2020

SEPARATE FINANCIAL STATEMENTS OF

GIEŁDA PAPIERÓW WARTOŚCIOWYCH W WARSZAWIE S.A.

FOR THE YEAR ENDED 31 DECEMBER 2020

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SEPARATE STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December	
		2020	2019
Non-current assets:		**431,127**	**435,342**
Property, plant and equipment	3.1.	92,090	95,416
Right-of-use assets	3.5.4.	11,538	14,329
Intangible assets	3.2.	53,306	49,829
Investment in subsidiaries and joint ventures	3.4.	11,652	11,652
Investment in subsidiaries	3.3.	256,585	255,885
Sublease receivables	3.5.6.	4,096	6,363
Financial assets measured at fair value through other comprehensive income	3.6.3.	115	120
Prepayments		1,745	1,748
Current assets:		**439,521**	**357,422**
Inventories		10	47
Corporate income tax receivable		-	4,132
Trade receivables and other receivables	3.6.4.	47,417	30,128
Sublease receivables	3.5.6.	2,472	2,302
Contract assets	3.7.	764	940
Financial assets measured at amortised cost	3.6.5.	249,985	267,687
Other current assets	3.9.	-	4,222
Cash and cash equivalents	3.6.6.	138,873	47,964
TOTAL ASSETS		**870,648**	**792,764**

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.

SEPARATE STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	As at 31 December	
		2020	2019
Equity:		**547,749**	**479,843**
Share capital	3.10.1.	63,865	63,865
Other reserves	3.10.2.	(227)	(187)
Retained earnings	3.10.3.	484,111	416,165
Non-current liabilities:		**274,024**	**275,299**
Liabilities on bonds issue	3.11.	244,739	244,350
Employee benefits payable	3.12.	781	682
Lease liabilities	3.5.6.	10,952	15,826
Contract liabilities	3.7.	1,170	572
Accruals and deferred income	3.13.	7,495	809
Deferred tax liability	3.16.	1,825	4,705
Other liabilities	3.14.	7,062	8,355
Current liabilities:		**48,875**	**37,622**
Liabilities on bonds issue	3.11.	1,167	1,932
Trade payables	3.15.	7,338	7,970
Employee benefits payable	3.12.	14,725	10,579
Lease liabilities	3.5.6.	5,259	5,024
CIT payable		6,474	-
Contract liabilities	3.7.	2,634	1,390
Accruals and deferred income	3.13.	2,205	231
Provisions for other liabilities and other charges		-	95
Other liabilities	3.14.	9,073	10,401
TOTAL EQUITY AND LIABILITIES		**870,648**	**792,764**

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.

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2020	Year ended 31 December 2019 (restated)
Sales revenue	4.1.	256,133	183,599
Operating expenses	4.2.	(134,609)	(119,317)
Impairment (loss) on receivables	3.6.4.	118	(756)
Other income	4.3.	1,383	1,277
Other expenses	4.4.	(8,020)	(3,315)
Operating profit		**115,005**	**61,488**
Financial income, including:	4.5.	85,675	76,206
Interest income under the effective interest rate method	4.5.	*2,676*	*5,239*
Financial expenses	4.6., 6.7.	(9,539)	(10,915)
Profit before tax		**191,141**	**126,779**
Income tax	4.7.	(22,461)	(11,656)
Profit for the period		**168,680**	**115,123**
Gains/(Losses) on valuation of financial assets measured at fair value through other comprehensive income	3.10.2.	*(4)*	*15*
Actuarial gains/(losses) on provisions for employee benefits after termination	3.10.2.	*(36)*	*(60)*
Total items that will not be reclassified to profit or loss	3.10.2.	(40)	(45)
Total other comprehensive income after tax		**(40)**	**(45)**
Total comprehensive income		**168,640**	**115,078**
Basic/Diluted earnings per share (PLN)	3.10.5.	**4.02**	**2.74**

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.

SEPARATE STATEMENT OF CASH FLOWS

	Note	Year ended 31 December	
		2020	2019 (restated)
Total net cash flows from operating activities		**119,411**	**66,852**
Net profit of the period		**168,680**	**115,123**
Adjustments:		**(28,878)**	**(29,612)**
Income tax	4.7.	22,461	11,656
Depreciation and amortisation	5.	23,737	23,447
Dividend (income)	4.5.	(80,766)	(70,951)
(Gains) on financial assets measured at amortised cost	3.6.5.	(2,101)	(4,238)
Interest on bonds	3.11.	6,535	7,269
Other adjustments	5.	6,675	2,176
Change of assets and liabilities:		(5,419)	1,029
Inventories		*37*	*17*
Trade receivables and other receivables	3.6.4.	*(13,369)*	*(5,429)*
Trade payables	3.15.	*(632)*	*3,472*
Contract assets	3.7.	*176*	*75*
Contract liabilities	3.7.	*1,842*	*1,951*
Non-current prepayments	3.8.	*3*	*722*
Accruals and deferred income	3.13.	*-*	*1,040*
Employee benefits payable	3.12.	*4,245*	*1,571*
Other liabilities (excluding contracted investments and dividend payable)	3.14.	*3,667*	*(1,163)*
Provisions for liabilities and other charges		*(95)*	*27*
Other non-current liabilities		*(1,293)*	*(1,254)*
Advances for income tax received from related parties in TG	4.7.	**4,719**	**11,771**
Income tax (paid)/refunded	4.7.	**(25,110)**	**(30,430)**

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.

SEPARATE STATEMENT OF CASH FLOWS (CONTINUED)

		Year ended 31 December	
		2020	2019 (restated)
Total cash flows from investing activities:		**75,408**	**104,475**
In:		**901,212**	**795,160**
Sale of property, plant and equipment and intangible assets		1	7
Dividends received	4.5.	80,766	70,951
Sale of financial assets measured at amortised cost		814,572	717,281
Interest on financial assets measured at amortised cost	3.6.5.	3,278	4,397
Sublease payments (interest)	4.5., 3.5.6.	270	293
Sublease payments (principal)	3.5.6.	2,325	2,131
Repayment of a loan granted to a related party	6.3.3.	-	100
Out:		**(825,804)**	**(690,685)**
Purchase of property, plant and equipment and advances for property, plant and equipment		(10,748)	(6,370)
Purchase of intangible assets and advances for intangible assets		(15,226)	(4,177)
Purchase of financial assets measured at amortised cost		(798,047)	(675,038)
Loan granted to a related party	6.3.3.	(500)	(100)
Investment in a related party	3.3.	(1,283)	(5,000)
Total cash flows from financing activities:		**(104,397)**	**(145,066)**
In:		**9,821**	**1,072**
Grants received	6.2.	9,821	1,072
Out:		**(114,218)**	**(146,138)**
Dividend paid	3.10.4.	(100,716)	(133,449)
Interest paid on bonds	3.11.	(7,300)	(7,275)
Grants repaid		(506)	-
Lease payments (interest)	4.6., 3.5.5.	(603)	(697)
Lease payments (principal)	3.5.5.	(5,093)	(4,717)
Net (decrease)/increase in cash and cash equivalents		**90,421**	**26,261**
Impact of fx rates on cash balance in currencies		*488*	*(264)*
Cash and cash equivalents - opening balance	3.6.6.	**47,964**	**21,967**
Cash and cash equivalents - closing balance	3.6.6.	**138,873**	**47,964**

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.

SEPARATE STATEMENT OF CHANGES IN EQUITY

	Share capital	Other reserves	Retained earnings	Total equity
As at 1 January 2020	**63,865**	**(187)**	**416,165**	**479,843**
Dividend	-	-	(100,733)	**(100,733)**
Transactions with owners recognised directly in equity	**-**	**-**	**(100,733)**	**(100,733)**
Net profit for 2020	-	-	168,680	**168,680**
Other comprehensive income	-	(40)	-	**(40)**
Total comprehensive income for 2020	**-**	**(40)**	**168,680**	**168,640**
As at 31 December 2020	**63,865**	**(227)**	**484,111**	**547,749**

	Share capital	Other reserves	Retained earnings	Total equity
As at 1 January 2019	**63,865**	**(142)**	**434,514**	**498,237**
Dividend	-	-	(133,471)	**(133,471)**
Transactions with owners recognised directly in equity	**-**	**-**	**(133,471)**	**(133,471)**
Net profit for 2019	-	-	115,123	**115,123**
Other comprehensive income	-	(45)	-	**(45)**
Total comprehensive income for 2019	**-**	**(45)**	**115,123**	**115,078**
As at 31 December 2019	**63,865**	**(187)**	**416,165**	**479,843**

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 SEPARATE FINANCIAL STATEMENTS

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

1.1. LEGAL STATUS

Giełda Papierów Wartościowych w Warszawie Spółka Akcyjna ("the Warsaw Stock Exchange", "the Exchange", "GPW" or "the Company") with its registered office in Warsaw, ul. Książęca 4 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). The Exchange has been listed on GPW's Main Market since 9 November 2010.

1.2. SCOPE OF OPERATIONS OF THE EXCHANGE

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

The Company 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").

1.3. APPROVAL OF THE FINANCIAL STATEMENTS

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

1.4. 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 Exchange 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 Financial Statements.

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

1.5. NEW STANDARDS AND INTERPRETATIONS

The Exchange 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.

1.5.1. 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,

[1] International Accounting Standards, International Financial Reporting Standards and related interpretations announced as regulations of the European Comission.

- Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, and IFRS 7 Financial Instruments: Disclosures - 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-to-use assets (1 June 2020).

1.5.2. 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 financial statements.

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

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

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

1.6. ACCOUNTING POLICY AND OTHER INFORMATION

1.6.1. FUNCTIONAL AND PRESENTATION CURRENCY

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

1.6.2. BASIS OF PREPARATION

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

The financial statements have been prepared on the going concern basis.

1.6.3. ESTIMATES AND JUDGMENTS

The preparation of 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 Exchange's accounting policy. Estimates and judgments are subject to on-going verification. Estimates and judgments adopted for the purpose of preparing the separate 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 financial statements.

1.6.4. SELECTED ACCOUNTING POLICIES

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

The Exchange presents a separate statement of profit or loss and other comprehensive income.

1.6.5. 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.

1.6.6. SEGMENT REPORTING

Information about business segments is presented only in the consolidated financial statements of the Warsaw Stock Exchange Group ("the GPW Group" or "the Group").

1.7. 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 Company. 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 financial results improved in 2020 year on year.

Uncertainty relating to the pandemic

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

Judgments and estimates as well as other assumptions used in the application of the Company's accounting policy was reviewed as at 31 December 2020. In particular, the following issues were considered:

- The key assumptions of the impairment tests of goodwill of the Company's subsidiaries were reviewed. The review identified no need for impairment allowances as at 31 December 2020 r.
- 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. Moreover, the Exchange neither received nor granted rent reliefs, nor changed significantly the scope of lease agreements in 2020.
- 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, 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 Company 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 considered whether the outbreak of the pandemic and its impact affected the Company's ability to continue as a going concern. As at 31 December 2020, the GPW held PLN 389 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 Exchange's short-term and mid-term liquidity risk is low. As at 31 December 2020, the GPW identified no significant uncertainty about events or circumstances which could raise serious doubt as to the ability of the Exchange 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 Company in the foreseeable future.

Risks arising from the pandemic

The Exchange Management Board monitor the epidemiological situation in Poland and globally on an on-going basis and analyse its impact on the position of the GPW. In view of the new economic situation in Poland, the Exchange 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, 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 Exchange 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 Exchange's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise any potential adverse effects on the Exchange's financial performance. The Management Board of the Exchange is responsible for financial risk management. The Exchange 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 Exchange is moderately exposed to interest rate risk.

The Exchange 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 Exchange will earn higher interest income; if market rates fall, the Exchange 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 Exchange 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 Exchange).

Based on an analysis of the sensitivity of the profit before tax of the Exchange 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 incoke in year ended 31 December	
	2020	2019
Financial income	(1,697)	(1,431)
Financial expenses	840	852

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.

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

	As at 31 December 2020					
	Maturity up to 1 year				1-5 Y	Total
	< 1 M	1-3 M	> 3 M	Total		
Total non-current	**-**	**-**	**-**	**-**	**-**	**-**
Corporate bonds	-	-	89,977	**89,977**	-	**89,977**
Bank deposits		113,002	160,008	**273,010**	-	**273,010**
Current accounts (other)	-	25,868	-	**25,868**	-	**25,868**
Total current	**-**	**138,870**	**249,985**	**388,855**	**-**	**388,855**
Total financial assets	**-**	**138,870**	**249,985**	**388,855**	**-**	**388,855**
Floating-rate bonds in issue	-	-	-	**-**	119,929	**119,929**
Total non-current	**-**	**-**	**-**	**-**	**119,929**	**119,929**
Floating-rate bonds in issue	-	-	485	**485**	-	**485**
Total current	**-**	**-**	**485**	**485**	**-**	**485**
Total financial liabilities	**-**	**-**	**485**	**485**	**119,929**	**120,414**

	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	-	-	177,729	**177,729**	-	**177,729**
Current accounts (other)	47,840	-	-	**47,840**	-	**47,840**
Total current	**47,840**	**-**	**267,687**	**315,527**	**-**	**315,527**
Total financial assets	**47,840**	**-**	**267,687**	**315,527**	**-**	**315,527**
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 Company is exposed to moderate foreign exchange risk. The Company earns income in PLN and EUR. The Exchange pays costs mainly in PLN and also in EUR, USD and GBP. To minimise FX risk, the Company 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 Exchange 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.

	Impact of a 10% FX rate increase on profit before tax in year ended 31 December	
	2020	2019
EUR	1,846	3,329
USD	33	1
GPB	1	25
Total impact on profit before tax	**1,881**	**3,355**

An 10% FX rate decrease will result in the opposite change of profit before tax as presented above.

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

	As at 31 December 2020 (converted to PLN at the FX rate of the balance-sheet date)				
	PLN	EUR	USD	GBP	Total carrying amount in PLN
Financial assets measured at amortised cost	249,985	-	-	-	249,985
Trade receivables (net)	25,139	9,341	-	-	34,480
Other receivables*	1,502	-	-	-	1,502
Sublease receivables	4,495	2,073	-	-	6,568
Cash and cash equivalents	126,721	12,152	-	-	138,873
Total assets	**407,842**	**23,566**	**-**	**-**	**431,408**
Bonds in issue	245,906	-	-	-	245,906
Trade payables	6,679	630	17	12	7,338
Lease liabilities	13,496	2,399	316	-	16,211
Other liabilities**	12,736	-	-	-	12,736
Total liabilities	**278,817**	**3,029**	**333**	**12**	**282,191**
Net FX position	**129,025**	**20,537**	**(333)**	**(12)**	**149,217**

** 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 the FX rate of the balance-sheet date)				
	PLN	EUR	USD	GBP	Total carrying amount in PLN
Financial assets measured at amortised cost	267,687	-	-	-	267,687
Trade receivables (net)	12,188	10,017	-	-	22,205
Other receivables*	1,806	7	-	5	1,818
Sublease receivables	6,080	2,585	-	-	8,665
Cash and cash equivalents	21,530	26,434	-	-	47,964
Total assets	**309,291**	**39,043**	**-**	**5**	**348,339**
Bonds in issue	246,282	-	-	-	246,282
Trade payables	7,482	276	14	198	7,970
Lease liabilities	20,082	768	-	-	20,850
Other liabilities**	14,693	2,129	-	-	16,822
Total liabilities	**288,539**	**3,173**	**14**	**198**	**291,924**
Net FX position	**20,752**	**35,870**	**(14)**	**(193)**	**56,415**

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

2.2.3. PRICE RISK

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

The Exchange 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 3.6.3).

2.3. CREDIT RISK

Credit risk is defined as a risk of occurrence of losses due to the Exchange'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 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 Company.

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.

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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 Exchange 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 Exchange'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 Exchange by diversifying banks in which free cash is deposited.

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

	As at 31 December	
	2020	**2019**
Trade receivables (net)	34,480	22,205
Other receivables*	1,502	1,818
Cash and cash equivalents	138,873	47,964
Financial assets measured at amortised cost	249,985	267,687
Total exposure to credit risk	**424,840**	**339,674**

** net of prepayments and receivables from other taxes*

2.4. LIQUIDITY RISK

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

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

	As at 31 December 2020		As at 31 December 2019	
	amount	**% of total assets**	**amount**	**% of total assets**
Cash and cash equivalents	138,873	16.0%	47,964	6.0%
Financial assets measured at amortised cost	249,985	28.7%	267,687	33.8%
Assets other than cash and cash equivalents and financial assets measured at amortised cost	481,790	55.3%	477,113	60.2%
Total assets	**870,648**	**100.0%**	**792,764**	**100.0%**

An analysis of the structure of liabilities shows a share of equity in the financing of the operations of the Exchange 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	547 749	62,9%	479 843	60,5%
Liabilities	322 899	37,1%	312 921	39,5%
Total equity and liabilities	**870 648**	**100,0%**	**792 764**	**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.

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	As at 31 December 2020						
	> 1M	1-3 M	3-6 M	6-12 M	1-5 Y	> 5 Y	Total
Trade receivables (net)	31,234	3,246	-	-	-	-	**34,480**
Other receivables*	1,502	-	-	-	-	-	**1,502**
Sublease receivables	2,287	2,082	2,055	144	-	-	**6,568**
Financial assets measured at amortised cost	-	179,982	70,003	-	-	-	**249,985**
Cash and cash equivalents	138,873	-	-	-	-	-	**138,873**
Total assets	**173,896**	**185,310**	**72,058**	**144**	**-**	**-**	**431,408**
Bonds in issue	620	-	941	-	-	244,345	**245,906**
Trade payables	6,576	762	-	-	-	-	**7,338**
Lease liabilities	439	981	1,295	2,551	9,349	1,596	**16,211**
Other liabilities**	5,674	-	-	-	7,062	-	**12,736**
Total liabilities	**13,309**	**1,743**	**2,236**	**2,551**	**16,411**	**245,941**	**282,191**
Liquidity surplus/(gap)	**160,587**	**183,567**	**69,822**	**(2,407)**	**(16,411)**	**(245,941)**	**149,217**

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

	As at 31 December 2019						
	> 1M	1-3 M	3-6 M	6-12 M	1-5 Y	> 5 Y	Total
Trade receivables (net)	18,256	2,680	1,269	-	-	-	**22,205**
Other receivables*	1,818	-	-	-	-	-	**1,818**
Sublease receivables	189	380	573	1,160	6,362	-	**8,664**
Financial assets measured at amortised cost	205,658	-	62,029	-	-	-	**267,687**
Cash and cash equivalents	47,964	-	-	-	-	-	**47,964**
Total assets	**273,885**	**3,060**	**63,871**	**1,160**	**6,362**	**-**	**348,338**
Bonds in issue	1,380	-	941	-	243,961	-	**246,282**
Trade payables	7,486	484	-	-	-	-	**7,970**
Leases (IFRS 16)	403	928	1,223	2,475	14,225	1,596	**20,850**
Other liabilities**	8,450	17	-	-	6,859	1,496	**16,822**
Total liabilities	**17,719**	**1,429**	**2,164**	**2,475**	**265,045**	**3,092**	**291,924**
Liquidity surplus/(gap)	**256,166**	**1,631**	**61,707**	**(1,315)**	**(258,683)**	**(3,092)**	**56,414**

** 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 Company'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 when deciding about the structure of financing and the dividend policy of the GPW 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 Exchange 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.

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In pursuit of those objectives, as at 31 December 2020 and as at 31 December 2019, the GPW used external capital (interest-bearing liabilities) including bonds in issue (see Note 3.11.) and leases (Note 3.5.5). 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 3.10.4.

The Exchange Management Board 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 GPW to monitor capital management performance. The table presents the indicators achieved by the Company in 2020 and in 2019 as well as their optimum thresholds which the Exchange does not intend to cross (thanks to effective capital management by the Exchange Management Board).

	As at / Year ended		Optimum
	31 December 2020	31 December 2019	
Debt and financing ratios:			
Net debt/EBITDA*	(0.3)	0.5	poniżej 3
Debt to equity**	47.9%	55.7%	poniżej 100%
Liquidity ratios:			
Current liquidity***	9.0	9.5	powyżej 1,5
Coverage of interest on bonds****	21.2	11.7	powyżej 4

** Net debt = interest-bearing liabilities - liquid assets (as at balance-sheet date)*
EBITDA = operating profit + depreciation and amortisation (in 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 STATEMENT 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 Exchange. 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.

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

Selected judgments and estimates

The Exchange 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.

	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	**76,131**	**14,286**	**297**	**4,702**	**95,416**
Additions	348	5,774	95	1,392	**7,609**
Disposals	-	(23)	(6)	-	**(29)**
Depreciation charge*	(3,185)	(7,549)	(172)	-	**(10,906)**
Net carrying amount - closing balance	**73,294**	**12,488**	**214**	**6,094**	**92,090**
As at 31 December 2020 :					
Gross carrying amount	127,511	89,156	3,446	6,094	**226,207**
Depreciation	(54,218)	(76,668)	(3,232)	-	**(134,118)**
Net carrying amount	**73,294**	**12,488**	**214**	**6,094**	**92,090**

* *Depreciation of PLN 390 thousand is capitalised to intangible assets under construction (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	**77,943**	**14,844**	**368**	**3,207**	**96,362**
Additions	1,382	6,323	292	1,495	**9,492**
Disposals	(34)	-	(1)	-	**(35)**
Depreciation charge*	(3,160)	(6,881)	(362)	-	**(10,403)**
Net carrying amount - closing balance	**76,131**	**14,286**	**297**	**4,702**	**95,416**
As at 31 December 2019 :					
Gross carrying amount	127,163	83,836	3,720	4,702	**219,421**
Depreciation	(51,032)	(69,550)	(3,423)	-	**(124,005)**
Net carrying amount	**76,131**	**14,286**	**297**	**4,702**	**95,416**

* *Depreciation of PLN 148 thousand is capitalised to intangible assets under construction (licences).*

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

As at 31 December 2020, 14% of office space, car park space and other space owned by the Exchange in the Centrum Giełdowe building was under operating leases where the Exchange was the lessor (see: Note 3.5.2). The fixed assets under the leases (recognised in the statement of financial position as at 31 December 2020) stood at PLN 10,261 thousand. As at 31 December 2019, 15% of such space was under leases and the fixed assets under the leases stood at PLN 11,420 thousand.

Selected accounting policies

At each balance sheet date, the Exchange 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.

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At the end of every reporting period, the Exchange 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.

The Exchange 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 Exchange. 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 Exchange 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 Exchange 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. The estimated useful life of intangible assets is 5 years. Useful life is determined on an individual basis for intangible assets related to the trading system UTP, which has an estimated useful life is 12 years.

	Year ended 31 December 2020			
	Licences	Copyrights	Goodwill	Total
Net carrying amount - opening balance	**49 304**	**525**	**-**	**49 829**
Additions	13 298	55	-	**13 353**
Capitalised depreciation	436	-	-	**436**
Depreciation charge*	(10 082)	(230)	-	**(10 312)**
Net carrying amount - closing balance	**52 956**	**350**	**-**	**53 306**
As at 31 December 2020 :				
Gross carrying amount	194 085	4 830	7 946	**206 861**
Impairment	-	-	(7 946)	**(7 946)**
Depreciation	(141 129)	(4 480)	-	**(145 609)**
Net carrying amount	**52 956**	**350**	**-**	**53 306**

** Amortisation of PLN 46 thousand is capitalised to intangible assets under construction (licences).*

	Year ended 31 December 2019			
	Licences	Copyrights	Goodwill	Total
Net carrying amount - opening balance	**55 759**	**679**	-	**56 439**
Additions	3 452	122	-	**3 574**
Capitalised depreciation	152	-	-	**152**
Depreciation charge*	(10 059)	(276)	-	**(10 335)**
Net carrying amount - closing balance	**49 304**	**525**	**-**	**49 829**
As at 31 December 2019 :				
Gross carrying amount	180 351	4 775	7 946	**193 072**
Impairment	-	-	(7 946)	**(7 946)**
Depreciation	(131 047)	(4 250)	-	**(135 297)**
Net carrying amount	**49 304**	**525**	**-**	**49 829**

** Amortisation of PLN 4 thousand is capitalised to intangible assets under construction (licences).*

In 2020 and 2019 the Exchange did not make significant expenditures for research recognised in the period as expenses in the statement of comprehensive income. Development includes expenditure for internally generated intangible assets, mainly expenditure in projects co-financed with grants described in Note 6.2.

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).

The Exchange recognised no impairment of intangible assets as at 31 December 2020 and as at 31 December 2019.

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3.3. INVESTMENT IN SUBSIDIARIES

Selected accounting policies

The Exchange recognises investment in subsidiaries at cost less impairment losses.

The Exchange held investments in the following subsidiaries as at 31 December 2020 and as at 31 December 2019:

- Towarowa Giełda Energii S.A. ("TGE"), the parent entity of the Towarowa Giełda Energii S.A. Group ("TGE Group"),
- BondSpot S.A. ("BondSpot"),
- GPW Benchmark S.A. ("GPWB"),
- GPW Ventures ASI S.A. ("GPWV"), the parent entity of the GPW Ventures ASI S.A. Group ("GPWV Group"),
- GPW Tech S.A. ("GPWT").

GPWT was established in 2019. The Exchange is its sole shareholder. The share capital of GPWT at PLN 1 million as at 31 December 2019 was fully paid with GPW's own resources. On 21 December 2020, the Extraordinary General Meeting of GPW Tech S.A. passed a resolution increasing the share capital of GPWT with an issue of series B shares in a private subscription excluding the subscription rights of existing shareholders, resulting in an issue of 700,000 series B ordinary bearer shares with a nominal value of PLN 1 per share. The issue price was PLN 1 per share. The Exchange took up shares in a total amount of PLN 0.7 million. The GPWT share capital increase was not registered in the National Court Register by the end of 2020 and the share capital of GPWT stood at PLN 1 million as at 31 December 2020.

The Exchange increased **GPWB's** capital by PLN 1 million in 2019, from PLN 1,909 thousand to PLN 2,909 thousand.

GPWV was established in 2019. The Exchange is its sole shareholder. The share capital of GPWV stood at PLN 3 million as at 31 December 2019 and as at 31 December 2020 fully paid with GPW's own resources.

As at 31 December 2020, the Exchange identified indications of impairment of the investment in GPWT and GPWV (negative financial results of both companies). However, an impairment test of the investment in GPWT and GPWV identified no need for impairment allowances. The Exchange Management Board identified no key assumptions which, in the event of a reasonably expected change, would result in impairment.

The Exchange identified no indications of impairment of other subsidiaries as at 31 December 2020. Impairment tests were carried out for cash generating units corresponding to the subsidiaries which represent goodwill (in particular, TGE and BondSpot) recognised in the consolidated financial statements of the GPW Group. The test identified no impairment as at 31 December 2020. The test framework is described in Note 3.2 to the Consolidated Financial Statements of the GPW Group for 2020.

	As at 31 December 2020					
	TGE	BondSpot	GPWB	GPWT*	GPWV	Total
Value at cost	214,582	34,394	2,909	1,700	3,000	**256,585**
Carrying amount	**214,582**	**34,394**	**2,909**	**1,700**	**3,000**	**256,585**
Number of shares	1,450,000	9,698,123	58,000	1,000,000	3,000,000	**n/d**
% of share capital	100.00	96.98	100.00	100.00	100.00	**n/d**
% of votes	100.00	96.98	100.00	100.00	100.00	**n/d**

	As at 31 December 2019					
	TGE	BondSpot	GPWB	GPWT	GPWV	Total
Value at cost	214,582	34,394	2,909	1,000	3,000	**255,885**
Carrying amount	**214,582**	**34,394**	**2,909**	**1,000**	**3,000**	**255,885**
Number of shares	1,450,000	9,698,123	58,000	1,000,000	3,000,000	**n/d**
% of share capital	100.00	96.98	100.00	100.00	100.00	**n/d**
% of votes	100.00	96.98	100.00	100.00	100.00	**n/d**

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3.4. INVESTMENT IN ASSOCIATES AND JOINT VENTURES

Selected accounting policies

The Exchange recognises investment in associates and joint ventures at cost less impairment losses.

The Exchange held interest in the following associates and joint ventures as at 31 December 2020 and as at 31 December 2019:

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

	As at 31 December 2020			
	PAR	CG	KDPW	Total
Value at cost	4,683	4,652	7,000	**16,335**
Impairment	(4,683)	-	-	**(4,683)**
Carrying amount	**-**	**4,652**	**7,000**	**11,652**
Number of shares	5,200,000	46,506	7,000	**n/d**
% of share capital	35.86%	24.79%	33.33%	**n/d**
% of votes	35.86%	24.79%	33.33%	**n/d**

	As at 31 December 2019			
	PAR	CG	KDPW	Total
Value at cost	4,100	4,652	7,000	**15,752**
Impairment	(4,100)	-	-	**(4,100)**
Carrying amount	**-**	**4,652**	**7,000**	**11,652**
Number of shares	4,100,000	46,506	7,000	**n/d**
% of share capital	33.33%	24.79%	33.33%	**n/d**
% of votes	33.33%	24.79%	33.33%	**n/d**

Investment in PAR

The Exchange held 35.86% of PAR as at 31 December 2020 and 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 Group recognised impairment of the investment in PAR at PLN 583 thousand, which was recognised in the 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 0 in the Group's statement of financial position as at 31 December 2020 and as at 31 December 2019.

3.5. LEASES

Selected accounting policies

<u>As a lessee</u>, under IFRS 16, the Exchange 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 Exchange 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.

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Low-value leases include mainly leases of: computers, coffee machines, office furniture. For low-value leases, the Exchange 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 Exchange 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 Exchange 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 to the lessee. 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 to the lessee.

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 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 Exchange in the finance lease; the Exchange applies the effective interest rate method.

Sublease contracts are contracts where the underlying asset is re-leased by the Exchange ("intermediate lessor") to a third party and the lease ("head lease") between the head lessor and the Company 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 Exchange derecognises the net value and the depreciation of the subleased assets from right-to-use assets in the statement of financial position and from depreciation in the statement of comprehensive income, accordingly.

3.5.1. QUALITATIVE AND QUANTITATIVE INFORMATION ABOUT LEASE TRANSACTIONS – EXCHANGE AS A LESSEE

The Exchange 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 Exchange's leases contain no covenants; however, right-to-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 Exchange'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 Company 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-to-use assets (net of depreciation of subleased assets), increases in right-to-use assets, and the carrying amount of right-to-use assets by category are presented in the table in Note 3.5.4.

Cash outflows under leases, excluding short-term leases and low-value leases, are presented net in the 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 statement of comprehensive income and presented in the table below.

The Exchange was not a lessor of assets for a term shorter than 12 months (short-term lease) in 2020 and in 2019.

	Note	Year ended 31 December	
		2020	2019
Depreciation of right-to-use assets	3.5.4.	2,956	2,861
Interest on lease liabilities	4.6.	603	697
Losses/(Gains) on terminated leases		(38)	15
Lease contracts revaluation		182	(25)
Low-value leases		14	88
Total lease cost in the statement of comprehensive income		**3,717**	**3,636**

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

3.5.2. QUALITATIVE AND QUANTITATIVE INFORMATION ABOUT LEASE TRANSACTIONS – EXCHANGE AS A LESSOR

The activity of the Exchange as a lessor and sublessor is not the Company's core business. As the parent entity of the GPW Group, the Exchange operates as the Group's procurement centre, including office space, colocation space, and passenger cars. Revenue from operating leases and (finance) subleases covers the Exchange's operating expenses related to the leases. It is not the intention of the Company to finance its core business with profits earned as a lessor. Consequently, the activity of the Exchange as a provider of leases should be considered in a broader context, as an activity supporting the Group.

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

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

As at 31 December 2020, the Exchange was:

- the lessor (operating leases) of office space and car park space to GPW Group members and third parties;
- the sublessor of office space and car park space to GPW Group members and third parties;
- the sublessor of colocation space to GPW Group members;
- the sublessor of passenger cars to GPW Group members.

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

In the opinion of the Exchange Management Board, the Company as a lessor and sublessor is not exposed to 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, sublease receivables (and the head lease liability) will be restated accordingly and future cash inflows will increase.

The Exchange was not a lessor of assets for periods shorter than 12 months (short-term leases) in 2020 and in 2019.

Cash inflows under subleases are presented net in the statement of cash flows as sublease payments (interest) and sublease payments (principal).

Cash inflows under operating leases is equal to revenue from operating leases presented in the table below.

The Exchange earned no revenue in 2020 and in 2019 relating to variable lease payments that would not be included in sales revenue (operating leases) or in sublease receivables.

The table below presents lease payments due by due date and a reconciliation of sublease payments and the net lease position.

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	Note	Year ended 31 December	
		2020	2019
Interst on subleases	4.5.	270	293
Sublease revaluation		160	(25)
Low-value subleases		14	23
Income from operating leases		1,551	1,603
Total lease income (reduction of expenses) in the statement of comprehensive income		**1,995**	**1,894**

	Lease fees due by due date					
	as at 31 December 2020			as at 31 December 2019		
	Subleases	Operating leases	Total	Subleases	Operating leases	Total
> 1Y	2,287	2,720	5,007	2,538	2,026	4,564
in Y2	2,358	2,720	5,078	2,538	2,026	4,564
in Y3	2,055	2,720	4,775	2,276	2,014	4,290
in Y4	144	2,206	2,350	1,815	1,702	3,517
in Y5	-	-	-	10	-	10
Total	**6,844**	**10,366**	**17,210**	**9,177**	**7,768**	**16,945**

3.5.3. SELECTED JUDGMENTS AND ESTIMATES RELATED TO LEASES

Lease liabilities and right-to-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 GPW is not (in part) an investment property.

For leases signed by the Exchange with no fixed term, the Exchange 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 Exchange uses judgment to determine if it is reasonably certain that the Exchange 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 Exchange 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 Exchange).

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		2019	
	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	(5,013)	4,727	(6,472)	6,102
Impact on the value of sublease payables	(1,192)	1,124	(2,405)	2,267
Impact on operating expenses (depreciation)	(118)	88	(96)	92
Impact on sublease interest income	(34)	33	(70)	65
Impact on lease interest expense	(145)	137	(187)	176

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The Exchange Management Board determined the lease rate using judgment of the interest rate that the Exchange 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 Exchange is a reasonable reflection of that rate.

	As at/Year ended 31 December			
	2020		2019	
	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	339	(310)	614	(572)
Impact on the value of sublease payables	44	(15)	151	(146)
Impact on operating expenses (depreciation)	96	(91)	116	(118)
Impact on sublease interest income	26	(25)	71	(68)
Impact on lease interest expense	133	(126)	214	(201)

In the opinion of the 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.

3.5.4. RIGHT-TO-USE ASSETS

Selected accounting policies

The Exchange initially measures right-to-use assets at cost, including:

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

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

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

Right-to-use assets are presented in a separate line of the statement of financial position. The Exchange 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-to-use assets by category, net of subleased assets.

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

	Year ended 31 December 2020				
	Office space and other premises	Perpetual usufruct of land	Vehicles	Colocation space	Total
Net carrying amount - opening balance	**2 345**	**4 240**	**313**	**7 432**	**14 330**
New leases	205	-	61	-	**266**
New subleases	(523)	-	(61)	-	**(584)**
Terminated subleases	-	-	-	63	**63**
Reclassification and other adjustments	420	1	(1)	(1)	**419**
Depreciation	(692)	(193)	(200)	(1 870)	**(2 955)**
Net carrying amount - closing balance	**1 755**	**4 047**	**111**	**5 624**	**11 538**

	Year ended 31 December 2019				
	Office space and other premises	Perpetual usufruct of land	Vehicles	Colocation space	Total
Net carrying amount - opening balance	**2 711**	**4 433**	**587**	**9 290**	**17 021**
New leases	324	-	932	-	**1 256**
New subleases	(1 909)	-	(1 007)	-	**(2 916)**
Terminated subleases	1 829	-	-	-	**1 829**
Reclassification and other adjustments	-	-	-	-	**-**
Depreciation	(610)	(193)	(200)	(1 858)	**(2 861)**
Net carrying amount - closing balance	**2 345**	**4 240**	**312**	**7 432**	**14 330**

3.5.5. LEASE LIABILITIES

Selected accounting policies

The Exchange 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 Company cannot easily determine the interest rate implicit in the lease, it applies its marginal borrowing rate. The marginal borrowing rate of the Exchange is equal to the interest rate that the Exchange 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 Exchange determines lease payments including:

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

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

The table below presents changes to lease liabilities by category.

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

	Year ended 31 December 2020				
	Office space and other premises	Perpetual usufruct of land	Vehicles	Colocation space	Total
Net carrying amount - opening balance	**7,829**	**1,934**	**1,095**	**9,992**	**20,850**
New leases	205	-	61	-	**266**
Interest on lease liabilities	244	55	43	261	**603**
Lease liabilities paid in the period (equal to leasing fees)	(2,341)	(119)	(587)	(2,651)	**(5,698)**
Remeasurement of lease liabilities	182	-	-	-	**182**
Reclassification and other adjustments	6	-	-	-	**6**
Net carrying amount - closing balance, including:	**6,125**	**1,870**	**612**	**7,602**	**16,211**
non-current	*3,876*	*1,805*	*128*	*5,142*	***10,952***
current	*2,249*	*65*	*484*	*2,460*	***5,259***

	Year ended 31 December 2019				
	Office space and other premises	Perpetual usufruct of land	Vehicles	Colocation space	Total
Net carrying amount - opening balance	**9,441**	**1,995**	**587**	**12,312**	**24,335**
New leases	324	-	932	-	**1,256**
Interest on lease liabilities	257	57	53	330	**697**
Lease liabilities paid in the period (equal to leasing fees)	(2,168)	(118)	(477)	(2,650)	**(5,413)**
Remeasurement of lease liabilities	(25)	-	-	-	**(25)**
Net carrying amount - closing balance, including:	**7,829**	**1,934**	**1,095**	**9,992**	**20,850**
non-current	*5,791*	*1,870*	*562*	*7,603*	***15,826***
current	*2,038*	*64*	*533*	*2,389*	***5,024***

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

3.5.6. SUBLEASE RECEIVABLES

Selected accounting policies

The Exchange 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 Exchange cannot easily determine the interest rate implicit in the lease, it applies its marginal borrowing rate.

The table below presents changes to sublease receivables by category.

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	Year ended 31 December 2020			
	Office space and other premises	Vehicles	Colocation space	Total
Net carrying amount - opening balance	**5,438**	**775**	**2,452**	**8,665**
New subleases	623	61	-	**684**
Terminated subleases	(412)	-	(64)	**(476)**
Interest on sublease receivables	175	32	63	**270**
Sublease receivables paid in the period (equal to leasing fees)	(1,591)	(373)	(637)	**(2,601)**
Remeasurement of sublease receivables	160	-	-	**160**
Reclassification and other adjustments	(135)	-	-	**(135)**
Net carrying amount - closing balance, including:	**4,258**	**495**	**1,814**	**6,568**
non-current	*2,741*	*128*	*1,227*	*4,096*
current	*1,517*	*367*	*587*	*2,472*

	Year ended 31 December 2019			
	Office space and other premises	Vehicles	Colocation space	Total
Net carrying amount - opening balance	**6,730**	**-**	**3,022**	**9,752**
New subleases	1,909	1,006	-	**2,915**
Terminated subleases	(1,830)	-	-	**(1,830)**
Interest on sublease receivables	179	33	81	**293**
Sublease receivables paid in the period (equal to leasing fees)	(1,509)	(264)	(651)	**(2,424)**
Remeasurement of sublease receivables	(25)	-	-	**(25)**
Reclassification and other adjustments	(17)	-	-	**(17)**
Net carrying amount - closing balance, including:	**5,437**	**775**	**2,452**	**8,665**
non-current	*4,052*	*445*	*1,866*	*6,363*
current	*1,385*	*330*	*586*	*2,302*

3.6. FINANCIAL ASSETS

3.6.1. CLASSIFICATION AND MEASUREMENT OF FINANCIAL ASSETS

Selected accounting policies

The Exchange'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,*
    - *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;*

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- *financial assets measured at fair value through other comprehensive income.*

Cash and cash equivalents are presented in a dedicated item of the statement of financial position. Trade receivables and other receivables are presented in trade receivables and other receivables in the statement of financial position. Receivables from loans granted and other financial assets are presented in financial assets measured at amortised cost in the 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 Exchange transfers substantially all the risks and rewards incidental to ownership of the assets.

Financial assets measured at amortised cost are presented in Notes 3.6.4, 3.6.5, 3.6.6.

Financial assets measured at fair value through other comprehensive income are presented in Note 3.6.3.

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

3.6.2. IMPAIRMENT OF FINANCIAL ASSETS

Selected accounting policies

At each balance sheet date, the Exchange 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 Exchange 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 Exchange'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 Exchange 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 Exchange 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 Exchange applies a simplified approach to trade receivables and contract assets. Impairment allowances for trade receivables are recognised as equal to lifetime expected credit loss according to a provision matrix. The Exchange's trade receivables have no significant financing component.

As at the end of each reporting year, to estimate expected credit loss on trade receivables, the Exchange 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 Exchange 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 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 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.

3.6.3. 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 Company 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 Company'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 Exchange does not exercise control or exert significant influence. They are disclosed as non-current assets unless the Exchange 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	Razem
Value at cost	3,820	1,343	**5,163**
Remeasurement	-	(217)	**(217)**
Impairment	(3,820)	(1,011)	**(4,831)**
Carrying amount	**-**	**115**	**115**

	As at 31 December 2019		
	Innex	BVB	Razem
Value at cost	3,820	1,343	**5,163**
Remeasurement	-	(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 entire 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 Exchange 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 as at 31 December 2020 and as at 31 December 2019 was recognised at the share price (level 1 of the fair value hierarchy).

3.6.4. TRADE RECEIVABLES AND OTHER RECEIVABLES

Selected accounting policies

Trade receivables are receivables from clients of the Exchange 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 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 statement of financial position.

Following the implementation of IFRS 16 on 1 January 2019, all past, current and future payments relating to perpetual usufruct of land are included in the valuation of right-to-use assets and liabilities.

	As at 31 December	
	2020	2019
Gross trade receivables	38,852	26,792
Impairment allowances for trade receivables	(4,372)	(4,587)
Total trade receivables	**34,480**	**22,205**
Current prepayments	4,109	3,985
CIT receivable from TG subsidiaries	7,327	2,119
Sublease receivables	258	372
Other receivables	1,244	1,446
Total other receivables	**12,938**	**7,922**
Total trade receivables and other receivables	**47,417**	**30,128**

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	**26,138**	**14,447**
1 to 30 days overdue	*3,582*	*3,885*
31 to 61 days overdue	*2,897*	*885*
61 to 90 days overdue	*744*	*1,748*
91 to 180 days overdue	*1,376*	*1,267*
Total overdue receivables (no impairment)	**8,599**	**7,785**
Impaired and overdue receivables	**4,115**	**4,560**
Total gross trade receivables	**38,852**	**26,792**

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, trade receivables at PLN 12,714 thousand (31 December 2019 – PLN 12,345 thousand) were overdue, including overdue receivables from debtors under insolvency or creditor arrangement proceedings at 645 thousand and other overdue receivables at PLN 12,069 thousand 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 4,115 thousand (31 December 2019 – PLN 4,650 thousand) were overdue and impaired.

	As at 31 December	
	2020	2019
Exchange Members	21,523	9,555
Issuers*	357	1,177
Other*	4,258	3,715
Total gross trade receivables not overdue	**26,138**	**14,447**

** 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 Exchange 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	11,293	6,591
Baa	3,891	309
B oraz BB	2,347	618
Bez ratingu	1,568	1,982
Total trade receivables from Exchange Members	**21,523**	**9,555**

The Exchange has no collateral on receivables.

None of the Exchange's trade receivables were subject to renegotiation of the amount as at 31 December 2020.

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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 Exchange'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 Exchange performed a statistical analysis of the probability of payment of overdue trade receivables by receivables portfolio.

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 Company 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.

Change in impairment allowances for trade receivables in 2020 was PLN 216 thousand (decrease of allowances), of which PLN 118 thousand was recognised in the statement of comprehensive income in 2020 as gains on reversed impairment of receivables and PLN 8 thousand was written off as uncollectible.
Change in impairment allowances for trade receivables in 2019 was PLN 29 thousand (decrease of allowances), of which PLN 756 thousand was recognised in the statement of comprehensive income in 2019 as losses on impairment of receivables and the difference, i.e., PLN 722 thousand, were receivables written off in previous years. Of PLN 756 thousand recognised as losses on impairment of receivables, PLN 34 thousand were receivables not written off previously and PLN 721 thousand related to the expected credit loss model and the provision matrix.

The impairment of trade receivables was determined according to the expected loss concept using a provision matrix described in Note 3.6.2.

	As at 31 December	
	2020	**2019**
Opening balance	**4,587**	**4,616**
Change of allowance balances	(207)	722
Receivables written off during the period as uncollectible	(8)	(751)
Closing balance	**4,372**	**4,587**

The table below presents trade receivables by geographic segment.

	As at 31 December	
	2020	**2019**
Domestic receivables	18,823	11,416
Foreign receivables	20,029	15,376
Total gross trade receivables	**38,852**	**26,792**

3.6.5. 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 3.6.1). Cash and cash equivalents, trade receivables and other receivables are presented in dedicated items of the statement of financial position (Notes 3.6.4, 3.6.6). 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).

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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 cost.

	As at 31 December	
	2020	2019
Corporate bonds	89 977	89 958
Bank deposits	160 008	177 729
Loans granted	-	-
Total current	**249 985**	**267 687**
Total financial assets measured at amortised cost (over 3 months)	**249 985**	**267 687**

	Year ended 31 December 2020		
	Interest received	Interest accrued	Total recognised in financial income
Corporate bonds	1,428	(457)	**971**
Banks deposit	1,850	(720)	**1,130**
Total revenue from assets measured at amortised cost (over 3 months)	**3,278**	**(1,177)**	**2,101**

	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**
Banks deposit	3,485	(239)	**3,246**
Total revenue from assets measured at amortised cost (over 3 months)	**4,397**	**(159)**	**4,238**

3.6.6. 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
Current accounts (other)	25,868	47,840
VAT current accounts (split payment)	3	124
Bank deposits	113,002	-
Total cash and cash equivalents	**138,873**	**47,964**

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 2020 (2 days in 2019).

At the commencement of the development projects: New Trading System, GPW Data and GPW Private Market (see Note 6.2), the Exchange opened dedicated banks accounts for each of those projects. The total balance in those accounts was

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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.

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

3.7. CONTRACT ASSETS AND CONTRACT LIABILITIES

Selected accounting policies

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

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

Contract assets include mainly information services. Other revenue classified as contract assets stood at PLN 764 thousand as at 31 December 2020 and PLN 940 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	*388*	*192*
Information services and revenue from the calculation of reference rates	*-*	*5*
Total financial market	2,562	1,312
Other revenue	72	78
Total current	**2,634**	**1,390**
Total contract liabilities	**3,804**	**1,962**

3.8. (NON-CURRENT) PREPAYMENTS

Selected accounting policies

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

Following the implementation of IFRS 16, as of 1 January 2019, all historical, current and future payments relating to the right to perpetual usufruct of land are included in the measurement of right-of-use assets and liabilities (see a description of the accounting policy concerning the recognition of leases, Note 3.5).

	As at 31 December	
	2020	**2019**
IT hardware service support	1,740	1,737
Other	5	11
Total non-current prepayments	**1,745**	**1,748**

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3.9. OTHER NON-CURRENT ASSETS

Other non-current assets stood at PLN 4,222 thousand as at 31 December 2019 representing payments to the UTP vendor.

Following an analysis, in the opinion of the Exchange Management Board, there were indications of impairment of those assets as at 31 December 2020.

Consequently, the amount was charged to other expenses. As a result, other non-current assets stood at PLN 0 as at 31 December 2020.

3.10. EQUITY

Selected accounting policies

The equity of the Exchange comprises:

- *share capital 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.*

3.10.1. 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 Exchange's Articles of Association, reserve capital is earmarked for covering losses that may arise in the operations of the Exchange 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 financial statements.

Reserves are maintained by the Exchange to ensure the ability of financing investments and other expenses connected with the operations of the Exchange. 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	**14,772,470**	**35.20%**	**52.07%**
Bearer shares	**27,199,530**	**64.80%**	**47.93%**
Total	**41,972,000**	**100.00%**	**100.00%**

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3.10.2. OTHER RESERVES

	As at 1 January 2020	Revaluation	As at 31 December 2020
Revaluation	(2)	(5)	**(7)**
Deferred tax	1	1	**2**
Total capital from revaluation of financial assets measured at fair value through other comprehensive income	**(1)**	**(4)**	**(5)**
Revaluation	(230)	(44)	**(274)**
Deferred tax	44	8	**52**
Total capital from actuarial gains/losses	**(186)**	**(36)**	**(222)**
Total other reserves	**(187)**	**(40)**	**(227)**

3.10.3. RETAINED EARNINGS

	Reserve capital	Other reserves	Retained earnings	Profit for the period	Total retained earnings
As at 1 January 2020	**37,021**	**297,539**	**(33,517)**	**115,123**	**416,165**
Distribution of the net profit for the year ended 31 December 2019	-	14,390	100,733	(115,123)	**-**
Dividend	-	-	(100,733)	-	**(100,733)**
Net profit for the year ended 31 December 2020	-	-	-	168,680	**168,680**
As at 31 December 2020	**37,021**	**311,929**	**(33,517)**	**168,680**	**484,111**

	Reserve capital	Other reserves	Retained earnings	Profit for the period	Total retained earnings
As at 1 January 2019	**37,021**	**279,081**	**(33,517)**	**151,929**	**434,514**
Distribution of the net profit for the year ended 31 December 2018	-	18,458	133,471	(151,929)	**-**
Dividend	-	-	(133,471)	-	**(133,471)**
Net profit for the year ended 31 December 2019	-	-	-	115,123	**115,123**
As at 31 December 2019	**37,021**	**297,539**	**(33,517)**	**115,123**	**416,165**

3.10.4. 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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3.10.5. EARNINGS PER SHARE

	Year ended 31 December	
	2020	2019
Net profit for the period	168,680	115,123
Weighted average number of ordinary shares (in thousands)	41,972	41,972
Basic/diluted earnings per share (in PLN)	**4.02**	**2.74**

There are no dilutive instruments in the Company.

3.11. 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	119,929	119,794
Total non-current	**244,739**	**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	**245,906**	**246,282**

For the 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	**(574)**
Total liabilities under bond issue	**246,283**	**6,535**	**(7,300)**	**(3)**	**391**	**245,906**

For the 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

3.12. 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 Exchange 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 concerning probable bonuses to be paid based on the framework of the incentive scheme.

	Note	As at 31 December	
		2020	2019
Retirement benefits	3.12.1	781	646
Other employee benefits	3.12.2	-	36
Non-current		781	682
Retirement benefits	3.12.1	66	43
Other employee benefits	3.12.2	14,659	10,536
Current		14,725	10,579
Total benefits in the statement of financial position		15,506	11,261

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3.12.1. RETIREMENT BENEFITS

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

	As at 31 December	
	2020	2019
Total benefits in operating expenses	114	78
Total benefits in other comprehensive income	44	74
Total benefits in the statement of comprehensive income	**158**	**152**

	As at 31 December	
	2020	2019
Retirement benefits - opening balance	**689**	**567**
Current service cost	100	63
Interest cost	14	15
Actuarial losses/(gains) shown in other comprehensive income due to change of:	44	74
- financial assumptions	*84*	*39*
- demographic assumptions	*(27)*	*-*
- other assumptions	*(13)*	*35*
Total change shown in comprehensive income	**158**	**152**
Benefits paid	**-**	**(30)**
Retirement benefits - closing balance	**847**	**689**

	As at 31 December	
	2020	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%	6.2%

3.12.2. OTHER EMPLOYEE BENEFITS

	Year ended 31 December 2020					
	Opening balance	Set up	Used	Reclassified	Released	Closing balance
Annual and discretionary bonuse	9,015	11,829	(8,763)	11	-	**12,092**
Unused holiday leave	1,465	2,165	(1,306)	-	-	**2,324**
Overtime	57	244	(57)	-	-	**244**
Total current	**10,536**	**14,238**	**(10,126)**	**11**	**-**	**14,660**
Annual and discretionary bonuse	36	-	(25)	(11)	-	**-**
Total non-current	**36**	**-**	**(25)**	**(11)**	**-**	**-**
Total other employee benefits payable	**10,573**	**14,238**	**(10,151)**	**-**	**-**	**14,660**

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	Year ended 31 December 2020					
	Opening balance	Set up	Used	Reclassified	Released	Closing balance
Annual and discretionary bonuse	7,575	7,256	(5,458)	50	(408)	**9,015**
Unused holiday leave	1,450	1,351	-	-	(1,336)	**1,465**
Overtime	12	57	-	-	(12)	**57**
Total current	**9,037**	**8,664**	**(5,458)**	**50**	**(1,756)**	**10,536**
Annual and discretionary bonuse	86	-	-	(50)	-	**36**
Total non-current	**86**	**-**	**-**	**(50)**	**-**	**36**
Total other employee benefits payable	**9,123**	**8,664**	**(5,458)**	**-**	**(1,756)**	**10,573**

3.13. 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 statement of financial position as deferred income (under accruals and deferred income) and recognised in the 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 6.2.

	As at 31 December	
	2020	2019
New Trading Platform Project	6,377	809
GPW Data Project	910	-
Private Market	208	-
Total non-current deferred income from grants	**7,495**	**809**
New Trading Platform Project	1,538	231
GPW Data Project	580	-
Private Market	87	-
Total current deferred income from grants	**2,205**	**231**
Total accruals and deferred income	**9,700**	**1,040**

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3.14. OTHER LIABILITIES

	As at 31 December	
	2020	2019
Liabilities to the Polish National Foundation	7,062	8,355
Total non-current	**7,062**	**8,355**
Dividend payable	249	232
VAT payable	661	226
Liabilities in respect of other taxes	2,738	1,708
Contracted investments	1,560	6,572
Liabilities to the Polish National Foundation	1,293	1,255
Other liabilities	2,572	408
Total current	**9,073**	**10,401**
Total other liabilities	**16,135**	**18,756**

As a co-founder of the Polish National Foundation established by 17 State-owned companies in 2016 ("PFN"), the Exchange is required to contribute annual payments towards the statutory mission of PFN, totalling 11 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 charged to expenses in 2016 and is recognised 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).

3.15. 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.

	Note	As at 31 December	
		2020	2019
Payables to associates	6.3.3.	68	329
Payables to subsidiaries	6.3.2.	710	85
Payables to other entities, accruals and deferred income		6,560	7,556
Total trade payables		**7,338**	**7,970**

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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3.16. 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.

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.

The Company does not recognise deferred tax liabilities and assets for differences between the tax amount and the carrying amount of investments in subsidiaries and associates if the Company is able to control the timing of the reversal of temporary differences (for deferred tax liabilities) and it is probable that such differences will not reverse in the foreseeable future.

	Deferred tax (asset)/liability					
	As at 1 January 2020	(Credited)/ Debited in profit	(Credited)/ Debited in other comprehensive income	As at 31 December 2020		
				(Asset)/ Liability	Deferred tax asset	Deferred tax liability
Difference between accounting and tax value of property, plant and equipment and intangible assets	**9,264**	(1,480)	-	**7,784**	-	7,785
Impairment loss on investment in other entities	**(958)**	-	(1)	**(959)**	959	-
Employee benefits	**(2,172)**	(785)	(8)	**(2,965)**	2,966	-
Cost estimates	**(598)**	27	-	**(571)**	571	-
Deferred income	**(145)**	(165)	-	**(310)**	310	-
Impairment loss on trade receivables	**(629)**	(97)	-	**(726)**	725	-
Interest and costs of bond issue	**(258)**	72	-	**(186)**	295	109
Other	**201**	(442)	-	**(241)**	413	169
Total deferred tax (asset)/liability	**4,705**	**(2,870)**	**(9)**	**1,825**	**6,239**	**8,063**

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	Deferred tax (asset)/liability					
	As at 1 January 2019	(Credited)/ Debited in profit	(Credited)/ Debited in other comprehensive income	As at 31 December 2019		
				(Asset)/ Liability	Deferred tax asset	Deferred tax liability
Difference between accounting and tax value of property, plant and equipment and intangible assets	**10,327**	(1,063)	-	**9,264**	-	9,264
Impairment loss on investment in other entities	**(1,054)**	101	(5)	**(958)**	958	-
Employee benefits	**(1,857)**	(302)	(13)	**(2,172)**	2,172	-
Cost estimates	**(263)**	(335)	-	**(598)**	598	-
Deferred income	**-**	(145)	-	**(145)**	145	-
Impairment loss on trade receivables	**(592)**	(37)	-	**(629)**	629	-
Interest and costs of bond issue	**(185)**	(73)	-	**(258)**	441	183
Other	**468**	(267)	-	**201**	16	217
Total deferred tax (asset)/liability	**6,846**	**(2,122)**	**(18)**	**4,705**	**4,960**	**9,663**

4. NOTES TO THE 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 Exchange 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.

Revenue from the financial market consists of:

- ***Revenue from trading:*** *revenue from Exchange Members, i.e., trading fees which depend on the type of traded instruments, the value of transactions, the number of executed orders and the volume of trade. In addition to trading fees, the Exchange charges flat-rate fees for access to and use of its IT system.*
- ***Revenue from issuers:*** *fees for the listing of securities, fees for admission to trading, as well as other fees.*
- ***Revenue from information services:*** *real-time stock exchange data and statistical and historical data in the form of subscriptions, 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 and Exchange Members.*

Revenue from the commodity market *includes mainly 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 administrative, accounting, HR, IT services for members of the GPW Group, lease of passenger cars, lease and maintenance of office space, training.*

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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:	**242,849**	**172,348**
Trading:	**175,561**	**107,837**
Equities and equity-related instruments	*151,042*	*87,449*
Derivatives	*15,376*	*10,611*
Other fees paid by market participants	*7,488*	*8,834*
Debt instruments	*439*	*443*
Other cash instruments	*1,216*	*500*
Listing:	**19,309**	**18,784**
Listing fees	*16,563*	*17,049*
Fees for admission and introduction and other fees	*2,746*	*1,735*
Information services and revenue from the calculation of reference rates:	**47,979**	**45,727**
Real-time data and revenue from the calculation of reference rates	*44,685*	*41,852*
Historical and statistical data and indices	*3,294*	*3,875*
Commodity market:	**947**	**685**
Inforation services	**947**	**685**
Other revenue	**12,337**	**10,566**
Total sales revenue	**256,133**	**183,599**

	Year ended 31 December			
	2020	**% share**	**2019**	**% share**
Revenue from foreign customers	107,042	41.8%	90,688	49.39%
Revenue from local customers	149,091	58.2%	92,911	50.61%
Total sales revenue	**256,133**	**100.0%**	**183,599**	**100%**

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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 advisory costs, the cost of capital market and commodity market education, promotion and information.

The Exchange records expenses by type.

	Note	Year ended 31 December	
		2020	2019
Depreciation and amortisation	3.1, 3.2, 3.5.4.	23,737	23,447
including: capitalised depreciation and amortisation charges		*(436)*	*(152)*
Salaries		43,230	36,649
Other employee costs		13,809	10,804
Rent and other maintenance fees		4,243	3,905
Fees and charges:		8,569	4,800
including fees paid to PFSA		*7,362*	*3,578*
External service charges		37,547	35,276
Other operating expenses		3,474	4,434
Total operating expenses		**134,609**	**119,317**

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 Exchange 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 linked to 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 Exchange pays contributions to the Employee Pension Scheme (defined contributions scheme). Employees join the scheme voluntarily. After payment of the contributions, the Exchange 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 Exchange 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.

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	Year ended 31 December	
	2020	2019
Gross remuneration	26,500	27,857
Annual and discretionary bonuses	9,831	5,828
Retirement severance pay	114	77
Reorganisation severance pay	42	-
Non-competition	185	-
Other (including: unused holiday leave, overtime)	1,417	432
Total payroll	**38,089**	**34,194**
Supplementary payroll	**5,142**	**2,455**
Total employee costs	**43,230**	**36,649**

	Year ended 31 December	
	2020	2019
Social security costs (ZUS)	6,744	5,540
Employee Pension Plan (PPE)	2,185	1,347
Other benefits (including medical services, lunch subsidies, sports, insurance, etc.)	4,881	3,917
Total other employee costs	**13,809**	**10,804**

Remuneration of the key management personnel is described in Note 6.4.

4.2.2. EXTERNAL SERVICE CHARGES

	Year ended 31 December	
	2020	2019
IT infrastructure maintenance	*12,058*	*10,463*
Data transmission lines	*3,500*	*3,523*
Software modification	*439*	*247*
Total IT cost	15,997	14,233
Total office space and office equipment maintenance	3,642	3,286
Lease, rental and maintenance of vehicles	288	232
Transportation services	40	91
Promotion, education, market development	3,302	3,884
Market liquidity support	1,247	1,321
Advisory (including legal, business consulting, audit)	2,633	4,601
Information services	7,085	5,643
Training	697	697
Mail fees	25	54
Bank fees	88	103
Translation	271	269
Other	2,231	862
Total external service charges	**37,547**	**35,276**

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

4.3. OTHER INCOME

	Year ended 31 December	
	2020	2019
Grants received	655	32
Annual correction of input VAT	372	923
Medical services reinvoiced to employees	318	306
Damages received	37	9
Total other income	**1,383**	**1,277**

4.4. OTHER EXPENSES

	Year ended 31 December	
	2020	2019
Donations	3,135	2,757
Loss on sale of property, plant and equipment	28	28
Damages, penalties, fines	-	17
Impairment of investments and abandoned investments*	4,222	87
Other	635	426
Total other expenses	**8,020**	**3,315**

** More information: Note 3.9.*

In 2020, the Exchange made donations to:

- Fighting the coronavirus (donations for the Sanitary and Epidemiological Stations in Radom and Siedlce, hospitals across Poland, the Public Health Care Institution in Siedlce) – PLN 1,683 thousand, including PLN 680 thousand of the Exchange's profit on trade in Allegro shares on the first day of trading (12 October 2020);
- Polish National Foundation – PLN 1,500 thousand (recognised in expenses in 2016, see Note 3.14),
- GPW Foundation – PLN 1,350 thousand,

In 2019, the Exchange 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.

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.

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	Note	Year ended 31 December	
		2020	2019
Income on financial assets presented as cash and cash equivalents	3.6.6.	*305*	*708*
Income on financial assets presented as financial assets measured at amortised cost	3.6.5.	*2,101*	*4,238*
Interest on sublease receivables	3.5.6.	*270*	*293*
Total revenues calculated using the effective interest rate method		2,676	5,239
Dividends		80,766	70,951
Other financial income		2,233	16
Total financial income		**85,675**	**76,206**

Details concerning received dividends from subsidiaries and associates are presented in Note 6.3.2. and 6.3.3.

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:		6,926	7,661
*Accrued**		*(374)*	*386*
Paid		*7,300*	*7,275*
Interest on lease liabilities		603	697
Intrest on tax payable		-	4
Loss on investment in other entities		583	2,173
Other financial expenses		1,427	380
Total financial expenses		**9,539**	**10,915**

** The negative amount of accrued interests is the result of changes in interest rates during the year.*

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 in 2019.

4.7. INCOME TAX

Selected accounting policies

Current income tax is calculated on the basis of net taxable income of the Exchange 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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	Note	Year ended 31 December	
		2020	2019
Current income tax		25,332	13,778
Deferred tax	3.16.	(2,870)	(2,122)
Total income tax		**22,461**	**11,656**

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	191,141	126,779
Income tax rate	19%	19%
Income tax at the statutory tax rate	**36,317**	**24,088**
Tax effect of:	**(13,856)**	**(12,432)**
Costs which are not tax-deductible	2,495	1,058
Dividend income which is not taxable	(15,346)	(13,481)
Grants which are not taxable	(124)	(9)
Other adjustments	(881)	-
Total income tax	**22,461**	**11,656**

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. 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. GPW's receivables from associates participating in TG in respect of income tax paid on their behalf were PLN 7,327 thousand as at 31 December 2020 (PLN 2,119 thousand as at 31 December 2019), presented under trade receivables and other receivables in the statement of financial position.

5. NOTE TO THE 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.

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	Note	Year ended 31 December	
		2020	2019
Depreciation of property, plant and equipment*	3.1.	10,516	10,255
Amortisation of intangible assets**	3.2.	10,266	10,331
Depreciation and amortisation of right-to-use assets	3.5.4.	2,955	2,861
Total depreciation and amortisation charges		**23,737**	**23,447**

** Depreciation includes depreciation charge capitalised to intangible assets at PLN 390 thousand (2019: PLN 148 thousand).*
*** Amortization includes amortization charge capitalised to intangible assets at PLN 46 thousand (2019: PLN 4 thousand).*

	Note	Year ended 31 December	
		2020	2019
(Gains)/losses on sale of property, plant and equipment and intangible assets		28	28
(Gains)/losses on FX differences (valuation of accounts and deposits)		(488)	264
Sublease interest (income)	4.5.	(270)	(293)
Lease interest expense	4.6.	603	697
Financial expense on the bond issue		389	390
Losses on impairment of investments in other entities (PAR)		583	2,173
Impairment of financial assets measured at fair value through other comprehensive income		920	-
Impairment of other current assets*		4,222	-
Other		688	(1,087)
Total other adjustments		**6,675**	**2,176**

**See Note 3.9.*

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)	-	-	118	**118**	-	**118**
Equity instruments	-	-	(866)	**(866)**	(4)	**(870)**
Corporate bonds	1,428	(457)	-	**971**	-	**971**
Bank deposits	2,153	(718)	-	**1,435**	-	**1,435**
Loans granted	-	-	(507)	**(507)**	-	**(507)**
Total financial instruments (assets)	**3,581**	**(1,175)**	**(1,255)**	**1,151**	**(4)**	**1,147**
Bonds in issue	(7,300)	374	-	**(6,926)**	-	**(6,926)**
Total financial instruments (liabilities)	**(7,300)**	**374**	**-**	**(7,426)**	**-**	**(7,426)**
Total recognised in the statement of comprehensive income	**(3,719)**	**(801)**	**(1,255)**	**(6,275)**	**(4)**	**(6,279)**

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.

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	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)	-	-	(756)	**(756)**	-	**(756)**
Equity instruments	-	-	-	**-**	15	**15**
Corporate bonds	719	238	-	**957**	-	**957**
Certificates of deposit	333	158	-	**491**	-	**491**
Bank deposits	4,042	239	-	**4,281**	-	**4,281**
Current bank accounts	11	-	-	**11**		**11**
Total financial instruments (assets)	**5,105**	**635**	**(756)**	**4,984**	**15**	**4,999**
Bonds in issue	(7,275)	(386)	-	**(7,661)**	-	**(7,661)**
Loans				**-**		**-**
Total financial instruments (liabilities)	**(7,275)**	**(386)**	**-**	**(7,661)**	**-**	**(7,661)**
Total recognised in the statement of comprehensive income	**(2,170)**	**249**	**(756)**	**(2,677)**	**15**	**(2,662)**

6.2. 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 Exchange 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. Grants related to assets 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 related to assets are presented in Note 3.13, income in respect of grants is presented in Note 4.3, and contingent liabilities in respect of grants are presented in Note 6.6.

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. The grant for the New Trading System project will be PLN 30.3 million.).

GPW Data

The GPW Data project aims to develop 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.

The subsidies under the GPW Data project will amount to PLN 4.2 million.

Agricultural Market

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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. 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 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).

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. The subsidies under the GPW Private Market project will amount to PLN 8.5 million.

6.3. RELATED PARTY TRANSACTIONS

Selected accounting policies

Related parties of the Exchange include:

- *the subsidiaries,*
- *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.*

6.3.1. 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 Exchange 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 Exchange include issuers (from which the Exchange charges introduction and listing fees) and Exchange Members (from which the Exchange charges fees for access to trade on the exchange market, fees for access to the IT systems, and fees for trade in financial instruments).

All trade transactions with entities with a stake held by the State Treasury are concluded by the Exchange 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 Exchange to PFSA stood at PLN 7,362 thousand in 2020 and PLN 3,578 thousand in 2019.

Tax Office

The Exchange 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 Exchange 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 the Polish National Foundation are described in Notes 3.14 and 4.4.

6.3.2. TRANSACTIONS WITH SUBSIDIARIES

Revenue of the Exchange from subsidiaries includes revenue from lease of office space (operating lease of proprietary space and sublease), lease of passenger cars, maintenance of premises, cleaning services, security services, accounting services, HR services, administrative services, IT services, and marketing services. Operating expenses paid by the Exchange to subsidiaries mainly relate to purchase of information services which are distributed by GPW.

	As at 31 December 2020		Year ended 31 December 2020	
	Receivables	Trade payables and other liabilities	Sales revenue or sublease interest	Operating expenses *(including: decrease of depreciation and amortisation due to subleases)*
TGE:	**3,664**	**90**	**7,463**	**71**
leases	*1,473*	*-*	*59*	*(585)*
other	*2,191*	*90*	*7,404*	*656*
IRGiT:	**3,197**	**-**	**2,106**	**(795)**
leases	*2,500*	*-*	*115*	*(808)*
other	*697*	*-*	*1,991*	*13*
BondSpot:	**1,481**	**38**	**1,067**	**57**
leases	*1,374*	*-*	*54*	*(573)*
other	*107*	*38*	*1,013*	*630*
GPWB:	**704**	**582**	**1,028**	**4,219**
leases	*524*	*-*	*18*	*(200)*
other	*180*	*582*	*1,010*	*4,419*
InfoEngine:	**4**	**-**	**33**	**2**
leases	*-*	*-*	*-*	*(4)*
other	*4*	*-*	*33*	*6*
GPW Tech:	**319**	**-**	**6**	**(64)**
leases	*289*	*-*	*6*	*(64)*
other	*30*	*-*	*-*	
GPW Ventures ASI:	**103**	**-**	**4**	**(36)**
leases	*92*	*-*	*4*	*(36)*
other	*11*	*-*	*-*	*-*
Total	**9,472**	**710**	**11,707**	**3,454**

The table above does not include transactions in fixed assets. The Exchange purchased no fixed assets from Group members in 2020. The Exchange purchased network equipment from TGE and IRGiT in 2019. Those transactions were worth PLN 1,586 thousand and PLN 353 thousand, respectively.

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	As at 31 December 2019		Year ended 31 December 2019	
	Receivables	Trade payables and other liabilities	Sales revenue or sublease interest	Operating expenses *(including: decrease of depreciation and amortisation due to subleases)*
TGE:	**3,625**	**212**	**6,745**	**592**
leases	*2,039*	*-*	*555*	*(73)*
other	*1,586*	*212*	*6,190*	*664*
IRGiT:	**3,581**	**47**	**2,583**	**(100)**
leases	*3,067*	*-*	*780*	*(105)*
other	*514*	*47*	*1,803*	*5*
BondSpot:	**2,222**	**75**	**1,637**	**510**
leases	*2,061*	*-*	*577*	*(71)*
other	*161*	*75*	*1,060*	*581*
GPWB:	**1,025**	**474**	**780**	**2,615**
leases	*706*	*-*	*135*	*(16)*
other	*320*	*474*	*645*	*2,632*
InfoEngine:	**73**	**-**	**53**	**(2)**
leases	*68*	*-*	*17*	*(2)*
other	*5*	*-*	*37*	*0*
GPW Tech:	**163**	**-**	**17**	**(1)**
leases	*141*	*-*	*5*	*(1)*
other	*22*	*-*	*11*	*-*
Total	**10,690**	**808**	**11,816**	**3,615**

Receivables from subsidiaries were not written off as uncollectible or provided for in the year ended 31 December 2020 and 31 December 2019.

Dividend from subsidiaries

On 30 June 2020, the Annual General Meeting of TGE passed a resolution distributing the profit for 2019 and decided to allocate PLN 75,066 thousand to a dividend payment. The entire dividend was paid to the Exchange on 11 August 2020.

On 28 June 2019, the Annual General Meeting of TGE passed a resolution distributing the profit for 2018 and decided to allocate PLN 63,945 thousand to a dividend payment. The entire dividend was paid to the Exchange on 19 July 2019.

6.3.3. TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES

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**	**56**
other	*3*	*-*	*22*	*56*
Centrum Giełdowe:	**-**	**6,185**	**-**	**5,777**
leasing	*-*	*6,117*	*-*	*2,391*
pozostałe	*-*	*68*	*-*	*3,386*
PAR:	**86**	**-**	**86**	**6**
leases	*81*	*-*	*63*	*6*
other	*5*	*-*	*23*	*-*
Total	**89**	**6,185**	**108**	**5,839**

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	As at 31 December 2019		Year ended 31 December 2019	
	Receivables	Liabilities	Sales revenue or sublease interest	Operating expenses
KDPW Group:	**37**	**1**	**117**	**66**
other	*37*	*1*	*117*	*66*
Centrum Giełdowe:	**-**	**7,845**	**-**	**3,477**
leasing	*-*	*7,516*	*-*	*2,254*
pozostałe	*-*	*328*	*-*	*1,223*
PAR:	**532**	**-**	**318**	**24**
leases	*456*	*-*	*197*	*24*
other	*75*	*-*	*121*	*-*
Total	**569**	**7,846**	**434**	**3,567**

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.

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 paid to GPW on 30 June 2020 was PLN 512 thousand. In 2019, CG paid dividend for 2018 at PLN 1,779 thousand, including PLN 441 thousand to GPW.

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 paid to GPW on 10 August 2020 was PLN 5,187 thousand. In 2019, KDPW paid dividend for 2018 at PLN 19,697 thousand, including PLN 6,566 thousand to GPW.

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 on 1 March 2021 (see Note 6.8.). The loan bears interest at 1.8% p.a. and will be repaid to the Exchange in a single payment on or before 30 June 2022.

As at 31 December 2020, the Exchange wrote down the loans granted to PAR with accrued interest at PLN 507 thousand. As a result, the net balance of PAR's loans from the Exchange was PLN 0 as at 31 December 2020.

6.3.4. OTHER TRANSACTIONS

Transactions with the key management personnel

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

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.

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

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

Selected accounting policies

The key management personnel of the Exchange includes the Exchange Management Board and the Exchange Supervisory Board.

The remuneration of the Exchange Management Board 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 Act, 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 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 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 - bonus bank	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**
Total remuneration of the key management personnel	**4,609**	**4,361**

As at 31 December 2020, not paid bonuses and variable remuneration of the key management personnel stood at PLN 1,944 thousand including bonuses for 2020. The cost was shown in the statement of comprehensive income for 2020.

As at 31 December 2019, not paid bonuses and variable remuneration of the key management personnel stood at PLN 3,282 thousand including bonuses for 2016-2019. The cost was shown in the statement of comprehensive income for 2016-2018.

6.5. CONTRACTED INVESTMENTS

	As at 31 December	
	2020	2019
Contracted investments in property, plant and equipment	928	115
Contracted investments in intangible assets	533	253
Total contracted investments	**1,461**	**368**

Contracted investments in plant, property and equipment represented investments in the Centrum Giełdowe building as at 31 December 2020 and the acquisition of IT hardware for the New Trading System as at 31 December 2019.

Contracted investments in intangible assets included mainly the GRC system and the Indexator as at 31 December 2020 and the GRC system, server time synchronisation software, and the new Indexator as at 31 December 2019.

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

6.6. CONTINGENT LIABILITIES

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

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

Presentation has changed in these financial statements because gains/(losses) on investments in other entities are presented in financial income and financial expenses, respectively. The change affects the statement of comprehensive income and the statement of cash flows. In 2019, PLN 2,173 thousand was moved from gains on investments/(losses) on impairment of investments in other entities to financial expenses (see Note 4.6).

6.8. 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.

A limited joint-stock company which is a subsidiary of GPW Ventures Asset Management Sp. z o.o. was registered in the National Court Register on 28 January 2021.

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 6.3.4. The Exchange paid the second tranche of the loan to PAR at PLN 300 thousand on 1 March 2021.

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

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

Piotr Borowski – Vice-President of the Management Board ………………………………………

Dariusz Kułakowski – Vice-President of the Management Board ………………………………………

Izabela Olszewska – Vice-President of the Management Board ………………………………………

Signature of the person responsible for keeping books of account:

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

Warsaw, 9 March 2020