

CONSOLIDATED FINANCIAL STATEMENTS
**OF THE GIEŁDA PAPIERÓW WARTOŚCIOWYCH
W WARSZAWIE S.A. GROUP**
FOR THE YEAR ENDED 31 DECEMBER 2021



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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at		
		31 December 2021	31 December 2020 (restated*)	1 January 2020 (restated*)
Non-current assets, including:		603,573	592,110	589,473
Property, plant and equipment	3.1.	91,887	97,333	101,968
Right-to-use assets	3.4.4.	9,084	13,984	18,485
Intangible assets	3.2.	264,022	253,200	252,622
Investment in entities measured by the equity method	3.3.	230,825	220,395	210,327
Sublease receivables	3.4.6.	-	179	523
Deferred tax asset	3.13.	4,173	2,888	2,090
Financial assets measured at amortised cost through other comprehensive income	3.5.3.	123	115	120
Prepayments		2,474	2,393	2,043
Other non-current assets		985	1,623	1,295
Current assets:		807,115	773,362	670,703
Inventories		15	11	47
Corporate income tax receivable		364	-	4,132
Trade receivables and other receivables	3.5.4.	177,077	55,229	45,243
Sublease receivables	3.4.6.	71	137	190
Contract assets	3.6.	2,412	1,696	2,415
Financial assets measured at amortised cost	3.5.5.	277,322	305,131	339,143
Other current assets		530	140	4,404
Cash and cash equivalents	3.5.6.	349,324	411,018	275,129
TOTAL ASSETS		1,410,688	1,365,472	1,260,176

* Data for the comparative period have been restated. See Note 6.11.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	As at		
		31 December 2021	31 December 2020 (restated*)	1 January 2020 (restated*)
Equity:		967,857	918,131	866,620
Equity of shareholders of the parent entity:		967,211	917,512	866,015
<i>Share capital</i>	3.7.1.	63,865	63,865	63,865
<i>Other reserves</i>	3.7.2.	(5,557)	1,063	1,089
<i>Retained earnings</i>	3.7.3.	908,903	852,584	801,061
Non-controlling interests		646	619	605
Non-current liabilities:		44,206	288,947	291,653
Liabilities on bonds issue	3.8.	-	244,738	244,350
Employee benefits payable	3.9.	1,518	1,116	960
Lease liabilities	3.4.5.	4,170	9,493	14,334
Contract liabilities	3.6.	7,451	6,776	7,005
Accruals and deferred income	3.10.	20,551	12,461	6,389
Deferred tax liability	3.13.	239	2,113	5,386
Other liabilities	3.11.	10,277	12,250	13,229
Current liabilities:		398,625	158,394	101,903
Liabilities on bonds issue	3.8.	246,278	1,167	1,932
Trade payables	3.12.	13,704	15,117	11,584
Employee benefits payable	3.9.	31,106	23,750	17,175
Lease liabilities	3.4.5.	5,393	5,396	5,116
CIT payable		6,167	6,742	1,553
Contract liabilities	3.6.	5,567	7,586	6,489
Accruals and deferred income	3.10.	3,551	2,912	767
Provisions for other liabilities and other charges, including:		28,837	26,844	15,563
<i>VAT provisions</i>	6.10.	28,771	26,844	15,468
Other liabilities	3.11.	58,022	68,880	41,724
TOTAL EQUITY AND LIABILITIES		1,410,688	1,365,472	1,260,176

* Data for the comparative period have been restated. See Note 6.11.

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



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
	Note	2021	2020 (restated*)
Sales revenue	4.1.	407,571	403,959
Operating expenses	4.2.	(229,367)	(206,150)
Gains on reversed impairment of receivables/(loss) on impairment of receivables		1,746	(950)
Other income	4.3.	3,007	4,212
Other expenses	4.4.	(3,016)	(11,691)
Operating profit		179,941	189,380
Financial income, incl.:	4.5.	997	6,166
<i>Interest income under the effective interest rate method</i>		900	3,959
Financial expenses, incl.:	4.6.	(11,559)	(21,220)
<i>financial cost of VAT risk</i>	6.10.	(1,927)	(11,376)
Share of profit of entities measured by the equity method	3.3.	24,376	15,748
Profit before tax		193,755	190,074
Income tax	4.7.	(32,479)	(37,804)
Profit for the period		161,276	152,270
Gains/(Losses) on valuation of financial assets measured at fair value through other comprehensive income, net		(6,883)	20
Total items that may be reclassified to profit or loss		(6,883)	20
Gains/(Losses) on valuation of financial assets measured at fair value through other comprehensive income, net		5	(4)
Actuarial gains/(losses) on provisions for employee benefits after termination, net		258	(42)
Total items that will not be reclassified to profit or loss		263	(46)
Total other comprehensive income after tax		(6,620)	(26)
Total comprehensive income		154,656	152,244
Profit for the period attributable to shareholders of the parent entity		161,249	152,256
Profit for the period attributable to non-controlling interests		27	14
Total profit for the period		161,276	152,270
Comprehensive income attributable to shareholders of the parent entity		154,629	152,230
Comprehensive income attributable to non-controlling interests		27	14
Total comprehensive income		154,656	152,244
Basic / Diluted earnings per share (PLN)		3.84	3.63

* Data for the comparative period have been restated. See Note 6.11.

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



CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December	
		2021	2020 (restated*)
Total net cash flows from operating activities		53,089	231,375
Net profit of the period		161,276	152,270
Adjustments:		(71,599)	111,953
Income tax	4.7.	32,479	37,804
Depreciation and amortisation	4.2.	35,245	36,219
Impairment allowances		178	4,022
Share of profit of entities measured by equity method		(24,376)	(15,748)
(Gains) on financial assets measured at amortised cost		(611)	(2,484)
Interest on bonds		5,440	6,535
Other adjustments	5	(5,585)	1,480
Change of assets and liabilities:		(114,369)	44,125
<i>Inventories</i>		(5)	36
<i>Trade receivables and other receivables</i>	3.5.4.	(121,847)	(9,986)
<i>Trade payables</i>	3.12.	(1,413)	3,533
<i>Contract assets</i>	3.6.	(716)	719
<i>Contract liabilities</i>	3.6.	(1,344)	868
<i>Prepayments</i>	3.10.	(81)	(350)
<i>Accruals and deferred income</i>	3.10.	9,983	(442)
<i>Employee benefits payable</i>	3.9.	7,758	6,731
<i>Other current liabilities (excluding contracted investments and dividend payable)</i>	3.11.	(7,362)	33,039
<i>Provisions for liabilities and other charges</i>		1,993	11,281
<i>Other non-current liabilities</i>	3.11.	(1,335)	(1,304)
Income tax (paid)/refunded		(36,588)	(32,848)

* Data for the comparative period have been restated. See Note 6.11.

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



CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Note	Year ended 31 December	
		2021	2020 (restated*)
Total cash flows from investing activities:		(3,731)	4,918
In:		1,189,802	947,087
Sale of property, plant and equipment and intangible assets		4,486	103
Dividends received		7,063	5,699
Sale of financial assets measured at amortised cost		1,177,672	937,172
Interest on financial assets measured at amortised cost		444	3,970
Sublease payments (interest)		7	12
Sublease payments (principal)		130	131
Out:		(1,193,533)	(942,169)
Purchase of property, plant and equipment and advances for property, plant and equipment		(12,091)	(13,413)
Purchase of intangible assets and advances for intangible assets		(31,273)	(23,026)
Purchase of financial assets measured at amortised cost		(1,149,869)	(904,647)
Loan granted to a related party		(300)	(500)
Purchase of shares of related parties		-	(583)
Total cash flows from financing activities:		(110,882)	(100,948)
In:		9,928	13,499
Grants received		9,928	13,499
Out:		(120,810)	(114,447)
Dividend paid		(105,208)	(100,716)
Interest paid on bonds		(5,452)	(7,300)
Settlement of a grant advance		(4,215)	(506)
Lease payments (interest)	3.4.5.	(353)	(621)
Lease payments (principal)	3.4.5.	(5,582)	(5,304)
Net increase in cash and cash equivalents		(61,524)	135,345
<i>Impact of fx rates on cash balance in currencies</i>		(170)	544
Cash and cash equivalents - opening balance	3.5.6.	411,018	275,129
Cash and cash equivalents - closing balance	3.5.6.	349,324	411,018

* Data for the comparative period have been restated. See Note 6.11.

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



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity				Non controlling interests	Total equity
	Share capital	Other reserves	Retained earnings	Total		
As at January 2021 (restated*)	63,865	1,063	852,584	917,512	619	918,131
Dividends	-	-	(104,930)	(104,930)	-	(104,930)
Transactions with owners recognised directly in equity	-	-	(104,930)	(104,930)	-	(104,930)
Net profit for 2021	-	-	161,249	161,249	27	161,276
Other comprehensive income	-	(6,620)	-	(6,620)	-	(6,620)
Comprehensive income for 2021	-	(6,620)	161,249	154,629	27	154,656
As at 31 December 2021	63,865	(5,557)	908,903	967,211	646	967,857

* Data for the comparative period have been restated. See Note 6.11.

	Equity				Non controlling interests	Total equity
	Share capital	Other reserves	Retained earnings	Total		
As at 1 January 2020 (previously reported)	63,865	1,089	807,930	872,884	605	873,489
Adjustments:	-	-	(6,869)	(6,869)	-	(6,869)
As at 1 January 2020 (restated*)	63,865	1,089	801,061	866,015	605	866,620
Dividends	-	-	(100,733)	(100,733)	-	(100,733)
Transactions with owners recognised directly in equity	-	-	(100,733)	(100,733)	-	(100,733)
Net profit for 2020	-	-	152,256	152,256	14	152,270
Other comprehensive income	-	(26)	-	(26)	-	(26)
Comprehensive income for 2020	-	(26)	152,256	152,230	14	152,244
As at 31 December 2020 (restated*)	63,865	1,063	852,584	917,512	619	918,131

* Data for the comparative period have been restated. See Note 6.11.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

1.1. LEGAL STATUS

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

1.2. SCOPE OF ACTIVITIES OF THE GROUP

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

The Group operates the following markets:

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

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

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

The GPW Group also operates:

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



1.3. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were authorised for issuance by the Management Board of the Exchange on 15-16 March 2022.

1.4. COMPOSITION AND ACTIVITY OF THE GROUP

The Exchange and its following subsidiaries:

- Towarowa Giełda Energii S.A. ("TGE"), the parent entity of the Towarowa Giełda Energii S.A. Group ("TGE Group"), which includes TGE and: Izba Rozliczeniowa Giełd Towarowych S.A. ("IRGiT") and InfoEngine S.A. ("InfoEngine"),
- BondSpot S.A. ("BondSpot"),
- GPW Benchmark S.A. ("GPWB"),
- GPW Ventures ASI S.A. ("GPWV"), the parent entity of the GPW Ventures ASI S.A. Group ("GPWV Group") which includes GPWV and: GPW Ventures Asset Management Sp. z o.o. ("GPWV AM") and GPW Ventures SKA ("GPWV SKA"),
- GPW Tech S.A. ("GPWT")

form the Giełda Papierów Wartościowych w Warszawie Group.

The share capital of **GPW Benchmark S.A.** was increased by PLN 2,000 thousand on 28 April 2021. The company issued 40,000 series F ordinary registered shares with a nominal value and issue price of PLN 50 per share. All shares were taken up by GPW.

On 21 December 2020, the Extraordinary General Meeting of **GPW Tech S.A.** passed a resolution to increase the share capital of GPWT. Under the resolution, the company issued 700,000 series B ordinary registered shares with a nominal value and issue price of PLN 1 per share. All shares were taken up by GPW for a total amount of PLN 0.7 million. On 16 June 2021, the Extraordinary General Meeting of GPW Tech S.A. passed a resolution to increase the share capital of GPWT by PLN 2 million. The company issued 2 million shares with a nominal value and issue price of PLN 1 per share. All shares were taken up by GPW. Both share capital increases were registered in the National Court Register in 2021. As a result of the increases, the share capital of GPWT was PLN 3.7 million as at 31 December 2021.

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

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

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



Name of the entity	Registered office of the entity	Scope of operations	Shareholders
BondSpot S.A.	ul. Księżecka 4 00-498 Warsaw Poland	<ul style="list-style-type: none"> ➤ Operation of an over-the-counter market and conducting other activities related to organising trading in debt instruments, ➤ Organising an alternative trading system, ➤ Organising and conducting all activities which supplement and support the functioning of the markets operated by BondSpot. 	GPW: 97.23%
GPW Benchmark S.A.	ul. Księżecka 4 00-498 Warsaw Poland	<ul style="list-style-type: none"> ➤ Organiser and administrator of WIBID and WIBOR reference rate fixings, ➤ Administrator of exchange indices (including WIG20, mWIG40, sWIG80) using the Indexator system. 	GPW: 100%
GPW Ventures ASI S.A.	ul. Księżecka 4 00-498 Warsaw Poland	<ul style="list-style-type: none"> ➤ The company is a fund of funds and plans to invest assets of many investors in venture capital (VC) funds, mainly funds which plan to invest in microforms and SMEs or divest through pre-IPOs and IPOs. 	GPW: 100%
GPW Ventures Asset Management sp. z o.o.	ul. Księżecka 4 00-498 Warsaw Poland	<ul style="list-style-type: none"> ➤ The company manages investment funds in the form of Alternative Investment Companies which it plans to set up jointly with external professional financial and industry investors (the company was registered in the National Court Register on 29 October 2020). 	GPWV: 100%
GPW Ventures Asset Management sp. z o.o. S.K.A.	ul. Księżecka 4 00-498 Warsaw Poland	<ul style="list-style-type: none"> ➤ An alternative investment fund which is to be an investment vehicle in the "KOWR Ventures" project. Shares in the entity will be taken up by a sector investor (KOWR), and amounts thus paid into the fund will be invested in accordance with its policy and investment strategy: in venture capital (VC) funds and companies operating in the agri-tech sector. 	GPWV: 100%
GPW Tech S.A.	ul. Księżecka 4 00-498 Warsaw Poland	<ul style="list-style-type: none"> ➤ Design, development and commercialisation of IT solutions dedicated to the financial market. 	GPW: 100%
Krajowy Depozyt Papierów Wartościowych S.A.	ul. Księżecka 4 00-498 Warsaw Poland	<ul style="list-style-type: none"> ➤ Maintaining a depository for securities, ➤ Clearing transactions made on financial instruments exchanges, commodity exchanges including energy exchanges, among others via the subsidiary KDPW_CCP S.A., ➤ Conducting other activities related to trading in securities and other financial instruments, ➤ Administering the Guarantee Fund, ➤ Operating a trade repository and issuing LEI codes. 	GPW: 33.33%
Centrum Giełdowe S.A.	ul. Księżecka 4 00-498 Warsaw Poland	<ul style="list-style-type: none"> ➤ Leasing of real estate on own account, ➤ Real estate management, ➤ Activities in respect of building, urban and technological design, ➤ Undertaking general building works related to constructing buildings. 	GPW: 24.79%



Name of the entity	Registered office of the entity	Scope of operations	Shareholders
Polska Agencja Ratingowa S.A.	ul. Księżecka 4 00-498 Warsaw Poland	Planned core business: credit rating of companies based on scoring and non-Treasury debt rating services, in particular for small and medium-sized companies.	GPW: 35.86%

GPW is the ultimate parent company of the GPW Group. The parent entity of GPW is the State Treasury.

1.5. STATEMENT OF COMPLIANCE

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

The following new standards and amendments of existing standards adopted by the European Union are in force for the financial statements of the Group for the financial year started on 1 January 2021:

- Amendments to IFRS 4 Insurance Contracts – Extension of the temporary exemption from applying IFRS 9,
- Amendments to IFRS 16 Leases – COVID-19-related rent concessions,
- Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts, and IFRS 16 Leases - Interest Rate Benchmark Reform Phase 2.

Those IFRS amendments had no significant impact on data presented in these consolidated financial statements.

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

1.6. NEW STANDARDS AND INTERPRETATIONS

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

1.6.1. STANDARDS AND INTERPRETATIONS ADOPTED BY THE EUROPEAN UNION

The following amendments already adopted by the European Union will take effect for periods starting after 1 January 2022:

- Amendments to IAS 16 Property, Plant and Equipment – proceeds from selling items before an asset is available for use,
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets – onerous contracts – cost of fulfilling a contract,
- Amendments to IFRS 3 Business Combinations – reference to the conceptual framework,
- Annual Improvements 2018-2020 provide clarification and additional guidance on recognition and measurement.

1.6.2. STANDARDS AND INTERPRETATIONS AWAITING ADOPTION BY THE EUROPEAN UNION

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

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

Standard	Effective date (IASB)
Amendments to IAS 1 Presentation of Financial Statements – presentation of liabilities as current or non-current.	1 January 2023
Amendments to IAS 1 Presentation of Financial Statements and IASB Guidelines on accounting policy disclosures in practice – materiality of accounting policies.	1 January 2023
IFRS 17 Insurance Contracts – the standard replaces the existing regulations on insurance contracts (IFRS 4).	1 January 2023

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



Standard	Effective date (IASB)
Amendments to IAS 8 Accounting Policies – changes in accounting estimates and correction of errors – definition of estimates.	1 January 2023
Amendments to IAS 12 Income Tax – mandatory recognition of deferred tax on transactions, i.e., leases.	1 January 2023
Amendments to IFRS 17 Insurance Contracts – initial application of IFRS 17 and IFRS 9 – Comparative information.	1 January 2023

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

1.7. THE SCOPE AND METHODS OF CONSOLIDATION

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

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

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

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

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

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

1.8. ACCOUNTING POLICIES AND OTHER INFORMATION

1.8.1. FUNCTIONAL AND PRESENTATION CURRENCY

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

1.8.2. BASIS OF PREPARATION

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

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

1.8.3. ESTIMATES AND JUDGMENTS

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

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

1.8.4. SELECTED ACCOUNTING POLICIES

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



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

1.8.5. EVALUATION OF BALANCES PRESENTED IN FOREIGN CURRENCIES

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

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

As at the balance sheet date:

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

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

1.8.6. SEGMENT REPORTING

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

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

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

1.9. IMPACT OF THE SARS-CoV-2 PANDEMIC

The outbreak of the SARS-CoV-2 pandemic in March 2020 was an unprecedented event which significantly affected the business of the Exchange. Revenues from the markets operated by GPW are strongly linked to the economic situation in Poland and globally. Factors such as business restrictions, aid programmes and tax incentives, and above all increased uncertainty on the financial markets had a significant impact on the volatility of the capital markets, which impacted the value of turnover and the capitalisation of companies on the GPW Main Market. That resulted in a significant increase in the revenues of GPW and an improvement in the financial performance of the Exchange in 2020 compared to 2019. The high level of performance was maintained in 2021. Regarding the commodity market, turnover on the electricity and gas markets increased in 2020 due to changes in consumption demand caused by the pandemic. In 2021, commodity market turnover stabilised and no impact of the Sars-CoV-2 pandemic on revenues was reported.

Uncertainty caused by the outbreak of a pandemic

The Group reviewed the judgements and estimates made and other assumptions used in its accounting policies as at 31 December 2021:

- › the key assumptions of the impairment tests of investment in subsidiaries were analysed. No need was identified to recognise impairment losses on investment in subsidiaries as at 31 December 2021 (Note 3.2.);
- › no need was identified to change any of the estimates concerning the useful life and the depreciation rate of property, plant and equipment and intangible assets;
- › the judgments used in the valuation of lease liabilities were not modified. The Exchange Management Board decided that the term of leases used in the valuation of lease liabilities under lease agreements with no fixed term (5 years) 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. A sensitivity analysis of the key variables (i.e., change in term of lease and change in the lessee's incremental borrowing rate) is presented in Note 3.4.3. In addition, the Exchange and its subsidiaries did not receive or grant any rent concessions or materially change the scope of their leases in 2021;
- › the impact of the pandemic on the accounting for financial instruments under IFRS 9 was considered. In the opinion of the Exchange Management Board and the Management Boards of the Group subsidiaries, the current classification



of financial assets and assessment of the business model for holding financial assets is correct and there are no indications that their recognition should change or that impairment should be recognised;

- an in-depth analysis of the regularity of payment of trade receivables was carried out and the assumptions used in the valuation of expected credit loss of trade receivables were updated. No significant adverse impact was identified of the economic slow-down on the regular payment of receivables due from counterparties of the Group as at 31 December 2021.

Going concern

The Exchange Management Board and the Management Boards of the subsidiaries also considered whether the outbreak of the pandemic and its impact affected the ability of the Group to continue as a going concern. As at 31 December 2021, the Group held PLN 349 million of cash and cash equivalents and short-term financial assets in the form of bank deposits and guaranteed corporate bonds. These represent sufficient financial resources to conclude that the Group's liquidity risk in the short and medium term is low. As at 31 December 2021, the Group did not identify any material uncertainties relating to events or circumstances that would cast significant doubt on its ability to continue as a going concern.

Risks associated with the outbreak of the pandemic

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

In the opinion of the Exchange Management Board and the Management Boards of the subsidiaries, those operational and financial risks associated with the outbreak of the pandemic are considered moderate. Details of risks, together with a description of actions taken to mitigate the identified risks and a detailed discussion of the impact of the pandemic on the financial position of the Company and the Group are presented in the Management Board's Report on the activities of the parent entity and the Warsaw Stock Exchange Group, Note 2.8.4.

1.10. ANALYSIS OF THE IMPACT OF CLIMATE CHANGE ON THE ACTIVITY OF THE GPW GROUP

The European Securities and Markets Authority (ESMA) has identified climate-related issues as one of its priorities in its annual public position setting out the European common supervisory priorities for the 2021 annual financial reports. Accordingly, the Group has analysed the impact of climate change on the Consolidated Financial Statements and concluded that climate change has no impact on the carrying amount of the assets and liabilities presented as at 31 December 2021. In particular, the impact of climate change on the estimates and judgements, including the impairment assessment of cash-generating units, was considered. As a result of the analysis, no update for the useful lives of property, plant and equipment and intangible assets was identified as necessary.

2. FINANCIAL RISK MANAGEMENT

2.1. FINANCIAL RISK FACTORS

The Group is exposed to the following financial risks:

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

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

2.2. MARKET RISK

2.2.1. CASH FLOW AND FAIR VALUE INTEREST RATE RISK

The Group is moderately exposed to interest rate risk.

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



The Exchange is an issuer of series C bonds at fixed interest rates as well as series D and E bonds at floating interest rates based on WIBOR 6M. In the case of an increase in interest rates, the Group will be obligated to pay out interest coupons on series D and E bonds with a higher value; in the case of a decrease in interest rates, the value of those coupons will be lower (which has a direct impact on financial expenses of the Group). In the case of fixed rate bonds, the Group is exposed to the risk of foregoing potential benefits associated with a decrease in interest rates while at the same time being protected in the event that interest rates rise above the level specified in the terms of issue.

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

Impact of an 0.5 pps interest rate decrease on items of the statement of comprehensive income		
Year ended 31 December		
	2021	2020
Financial income	(1,981)	(2,231)
Financial expenses	1,029	1,513

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

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

As at 31 December 2021					
	Maturity up to 1 year			1-5 Y	Total
	< 1 M	1-3 M	> 3 M	Total	
Corporate bonds	-	14,995	150,272	165,267	-
Bank deposits	41,167	199,081	109,078	349,326	-
Other assets	-	-	10,148	10,148	-
Current accounts (other)	86,876	13,530	-	100,406	-
Total current	128,043	227,606	269,498	625,147	-
Total financial assets	128,043	227,606	269,498	625,147	-
Bonds issued	-	-	246,468	246,468	-
Total current	-	-	246,468	246,468	-
Total financial liabilities	-	-	246,468	246,468	-

As at 31 December 2020					
	Maturity up to 1 year			1-5 Y	Total
	< 1 M	1-3 M	> 3 M	Total	
Corporate bonds	-	-	89,977	89,977	-
Bank deposits	2,000	164,219	205,009	371,228	-
Current accounts (other)	218,457	25,868	-	244,325	-
Total current	220,457	190,087	294,986	705,530	-
Total financial assets	220,457	190,087	294,986	705,530	-
Bonds issued	-	-	-	-	244,929
Total non-current	-	-	-	-	244,929
Total					244,929



Bonds issued	-	-	1,551	1,551	-	1,551
Total current	-	-	1,551	1,551	-	1,551
Total financial liabilities	-	-	1,551	1,551	244,929	246,480

2.2.2. FOREIGN EXCHANGE RISK

The Group is exposed to moderate foreign exchange risk. The Group earns income in PLN and EUR. The Group pays costs mainly in PLN and also in EUR, USD and GBP. To minimise FX risk, the Group uses natural hedging, i.e., it covers the current cost denominated in EUR with cash deposited in a currency account, raised from clients who pay their debt in EUR. The Group used no derivatives to manage FX risk in 2021 and in 2010.

Based on a sensitivity analysis, as at 31 December 2021, 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			
Year ended 31 December			
	2021	2020	
EUR	1,164		1,892
USD	7		39
GBP	-		1
Total impact on profit before tax	1,171		1,932

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

As at 31 December 2021 (converted to PLN at FX rate as at the balance-sheet date)					
	PLN	EUR	USD	GBP	Total carrying amount in PLN
Financial assets measured at amortised cost	277,322	-	-	-	277,322
Trade receivables (net)	36,185	8,852	-	-	45,037
Other receivables *	10,663	-	-	-	10,663
Sublease receivables	71	-	-	-	71
Cash and cash equivalents	344,117	5,207	-	-	349,324
Total assets	668,358	14,059	-	-	682,417
Bonds in issue	246,278	-	-	-	246,278
Trade payables	12,257	1,378	69	-	13,704
Lease liabilities	8,526	1,037	-	-	9,563
Other liabilities **	22,031	-	-	-	22,031
Total liabilities	289,092	2,415	69	-	291,576
Net FX position	379,266	11,644	(69)	-	390,841

* Net of prepayments and receivables from other taxes.

** Net of VAT payable and other taxes payable.



As at 31 December 2020 (converted to PLN at FX rate as at the balance-sheet date)					
	PLN	EUR	USD	GBP	Total carrying amount in PLN
Financial assets measured at amortised cost	305,131	-	-	-	305,131
Trade receivables (net)	37,563	9,829	-	-	47,392
Other receivables *	1,626	-	-	-	1,626
Sublease receivables	316	-	-	-	316
Cash and cash equivalents	398,254	12,764	-	-	411,018
Total assets	742,890	22,593	-	-	765,484
Bonds in issue	245,905	-	-	-	245,905
Trade payables	13,785	1,247	73	12	15,117
Lease liabilities	12,146	2,427	316	-	14,889
Other liabilities * *	18,746	-	-	-	18,746
Total liabilities	290,582	3,674	389	12	294,657
Net FX position	452,308	18,920	(389)	(12)	470,827

* 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 Group is not exposed to any mass commodity price risk.

The Group is minimally exposed to price risk of held equities measured at fair value. The value of such investments was not significant as at 31 December 2021 and as at 31 December 2010 (see Note 3.5.3).

2.3. CREDIT RISK

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

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

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

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

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

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



	As at 31 December 2021	
	2021	2020
Trade receivables (net)	45,037	47,392
Other receivables*	10,663	1,626
Cash and cash equivalents	349,324	411,018
Contract assets	2,412	1,696
Sublease receivables	71	316
Financial assets measured at amortised cost	277,322	305,131
Total exposure of the Group to credit risk	684,829	767,179

* Net of prepayments and receivables from other taxes.

In addition, the Group established collateral on its receivables under the Employee Loan Scheme at GPW and TGE and collateral on trade balancing activities at IE in the amount of PLN 1.5 million as at 31 December 2021 and PLN 1.8 million as at 31 December 2020. The Group's total receivables under the Employee Loan Scheme amounted to PLN 765 thousand as at 31 December 2021 and PLN 541 thousand as at 31 December 2020.

2.4. LIQUIDITY RISK

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

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

	As at 31 December 2021		As at 31 December 2020*	
	amount	% of total assets	amount	% of total assets
Cash and cash equivalents	349,324	24.8%	411,018	30.1%
Financial assets measured at amortised cost	277,322	19.7%	305,131	22.3%
Assets other than cash and cash equivalents and financial assets measured at amortised cost	784,042	55.6%	649,323	47.6%
Total assets	1,410,688	100.0%	1,365,472	100.0%

* Data for the comparative period have been restated. See Note 6.11.

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

	As at 31 December 2021		As at 31 December 2020*	
	amount	% of total liabilities	amount	% of total liabilities
Equity	967,857	68.6%	918,131	67.2%
Liabilities	442,831	31.4%	447,341	32.8%
Total equity and liabilities	1,410,688	100.0%	1,365,472	100.0%

* Data for the comparative period have been restated. See Note 6.11.

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



	As at 31 December 2021						
	< 1M	1-3 M	3-6 M	6-12 M	1-5 Y	> 5Y	Total
Trade receivables (gross)	34,355	15,198	-	-	-	-	49,553
Other receivables*	10,615	-	-	27	-	21	10,663
Sublease receivables	11	19	25	82	25	-	162
Financial assets measured at amortised cost	52,154	111,144	69,662	46,031	-	-	278,991
Cash and cash equivalents	349,474	-	-	-	-	-	349,474
Total assets	446,609	126,361	69,687	46,140	25	21	688,843
Bonds in issue	120,649	1,988	-	127,000	-	-	249,637
Trade payables	9,285	1,694	-	-	-	-	10,979
Lease liabilities	881	629	794	3,094	5,115	-	10,513
Other liabilities**	6,518	2,547	-	531	4,457	3,561	17,614
Total liabilities	137,333	6,858	794	130,625	9,572	3,561	288,743
Liquidity surplus/(gap)	309,276	119,503	68,893	(84,485)	(9,547)	(3,540)	400,100

* Net of prepayments and receivables from other taxes.

** Net of VAT payable and other taxes payable.

	As at 31 December 2020						
	< 1M	1-3 M	3-6 M	6-12 M	1-5 Y	> 5Y	Total
Trade receivables (gross)	50,379	3,284	-	-	-	-	53,663
Other receivables*	1,607	5	5	10	-	23	1,650
Sublease receivables	21	12	68	35	66	-	202
Financial assets measured at amortised cost	-	183,013	122,164	-	708	-	305,885
Cash and cash equivalents	411,021	-	-	-	-	-	411,021
Total assets	463,028	186,314	122,237	45	774	23	772,421
Bonds in issue	720	1,988	720	2,000	249,637	-	255,065
Trade payables	13,843	823	-	-	-	-	14,666
Lease liabilities	889	1,397	777	3,092	9,913	2,013	18,081
Other liabilities**	2,793	7,132	140	-	10,688	-	20,753
Total liabilities	18,245	11,340	1,637	5,092	270,238	2,013	308,565
Liquidity surplus/(gap)	444,783	174,974	120,600	(5,047)	(269,464)	(1,990)	463,856

* Net of prepayments and receivables from other taxes.

** Net of VAT payable and other taxes payable.

2.5. CAPITAL MANAGEMENT

The objective of the Group when managing capital is to safeguard the ability of the Exchange and the subsidiaries to continue as a going concern and provide optimal benefits to all stakeholders. The priority of the Exchange Management Board and the Management Board of the subsidiaries when making decisions about the structure of financing and the Group's dividend policy is to ensure a low level of investment risk while obtaining the best possible rate of return for the shareholders and a stable and reliable rate of return for the bondholders. Decisions taken by the Management Boards in this respect have a long-term horizon and are aimed at long-term building of value of the Group and the Polish capital market. In addition, as entities operating a regulated market, the Exchange and BondSpot are required by the Act on Trading in Financial Instruments to maintain a minimum level of equity equal to PLN 10 million.

To achieve those objectives, as at 31 December 2021 and as at 31 December 2020, the Group used third-party capital (interest-bearing liabilities) in the form of bonds issued (see Note 3.8) and leases (Note 3.4). In addition, in accordance with its internal capital management and dividend policy, the Exchange pays an annual dividend to shareholders. It is the intention of the GPW Management Board to recommend to the General Meeting dividend payments in line with the profitability and financial capacity of GPW, not less than 60% of the consolidated net profit of the GPW Group for the financial year attributable to shareholders of GPW adjusted for the share of profit of associates. In accordance with the strategy #GPW2022, the



Exchange will pay each year a dividend higher by at least PLN 0.1 per share than the dividend per share paid in the previous year. Details of the dividend payments in 2021 and 2020 are presented in note 3.7.4.

The Exchange Management Board and the Management Boards of the subsidiaries optimise the structure of capital and monitor performance against targets using Alternative Performance Measures calculated according to the Guidelines of the European Securities and Markets Authority ("ESMA"). The measures used by the Group to monitor its capital management performance are presented in Note 1.1 of the Management Board's Report on the Activity of the Parent Entity and the Group of Giełda Papierów Wartościowych w Warszawie S.A.

3. NOTES TO THE CONSOLIDATED 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	
Buildings	40 years
Leasehold improvements	10 years
Vehicles	5 years
Computer hardware	3-5 years
Other fixed assets	5-10 years

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

Land is not subject to depreciation.

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

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

Selected judgments and estimates

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

	Year ended 31 December 2021				
	Land and buildings	Vehicles	Furniture, fittings and equipment	Property, plant and equipment under construction	Total
Net carrying amount - opening balance	73,566	17,108	455	6,204	97,333
Additions	2,221	8,452	377	308	11,358
Disposals	(183)	-	(1)	(3,856)	(4,040)
Depreciation charge*	(3,267)	(9,032)	(448)	-	(12,747)
Net carrying amount - closing balance	72,320	16,528	383	2,656	91,887
As at 31 December 2021:					
Gross carrying amount	130,053	109,545	5,344	2,656	247,598
Written off	(57,733)	(93,017)	(4,961)	-	(155,711)
Net carrying amount	72,320	16,528	383	2,656	91,887

*Depreciation of PLN 501 thousand is capitalised to intangible assets (development work)

	Year ended 31 December 2020				
	Land and buildings	Vehicles	Furniture, fittings and equipment	Property, plant and equipment under construction	Total
Net carrying amount - opening balance	76,411	20,389	486	4,682	101,968
Additions	381	8,182	122	1,392	10,077
Reclassification and other adjustments	-	(331)	24	179	(128)
Disposals	-	(48)	(6)	(49)	(103)
Depreciation charge*	(3,226)	(11,084)	(171)	-	(14,481)
Net carrying amount - closing balance	73,566	17,108	455	6,204	97,333
As at 31 December 2020:					
Gross carrying amount	128,139	115,825	4,938	6,204	255,106
Written off	(54,573)	(98,717)	(4,483)	-	(157,773)
Net carrying amount	73,566	17,108	455	6,204	97,333

*Depreciation of PLN 390 thousand is capitalised to intangible assets (development work)

Starting with Q1 2021, the Group presents capital expenditure (development work) separately from property, plant and equipment. Comparable data have been restated for the sake of comparability in this Note.

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

As at 31 December 2021, 1% of office space, car park space and other space owned by the Group in the Centrum Giełdowe building was under operating leases where the Exchange was the lessor (see: Note 3.4.2). The fixed assets under the leases (recognised in the statement of financial position as at 31 December 2021) stood at PLN 723 thousand. As at 31 December 2020, 1% of such space was under leases and the fixed assets under the leases stood at PLN 738 thousand.

Selected accounting policies

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

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



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

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

The Group recognised no impairment of property, plant and equipment in 2021 and in 2020.

3.2. INTANGIBLE ASSETS

Selected accounting policies

Intangible assets include goodwill, other intangible assets, and development work.

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

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

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

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

The Group performs an annual test of impairment of intangible assets which are not yet available for use by comparing the carrying amount 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 amount of an asset (or a cash generating unit) is higher than its recoverable value, impairment is recognised and the asset value is written down to recoverable value. Impairment losses are charged to the profit or loss of the period as other income or other expenses.

Selected judgments and estimates

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

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

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



Year ended 31 December 2021							
	Licences	Copyrights	Know-how	Goodwill	Development work	Perpetual usufruct of land	Total
Net carrying amount - opening balance**	53,791	2,572	4,821	167,446	18,678	5,892	253,200
Additions	7,199	306	76	-	20,817	-	28,398
Reclassification and other adjustments	-	-	-	-	(18)	-	(18)
Capitalised depreciation	-	-	-	-	638	-	638
Disposals	-	-	-	-	(446)	-	(446)
Depreciation charge*	(16,691)	(433)	(545)	-	-	(81)	(17,750)
Net carrying amount - closing balance (unaudited)	44,299	2,445	4,352	167,446	39,669	5,811	264,022
As at 31 December 2021:							
Gross carrying amount	242,726	8,614	6,315	172,374	40,299	6,054	476,382
Impairment	-	-	-	(4,928)	-	-	(4,928)
Written off	(199,057)	(6,172)	(1,960)	-	-	(243)	(207,432)
Net carrying amount	43,669	2,442	4,355	167,446	40,299	5,811	264,022

* Depreciation of PLN 137 thousand is capitalised to intangible assets (development work)

** Data for the comparative period have been restated. See Note 6.11.

Year ended 31 December 2020							
	Licences	Copyrights	Know-how	Goodwill	Development work	Perpetual usufruct of land	Total
As at 1 January 2020 (reported)	67,425	2,867	5,387	170,970	-	-	246,649
Adjustments	(5,036)	-	-	-	5,036	5,973	5,973
Net carrying amount - opening balance (restated)	62,389	2,867	5,387	170,970	5,036	5,973	252,622
Additions	7,351	154	-	-	13,206	-	20,711
Reclassification and other adjustments	(71)	-	(42)	-	-	-	(113)
Capitalised depreciation	-	-	-	-	436	-	436
Disposals	-	-	-	(3,524)	-	-	(3,524)
Depreciation charge*	(15,878)	(449)	(524)	-	-	(81)	(16,932)
Net carrying amount - closing balance (restated)	53,791	2,572	4,821	167,446	18,678	5,892	253,200
As at 31 December 2020:							
Gross carrying amount	236,157	8,310	6,240	172,374	18,678	5,973	447,732
Impairment	-	-	-	(4,928)	-	-	(4,928)
Written off	(182,366)	(5,738)	(1,419)	-	-	(81)	(189,604)
Net carrying amount	53,791	2,572	4,821	167,446	18,678	5,892	253,200

* Depreciation of PLN 46 thousand is capitalised to intangible assets (development work)

** Data for the comparative period have been restated. See Note 6.11.

Starting with Q1 2021, the Group presents capital expenditure (development work) within intangible assets. Comparable data have been restated for the sake of comparability in this Note.



The Company has reclassified its share in the right of perpetual usufruct of land from "Right-to-use assets" to "Intangible assets". A complete description of the reclassification is presented in Note 6.11.2.

In 2021, the cost of research recognised in the statement of comprehensive income amounted to PLN 3,257 thousand and remained stable year on year (PLN 3,257 thousand in 2020). Development work is expenditure on intangible assets generated in-house, comprising mainly expenditure on projects with grants described in Note 6.3.

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 25,217 thousand as at 31 December 2021 (PLN 32,976 thousand as at 31 December 2020).

No impairment of intangible assets was recognised in the year ended 31 December 2021 and 31 December 2020.

Impairment testing of intangible assets

Due to the nature of its business, the Group does not identify individual assets as cash-generating units that are largely independent of other assets or a group of assets. Therefore, for the purposes of testing intangible assets, the recoverable amount was determined at the level of the cash-generating unit to which the asset belongs. As at 31 December 2021, the tests for impairment of the cash-generating unit did not identify the need to recognise impairment losses.

The main assumptions used to determine the value in use of the Group's cash-generating unit as at 31 December 2021:

- increase in revenues and expenses related to operations, planned capital expenditure and implementation of strategic projects;
- weighted average cost of capital of 7.66%,
- growth rate after 2026 equal to 2%.

Goodwill

Selected accounting policies

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

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

Impairment losses on goodwill are not subject to reversal.

Selected judgments and estimates

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

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

Test for impairment of goodwill resulting from taking control of the TGE Group

The goodwill from taking control of the **TGE Group** was tested for impairment as at 31 December 2021 by estimating the value in use under the discounted cash flows (DCF) method according to the financial assumptions for 2022-2026 defined for the test based among others on the projected turnover in electricity, gas and property rights, taking into account expected market changes in those segments, price changes, operating expenses and capital expenditure.

The goodwill impairment test based on a DCF valuation of the company was prepared on the basis of the forecast results of the TGE Group in the years 2022-2026. The main assumptions of the test performed as at 31 December 2021:

- average annual revenue growth in the period 2022-2026 of 2.4%,
- average annual growth in expenses in the period 2022-2026 of 1.9%,
- weighted average cost of capital of 7.66%,
- growth rate after 2026 equal to 2.0%.



The goodwill impairment test performed as at 31 December 2021 did not indicate a need for a write-down in the consolidated financial statements of the GPW Group. The analysis of the impairment test indicates that a 10.1 percentage point decrease in the average annual revenue growth rate or a 478.5 percentage point decrease in the growth rate after 2026 or a 20.3 percentage point increase in the WACC will result in the carrying amount being equal to recoverable amount of the cash-generating unit.

Following the analysis, the Exchange Management Board identified no circumstances indicating impairment of the goodwill from taking control of the TGE Group as at 31 December 2021.

Impairment of BondSpot goodwill

In 2020, the key factor impacting the financial position of the company was the situation on the Treasury bond market. Treasury bond yields were falling sharply for the greater part of 2020, i.e., from the outbreak of the SARS-CoV-2 pandemic. The initial withdrawal of capital from bond funds combined with actions taken by the NBP to offset the market changes led at the turn of 2020 and 2021 to a change in the trend in the prices/yields of Polish Treasury bonds. 10-year bond yields were rising steadily from the beginning of 2021, in line with rising yields of government bonds in foreign markets. The increased activity of foreign banks in the Polish bond market contributed to the improvement of the company's results. The increased volatility was underpinned by rising inflation expectations and investor sentiment in the market from the beginning of 2021. Inflationary pressure, supported by rising fuel prices on global markets, proved to be a significant factor supporting the increase in yields of Polish Treasury securities. As a direct result of those factors, turnover on the Treasury BondSpot Poland market increased and so did the revenues of BondSpot S.A.

The goodwill impairment test based on a DCF valuation of the company was prepared on the basis of the forecast results of BondSpot in the years 2022-2026. The main assumptions of the test performed as at 31 December 2021:

- average annual revenue growth in the period 2022-2026 of 16.6% assuming that BondSpot's key technology project is launched by 2024,
- average annual growth in expenses in the period 2022-2026 of 4.5%,
- weighted average cost of capital of 7.66%,
- growth rate after 2026 equal to 2%.

The test showed that the recoverable amount of BondSpot S.A. determined using the DCF method is higher than the value of the shares in BondSpot S.A. recognised at cost in the Exchange's statement of financial position as at 31 December 2021 amounting to PLN 34.4 million. Therefore, the investment in BondSpot S.A. was not found to be impaired as at 31 December 2021. The impairment test analysis indicates that a 1.1 percentage point decrease in the average annual revenue growth rate or a 1.5 percentage point increase in the weighted average cost of capital or a 1.9 percentage point decrease in the growth rate after 2026 will result in the carrying amount being equal to recoverable amount of the shares.

Impairment test of goodwill from the acquisition of an organised part of the enterprise of ELBIS Sp. z o.o. by InfoEngine.

The goodwill from the acquisition of an organised part of the enterprise of ELBIS Sp. z o.o. by **InfoEngine** (Platforma Obrotu Energii Elektrycznej "POEE") was tested for impairment as at 31 December 2021 by estimating the value in use under the discounted cash flows (DCF) method according to the financial assumptions for 2022-2026 defined for the test based on existing operations, i.e., provision of the market operator service as a trade operator and the entity responsible for trade balancing. It was assumed that the company would grow moderately in the coming years on the assumption that it would attract 2 clients/participants per year for each of its services. The Exchange Management Board identified no key assumptions whose change in a reasonably expected degree would cause impairment.

The goodwill impairment test based on a DCF valuation of the company was prepared on the basis of the forecast results of InfoEngine in the years 2022-2026. The main assumptions of the test performed as at 31 December 2021:

- average annual revenue growth in the period 2022-2026 of 7.5%,
- average annual growth in expenses in the period 2022-2026 of 1.9%,
- weighted average cost of capital of 7.66%,
- growth rate after 2026 equal to 2.0%.

The goodwill impairment test performed as at 31 December 2021 did not indicate a need for a write-down in the consolidated financial statements of the GPW Group. The analysis of the impairment test indicates that a 6.1 percentage point decrease in the average annual revenue growth rate or a 149.5 percentage point decrease in the growth rate after 2026 or a 24.7 percentage point increase in the WACC will result in the carrying amount being equal to recoverable amount of the shares.

Following the analysis, the Exchange Management Board identified no circumstances indicating impairment of the goodwill of Platforma Obrotu Energii Elektrycznej as at 31 December 2021.



	Goodwill		
	Gross carrying amount	Impairment	Net amount after impairment
Goodwill from:			
GPW's taking control of TGE	147,792	-	147,792
GPW's taking control of BondSpot	22,986	(3,524)	19,462
InfoEngine's acquisition of Platforma Obrotu Energii Elektrycznej (poee)*	1,588	(1,404)	184
GPW's taking control of GPWB	8	-	8
Total as at 31 December 2021	172,374	(4,928)	167,446
Goodwill from:			
GPW's taking control of TGE	147,792	-	147,792
GPW's taking control of BondSpot	22,986	(3,524)	19,462
InfoEngine's acquisition of Platforma Obrotu Energii Elektrycznej (poee)*	1,588	(1,404)	184
GPW's taking control of GPWB	8	-	8
Total as at 31 December 2020	172,374	(4,928)	167,446

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

	Projection years	WACC	Revenue CAGR	Expense CAGR	Growth rate after the projection horizon
Key valuation assumptions as at 31 December 2021					
Goodwill from:					
GPW's taking control of TGE	5	8%	2%	2%	2%
GPW's taking control of BondSpot	5	8%	17%	5%	2%
InfoEngine's acquisition of Platforma Obrotu Energii Elektrycznej (poee)	5	8%	7%	2%	2%
Key valuation assumptions as at 31 December 2020					
Wartość firmy powstała w wyniku:					
Goodwill from:	5	7%	4%	2%	2%
GPW's taking control of BondSpot	5	8%	13%	3%	0%
InfoEngine's acquisition of Platforma Obrotu Energii Elektrycznej (poee)	5	9%	8%	3%	2%

3.3. INVESTMENT IN ENTITIES MEASURED BY THE EQUITY METHOD

Selected accounting policies

Entities measured by the equity method include associates and joint ventures. Investments in associates and joint ventures are initially recognised at cost.

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

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

The Group's share of profit of entities measured by the equity method from the date of acquisition is recognised in the consolidated statement of comprehensive income, and its share of changes in other reserves from the date of purchase – in



other reserves. When the Group's share of losses of an entity measured by the equity method equals or exceeds its interest in the entity, including any other unsecured receivables, the Group ceases to recognise further losses, unless it has incurred obligations or made payments on behalf of the entity measured by the equity method.

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

The entities measured by the equity method as at 31 December 2021 and as at 31 December 2020 included:

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

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

	As at/Year ended 31 December 2021		
	KDPW Group	Centrum Giełdowe S.A.	Total
Opening balance	203,365	17,029	220,395
Dividends due to GPW S.A .	(6,642)	(421)	(7,063)
<i>Share of net profit/(loss)</i>	24,348	258	24,606
<i>Other increase/(decrease) of profit</i>	(230)	-	(230)
Total Group share of profit/(loss) after tax	24,118	258	24,376
Share in other comprehensive income	(6,883)	-	(6,883)
Closing balance	213,958	16,866	230,825

	As at/Year ended 31 December 2020		
	KDPW Group	Centrum Giełdowe S.A	Total
Opening balance	193,197	17,129	210,326
Dividends due to GPW S.A .	(5,187)	(512)	(5,699)
<i>Share of net profit/(loss)</i>	15,553	412	15,965
<i>Other increase/(decrease) of profit</i>	(217)	-	(217)
Total Group share of profit/(loss) after tax	15,336	412	15,748
Share in other comprehensive income	20	-	20
Closing balance	203,366	17,029	220,395

	As at/Year ended 31 December 2021			
	KDPW Group**	Centrum Giełdowe S.A .	Polska Agencja Ratingowa S.A	Total
Current assets, incl.:	3,009,050	12,134	679	n/d
<i>cash and cash equivalents</i>	76,253	10,108	528	n/d
Non-current assets	518,870	61,756	1,478	n/d
Current liabilities	2,859,167	2,089	1,080	n/d
Non-current liabilities	18,074	3,143	-	n/d



Sales revenue	204,167	16,804	1,355	n/d
Depreciation and amortisation	23,306	3,395	723	n/d
Income tax	12,859	263	-	n/d
Dividend due to GPW S.A. in 2021	6,642	421	-	n/d
Net profit/(loss) for the year ended 31 December 2021	72,286	1,041	(540)	n/d
Group share of profit/(loss) for the year ended 31 December 2021	24,118	258		24,376

* As at 30 September 2019, the investment in PAR was fully impaired and as of that date the result of PAR is no longer included in the Group's net profit.

** The KDPW Group prepares its financial statements in accordance with the Accounting Act. The results presented in the table above have been adjusted to the accounting principles applied in the GPW Group.

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

* As at 30 September 2019, the investment in PAR was fully impaired and as of that date the result of PAR is no longer included in the Group's net profit.

** The KDPW Group prepares its financial statements in accordance with the Accounting Act. The results presented in the table above have been adjusted to the accounting principles applied in the GPW Group.

Investment in PAR

The Exchange held 35.86% of PAR as at 31 December 2021 and as at 31 December 2020.

As at 30 June 2020, the Company recognised impairment of the investment in PAR at PLN 583 thousand, which was recognised in the consolidated statement of comprehensive income under financial expenses. The impairment was recognised due to uncertainty in connection with the postponed launch of PAR's planned business activity. As a result, the value of the investment in PAR was equal to PLN 0 in the Exchange's consolidated statement of financial position as at 31 December 2021 and as at 31 December 2020.

Note 6.4.2 presents information relating to the loan granted by the Exchange to PAR.

3.4. LEASES

Selected accounting policies

As a lessee, under IFRS 16, the Group recognises as leases all contracts under which the right to use an asset is transferred for a given term in exchange for a fee. According to allowed simplifications, the Group does not apply lease accounting to:

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

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

Low-value leases include mainly leases of: computers, coffee machines, office furniture. It is assumed that low-value assets are those assets whose unit value does not exceed PLN 20,000, which is approximately equivalent to USD 5,000.

Short-term leases are leases up to 12 months.

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



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

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

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

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

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

Interest income on leases is recognised in the term of the lease to reflect a fixed periodic interest rate on the net investment in the lease made by the Group in the finance lease.

Sublease contracts are contracts where the underlying asset is re-leased by the Group ("intermediate lessor") to a third party and the lease ("head lease") between the head lessor and the Exchange remains in effect. Sublease contracts are classified as an operating lease or a finance lease.

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

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

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

- office space and car park space in the Centrum Giełdowe building, ul. Księżecka 4, Warsaw, and office space in Łódź and Bełchatów;
- colocation space (back-up office, racks, server rooms and maintenance rooms);
- passenger cars.

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

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

The Group's leases contain no covenants; however, right-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 Group's revenue, a reference interest rate, or which would change to reflect changes to market rents.

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

Depreciation charges on right-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 3.4.4.

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

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

The Group was not a lessee for any term under 12 months (short-term lease) in 2021 and in 2020.



	Note	Year ended 31 December	
		2021 r.	2020 r.
Depreciation of right-to-use assets	3.5.4.	5,385	5,572
Interest on lease liabilities	4.6.	353	621
Remeasurement of leases		17	182
Low-value leases		-	24
Total lease cost in the statement of comprehensive income		5,755	6,399

The Group incurred no variable lease costs in 2021 and in 2020 that would not be included in the value of lease liabilities.

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

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

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

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

As at 31 December 2021, the Group was:

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

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

3.4.3. SELECTED JUDGMENTS AND ESTIMATES RELATED TO LEASES

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

- › determination of the period of lease;
- › determination of the lessee's incremental borrowing rate.

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

The Exchange Management Board using judgment determined the five-year term of lease of additional office space occupied by the Group in the Centrum Giełdowe

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

	as at 31 December / Year ended 31 December			
	2021		2020	
	Assuming the term of lease is 2 years shorter	Assuming the term of lease is 2 years longer	Assuming the term of lease is 2 years shorter	Assuming the term of lease is 2 years longer
Impact on the value of lease liabilities	(4,968)	4,691	(5,013)	4,727
Impact on the value of sublease payables	-	-	(1,192)	1,124
Impact on operating expenses (depreciation)	(5,013)	4,529	(118)	88
Impact on sublease interest income	-	-	(34)	33
Impact on lease interest expense	(1,496)	437	(145)	137

The Exchange Management Board determined the lease rate using judgment of the interest rate that the Group would have to pay to borrow, for a similar term and against similar collateral, funds necessary to buy the asset used under the lease



contract. In the opinion of the Management Board, the interest rate on the bonds issued by the Group is a reasonable reflection of that rate.

	as at 31 December / Year ended 31 December			
	2021		2020	
	Assuming the lessee's incremental borrowing rate is 1 pp lower	Assuming the lessee's incremental borrowing rate is 1 pp higher	Assuming the lessee's incremental borrowing rate is 1 pp lower	Assuming the lessee's incremental borrowing rate is 1 pp higher
Impact on the value of lease liabilities	71	(68)	339	(310)
Impact on the value of sublease payables	-	-	44	(15)
Impact on operating expenses (depreciation)	214	(203)	96	(91)
Impact on sublease interest income	-	-	26	(25)
Impact on lease interest expense	99	(112)	133	(126)

3.4.4. RIGHT-TO-USE ASSETS

Selected accounting policies

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

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

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

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

Right-to-use assets are presented in a separate line of the consolidated statement of financial position. The Group groups such assets by class of underlying asset and discloses the classes in the Notes. The main classes of underlying assets used under the right to use include office space and other premises, cars and colocation space.

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

	As at 31 December 2021:			
	Office space and other premises	Vehicles	Colocation space	Total
Right-of-use assets - as at the beginning of the period (restated*)	5 908	629	7 447	13 984
New leases	490	216	662	1 368
Terminated leases	(538)	(1)	(453)	(992)
Terminated subleases	131	-	-	131
Reclassification and other adjustments	(24)	-	2	(22)
Depreciation	(2 171)	(561)	(2 653)	(5 385)
Net carrying amount - closing balance	3 796	283	5 005	9 084

* Data for the comparative period have been restated. See Note 6.11.



	As at 31 December 2020:				
	Office space and other premises	Perpetual usufruct of land	Vehicles	Colocation space	Total
Right-of-use assets - as at the beginning of the period (previously reported)	7,483	4,240	1,098	9,904	22,725
Corrections	-	(4,240)	-	-	(4,240)
Right-of-use assets - as at the beginning of the period (restated*)	7,483	-	1,098	9,904	18,485
New leases	360	-	107	-	467
New subleases	(284)	-	(64)	-	(348)
Terminated subleases	416	-	-	-	416
Reclassification and other adjustments	82	-	65	60	207
Depreciation	(2,148)	-	(577)	(2,517)	(5,242)
Net carrying amount - closing balance	5,908	-	629	7,447	13,984

* Data for the comparative period have been restated. See Note 6.11.

3.4.5. LEASE LIABILITIES

Selected accounting policies

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

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

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

After the commencement date of the lease, the Group measures lease liabilities by:

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

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

The table below presents changes to lease liabilities by category.



Rok zakończony 31 grudnia 2021 r.				
	Office space and other premises	Vehicles	Colocation space	Total
Lease liabilities - as at the beginning of the period (restated data *)	6,549	676	7,667	14,892
New leases	491	216	663	1,370
Terminated leases	(580)	(2)	(468)	(1,050)
Interest on lease liabilities	145	27	196	368
Lease liabilities paid in the period (equal to leasing fees)	(2,518)	(596)	(2,821)	(5,935)
Remeasurement of lease liabilities	17	-	-	17
Reclassification and other adjustments	(1)	(96)	(2)	(99)
Net carrying amount - closing balance, including:	4,103	225	5,235	9,563
<i>non-current</i>	1,731	(49)	2,488	4,170
<i>current</i>	2,372	274	2,747	5,393

* Data for the comparative period have been restated. See Note 6.11.

As at 31 December 2020:				
	Office space and other premises	Perpetual usufruct of land	Vehicles	Colocation space
Lease liabilities - as at the beginning of the period (previously reported)	8,194	1,934	1,144	10,113
Corrections	-	(1,934)	-	-
Lease liabilities - as at the beginning of the period (restated data *)	8,194	-	1,144	10,113
New leases	360	-	107	-
Interest on lease liabilities	258	-	45	263
Lease liabilities paid in the period (equal to leasing fees)	(2,477)	-	(620)	(2,709)
Remeasurement of lease liabilities	182	-	-	-
Reclassification and other adjustments	29	-	-	-
Net carrying amount - closing balance, including:	6,546	-	676	7,667
<i>non-current</i>	4,151	-	157	5,185
<i>current</i>	2,395	-	519	2,482

* Data for the comparative period have been restated. See Note 6.11.

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

3.4.6. SUBLEASE RECEIVABLES

Selected accounting policies

The Group measures sublease receivables in the same way as it measures lease liabilities, i.e., at the commencement date of the lease at the present value of the lease payments outstanding at that date. Lease payments are discounted at the interest rate implicit in the lease. If the Group cannot easily determine the interest rate implicit in the lease, it applies its incremental borrowing rate.



The table below presents changes to sublease receivables by category.

	As at 31 December 2021:		
	Office space and other premises	Colocation space	Total
Sublease receivables - opening balance	316	-	316
Terminated subleases	(77)	-	(77)
Interest on sublease receivables	6	(3)	3
Sublease receivables paid in the period (equal to leasing fees)	(137)	-	(137)
Reclassification and other adjustments	(37)	3	(34)
Net carrying amount - closing balance, including:	71	-	71
<i>current</i>	71	-	71
	As at 31 December 2020:		
	Office space and other premises	Vehicles	Total
Net carrying amount as at 1 January 2020	648	65	713
New subleases	284	-	284
Terminated subleases	(416)	-	(416)
Interest on sublease receivables	12	-	12
Sublease receivables paid in the period (equal to leasing fees)	(143)	-	(143)
Remeasurement of sublease receivables	8	-	8
Reclassification and other adjustments	(77)	(65)	(142)
Net carrying amount - closing balance, including:	316	-	316
<i>non-current</i>	179	-	179
<i>current</i>	137	-	137

3.5. FINANCIAL ASSETS

3.5.1. CLASSIFICATION AND MEASUREMENT OF FINANCIAL ASSETS

Selected accounting policies

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

- financial assets measured at amortised cost:
 - ◆ *cash and cash equivalents,*
 - ◆ *trade receivables,*
 - ◆ *receivables from loans granted,*
 - ◆ *other receivables,*
 - ◆ *other financial assets (including bank deposits and held-to-maturity corporate bonds and certificates of deposit);*
- *financial assets measured at fair value through profit or loss;*
- *financial assets measured at fair value through other comprehensive income.*

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

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

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

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

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

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

The Exchange held shares of IDM S.A. in bankruptcy by arrangement received from the debtor in exchange for receivables and classified them as financial assets measured at fair value through profit or loss as at 31 December 2021 and as at 31 December 2020. The fair value of the shares was PLN 0 as at 31 December 2021 and as at 31 December 2020.

3.5.2. IMPAIRMENT OF FINANCIAL ASSETS

Selected accounting policies

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

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

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

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

The Group assesses expected credit loss for assets related to debt instruments measured at amortised cost regardless of whether there is any indication of impairment. An allowance for expected credit loss is recognised on the basis of the issuer's estimated rating and the probability of loss and amount of loss attributed to the rating.

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

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

In the next step, the Group performs a portfolio analysis and calculates for each category of clients a credit loss ratio based on 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 credit loss ratio.

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 consolidated statement of financial position.

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



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

Selected accounting policies

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

- › Equity securities which the Group irrevocably elects to recognise as such on initial recognition;
- › Debt securities where the 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 Group does not exercise control or exert significant influence. They are disclosed as non-current assets unless the Group intends to sell them within 12 months after the balance sheet date.

Financial assets measured at fair value through other comprehensive income are initially recognised at fair value plus directly attributable transaction costs. After initial recognition, they are measured at fair value and any effect of change in the fair value 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. For debt instruments, accrued interest is recognised directly in profit or loss.

As at 31 December 2021			
	Innex	BVB	Total
Value at cost	3,820	1,343	5,163
Revaluation	(3,820)	(1,220)	(5,040)
Carrying amount	-	123	123

As at 31 December 2020			
	Innex	BVB	Total
Value at cost	3,820	1,343	5,163
Revaluation	(3,820)	(1,228)	(5,048)
Carrying amount	-	115	115

Innex

The Exchange acquired a stake in the Ukrainian Stock Exchange Innex in July 2008. Impairment of the investment was recognised in 2008. The Exchange Management Board identified no indications of release of the full impairment of the investment in Innex as at 31 December 2021.

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.

Fair value hierarchy

Selected accounting policies

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

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



The fair value of BVB shares as at 31 December 2021 and as at 31 December 2020 was recognised at the share price (level 1 of the fair value hierarchy). As there is no active market for Innex shares and the fair value of Innex shares cannot be reliably determined, it was recognised at cost less impairment loss (level 3 in the fair value hierarchy).

3.5.4. TRADE RECEIVABLES AND OTHER RECEIVABLES

Selected accounting policies

Trade receivables are receivables from clients of the Group held to payment. At initial recognition, trade receivables are measured at the transaction price under IFRS 15. 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 VAT refund receivable. The increase in VAT refund receivable is due to the reversal of trade on the international energy market and the prevalence of exports over imports.

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

	As at 31 December	
	2021	2020
Gross trade receivables	49,553	54,077
Impairment allowances for trade receivables	(4,516)	(6,685)
Total trade receivables	45,037	47,392
Current prepayments	7,061	6,203
Current prepayments	114,316	8
Sublease receivables	12	13
Grants receivable	3,670	-
Other receivables	6,981	1,613
Total other receivables	132,040	7,837
Total trade receivables and other receivables	177,077	55,229

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

	Year ended 31 December 2021			Year ended 31 December 2020		
	Trade receivables	Impairment	Total receivables	Trade receivables	Impairment	Total receivables
Receivables which are not overdue	41,356	(85)	41,271	38,731	(480)	38,251
1 to 30 days overdue	2,605	(34)	2,571	4,051	(326)	3,725
31 to 61 days overdue	595	(20)	575	3,099	(61)	3,038
61 to 90 days overdue	358	(17)	341	829	(29)	800
91 to 180 days overdue	315	(36)	279	1,698	(120)	1,578
More than 180 days overdue	4,324	(4,324)	-	5,669	(5,669)	-
Overdue receivables	8,197	(4,431)	3,766	15,346	(6,205)	9,141
Total gross trade receivables	49,553	(4,516)	45,037	54,077	(6,685)	47,392



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 2021, the Group's trade receivables at PLN 8,197 thousand were overdue, including PLN 5,851 thousand at the parent entity (31 December 2020 – PLN 15,346 thousand, including PLN 12,855 thousand at the parent entity). The total overdue receivables included the parent entity's receivables from debtors under insolvency or creditor arrangement proceedings at PLN 743 thousand and other overdue receivables at PLN 7,454 thousand as at 31 December 2021 (31 December 2020 – PLN 645 thousand and PLN 14 701 thousand, respectively).

	As at 31 December	
	2021	2020
Exchange Members	15,972	26,209
Issuers*	231	696
Other*	25,154	11,826
Total gross trade receivables not overdue	41,356	38,731

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

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

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

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

	As at 31 December	
	2021	2020
Aa	1,340	2,424
A	8,194	11,328
Baa	487	3,891
Ba	50	-
B and BB	112	3,769
No rating	5,790	4,797
Total trade receivables from Exchange Members	15,972	26,209

The Group has no collateral on receivables.

None of the Group's trade receivables were subject to renegotiation of the amount in 2021 and in 2020.

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

	As at 31 December	
	2021	2020
Opening balance	6,685	6,039
Creating a write-off	2,328	5,465
Dissolution of the write-off	(4,074)	(4,301)
Receivables written off during the period as uncollectible	(423)	(518)
Closing balance	4,516	6,685

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



Selected judgments and estimates

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

The Group's trade receivables have no significant financing component. Consequently, impairment as at 31 December 2021 was determined according to lifetime expected credit losses. Based on historical data, the Group performed a statistical analysis of the probability of payment of overdue trade receivables by receivables portfolio. For receivables past due more than 180 days, the expected credit loss is assumed to be 100% of the past due receivable. For receivables past due between 90 and 180 days, the expected credit losses is estimated based on analysis of historical data.

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

- Exchange Members – from 0.31% to 8.89%,
- issuers of securities listed on markets operated by the Exchange – from 1.12% to 26.88%,
- other clients (including data vendors) – from 0.67% to 5.80%.

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

The Company considers a financial asset to be at risk of default if internal and external information indicates that it is unlikely that the Company will receive the remaining contractual cash flows in full. A financial asset is written off if there is no reasonable expectation that the contractual cash flows will be recovered.

The change of the impairment allowance for trade receivables in 2021 was PLN 2,169 thousand (decrease of allowance) resulting from a higher amount of reversal (PLN 4,074 thousand) than creation of allowance (PLN 2,328 thousand); PLN 1,746 thousand was recognised in the statement of comprehensive income in 2021 as gains on reversed impairment of receivables and PLN 423 thousand were receivables written off as non-recoverable.

The change of the impairment allowance for trade receivables in 2020 was PLN 646 thousand (increase of allowance) resulting from a higher amount of creation (PLN 5,465 thousand) than reversal of allowance (PLN 4,301 thousand); PLN 950 thousand was recognised in the statement of comprehensive income in 2020 as loss on reversed impairment of receivables and PLN 518 thousand were receivables written off as non-recoverable

	As at 31 December	
	2021	2020
Domestic receivables	33,349	32,864
Foreign receivables	16,204	21,213
Total gross trade receivables	49,553	54,077

3.5.5. FINANCIAL ASSETS MEASURED AT AMORTISED COST

Selected accounting policies

Financial assets measured at amortised cost include: cash and cash equivalents, trade receivables, receivables from loans granted, other financial assets, and other receivables (see Note 3.5.1). Cash and cash equivalents, trade receivables and other receivables are presented in dedicated items of the consolidated statement of financial position (Notes 3.5.4, 3.5.6). Financial assets measured at amortised cost in the statement of financial position include other financial assets and receivables from loans granted. Other financial assets include mainly bank deposits, certificates of deposit and corporate bonds with initial maturities exceeding 3 months (from purchase/contracting), as well as restricted cash which represents an additional risk management tool at IRGIT and secures the liquidity of clearing exchange transactions by IRGIT in cases specified in the Rules of the Exchange Clearing House.

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



	As at 31 December	
	2021	2020
Corporate bonds	150,271	89,977
Bank deposits	117,081	215,154
Other assets	10,148	-
Total current	277,500	305,131
Allowance for losses on debt instruments measured at amortised cost	(178)	-
Total financial assets measured at amortised cost (over 3 months)	277,322	305,131

	Year ended 31 December 2021		
	Interest received	Interest accrued	Total recognised in financial income
Corporate bonds	365	95	460
Bank deposits	79	71	150
Total revenue from assets measured at amortised cost (over 3 months)	444	166	610

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

The table below presents the risk classification of financial assets measured at amortised cost. 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.

	As at 31 December	
	2021	2020
Aa/AA2	-	110 005
A+	5 086	5 086
A	50 093	-
A-	217 079	95 004
Ba/BBB+	5 064	95 035
Total	277 322	305 131

3.5.6. CASH AND CASH EQUIVALENTS

Selected accounting policies

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



	As at 31 December	
	2021	2020
Current accounts (other)	100,406	244,325
VAT current accounts (split payment)	1,911	474
Corporate bonds	14,995	-
Bank deposits	232,245	166,219
Expected credit loss	(233)	-
Total cash and cash equivalents	349,324	411,018

* Data for the comparative period have been restated. See Note 6.11.

Cash and cash equivalents include current accounts and short-term bank deposits (up to 3 months). The carrying amount of short-term bank deposits and current accounts is close to the fair value in view of their short maturity. The average maturity of bank deposits included in cash and cash equivalents was 22 days in 2021, similar to 2020.

At the commencement of the development projects: New Trading System, GPW Data, GPW Private Market and TeO (see Note 6.3), the Group opened dedicated banks accounts for each of those projects. The total balance in those accounts was PLN PLN 4,389 thousand as at 31 December 2021 (PLN 4,111 thousand as at 31 December 2020). Cash in such accounts is classified as restricted cash.

Cash in VAT accounts at PLN 1,911 thousand (PLN 474 thousand as at 31 December 2020) is also restricted cash due to regulatory restrictions on the availability of cash in such accounts for current payments.

The Group reclassified the IRGiT clearing collateral from cash and cash equivalents to other assets in financial assets measured at amortised cost". For a full description of the reclassification, see Note 6.11.3.

The table below presents the risk classification of cash and cash equivalents. 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.

	As at 31 December	
	2021	2020
Aaa	3	-
Aa/AA2	-	132,204
A+	220	89
A-	270,700	200,422
Ba/BBB+	78,401	78,303
Total	349,324	411,018

3.6. CONTRACT ASSETS AND CONTRACT LIABILITIES

Selected accounting policies

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

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

Contract assets include mainly information services. Other revenue classified as contract assets stood at PLN 2,412 thousand as at 31 December 2021 and PLN 1,696 thousand as at 31 December 2020.

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



	As at 31 December	
	2021	2020
<i>Listing</i>	7,249	6,776
Total financial market	7,249	6,776
Other revenue	202	-
Total non-current	7,451	6,776
<i>Trading</i>	1,313	4,178
<i>Listing</i>	3,488	952
<i>Information services and revenue from the calculation of reference rates</i>	2	55
Total financial market	4,803	5,185
<i>Trading</i>	506	2,378
Total commodity market	506	2,378
Other revenue	258	23
Total current	5,567	7,586
Total contract liabilities	13,018	14,362

* Data for the comparative period have been restated. See Note 6.11.

3.7. EQUITY

Selected accounting policies

The equity of the Group comprises:

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

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

3.7.1. SHARE CAPITAL

As at 31 December 2021 and as at 31 December 2020, 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 2021 and as at 31 December 2020.



3.7.2. OTHER RESERVES

	As at 1 January 2021	Change on revaluation	As at 31 December 2021
Revaluation	(7)	6	(1)
Deferred tax	2	(1)	1
Total	(5)	5	-
Revaluation	1,337	(6,883)	(5,546)
Total for entities measured by the equity method	1,337	(6,883)	(5,546)
Total capital from revaluation of financial assets measured at fair value through other comprehensive income	1,332	(6,878)	(5,546)
Revaluation	(336)	320	(16)
Deferred tax	66	(62)	4
Total capital from actuarial gains/losses	(269)	258	(11)
Total other reserves	1,063	(6,620)	(5,557)

3.7.3. RETAINED EARNINGS

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

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

	Reserve capital	Other reserves	Retained earnings	Profit for the period	Total retained earnings
As at 1 January 2021 (restated)*	117,223	370,949	212,156	152,256	852,584
Distribution of the net profit for the year ended 31 December 2020	1,655	64,192	86,409	(152,256)	-
Dividend	-	-	(104,930)	-	(104,930)
Net profit for 2021	-	-	-	161,249	161,249
As at 31 December 2021	118,878	435,141	193,635	161,249	908,903

* Data for the comparative period have been restated. See Note 6.11.

	Reserve capital	Other reserves	Retained earnings	Profit for the period	Total retained earnings
As at 1 January 2020 (restated)*	116,556	356,281	207,739	120,485	801,061
Distribution of the net profit for the year ended 31 December 2019	667	14,668	105,150	(120,485)	-
Dividend	-	-	(100,733)	-	(100,733)
Net profit for 2020	-	-	-	152,256	152,256
As at 31 December 2020 (restated)	117,223	370,949	212,156	152,256	852,584

* Data for the comparative period have been restated. See Note 6.11.



3.7.4. DIVIDEND

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

On 21 June 2021, the Annual General Meeting of the Exchange passed a resolution to distribute the Company's profit for 2020, including a dividend payment of PLN 104,930 thousand. The dividend per share was PLN 2.50. The dividend record date was 23 July 2021 and the dividend was paid on 5 August 2021. The dividend paid to the State Treasury was PLN 36,721 thousand.

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.

In 2021, BondSpot S.A. paid outstanding dividend to a minority shareholder at PLN 29 thousand due for the years 2014-2016.

3.7.5. EARNINGS PER SHARE

There are no dilutive instruments in the Group.

	Year ended 31 December	
	2021	2020
Net profit for the period	161,276	152,270
Weighted average number of ordinary shares (in thousands)	41,972	41,972
Basic/diluted earnings per share (in PLN)	3.84	3.63

3.8. 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.

The fair value of the bonds was recognised based on quoted prices as at 31 December 2021 and as at 31 December 2020 (level 1 in the fair value hierarchy).

	As at 31 December	
	2021	2020
Series C bonds	-	124,810
Series D and E bonds	-	119,928
Total non-current	-	244,738
Series C bonds	125,746	683
Series D and E bonds	120,532	484
Total current	246,278	1,167
Total liabilities under bond issue	246,278	245,905



Year ended 31 December 2021						
	Opening balance	Interest accrued	Interest paid	Cost incurred	Cost settled	Closing balance
Principal	244,929	-	-	-	-	244,929
Interest	1,551	5,440	(5,452)	-	-	1,539
Cost of issuance	(575)	-	-	(1)	386	(190)
Total liabilities under bond issue	245,905	5,440	(5,452)	(1)	386	246,278

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	(965)	-	-	(1)	391	(575)
Total liabilities under bond issue	246,280	6,535	(7,300)	(1)	391	245,905

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

	Issued date	Redemption date	Total par value	Currency	Interest	Coupon
Series C bonds	6.10.2015	6.10.2022	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	
	2021	2020
Fair value of series C bonds	126,491	130,440
Fair value of series D and E bonds	120,588	121,147
Total fair value of bonds in issue	247,079	251,587

3.9. EMPLOYEE BENEFITS PAYABLE

Selected accounting policies

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

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

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



	As at 31 December	
	2021	2020
Retirement benefits	915	1,072
Other employee benefits	603	44
Non-current	1,518	1,116
Retirement benefits	133	112
Other employee benefits	30,973	23,638
Current	31,106	23,750
Total benefits in the statement of financial position	32,624	24,866

3.9.1. RETIREMENT BENEFITS

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

	As at 31 December	
	2021	2020
Retirement benefits - opening balance	1,184	982
Current service cost	174	143
Interest cost	15	20
Gains and losses on the benefits scheme	(8)	-
Actuarial losses/(gains) shown in other comprehensive income due to change of:	(317)	55
- <i>financial assumptions</i>	(244)	95
- <i>demographic assumptions</i>	-	(33)
- <i>other assumptions</i>	(73)	(7)
Total change shown in comprehensive income	(136)	218
Benefits paid	-	(16)
Retirement benefits - closing balance	1,048	1,184

	As at 31 December	
	2021	2020
Discount rate	3.6%	1.2%
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	6,2% - 9,7%	6,5% - 10,1%



3.9.2. OTHER EMPLOYEE BENEFITS

Year ended 31 December 2021						
	Opening balance	Set up	Used	Reclassified	Released	Closing balance
Annual and discretionary bonuses	19,401	21,355	(18,161)	-	(150)	22,445
Benefits after termination	22	-	(22)	-	-	-
Unused holiday leave	3,864	4,282	(3,005)	-	-	5,141
Overtime	246	202	(312)	-	-	136
Unpaid remuneration	105	3,251	(105)	-	-	3,251
Total current	23,638	29,090	(21,605)	-	(150)	30,973
Annual and discretionary bonuses	44	626	(67)	-	-	603
Total non-current	44	626	(67)	-	-	603
Total other employee benefits payable	23,682	29,716	(21,672)	-	(150)	31,576

Year ended 31 December 2020						
	Opening balance	Set up	Used	Reclassified	Released	Closing balance
Annual and discretionary bonuses	14,330	18,370	(13,248)	11	(62)	19,401
Benefits after termination	88	22	(88)	-	-	22
Unused holiday leave	2,487	3,510	(2,133)	-	-	3,864
Overtime	57	246	(57)	-	-	246
Unpaid remuneration	113	105	(113)	-	-	105
Total current	17,076	22,252	(15,639)	11	(62)	23,638
Annual and discretionary bonuses	80	-	(25)	(11)	-	44
Total non-current	80	-	(25)	(11)	-	44
Total other employee benefits payable	17,155	22,252	(15,664)	-	(62)	23,682

3.10. ACCRUALS AND DEFERRED INCOME
Selected accounting policies

Accruals and deferred income include grants received and other payments.

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

Grants received are described in Note 6.3.



	As at 31 December	
	2021	2020
PCR	3,770	4,145
Agricultural Market	488	821
New Trading Platform Project	13,243	6,377
GPW Data Project	2,518	910
Private Market	532	208
Total non-current	20,551	12,461
PCR	375	375
Agricultural Market	333	333
GPW Data Project	-	1,537
GPW Data Project	-	580
Telemetria Project	1,191	-
Private Market	1,652	87
Total current	3,551	2,912
Total accruals and deferred income	24,102	15,373

3.11. OTHER LIABILITIES

Other liabilities as at 31 December 2021 mainly consist of VAT liabilities.

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 7,062 thousand as at 31 December 2021 (PLN 8,355 thousand as at 31 December 2020).

	As at 31 December	
	2021	2020
Security deposits - collateral on the balancing market	985	-
Liabilities to the Polish National Foundation	5,731	7,062
Perpetual usufruct liabilities	3,561	5,188
Total non-current	10,277	12,250
Dividend payable	9	287
VAT payable	43,201	54,793
Liabilities in respect of other taxes	3,067	4,000
Contracted investments	5,387	5,476
Liabilities to the Polish National Foundation	1,331	1,293
Liabilities to the Polish Financial Supervision Authority	-	17
Other liabilities	5,027	3,014
Total current	58,022	68,880
Total other liabilities	68,299	81,130



3.12. TRADE PAYABLES

Selected accounting policies

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

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

	As at 31 December	
	2021	2020
Trade payables to associates	91	68
Trade payables to other entities, accruals and deferred income	13,613	15,049
Total trade payables	13,704	15,117

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

3.13. DEFERRED INCOME TAX

Selected accounting policies

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

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

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

The Group uses no deferred tax assets or liabilities for the differences between the taxable and accounting investment in subsidiaries, associates and joint ventures when the Group is able to control the date of reversal of temporary differences (for deferred tax liabilities) and such differences are unlikely to reverse in the foreseeable future.

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

	Deferred tax (asset)/liability					As at 31 December 2021	
	As at 1 January 2021 (restated*)	(Credited)/ Debited in profit	(Credited)/De bited in other comprehensiv e income	(Asset)/ Liability	Deferred tax asset	Deferred tax liability	
Difference between accounting and tax value of property, plant and equipment and intangible asset	10,091	(2,095)	-	7,996	-	7,996	
Impairment loss on investment in other entities	(1,228)	-	1	(1,227)	1,227	-	
Employee benefits	(4,472)	(1,754)	60	(6,161)	6,161	-	



Cost estimates	(880)	189	-	(691)	691	-
Deferred income	(2,646)	(157)	-	(2,803)	2,803	-
Impairment loss on trade receivables	(1,192)	431	-	(761)	761	-
Interest and costs of bond issue	(185)	(71)	-	(256)	256	-
Other	(263)	232	-	(31)	31	-
Total deferred tax (asset)/liability	(775)	(3,225)	61	(3,934)	11,930	7,996
Offset	-	-	-	-	(7,757)	(7,757)
Total deferred tax (asset)/liability (net)	-	-	-	-	4,173	239

* Data for the comparative period have been restated. See Note 6.11.

	As at 1 January 2020 (reported)	Corrections	As at 1 January 2020 (restated)	(Credited) / Debited in profit	(Credited) / Debited in other comprehensive income	Deferred tax (asset)/liability		
						(Asset)/Liability	Deferred tax asset	Deferred tax liability
Difference between accounting and tax value of property, plant and equipment and intangible asset	11,869	-	11,869	(1,778)	-	10,091	-	10,091
Impairment loss on investment in other entities	(1,227)	-	(1,227)	-	(1)	(1,228)	1,228	-
Employee benefits	(3,207)	-	(3,207)	(1,256)	(9)	(4,472)	4,472	-
Cost estimates	(699)	-	(699)	(181)	-	(880)	880	-
Deferred income	(1,104)	(1,446)	(2,550)	(96)	-	(2,646)	2,646	-
Impairment loss on trade receivables	(963)	-	(963)	(229)	-	(1,192)	1,192	-
Interest and costs of bond issue	(257)	-	(257)	72	-	(185)	295	109
Other	509	-	509	(773)	-	(263)	629	366
Total deferred tax (asset)/liability	4,922	(1,446)	3,476	(4,241)	(10)	(775)	11,342	10,566
Offset	-	-	-	-	-	-	(8,454)	(8,454)
Total deferred tax (asset)/liability (net)	-	-	-	-	-	-	2,888	2,113

* Data for the comparative period have been restated. See Note 6.11.

3.14. PROVISIONS FOR LIABILITIES AND OTHER CHARGES

Provisions for liabilities and other charges stood at PLN 28,837 thousand as at 31 December 2021 (including IRGiT's VAT provisions at PLN 28,771 thousand). Provisions for liabilities and other charges stood at PLN 26,844 thousand as at 31 December 2020 and related to IRGiT's VAT (see Note 6.10).



4. NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

4.1. SALES REVENUE

Selected accounting policies

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

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

Revenues from the service of introduction to trading are inseparable from the listing service; as a result, fees for introduction to trading are recognised over time in the expected term of the agreement with the client (average listing period). Therefore, a decision was made to retrospectively change the accounting treatment of revenue from fees for introduction of shares to trading (see Note 6.11.1.). The Group determined an estimated period of 9 years for the listing service based on a historical analysis of the average listing period of companies on the Main Market and New Connect. This estimate is subject to uncertainty and will be reviewed at each reporting date.

Other sales revenue is measured at the transaction price specified in the contract. No significant financing component has been identified due to the fact that sales have a payment term of 21 days, which is in line with market practice. Revenue is recognised on a one-off basis when the performance obligation is met, which is when the payment becomes unconditionally due and only a specified period of time is required to receive it. In rare cases, the Group grants deferred payment terms, but never for more than 12 months; therefore, the transaction price is not adjusted for the impact of a significant financing component.

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

Financial market:

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

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

Commodity market:

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

- **Revenue from information services**, i.e., commodity market data based on separate agreements signed with exchange data vendors, exchange members and other organisations, mainly financial institutions

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

Selected judgments and estimates

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

The table below presents sales revenue by business line.

	Year ended 31 December	
	2021	2020*
Financial market	254,688	256,944
Trading	177,895	185,272
Equities and other equity-related instruments	143,797	151,042
Derivatives	13,737	15,376
Other fees paid by market participants	8,353	7,488
Debt instruments	10,745	10,150
Other cash instruments	1,263	1,216
Listing	21,553	20,255
Listing fees	17,165	16,916
Fees for admission and introduction and other fees	4,388	3,339
Information services	55,240	51,417
Real-time data	51,991	48,121
Historical and statistical data and indices	3,249	3,296
Commodity market	149,957	144,331
Trading	74,682	72,305
Transactions in electricity	19,068	18,945
Spot	5,321	4,083
Forward	13,747	14,862
Transactions in gas	14,970	12,658
Spot	2,944	2,634
Forward	12,026	10,024
Transactions in property rights to certificates of origin	25,068	27,185
Spot	25,068	27,185
Transactions in agricultural and food products	22	-
Other fees paid by market participants	15,554	13,517
Operation of the register of certificates of origin	23,793	24,326
Clearing	50,409	46,756
Information services	1,073	944
Other revenue	2,926	2,684
Total sales revenue	407,571	403,959

* Data for the comparative period have been restated. See Note 6.11.

	Year ended 31 December			
	2021	% share	2020	% share
Revenue from foreign customers	125,552	30.8%	165,240	40.91%
Revenue from local customers	282,019	69.2%	238,719	59.09%
Total sales revenue	407,571	100.0%	403,959	100%

4.2. OPERATING EXPENSES

Selected accounting policies

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

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

The Group records expenses by type.

	Note	Year ended 31 December	
		2021	2020*
Depreciation and amortisation, incl.:		35,245	36,217
- capitalised depreciation and amortisation charges		(638)	(436)
Salaries	4.2.1.	85,375	74,011
Other employee costs	4.2.1.	24,253	21,610
Rent and maintenance fees		4,845	4,334
Fees and charges, including:		16,958	15,528
- fees paid to PFSA	6.4.1.	14,515	13,874
External service charges	4.2.2.	57,264	49,676
Other operating expenses		5,427	4,775
Total operating expenses		229,367	206,150

* Data for the comparative period have been restated. See Note 6.11.

4.2.1. SALARIES AND OTHER EMPLOYEE COSTS

Selected accounting policies

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

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

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

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



	Year ended 31 December	
	2021	2020
Gross remuneration	52,659	48,872
Annual and discretionary bonuses	18,340	15,418
Retirement severance pay	190	163
Reorganisation severance pay	77	108
Non-competition	17	317
Other (including: unused holiday leave, overtime)	2,053	2,351
Total payroll	73,336	67,229
Supplementary payroll	12,039	6,782
Total employee costs	85,375	74,011

	Year ended 31 December	
	2021	2020
Social security costs (ZUS)	12,328	11,637
Employee Pension Plan (PPE)	4,328	3,285
Other benefits (including medical services, lunch subsidies, sports, insurance, etc.)	7,597	6,688
Total other employee costs	24,253	21,610

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

4.2.2. EXTERNAL SERVICE CHARGES

	Year ended 31 December	
	2021	2020*
<i>IT infrastructure maintenance</i>	24,461	21,796
<i>TBSP market maintenance services</i>	1,574	1,562
<i>Data transmission lines</i>	4,061	3,952
<i>Software modification</i>	784	264
Total IT cost	30,880	27,574
<i>Repair and maintenance of installations</i>	1,026	878
<i>Security</i>	2,022	1,881
<i>Cleaning</i>	803	815
<i>Phone and mobile phone services</i>	312	260
Total office space and office equipment maintenance	4,163	3,834
<i>International (energy) market services</i>	-	1,275
<i>Lease, rental and maintenance of vehicles</i>	340	367
<i>Transportation services</i>	228	158
<i>Promotion, education, market development</i>	6,862	4,364
<i>Market liquidity support</i>	1,044	1,247
<i>Advisory (including legal, business consulting, audit)</i>	7,787	4,673
<i>Information services</i>	3,173	3,445
<i>Training</i>	1,041	1,273
<i>Mail fees</i>	95	87
<i>Bank fees</i>	124	198
<i>Translation</i>	424	380
<i>Other</i>	1,103	801
Total external service charges	57,264	49,676

* Data for the comparative period have been restated. See Note 6.11.



4.3. OTHER INCOME

	Year ended 31 December	
	2021	2020*
Grants received	734	3,471
Gains on sale of property, plant and equipment	15	2
Annual correction of input VAT	-	372
Medical services reinvoiced to employees	539	481
Damages received	4	37
Cost reimbursement from URE/PSE	770	-
International markets - estimated revenue	822	-
Other	123	(151)
Total other income	3,007	4,212

* Data for the comparative period have been restated. See Note 6.11.

4.4. OTHER EXPENSES

	Year ended 31 December	
	2021	2020
Donations	2,155	3,243
Loss on sale of property, plant and equipment	50	28
Damages, penalties, fines	3	-
Impairment of assets	-	4,222
Other	808	4,198
Total other expenses	3,016	11,691

In 2021, the Group made donations to:

- › Polish National Foundation – PLN 1,500 thousand (booked in expenses of 2016, see Note 3.13),
- › GPW Foundation – PLN 2,070 thousand,
- › Care and Education Centre, Franciszków – PLN 20 thousand,
- › Border Guards – PLN 20 thousand,
- › Children's Friends Society – PLN 18 thousand,
- › European Foundation for Those in Need, Gorzów Wlkp. – PLN 14 thousand,
- › orphanages – PLN 12 thousand,
- › Bródno Hospital – PLN 1 thousand.

In 2020, the Group made donations to:

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



4.5. FINANCIAL INCOME

Selected accounting policies

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

	Year ended 31 December	
	2021	2020
Income on financial assets presented as cash and cash equivalents	282	1,462
Income on financial assets presented as financial assets measured at amortised cost	611	2,485
Interest on sublease receivables	7	12
Total income according to the effective interest rate method	900	3,959
Other financial income	97	2,206
Total financial income	997	6,166

Details concerning dividend received from subsidiaries are presented in Notes 6.4.2.

4.6. FINANCIAL EXPENSES

Selected accounting policies

Financial expenses include costs and interest of bonds in issue, interest on loans and advances, and interest on tax liabilities. Interest on bonds is determined using the effective interest rate method.

	Year ended 31 December	
	2021	2020
Interest on bonds, including:		
- accrued	5,826	6,926
- paid	374	(374)
Interest on lease liabilities	5,452	7,300
Interest on loans	353	621
Interest on tax payable, including:		
- VAT provisions	52	-
Interest on tax payable, including:	1,964	11,448
- VAT provisions	1,927	11,376
Impairment loss on investment in other entities	-	583
Expected credit loss	411	-
Other financial expenses	1,151	1,149
FX differences	1,802	493
Total financial expenses	11,559	21,220

4.7. INCOME TAX

Selected accounting policies

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

- costs which are not tax-deductible;



- dividend income which is not taxable;
- grants which are not taxable.

	Year ended 31 December	
	2021	2020*
Current income tax	35,704	42,045
Deferred tax	(3,225)	(4,241)
Total income tax	32,479	37,804

* Data for the comparative period have been restated. See Note 6.11.

	Year ended 31 December	
	2021	2020*
Profit before income tax	193,755	190,074
Income tax rate	19%	19%
Income tax at the statutory tax rate	36,813	36,114
Tax effect of:	(4,334)	1,691
Non-tax deductible costs	1,656	4,834
Impairment of goodwill of a subsidiary	-	670
Non-taxable grants	(5)	(533)
Non-taxable share of profit of entities measured by the equity method	(4,631)	(2,992)
Other non-taxable income	28	(129)
Other adjustments	(1,382)	(159)
Total income tax	32,479	37,804

* Data for the comparative period have been restated. See Note 6.11.

Tax Group ("TG")

Selected accounting policies

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

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

On 25 November 2016, the Head of the First Mazovian Tax Office in Warsaw issued a decision registering TG for a period of three tax years (from 1 December 2017 to 31 December 2019). The TG was comprised of the Exchange, TGE, BondSpot, and GPWB. On 24 December 2019, the Head of the First Mazovian Tax Office in Warsaw issued a decision extending TG for another tax year, from 1 January to 31 December 2020. On 11 December 2020, the TG was extended for another tax year, from 1 January to 31 December 2021. By decision of 7 December 2021, the TG was extended for the year 2022.

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.

4.8. PHANTOM SHARES

On 29 April 2021, on the occasion of the 30th anniversary of the Company, the Exchange Management Board approved a Phantom Share Programme ("Programme") for GPW employees which will continue at least until 2031. The Programme covers all GPW employees in employment as at 16 April 2021. Under the Programme, each employee in employment as at 16 April 2021 is eligible to receive the following:

- a number of phantom shares defined under the Programme for the period from the start of employment with GPW to 16 April 2021 – in total, 10,428 shares were allotted as at 16 April 2021,



- another 4 phantom shares in each year of the Programme (provided that the GPW employee remains in employment as at 16 April of such year) – the estimated number of such phantom shares was 10,301 as at 31 December 2021,
- dividend, i.e., the number of phantom shares allotted to the employees times the dividend per GPW share in the year determined by the GPW General Meeting,
- the right to dividends from the shares held. Employees may, by 30 September each year, request a dividend payment which will be made by 15 October each year. If an employee does not request a payment during the period of employment, the payment is made upon termination of employment or retirement.

The Programme meets the criteria of a share-based payment programme and will be accounted for under IFRS 2 Share-based Payment.

The liability in respect of shares allotted in successive years will be recognised in subsequent years of the Programme up to 2031 and measured as at each balance-sheet date depending on the closing price of GPW shares at the balance-sheet date and the number of eligible employees. Differences of valuation against fair value as at each balance-sheet date will be recognised in employee costs.

The Phantom Share Programme was recognised in these financial statements as follows:

- PLN 603 thousand – liability under the Programme as at 31 December 2021, presented under Non-current liabilities – Employee benefits payable in the statement of financial position (the part vested as at 16 April 2021, updated on each anniversary of the programme),
- PLN 140 thousand – liability under the Programme as at 31 December 2021, presented under Current liabilities – Employee benefits payable in the statement of financial position (the dividend part and liabilities in respect of vested benefits),
- PLN 621 thousand – Programme cost in the 12-month period of 2021, presented in Employee costs in the statement of comprehensive income.

The liability recognised as at 31 December 2021 will be increased with the value of future shares and dividends. The estimated total dividend payable was PLN 486 thousand as at 31 December 2021 and the estimated amount of the Programme based on a variable number of employees and a variable share price is PLN 1,224 thousand by the end of 2031.

5. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Selected accounting policies

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

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

	Year ended 31 December	
	2021	2020***
Depreciation of property, plant and equipment*	12,246	14,093
Amortisation of intangible assets**	17,614	16,693
Depreciation and amortisation of right-to-use assets	5,385	5,433
Total depreciation and amortisation charges	35,245	36,219

* In 2021 depreciation included depreciation charge capitalised to intangible assets at PLN 501 thousand, and in 2020, PLN 390 thousand.

** In 2021 amortisation included amortisation charge capitalised to intangible assets at PLN 137 thousand and in 2020, PLN 46 thousand.

*** Data for the comparative period have been restated. See Note 6.11.

	Year ended 31 December	
	2021	2020
Impairment of other financial assets (Optiq)	-	4,222
(Gains)/losses on FX differences (valuation of accounts and deposits)	170	(544)
Impairment of investment in PAR	-	583



Sublease interest expense		(3)	(12)
Lease interest expense		368	621
Financial expense on the bond issue		383	389
Grants moved to cash flows from financing activities		(5,149)	(3,678)
Other		(1,354)	(101)
Total other adjustments		(5,585)	1,480

6. OTHER NOTES

6.1. FINANCIAL INSTRUMENTS

	Year ended 31 December 2021					
	Interest received/paid	Interest accrued, revaluation and cost of bond issue	Impairment loss	Total shown in net profit	Total shown in other comprehensive income	Total shown in the statement of comprehensive income
Trade receivables (gross)	-	-	1,746	1,746	-	1,746
Equity instruments	365	107	-	472	5	477
Bank deposits	194	145	-	339	-	339
Current bank accounts	81	-	-	81	-	81
Total financial instruments (assets)	640	252	1,746	2,638	5	2,643
Current bank accounts	(5,452)	(374)	-	(5,826)	-	(5,826)
Total financial instruments (liabilities)	(5,474)	(374)	-	(5,848)	-	(5,848)
Total recognised in the statement of comprehensive income	(4,834)	(122)	1,746	(3,210)	5	(3,205)

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

6.2. SEGMENT REPORTING

Selected accounting policies

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



performance. The presentation of financial data by operating segment is consistent with the management approach at Group level.

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

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

The financial segment includes three subsegments:

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

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

The commodity segment includes the following sub-segments:

- › trading (mainly revenue on the Energy Market from spot and forward transactions in electricity, revenue from spot and forward transactions in natural gas, revenue on the Property Rights Market from trade in certificates of origin of electricity);
- › operation of the Register of Certificates of Origin of electricity (mainly revenue from issuance and cancellation of property rights in certificates of origin of electricity);
- › CO₂ Allowances Market (trade in certificates of origin of electricity);
- › clearing (revenue from other fees paid by market participants (members));
- › information services.

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

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

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

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

Revenue from no third-party client of the Group accounted for more than 10% of total revenue in 2021.

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

	Year ended 31 December 2021					
	Financial segment	Commodity segment	Other	Total segments	Exclusions and adjustments	Total
Sales revenue:	260,311	150,552	14,878	425,741	(18,170)	407,571
To third parties	254,688	149,957	2,926	407,571	-	407,571
Between segments	5,623	595	11,952	18,170	(18,170)	-
Operating expenses, including:	(175,231)	(71,451)	(1,833)	(248,515)	19,146	(229,367)
- depreciation and amortisation	(25,303)	(10,748)	(107)	(36,158)	913	(35,245)
Profit on sales	85,080	79,101	13,045	177,226	976	178,204
Gains on reversed impairment of receivables/(Loss) on impairment of receivables	1,066	680	-	1,746	-	1,746



Other income	1,608	2,501	4	4,113	(1,106)	3,007
Other expenses	(3,331)	(70)	-	(3,401)	385	(3,016)
Operating profit	84,423	82,212	13,049	179,684	255	179,941
Financial income, including:	102,972	59,014	1	161,987	(160,990)	997
- <i>interest income</i>	1,122	270	1	1,393	(493)	900
- <i>dividend income</i>	101,762	58,698	-	160,460	(160,462)	(2)
Financial expenses, including:	(7,420)	(4,757)	-	(12,177)	618	(11,559)
- <i>interest cost</i>	(6,261)	(595)	4	(6,852)	584	(6,268)
- <i>VAT provisions</i>	-	(1,927)	-	(1,927)	-	(1,927)
Share of profit/(loss) of entities measured by the equity method	-	-	-	-	24,376	24,376
Profit before income tax	179,975	136,469	13,050	329,492	(135,741)	193,755
Income tax	(25,947)	(6,591)	59	(32,479)	-	(32,479)
Profit for the period	154,028	129,878	13,109	297,013	(135,741)	161,276

As at 31 December 2021							
	Financial segment	Commodity segment	Other	Total segments	Adjustments for investments measured by the equity method	Other exclusions and adjustments	Total segments and exclusions
Total assets	987,301	446,479	4,632	1,438,412	219,173	(246,897)	1,410,688
Total liabilities	346,424	202,832	661	549,917	-	(107,086)	442,831
Net assets (assets - liabilities)	640,877	243,647	3,971	888,495	219,173	(139,811)	967,857

Year ended 31 December 2020 (restated)						
	Financial segment	Commodity segment	Other	Total segments	Exclusions and adjustments	Total
Sales revenue:	262,272	144,225	15,209	421,706	(17,747)	403,959
<i>To third parties</i>	256,944	143,566	3,449	403,959	-	403,959
<i>Between segments</i>	5,328	659	11,760	17,747	(17,747)	-
Operating expenses, including:	(152,472)	(69,787)	(1,427)	(223,686)	17,536	(206,150)
- <i>depreciation and amortisation</i>	25,957	11,599	141	37,697	-	37,697
Profit on sales	109,800	74,438	13,782	198,020	(211)	197,809
Gains on reversed impairment of receivables/(Loss) on impairment of receivables	118	(1,068)	-	(950)	-	(950)
Other income	1,444	2,859	-	4,303	(91)	4,212
Other expenses	(8,029)	(139)	-	(8,168)	(3,523)	(11,691)
Operating profit	103,333	76,090	13,782	193,205	(3,825)	189,380
Financial income, including:	85,899	11,429	4	97,332	(91,166)	6,166
- <i>interest income</i>	2,773	1,467	4	4,244	(285)	3,959



- dividend income	80,766	9,959	-	90,725	(90,725)	-
Financial expenses, including:	(9,683)	(12,506)	(48)	(22,237)	1,017	(21,220)
- interest cost	(7,616)	(484)	(46)	(8,146)	527	(7,619)
- VAT provisions	-	(11,376)	-	(11,376)	-	(11,376)
Share of profit/(loss) of entities measured by the equity method	-	-	-	-	15,748	15,748
Profit before income tax	179,549	75,013	13,738	268,300	(78,226)	190,074
Income tax	(23,117)	(14,695)	8	(37,804)	-	(37,804)
Profit for the period	156,432	60,318	13,746	230,496	(78,226)	152,270

As at 31 December 2020 (restated)						
Financial segment	Commodity segment	Other	Total segments	Adjustments for investments measured by the equity method	Other exclusions and adjustments	Total segments and exclusions
Total assets	1,080,648	231,585	3,937	1,316,170	208,743	(159,441)
Total liabilities	395,981	74,008	695	470,684	-	(23,341)
Net assets (assets - liabilities)	684,667	157,577	3,242	845,486	208,743	(136,100)
						918,131

Detailed information on sales revenue within each operating segment is presented in Note 4.1.

6.3. GRANTS

Selected accounting policies

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

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

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

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

Prepayments in respect of grants relating to assets are presented in Note 3.10, income in respect of grants is presented in Note 4.3, and contingent liabilities and grant liabilities in respect of grants are presented in the table in Note 6.9.2.

New Trading System

The New Trading System is a development project of a new trading platform which will in the future help to reduce transaction costs and offer new functionalities and types of orders for Exchange Members, issuers and investors. The system will provide superior reliability and security according to advanced technical parameters. The amount of the grant in the New Trading System project will be PLN 30.3 million, the estimated cost of the project is PLN 90 million, the project has not been completed as at 31 December 2021.

GPW Data

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



the GPW Data project will be PLN 4.2 million, the estimated cost of the project is PLN 8.3 million, the project has not been completed as at 31 December 2021.

Price Coupling of Regions ("PCR")

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

In 2016, in the implementation of international projects (aiming among others to implement European regulations applicable to cross-border energy exchange), the President of the Energy Regulation Authority (URE) granted TGE a refund of part of the PCR cost from the Polish power transmission system operator Polskie Sieci Energetyczne S.A. under a bilateral agreement ensuring the implementation of a day-ahead electricity market in Poland. The amount of the grant in the PCR project was PLN 7.0 million, the estimated cost of the project is PLN 10,791 thousand, the project has been completed as at 31 December 2021.

Agricultural Market

A consortium comprised of GPW, TGE and IRGiT signed an agreement with Krajowy Ośrodek Wsparcia Rolnictwa (National Centre for Agricultural Support, KOWR) on 29 January 2019 concerning the Agricultural Market project which will launch an electronic trading platform for certain agricultural commodities. The project closed on 31 August 2020 according to plan. Since 1 September 2020, the platform is operated by TGE and IRGiT (without the participation of the Exchange). As the consortium leader and the parent entity of the GPW Group, the Exchange represented the consortium in relations with KOWR, handled financials and provided marketing support, and received a fee from the other consortium members which covered its expenses. The cost of the project amounted to PLN 2,565 thousand, the project has been completed as at 31 December 2021.

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

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

GPW Private Market

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

The objective of the project is to develop a platform for the issuance of tokens representing digital rights (digital assets). The platform will also support trade in such assets. The amount of the grant in the GPW Private Market project will be PLN 8.5 million, the estimated cost of the project is PLN 12.6 million, the project has not been completed as at 31 December 2021.

TeO

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

The aim of the project is to develop an innovative TeO Platform. The new solution will be designed to profile TV users and sell and display targeted advertising on linear TV. The amount of the grant in the project will be PLN 13.3 million, the estimated cost of the project is PLN 33.3 million, the project has not been completed as at 31 December 2021.

Gospostrateg

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

The main objective of the project is to transform the Mazowieckie Voivodeship into an accelerator of global enterprises by building a knowledge repository of key global markets and developing and implementing an effective model of co-operation between administration, science and business taking into account the conditions of the Mazowieckie Voivodeship. The amount of the grant in the Gospostrateg project will be PLN 0.3 million, the estimated cost of the project is PLN 7.9 million, the project has not been completed as at 31 December 2021.

PCOL

On 4 November 2021, GPW signed an agreement with the National Centre for Research and Development to co-finance the Polish Digital Logistics Operator ("PCOL") project in the amount of PLN 5.4 million. The estimated total project cost is PLN 9.3 million.

PCOL is a project for an innovative logistics platform based on artificial intelligence to optimise costs in areas related to transport and logistics services for State-owned companies as well as private companies which will in the future use the



services and solutions offered. The grant will be used to finance research and development work related primarily to the development of innovative technologies based on artificial intelligence. The amount of the grant in the PCOL project will be PLN 5.4 million, the estimated cost of the project is PLN 9.3 million, the project has not been completed as at 31 December 2021.

6.4. RELATED PARTY TRANSACTIONS

Selected accounting policies

Related parties of the Group include:

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

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

Companies with a stake held by the State Treasury

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

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

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

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

Polish Financial Supervision Authority ("PFSA")

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

Fees paid by the Group to PFSA stood at PLN 14,515 thousand in 2021 and PLN 13,874 thousand in 2020.

Tax Office

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

Details concerning income tax are presented in Note 4.7.

Polish National Foundation

Payments and transactions with PFN are described in Notes 3.11. and 4.4.

6.4.2. TRANSACTIONS WITH ENTITIES MEASURED BY THE EQUITY METHOD

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



	As at 31 December 2021		Year ended 31 December 2021	
	Receivables	Trade payables and other liabilities	Sales revenue or sublease interest	Operating expenses
KDPW Group:	-	-	3	122
other	-	-	3	122
Centrum Giełdowe:	-	4,287	-	4,570
leases	-	3,813	-	2,095
other	-	474	-	2,475
PAR:	50	-	22	40
leases	50	-	2	-
other	-	-	20	40
Total	50	4,287	25	4,732

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

Receivables from associates and joint ventures were not written off as uncollectible, with the exception of receivables under a loan granted to PAR (see below), or provided for in the year ended 31 December 2021 and 31 December 2020.

Dividend from associates

On 18 June 2021, the Annual General Meeting of **CG** decided to allocate a part of the 2020 profit equal to PLN 1,700 thousand to a dividend payment. The dividend paid to the Exchange on 23 July 2021 was PLN 421 thousand. In 2020, CG paid dividend for 2019 at PLN 2,067 thousand, including dividend paid to the Exchange at PLN 512 thousand.

On 29 June 2021, the Annual General Meeting of **KDPW** decided to allocate a part of the 2020 profit equal to PLN 19,925 thousand to a dividend payment. The dividend paid to the Exchange on 3 September 2021 was PLN 6,641 thousand. In 2020, KDPW paid dividend for 2019 at PLN 15,561 thousand, including dividend paid to the Exchange at PLN 5,187 thousand.

Loans and advances

As at 31 December 2021, the carrying amount of loans granted to PAR was 0 (impairment loss of PLN 832 thousand), of which the amount of the impairment loss on the loan equal to PLN 507 thousand was charged to 2020 and the amount of PLN 325 thousand was charged to 2021. The carrying amount of the loans granted at 31 December 2020 was 0 (impairment loss of PLN 507 thousand). For more information, see GPW's financial statements for 2020.

On 30 June 2021, an annex was signed to the agreement concerning the loan granted to PAR by GPW in September 2020. In accordance with the amendments introduced by the annex, the interest for the period from the date of the loan to 30 June 2021 was capitalised as at 30 June 2021 and added to the loan amount. The interest for the period from 1 July 2021 to 30 June 2022 will be calculated in accordance with the existing provisions of the agreement. The loan and accrued interest will be repaid in a single payment by 30 June 2022.



6.4.3. OTHER TRANSACTIONS

Transactions with the key management personnel

In 2021 and 2020 there were no transactions with members of the key management personnel in the Group apart from those described in note 6.5.

Książęca 4 Street Tenants Association

In 2021 and in 2020, the Exchange concluded transactions with the Książęca 4 Street Tenants Association of which it is a member. The expenses amounted to PLN 4,719 thousand in 2021 and PLN 4,160 thousand in 2020. 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 130 thousand in 2021 and PLN 13 thousand in 2020.

GPW Foundation

In 2021, GPW donated PLN 2,070 thousand (in 2020 – PLN 1,179 thousand) to the GPW Foundation, received an income of PLN 236 thousand (in 2020 – PLN 127 thousand) from the Foundation, and paid the Foundation's costs of PLN 54 thousand (in 2020 – PLN 1 thousand). As at 31 December 2021, the Exchange's receivables from the GPW Foundation stood at PLN 39 thousand and its payables to the Foundation at PLN 0 thousand (as at 31 December 2020 – PLN 63 thousand and PLN 143 thousand, respectively).

Polish National Foundation

Payments and transactions with PFN are described in Notes 3.12. and 4.4.

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

Selected accounting policies

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

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

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

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

The data presented in the table below are for all (current and former) members of the Exchange Management Board and the Exchange Supervisory Board, the Management Boards and the Supervisory Boards of the subsidiaries who were in office in 2021 and 2020, respectively.

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

	Year ended 31 December	
	2021	2020
Base salary	1,613	1,728
Variable pay	1,627	1,780
Bonus	-	14
Other benefits	286	352
Benefits after termination	-	185
Total remuneration of the Exchange Management Board	3,526	4,059
Remuneration of the Exchange Supervisory Board	581	550
Remuneration of the Management Boards of other GPW Group companies	3,895	3,904
Remuneration of the Supervisory Boards of other GPW Group companies	899	1,004
Total remuneration of the key management personnel	8,901	9,517



As at 31 December 2021, due (not paid) bonuses and variable remuneration of the key management personnel stood at PLN 2,949 thousand and concerned bonuses for 2017-2021. The cost was shown in the statement of comprehensive income for 2017-2021.

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

6.6. CONTRACTED INVESTMENTS

	As at 31 December	
	2021	2020
Contracted investments in property, plant and equipment	65	169
Contracted investments in intangible assets	3,983	912
Total contracted investments	4,048	1,081

Contracted investments in plant, property and equipment included mainly investments in IT hardware as at 31 December 2021 and as at 31 December 2020.

Contracted investments in intangible assets included mainly investments in the controlling system, the Wibix system, and the implementation of software supporting the exchange of information with commodity market participants as at 31 December 2021. Contracted investments in intangible assets included the GRC system, the new Indexator and Microsoft Office licences as at 31 December 2020.

6.7. IRGiT CLEARING GUARANTEE SYSTEM

The clearing guarantee system operated by IRGiT includes:

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

Selected judgments and estimates

The Group performs a judgment concerning IRGiT's role in the clearing of transactions on the commodity forward instruments market. According to the estimates of the Exchange Management Board, both the entire risk and all benefits related to the holding of cash contributed to the clearing guarantee system remain with the Clearing House Members. Hence, cash resources of the IRGiT clearing guarantee system are not assets of the Group and neither are they presented under cash assets of the Group.

	As at 31 December 2021		As at 31 December 2020	
	Cash in IRGiT bank accounts	Cash in clients' bank accounts	Cash in IRGiT bank accounts	Cash in clients' bank accounts
Deposits	1,607,503	1,947,379	790,294	479,631
Margins	6,188,750	1,181,855	1,151,543	317,505
Guarantee funds	161,672	21,323	210,854	45,461
Total	7,957,925	3,150,557	2,152,691	842,597



	As at 31 December	
	2021	2020
Non-monetary collateral classified as margins	16,158,373	1,279,465

6.8. GUARANTEES

As at 31 December 2021, the Group had bank guarantees issued in favour of:

- NordPool at EUR 5.6 million commencing on 1 July 2021 and valid until 30 June 2022,
- Slovenská Elektrizačná Prenosová Sústava (SEPS) at EUR 0.5 million commencing on 17 June 2021 and valid until 30 June 2022,
- ČEPS at EUR 1.5 million commencing on 1 July 2021 and valid until 30 June 2022,
- European Commodity Clearing AG (ECC) at EUR 3.0 million commencing on 1 July 2021 and valid until 30 June 2022.

The changes in the amounts result from the annexes signed in September 2021 reducing the amounts of the guarantees.

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

6.9. CONTINGENT ASSETS AND LIABILITIES

6.9.1. CONTINGENT ASSETS

In September 2019, TGE submitted corrections of CIT returns and payments for 2012-2016 and paid the resulting amounts due together with interest. The correction concerned among others the conversion of TGE's debt due from IRGiT into IRGiT's share capital in an amount of PLN 10 million in 2013. Given the inconsistent approach of tax authorities to the tax recognition of the transaction, TGE took measures to recover the paid tax of PLN 1.9 million. As it is uncertain whether the amount can be recovered, the Group recognised a contingent asset of PLN 2.6 million as at 31 December 2021 (including PLN 1.9 million principal and PLN 0.7 million interest). The Director of the Tax Chamber issued a decision refusing to recognise the requested overpayment of PLN 2.6 million. TGE appealed against the decision. On 14 April 2021, the Regional Administrative Court in Warsaw in an in camera session dismissed TGE's appeal and upheld the interpretation. TGE appealed against the Court's decision in cassation on 25 June 2021 and the final decision is pending.

6.9.2. CONTINGENT LIABILITIES

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

As at 31 December 2021, the Group recognised a contingent liability in respect of an overdue VAT correction. Acting in the interest of GPW shareholders, pursuant to point 92 of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, the Group is not disclosing the estimated amount of the potential payable (see: Note 6.10).

The Group had bank guarantees as at 31 December 2021 as described in Note 6.8.

6.10. UNCERTAINTY ABOUT VAT

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

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



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

In this respect, IRGiT developed a tax strategy together with external tax advisors.

Due to uncertainty concerning the timing of input and output VAT in all open periods and concerning the amount of the aforementioned potential VAT payable, guided by the principles of prudence, in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, provisions were set up against interest to be accrued in the event that VAT deduction periods are shifted in the amount PLN 28.8 million as at 31 December 2021 (PLN 26.8 million as at 31 December 2020). As a result of the provisions set up, PLN 1.9 million was charged to the Group's financial expenses in 2021 (PLN 11.4 million in 2020). The provisions represent the best possible estimate of the potential liability as at 31 December 2021 which would have to be paid upon an amendment of the existing methodology of determining the time of origination of the tax liability and the deduction right.

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

6.11. CORRECTIONS OF ERRORS

6.11.1. FEES FOR INTRODUCTION OF SHARES TO TRADING

When preparing the financial statements for H1 2021, the recognition of revenue from fees for introduction of shares to trading was reviewed. As a result of the analysis, in line with the IFRIC agenda decision of January 2019 Assessment of promised goods or services, it was determined in the light of IFRS 15 Revenue from Contracts with Customers that the service of introduction to trading is inextricably linked to the listing service. As a result, it was decided that revenue from fees for introduction to trading will be recognised over time during the expected term of contracts with customers (average listing period). Accordingly, the accounting recognition of revenue from fees for introduction of shares to trading was modified retrospectively. The Group restated the comparative figures presented in these financial statements.

The Exchange defined the average period of provision of the listing service equal to 9 years following a historical analysis of the average period of listing of companies on the Main Market and NewConnect. The estimate is subject to uncertainty and will be reviewed as at each reporting date.

6.11.2. RIGHT OF PERPETUAL USUFRUCT OF LAND

When preparing the financial statements for H1 2021, the recognition of the Exchange's share in the right of perpetual usufruct of land at 4, Książęca St., Warsaw, was reviewed. As a result, it was determined that the share does not meet the criteria of leases under IFRS 16 Leases. As a result, it was reclassified from "Right-to-use assets" to "Intangible assets" and from "Lease liabilities" to "Other liabilities". The useful life of the asset was reviewed and its depreciation period was extended to 2093. The corrections are retrospective and the Group restated the comparative data presented in these financial statements.

6.11.3. IRGiT CLEARING COLLATERAL

As a result of a review under IAS 7 Statement of Cash Flows, it was determined that restricted cash in the amount of PLN 10 million, which constitutes an additional risk management tool at IRGiT and is held for the purpose of securing the liquidity of clearing of exchange transactions by IRGiT in cases specified in the Rules of the Exchange Clearing House, does not meet the definition of cash equivalents. Accordingly, a presentation change has been made in these consolidated financial statements by reclassifying such cash from "Cash and cash equivalents" to "Financial assets measured at amortised cost". The corrections are retrospective and the Group restated the comparative data presented in these financial statements.

6.11.4. ENERGY TRANSACTIONS ON INTERNATIONAL MARKETS ("INTERNATIONAL MARKETS")

The Group reviewed the presentation of revenue and expenses related to TGE's participation in the single European energy market in terms of their economic substance. As a result of the review, the presentation of such transactions was changed.

Revenue and expenses from such transactions were previously presented under "Operating income", "Other revenue" and "Operating expenses" but are now recognised on a net basis in a single line: "Operating expenses". The corrections are retrospective and the Group restated the comparative data presented in these financial statements.



The tables below present the impact of the corrections described above on the statement of financial position, the statement of cash flows, and the statement of comprehensive income for each relevant period.

	As at 31 December 2020 (reported)	Corrections			31 December 2020 (restated*)
		Cash	Perpetual usufruct of land	Fees for introduction of shares to trading	
Non-current assets, including:	588,819	-	1,845	1,446	-
Right-to-use assets	18,031	-	(4,047)	-	-
Intangible assets	247,308	-	5,892	-	-
Deferred tax asset	1,442	-	-	1,446	-
Current assets, including:	773,362	-	-	-	-
Financial assets measured at amortised cost	294,986	10,145	-	-	-
Cash and cash equivalents	421,163	(10,145)	-	-	-
TOTAL ASSETS	1,362,181	-	1,845	1,446	-
Equity:	924,169	-	126	(6,164)	-
Equity of shareholders of the parent entity:	923,550	-	126	(6,164)	-
Share capital	63,865	-	-	-	-
Other reserves	1,063	-	-	-	-
Retained earnings	858,622	-	126	(6,164)	-
<i>Supplementary capital</i>	<i>117,223</i>	-	-	-	-
<i>Reserves</i>	<i>370,949</i>	-	-	-	-
<i>Earnings of previous years</i>	<i>219,024</i>	-	<i>64</i>	<i>(6,932)</i>	-
<i>This period's net profit</i>	<i>151,426</i>	-	<i>62</i>	<i>768</i>	-
Non-current liabilities, including:	281,570	-	1,771	5,606	-
Lease liabilities	11,298	-	(1,805)	-	-
Contract liabilities	1,170	-	-	5,606	-
Other liabilities	8,674	-	3,576	-	-
Current liabilities, including:	156,442	-	(52)	2,004	-
Lease liabilities	5,463	-	(67)	-	-
Contract liabilities	5,582	-	-	2,004	-
Other liabilities	68,865	-	15	-	-
TOTAL EQUITY AND LIABILITIES	1,362,181	-	1,845	1,446	-

* Data for the comparative period have been restated. See Note 6.11.



	As at 1 January 2019 (reported)	Corrections				As at 31 December 2019 (restored)
		Cash	International markets	Perpetual usufruct of land	Fees for introduction of shares to trading	
Non-current assets, including:	586,114	-	-	1,733	1,626	589,473
Right-to-use assets	22,725	-	-	(4,240)	-	18,485
Intangible assets	246,649	-	-	5,973	-	252,622
Deferred tax asset	464	-	-	-	1,626	2,090
Current assets, including:	670,703	-	-	-	-	670,703
Financial assets measured at amortised cost	328,998	10,145	-	-	-	339,143
Cash and cash equivalents	285,274	(10,145)	-	-	-	275,129
TOTAL ASSETS	1,256,817	-	-	1,733	1,626	1,260,176
Equity:	873,489	-	-	63	(6,932)	866,620
Equity of shareholders of the parent entity:	872,884	-	-	63	(6,932)	866,015
Share capital	63,865			-	-	63,865
Other reserves	1,089			-	-	1,089
Retained earnings	807,930	-	-	63	(6,932)	801,061
<i>Supplementary capital</i>	<i>116,556</i>	-	-	-	-	<i>116,556</i>
Reserves	356,281	-	-	-	-	356,281
<i>Earnings of previous years</i>	<i>215,773</i>	-	-	-	(8,034)	<i>207,739</i>
<i>This period's net profit</i>	<i>119,320</i>	-	-	63	1,102	<i>120,485</i>
Non-controlling interests	605	-	-	-	-	605
Non-current liabilities, including:	283,500	-	-	1,720	6,433	291,653
Lease liabilities	16,204	-	-	(1,870)	-	14,334
Contract liabilities	572	-	-	-	6,433	7,005
Other liabilities	9,639	-	-	3,590	-	13,229
Current liabilities, including:	99,828	-	-	(50)	2,125	101,903
Lease liabilities	5,181	-	-	(65)	-	5,116
Contract liabilities	4,364	-	-	-	2,125	6,489
Other liabilities	41,709	-	-	15	-	41,724
TOTAL EQUITY AND LIABILITIES	1,256,817	-	-	1,733	1,626	1,260,176

* Data for the comparative period have been restated. See Note 6.11.



	Period ended 31 December 2020					
	Before corrections	Cash	Perpetual usufruct of land	Fees for introduction of shares to trading	International markets	Restated
Total cash flows from operating activities	231,375	-	-	-	-	231,375
Profit for the period	151,440	-	62	768	-	152,270
Corrections, including:	112,783	-	(62)	(768)	-	111,953
Income tax	37,624	-	-	180	-	37,804
Depreciation and amortisation	36,331	-	(112)	-	-	36,219
Other	1,430		50	-	-	1,480
Change of assets and liabilities, including:	45,073	-	-	(948)	-	44,125
<i>Contract liabilities</i>	<i>1,816</i>	-	-	(948)	-	<i>868</i>
(Decrease)/increase of net cash and cash equivalents	135,345	-	-	-	-	135,345
Cash and cash equivalents - opening balance	285,274	(10,145)	-	-	-	275,129
Cash and cash equivalents - closing balance	421,163	(10,145)	-	-	-	411,018

	Year ended 31 December 2020 (reported)	Corrections				Year ended 31 December 2020 (restated)
		Cash	Perpetual usufruct of land	Fees for introduction of shares to trading	'International markets	
Sales revenue	403,776	-	-	948	(765)	403,959
Operating expenses	(208,505)	-	112	-	2,243	(206,150)
Other income	5,690	-	-	-	(1,478)	4,212
Operating profit	188,320	-	112	948	-	189,380
Financial expenses, incl.:	(21,170)	-	(50)	-	-	(21,220)
Profit before tax	189,064	-	62	948	-	190,074
Income tax	(37,624)	-	-	(180)	-	(37,804)
Profit for the period	151,440	-	62	768	-	152,270

6.12. EVENTS AFTER THE BALANCE SHEET DATE

On 19 January 2022, GPW acquired a shelf company Telegren Investements spółka akcyjna for PLN 117.8 thousand to simplify and shorten the process of establishing and registering a company. This shelf company will be used to operate the market under the Private Market project.

On 31 January 2022, GPW redeemed series D and E bonds issued on 18 January 2017. The total nominal value of the bonds redeemed was PLN 120,000 thousand.

On 24 February 2022, armed conflict broke out in Ukraine. The international community reacted by imposing sanctions on Russia. Due to the impact of the conflict on the political and economic situation in Europe and globally, the GPW Group took



into consideration the recommendations of the Polish Financial Supervision Authority for issuers of securities issued on 2 March 2022.

As a result, the GPW Group:

- analysed potential risks arising from the conflict which may affect the GPW Group's activities (see the Management Board's Report on the Activity of the Parent Entity and the Group of the Warsaw Stock Exchange, Note 2.8); and
- analysed the potential impact of the conflict on the 2021 financial statements in the context of the GPW Group's ability to continue as a going concern.

The Group has no direct investments in / exposures to entities operating in Ukraine / Russia. No material receivables from the GPW Group's counterparties related to parties involved in the armed conflict in Ukraine were identified as at 31 December 2021. As shown in Note 2.2.2, the GPW Group has no material foreign currency assets and, therefore, exchange rate fluctuations are not expected to have a material impact on the Group's financial position.

As at 31 December 2021, the Group held PLN 627 million in cash and cash equivalents and short-term financial assets including bank deposits and guaranteed corporate bonds. They are sufficient financial resources to conclude that the Group's short-term and mid-term liquidity risk is low.

According to available information and based on analyses completed as at 31 December 2021, the GPW Group did not identify any material uncertainties relating to events or circumstances that would cast significant doubt on its ability to continue as a going concern.

The Group follows and monitors developments relating to the armed conflict in Ukraine and analyses the potential adverse consequences of the conflict on the Group's operations in order to take necessary actions to mitigate the potential impact. Given the significant uncertainties arising from further developments in the conflict, the reaction of the international community, and the impact on the economy, the long-term effects of the conflict are not determinable as at the date of the financial statements.

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

Marek Dietl – President of the Management Board
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Piotr Borowski – Member of the Management Board
.....

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

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

Signature of the person responsible for keeping books of account:

Piotr Kajczuk, Director, Financial Department
.....

Warsaw, 15-16 March 2022

