

**Transcript of the individual investor chat with Izabela Olszewska, Member of the GPW Management Board, hosted on Wednesday, 22 September 2021, at 1 p.m.**

**Izabela Olszewska:** Good afternoon and welcome to yet another chat dedicated to GPW's business. We are ready for your questions.

**Spekulant\_2021:** *In your opinion, are turnover volumes which exceed PLN 1bn per day sustainable in the long term? Will GPW remain a COVID winner?*

**Izabela Olszewska:** Turnover on our markets depends on overall market conditions. After weak turnover in July and August, volatility has now made a comeback and turnover on GPW's Main Market exceeds PLN 1bn per day. I am an optimist: I believe that most of those investors who opened their securities accounts in the past year will stay active on the market. There are a number of interesting IPOs in the pipeline which should keep investor interest strong as well as turnover.

**Bartek:** *A question about NewConnect: When will foreign stocks trade on GPW?*

**Izabela Olszewska:** GPW is planning to reach operational readiness in Q4 2021. However, there are external factors to consider, as well. We have been in discussions and negotiations with the PFSA and market makers. The market will open when an introducing market maker introduces the first company.

**Buyside:** *What is your opinion on planned IPO-related tax cuts? Will they have an actual impact improving the conditions on GPW?*

**Izabela Olszewska:** The GPW Management supports all kinds of support for business expansion and growth of Polish companies, and we are very positive about the decision to offer IPO-related tax cuts. The cuts would be good for us. IPO-related tax cuts are expected to be available both to issuers and individual investors. Issuers who use the cuts can charge to their tax accounts 150 percent of expenses directly related to getting floated, including what they pay to attract shareholders. Expenses for advisory, legal and financial services directly related to a share issue are tax-deductible up to 50 percent capped at PLN 50k. Anything that could bolster the interest of companies in the exchange is a good step.

**Krycia Filipczak:** *I would like to know more about GPW Tech's development plans. What is its core business?*

**Izabela Olszewska:** GPW Tech is our daughter company responsible for the development of the GPW Group's technology arm. The company produces and commercialises technology solutions for the financial sector. Its solutions will be used by members of the GPW Group and by market participants. The solutions include GPW Tech GRC (Governance, Risk & Compliance) as well as the TCA Tool which supports analyses of statistical measures and details of market macro and microstructure.

**Marek Witkowski:** *What is your action plan to retain the many individual investors who have joined GPW over the past months?*

**Izabela Olszewska:** Investors come to the market to make a return, which is why our focus is on attracting new interesting companies and developing our product range. We already offer more than 2.5k structured products offering exposure to a range of commodities and instruments which individual

investors would otherwise never have a chance to invest in. The range of ETFs we offer keeps growing. We are expecting new ETFs to be launched later this year. With a view to individual investors, we have expanded the Analytical Coverage Support Programme to include additional companies, including NewConnect-listed stocks. Exchange information is now available directly on Yahoo Finance, an addition we have made at the request of individual investors.

***Tomek: Why did external service charges increase by close to 30% year on year in Q2 2021? Is it a trend or a one-off?***

**Izabela Olszewska:** The increase v. H1 2020 was driven by an increase of: (1) IT costs due to a higher cost of IT hardware maintenance and warranty services and software modifications; (2) advisory costs including advisory services in GPW's Private Market and PCOL projects; (3) promotion costs in view of many promotional campaigns and activities in 2021 which we had skipped in 2020 due to the strict lockdown.

***Irek M.: Are you planning to offer cryptocurrency ETFs?***

**Izabela Olszewska:** This is not something we are planning at the moment.

***Inwestor od 1994 roku: Have you surveyed the management of public companies as regards their opinions on the new Best Practice for GPW Listed Companies 2021? Have you checked that the Best Practice will not force small and mid-sized companies to go delisted?***

**Izabela Olszewska:** The latest Best Practice has been drafted by the Corporate Governance Committee, an advisory body responsible for compliance with the corporate governance principles on the markets operated by GPW and for GPW's collaboration with third parties in the development and promotion of corporate governance in Poland. The Committee is comprised of representatives of the key institutions of the Polish capital market, corporate governance experts, representatives of both investors and issuers. It is essential for the capital market to build trust by drafting top standards.

In my personal opinion, it is not necessarily a bad thing if a company which is unwilling to comply with good standards decides to leave the exchange.

Remember that there are two sides to the market, the other one being investors who invest their savings and whose perspective matters.

***Krysia Filipczak: GPW's bonds mature in January and October 2022. Is it going to be a redemption or a roll-over?***

**Izabela Olszewska:** We haven't decided yet. We are looking at possible options. I will be in a position to answer this question once we have decided.

***Analitik: Is GPW planning to introduce a stock index including only companies which comply with and report ESG standards?***

**Izabela Olszewska:** We already offer WIG-ESG, which is not an exclusionary index but rather a "best effort" index: every company can improve and develop its ESG compliance and advance in the ranking to join the index.

We are planning to develop the range of ESG indices and benchmarks in the future. This is a responsibility of GPW Benchmark.

***Jurek: What matters most to your potential future acquisition decisions?***

**Izabela Olszewska:** The key factor is good fit with our competences. We are interested in financial market participants and technology companies. Other factors include potential synergies as well as the potential return on investment.

***Błażej: Does it make sense to launch Global Connect now that investors can easily buy stocks from around the world?***

**Izabela Olszewska:** We see Global Connect as an added value. Stocks will be traded in PLN and quoted by introducing market makers. Access to Global Connect will be the same as access to stocks listed on the Main Market and NewConnect.

***tim: What is the status quo of your acquisition plans? When are you expecting to decide anything?***

**Izabela Olszewska:** As we have previously communicated, we are engaged in a due diligence of the Armenia Stock Exchange. We would like to close the deal by the end of 2021. As for other M&As, we will communicate those in future reports.

***Grzegorz W.: What new instruments are you expecting to offer in the coming months?***

**Izabela Olszewska:** We are expecting to launch two new ETFs, including a debt ETF. We keep adding more structured products. We are flexible about new single-stock futures: whenever we see growing interest in a stock and sign a contract with a market maker, we are in a position to market such futures quickly.

***Paulina W.: What percentage of GPW staff participate in the Employee Capital Plans (PPK) scheme?***

**Izabela Olszewska:** GPW has for many years offered an Employee Pension Plan (PPE) scheme.

***Kamil P.: What annual net margin and EBITDA margin would make GPW's management happy in 2021?***

**Izabela Olszewska:** In our opinion, the Q2 2021 margins (net margin 46%) are very satisfying, comparable to margins generated by other public stock exchanges.

***Monia: What is your opinion about the performance of the analytical coverage support programme so far? Does it meet your expectations?***

**Izabela Olszewska:** We are positive about it. The programme helps to democratise access to stock exchange research for a broad group of individual investors. In total, in the first and second round of the programme, 12 brokerage houses produced 812 analytical reports covering 52 companies

participating in the Programme. We launched the third round of the Programme (PWPA 3.0) in early July. The third round includes 65 companies listed on the Main Market and on NewConnect. According to our estimates, we are a leading exchange offering such a programme as measured by the number of programme participants.

**Ladies and gentlemen, thank you for your participation in today's chat. I have always believed that individual investors are a key group of capital market participants. It was a pleasure to take your questions.**

**I could not answer every question due to the short time we've had. Please contact GPW Investor Relations at [ir@gpw.pl](mailto:ir@gpw.pl). Visit our investor relations tab on GPW's website which features a host of practical details concerning our company's current position and outlook. Thank you once again for your participation, and all the best.**

### **Additional answers to questions asked in the investor chat:**

***szpajdi: Why are there so few WIG.Games participants? Why don't you expand WIG.Games to cover all GPW-listed companies?***

WIG.GAMES is not an index which would measure the conditions across the gaming sector represented on GPW. It is the underlying of derivatives. Similar to other macro-sector indices which are the underlying of derivatives, including WIG.MS-FIN, WIG.MS.BAS and WIG.MS-PET, it includes the five most liquid stocks in a dedicated market segment(s).

WIG.GAMES is not a sectoral index in contrast to other indices published by GPW Benchmark, including WIG-banks and WIG-construction, which measure the market conditions of companies in a sector listed on the Main Market.

GPW Benchmark conducts regular consultations and analyses with a view to potential publication of new indices, including an index which would measure the conditions across the gaming sector. We will communicate the outcome of such consultations and the resulting decisions to capital market stakeholders in Q4 2021.

***Dawid T.: Have the counterparts to your planned Global Connect operating in Moscow, Frankfurt and Vienna made a business and financial success? How do they operate?***

Global Connect is based on similar markets operating successfully in Europe (LSE, Deutsche Börse, VSE, Moscow Stock Exchange).

By reference, the Vienna Stock Exchange opened a market for foreign stocks in 2017. The turnover has been rising by 100% per year since the opening, from PLN 117mn per month in 2017 to nearly PLN 1bn per month in 2021. The market in Vienna lists more than 800 companies from 27 countries.

***Zbigniew Olewicz: Your employee costs in Q2 2021 increased by nearly 18%, which you explain by a bigger headcount. How much did the headcount increase year on year in Q2 2021? Also by 18%?***

GPW's employee costs increased due to a higher headcount (additional 16 FTEs v. H1 2020) and higher provisions for annual bonuses and awards (+PLN 3.1mn, i.e., +93.4% YoY). The provisions for annual bonuses and awards increased mainly due to GPW's results generated in 2021 (bonuses paid by the Company depend on the Company's results). The number of FTEs in the Group increased from 416 at 30 June 2020 to 435 FTEs at 30 June 2021.

**Waldemar: Are you planning to continue the GPW Innovation Day in the coming years?**

Absolutely! GPW is planning to hold new rounds of the investor event "GPW Innovation Day" in the coming years. The upcoming eighth edition will take place on 13-15 October. Another regular event is "Gaming on the Exchange", scheduled in November. The events provide a platform for public companies, including NewConnect-listed companies, to meet with both individual and institutional investors.

**REKIN: How are you ranking in Europe by capitalisation and by turnover?**

According to statistics published by FESE (Federation of European Securities Exchanges) as at 31 August 2021, GPW ranks fifth in Europe by market capitalisation (after Euronext, Deutsche Boerse, Nasdaq Nordick&Baltics and BME) and holds a similar position by turnover, which is more than double that reported by the Vienna Stock Exchange.

**Szymon: What is your perspective on the TGE Group's outlook in the coming months?**

TGE publishes no forecasts of turnover on its markets. However, looking at historical statistics, turnover in electricity and gas typically grows more in the first half of the year. It's hard to say right now whether TGE will hit once again the record-high turnover volumes reported in 2020; it seems more likely on the gas market.

Given a sharp increase of electricity and gas prices, uncertainty may be growing among market participants, especially regarding contracts on the forward market. Importantly, energy prices have been rising across Europe and not just in Poland where prices are now lower than in other European countries.

Regarding prior disclosures concerning our exposure to the risk of obligation for producers to sell energy on the exchange, the legislative process has stalled and it is hard to say whether it will continue. Given the challenges faced by the energy market, including the planned establishment of the National Energy Security Agency (NABE), the issue of that obligation seems secondary for the sector.

The property rights market has been stable. However, slow growth in white certificates following the expiration of tender certificates may fix the average growth rate in the white certificate segment. Prices of RES certificates have risen sharply and market participants have been trading very actively. However, turnover volumes depend mainly on the property rights balance, the cancellation obligation, and the recently observed growing demand of end consumers for power.

The guarantee of origin market has been stable and the volumes are expected to remain flat in the coming months. However, in view of growing activity of market players who offer green energy with guarantees of origin, combined with on-going RES investment projects, this market of TGE has a positive outlook.

**Bartek: What dividend will you pay out for 2021?**

The General Meeting is our corporate body responsible for profit distributions including dividend payments. The Exchange Management Board usually moves for a dividend payment in May. The Management Board will monitor the situation and recommend to the Supervisory Board a dividend payment for 2021 at no less than PLN 2.60 per share in accordance with our dividend policy. This will probably be decided in Q2 2022.

***VeeV: Does it make sense to attract foreign companies to the market given that most of them do not care about transparency and have not even published a best practice compliance report?***

Many foreign companies comply with the disclosure requirements. Best practice compliance makes companies more transparent and, as such, more credible to investors. We expect companies to care more and more about the Best Practice for GPW Listed Companies 2021 to the advantage of the entire capital market. As we communicate with foreign companies, fewer and fewer of them neglect to report compliance with the Best Practice for GPW Listed Companies 2021.

***misiek: In your opinion, how advanced are GPW's efforts to reorganise NC? Do you have a long way go yet? Are you expecting to delist any unreliable issuers any time soon?***

Surveillance of listed companies is an on-going effort, part and parcel of any organised market including NewConnect, and it is not going to stop. We delist those NewConnect issuers who fail to comply with the disclosure obligations in the long term and whose stock is suspended on the exchange for a long time. NewConnect belongs to the most advanced alternative trading venues in Europe. We expect to continue developing NewConnect in particular by continuously improving the disclosure standards for issuers and by supporting liquidity.

***Roman I.: How are you going to sanction companies which have failed to publish best practice compliance reports?***

We can impose penalties under our regulations. We may do so in future to discipline issuers with regard to compliance with the Best Practice 2021. However, we are focusing on education, expanding the corporate governance tab on our website [www.gpw.pl](http://www.gpw.pl) and addressing issuers' questions.

***Arek: Are you planning to do more to promote the recently launched best practice scanner?***

The scanner is a tool which gives market participants easy and comprehensive access to information regarding issuers' compliance with the principles of the Best Practice for GPW Listed Companies 2021. This is why we promote it at conferences and meetings with issuers, potential issuers, brokers and investors. We have released a video for users of the scanner. All those efforts have been effective. The scanner is increasingly popular and we expect it to be used by various parties interested in details of Best Practice compliance. If we get constructive feedback regarding the scanner (email us at [DobrePraktyki@gpw.pl](mailto:DobrePraktyki@gpw.pl)), we may upgrade it or add new functions.

***Inwestor instytucjonalny: Do you realise that a majority of provisions of the new Best Practice 2021 are completely unrealistic, overly bureaucratic and totally detached from what the market needs? Have your experts consulted with the market? Do you realise that you are effectively discouraging companies from going public?***

The Best Practice 2021 was drafted by an independent Corporate Governance Committee comprised among others of representatives of the key groups of capital market participants. The draft Best Practice 2021 was approved following public consultations. As a result, the document addresses stakeholders' corporate governance concerns and suggestions and follows current global trends.

The broad range of disclosures supporting informed investment decisions to prevent information asymmetry is a standard followed by all capital markets and a core obligation of all public companies.