 2019 when the investment in PAR was fully impaired.*

Investment in PAR

The Exchange held 35.86% of PAR as at 31 December 2020 vs. 33.33% as at 31 December 2019.

In H1 2020, GPW took up 1,100,000 series C shares of PAR with a nominal value of PLN 0.53 per share and a total nominal value of PLN 583 thousand in exchange for a cash contribution of PLN 0.53 per share (i.e., PLN 583 thousand in total). As at 30 June 2020, the Company recognised impairment of the investment in PAR at PLN 583 thousand, which was recognised in the consolidated statement of comprehensive income under financial expenses. The impairment was recognised due to uncertainty in connection with the postponed launch of PAR's planned business activity. As a result, the value of the investment in PAR was equal to PLN 0 in the consolidated statement of financial position as at 31 December 2020 and as at 31 December 2019.

3.4. LEASES

Selected accounting policies

As a lessee, under IFRS 16, 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:

- *short-term lease contracts;*
- *leases of low-value underlying assets ("low-value leases").*

Such lease payments are recognised as costs on a straight-line basis in the financial result.

Low-value leases include mainly leases of: computers, coffee machines, office furniture. For low-value leases, the Group selects the recognition method individually for each contract, i.e., without defining a global threshold below which leases are considered low-value.

Short-term leases are leases up to 12 months.

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.*

As a lessor, the Group recognises lease contracts as an operating lease or a finance lease.

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.

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Lease payments from operating leases are recognised 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 financial result.

At the commencement date, assets held under a finance lease are recognised in the consolidated statement of financial position and presented as a lease/sublease receivable at an amount equal to the net investment in the lease.

Interest income on leases is recognised 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.

Sublease contracts are 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 Exchange remains in effect. Sublease contracts are classified as an operating lease or a finance lease.

The policy applicable to the head lease applies accordingly to finance sublease contracts, i.e., as an intermediate lessor, the Group derecognises the net value and the depreciation of the subleased assets from right-of-use assets in the consolidated statement of financial position and from depreciation in the consolidated statement of comprehensive income, accordingly.

3.4.1. QUALITATIVE AND QUANTITATIVE INFORMATION ABOUT LEASE TRANSACTIONS – GROUP AS A LESSEE

The Group is a lessee of the following groups of assets:

- office space and car park space in the Centrum Giełdowe building, ul. Książęca 4, Warsaw, and office space in Łódź and Bełchatów;
- perpetual usufruct of land occupied by the Centrum Giełdowe building;
- colocation space (back-up office, racks, server rooms and maintenance rooms);
- passenger cars.

Each lease contract is negotiated on an individual basis and contains a broad range of terms and conditions. The terms and conditions with a significant impact on the value of lease liabilities include:

- no fixed term of most lease contracts for space in Centrum Giełdowe (with a termination notice of several months);
- for colocation services: contracts with a fixed term (several years) which automatically extend upon expiry as a contract with no fixed term with a termination notice of several months;
- three-year passenger car leases (after the term of the lease, the user has the option to buy the car; if the option is not exercised, the car is returned to the lessor).

The Group's leases contain no covenants; however, right-of-use assets cannot be used as loan collateral. They provide for no material variable lease payments which would depend on an index or a rate, the Group's revenue, a reference interest rate, or which would change to reflect changes to market rents.

In the opinion of the Exchange Management Board, the Group is not exposed to material risk of future cash outflows in respect of variable lease payments, residual value guarantee or leases not yet commenced. Given the nature of the lease contracts for space in Centrum Giełdowe (no fixed term) and colocation, if the expected lease period changes, the liability will be restated accordingly and future cash outflows will increase.

Depreciation charges on right-of-use assets (net of depreciation of subleased assets), increases in right-of-use assets, and the carrying amount of right-of-use assets by category are presented in the table in Note 3.4.4.

Cash outflows under leases, excluding short-term leases and low-value leases, are presented net in the consolidated statement of cash flows as lease payments (interest) and lease payments (principal).

Cash outflows under short-term leases and low-value leases are a cost of the leases recognised in the consolidated statement of comprehensive income and presented in the table below.

The Exchange was not a lessee for any term under 12 months (short-term lease) in 2020 and in 2019.

	Note	Year ended 31 December	
		2020	2019
Depreciation of right-of-use assets	3.4.4.	5,572	5,109
Interest on lease liabilities	4.6.	621	745
Losses/(Gains) on terminated leases		-	8
Low-value leases		24	104
Total lease cost in the statement of comprehensive income		**6,217**	**5,966**

The Group incurred no variable lease costs in 2020 and in 2019 that would not be included in the value of lease liabilities.

3.4.2. QUALITATIVE AND QUANTITATIVE INFORMATION ABOUT LEASE TRANSACTIONS – GROUP AS A LESSOR

The Group is a lessor of office space in the Centrum Giełdowe building.

Where the Group leases proprietary space to third parties, such lease contracts are classified as operating leases.

Where the Group subleases leased space to third parties, such lease contracts are classified in accordance with the head lease (the Group is an intermediate lessor). Consequently, the Group recognises sublease receivables and reduces right-of-use assets under the head lease accordingly (recognised under IFRS 16).

As at 31 December 2020, the Group was:

- the lessor (operating leases) of office space; and
- the sublessor of office space.

The activity of the Group as a lessor and sublessor is incidental; it is not a significant source of revenue. Consequently, given immateriality of leases, no additional disclosures have been made, such as sublease fees due in the next 5 years or reconciliation of due sublease fees with net lease investments.

3.4.3. SELECTED JUDGMENTS AND ESTIMATES RELATED TO LEASES

Lease liabilities and right-of-use assets are calculated using professional judgment including:

- determination of the period of lease;
- determination of the marginal borrowing rate;
- determination whether property owned by Group companies is not (in part) an investment property.

For leases signed by the Group with no fixed term, the Group estimates the most likely period of the lease taking into account all facts and circumstances which provide an economic incentive to continue the lease. Afterwards, the Group uses judgment to determine if it is reasonably certain that the Group will continue the lease on the occurrence of any event or change of circumstances affecting the judgment.

The Exchange Management Board determined the term of leases using judgment as follows:

- five-year term of lease of additional office space occupied by the Group in the Centrum Giełdowe building;
- 23-year term of lease of land occupied by the Centrum Giełdowe building (equal to the depreciation period of premises and parts of the building in Centrum Giełdowe, owned by the Group).

The table below presents the impact of change of the term of lease of additional office space and land by 2 years.

	As at/Year ended 31 December 2020			
	Assuming the term of lease is 2 years shorter	Assuming the term of lease is 2 years longer	Assuming the term of lease is 2 years shorter	Assuming the term of lease is 2 years longer
Impact on the value of lease liabilities	(5,152)	4,860	(6,609)	6,232
Impact on the value of sublease payables	(54)	50	(52)	49
Impact on operating expenses (depreciation)	(315)	302	(98)	94
Impact on sublease interest income	(2)	2	(2)	1
Impact on lease interest expense	(149)	140	(191)	180

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The Exchange Management Board determined the lease rate using judgment of the interest rate that the Group would have to pay to borrow, for a similar term and against similar collateral, funds necessary to buy the asset used under the lease contract. In the opinion of the Management Board, the interest rate on the bonds issued by the Group is a reasonable reflection of that rate.

	As at/Year ended 31 December 2020			
	Assuming the lessee's incremental borrowing rate is 1 pp lower	Assuming the lessee's incremental borrowing rate is 1 pp higher	Assuming the lessee's incremental borrowing rate is 1 pp lower	Assuming the lessee's incremental borrowing rate is 1 pp higher
Impact on the value of lease liabilities	124	(255)	624	(582)
Impact on the value of sublease payables	6	(6)	12	(12)
Impact on operating expenses (depreciation)	105	(117)	120	(122)
Impact on sublease interest income	4	(4)	3	(3)
Impact on lease interest expense	146	(133)	222	(207)

In the opinion of the Exchange Management Board, the part of the Centrum Giełdowe building under operating leases does not fulfil the criteria of investment property. The reason why the Exchange owns the property is not its expectation that the market value of the property will increase or that the Exchange will earn revenue from rent.

3.4.4. RIGHT-OF-USE ASSETS

Selected accounting policies

The Group initially measures right-of-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-of-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-of-use assets are depreciated on a straight-line basis over the lease term.

For subleases, the head lease asset is derecognised in right-of-use assets in the consolidated statement of financial position and its depreciation is derecognised in depreciation in the consolidated statement of comprehensive income.

Right-of-use assets are presented in a separate line of the consolidated 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 office space and other premises, perpetual usufruct of land and colocation space.

The table below presents changes to right-of-use assets by category, net of subleased assets.

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	Twelve-month period ended 31 December 2020				
	Office space and other premises	Perpetual usufruct of land	Vehicles	Colocation space	Total
Right-of-use assets - as at the beginning of the period	**7,485**	**4,240**	**1,098**	**9,904**	**22,725**
New leases	360	-	107	-	**467**
New subleases	(284)	-	(64)	-	**(348)**
Terminated subleases	416	-	-	-	**416**
Reclassification and other adjustments	79	1	65	60	**205**
Depreciation	(2,148)	(193)	(577)	(2,517)	**(5,435)**
Net carrying amount - closing balance	**5,907**	**4,048**	**629**	**7,447**	**18,031**

	Twelve-month period ended 31 December 2019				
	Office space and other premises	Perpetual usufruct of land	Vehicles	Colocation space	Total
Right-of-use assets - as at the beginning of the period	**8,872**	**4,433**	**587**	**12,487**	**26,379**
New leases	324	-	994	-	**1,318**
New subleases	(629)	-	-	-	**(629)**
Terminated subleases	828	-	-	-	**828**
Reclassification and other adjustments	-	-	-	(62)	**(62)**
Depreciation	(1,912)	(193)	(483)	(2,521)	**(5,109)**
Net carrying amount - closing balance	**7,483**	**4,240**	**1,098**	**9,904**	**22,725**

3.4.5. LEASE LIABILITIES

Selected accounting policies

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 marginal 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:

- *calculating interest on the lease liability,*
- *reducing the carrying amount to reflect the lease payments made,*
- *remeasuring the carrying amount of the liability to reflect any reassessment or lease modifications.*

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As a result, each lease payment is allocated between lease liabilities (presented in a separate item of the consolidated statement of financial position, broken down by current and non-current items) and interest cost of leases (recognised in financial expenses in the consolidated statement of comprehensive income).

The table below presents changes to lease liabilities by category.

	Twelve-month period ended 31 December 2020				
	Office space and other premises	Perpetual usufruct of land	Vehicles	Colocation space	Total
Lease liabilities - as at the beginning of the period	**8,194**	**1,934**	**1,144**	**10,113**	**21,385**
New leases	360	-	107	-	**467**
Interest on lease liabilities	258	55	45	263	**621**
Lease liabilities paid in the period (equal to leasing fees)	(2,477)	(119)	(620)	(2,709)	**(5,925)**
Remeasurement of lease liabilities	182	-	-	-	**182**
Reclassification and other adjustments	32	-	-	-	**32**
Net carrying amount - closing balance, including:	**6,549**	**1,870**	**676**	**7,667**	**16,761**
non-current	4,151	1,805	157	5,185	***11,298***
current	2,398	65	519	2,481	***5,463***

	Twelve-month period ended 31 December 2019				
	Office space and other premises	Perpetual usufruct of land	Vehicles	Colocation space	Total
Lease liabilities - as at the beginning of the period	**9,933**	**1,995**	**587**	**12,487**	**25,002**
New leases	324	-	994	-	**1,318**
Interest on lease liabilities	298	57	55	335	**745**
Lease liabilities paid in the period (equal to leasing fees)	(2,336)	(118)	(492)	(2,709)	**(5,655)**
Remeasurement of lease liabilities	(25)	-	-	-	**(25)**
Reclassification and other adjustments	-	-	-	-	-
Net carrying amount - closing balance, including:	**8,194**	**1,934**	**1,144**	**10,113**	**21,385**
non-current	*6,076*	*1,870*	*591*	*7,667*	***16,204***
current	*2,118*	*64*	*553*	*2,446*	***5,181***

An analysis of lease liabilities by due date is presented in Note 2.4.

3.4.6. SUBLEASE RECEIVABLES

Selected accounting policies

The Group measures sublease receivables in the same way as it measures lease liabilities, i.e., 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.

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The table below presents changes to sublease receivables by category.

	Twelve-month period ended 31 December 2020		
	Office space and other premises	Vehicles	Total
Lease receivables as at 1 January 2020	**648**	**65**	**713**
New subleases	284	-	**284**
Terminated subleases	(416)	-	**(416)**
Interest on sublease receivables	12	-	**12**
Sublease receivables paid in the period (equal to leasing fees)	(143)	-	**(143)**
Remeasurement of sublease receivables	8	-	**8**
Reclassification and other adjustments	(77)	(65)	**(142)**
Net carrying amount - closing balance, including:	**316**	**-**	**316**
non-current	179	-	***179***
current	137	-	***137***

	Twelve-month period ended 31 December 2019		
	Office space and other premises	Vehicles	Total
Lease receivables - as at the beginning of the period	**1,060**	**-**	**1,060**
New subleases	631	66	**697**
Terminated subleases	(828)	-	**(828)**
Interest on sublease receivables	25	1	**26**
Sublease receivables paid in the period (equal to leasing fees)	(231)	(2)	**(233)**
Remeasurement of sublease receivables	(2)	-	**(2)**
Reclassification and other adjustments	(8)	-	**(8)**
Net carrying amount - closing balance, including:	**648**	**65**	**713**
non-current	*479*	*44*	*523*
current	*169*	*21*	*190*

3.5. FINANCIAL ASSETS

3.5.1. CLASSIFICATION AND MEASUREMENT OF FINANCIAL ASSETS

Selected accounting policies

The Group's financial assets are classified into the following categories:

- *financial assets measured at amortised cost:*
  - *cash and cash equivalents,*
  - *trade receivables,*
  - *receivables from loans granted,*

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- *other receivables,*
- *other financial assets (including bank deposits and held-to-maturity corporate bonds and certificates of deposit);*

- *financial assets measured at fair value through profit or loss;*
- *financial assets measured at fair value through other comprehensive income.*

Cash and cash equivalents are presented in a dedicated item of the consolidated statement of financial position. Trade receivables and other receivables are presented in trade receivables and other receivables in the consolidated statement of financial position. Receivables from loans granted and other financial assets are presented in financial assets measured at amortised cost in the consolidated statement of financial position.

The assets are classified into those categories on initial recognition. Classification depends on:

- *the business model of asset portfolio management; and*
- *the contractual terms of the financial asset.*

Financial assets are derecognised when the right to receive cash flows from such assets expire or are transferred and the Group transfers substantially all the risks and rewards incidental to ownership of the assets.

Financial assets measured at amortised cost are presented in Notes 3.5.4, 3.5.5, and 3.5.6.

Financial assets measured at fair value through other comprehensive income are presented in Note 3.5.3.

The Group held no financial assets measured at fair value through profit or loss as at 31 December 2020 and as at 31 December 2019.

3.5.2. IMPAIRMENT OF FINANCIAL ASSETS

Selected accounting policies

At each balance sheet date, the Group recognises impairment (expected credit loss) of financial assets. If there has been a significant increase in credit risk of a financial asset since initial recognition, the Group recognises expected credit loss of the financial asset as an allowance equal to lifetime expected credit losses; otherwise, the financial asset will attract a loss allowance equal to 12-month expected credit loss.

The Group's impairment allowance for financial assets measured at amortised cost (other than trade receivables) is equal to the 12-month expected credit loss in view of the low credit risk of such financial instruments. The Group considers cash and cash equivalents, other receivables and other financial assets measured at amortised cost to carry low credit risk because it only accepts entities, including banks and financial institutions, of a high rating and stable market position, i.e., rated above Baa2 by Moody's.

The Group measures expected credit loss of financial instruments taking into account:

- *an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;*
- *the time value of money;*
- *reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions*

The Group applies a simplified approach to trade receivables and contract assets, where impairment allowances for trade receivables are recognised as equal to lifetime expected credit loss according to a provision matrix. Trade receivables of the Exchange have no significant financing component.

As at the end of each reporting year, to estimate expected credit loss on trade receivables, the Group performs a statistical analysis of trade receivables by category of clients (Exchange Members, Issuers, other clients) based on historical collection of debt from counterparties.

In the next step, the Group performs a portfolio analysis and calculates for each category of clients a provision matrix by age group. The allowance for debt which is not overdue as at the balance sheet date for a group of clients in a time bracket is equal to the value of trade receivables at the balance sheet date times the client's probability of default.

The expected credit loss (or released allowance) required to adjust the expected credit loss allowance as at the reporting date to the amount that should be recognised is presented in the consolidated statement of comprehensive income as gains or losses on impairment.

The expected credit loss allowance for financial assets classified as financial assets measured at amortised cost is shown as a reduction of the gross carrying amount of the financial asset in the consolidated statement of financial position.

The expected credit loss allowance for financial assets classified as financial assets measured at fair value through other comprehensive income is shown in other comprehensive income; it does not reduce the carrying amount of the financial asset.

3.5.3. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Selected accounting policies

Financial assets measured at fair value through other comprehensive income include:

- *Equity securities which the Group irrevocably elects to recognise as such on initial recognition.*
- *Debt securities where contractual cash flows are solely payments of principal and interest and the objective of the Group's business model is achieved both by collecting contractual cash flows and by selling financial assets.*
- *Financial assets measured at fair value through other comprehensive income comprise shares in entities over which the Group does not exercise control or exert significant influence. They are disclosed as non-current assets unless the Group intends to sell them within 12 months after the balance sheet date.*
- *Financial assets measured at fair value through other comprehensive income are initially recognised at fair value plus directly attributable transaction costs. After initial recognition, they are measured at fair value and any effect of change in the fair value (other than impairment losses and FX differences) is recognised in other comprehensive income and presented in equity as reserves. On derecognition, the cumulative profit or loss recognised in equity is taken to retained earnings after tax.*

	As at 31 December 2020		
	Innex	BVB	Total
Value at cost	3,820	1,343	**5,163**
Revaluation	-	(217)	**(217)**
Impairment	(3,820)	(1,011)	**(4,831)**
Carrying amount	**-**	**115**	**115**

	As at 31 December 2019		
	Innex	BVB	Total
Value at cost	3,820	1,343	**5,163**
Revaluation	-	(212)	**(212)**
Impairment	(3,820)	(1,011)	**(4,831)**
Carrying amount	**-**	**120**	**120**

Innex

The Exchange acquired a stake in the Ukrainian Stock Exchange Innex in July 2008. Impairment of the investment was recognised in 2008. The Exchange Management Board identified no indications of release of the full impairment of the investment in Innex as at 31 December 2020.

Bucharest Stock Exchange ("BVB")

The Exchange acquired a stake in Sibex in 2010. SIBEX merged with BVB at 1 January 2018. Following the merger, the Exchange holds 5,232 BVB shares at a par value of RON 10 per share. BVB is listed on the Bucharest Stock Exchange.

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Fair value hierarchy

Selected accounting policies

The Group classifies the valuation at fair value on the basis of a fair value hierarchy which reflects the significance of valuation input data. The fair value hierarchy includes the following levels:

- *(unadjusted) trading prices on active markets for identical assets or liabilities (level 1);*
- *input data other than trading prices at level 1, which can be identified or observed for an asset or liability, directly (as prices) or indirectly (calculations based on prices) (level 2); and*
- *input data for an asset or liability not based on observable market data (non-observable data) (level 3).*

The fair value of BVB shares as at 31 December 2020 and as at 31 December 2019 was recognised at the share price (level 1 of the fair value hierarchy).

3.5.4. TRADE RECEIVABLES AND OTHER RECEIVABLES

Selected accounting policies

Trade receivables are receivables from clients of the Group held to payment. At initial recognition, trade receivables are measured at fair value, which is the nominal value of issued invoices. At the balance sheet date, trade receivables are measured at amortised cost net of impairment. Trade receivables payable in less than 12 months (from initial recognition) are measured at nominal value and not discounted.

Other receivables include mainly (current) prepayments. Prepayments are recorded when expenditures incurred relate to future reporting periods. Prepayments are recognised in the consolidated statement of comprehensive income over the lifetime of the relevant contract. Receivables which are not financial assets are presented at the amount due at the balance sheet date.

Non-current prepayments are presented as prepayments in non-current assets in the consolidated statement of financial position.

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.

	As at 31 December	
	2020	2019 *(restated)*
Gross trade receivables	54,077	41,039
Impairment allowances for trade receivables	(6,685)	(6,039)
Total trade receivables	**47,392**	**35,000**
Current prepayments	6,203	5,290
VAT refund receivable	8	113
Rozrachunki z tytułu subleasingu	13	13
Grants receivable	-	562
Other receivables	1,613	4,265
Total other receivables	**7,837**	**10,243**
Total trade receivables and other receivables	**55,229**	**45,243**

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

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	As at 31 December	
	2020	2019
Receivables which are neither overdue nor impaired	**39,057**	**26,530**
1 to 30 days overdue	*3,855*	*4,399*
31 to 61 days overdue	*3,036*	*1,096*
61 to 90 days overdue	*806*	*1,811*
91 to 180 days overdue	*1,578*	*1,592*
More than 180 days overdue	*496*	*105*
Total overdue receivables (no impairment)	**9,772**	**9,003**
Impaired and overdue receivables	**5,248**	**5,505**
Total gross trade receivables	**54,077**	**41,039**

Trade receivables which are neither overdue nor impaired include mainly trade receivables from Exchange Members (banks and brokerage houses) and receivables from issuers of securities as well as receivables for other services.

As at 31 December 2020, the Group's trade receivables at PLN 15,020 thousand (31 December 2019 – PLN 14,508 thousand, including PLN 12,345 thousand at the parent entity) were overdue, including PLN 12,088 thousand at the parent entity. The total overdue receivables included the parent entity's receivables from debtors under insolvency or creditor arrangement proceedings at PLN 645 and other overdue receivables at PLN 11,443 as at 31 December 2020 (31 December 2019 – PLN 1,281 thousand and PLN 11,064 thousand, respectively).

As at 31 December 2020, trade receivables at PLN 5,248 thousand (31 December 2019 – PLN 5,505 thousand) were overdue and impaired.

	As at 31 December	
	2020	2019
Exchange Members	26,151	14,600
Issuers*	692	1,581
Other*	12,215	10,349
Total gross trade receivables not overdue	**39,057**	**26,530**

** Receivables from debtors who are at the same time Exchange Members and Issuers or Exchange Members and Data Vendors (other clients) are presented under receivables from Exchange Members.*

Receivables from Exchange Members include receivables from Polish and foreign banks and brokerage houses, whose risk ratings are presented in the table below. Due to the fact that the Group does not have its own credit rating system, external credit ratings were used. If a single debtor had no credit rating, the rating of the parent entity of the debtor was used.

Receivables from issuers include fees due from companies listed on GPW.

Trade receivables from other clients include mainly fees for information services.

	As at 31 December	
	2020	2019
Aa	2,424	55
A	11,329	6,628
Baa	3,891	1,334
B and BB	3,769	618
No rating	4,738	5,965
Total trade receivables from Exchange Members	**26,151**	**14,600**

The Group has no collateral on receivables.

In 2020 and 2019 none of the Group's trade receivables were subject to renegotiation of the amount.

The fair value of trade receivables and other receivables is not significantly different from the book value.

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	As at 31 December	
	2020	2019
Opening balance	**6,039**	**5,349**
Change of allowance balances	1,075	1,542
Receivables written off during the period as uncollectible	(429)	(852)
Closing balance	**6,685**	**6,039**

The impairment of trade receivables was determined according to the expected loss concept using a provision matrix described in Note 3.5.2.

Selected judgments and estimates

The calculation of impairment of receivables under IFRS 9 requires judgments necessary to define methodologies, models, the classification of clients, and other input data.

The Group's trade receivables have no significant financing component. Consequently, impairment as at 31 December 2020 was determined according to lifetime expected credit losses. Based on historical data, the Group performed a statistical analysis of the probability of payment of overdue trade receivables by receivables portfolio.

In the parent entity, the estimated default ratios for clients whose debt is overdue for less than 180 days are as follows:

- *Exchange Members – from 0.27% to 7.24%,*
- *issuers of securities listed on markets operated by the Exchange – from 1.25% to 24.41%,*
- *other clients (including data vendors) – from 0.58% to 5.40%.*

The Group concluded that the default ratios estimated on the basis of historical data represent the probability of default of trade receivables in the future and consequently the ratios were not adjusted.

The change of the impairment allowance for trade receivables in 2020 was PLN 646 thousand (increase of allowance). PLN 950 thousand was recognised in the consolidated statement of comprehensive income in 2020 as impairment loss on receivables. The difference at PLN 304 thousand were receivables written off in previous years.

The change of the impairment allowance for trade receivables in 2019 was PLN 690 thousand (increase of allowance) and PLN 1,901 thousand was recognised in the consolidated statement of comprehensive income in 2019 as impairment loss on receivables (including PLN 359 thousand receivables previously not written off and PLN 1,542 thousand under the expected loss model and the provision matrix). The difference at PLN 852 thousand were receivables written off in previous years.

	As at 31 December	
	2020	2019
Domestic receivables	32,864	23,148
Foreign receivables	21,213	17,891
Total gross trade receivables	**54,077**	**41,039**

3.5.5. FINANCIAL ASSETS MEASURED AT AMORTISED COST

Selected accounting policies

Financial assets measured at amortised cost include: cash and cash equivalents, trade receivables, receivables from loans granted, other financial assets, and other receivables (see Note 3.5.1). Cash and cash equivalents, trade receivables and other receivables are presented in dedicated items of the consolidated statement of financial position (Notes 3.5.4, 3.5.6). Financial assets measured at amortised cost in the statement of financial position include other financial assets and receivables from loans granted. Other financial assets include mainly bank deposits, certificates of deposit and corporate bonds with initial maturities exceeding 3 months (from purchase/contracting).

Interest on financial assets classified as financial assets measured at amortised cost is measured using the effective interest rate method and recognised in the profit or loss of the period as part of financial income or financial expenses.

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	As at 31 December	
	2020	2019
Corporate bonds	89,977	89,958
Bank deposits	205,009	239,040
Total current	**294,986**	**328,998**
Total financial assets measured at amortised cost (over 3 months)	**294,986**	**328,998**

	Year ended 31 December 2020		
	Interest received	Interest accrued	Total recognised in financial income
Corporate bonds	1,428	(457)	**971**
Bank deposits	2,542	(1,029)	**1,513**
Total revenue from assets measured at amortised cost (over 3 months)	**3,970**	**(1,486)**	**2,484**

	Year ended 31 December 2019		
	Interest received	Interest accrued	Total recognised in financial income
Corporate bonds	579	238	**817**
Certificates of deposit	333	(158)	**175**
Bank deposits	4,311	(141)	**4,170**
Total revenue from assets measured at amortised cost (over 3 months)	**5,223**	**(61)**	**5,162**

3.5.6. CASH AND CASH EQUIVALENTS

Selected accounting policies

Cash and cash equivalents are financial assets measured at amortised cost. Cash and cash equivalents include on-demand bank deposits, other short-term investments with original maturities up to 3 months (from contracting), which are highly liquid and easily convertible to known amounts of cash and which are subject to an insignificant risk of change in fair value. Cash deposited in a VAT account is classified as cash equivalents as it can be used to pay tax liabilities and can also be transferred to other current accounts (upon application to the Tax Office).

	As at 31 December	
	2020	2019 *(restated)*
Current accounts (other)	254,470	139,109
VAT current accounts (split payment)	474	3,265
Bank deposits	166,219	142,900
Total cash and cash equivalents	**421,163**	**285,274**

Cash and cash equivalents include current accounts and short-term bank deposits (up to 3 months). The carrying value of short-term bank deposits and current accounts is close to the fair value in view of their short maturity. The average maturity of bank deposits included in cash and cash equivalents was 3 days in 2020 (2 days in 2019).

At the commencement of the development projects: New Trading System, GPW Data and GPW Private Market (see Note 6.3), the Group opened dedicated banks accounts for each of those projects. The total balance in those accounts was PLN 4,111 thousand as at 31 December 2020 (PLN 627 thousand as at 31 December 2019). Cash in such accounts is classified as restricted cash.

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Current accounts (other) included restricted cash at PLN 10.1 million as at 31 December 2020 and as at 31 December 2019 which is IRGiT's additional risk management tool and secures the liquidity of IRGiT's clearing of exchange transactions under the GIR Rules.

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

3.6. CONTRACT ASSETS AND CONTRACT LIABILITIES

Selected accounting policies

Contract assets are a right to payment for services already transferred by the Group to a customer.

Contract liabilities are an obligation of the Group to provide a service to a customer in exchange for payment already received by the Group or due at the balance sheet date.

Contract assets include mainly information services. Other revenue classified as contract assets stood at PLN 1,696 thousand as at 31 December 2020 and PLN 2,415 thousand as at 31 December 2019.

Contract liabilities include annual and quarterly fees paid by market participants as well as fees for introduction of debt instruments into trading.

	As at 31 December	
	2020	2019
Listing	*1,170*	572
Total financial market	1,170	572
Total non-current	**1,170**	**572**
Trading	*2,174*	*1,115*
Listing	*952*	*192*
Information services and revenue from the calculation of reference rates	*55*	*762*
Total financial market	3,181	2,069
Trading	*2,378*	*2,216*
Total commodity market	2,378	2,216
Other revenue	23	79
Total current	**5,582**	**4,364**
Total contract liabilities	**6,752**	**4,936**

3.7. (NON-CURRENT) PREPAYMENTS

Selected accounting policies

Non-current prepayments present amounts paid relating to future periods which are recognised over time.

Non-current prepayments stood at PLN 2,393 thousand as at 31 December 2020 including mainly IT hardware maintenance (PLN 2,388 thousand). Non-current prepayments stood at PLN 2,043 thousand as at 31 December 2019 (PLN 2,032 thousand for IT hardware maintenance).

3.8. OTHER CURRENT ASSETS

As at 31 December 2019, other current assets stood at PLN 4.404 thousand, including PLN 4.222 thousand relating to payments with the UTP vendor.

Following an analysis, in the opinion of the Exchange Management Board, as at 31 December 2020, there were indications of impairment of assets relating to payments with the UTP vendor. As a result, their amount was charged to other expenses. Consequently, as at 31 December 2020, other current assets relating to payments with the UTP vendor stood at PLN 0 and the Group's total other current assets stood at PLN 140 thousand.

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3.9. EQUITY

Selected accounting policies

The equity of the Group comprises:

- *share capital of the parent entity disclosed at par, adjusted for hyperinflation;*
- *other reserves, including the revaluation reserve;*
- *retained earnings, comprised of:*
  - *retained earnings from prior years (comprised of supplementary capital and other reserves formed from prior year profits); and*
  - *profit of the current period.*

The Group presents non-controlling interests pro rata to the share in the net assets of a subsidiary. Changes to a stake in a subsidiary which do not result in loss of control are shown as transactions with the owners of the subsidiary directly under equity. Any changes to non-controlling interests are recognised pro rata to the share in the net assets of the subsidiary. In that case, goodwill is not adjusted and no gains or losses are recognised.

3.9.1. SHARE CAPITAL

As at 31 December 2020 and as at 31 December 2019, the share capital of the Exchange stood at PLN 41,972 thousand and was divided into 41,972,000 shares with a nominal value of PLN 1 per share including series A shares and series B shares. The Company's shares were fully paid up. Series A shares are preferred registered shares which may be exchanged into bearer shares and become series B ordinary shares on exchange. Each series A share gives 2 votes. Series B shares are bearer shares. Each series B share gives 1 vote.

The share capital from before 1996 was restated using the general price index. The restatement of the share capital for inflation was PLN 21,893 thousand as at 31 December 2020 and as at 31 December 2019.

As required by the Articles of Association of the parent entity, reserve capital is earmarked for covering losses that may arise in the operations of the parent entity and for supplementing the share capital or for payment of dividends. Reserve capital should not be lower than one-third of the share capital. Transfers from distributed profit to reserve capital may not be lower than 10% of the profit. Transfers may be discontinued when reserve capital equals one-third of the share capital. One-third of reserve capital may only be used to cover losses reported in consolidated financial statements.

Reserves are maintained by the parent entity to ensure the ability of financing investments and other expenses connected with the operations of the parent entity. Reserves can be used towards share capital or payment of dividends.

	As at 31 December 2020 and as at 31 December 2019		
	Value at par	%	
		share capital	total vote
State Treasury	14,688,470	35.00%	51.77%
Banks	49,000	0.12%	0.18%
Brokers	35,000	0.08%	0.12%
Total registered shares (A series)	**14,772,470**	**35.20%**	**52.07%**
Bearer shares (B series)	**27,199,530**	**64.80%**	**47.93%**
Total	**41,972,000**	**100.00%**	**100.00%**

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3.9.2. OTHER RESERVES

	As at 1 January 2020	Change on revaluation	As at 31 December 2020
Revaluation	(2)	(5)	**(7)**
Deferred tax	1	1	**2**
Total for the Group	**(1)**	**(4)**	**(5)**
Revaluation	1,317	20	**1,337**
Total for entities measured by equity method	**1,317**	**20**	**1,337**
Total capital from revaluation of financial assets measured at fair value through other comprehensive income	**1,316**	**16**	**1,332**
Revaluation	(284)	(52)	**(336)**
Deferred tax	57	9	**66**
Total capital from actuarial gains/losses	**(227)**	**(42)**	**(269)**
Total other reserves	**1,089**	**(26)**	**1,063**

3.9.3. RETAINED EARNINGS

	Reserve capital	Other reserves	Retained earnings	Profit for the period	Total retained earnings
As at 1 January 2020	**116,556**	**356,281**	**215,771**	**119,320**	**807,927**
Distribution of the net profit for the year ended 31 December 2019	667	14,668	103,985	(119,320)	**-**
Dividend	-	-	(100,733)	-	**(100,733)**
Net profit for the year ended 31 December 2020	-	-	-	151,426	**151,426**
As at 31 December 2020	**117,223**	**370,949**	**219,023**	**151,426**	**858,620**

	Kapitał zapasowy	Kapitał rezerwowy	Zysk z lat ubiegłych	Zysk netto bieżącego okresu	Razem zyski zatrzymane
As at 1 January 2019	**116,509**	**337,283**	**184,604**	**183,683**	**822,078**
Distribution of the net profit for the year ended 31 December 2018	47	18,998	164,638	(183,683)	**-**
Dividend	-	-	(133,471)	-	**(133,471)**
Net profit for the year ended 31 December 2019	-	-	-	119,320	**119,320**
As at 31 December 2019	**116,556**	**356,281**	**215,771**	**119,320**	**807,927**

3.9.4. DIVIDEND

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

On 17 June 2019, the Annual General Meeting of the Exchange passed a resolution concerning the distribution of the Company's profit earned in 2018, including the allocation of PLN 133,471 thousand to the payment of dividend. The dividend was PLN 3.18 per share. The dividend record date was set at 19 July 2019. The dividend was paid out on 2 August 2019. The dividend paid to the State Treasury was PLN 46,709 thousand.

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3.9.5. EARNINGS PER SHARE

	Year ended 31 December	
	2020	2019
Net profit for the period	151,440	119,334
Weighted average number of ordinary shares (in thousands)	41,972	41,972
Basic/diluted earnings per share (in PLN)	**3.61**	**2.84**

There are no dilutive instruments in the Group.

3.10. BOND ISSUE LIABILITIES

Selected accounting policies

Liabilities under bond issues, as well as trade payables and lease liabilities, are financial liabilities.

Financial liabilities at the balance sheet date are valued at amortised cost. The valuation is based on cost at which the liability was initially recognised less the repayment of the nominal value, adjusted for the cumulative amount of the discounted difference between the initial value and the maturity value. For instruments at floating interest rates, in relation to the next agreed re-pricing date (on which the interest rate is determined), it is calculated using the effective interest rate method. The effective interest rate is the internal rate of return (IRR) of the liability, which is used for discounting future cash flows of the financial instrument to present value.

	As at 31 December	
	2020	2019
Series C bonds	124,810	124,556
Series D and E bonds	119,928	119,794
Total non-current	**244,738**	**244,350**
Series C bonds	683	683
Series D and E bonds	485	1,250
Total current	**1,167**	**1,932**
Total liabilities under bond issue	**245,905**	**246,282**

	Year ended 31 December 2020					
	Opening balance	Interest accrued	Interest paid	Cost incurred	Cost settled	Closing balance
Principal	**244,929**	-	-	-	-	**244,929**
Interest	**2,316**	6,535	(7,300)	-	-	**1,551**
Cost of issuance	**(962)**	-	-	(3)	391	**(573)**
Total liabilities under bond issue	**246,282**	**6,535**	**(7,300)**	**(3)**	**391**	**245,905**

Year ended 31 December 2019						
	Opening balance	Interest accrued	Interest paid	Cost incurred	Cost settled	Closing balance
Principal	**244,929**	-	-	-	-	**244,929**
Interest	**2,322**	7,269	(7,275)	-	-	**2,316**
Cost of issuance	**(1,352)**	-	-	(2)	392	**(962)**
Total liabilities under bond issue	**245,899**	**7,269**	**(7,275)**	**(2)**	**392**	**246,282**

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

	Issue date	Maturity date	Total value at par	Currency	Interest rate	Coupon
Series C bonds	06.10.2015	06.10.2022	125,000	PLN	3.19%	6M
Series D bonds	02.01.2017	31.01.2022	60,000	PLN	WIBOR 6M + 0,95%	6M
Series E bonds	18.01.2017	31.01.2022	60,000	PLN	WIBOR 6M + 0,95%	6M

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

	As at 31 December	
	2020	2019
Fair value of series C bonds	130,440	128,265
Fair value of series D and E bonds	121,147	122,470
Total fair value of bonds in issue	**251,587**	**250,735**

3.11. EMPLOYEE BENEFITS PAYABLE

Selected accounting policies

Employee benefits payable include retirement benefits and other benefits, including provisions for annual awards and bonuses and provisions for benefits after termination.

The present value of retirement benefits payable is determined as at the balance sheet date by an independent actuarial advisor. The calculated benefits payable are equal to discounted future payments taking into account employee rotation as at the balance sheet date. Demographic and employee rotation data are based on historical figures. Actuarial gains and losses on employee benefits after termination are included in other comprehensive income.

The Group sets up provisions for annual awards and bonuses in order to assign costs to the periods to which they relate. Provisions are estimated according to the best knowledge of the Exchange Management Board and the Management Boards of the subsidiaries concerning probable bonuses to be paid based on the framework of the incentive scheme.

	As at	
	31 December 2020	31 December 2019
Retirement benefits	1,072	880
Other employee benefits	44	80
Non-current	**1,116**	**960**
Retirement benefits	112	102
Other employee benefits	23,638	17,073
Current	**23,750**	**17,175**
Total benefits in the statement of financial position	**24,866**	**18,135**

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3.11.1. RETIREMENT BENEFITS

Provisions for retirement benefits are recorded by the Group according to actuarial valuation as at the balance sheet date provided by an independent actuarial advisor.

	As at	
	31 December 2020	31 December 2019
Retirement benefits - opening balance	**982**	**831**
Current service cost	143	93
Interest cost	20	22
Actuarial losses/(gains) shown in other comprehensive income due to change of:	54	107
- *financial assumptions*	*93*	*51*
- *demographic assumptions*	*(33)*	*(9)*
- *other assumptions*	*(7)*	*64*
Total change shown in comprehensive income	**218**	**223**
Benefits paid	**(16)**	**(73)**
Retirement benefits - closing balance	**1,184**	**982**

	As at	
	31 December 2020	31 December 2019
Discount rate	1.2%	2.1%
Expected average annual increase of the base of provisions for retirement benefits	3.5%	3.5%
Inflation p.a.	2.5%	2.5%
Weighted average employee mobility	6,5% - 10,1%	5,8% - 10,0%

3.11.2. OTHER EMPLOYEE BENEFITS

	Year ended 31 December 2020					
	Opening balance	Set up	Used	Reclassified	Released	Closing balance
Annual and discretionary bonus	14,330	18,369	(13,248)	11	(62)	**19,401**
Benefits after termination	88	22	(88)	-	-	**22**
Unused holiday leave	2,487	3,510	(2,133)	-	-	**3,864**
Overtime	57	246	(57)	-	-	**246**
Unpaid remuneration	113	105	(113)	-	-	**105**
Total current	**17,073**	**22,252**	**(15,639)**	**11**	**(62)**	**23,638**
Annual and discretionary bonus	80	-	(25)	(11)	-	**44**
Total non-current	**80**	**-**	**(25)**	**(11)**	**-**	**44**
Total other employee benefits payable	**17,153**	**22,252**	**(15,664)**	**-**	**(62)**	**23,682**

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	Year ended 31 December 2019					
	Opening balance	Set up	Used	Reclassified	Released	Closing balance
Annual and discretionary bonus	11,696	12,013	(8,350)	186	(1,215)	**14,330**
Benefits after termination	-	88	-	-	-	**88**
Unused holiday leave	2,308	2,254	(676)	-	(1,398)	**2,487**
Overtime	24	57	(12)	-	(12)	**57**
Car allowance	1	-	(1)	-	-	**-**
Unpaid remuneration	107	113	(104)	-	(3)	**113**
Total current	**14,136**	**14,525**	**(9,143)**	**186**	**(2,628)**	**17,073**
Annual and discretionary bonus	457	-	(176)	(186)	(15)	**80**
Total non-current	**457**	**-**	**(176)**	**(186)**	**(15)**	**80**
Total other employee benefits payable	**14,593**	**14,525**	**(9,319)**	**-**	**(2,643)**	**17,153**

3.12. ACCRUALS AND DEFERRED INCOME

Selected accounting policies

Accruals and deferred income include grants received and other payments.

Grants relating to assets are presented in the consolidated statement of financial position as deferred income (under accruals and deferred income) and recognised in the consolidated statement of comprehensive income (under other income) systematically through the useful life of the assets concerned by the grant.

Grants received are described in Note 6.3.

	As at 31 December	
	2020	2019
PCR	4,145	4,520
Agricultural Market	821	1,060
New Trading Platform Project	6,377	809
GPW Data Project	910	-
Private Market	208	-
Total non-current deferred income from grants	**12,461**	**6,389**
PCR	375	513
Agricultural Market	333	23
New Trading Platform Project	1,538	231
GPW Data Project	580	-
Private Market	87	-
Total non-current deferred income from grants	**2,912**	**767**
Total accruals and deferred income	**15,373**	**7,156**

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3.13. OTHER LIABILITIES

	As at 31 December	
	2020	2019
Liabilities to the Polish National Foundation	7,062	8,355
Other liabilities	1,612	1,285
Total non-current	**8,674**	**9,641**
Dividend payable	287	270
VAT payable	54,793	25,493
Liabilities in respect of other taxes	4,000	3,335
Contracted investments	5,476	11,127
Liabilities to the Polish National Foundation	1,293	1,255
Liabilities to the Polish Financial Supervision Authority	17	-
Other liabilities	2,999	229
Total current	**68,865**	**41,709**
Total other liabilities	**77,539**	**51,350**

As a co-founder of the Polish National Foundation established in 2016 by 17 companies owned by the State ("PFN"), the Exchange is required to contribute annual payments towards the statutory mission of PFN, totalling 11 annual payments from the establishment of the Foundation. Payments to PFN are donations and 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 in 2016. The liability was recognised in the costs of 2016 and is charged over time. The liability of the Exchange to PFN was PLN 8,355 thousand as at 31 December 2020 (PLN 9,610 thousand as at 31 December 2019).

3.14. TRADE PAYABLES

Selected accounting policies

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade payables, as well as liabilities under bond issues and lease liabilities, are financial liabilities. Financial liabilities at the balance sheet date are valued at amortised cost.

	As at 31 December	
	2020	2019 *(restated)*
Payables to entities measured by equity method	68	366
Trade payables to other entities, accruals and deferred income	15,049	11,218
Total trade payables	**15,117**	**11,584**

In the opinion of the Exchange Management Board, due to the short due dates of trade payables, the carrying value of trade payables is similar to the fair value.

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3.15. DEFERRED INCOME TAX

Selected accounting policies

Deferred tax is calculated using the liability method as tax payable or reimbursable in the future in respect of differences between carrying amounts of assets and liabilities and the corresponding tax amounts.

The deferred tax liabilities are recorded in the full amount and are not subject to discounting.

Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the temporary differences could be utilised. Deferred tax assets are reviewed at the balance sheet date; if expected future tax gains or positive temporary differences are insufficient to realise an asset in whole or in part, it is written off.

The Group uses no deferred tax assets or liabilities for the differences between the taxable and accounting investment in subsidiaries, associates and joint ventures when the Group cannot control the date of reversal of temporary differences (for deferred tax liabilities) and such differences are unlikely to reverse in the foreseeable future.

Deferred tax assets and liabilities can be offset when the Exchange has an enforceable right to offset current income tax receivables and liabilities and when the deferred tax assets and liabilities relate to income tax imposed on the same taxpayer by the same tax authorities.

	Deferred tax (asset)/liability					
				As at 31 December 2020		
	As at 1 January 2020	(Credited)/ Debited in profit	(Credited)/ Debited in other comprehensive income	(Asset)/ Liability	Deferred tax asset	Deferred tax liability
Difference between accounting and tax value of property, plant and equipment and intangible assets	**11,869**	(1,778)	-	**10,091**	-	10,091
Impairment loss on investment in other entities	**(1,227)**	-	(1)	**(1,228)**	1,228	-
Employee benefits	**(3,207)**	(1,256)	(9)	**(4,472)**	4,472	-
Cost estimates	**(699)**	(181)	-	**(880)**	880	-
Deferred income	**(1,104)**	(96)	-	**(1,200)**	1,200	-
Impairment loss on trade receivables	**(963)**	(229)	-	**(1,192)**	1,192	-
Interest and costs of bond issue	**(257)**	72	-	**(185)**	295	109
Other	**509**	(773)	-	**(263)**	629	366
Total deferred tax (asset)/liability	**4,922**	**(4,241)**	**(10)**	**671**	**9,896**	**10,566**
Offset					*(8,454)*	*(8,454)*
Total deferred tax (asset)/liability (net)					**1,442**	**2,113**

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	Deferred tax (asset)/liability					
				As at 31 December 2019		
	As at 1 January 2019	(Credited)/ Debited in profit	(Credited)/ Debited in other comprehensive income	(Asset)/ Liability	Deferred tax asset	Deferred tax liability
Difference between accounting and tax value of property, plant and equipment and intangible assets	**12,326**	(457)	-	**11,869**	-	11,869
Impairment loss on investment in other entities	**(1,323)**	101	(5)	**(1,227)**	1,227	-
Employee benefits	**(2,674)**	(513)	(20)	**(3,207)**	3,207	-
Cost estimates	**(411)**	(284)	(4)	**(699)**	699	-
Deferred income	**(1,065)**	(39)	-	**(1,104)**	1,104	-
Impairment loss on trade receivables	**(728)**	(235)	-	**(963)**	963	-
Interest and costs of bond issue	**(184)**	(73)	-	**(257)**	440	183
Other	**443**	66	-	**509**	96	605
Total deferred tax (asset)/liability	**6,385**	**(1,434)**	**(29)**	**4,922**	**7,736**	**12,657**
Offset					*(7,273)*	*(7,273)*
Total deferred tax (asset)/liability (net)					**464**	**5,386**

3.16. PROVISIONS FOR LIABILITIES AND OTHER CHARGES

Provisions for liabilities and other charges stood at PLN 26,844 thousand as at 31 December 2020 (including IRGiT's VAT provisions at PLN 26,844 thousand. Provisions for liabilities and other charges stood at PLN 15,563 thousand as at 31 December 2019 (including IRGiT's VAT provisions at PLN 15,468 thousand) (see Note 6.10).

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4. NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

4.1. SALES REVENUE

Selected accounting policies

Sales revenue is recognised at transaction price when (or as) the entity transfers control of services to a customer. All bundled services that can be separated under the contract with the customer are recognised separately. Any discounts and rebates of the transaction price are allocated to individual components of bundled services. Depending on whether certain criteria are met, revenue is recognised:

- *over time, in a manner that depicts the entity's performance; or*
- *at a point in time, when control of the services is transferred to the customer.*

The Group analyses potential collectability of debt when entering into a contract. If, at the time of entering into a contract, the entity is not likely to receive the amount due for future performance of a commitment, no revenue is recognised until the doubt about the collectability of debt is clarified.

Sales revenue consists of three main business lines: revenue from the financial market, revenue from the commodity market, and other (sales) revenue.

Financial market:

- ***Revenue from trading:*** *revenue from exchange members charged under the Exchange Rules and the Alternative Trading System Rules. The key revenue line in this category are trading fees which depend on the value of transactions, the number of executed orders, the volume of trade and the type of traded instruments. In addition to trading fees, flat-rate fees are charged for access to and use of the Exchange's IT system, and BondSpot earns revenue from trading in debt instruments.*
- ***Revenue from issuers*** *charged under the Exchange Rules and the Alternative Trading System Rules: fees for the listing of securities, fees for admission to trading, BondSpot's revenue from issuers of debt instruments, as well as other fees.*
- ***Revenue from information services: sale of*** *real-time stock exchange data and statistical and historical data in the form of subscriptions (by email), electronic publications, calculation of indices, as well as other stock exchange index licenses and calculations. The sale of stock exchange information is based on separate agreements signed with exchange data vendors, Exchange Members and other organisations including mainly financial institutions. The Group's revenue from information services includes revenue from the sale of BondSpot and GPW Benchmark information services*

Revenue from the commodity market *includes mainly fees charged by TGE under the TGE Commodity Market Rules, by IRGiT under the Exchange Clearing House Rules (mainly for the clearing of TGE trade), and by InfoEngine for its services as a trade operator and a technical trade operator.*

Commodity market:

- ***Revenue from trading:*** *fixed fees paid by TGE members for market participation and revenue from trading fees on TGE markets: the Day-Ahead and Intra-Day Market, the Gas Market, the Property Rights Market, the Commodity Forward Instruments Market, the Emission Allowances Market.*
- ***Revenue from the operation of the Register of Certificates of Origin and the Register of Guarantees of Origin:*** *fees for services provided to Register members including registration of certificates, issuance of rights, increasing and decreasing the balance of rights, cancellation of certificates, registration of guarantees, notification of transfers of guarantees to the end recipient, acceptance of offers to sell, processing of applications.*
- ***Revenue from clearing:*** *IRGiT's revenue from fixed fees paid by IRGiT members, fees for clearing and settlement of exchange transactions on TGE markets.*
- ***Revenue from information services****, i.e., commodity market data based on separate agreements signed with exchange data vendors, exchange members and other organisations, mainly financial institutions*

Other sales revenue *includes among others lease and maintenance of office space, delivery of training.*

Selected judgments and estimates

The Company grants rebates to Exchange Members under the Exchange's Technology Development Support Programme. To be eligible for rebates, Exchange Members must invest in additional technological capacity including among others IT system *and IT infrastructure upgrades or the development of new functionalities relating to brokerage services. Rebates are awarded to Exchange Members by the Exchange Management Board on the basis of documentation of expenses up to an individual limit set for the Exchange Member in the Programme.*

As at 31 December 2020, the Exchange Management Board estimated that all Exchange Members participating in the Programme will use up the entire awarded limit.

The table below presents sales revenue by business line.

	Year ended 31 December	
	2020	2019
Financial market	**255,996**	**184,990**
Trading	**185,272**	**117,455**
Equities and other equity-related instruments	*151,042*	*87,449*
Derivatives	*15,376*	*10,611*
Other fees paid by market participants	*7,488*	*8,834*
Debt instruments	*10,150*	*10,061*
Other cash instruments	*1,216*	*500*
Listing	**19,307**	**19,629**
Listing fees	*16,916*	*17,458*
Fees for admission and introduction and other fees	*2,391*	*2,171*
Information services and revenue from the calculation of reference rates	**51,417**	**47,906**
Real-time data and revenue from the calculation of reference rates	*48,121*	*44,049*
Historical and statistical data and indices	*3,296*	*3,857*
Commodity market	**144,331**	**149,940**
Trading	**72,305**	**75,167**
Transactions in electricity:	18,945	16,339
Spot	*4,083*	*4,021*
Forward	*14,862*	*12,318*
Transactions in gas:	12,658	12,137
Spot	*2,634*	*2,329*
Forward	*10,024*	*9,808*
Transactions in property rights to certificates of origin	27,185	34,193
Other fees paid by market participants	*27,185*	*34,193*
Other fees paid by market participants	13,517	12,498
Operation of the register of certificates of origin	**24,326**	**27,815**
Clearing	**46,756**	**46,270**
Information services	**944**	**688**
Other revenue	**3,449**	**1,151**
Total sales revenue	**403,776**	**336,081**

	Year ended 31 December			
	2020	% share	2019	% share
Revenue from foreign customers	165,240	40.9%	99,935	29.7%
Revenue from local customers	238,536	59.1%	236,146	70.3%
Total sales revenue	**403,776**	**100.0%**	**336,081**	**100.0%**

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4.2. OPERATING EXPENSES

Selected accounting policies

Expenses are a probable decrease of economic benefits in the reporting period, whose amount is reliably determined, that reduces the value of assets or increases liabilities and provisions, which will reduce equity or increase negative equity, other than due to withdrawal of funds by shareholders or owners.

Operating expenses include salaries and the cost of maintenance of the IT infrastructure of the trading system, as well as the cost of advisory, capital market and commodity market education, promotion and information.

The Group records expenses by type.

	Note	Year ended 31 December	
		2020	2019
Depreciation and amortisation, including:	3.1, 3.2, 3.4.4.	36,329	36,918
capitalised depreciation and amortisation charges		*(436)*	*(168)*
Salaries	4.2.1.	74,011	61,336
Other employee costs	4.2.1.	21,610	16,495
Maintenance fees		4,334	3,970
Fees and charges, including:		15,528	8,420
fees paid to PFSA	*6.4.1.*	*13,874*	*6,752*
External service charges	4.2.2.	51,919	48,466
Other operating expenses	4.2.3.	4,775	5,544
Total operating expenses		**208,505**	**181,149**

4.2.1. SALARIES AND OTHER EMPLOYEE COSTS

Selected accounting policies

Liabilities in respect of current employee benefits (i.e., remuneration, social security charges, paid holidays, sick leaves, etc.) are charged to costs in the period when benefits are paid.

Furthermore, the Group has an incentive scheme, according to which employees have the right to an annual bonus (dependent on the sales profit and the implementation of bonus targets and the employee's individual appraisal). The Exchange sets up provisions for bonuses in order to assign costs to the periods to which they relate. Provisions are estimated according to the best knowledge of the Exchange Management Board concerning probable bonuses to be paid based on the framework of the incentive scheme.

The Group pays contributions to the Employee Pension Scheme (defined contributions scheme). Employees join the scheme voluntarily. After payment of the contributions, the Group has no further obligations to make payments to the Employee Pension Scheme. These contributions are charged to costs of employee benefits as they are incurred.

Under the applicable legislation, the Group is required to charge and pay contributions towards employees' pension benefits. Such benefits are a state scheme which is a defined contributions scheme. According to the Labour Code, employees have the right to receive a severance pay upon reaching retirement age. Retirement severance pay is paid on a one-off basis at the time of retirement. Paid retirement benefits are recognised as an expense of the period in which they are paid.

DATA FOR THE YEAR ENDED 31 DECEMBER 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

	Year ended 31 December	
	2020	2019
Gross remuneration	48,872	45,901
Annual and discretionary bonuses	15,418	10,546
Retirement severance pay	163	98
Reorganisation severance pay	108	112
Non-competition	317	260
Other (including: unused holiday leave, overtime)	2,351	853
Total payroll	**67,229**	**57,770**
Supplementary payroll	**6,782**	**3,565**
Total employee costs	**74,011**	**61,336**

	Year ended 31 December	
	2020	2019
Social security costs (ZUS)	11,637	9,286
Employee Pension Plan (PPE)	3,285	1,593
Other benefits (including medical services, lunch subsidies, sports, insurance, etc.)	6,688	5,616
Total other employee costs	**21,610**	**16,495**

Remuneration of the key management personnel is described in Note 6.5.

4.2.2. EXTERNAL SERVICE CHARGES

	Year ended 31 December	
	2020	2019
IT infrastructure maintenance	*21,796*	*17,881*
TBSP market maintenance services	*1,562*	*1,501*
Data transmission lines	*3,952*	*3,986*
Software modification	*264*	*387*
Total IT cost	27,574	23,755
Total office space and office equipment maintenance	3,834	3,498
International (energy) market services	3,518	1,272
Lease, rental and maintenance of vehicles	367	413
Transportation services	158	137
Promotion, education, market development	4,364	5,372
Market liquidity support	1,247	1,321
Advisory (including legal, business consulting, audit)	4,673	7,394
Information services	3,445	2,584
Training	1,273	1,054
Mail fees	87	135
Bank fees	198	183
Translation	380	343
Other	801	1,005
Total external service charges	**51,919**	**48,466**

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4.3. OTHER INCOME

	Year ended 31 December	
	2020	2019
Donations	3,243	2,770
Loss on sale of property, plant and equipment	28	-
Impairment of investments and abandoned investments	4,222	87
Other	4,198	488
Total other expenses	**11,691**	**3,345**

** More information in the note 3.8.*

4.4. OTHER EXPENSES

	Year ended 31 December	
	2020	2019
Donations	3,243	2,770
Loss on sale of property, plant and equipment	28	-
Impairment of investments and abandoned investments	4,222	87
Other	4,198	488
Total other expenses	**11,691**	**3,345**

** More information in the note 3.8.*

In 2020, the Group made donations to:

- Fight with the coronavirus (donations to the Sanitary and Epidemiological Stations in Radom and Siedlce, hospitals across Poland, the Public Care Centre in Siedlce) – PLN 1,683 thousand including PLN 680 thousand of the Exchange's profit on trade in Allegro shares on its IPO date (12 October 2020);
- Polish National Foundation – PLN 1,500 thousand (recognised in expenses in 2016, see Note 3.13.),
- GPW Foundation – PLN 1,350 thousand.

In 2019, the Group made donations to:

- Polish National Foundation – PLN 1,500 thousand (recognised in expenses in 2016),
- GPW Foundation – PLN 2,737 thousand;
- World Association of Home Army Soldiers – PLN 20 thousand;
- Stowarzyszenie Otwarte Drzwi – PLN 3 thousand;
- Stowarzyszenie Hospicjum im. Św. Wawrzyńca – PLN 7 thousand;
- Dziecięca Fantazja Foundation – PLN 3 thousand.

4.5. FINANCIAL INCOME

Selected accounting policies

Interest income is recognised on a time-proportionate basis using the effective interest rate (IRR) method. Dividend income is recognised at the moment of establishing the shareholders' right to receive the payment.

56 DATA FOR THE YEAR ENDED 31 DECEMBER 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

	Note	Year ended 31 December	
		2020	2019 (restated)
Income on financial assets presented as cash and cash equivalents		*1,462*	*3,653*
Income on financial assets presented as financial assets measured at amortised cost	*3.5.5.*	*2,485*	*5,162*
Interest on sublease receivables	*3.4.6.*	*12*	*26*
Total Interest income under the effective interest rate method		**3,959**	**8,841**
Other financial income		2,206	70
Tota financial income		**6,166**	**8,911**

Dividends received from associates are presented in detail in Note 6.4.2.

4.6. FINANCIAL EXPENSES

Selected accounting policies

Financial expenses include costs and interest of bonds in issue, interest on loans and advances, and interest on tax liabilities.

Interest on bonds is determined using the effective interest rate method.

	Note	Year ended 31 December	
		2020	2019 (restated)
Interest on bonds, including:	3.10.	6,926	7,661
accrued		*(374)*	*386*
paid		*7,300*	*7,275*
Interest on lease liabilities	3.4.5.	621	745
Interest on tax payable, incl.:		11,448	16,562
VAT correction	6.10.	11,376	15,468
Other financial expenses		583	1,089
Other financial expenses		1,592	581
Total financial expenses		**21,170**	**26,638**

Presentation has changed in these financial statements because impairment loss on investments in other entities was presented under gains on investments /(losses) on impairment of investments in other entities in the statement of comprehensive income and the statement of cash flows in 2019. For more information on the recognised loss on investment in other entities, see Note 3.3.

4.7. INCOME TAX

Selected accounting policies

Current income tax is calculated on the basis of net taxable income of the GPW Group companies for a given financial year determined in accordance with the binding tax regulations and using the tax rates provided in those regulations. Net taxable income (loss) differs from accounting profit (loss) for the year due to:

- *costs which are not tax-deductible;*
- *dividend income which is not taxable;*
- *grants which are not taxable.*

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	Year ended 31 December	
	2020	2019
Current income tax	41,865	31,939
Deferred tax	(4,241)	(1,434)
Total income tax	**37,624**	**30,503**

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

	Year ended 31 December	
	2020	2019
Profit before income tax	189,064	149,837
Income tax rate	19%	19%
Income tax at the statutory tax rate	**35,922**	**28,469**
Tax effect of:	**1,702**	**2,034**
Costs which are not tax-deductible	4,834	4,328
Additional taxable income	(129)	-
Non-taxable share of (profit)/loss of entities measured by equity method	(2,992)	(2,140)
Grants which are not taxable	(533)	(9)
Goodwill impairment of a subsidiary	670	-
Other adjustments	(148)	(145)
Total income tax	**37,624**	**30,503**

Tax Group ("TG")

Selected accounting policies

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 incomes of the companies participating in TG over the sum of their losses.

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.

On 25 November 2016, the Head of the First Mazovian Tax Office in Warsaw issued a decision registering TG for a period of three tax years (from 1 December 2017 to 31 December 2019). The TG was comprised of the Exchange, TGE, BondSpot, and GPWB.

On 24 December 2019, the Head of the First Mazovian Tax Office in Warsaw issued a decision extending TG for another tax year, from 1 January to 31 December 2020. On 11 December 2020, the Head issued a decision extending TG for another tax year, from 1 January to 31 December 2021.

As the Company Representing TG, the Exchange is responsible for the calculation and payment of corporate income tax advances of TG pursuant to the Corporate Income Tax Act.

58 DATA FOR THE YEAR ENDED 31 DECEMBER 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

5. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Selected accounting policies

The statement of cash flows is prepared using the indirect method.

Received interest and dividend are recognised under investment activities. Paid dividend and interest (on bonds) are recognised under financing activities.

	Note	Year ended 31 December	
		2020	2019
Depreciation of property, plant and equipment*	3.1.	14,091	16,210
Amortisation of intangible assets**	3.2.	16,805	15,767
Depreciation and amortisation of right-to-use assets	3.4.4.	5,435	5,109
Total depreciation and amortisation charges		**36,331**	**37,086**

** In 2020 depreciation included depreciation charge capitalized to intangible assets at PLN 390 thousand, in 2019 at PLN 163 thousand.*
*** In 2020 amortization included amortization charge capitalized to intangible assets at PLN 46 thousand, in 2019 at PLN 5 thousand.*

	Year ended 31 December	
	2020	2019
Impairment of goodwill (BondSpot)	3,524	-
Impairment of other financial assets (Optiq)	4,222	-
(Gains)/losses on FX differences (valuation of accounts and deposits)	(544)	300
Impairment of investment in PAR	583	1,089
Impairment of loans made to PAR	500	-
Sublease interest (income)	(12)	(26)
Lease interest expense	621	745
Financial expense on the bond issue	389	390
Other	(3,830)	(4,493)
Total other adjustments	**5,454**	**(1,995)**

**See Note 3.8.*

59 DATA FOR THE YEAR ENDED 31 DECEMBER 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

6. OTHER NOTES

6.1. FINANCIAL INSTRUMENTS

	Year ended 31 December 2020					
	Interest received/paid	Interest accrued, revaluation and cost of bond issue	Impairment loss	Total shown in net profit	Total shown in other comprehensive income	Total shown in the statement of comprehensive income
Trade receivables (gross)	-	-	(950)	**(950)**	-	**(950)**
Equity instruments	-	-	(876)	**(876)**	(4)	**(880)**
Corporate bonds	1,428	(457)	-	**971**	-	**971**
Bank deposits	3,826	(1,129)	-	**2,697**	-	**2,697**
Udzielone pożyczki	-	-	(507)	**(507)**	-	**(507)**
Current bank accounts	1,513	-	-	**1,513**	-	**1,513**
Total financial instruments (assets)	**6,767**	**(1,586)**	**(2,333)**	**2,848**	**(4)**	**2,844**
Bonds in issue	(7,300)	374	-	**(6,926)**	-	**(6,926)**
Total financial instruments (liabilities)	**(7,300)**	**374**	**-**	**(6,926)**	**-**	**(6,926)**
Total recognised in the statement of comprehensive income	**(533)**	**(1,212)**	**(2,333)**	**(4,078)**	**(4)**	**(4,082)**

The impairment of equity instruments at PLN 0.9 million in 2020 included impairment of shares (presented as at 30 September 2020 as financial assets measured at fair value through profit or loss) received by the Exchange in exchange for debt.

	Year ended 31 December 2019					
	Interest received/paid	Interest accrued, revaluation and cost of bond issue	Impairment loss	Total shown in net profit	Total shown in other comprehensive income	Total shown in the statement of comprehensive income
Trade receivables (gross)	-	-	(1,901)	**(1,901)**	-	**(1,901)**
Equity instruments	-	-	-	**-**	15	**15**
Corporate bonds	719	238	-	**957**	-	**957**
Certificates of deposit	333	(158)	-	**175**	-	**175**
Bank deposits	7,088	(130)	-	**6,958**	-	**6,958**
Current bank accounts	724	-	-	**724**	-	**724**
Total financial instruments (assets)	**8,864**	**(50)**	**(1,901)**	**6,913**	**15**	**6,928**
Bonds in issue	(7,275)	(386)	-	**(7,661)**	-	**(7,661)**
Total financial instruments (liabilities)	**(7,275)**	**(386)**	**-**	**(7,661)**	**-**	**(7,661)**
Total recognised in the statement of comprehensive income	**1,589**	**(436)**	**(1,901)**	**(748)**	**15**	**(733)**

60 DATA FOR THE YEAR ENDED 31 DECEMBER 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

6.2. SEGMENT REPORTING

Selected accounting policies

Segment information is disclosed based on components of the entity which are monitored by the Group's chief decision maker (Exchange Management Board) to make operating decisions. Operating segments are based on categories of services with common characteristics for which discrete financial information is available and which are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess the Group's performance. The presentation of financial data by operating segment is consistent with the management approach at Group level.

For management purposes, the Group is divided into segments based on the type of services provided. The two main reporting segments are the financial segment and the commodity segment.

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

The financial segment includes three subsegments:

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

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

The commodity segment includes the following sub-segments:

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

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

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

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

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

Revenue from no third-party client of the Group accounted for more than 10% of total revenue of the Group in 2020.

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

	Period ended 31 December 2020					
	Financial segment	Commodity segment	Other	Total segments	Exclusions and adjustments	Total segments and exclusions
Sales revenue:	261,324	144,990	15,209	**421,523**	(17,747)	**403,776**
To third parties	*255,996*	*144,331*	*3,449*	***403,776***	-	***403,776***
Between segments	*5,328*	*659*	*11,760*	***17,747***	*(17,747)*	***-***
Operating expenses, including:	(152,584)	(72,030)	*(1,427)*	**(226,041)**	17,536	**(208,505)**
depreciation and amortisation	*25,957*	*11,599*	*141*	***37,697***	-	***37,697***
Profit/(loss) on sales	**108,740**	**72,960**	**13,782**	**195,482**	**(211)**	**195,271**
Loss on impairment of receivables	118	(1,068)	-	**(950)**	-	**(950)**
Other income	1,444	4,337	-	**5,781**	(91)	**5,690**
Other expenses	(8,029)	(139)	-	**(8,168)**	(3,523)	**(11,691)**
Operating profit (loss)	**102,273**	**76,090**	**13,782**	**192,145**	**(3,825)**	**188,320**
Financial income, including:	85,899	11,429	*4*	**97,332**	(91,166)	**6,166**
interest income	*2,773*	*1,467*	*4*	***4,244***	*(285)*	***3,959***
dividend income	*80,766*	*9,959*	-	***90,725***	*(90,725)*	***-***
Financial expenses, including:	(9,633)	(12,506)	*(48)*	**(22,187)**	1,017	**(21,170)**
interest cost	(7,616)	(484)	*(46)*	***(8,146)***	*527*	***(7,619)***
VAT correction	-	(11,376)	-	***(11,376)***	-	***(11,376)***
Share of profit/(loss) of entities measured by equity method	-	-	-	**-**	15,748	**15,748**
Profit before income tax	**178,539**	**75,013**	**13,738**	**267,290**	**(78,226)**	**189,064**
Income tax	(22,937)	(14,695)	*8*	**(37,624)**	-	**(37,624)**
Net profit	**155,602**	**60,318**	**13,746**	**229,666**	**(78,226)**	**151,440**

	As at 31 December 2020						
	Financial segment	Commodity segment	Other	Total segments	Adjustments for investments measured by equity method	Other exclusions and adjustments	Total segments and exclusions
Total assets	1,077,359	231,585	3,937	**1,312,881**	208,743	(159,441)	**1,362,183**
Total liabilities	386,652	74,008	695	**461,355**	-	(23,341)	**438,014**
Net assets (assets - liabilities)	**690,707**	**157,577**	**3,242**	**851,526**	**208,743**	**(136,100)**	**924,169**

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	Period ended 31 December 2019 (restated)					
	Financial segment	Commodity segment	Other	Total segments	Exclusions and adjustments	Total segments and exclusions
Sales revenue:	188,015	150,421	11,793	**350,229**	(14,148)	**336,081**
To third parties	*184,990*	*149,940*	*1,151*	***336,081***	-	***336,081***
Between segments	*3,025*	*481*	*10,642*	***14,147***	*(14,147)*	***-***
Operating expenses, including:	(133,870)	(61,392)	-	**(195,262)**	14,113	**(181,149)**
depreciation and amortisation	*25,421*	*12,950*	-	***38,371***	*(1,453)*	***36,918***
Profit/(loss) on sales	**54,145**	**89,029**	**11,793**	**154,967**	**(35)**	**154,932**
Loss on impairment of receivables	(756)	(1,145)	-	**(1,901)**	-	**(1,901)**
Other income	1,691	4,955	-	**6,646**	(30)	**6,616**
Other expenses	(3,351)	(39)	-	**(3,390)**	45	**(3,345)**
Operating profit (loss)	**51,729**	**92,800**	**11,793**	**156,322**	**(20)**	**156,302**
Financial income, including:	76,530	31,846	-	**108,376**	(99,465)	**8,911**
interest income	*5,511*	*3,625*	-	***9,136***	*(295)*	***8,841***
dividend income	*70,951*	*28,218*	-	***99,169***	*(99,169)*	***-***
Financial expenses, including:	(11,017)	(17,151)	-	**(28,168)**	1,530	**(26,638)**
interest cost	*(8,460)*	*(1,458)*	-	***(9,918)***	*418*	***(9,500)***
VAT correction	-	*(15,468)*	-	***(15,468)***	-	***(15,468)***
Share of profit/(loss) of entities measured by equity method	-	-	-	**-**	11,262	**11,262**
Profit before income tax	**117,241**	**107,495**	**11,793**	**236,530**	**(86,692)**	**149,837**
Income tax	(12,069)	(18,434)	-	**(30,503)**	-	**(30,503)**
Net profit	**105,173**	**89,061**	**11,793**	**206,027**	**(86,692)**	**119,334**

	As at 31 December 2019 restated						
	Financial segment	Commodity segment	Other	Total segments	Adjustments for investments measured by equity method	Other exclusions and adjustments	Total segments and exclusions
Total assets	1,020,346	188,193	23	**1,208,562**	198,675	(150,420)	**1,256,817**
Total liabilities	369,957	34,971	23	**404,951**	-	(21,620)	**383,331**
Net assets (assets - liabilities)	**650,389**	**153,222**	**-**	**803,611**	**198,675**	**(128,800)**	**873,485**

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6.3. GRANTS

Selected accounting policies

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. Government refers to government, government agencies and similar bodies whether local, national or international.

A government grant is recognised when there is reasonable assurance that the Group will comply with any conditions attached to the grant and the grant will be received.

***Grants related to assets** are government grants whose primary condition is that an entity qualifying for them should purchase, construct or otherwise acquire long-term assets. They are presented in the statement of financial position as deferred income and recognised in financial results (other income) systematically over the useful lifetime of the assets concerned by the grant.*

***Grants relating to income** are grants other than grants relating to assets and they are recognised in other income systematically over the periods when the expenses covered by the grant are recognised.*

Prepayments in respect of grants relating to assets are presented in Note 3.12, income in respect of grants is presented in Note 4.3, and contingent liabilities and grant liabilities in respect of grants are presented in 6.9.2.

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 top 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.

Price Coupling of Regions ("PCR")

PCR ensures co-ownership of system software of the day-ahead market by a group of European energy exchanges joined by THE in 2015. The project was aimed at harmonisation of the European market using a shared calculation algorithm.

In 2016, in the implementation of international projects (aiming among others to implement European regulations applicable to cross-border energy exchange), the President of the Energy Regulation Authority (URE) granted TGE a refund of part of the PCR cost from the Polish power transmission system operator Polskie Sieci Energetyczne S.A. under a bilateral agreement ensuring the implementation of a day-ahead electricity market in Poland.

Agricultural Market

A consortium comprised of GPW, TGE and IRGiT signed an agreement with Krajowy Ośrodek Wsparcia Rolnictwa (National Centre for Agricultural Support, KOWR) on 29 January 2019 concerning the Agricultural Market project which will launch an electronic trading platform for certain agricultural commodities. The project closed on 31 August 2020 according to plan. Since 1 September 2020, the platform is operated by TGE and IRGiT (without the participation of the Exchange). As the consortium leader and the parent entity of the GPW Group, the Exchange represented the consortium in relations with KOWR, handled financials and provided marketing support, and received a fee from the other consortium members which covered its expenses. The following steps were completed under the agreement during the project: preparation of the project's feasibility study; drafting of rules, procedures, document templates for the project pilot; pilot of the proposed food platform solution. The project was implemented according to the timeline defined in the agreement with KOWR.

From the perspective of the consolidated financial statements of the GPW Group, the Agricultural Market project is a grant of PLN 5.1 million whose direct beneficiaries are TGE and IRGiT.

From the perspective of the separate financial statements of the Exchange, the Agricultural Market project is not a grant; instead, the Exchange provides project management services to TGE and IRGiT.

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.

6.4. RELATED PARTY TRANSACTIONS

Selected accounting policies

Related parties of the Group include:

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

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

Companies with a stake held by the State Treasury

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

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

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

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

Polish Financial Supervision Authority ("PFSA")

The PFSA Chairperson publishes the rates and the indicators necessary to calculate capital market supervision fees by 31 August of each calendar year. On that basis, the entities obliged to pay the fee calculate the final amount of the annual fee due for the year and pay the fee by 30 September of the calendar year. The Regulation of the Minister of Finance of 17 September 2020 amending the regulation concerning other deadlines of certain reporting and disclosure obligations postponed the due date of the 2020 fee to 30 November 2020.

Fees paid by the Group to PFSA stood at PLN 13,874 thousand in 2020 and PLN 6,752 thousand in 2019.

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.

Details concerning income tax are presented in Note 4.7.

Polish National Foundation

Payments and transactions with PFN are described in Notes 3.13 and 4.4.

6.4.2. TRANSACTIONS WITH ENTITIES MEASURED BY THE EQUITY METHOD

As owner and lessee of space in the Centrum Giełdowe building, the Exchange pays rent and maintenance charges for office space, including joint property, to the building manager, Centrum Giełdowe S.A. Transactions with the KDPW Group included fees for dividend payment services and joint organisation of integration events for the capital market community. Transactions with PAR included office space lease and related fees.

	As at 31 December 2020		Year ended 31 December 2020	
	Receivables	Liabilities	Sales revenue or sublease interest	Operating expenses
KDPW Group:	**3**	**-**	**22**	**60**
other	*3*	*-*	*22*	*60*
Centrum Giełdowe:	**-**	**6,185**	**-**	**5,543**
leases	*-*	*6,117*	*-*	*2,148*
other	*-*	*68*	*-*	*3,395*
PAR:	**93**	**-**	**33**	**-**
leases	*88*	*-*	*6*	*-*
other	*5*	*-*	*27*	*-*
Total	**96**	**6,185**	**55**	**5,603**

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

Other receivables from associates and joint ventures were not written off as uncollectible or provided for in the year ended 31 December 2020 and 31 December 2019 except for receivables in respect of a loan granted to PAR (see a description below in this Note).

Dividend from associates

On 18 June 2020, the Annual General Meeting of **CG** decided to allocate a part of the 2019 profit equal to PLN 2,067 thousand to a dividend payment. The dividend attributable and paid to the Exchange on 30 June 2020 was PLN 512 thousand. In 2019, CG paid dividend for 2018 at PLN 1,779 thousand, including dividend attributable and paid to the Exchange at PLN 441 thousand.

On 29 June 2020, the Annual General Meeting of **KDPW** decided to allocate a part of the 2019 profit equal to PLN 15,561 thousand to a dividend payment. The dividend attributable and paid to the Exchange on 10 August 2020 was PLN 5,187 thousand. In 2019, KDPW paid dividend for 2018 at PLN 19,697 thousand, including dividend attributable and paid to the Exchange at PLN 6,566 thousand.

Loans and advances

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

In September 2020, the Exchange and PAR signed another PLN 600 thousand loan agreement to finance the borrower's short-term debt. The first loan tranche of PLN 300 thousand was paid on 28 September 2020. The second tranche of the loan at PLN 300 thousand was paid to PAR on 1 March 2021 (see Note 6.13). The loan bears interest at 1.8% p.a. and will be repaid to the Exchange in a single payment on or before 30 June 2022.

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As at 31 December 2020, the Group wrote off the loans granted to PAR by the Exchange together with interest at PLN 507 thousand. As a result, the total balance of loans granted by the Exchange to PAR was PLN 0 as at 31 December 2020.

6.4.3. OTHER TRANSACTIONS

Transactions with the key management personnel

The Group entered into no transactions with the key management personnel in 2020 and in 2019.

Książęca 4 Street Tenants Association

In 2020, the Exchange concluded transactions with the Książęca 4 Street Tenants Association of which it is a member. The expenses amounted to PLN 4,160 thousand in 2020 and PLN 3,821 thousand in 2019. Moreover, when the Tenants Association generates a surplus during a year, it is credited towards current maintenance fees, and where there is a shortage, the Exchange is obliged to contribute an additional payment. The surplus payment amounted to PLN 13 thousand in 2020 and PLN 183 thousand in 2019.

GPW Foundation

In 2020, GPW donated PLN 1,179 thousand (in 2019 – PLN 2,737 thousand) to the GPW Foundation, received an income of PLN 127 thousand (in 2019 – PLN 125 thousand) from the Foundation, and paid the Foundation’s costs of PLN 1 thousand (in 2019 – PLN 3 thousand). As at 31 December 2020, the Exchange’s receivables from the GPW Foundation stood at PLN 62 thousand and its payables to the Foundation at PLN 143 thousand (as at 31 December 2019 – PLN 95 thousand and PLN 595 thousand, respectively).

Polish National Foundation

Payments and transactions with PFN are described in Notes 3.14 and 4.4.

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

Selected accounting policies

The key management personnel of the Group includes the Exchange Management Board and the Exchange Supervisory Board as well as the Management Boards and the Supervisory Boards of the subsidiaries.

The remuneration of the Management Boards is subject to the limitations and requirements of the Act of 9 June 2016 on the terms of determining remuneration of managers of certain companies. According to the law, the remuneration of the Company’s management includes:

- *a fixed monthly base salary determined depending on the scale of the Company’s business, and*
- *a variable part which is supplementary remuneration for the financial year depending on the performance of management targets.*

Depending on its appraisal of the performance of individual targets and the results of the Company, the Exchange Supervisory Board and the Supervisory Boards of the subsidiaries may award a bonus to Management Board members in the amount not greater than 100% of the base salary of the Management Board member in the previous financial year.

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

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 2020 and 2019, respectively.

	Year ended 31 December	
	2020	2019
Base salary	1,728	2,002
Variable pay	1,780	1,694
Bonus	14	4
Other benefits	352	136
Benefits after termination	185	-
Total remuneration of the Exchange Management Board	**4,059**	**3,836**
Remuneration of the Exchange Supervisory Board	**550**	**525**
Remuneration of the Management Boards of other GPW Group companies	**3,904**	**2,812**
Remuneration of the Supervisory Boards of other GPW Group companies	**1,004**	**880**
Total remuneration of the key management personnel	**7,963**	**8,053**

As at 31 December 2020, not pai) bonuses and variable remuneration of the key management personnel stood at PLN 3,292 thousand including bonuses for 2016-2020. The cost was shown in the consolidated statement of comprehensive income for 2016-2020.

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

6.6. CONTRACTED INVESTMENTS

	As at 31 December	
	2020	2019
Contracted investments in property, plant and equipment	169	115
Contracted investments in intangible assets	912	1,287
Total contracted investments	**1,082**	**1,402**

Contracted investments in plant, property and equipment included investments in IT hardware as at 31 December 2020 and as at 31 December 2019.

Contracted investments in intangible assets included mainly the GRC system, the new Indexator and Microsoft Office licences as at 31 December 2020 and the GRC system, server time synchronisation software, the Indexator, as well as the EPIA and XBID platforms in TGE and the Agricultural Market as at 31 December 2019.

As at 31 December 2020, GPWT had contracted investments in connection with the planned acquisition of minority interest in a foreign fintech at PLN 0.7 million.

6.7. IRGIT CLEARING GUARANTEE SYSTEM

The clearing guarantee system operated by IRGiT includes:

- *Transaction deposits which cover cash settlement,*
- *Margins which cover positions in forward instruments,*
- *Guarantee funds which guarantee the clearing of transactions concluded on forward markets in the event of a shortage of transaction deposits and margins posted by a member,*
- *Margin monitoring system which compares the amount of liabilities of an IRGiT clearing member under exchange transactions and margins with the amount of posted transaction deposits and margins.*

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Selected judgments and estimates

The Group performs a judgment concerning IRGiT's role in the clearing of transactions on the commodity forward instruments market. According to the estimates of the Exchange Management Board, both the entire risk and all benefits related to the holding of cash contributed to the clearing guarantee system remain with the Clearing House Members. Hence, cash in the IRGiT clearing guarantee system is not recognised under cash assets of the Group.

	As at 31 December 2020		As at 31 December 2019	
	Cash in IRGiT bank accounts	Cash in clients' bank accounts	Cash in IRGiT bank accounts	Cash in clients' bank accounts
Deposits	790,294	479,631	795,995	569,957
Margins	1,151,543	317,505	903,615	419,686
Guarantee funds	210,854	45,461	500,960	30,766
Total	**2,152,691**	**842,597**	**2,200,570**	**1,020,409**

	As at 31 December	
	2020	2019
Non-monetary collateral classified as margins	1,279,465	4,196,838

6.8. GUARANTEES

As at 31 December 2020, the Group had a bank guarantee issued by a bank in favour of NordPool in relation to Market Coupling payments between TGE and NordPool at EUR 7.1 million commencing on 1 July 2020 and valid until 15 July 2021.

As at 31 December 2019, the Group had the following bank guarantees issued to NordPool by a bank in respect of payments between TGE and NordPool in Market Coupling:

- EUR 2.7 million commencing on 1 December 2019 and valid until 30 April 2020,
- EUR 2.1 million commencing on 17 December 2019 and valid until 2 January 2020,
- EUR 1.7 million commencing on 1 December 2019 and valid until 30 April 2020,
- EUR 0.3 million commencing on 27 November 2019 and valid until 30 June 2020.

6.9. CONTINGENT ASSETS AND LIABILITIES

6.9.1. CONTINGENT ASSETS

In September 2019, TGE submitted corrections of CIT receipts and payments for 2012-2016 and paid the resulting amounts due together with interest (see Note 6.10).

The correction concerned among others the conversion of TGE's debt due from IRGiT into IRGiT's share capital in an amount of PLN 10 million in 2013. Given the inconsistent approach of tax authorities to the tax recognition of the transaction, TGE took measures to recover the paid tax of PLN 1.9 million.
Due to uncertainty about recovery of that amount, the Group recognised a contingent asset of PLN 2.6 million (including PLN 1.9 million principal and PLN 0.7 million interest) as at 31 December 2020 and a contingent asset at PLN 1.9 million as at 31 December 2019.

As it is uncertain whether the amount can be recovered, the Group recognised a contingent asset of PLN 2.6 million as at 31 December 2020 (including PLN 1.9 million principal and PLN 0.7 million interest).

On 19 October 2020, the Director of the Tax Chamber issued a decision refusing to recognise the requested overpayment of PLN 2.6 million. TGE appealed against the decision to the Regional Administrative Court on 18 November 2020.

6.9.2. CONTINGENT LIABILITIES

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In connection with the implementation of the projects New Trading System, GPW Data and GPW Private Market, the Exchange presented three own blank bills of exchange to National Centre for Research and Development (NCBR) securing obligations under the projects' co-financing agreements. According to the agreements and the bill-of-exchange declarations, NCBR may complete the bills of exchange with the amount of provided co-financing which may be subject to refunding, together with interest accrued at the statutory rate of overdue taxes from the date of transfer of the amount to the Exchange's account to the day of repayment (separate for each project). NCBR may also complete the bills of exchange with the payment date and insert a "no protest" clause. The bills of exchange may be completed upon the fulfilment of conditions laid down in the co-financing agreement. Each of the bills of exchange shall be returned to the Exchange or destroyed after the project sustainability period defined in the project co-financing agreement. As at 31 December 2019, the Group recognised a contingent liability in respect of an overdue VAT correction. Acting in the interest of GPW shareholders, pursuant to para 92 of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, the Group is not disclosing the estimated amount of the potential payable (see: Note 6.10).

The Group had bank guarantees as at 31 December 2020 as described in Note 6.8.

6.10. UNCERTAINTY ABOUT VAT

In accordance with the GPW Group's tax risk management policy, tax accounts of all Group companies including IRGiT have been annually reviewed 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. n 5 December 2020, IRGiT filed for cassation with the Supreme Administrative Court in Warsaw.

To that extent, IRGiT developed a tax strategy with the support of third-party tax advisors.

Due to uncertainty concerning 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 15.5 million as at 31 December 2019. After adjustment as at 31 December 2020 the provisions stood at PLN 26.8 million while the estimated amount of interest on the tax payable equal to PLN 11.4 million was charged to the 2020 results (financial expenses) compared to PLN 15.5 million charged in 2019. The provisions represent the best possible estimate of the potential liability as at 31 December 2020 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.

Furthermore, there is a relatively low risk arising from the statute of limitation (five years) concerning the recognition of output VAT reported in November 2015: once recognised, due to the application of the *lex specialis* concerning electricity and gas deliveries, the tax would be deferred to December 2015 and consequently recognised for a second time without the right to correct the accounts for November subject to the statute of limitation. According to regulations, if a liability arises in December, it does not expire until 1 January of the sixth 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).

According to tax opinions available to IRGiT, there is a relatively low risk that the competent authorities may decide that IRGiT should report and pay the tax twice as a result of a potential correction because such interpretation of national law would contravene the fundamental principles enshrined in the Constitution of Poland and higher-rank norms under UE law. 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.

6.11. CONSOLIDATION OF GPW VENTURES ASI S.A. AND GPW TECH S.A.

These consolidated financial statements are the first statements to fully consolidate two subsidiaries of the Exchange: GPW Ventures ASI S.A. and GPW Tech S.A. The tables below present adjustments of balances in the consolidated statement of comprehensive income as at 31 December 2019 due to the modification of the accounting policy whereby all subsidiaries are fully consolidated irrespective of the criterion of significance.

	As at 31 December 2019		
	Unadjusted	*Adjustment*	Restated
Non-current assets, including:	**590,114**	**(4,000)**	**586,114**
Investment in non-consolidated subsidiaries	4,000	(4,000)	-
Current assets, including:	**666,680**	**4,023**	**670,703**
Trade receivables and other receivables	45,232	11	45,243
Other current assets	4,382	22	4,404
Cash and cash equivalents	281,284	3,990	285,274
TOTAL ASSETS	**1,256,794**	**23**	**1,256,817**
Equity	**873,486**	**-**	**873,486**
Non-current liabilities:	**283,502**	**-**	**283,502**
Current liabilities, including:	**99,807**	**23**	**99,829**
Trade payables	11,561	23	11,584
TOTAL EQUITY AND LIABILITIES	**1,256,794**	**23**	**1,256,817**

	Year ended December 2019		
	Unadjusted	*Adjustment*	Restated
Total net cash flows from operating activities	**191,087**	**(10)**	**191,077**
Net profit of the period	**119,334**	**-**	**119,334**
Adjustments, including:	**113,720**	**(10)**	**113,710**
Other adjustments*	(1,973)	(22)	(1,995)
Change of assets and liabilities, including:	57,259	12	57,271
Trade receivables and other receivables (excluding dividend receivable)	*24,099*	*(11)*	*24,088*
Trade payables	*2,986*	*23*	*3,009*
Interest on tax payable (paid)/refunded	**(1,272)**	**-**	**(1,272)**
Income tax (paid)/refunded	**(40,695)**	**-**	**(40,695)**
Total cash flows from investing activities:	**44,448**	**4,000**	**48,448**
In:	**846,119**		**846,119**
Out:	**(801,671)**	**4,000**	**(797,671)**
Investment in a related party	(4,000)	4,000	-
Total cash flows from financing activities:	**(142,675)**	**-**	**(142,675)**
Net (decrease)/increase in cash and cash equivalents	**92,860**	**3,990**	**96,850**
Impact of fx rates on cash balance in currencies	*(300)*	-	*(300)*
Cash and cash equivalents - opening balance	**188,724**	**-**	**188,724**
Cash and cash equivalents - closing balance	**281,284**	**3,990**	**285,274**

**other adjustments include an impairment loss on the investment in PAR, previously presented in a dedicated line of the statement of cash flows (see Note 6.12)*

6.12. CHANGES OF PRESENTATION IN THE STATEMENT OF COMPREHENSIVE INCOME AND THE STATEMENT OF CASH FLOWS

Presentation has changed in these consolidated financial statements because gains/(losses) on investments in other entities are presented in financial income and financial expenses, respectively. The change affects the consolidated statement of comprehensive income and the consolidated statement of cash flows. In 2019, the amount of negative PLN 1,089 thousand was moved from gains/(losses) on investments in other entities to financial expenses (see Note 4.6).

DATA FOR THE YEAR ENDED 31 DECEMBER 2020. ALL AMOUNTS IN PLN'000 UNLESS STATED OTHERWISE.

6.13. EVENTS AFTER THE BALANCE SHEET DATE

On 11 January 2021, the Exchange Management Board decided to reduce annual fees for the listing of shares of issuers affected by the coronavirus pandemic. Eligible to apply for a reduction of the annual listing fee in 2021 were companies listed on the GPW Main Market and NewConnect which met the following conditions:

- decrease of income in January-September 2020 by more than 20% year on year;
- market capitalisation below PLN 1 billion as at 31 December 2020;
- timely publication of the Q3 2020 report;
- submission of an application for the reduction of fees for the listing of shares in 2021, no later than 20 January 2021.

Annual listing fees for shares of companies whose income decreased by more than 20% but not more than 50% in January-September 2020 were reduced by 50%. Listing fees charged to issuers whose income decreased by more 50% in January-September 2020 were reduced by 90% in 2021.

The limited joint-stock company GPW Ventures Asset Management sp. z o.o. ASI S.K.A. was registered in the National Court Register on 28 January 2021. GPW Ventures ASI S.A. is its only shareholder and GPW Ventures Asset Management Sp. z o.o. is its only general partner. It is the first alternative investment fund (ASI) managed by GPW Ventures Asset Management sp. z o.o. set up for the investor Krajowy Ośrodek Wspierania Rolnictwa (KOWR) with the Agricultural Technology investment profile.

On 26 February 2021, the Exchange Management Board acting on request of the State Treasury passed a resolution amending the GPW shareholder register by deleting Miejski Dom Maklerski S.A. and entering the State Treasury represented by the Minister of State Assets as the holder of 7,000 series A registered shares.

On 1 March 2021, PAR signed an agreement concerning the monitoring service for a portfolio of companies based on credit scorings, which fulfilled the condition of payment of the second tranche of the loan referred to in Note 6.4.2. The Exchange paid the second tranche of the loan to PAR at PLN 300 thousand on 1 March 2020.

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

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

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

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

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

Signature of the person responsible for keeping books of account:

Małgorzata Gola-Radwan, Chief Accountant ....

Warsaw, 9 March 2021