



CONSOLIDATED FINANCIAL STATEMENTS
**OF THE GIEŁDA PAPIERÓW WARTOŚCIOWYCH
W WARSZAWIE S.A. GROUP**
FOR THE YEAR ENDED 31 DECEMBER 2022

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at	
		31 December 2022	31 December 2021
Non-current assets:		651,608	603,573
Property, plant and equipment	3.1.	107,605	91,887
Right-to-use assets	3.4.4.	4,685	9,084
Intangible assets	3.2.	282,892	264,022
Investment in entities measured by equity method	3.3.	241,313	230,825
Sublease receivables	3.4.6.	290	-
Deferred tax asset	3.14.	6,526	4,173
Financial assets measured at fair value through other comprehensive income	3.5.3.	6,681	123
Prepayments		781	2,474
Other non-current assets		835	985
Current assets:		530,648	807,115
Inventories		-	15
Corporate income tax receivable		6,652	364
Trade receivables and other receivables	3.5.4.	79,348	177,077
Sublease receivables	3.4.6.	94	71
Contract assets	3.6.	1,949	2,412
Financial assets measured at amortised cost	3.5.5.	63,964	277,322
Other current assets		-	530
Cash and cash equivalents	3.5.6.	378,641	349,324
TOTAL ASSETS		1,182,256	1,410,688

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



CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	As at	
		31 December 2022	31 December 2021
Equity:		1,000,827	967,857
Equity of shareholders of the parent entity:		990,780	967,211
Share capital	3.8.1.	63,865	63,865
Other reserves	3.8.2.	(11,941)	(5,557)
Retained earnings	3.8.3.	938,856	908,903
Non-controlling interests		10,047	646
Non-current liabilities:		53,814	44,206
Employee benefits payable	3.10.	1,524	1,518
Lease liabilities	3.4.5.	495	4,170
Contract liabilities	3.6.	7,276	7,451
Accruals and deferred income	3.11.	30,899	20,551
Deferred tax liability	3.14.	2,158	239
Other liabilities	3.12.	11,462	10,277
Current liabilities:		127,615	398,625
Liabilities on bonds issue	3.9.	-	246,278
Trade payables	3.13.	17,927	13,704
Employee benefits payable	3.10.	31,109	31,106
Lease liabilities	3.4.5.	4,852	5,393
CIT payable		401	6,167
Contract liabilities	3.6.	4,406	5,567
Accruals and deferred income	3.11.	4,755	3,551
Provisions for other liabilities and other charges	3.15.	32,098	28,837
- VAT provision	6.12.	30,691	28,771
Other liabilities	3.12.	32,067	58,022
TOTAL EQUITY AND LIABILITIES		1,182,256	1,410,688

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



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December	
		2022	2021
Sales revenue	4.1.	389,265	407,571
Operating expenses	4.2.	(254,881)	(229,367)
Gains on reversed impairment of receivables/ (Loss) on impairment of receivables	3.5.4.	565	1,746
Other income	4.3.	10,027	3,007
Other expenses	4.4.	(14,384)	(3,016)
Operating profit		130,592	179,941
Financial income, incl.:	4.5.	23,501	997
interest income under the effective interest rate method		22,459	900
Financial expenses, incl.:	4.6.	(7,505)	(11,559)
financial cost of VAT risk	6.12.	(1,919)	(1,927)
Share of profit of entities measured by equity method	3.3.	28,255	24,376
Profit before tax		174,843	193,755
Income tax	4.7.	(29,867)	(32,479)
Profit for the period		144,976	161,276
Share of other comprehensive income/(expense) of entities measured by equity method (net)	3.8.2.	(7,211)	(6,883)
Total items that may be reclassified to profit or loss		(7,211)	(6,883)
Gains/(Losses) on valuation of financial assets measured at fair value through other comprehensive income, net	3.8.2.	811	5
Actuarial gains/(losses) on provisions for employee benefits after termination, net	3.8.2.	16	258
Total items that will not be reclassified to profit or loss		827	263
Total other comprehensive income after tax		(6,384)	(6,620)
Total comprehensive income		138,592	154,656
Profit for the period attributable to shareholders of the parent entity		144,956	161,249
Profit for the period attributable to non-controlling interests		20	27
Total profit for the period		144,976	161,276
Comprehensive income attributable to shareholders of the parent entity		138,572	154,629
Comprehensive income attributable to non-controlling interests		20	27
Total comprehensive income		138,592	154,656
Basic / Diluted earnings per share (PLN)	3.8.5.	3.45	3.84

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



CONSOLIDATED STATEMENT OF CASH FLOWS

	Nota	Year ended 31 December	
		2022	2021
Total net cash flows from operating activities		216,214	53,089
Net profit for the period		144,976	161,276
Adjustments:		116,145	(71,599)
Income tax	4.7.	29,867	32,479
Depreciation and amortisation	4.2., 5	36,827	35,245
Impairment allowances		(86)	178
Share of profit of entities measured by equity method		(28,255)	(24,376)
(Gains) on financial assets measured at amortised cost		(5,169)	(611)
Interest on bonds		3,169	5,440
Other adjustments	5	(8,530)	(5,585)
Change of assets and liabilities:		88,322	(114,369)
Inventories		15	(5)
Trade receivables and other receivables	3.5.4.	99,081	(121,847)
Trade payables	3.13.	3,982	(1,413)
Contract assets	3.6.	463	(716)
Contract liabilities	3.6.	(1,336)	(1,344)
Prepayments	3.7.	1,717	(81)
Accruals and deferred income	3.11.	10,726	9,983
Employee benefits payable	3.10.	9	7,758
Other current liabilities (excluding contracted investments and dividend payable)	3.12.	(27,226)	(7,362)
Provisions for liabilities and other charges	3.15.	3,261	1,993
Other non-current liabilities	3.12.	(2,370)	(1,335)
Income tax (paid)/refunded		(44,907)	(36,588)

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



CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Nota	Year ended 31 December	
		2022	2021
Total cash flows from investing activities:		183,727	(3,731)
In:		627,974	1,189,802
Sale of property, plant and equipment and intangible assets		-	4,486
Dividends received		10,556	7,063
Inflow related to the expiry of deposits and the maturity of bonds		592,486	1,177,672
Interest on financial assets measured at amortised cost		5,152	444
Grants received	6.4	11,238	-
Sublease payments (interest)		5	7
Sublease payments (principal)		106	130
Cash in the subsidiary acquired after deduction of payment		8,431	-
Out:		(444,247)	(1,193,533)
Purchase of property, plant and equipment and advances for property, plant and equipment		(25,661)	(12,091)
Purchase of intangible assets and advances for intangible assets		(34,547)	(31,273)
Establishing deposits and subscription of bonds		(378,980)	(1,149,869)
Purchase of financial assets at fair value through other comprehensive income		(5,000)	-
Loan granted to a related party		-	(300)
Purchase of shares of related parties		(59)	-
Total cash flows from financing activities:		(370,709)	(110,882)
In:		-	9,928
Grants received		-	9,928
Out:		(370,709)	(120,810)
Dividend paid		(115,025)	(105,208)
Interest paid on bonds		(4,708)	(5,452)
Redemption of issued bonds		(244,929)	-
Settlement of a grant advance		-	(4,215)
Lease payments (interest)	3.4.5.	(247)	(353)
Lease payments (principal)	3.4.5.	(5,800)	(5,582)
Net increase in cash and cash equivalents		29,232	(61,524)
Impact of fx rates on cash balance in currencies		85	(170)
Cash and cash equivalents - opening balance	3.5.6.	349,324	411,018
Cash and cash equivalents - closing balance	3.5.6.	378,641	349,324

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 1 January 2022	63,865	(5,557)	908,903	967,211	646	967,857
Dividends	-	-	(115,003)	(115,003)	(28)	(115,031)
Transactions with owners recognised directly in equity	-	-	(115,003)	(115,003)	(28)	(115,031)
Net profit for the year ended 31 December 2022	-	-	144,956	144,956	20	144,976
Other comprehensive income	-	(6,384)	-	(6,384)	-	(6,384)
Comprehensive income for the year ended 31 December 2022	-	(6,384)	144,956	138,572	20	138,592
Other changes in equity	-	-	-	-	9,409	9,409
Obtaining control over subsidiaries	-	-	-	-	9,409	9,409
As at 31 December 2022	63,865	(11,941)	938,856	990,780	10,047	1,000,827

-	Equity				Non-controlling interests	Total equity
	Share capital	Other reserves	Retained earnings	Total		
As at 1 January 2021	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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

1.1. LEGAL STATUS

The parent entity of the Giełda Papierów Wartościowych w Warszawie S.A. Group ("the Group", "the GPW Group") is Giełda Papierów Wartościowych w Warszawie Spółka Akcyjna ("the Warsaw Stock Exchange", "the Exchange", "GPW", "the Company" or "parent entity") with its registered office in Warsaw, ul. Księcia 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 identifying information 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 11 April 2023.

1.4. COMPOSITION AND ACTIVITY OF THE GROUP

The Exchange and its following subsidiaries:

- Towarowa Giełda Energii S.A. ("TGE"), the parent entity of the Towarowa Giełda Energii S.A. Group ("TGE Group"), which includes TGE and: Izba Rozliczeniowa Giełd Towarowych S.A. ("IRGiT") and InfoEngine S.A. ("InfoEngine"),
- 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")
- GPW Private Market S.A. (the company name was changed from Teelgren S.A. on 24 June 2022, the company was acquired on 19 January 2022),
- GPW Logistics S.A. (the company name was changed from Molonello Investments S.A. on 26 August 2022, the company was acquired on 14 April 2022),
- GPW DAI S.A. (the company name was changed from Tanerstille Investments S.A. on 10 February 2023, the company was acquired on 13 October 2022),
- Armenia Securities Exchange OJSC ("AMX") (the company was acquired on 27 December 2022, for details on the acquisition, see Note 6.2), the parent entity of the AMX Group which includes AMX and Central Depository of Armenia OJSC ("CDA")

form the Giełda Papierów Wartościowych w Warszawie Group.

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

On 29 April 2022, the share capital of GPW Private Market S.A. was increased by PLN 2,000 thousand. The company issued 2,000,000 series B ordinary registered shares with a nominal value and issue price of PLN 1. The shares were fully taken up by GPW.

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

On 31 May 2022, the General Meeting of GPW Logistics S.A. adopted a resolution to increase the share capital of the company by PLN 100 thousand. The company issued 100,000 series B ordinary registered shares with a nominal value of PLN 1 and issue price of PLN 22 per share. The shares were taken up by GPW in exchange for a cash contribution paid prior to the registration of the share capital increase.

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

On 10 June 2022, the Extraordinary General Meeting of GPW Benchmark S.A. adopted a resolution to increase the share capital of the company by PLN 1,000 thousand. The company issued 20,000 series G ordinary registered shares with a nominal value and issue price of PLN 50 per share. The shares were issued in a private subscription. 100% of series G shares were taken up by the company's sole shareholder, GPW S.A., in exchange for a cash contribution paid prior to the registration of the shares. The opening and closing dates of the subscription of the new issue shares were set for 21 June 2022 and 15 July 2022 respectively. Payment for the shares was made on 12 July 2022.

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

On 29 September 2022 and on 29 December 2022, the Extraordinary General Meeting of GPW Tech S.A. adopted resolutions to increase the share capital of the company by PLN 2,000 thousand and PLN 7,800 thousand respectively. The company issued 2,000,000 series D ordinary registered shares and 7,800,000 series E ordinary registered shares. The nominal value and issue price of both series was PLN 1 per share. All series D and E shares were taken up by the company's sole shareholder, GPW S.A., in exchange for a cash contribution paid prior to the registration of the shares. Payment for the shares was made on 11 October 2022 and on 30 December 2022.

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

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



Name of the entity	Registered office of the entity	Scope of operations	Shareholders
Towarowa Giełda Energii S.A.	ul. Księcia 4 00-498 Warsaw Poland	<ul style="list-style-type: none"> ➤ 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. Księcia 4 00-498 Warsaw Poland	<ul style="list-style-type: none"> ➤ 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. Księcia 4 00-498 Warsaw Poland	<ul style="list-style-type: none"> ➤ Trade Operator services on the electricity market, ➤ Trade balancing services on the electricity market. 	TGE: 100%
BondSpot S.A.	ul. Księcia 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. Księcia 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. Księcia 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. Księcia 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. 	GPWV: 100%
GPW Ventures Asset Management sp. z o.o. S.K.A.	ul. Księcia 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%



Name of the entity	Registered office of the entity	Scope of operations	Shareholders
GPW Tech S.A.	ul. Książęca 4 00-498 Warsaw Poland	› Design, development and commercialisation of IT solutions dedicated to the financial market.	GPW: 100%
GPW Private Market S.A.	ul. Książęca 4 00-498 Warsaw Poland	› GPW PM is creating an innovative online platform based on blockchain technology. The company plans to start with premium investment crowdfunding and tokenisation of paintings, which will democratise access to the art market for a wider group of collectors. In the future, the Company also intends to tokenise other selected non-financial assets.	GPW: 100%
GPW Logistics S.A.	ul. Książęca 4 00-498 Warsaw Poland	› The company was acquired to operate as a digital system operator in the Transport, Shipping, Logistics (TSL) industry as part of the PCOL project.	GPW: 100%
GPW DAI S.A.	ul. Książęca 4 00-498 Warsaw Poland	› Business activities related to the multi-module auction platform developed by GPW for the comprehensive handling of media market transactions related to dynamic ad insertion (DAI), › Cooperation with television operators and broadcasters and advertisers.	GPW: 100%
Armenia Securities Exchange OJSC ("AMX")	Vazgen Sargsyan 26/1, 0010, Yerevan, Armenia	› Organiser of stock exchange trading in financial instruments in Armenia. The company provides, inter alia, listing, trading, clearing services for shares and bonds, as well as stock information services.	GPW: 65.03%
Central Depository of Armenia OJSC ("CDA")	Vazgen Sargsyan 26/1, 0010, Yerevan, Armenia	› The company is the securities depository of the first level in Armenia's two-tier depository system. It also clears transactions in equity instruments and corporate debt securities (both on the organised exchange market and over-the-counter).	AMX: 100%
Krajowy Depozyt Papierów Wartościowych S.A.	ul. Książęca 4 00-498 Warsaw Poland	› Maintaining a depository for securities, Clearing transactions made on financial instruments exchanges, commodity exchanges including energy exchanges, among others via the subsidiary KDPW_CCP S.A., › Conducting other activities related to trading in securities and other financial instruments, Administering the Guarantee Fund, › Operating a trade repository and issuing LEI codes.	GPW: 33.33%
Centrum Giełdowe S.A.	ul. Książęca 4 00-498 Warsaw Poland	› Leasing of real estate on own account, Real estate management, Activities in respect of building, urban and technological design, › Undertaking general building works related to constructing buildings.	GPW: 24.79%



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

GPW is the ultimate parent 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 effective for the financial statements of the Group for the financial year started on 1 January 2022:

- amendments to IAS 16 Property, Plant and Equipment – proceed before use,
- amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of fulfilling a contract,
- amendments to IFRS 3 Business Combinations – amendments to the conceptual framework,
- annual improvements to IFRS 2018-2020 to clarify the guidance on recognition and measurement.

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 2023:

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

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 2024

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



Standard	Effective date (IASB)
Amendment to IAS 1 Presentation of Financial Statements – Non-current Liabilities with Covenants	1 January 2024
Amendment to IFRS Leases – Lease Liability in a Sale and Leaseback	1 January 2024

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 Group is monitoring the development of the coronavirus pandemic nationally and internationally. In the opinion of the Exchange Management Board and the Management Boards of the subsidiaries, the risk associated with the pandemic is low.

The Exchange Management Board and the Management Boards of the subsidiaries have considered the impact of the pandemic on the Group's ability to continue as a going concern. As at 31 December 2022, 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.

The Group monitors the epidemiological situation in Poland and globally on an on-going basis and analyses its impact on the position of the organisation. The Exchange 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 Exchange's clients to pay debt when due.

The details are presented in the Management Board's Report on the Activities of the Parent Entity and the Warsaw Stock Exchange Group, Note 2.7.

1.10. IMPACT OF THE WAR IN UKRAINE

On 24 February 2022, armed conflict broke out in Ukraine. The international community reacted by imposing sanctions against Russia. In view of the impact of the conflict on the political and economic situation in Europe and the world, the GPW Group took into account the recommendations of the Polish Financial Supervision Authority issued on 2 March 2022 for issuers of securities.

In this connection, the Group has:

- › conducted an analysis of potential risks arising from the conflict that may affect the operations of the Exchange and the Group companies (Management Board's Report on the Activities of the Parent Entity and the Warsaw Stock Exchange Group, Note 2.7); and
- › conducted an analysis of the potential impact of the conflict on the 2022 financial statements in the context of assessing the Group's ability to continue as a going concern.

The companies of the GPW Group have no direct investments/exposures to entities with operations in Ukraine/Russia.



As at 31 December 2022, no material receivables were identified from GPW Group counterparties related to parties involved in the armed conflict in Ukraine. As shown in Note 2.2.2, the Group does not hold any 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 2022, the Group held PLN 434 million of cash and cash equivalents and short-term financial assets in the form of bank deposits and guaranteed corporate bonds. These represent sufficient financial resources to conclude that the Group's liquidity risk in the short to medium term is low.

Based on the information currently available and the analyses performed as at 31 December 2022, 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.

The Group follows and monitors developments related to the armed conflict in Ukraine and analyses the potential negative consequences of the conflict on the operations of the Group companies in order to take the necessary measures to mitigate the potential impact. Given the significant uncertainties arising from further developments in the conflict and the reactions of the international community and their impact on the economy, the long-term impact of the conflict is impossible to determine as at the date of these financial statements.

1.11. ANALYSIS OF THE IMPACT OF CLIMATE CHANGE ON 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 2022 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 2022. 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 floating, 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.

In the previous reporting period, as an issuer of series D and E bonds with a floating interest rate based on WIBOR 6M, the Group was exposed to interest rate risk. On 31 January 2022, the Group redeemed both series of outstanding floating-rate bonds, which reduced the impact of interest rate risk on the period's financial costs. For more information on bond liabilities, see Note 3.9.

The Group determines the impact of interest rate risk based on a sensitivity analysis assuming a change in interest rates of 0.5 p.p. (and holding other factors constant). Based on the analysis, the possible impact of a change in financial income on pre-tax profit and equity was determined. The sensitivity analysis in 2022 showed that an increase in interest rates would result in an increase in financial income of PLN 2,009 thousand, while a decrease in rates of 0.5 p.p. would result in a decrease in financial income of PLN 2,039 thousand.



The following table presents an analysis of financial assets and liabilities based on maturity. Financial assets and liabilities that are not presented in the tables below are non-interest bearing. The assets are presented before deduction of expected credit losses.

	As at 31 December 2022			
	Maturity up to 1 year			Total
	< 1 M	1-3 M	> 3 M	
Corporate bonds	-	34,623	19,114	53,737
Bank deposits	164,176	98,254	1,000	263,430
Other assets	-	-	10,273	10,273
Current accounts (other)	114,844	-	-	114,844
Total current	279,020	132,877	30,387	442,284
Total financial assets	279,020	132,877	30,387	442,284

	As at 31 December 2021			
	Maturity up to 1 year			Total
	< 1 M	1-3 M	> 3 M	
Corporate bonds	-	14,995	150,271	165,266
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	269,497	625,146
Total financial assets	128,043	227,606	269,497	625,146
Bonds issued	-	-	246,468	246,468
Total current	-	-	246,468	246,468
Total financial liabilities	-	-	246,468	246,468

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 2022 and in 2021.

Based on a sensitivity analysis, as at 31 December 2022, 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. An 10% FX rate decrease will result in the opposite change of financial income/costs as presented above.

	Impact of a 10% FX rate increase on profit before tax in year ended 31 December	
	Year ended 31 December	
	2022	2021
EUR	990	1,164
USD	3	7
GBP	(17)	-
AMD	1,386	-
Total impact on profit before tax	2,363	1,171



The table below shows the Group's foreign exchange position by financial instrument.

	As at 31 December 2022 (converted to PLN at FX rate as at the balance-sheet date)					
	PLN	EUR	USD	GBP	AMD	Total carrying amount in PLN
Financial assets measured at amortised cost	63,964	-	-	-	-	63,964
Trade receivables (net)	34,081	9,161	-	-	1,595	44,837
Other receivables *	16,473	-	328	6	449	17,256
Sublease receivables	384	-	-	-	-	384
Cash and cash equivalents	359,643	4,103	21	3	14,871	378,641
Total assets	474,545	13,264	349	9	16,915	505,082
Trade payables	15,184	2,309	193	-	241	17,927
Lease liabilities	4,115	1,007	127	-	98	5,347
Other liabilities **	21,955	46	-	179	2,712	24,892
Total liabilities	41,254	3,362	320	179	3,051	48,166
Net FX position	433,291	9,902	29	(170)	13,864	456,916

* net of prepayments and receivables from other taxes

** net of VAT payable and other taxes payable

	As at 31 December 2021 (converted to PLN at FX rate as at the balance-sheet date)					
	PLN	EUR	USD	GBP	AMD	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

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 2022 and as at 31 December 2021 (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 counterparties.

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.

	As at 31 December	
	2022	2021
Trade receivables (net)	44,837	45,037
Other receivables*	17,256	10,663
Cash and cash equivalents	378,641	349,324
Contract assets	1,949	2,412
Sublease receivables	384	71
Financial assets measured at amortised cost	63,964	277,322
Total exposure of the Group to credit risk	507,031	684,829

* 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 1.2 million as at 31 December 2022 and PLN 1.5 million as at 31 December 2021. The Group's total receivables under the Employee Loan Scheme amounted to PLN 751 thousand as at 31 December 2022 and PLN 765 thousand as at 31 December 2021.

The tables below show the changes in the allowance for expected credit losses by financial asset:

	Year ended 31 December 2022			
	Trade receivables	Cash and cash equivalents	Financial assets measured at amortized cost	Total
Opening balance	4,516	233	178	4,927
Creating a write-off	1,555	821	316	2,692
Dissolution of the write-off	(2,018)	(817)	(448)	(3,283)
Utilisation of the write-off	(39)	-	-	(39)
Receivables written off during the period as uncollectible	(5)	-	-	(5)
Closing balance	4,009	237	46	4,292

	Year ended 31 December 2021			
	Trade receivables	Cash and cash equivalents	Financial assets measured at amortized cost	Total
Opening balance	6,685	-	-	6,685
Creating a write-off	2,328	233	178	2,739
Dissolution of the write-off	(4,074)	-	-	(4,074)
Utilisation of the write-off	-	-	-	-
Receivables written off during the period as uncollectible	(423)	-	-	(423)
Closing balance	4,516	233	178	4,927

For trade receivables, the Group uses a simplified approach and estimates the allowance over the life of the receivables. For cash and cash equivalents, an allowance for expected credit losses is made in full for an amount equal to 12 months of expected credit losses. Allowances for financial assets measured at amortised cost are also 12-month allowance for expected credit losses, except for the PAR loan impaired due to credit risk (see Note 6.5.2).



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 significant share of liquid assets in total assets and, thus, a good liquidity position of the Group.

	As at 31 December 2022		As at 31 December 2021	
	amount	% of total assets	amount	% of total assets
Cash and cash equivalents	378,641	32.0%	349,324	24.8%
Financial assets measured at amortised cost	63,964	5.4%	277,322	19.7%
Assets other than cash and cash equivalents and financial assets measured at amortised cost	739,651	62.6%	784,042	55.6%
Total assets	1,182,256	100.0%	1,410,688	100.0%

An analysis of the structure of liabilities shows a share of equity in the financing of the operations of the Group of 85% in 2022 (over 68% as at 31 December 2021):

	As at 31 December 2022		As at 31 December 2021	
	amount	% of total liabilities	amount	% of total liabilities
Equity	1,000,827	84.7%	967,857	68.6%
Liabilities	181,429	15.3%	442,831	31.4%
Total equity and liabilities	1,182,256	100.0%	1,410,688	100.0%

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

	As at 31 December 2022						Total
	< 1M	1-3 M	3-6 M	6-12 M	1-5 Y	> 5Y	
Trade receivables (gross)	46,791	2,055	-	-	-	-	48,846
Other receivables*	17,232	-	-	24	-	-	17,256
Sublease receivables	10	19	29	44	306	-	408
Financial assets measured at amortised cost	-	35,085	19,481	10,309	-	-	64,875
Cash and cash equivalents	280,173	98,556	-	-	-	-	378,729
Total assets	344,206	135,715	19,510	10,377	306	-	510,114
Trade payables	16,996	931	-	-	-	-	17,927
Lease liabilities	505	976	1,394	2,073	522	-	5,470
Other liabilities**	5,502	5,837	343	1,522	8,269	8,407	29,880
Total liabilities	23,003	7,744	1,737	3,595	8,791	8,407	53,277
Liquidity surplus/(gap)	321,203	127,971	17,773	6,782	(8,485)	(8,407)	456,837

* net of prepayments and receivables from other taxes

** net of VAT payable and other taxes payable



	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

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, the Group used third-party capital (interest-bearing liabilities) in the form of bonds issued (see Note 3.9) 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 2022 and 2021 are presented in Note 3.8.4.

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 5.1 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 and machinery	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 are fixed assets under construction, installation or improvement of an existing fixed asset. They are valued at cost or at the total cost directly related to their construction, less any impairment losses. 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 2022			
	Land and buildings	Vehicles and machinery	Furniture, fittings and equipment	Property, plant and equipment under construction
Net carrying amount - opening balance	72,320	16,528	383	2,656
Additions	496	14,451	258	11,006
Reclassification and other adjustments	54	6,392	-	(5,375)
Obtaining control over subsidiaries	-	145	985	-
Disposals	(68)	-	(15)	-
Depreciation charge*	(3,301)	(9,017)	(293)	-
Net carrying amount - closing balance	69,501	28,499	1,318	8,287
As at 31 December 2022				
Gross carrying amount	130,535	130,554	8,558	8,287
Accumulated depreciation	(61,034)	(102,055)	(7,240)	-
Net carrying amount	69,501	28,499	1,318	8,287
* Depreciation of PLN 1070 thousand is capitalised to intangible assets (development work)				



	Year ended 31 December 2021				
	Land and buildings	Vehicles and machinery	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
Reclassification and other adjustments	(17)	-	-	-	(17)
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
Accumulated depreciation	(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)

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

As at 31 December 2022, 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 2022) stood at PLN 695 thousand. As at 31 December 2021, 1% of such space was under leases and the fixed assets under the leases stood at PLN 723 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 2022 and in 2021.

3.2. INTANGIBLE ASSETS

Selected accounting policies

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

Other intangible assets (licences, copyright, know-how and perpetual usufruct of land) 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.



The cost of production of intangible assets 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. Cash-generating units were established as the companies carrying out the development works.

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 2022							
	Licences	Copyrights	Know-how	Goodwill	Development work	Perpetual usufruct of land	Intangible assets recognised in business combinations	Total
Net carrying amount - opening balance	44,299	2,445	4,352	167,446	39,669	5,811	-	264,022
Additions	6,910	135	4	55	27,611	-	-	34,715
Reclassification and other adjustments	3,225	-	178	-	(3,491)	-	-	(88)
Obtaining control over subsidiaries	492	444	-	-	-	-	11,918	12,854
Capitalised depreciation	-	-	-	-	2,072	-	-	2,072
Impairment	-	-	-	(9,832)	(46)	-	-	(9,878)
Amortisation charge*	(19,790)	(364)	(571)	-	-	(80)	-	(20,805)
Net carrying amount - closing balance	35,136	2,660	3,963	157,669	65,815	5,731	11,918	282,892
As at 31 December 2022								
Gross carrying amount	254,187	9,788	6,498	172,429	65,861	5,973	11,918	526,654
Impairment	-	-	-	(14,760)	(46)	-	-	(14,806)
Accumulated amortisation	(219,051)	(7,128)	(2,535)	-	-	(242)	-	(228,956)
Net carrying amount	35,136	2,660	3,963	157,669	65,815	5,731	11,918	282,892

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



	Year ended 31 December 2021							
	Licences	Copyrights	Know-how	Goodwill	Development work	Perpetual usufruct of land	Intangible assets recognised in business combinations	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)
Amortisation charge*	(16,691)	(433)	(545)	-	-	(81)	-	(17,750)
Net carrying amount - closing balance	44,299	2,445	4,352	167,446	39,669	5,811	-	264,022
As at 31 December 2021								
Gross carrying amount	243,356	8,616	6,316	172,374	39,669	5,973	-	476,304
Impairment	-	-	-	(4,928)	-	-	-	(4,928)
Accumulated amortisation	(199,057)	(6,171)	(1,964)	-	-	(162)	-	(207,354)
Net carrying amount	44,299	2,445	4,352	167,446	39,669	5,811	-	264,022

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

In 2022, the cost of research recognised in the statement of comprehensive income amounted to PLN 4,133 thousand (PLN 3,257 thousand in 2021). Development work is expenditure on intangible assets generated in-house, comprising mainly expenditure on projects with grants described in Note 6.4.

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 17,458 thousand as at 31 December 2022 (PLN 25,217 thousand as at 31 December 2021).

In the year ended 31 December 2022, impairment allowances were recognised at PLN 46 thousand for development work and PLN 9,832 thousand for goodwill. No impairment of intangible assets was recognised in the year ended 31 December 2021.

Impairment testing of intangible assets – development work in progress

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 not yet available for use (requirement under IAS 36 para. 11), the recoverable amount was determined at the level of the cash-generating unit to which the asset belongs. The individual companies to which these assets belong are recognised as cash-generating units. The assets stood at PLN 39,669 thousand as at the balance sheet date. As at 31 December 2022, the impairment tests of the development work in progress 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 units as at 31 December 2022 based on financial assumptions for 2023-2027 are as follows:

- increase in revenues and expenses related to operations, planned capital expenditure and implementation of strategic projects;
- weighted average cost of capital of 10.32%,
- growth rate after 2027 equal to 2.5%.

3.2.1. 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 2022 by estimating the value in use under the discounted cash flows (DCF) method according to the financial assumptions for 2023-2027 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 impact of regulatory changes resulted in a decrease in electricity and gas trading compared to 2021, resulting in lower trading revenues.

The cash-generating unit is the TGE Group. 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 2023-2027. The key assumptions of the test performed as at 31 December 2022:

- average annual revenue growth in the period 2023-2027 of 1.6% (2.4% in 2021),
- weighted average cost of capital of 10.32% (7.66% in 2021),
- growth rate after 2027 equal to 2.5% (2.0% in 2021).

The goodwill impairment test performed as at 31 December 2022 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 5.0 percentage point decrease in the average annual revenue growth rate or a 16.0 percentage point decrease in the growth rate after 2027 or a 7.8 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 2022.

Impairment test of investment in BondSpot S.A.

In 2022, the main factor affecting the company's financial performance was the situation on the Treasury bond market, where bond yields increased almost from the beginning of 2022. From the beginning of 2022, 10-year bond yields steadily increased in line with the increase in Treasury bond yields in foreign markets. Inflationary pressure supported by an increase in fuel prices on global markets proved to be an important element supporting the increase in yields of Polish Treasury securities. The fall in the prices of Treasury bonds, both Polish and foreign, was also influenced by the policy of the US central bank (FED) pursuing a policy of sharp interest rate hikes.

Turnover on the Treasury BondSpot Poland market decreased year on year in 2022, resulting in a decrease in BondSpot's revenue. For these reasons, a goodwill analysis was performed in the third quarter of 2022 and a decision was taken to create a goodwill impairment charge of PLN 6,706 thousand. The analysis included a DCF valuation based on a five-year projection period with the following assumptions: average annual revenue growth of 19.0%, average annual growth in expenses of 13.5%, WACC of 11.66%, and a growth rate after the projection period of 2.5%.

Goodwill was tested again for impairment as at 31 December 2022. The rationale for the test was to review the Company's revenue assumptions related to the projects at Bondspot. The cash-generating unit was BondSpot. The goodwill impairment test was carried out using the DCF method based on BondSpot's projected earnings in 2023-2027. The key assumptions of the test performed at 31 December 2022 were:

- average annual revenue growth in 2023-2027 of 10.3% (16.6% in 2021) assuming that BondSpot's key technology project will be operational by 2025,
- weighted average cost of capital of 10.32% (7.66% in 2021),
- growth rate after 2027 equal to 2.5% (2.0% in 2021).

The goodwill impairment test carried out as at 31 December 2022 identified the need for an additional allowance to be recognised in the consolidated financial statements of the GPW Group at PLN 3,126 thousand, bringing the total allowance in 2022 to PLN 9,832 thousand. With the recognition of the allowance, the recoverable amount is equal to the carrying amount; hence, any negative change of the key assumptions would require a further allowance.



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 Energią Elektryczną "POEE") was tested for impairment as at 31 December 2022 by estimating the value in use under the discounted cash flows (DCF) method according to the financial assumptions for 2023-2027 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 was carried out using the DCF method on the basis of InfoEngine's projected earnings in 2023-2027. The key assumptions of the test performed as at 31 December 2022:

- › average annual revenue growth in the period 2023-2027 of 5.0% (7.5% in 2021),
- › weighted average cost of capital of 10.32% (7.66% in 2021),
- › growth rate after 2027 equal to 2.5% (2.0% in 2021).

The goodwill impairment test performed as at 31 December 2022 did not indicate a need for a write-down in the consolidated financial statements of the GPW Group. No reasonable change in the assumptions would give rise to an impairment of goodwill arising from the acquisition of an organised part of the enterprise.

Following the analysis, the Exchange Management Board identified no circumstances indicating impairment of the goodwill of Platforma Obrotu Energią Elektryczną as at 31 December 2022.

	Goodwill		
	Gross carrying amount	Impairment	Net amount after impairment
Goodwill from:			
GPW's taking control of TGE Group	147,792	-	147,792
GPW's taking control of BondSpot	22,986	(13,356)	9,630
InfoEngine's acquisition of Platforma Obrotu Energią Elektryczną (poee)	1,588	(1,404)	184
GPW's taking control of GPWB	8	-	8
GPW's taking control of GPWL	17	-	17
GPW's taking control of GPWPM	19	-	19
GPW's taking control of GPW DAI	19	-	19
Total as at 31 December 2022	172,429	(14,760)	157,669
Net amount after impairment			
GPW's taking control of TGE Group	147,792	-	147,792
GPW's taking control of BondSpot	22,986	(3,524)	19,462
InfoEngine's acquisition of Platforma Obrotu Energią Elektryczną (poee)	1,588	(1,404)	184
GPW's taking control of GPWB	8	-	8
Total as at 31 December 2021	172,374	(4,928)	167,446

The table below presents the Group's key assumptions and estimates used to assess goodwill impairment.

	Projection years	WACC	Revenue CAGR	Growth rate after the projection horizon
Key valuation assumptions as at 31 December 2022				
Goodwill from:				
GPW's taking control of TGE Group	5	10.32%	1.6%	2.5%
GPW's taking control of BondSpot	5	10.32%	14.5%	2.5%
InfoEngine's acquisition of Platforma Obrotu Energią Elektryczną (poee)	5	10.32%	5.0%	2.5%



	Projection years	WACC	Revenue CAGR	Growth rate after the projection horizon
Key valuation assumptions as at 31 December 2021				
Goodwill from:				
GPW's taking control of TGE Group	5	7,66%	2,4%	2,0%
GPW's taking control of BondSpot	5	7,66%	16,6%	2,0%
InfoEngine's acquisition of Platforma Obrotu Energią Elektryczną (poee)	5	7,66%	7,5%	2,0%

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 2022 and as at 31 December 2021 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. The tables below show the changes in the value of the investments in 2022 and 2021.

	Year ended 31 December 2022		
	KDPW Group	Centrum Giełdowe S.A.	Total
Opening balance	213,959	16,866	230,825
Dividends due to GPW S.A .	(9,793)	(763)	(10,556)
Share of net profit/(loss)	28,076	409	28,485
Other increase/(decrease) of profit	(230)	-	(230)
Total Group share of profit/(loss) after tax	27,846	409	28,255
Share in other comprehensive income	(7,211)	-	(7,211)
Entities measured by equity method - closing balance	224,801	16,512	241,313



	Year ended 31 December 2021		
	KDPW Group	Centrum Giełdowe S.A.	Total
Opening balance	203,366	17,029	220,395
Dividends due to GPW S.A .	(6,642)	(421)	(7,063)
Share of net profit/(loss)	24,348	258	24,606
Other increase/(decrease) of profit	(230)	-	(230)
Total Group share of profit/(loss) after tax	24,118	258	24,376
Share in other comprehensive income	(6,883)	-	(6,883)
Entities measured by equity method - closing balance	213,959	16,866	230,825

The tables below present a summary of financial information for investments measured using the equity method.

	As at/Year ended 31 December 2022		
	KDPW Group**	Centrum Giełdowe S.A.	Polska Agencja Ratingowa S.A
Current assets, incl.:	3,277,674	13,569	1,809
cash and cash equivalents	68,042	12,296	199
Non-current asset	473,115	59,087	784
Current liabilities	3,050,019	2,404	797
Non-current liabilities	15,904	3,064	-
Sales revenue	216,538	16,311	2,797
Depreciation and amortisation	25,194	3,386	698
Income tax	16,028	429	-
Dividend due to GPW S.A . in 2021	9,793	763	-
Net profit/(loss) for the period ended 31 December 2022	83,470	1,651	1,085
Group share of profit/(loss) for the period ended 31 December 2022	27,846	409	-
			28,255

* 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 2021		
	KDPW Group**	Centrum Giełdowe S.A.	Polska Agencja Ratingowa S.A
Current assets, incl.:	3,009,050	12,134	679
cash and cash equivalents	76,253	10,108	528
Non-current asset	518,870	61,756	1,478
Current liabilities	2,859,167	2,089	1,080
Non-current liabilities	18,074	3,143	-
Sales revenue	204,167	16,804	1,355
Depreciation and amortisation	23,306	3,395	723
Income tax	12,859	263	-
Dividend due to GP W S.A . in 2020	6,642	421	-
Net profit/(loss) for the year ended 31 December 2021	72,286	1,041	(540)
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.



Investment in PAR

The Exchange held 35.86% of PAR as at 31 December 2022 and as at 31 December 2021.

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 2022 and as at 31 December 2021.

Note 6.5.2 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. Księcia 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 of assets for a term shorter than 12 months (short-term lease) in 2022 and in 2021.

The table below shows the lease costs recognised in the statement of comprehensive income.

	Note	Year ended 31 December	
		2022	2021
Depreciation of right-to-use assets	3.4.4.	5,483	5,385
Interest on lease liabilities	4.6.	241	353
Revaluation of leasing contracts		1,139	17
Total lease cost in the statement of comprehensive income		6,863	5,755

The Group incurred no variable lease costs in 2022 and in 2021 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 2022, 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 the amount of the Group's income as lessor/sublessor, 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.

	Year ended 31 December			
	2022		2021	
	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	(3,590)	6,726	(4,968)	4,691
Impact on operating expenses (depreciation)	(3,219)	(180)	(5,013)	4,529
Impact on lease interest expense	(156)	191	(1,496)	437

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. The table below shows the potential impact of a change in interest rate estimates.

	Year ended 31 December			
	2022		2021	
	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	23	(23)	71	(68)
Impact on operating expenses (depreciation)	64	(62)	214	(203)
Impact on lease interest expense	(57)	56	(99)	112

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-to-use assets by category, net of subleased assets.

	Year ended 31 December 2022			
	Office space and other premises	Vehicles and machinery	Colocation space	Total
Right-of-use assets - as at the beginning of the period	3,796	283	5,005	9,084
New leases	-	152	-	152
Terminated leases	(13)	-	-	(13)
Asset remeasurement	399	362	-	761
Acquired in business combination	205	-	-	205
Reclassification and other adjustments	(54)	33	-	(21)
Depreciation	(2,258)	(571)	(2,654)	(5,483)
Net carrying amount - closing balance	2,075	259	2,351	4,685

	Year ended 31 December 2021			
	Office space and other premises	Vehicles and machinery	Colocation space	Total
Right-of-use assets - as at the beginning of the period	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

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).



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

The table below presents changes to lease liabilities by category.

	Year ended 31 December 2022			
	Office space and other premises	Vehicles and machinery	Colocation space	Total
Lease liabilities - as at the beginning of the period	4,103	225	5,235	9,563
New leases	2	150	-	152
Terminated leases	(14)	(3)	-	(17)
Interest on lease liabilities	106	24	117	247
Lease liabilities paid in the period (equal to leasing fees)	(2,598)	(607)	(2,842)	(6,047)
Remeasurement of lease liabilities	777	362	-	1,139
Reclassification and other adjustments	74	137	1	212
Acquired in business combination	98	-	-	98
Net carrying amount - closing balance, including:	2,548	288	2,511	5,347
<i>non-current</i>	405	90	-	495
<i>current</i>	2,143	198	2,511	4,852

	Year ended 31 December 2021			
	Office space and other premises	Vehicles and machinery	Colocation space	Total
Lease liabilities - as at the beginning of the period	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



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.

	Year ended 31 December 2022			
	Office space and other premises	Vehicles and machinery	Colocation space	Total
Net carrying amount at the beginning of the period	71	-	-	71
Interest on sublease receivables	8	-	-	8
Sublease receivables paid in the period (equal to leasing fees)	(112)	-	1	(111)
Remeasurement of sublease receivables	378	-	-	378
Reclassification and other adjustments	39	-	(1)	38
Net carrying amount - closing balance, including:	384	-	-	384
<i>non-current</i>	290	-	-	290
<i>current</i>	94	-	-	94

	Year ended 31 December 2021			
	Office space and other premises	Vehicles and machinery	Colocation space	Total
Net carrying amount at the beginning of the period	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

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 2022 and as at 31 December 2021. The fair value of the shares was PLN 0 as at 31 December 2022 and as at 31 December 2021.

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 losses for assets related to debt instruments measured at amortised cost regardless of whether there is an indication of impairment. The allowance for expected credit losses is made based on the estimated ratings of the issuer and the probability of loss assigned to the rating and the amount of loss.

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 Group 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 and as a cost of the period in financial expenses.

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.

The table below shows the Group's investments measured at fair value through other comprehensive income.

	Year ended 31 December 2022				
	Innex	BVB	ETF	TransactionLink	Total
Value at cost	3,820	1,343	5,000	692	10,855
Revaluation	(3,820)	(1,168)	(287)	1,101	(4,174)
Carrying amount	-	175	4,713	1,793	6,681

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

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 2022.

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.

TransactionLink

The investment includes 60 shares in TransactionLink Sp. z o.o. acquired by GPW Tech S.A.. The entity offers a technology platform providing services including identity verification processes, financial history checks and credit risk assessment.

ETF

The Exchange purchased 25,929 certificates of the BETA ETF based on the Treasury BondSpot Poland Index. The arranger of the issue is AgioFunds TFI S.A. The instrument was newly listed on 17 January 2022.



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 and ETFs as at 31 December 2022 and as at 31 December 2021 was recognised at the share price (level 1 of the fair value hierarchy).

3.5.4. TRADE RECEIVABLES AND OTHER RECEIVABLES

Selected accounting policies

Trade receivables are receivables from clients of the Group held to payment. At initial recognition, trade receivables are measured at 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 and grants receivable.

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

The table below shows trade and other significant categories of receivables.

	As at	
	31 December 2022	31 December 2021
Gross trade receivables	48,846	49,553
Impairment allowances for trade receivables	(4,009)	(4,516)
Total trade receivables	44,837	45,037
Current prepayments	7,243	7,061
VAT refund receivable	10,012	114,316
Sublease receivables	12	12
Grants receivable	3,889	3,670
Other receivables	13,355	6,981
Total other receivables	34,511	132,040
Total trade receivables and other receivables	79,348	177,077

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.

The table below shows trade receivables by maturity and the allowance for expected credit losses.



	As at 31 December 2022			As at 31 December 2021		
	<i>Trade receivables</i>	<i>Impairment</i>	<i>Total receivables</i>	<i>Trade receivables</i>	<i>Impairment</i>	<i>Total receivables</i>
Receivables which are not overdue	36,119	(103)	36,016	41,356	(85)	41,271
1 to 30 days overdue	5,289	(38)	5,251	2,605	(34)	2,571
31 to 61 days overdue	1,994	(13)	1,981	595	(20)	575
61 to 90 days overdue	1,442	(17)	1,425	358	(17)	341
91 to 180 days overdue	155	(12)	143	315	(36)	279
More than 180 days overdue	3,847	(3,826)	21	4,324	(4,324)	-
Overdue receivables	12,727	(3,906)	8,821	8,197	(4,431)	3,766
Total gross trade receivables	48,846	(4,009)	44,837	49,553	(4,516)	45,037

As at 31 December 2022, the Group's trade receivables at PLN 12,727 thousand were overdue, including PLN 7,971 thousand at the parent entity (31 December 2021 – PLN 8,197 thousand, including PLN 5,851 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 955 thousand and other overdue receivables at PLN 11,774 thousand as at 31 December 2022 (31 December 2021 – PLN 743 thousand and PLN 7,454 thousand, respectively).

	As at	
	31 December 2022	31 December 2021
Exchange Members	23,315	15,972
Issuers*	1,097	231
Other*	11,707	25,154
Total gross trade receivables not overdue	36,119	41,356

* 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.

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. The details are presented in the table below.

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 2022	31 December 2021
Aa	588	1,340
A	6,507	8,194
Baa	222	487
Ba	14	50
B and BB	101	112
No rating	15,688	5,790
Total trade receivables from Exchange Members	23,315	15,972



The Group has no collateral on receivables.

None of the Group's trade receivables were subject to renegotiation of the amount in 2022 and in 2021.

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

The table below shows trade receivables by domestic and international receivables.

	As at	
	31 December 2022	31 December 2021
Domestic receivables	30,851	33,349
Foreign receivables	17,995	16,204
Total gross trade receivables	48,846	49,553

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 2022 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 0.11% to 4.11%,
- issuers of securities listed on markets operated by the Exchange – from 1.71% to 34.97%,
- other clients (including data vendors) – from 0.15% to 1.58%.

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

	As at	
	31 December 2022	31 December 2021
Opening balance	4,516	6,685
Creating a write-off	1,453	2,328
Dissolution of the write-off	(2,018)	(4,074)
Utilisation of the write-off	(39)	-
Increase due to business combination	102	-
Receivables written off during the period as uncollectible	(5)	(423)
Closing balance	4,009	4,516



The change of the impairment allowance for trade receivables in 2022 was PLN 507 thousand (decrease of allowance) resulting from a higher amount of reversal (PLN 2,018 thousand) than creation of allowance (PLN 1,453 thousand); PLN 565 thousand was recognised in the statement of comprehensive income in 2022 as gains on reversed impairment of receivables and PLN 5 thousand were receivables written off as non-recoverable.

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.

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) and up to 3 months (from purchase/contracting) considered to be at risk of impairment as a result of possible changes in the economic environment or the issuer's condition and therefore not classified as cash, 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.

The table below shows current financial assets measured at amortised cost.

	As at	
	31 December 2022	31 December 2021
Corporate bonds	53,737	150,271
Bank deposits	-	117,081
Other assets	10,273	10,148
Total current	64,010	277,500
Allowance for losses on debt instruments measured at amortised cost	(46)	(178)
Total financial assets measured at amortised cost	63,964	277,322

The table below shows recognised financial income in relation to presented financial assets.

	Year ended 31 December 2022		
	Interest received	Remeasurement	Total amounts included in financial income
Corporate bonds	4,740	(27)	4,713
Bank deposits	537	(81)	456
Borrowings granted	37	-	37
Total financial assets measured at amortised cost	5,314	(108)	5,206



	Year ended 31 December 2021		
	Interest received	Remeasurement	Total amounts included in financial income
Corporate bonds	365	95	460
Bank deposits	79	71	150
Total financial assets measured at amortised cost	444	166	610

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 2022	31 December 2021
A+	5,084	5,086
A	-	50,094
A-	34,601	217,079
Baa	19,097	-
Ba/BBB+	5,181	5,064
Total	63,964	277,322

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).

Cash and cash equivalents include current accounts and short-term bank deposits (up to 3 months). The details are shown in the table below.

	As at	
	31 December 2022	31 December 2021
Current accounts (other)	114,844	100,406
VAT current accounts (split payment)	604	1,911
Corporate bonds (banks)	-	14,995
Bank deposits	263,430	232,245
Expected credit loss	(237)	(233)
Total cash and cash equivalents	378,641	349,324

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 12 days in 2022 and 22 days in 2021.

At the commencement of the development projects: New Trading System, GPW Data, GPW Private Market, TeO, PCOL and Gospostrateg (see Note 6.4), the Group opened dedicated banks accounts for each of those projects. The total balance in those accounts was PLN 7,698 thousand as at 31 December 2022 (PLN 4,389 thousand as at 31 December 2021). Cash in such accounts is classified as restricted cash.

Cash in VAT accounts at PLN 604 thousand (PLN 1,911 thousand as at 31 December 2021) is also restricted cash due to regulatory restrictions on the availability of cash in such accounts for current payments.

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 2022	
	31 December 2021	
Aaa	9,251	3
A+	351	220
A-	192,337	270,700
Ba/BBB+	161,831	78,401
No rating	14,871	-
Total	378,641	349,324

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 other revenue on the international markets earned by TGE and information services at GPW. Other revenue classified as contract assets stood at PLN 1,949 thousand as at 31 December 2022 and PLN 2,412 thousand as at 31 December 2021.

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 2022	
	31 December 2021	
<i>Listing</i>	7,048	7,249
Total financial market	7,048	7,249
Other revenue	228	202
Total non-current	7,276	7,451
<i>Trading</i>	731	1,313
<i>Listing</i>	3,182	3,488
<i>Information services and revenue from the calculation of reference rates</i>	-	2
Total financial market	3,913	4,803
<i>Trading</i>	249	506
Total commodity market	249	506
Other revenue	245	258
Total current	4,407	5,567
Total contract liabilities	11,683	13,018

3.7. NON-CURRENT PREPAYMENTS

Selected accounting policies

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

	As at	
	31 December 2022	
	31 December 2021	
IT equipment maintenance service	599	2,469
Other	182	5
Total non-current prepayments	781	2,474



3.8. 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.

3.8.1. SHARE CAPITAL

As at 31 December 2022 and as at 31 December 2021, 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 2022 and as at 31 December 2021.

3.8.2. OTHER RESERVES

The table below shows the carrying amount and the change during the period for other reserves.

	As at 1 January 2022	Change on revaluation	As at 31 December 2022
Revaluation	(1)	866	865
Deferred tax	1	(55)	(54)
Total reserves arising from financial assets measured at fair value through other comprehensive income	-	811	811
Share of other comprehensive income/(expense) of entities measured by equity method (net)	(5,546)	(7,211)	(12,757)
Total for entities measured by the equity method	(5,546)	(7,211)	(12,757)
Revaluation	(15)	20	5
Deferred tax	4	(4)	-
Total capital from actuarial gains/losses	(11)	16	5
Total other reserves	(5,557)	(6,384)	(11,941)

3.8.3. 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 2022	118,878	435,141	193,635	161,249	908,903
Distribution of the net profit for the year 2021	1,580	130,741	28,928	(161,249)	-
Dividends	-	-	(115,003)	-	(115,003)
Profit for the period ended 31 December 2022	-	-	-	144,956	144,956
As at 31 December 2022	120,458	565,882	107,560	144,956	938,856

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

3.8.4. 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 23 June 2022, the Annual General Meeting of the Exchange passed a resolution to distribute the Company's profit for 2021, including a dividend payment of PLN 115,003 thousand. The dividend per share was PLN 2.74. The dividend record date was 25 July 2022 and the dividend payment date was 5 August 2022. The dividend due to the State Treasury was PLN 40,266 thousand.

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.

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

3.8.5. EARNINGS PER SHARE

Selected accounting policies

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the parent entity by the weighted average number of shares in issue.

Diluted earnings per share is calculated by dividing the net profit attributable to equity holders of the parent entity by the weighted average number of shares in issue, adjusted for the number of potential shares that could be issued as a result of the conversion of dilutive equity instruments into shares.



	Year ended 31 December	
	2022	2021
Net profit for the period	144,956	161,249
Weighted average number of ordinary shares (in thousands)	41,972	41,972
Basic/diluted earnings per share (in PLN)	3.45	3.84

There are no dilutive instruments in the Group.

3.9. 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 table below shows the outstanding balance of the bond issue.

	As at	
	31 December 2022	31 December 2021
Series C bonds	-	125,746
Series D and E bonds	-	120,532
Total current	-	246,278
Total liabilities under bond issue	-	246,278

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

On 6 October 2022, GPW redeemed series C bonds issued on 6 October 2015 with a total nominal value of PLN 125,000 thousand.

The changes in the bond liability in 2022 and 2021 are shown in the tables below.

Year ended 31 December 2022						
	Opening balance	Interest accrued	Interest paid	Bonds redeemed	Cost settled	Closing balance
Principal	244,929	71	-	(245,000)	-	-
Interest	1,539	3,169	(4,708)	-	-	-
Cost of issuance	(190)	-	-	-	190	-
Total Liabilities under bond issue	246,278	3,240	(4,708)	(245,000)	190	-



Year ended 31 December 2021						
	Opening balance	Interest accrued	Interest paid	Bonds redeemed	Cost settled	Closing balance
Principal	244,929	-	-	-	-	244,929
Total Liabilities under bond issue	245,905	5,440	(5,452)	(1)	386	246,278

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	2/01/2017	1/31/2022	60,000	PLN	WIBOR 6M + 0,95%	6M
Series E bonds	1/18/2017	1/31/2022	60,000	PLN	WIBOR 6M + 0,95%	6M

The fair value of the bonds was recognised based on quoted prices (level 1 in the fair value hierarchy). The table below presents the fair value of bonds in issue.

	As at	
	31 December 2022	31 December 2021
Fair value of series C bonds	-	126,491
Fair value of series D and E bonds	-	120,588
Total fair value of bonds in issue	-	247,079

3.10. 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.

The table below shows employee benefits payable recognised as at the balance sheet date.

	As at	
	31 December 2022	31 December 2021
Retirement benefits	1,006	915
Other employee benefits	518	603
Non-current	1,524	1,518
Retirement benefits	174	133
Other employee benefits	30,935	30,973
Current	31,109	31,106
Total benefits in the statement of financial position	32,633	32,624



3.10.1. 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. Changes of retirement benefits in the period are shown in the table below.

	Year ended	
	31 December 2022	31 December 2021
Retirement benefits - opening balance	1,048	1,184
Current service cost	138	174
Interest cost	38	15
Gains and losses on the benefits scheme	(18)	(8)
Actuarial losses/(gains) shown in other comprehensive income due to change of:	(20)	(317)
- <i>financial assumptions</i>	(41)	(244)
- <i>demographic assumptions</i>	(52)	-
- <i>other assumptions</i>	73	(73)
Total change shown in comprehensive income	138	(136)
Benefits paid	(6)	-
Retirement benefits - closing balance	1,180	1,048

The key actuarial assumptions used to determine the present value of retirement benefits payable are presented in the table below.

	Year ended	
	31 December 2022	31 December 2021
Discount rate	6.7%	3.6%
Expected average annual increase of the base of provisions for retirement benefits	6.0%	3.5%
Inflation p.a.	n/a	2.5%
Weighted average employee mobility	6,8% -11,7%	6,2% - 9,7%

3.10.2. OTHER EMPLOYEE BENEFITS

The table below shows the details of other employee benefits and their changes during the financial year.

	Year ended 31 December 2022					
	Opening balance	Set up	Used	Reclassified	Released	Closing balance
Annual and discretionary bonuses	22,445	21,502	(15,557)	(46)	(3,691)	24,653
Benefits after termination	-	611	(102)	-	(305)	204
Unused holiday leave	5,141	5,003	(3,344)	-	(1,149)	5,651
Overtime	136	2,596	(2,451)	-	-	281
Unpaid remuneration*	3,251	142	(64)	(1,311)	(1,872)	146
Total current	30,973	29,854	(21,518)	(1,357)	(7,017)	30,935
Annual and discretionary bonuses	603	27	(38)	46	(120)	518
Total non-current	603	27	(38)	46	(120)	518
Total other employee benefits payable	31,576	29,881	(21,556)	(1,311)	(7,137)	31,453



	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

3.11. 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.

The following table shows accruals and deferred income. These mainly relate to grants received, which are presented by project. Grants received are described in Note 6.4.

	As at	
	31 December 2022	31 December 2021
PCR	3,537	3,770
Agricultural Market	316	488
New Trading System Project	19,753	13,243
GPW Data Project	3,934	2,518
Telemetria Project	1,671	-
Private Market	814	532
Project PCOL	874	-
Total non-current deferred income from grants	30,899	20,551
PCR	280	375
Agricultural Market	226	333
Telemetria Project	-	1,191
Private Market	3,127	1,652
Total non-current deferred income from grants	3,633	3,551
Other deferred liabilities	1,122	-
Total other deferred liabilities	1,122	-
Total current	4,755	3,551
Total accruals and deferred income	35,654	24,102



3.12. OTHER LIABILITIES

The table below shows the details of other liabilities as at the balance sheet date.

	As at	
	31 December 2022	31 December 2021
Security deposits - collateral on the balancing market	-	985
Liabilities to the Polish National Foundation	4,361	5,731
Perpetual usufruct liabilities	3,989	3,561
Liabilities due to the purchase of subsidiary	3,112	-
Total non-current	11,462	10,277
Dividend payable	15	9
VAT payable	14,140	43,201
Liabilities in respect of other taxes	4,497	3,067
Contracted investments	8,558	5,387
Liabilities to the Polish National Foundation	1,371	1,331
Other liabilities	3,486	5,027
Total current	32,067	58,022
Total other liabilities	43,529	68,299

As a co-founder of the Polish National Foundation established in 2016 by 17 companies owned by the State ("PFN"), the Exchange is required to contribute annual payments towards the statutory mission of PFN, totaling 11 annual payments from the establishment of the Foundation. Payments to PFN are donations and the liability of GPW to make all payments to PFN according to the founding deed of the Foundation arose when GPW joined the Foundation and signed its founding deed in 2016. The liability was recognised in the costs of 2016 and is charged over time. The liability of the Exchange to PFN was PLN 5,732 thousand as at 31 December 2022 (PLN 7,062 thousand as at 31 December 2021).

3.13. 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 the amortised cost.

	As at	
	31 December 2022	31 December 2021
Trade payables to associates	89	91
Trade payables to other entities, accruals and deferred income	17,838	13,613
Total trade payables	17,927	13,704

Due to the short due dates of trade payables, the carrying amount of trade payables is similar to the fair value.



3.14. 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 1 January 2022	(Credited)/Debited in profit	(Credited)/Debited in other comprehensive income	Acquired in business combination	(Asset)/liabilities	Deferred tax asset	Deferred tax liability
Difference between accounting and tax value of property, plant and equipment and intangible asset	7,996	(2,359)	-	35	5,672	-	5,672
Impairment loss on investment in other entities	(1,227)	-	55	-	(1,172)	(1,172)	-
Employee benefits	(6,161)	(107)	4	-	(6,264)	(6,264)	-
Costes estimates	(691)	(631)	-	(149)	(1,471)	(1,471)	-
Deferred income	(2,803)	212	-	-	(2,591)	(2,591)	-
Impairment loss on trade receivables	(761)	116	-	3	(642)	(642)	-
Interest and costs of bond issue	(256)	257	-	-	1	-	1
Other	(31)	3	-	2,127	2,099	-	2,099
Total deferred tax (asset)/liability	(3,934)	(2,509)	59	2,016	(4,368)	(12,140)	7,772
Offset	-	-	-	-	-	5,614	(5,614)
Total deferred tax (asset)/liability (net)	-	-	-	-	-	(6,526)	2,158



-	Deferred tax (asset)/liability						
	As at 1 January 2021	(Credited)/ Debited in profit	(Credited)/Debited in other comprehensive income	Acquired in business combination	As at 31 December 2021		
					(Asset)/ liabilities	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)	65	-	(6,161)	(6,161)	-
Costes 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)	66	-	(3,934)	(11,930)	7,996
Offset						7,757	(7,757)
Total deferred tax (asset)/liability (net)						(4,173)	239

3.15. PROVISIONS FOR OTHER LIABILITIES AND OTHER CHARGES

Selected accounting policies

Provisions are liabilities arising from past events whose amount or due date is uncertain. A provision is recognised when the entity has a present obligation (legal or constructive) as a result of a past event or it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the change in the time value of money is material, the provision is discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks associated with the liability.

As at 31 December 2022, provisions for liabilities and other charges stood at PLN 32,098 thousand (including a provision for IRGIT's VAT at PLN 30,202 thousand). As at 31 December 2021, provisions and other charges stood at PLN 28,837 thousand (including a provision for IRGIT's VAT at PLN 28,771 thousand) (see Note 6.12).

3.16. PHANTOM SHARES

Selected accounting policies

The Exchange maintains a Phantom Share Scheme, which is treated as a cash-settled scheme under IFRS 2 Share-based Payment. For future payments of the Scheme, a liability is recognised in the consolidated statement of financial position under items relating to employee benefits payable. The liability associated with the shares granted is measured at each balance sheet date at the closing price of GPW shares on the balance sheet date. Differences in the measurement at fair value at the balance sheet date are recognised in employee costs in the statement of comprehensive income.

On 29 April 2021, on the occasion of the 30th anniversary of the Company, the Exchange Management Board approved a Phantom Share Scheme ("Scheme") for GPW employees. The Scheme covers all GPW employees in employment as at 16 April 2021. The total number of phantom shares granted at the beginning of the Scheme was 10,428 shares.

In each successive year of the Scheme, 4 phantom shares are awarded to each Scheme participant as at 16 April and the only condition for the award is that the employee is employed by GPW. The phantom shares are subject to a lock-up until



the termination or expiry of the employment relationship or until the employee reaches retirement age ("Lock-up Period"). After the Lock-up Period, the employee acquires an unconditional right to receive a cash benefit for the phantom shares held, at the closing price of the GPW shares on 16 April of the year prior to vesting.

Allocated phantom shares retain the right to dividends. The employee may, by 30 September each year, request a dividend payment, which is made by 15 October each year. In the event that the employee does not request a payment during the term of employment, the payment is made upon termination of employment or retirement.

The Exchange Management Board may decide to terminate the Phantom Share Scheme, but not before the end of 2031.

As at 31 December 2022, the estimated number of phantom shares was 10,483 shares (31 December 2021: 10,301 shares).

In 2022, the cost of the Scheme was PLN 12 thousand (year ended 31 December 2021: PLN 621 thousand).

As at 31 December 2022, the Phantom Share Scheme liabilities amounted to PLN 707 thousand (31 December 2021: PLN 743 thousand), of which non-current liabilities amounted to PLN 518 thousand (31 December 2021: PLN 603 thousand) and current liabilities amounted to PLN 189 thousand (31 December 2021: PLN 140 thousand).

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). 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 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	
	2022	2021
Financial market	247,748	254,688
Trading	167,505	177,895
Equities and other equity-related instruments	123,691	143,797
Derivatives	21,317	13,737
Other fees paid by market participants	9,974	8,353
Debt instruments	11,070	10,745
Other cash instruments	1,453	1,263
Listing	22,989	21,553
Listing fees	19,272	17,165
Fees for introduction and other fees	3,717	4,388
Information services:	57,254	55,240
Real-time data	53,761	51,991
Historical and statistical data and indices	3,493	3,249
Commodity market	138,056	149,957
Trading	69,193	74,682
Transactions in electricity:		
Spot	13,374	19,068
Forward	4,926	5,321
Transactions in gas:		
Spot	8,448	13,747
Forward	11,525	14,970
Transactions in property rights to certificates of origin		
Spot	2,288	2,944
Forward	9,237	12,026
Transactions in agri-food goods	24,273	25,068
Other fees paid by market participants	24,273	25,068
Operation of the register of certificates of origin	6	22
Clearing	20,015	15,554
Information services	24,956	23,793
Other revenue	42,614	50,409
Information services	1,293	1,073
Other revenue	3,461	2,926
Total sales revenue	389,265	407,571

Sales revenue by foreign and domestic customers is as follows:

	Year ended 31 December			
	2022	% share	2021	% share
Revenue from foreign customers	128,792	33.1%	125,552	30.8%
Revenue from local customers	260,473	66.9%	282,019	69.2%
Total sales revenue	389,265	100.0%	407,571	100.0%



The following table presents a breakdown of the Group's revenue by method of recognition over time:

	Year ended 31 December	
	2022	2021
Revenues recognised over the passage of time	92,099	85,794
Financial market	79,039	75,826
Trading	336	448
Listing	22,126	20,175
Information services:	56,577	55,203
Commodity market	11,112	8,635
Trading	9,127	7,599
Information services	1,985	1,036
Other revenue	1,948	1,333
Provision of services to Group companies (other than leasing)	408	279
Provision of services to companies outside the Group (other than leasing)	1,423	944
Revenue from the Alternative Trading System Rules	117	110
Revenues recognised at a specific point in time	297,166	321,777
Financial market	168,709	178,862
Trading	167,169	177,447
Listing	863	1,378
Information services:	677	37
Commodity market	126,944	141,322
Trading	60,066	67,083
Operation of the register of certificates of origin	24,956	23,793
Clearing	42,614	50,409
Information services	(692)	37
Other revenue	1,513	1,593
Provision of services to Group companies (other than leasing)	87	-
Provision of services to companies outside the Group (other than leasing)	1,426	315
Revenue from the Alternative Trading System Rules	-	768
Revenues from International Markets	-	510
Total sales revenue	389,265	407,571

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 following table shows the Group's operating expenses by category.

	Note	Year ended 31 December	
		2022	2021
Depreciation and amortisation, incl:		36,827	35,245
- <i>including: capitalised depreciation and amortisation charges</i>		(2,072)	(638)
Salaries	4.2.1.	85,857	85,375
Other employee costs	4.2.1.	25,780	24,253
Rent and maintenance fees		5,176	4,845
Fees and charges		18,099	16,958
- <i>including: fees paid to PFSA</i>	6.5.1.	14,773	14,515
External service charges	4.2.2.	76,013	57,264
Other operating expenses		7,129	5,427
Total operating expenses		254,881	229,367

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 Group 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 Management Boards 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.

In 2022, the Group's average full-time equivalent (FTE) headcount was 460 FTEs, while in 2021 the average headcount was 439 FTEs. The tables below provide details of employee costs.

		Year ended 31 December	
		2022	2021
Gross remuneration		64,440	52,659
Annual and discretionary bonuses		14,697	18,340
Retirement severance pay		174	190
Reorganisation severance pay		309	77
Non-competition		189	17
Other (including: unused holiday leave, overtime)		2,831	2,053
Total payroll		82,640	73,336
Supplementary payroll		3,217	12,039
Total employment costs		85,857	85,375



	Year ended 31 December	
	2022	2021
Social security costs (ZUS)	13,347	12,328
Employee Pension Plan (PPE)	4,346	4,328
Other benefits (including medical services, lunch subsidies, sports, insurance, etc.)	8,087	7,597
Total other employee costs	25,780	24,253

Remuneration of the key management personnel is described in Note 6.6.

4.2.2. EXTERNAL SERVICE CHARGES

	Year ended 31 December	
	2022	2021
IT infrastructure maintenance	31,549	24,461
TBSP market maintenance services	1,500	1,574
Data transmission lines	3,767	4,061
Software modification	1,463	784
Total IT cost	38,279	30,880
Repair and maintenance of installations	1,182	1,026
Security	2,085	2,022
Cleaning	818	803
Phone and mobile phone services	327	312
Total office space and office equipment maintenance	4,412	4,163
International (energy) market services	819	-
Lease, rental and maintenance of vehicles	415	340
Transportation services	438	228
Promotion, education, market development	8,294	6,862
Market liquidity support	986	1,044
Advisory (including legal, business consulting, audit)	13,438	7,787
Information services	3,619	3,173
Training	869	1,041
Mail fees	77	95
Bank fees	122	124
Translation	340	424
Other	3,905	1,103
Total external service charges	76,013	57,264

External service charges include among others office services, data vendor services and other third-party services.

4.3. OTHER INCOME

	Year ended 31 December	
	2022	2021
Grants received	1,065	734
Gains on sale of property, plant and equipment	45	15
Annual correction of input VAT	120	-
Medical services reinvited to employees	619	539
Damages received	7	4
Donations received	15	-
Gain from a bargain purchase	7,945	-
Cost reimbursement from URE/PSE	-	770
International markets - estimated revenue	-	822
Other	211	123
Total other income	10,027	3,007



4.4. OTHER EXPENSES

	Year ended 31 December	
	2022	2021
Donations	3,984	2,155
Loss on sale of property, plant and equipment	52	50
Damages, penalties, fines	-	3
Impairment of assets	125	-
Other	391	808
Impairment of goodwill	9,832	-
Total other expenses	14,384	3,016

In 2022, the Group made donations to:

- › Polish National Foundation – PLN 1,500 thousand (booked in expenses of 2016, see Note 3.12.),
- › GPW Foundation – PLN 3,067 thousand,
- › Association SOS Wioski Dziecięce w Polsce – PLN 15 thousand,
- › Municipalities and organisations assisting refugees from Ukraine – PLN 872 thousand.

In 2021, the Group made donations to:

- › Polish National Foundation – PLN 1,500 thousand (booked in expenses of 2016, see Note 3.12.),
- › 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.

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	
	2022	2021
Income on financial assets presented as cash and cash equivalents	17,248	282
Income on financial assets presented as financial assets measured at amortised cost	5,206	611
Interest on sublease receivables	5	7
Total income according to the effective interest rate method	22,459	900
Reversal of expected credit losses	155	-
Other financial income	74	97
FX differences	813	-
Total financial income	23,501	997

Details concerning dividend received from subsidiaries are presented in Note 6.5.2.



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	
	2022	2021
Interest on bonds, including:		
remeasurement	3,430	5,826
paid	(1,278)	374
Interest on lease liabilities	4,708	5,452
Interest on loans	241	353
Interest on tax payable, including:		
VAT provisions	5	52
Expected credit loss	2,208	1,964
Other financial expenses	1,919	1,927
FX differences	26	411
Total financial expenses	827	1,151
	7,505	11,559

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	
	2022	2021
Current income tax	32,376	35,704
Deferred tax	(2,509)	(3,225)
Total income tax	29,867	32,479

The table below shows a reconciliation of the theoretical amount of income tax at the statutory tax rate and the amount of income tax expense reported in the statement of comprehensive income.



	Year ended 31 December	
	2022	2021
Profit before income tax	174,843	193,755
Income tax rate	19%	19%
Income tax at the statutory tax rate	33,220	36,813
Tax effect of:	(3,353)	(4,334)
Non tax-deductible costs	1,297	1,656
Impairment of goodwill of a subsidiary	1,274	-
Non-taxable grants	(87)	(5)
Non-taxable share of profit of entities measured by the equity method	(5,368)	(4,631)
Other non-taxable income	-	28
Other adjustments	(469)	(1,382)
Total income tax	29,867	32,479

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. The Head of the First Mazovian Tax Office in Warsaw issued subsequent decisions extending TG for further tax years. The Group received the latest decision on 14 December 2022; it concerns the registration of TG for a period of one fiscal year, i.e., 2023.

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.

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.

Starting from the financial year ended 31 December 2022, the Group presents grants received and expenses in respect of payments from grant advances on a net basis in the cash flows from investing activities of the consolidated statement of cash flows.

In the consolidated statement of cash flows for the financial year ended 31 December 2021, the Group presented grants received of PLN 9,928 thousand and expenses in respect of payments from grant advances of PLN 4,215 thousand separately in cash flows from financing activities.

In the opinion of the Group's management, the change in presentation is not material from the point of view of the financial statements, and therefore no retrospective restatement of comparative data has been made.

The table below provides details of depreciation and amortisation costs during the period under review.



	Year ended 31 December	
	2022	2021
Depreciation of property, plant and equipment*	11,541	12,246
Amortisation of intangible assets**	19,803	17,614
Depreciation and amortisation of right-to-use assets	5,483	5,385
Total depreciation and amortisation charges	36,827	35,245

* In the year ended in 2022, depreciation was reduced by depreciation capitalized to intangible assets of PLN 1070 thousand, and in year ended in 2021, of PLN 501 thousand.

** In the year ended in 2022, depreciation was reduced by depreciation capitalized to intangible assets of PLN 1002 thousand, and in year ended in 2021, of PLN 137 thousand.

Details of other adjustments included in net cash flows from operating activities are presented in the table below.

	Year ended 31 December	
	2022	2021
(Gains)/losses on FX differences (valuation of accounts and deposits)	(85)	170
Sublease interest income	(8)	(3)
Lease interest expense	247	368
Financial expense on the bond issue	190	383
Grants - transfer to the investment activities	(11,238)	(5,149)
Actuarial (gains)/losses	16	-
Goodwill impairment	9,832	-
Bargain purchase	(7,945)	-
Other	289	(1,354)
Total other adjustments	(8,530)	(5,585)



6. OTHER NOTES

6.1. FINANCIAL INSTRUMENTS

The following tables show the income received and expenses incurred by type of financial instrument held by the Group.

	Year ended 31 December 2022					
	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)	-	-	565	565	-	565
Equity instruments	-	-	-	-	811	811
Corporate bonds	4,740	(27)	(38)	4,675	-	4,675
Bank deposits	15,398	825	77	16,300	-	16,300
Loans granted	452	(178)	18	292	-	292
Current bank accounts	1,478	-	71	1,549	-	1,549
Total financial instruments (assets)	22,068	620	693	23,381	811	24,192
Bonds in issue	(4,708)	1,277	-	(3,431)	-	(3,431)
Total financial instruments (liabilities)	(4,708)	1,277	-	(3,431)	-	(3,431)
Total recognised in the statement of comprehensive income	17,360	1,897	693	19,950	811	20,761

	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
Corporate bonds	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
Bonds in issue	(5,452)	(374)	-	(5,826)	-	(5,826)
Total financial instruments (liabilities)	(5,452)	(374)	-	(5,826)	-	(5,826)
Total recognised in the statement of comprehensive income	(4,812)	(122)	1,746	(3,188)	5	(3,183)

6.2. ACQUISITION OF A SUBSIDIARY

On 28 June 2022, GPW signed an Armenia Securities Exchange (AMX) Share Purchase Agreement with the Central Bank of Armenia (CBoA) as well as a Shareholders' Agreement regarding the participation of the parties to the agreement in AMX.

The Share Purchase Agreement was a conditional agreement. The acquisition of control of AMX was subject to the following formal conditions:

- obtaining approval for the transaction from the Central Bank of Armenia (CBoA),
- amendment to the Articles of Association of AMX in accordance with the Shareholders' Agreement,
- opening of a securities account in Armenia by GPW,
- payment of consideration by GPW for AMX shares.

The final fulfilment of all conditions took place on 27 December 2022, and on that date GPW's acquisition of 65.03% of the Armenia Securities Exchange was closed.



As a result of the transaction, AMX's ownership structure is as follows:

- AMX holds 148 treasury shares corresponding to a 9.95% interest in the company's share capital,
- CBoA holds 372 shares corresponding to a 25.02% interest in the company's share capital,
- GPW holds 967 shares corresponding to a 65.03% interest in the company's share capital.

As a result of the transaction, GPW indirectly acquired control of the Central Depository of Armenia (CDA), in which AMX holds 100% of the share capital.

The total price of AMX shares acquired by GPW was PLN 9.5 million payable in two tranches:

1. the first tranche in the amount of PLN 6.4 million was paid upon the fulfilment of all conditions set out in the agreement,
2. the second tranche of approximately PLN 3.1 million payable subject to the closing of all litigation and claims to which AMX is a party and which are described in the Share Purchase Agreement. The closing of litigation is understood to mean the definitive end of legal proceedings or the dismissal of an action and, for cases not currently pending before the court, the failure to file an action within 3 consecutive years.

The second tranche of the payment was discounted over three years using the cost of debt after taking into account the tax shield and recognised as a liability.

Components of purchase consideration	
Cash paid	6,440
Deferred consideration	3,112
Total purchase consideration	9,552

The Shareholders' Agreement provides for a call option for CBoA and a put option for GPW on the acquired shares in AMX. CBoA may exercise the option in the last month of the closed period if GPW is in material breach of the Business Plan assumptions, and GPW may exercise the option unconditionally within two months after the expiry of the closed period. The closed period is defined as 5 years from the registration of the shares.

Inflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	(6,440)
Addition of balance of cash acquired	14,871
Net inflow of cash in investing activities	8,431

The Group acquired AMX to gain access to the Eurasian financial market, Eurasian issuers and retail investors. For more than 18 years, AMX has been creating an organised securities market in Armenia, offering market professionals a fully automated electronic trading platform. It is a member of the Federation of Euro-asian Stock Exchanges (FEAS). Instruments listed on the Armenia Securities Exchange include equities, corporate and government bonds, currency, credit resources, as well as repos and swaps. The AMX Group includes the central securities depository CDA which provides registry, custody, clearing and settlement services for securities (private and public), funds and cash, and is the administrator of the pension scheme.

The Armenian financial market is a developing market and is currently placing great emphasis on modernisation and international development and opening up to foreign markets. Armenia is currently in a phase of transition, which includes in particular anti-corruption, economic growth and capital market development. Capital market development is a priority project on the government's new economic growth agenda. This seems to offer good prospects for significant stock market development.

The Group sees a number of areas offering opportunities for beneficial collaboration and opportunities for synergies, particularly in the use of a single trading platform and cooperation in energy and commodity trading services.

As at 31 December 2022, the Group completed the purchase price allocation process.



The fair value of the company's identifiable assets and liabilities at the date of acquisition of control is as follows:

	Carrying amount	Fair value adjustments in accordance with IFRS 3	Fair values as at the acquisition date
Non-current assets:	2,423	11,918	14,341
Property, plant and equipment	1,130	-	1,130
Intangible assets	936	11,918	12,854
Right-to-use assets	205	-	205
Deferred tax asset	128	-	128
Other non-current assets	24	-	24
Current assets:	16,915	-	16,915
Trade receivables and other receivables	2,044	-	2,044
Cash and cash equivalents	14,871	-	14,871
Total assets	19,338	11,918	31,256
Non-current liabilities:	443	2,144	2,587
Deferred tax liability	-	2,144	2,144
Other liabilities	443	-	443
Current liabilities:	1,763	-	1,763
Lease liabilities	98	-	98
Trade payables	241	-	241
Accruals and deferred income	826	-	826
CIT payable	386	-	386
Other liabilities	212	-	212
Total liabilities	2,206	2,144	4,350
Net identifiable assets acquired	17,132	9,774	26,906
Adjustment for non-controlling interests			(9,409)
Acquired net assets			17,497
Total purchase consideration			9,552
Gain on bargain purchase			(7,945)

Transaction costs of PLN 297 thousand were recognised as financial costs in the statement of comprehensive income and as a component of cash flows from operating activities in the statement of cash flows.

The consolidated revenue and profit of the AMX Group for the full 2022 financial year amounted to PLN 17,126 thousand and PLN 3,086 thousand, respectively. As the subsidiary acquisition date is close to the balance sheet date, the revenue and profit presented do not differ materially from the revenue and profit of the acquired entity for the entire financial year, and the values for the combined entities correspond to those presented in the consolidated statement of comprehensive income.

The Group recognises non-controlling interest in the acquiree either at fair value or at the proportionate amount of the acquiree's identifiable net assets. The decision as to the method is made independently for each acquisition. For the AMX acquisition, the Group decided to book the transaction as a proportionate recognition in the amount of PLN 9,409 thousand.

The Group recognised the gains on the bargain purchase in other income.

6.3. 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 2022 and 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 2022						
	Financial segment	Commodity segment	Other	Total segments	Exclusions and adjustments	Total segments and exclusions
Sales revenue:	255,080	138,803	16,384	410,267	(21,002)	389,265
To third parties	247,748	138,056	3,461	389,265	-	389,265
Between segments	7,332	747	12,923	21,002	(21,002)	-
Operating expenses, including:	(191,953)	(79,147)	(4,439)	(275,539)	20,658	(254,881)
depreciation and amortisation	(27,325)	(10,233)	(151)	(37,709)	882	(36,827)
Profit/(loss) on sales	63,127	59,656	11,945	134,728	(344)	134,384
Loss on impairment of receivables	588	(23)	-	565	-	565
Other income	2,346	886	-	3,232	6,795	10,027
Other expenses	(11,308)	(235)	-	(11,543)	(2,841)	(14,384)
Operating profit (loss)	54,753	60,284	11,945	126,982	3,610	130,592
Financial income, including:	50,851	35,946	79	86,876	(63,375)	23,501
interest income	13,357	9,364	79	22,800	(341)	22,459
dividend income	36,468	26,539	-	63,007	(63,007)	-
Financial expenses, including:	(4,018)	(5,655)	(26)	(9,699)	2,194	(7,505)
interest cost	(3,990)	(397)	(9)	(4,396)	430	(3,966)
VAT provision	-	(3,609)	-	(3,609)	1,690	(1,919)
Share of profit/(loss) of entities measured by equity method	-	-	-	-	28,255	28,255
Profit before income tax	101,586	90,575	11,998	204,159	(29,316)	174,843
Income tax	(22,439)	(6,375)	67	(28,747)	(1,120)	(29,867)
Net profit	79,147	84,200	12,065	175,412	(30,436)	144,976

As at 31 December 2022						
	Financial segment	Commodity segment	Other	Total segments	Exclusions and adjustments	Other exclusions and adjustments
Total assets	750,983	352,558	17,470	1,121,011	229,661	(168,416)
Total liabilities	107,297	81,397	1,783	190,477	-	(9,048)
Net assets (assets - liabilities)	643,686	271,161	15,687	930,534	229,661	(159,368)

	Year ended 31 December 2021					
	Financial segment	Commodity segment	Other	Total segments	Exclusions and adjustments	Total segments and exclusions
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)	19,148	(229,367)
depreciation and amortisation	(25,303)	(10,748)	(107)	(36,158)	913	(35,245)
Profit/(loss) on sales	85,080	79,101	13,045	177,226	978	178,204
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 (loss)	84,423	82,212	13,049	179,684	257	179,941
Financial income, including:	102,972	59,014	1	161,987	(160,990)	997
interest income	1,122	270	1	1,393	(493)	900
dividend income	101,762	58,698	-	160,460	(160,462)	(2)
Financial expenses, including:	(7,420)	(4,757)	-	(12,177)	618	(11,559)
interest cost	(6,261)	(595)	4	(6,852)	584	(6,268)
VAT provision	-	(1,927)	-	(1,927)	-	(1,927)
Share of profit/(loss) of entities measured by equity method	-	-	-	-	24,376	24,376
Profit before income tax	179,975	136,469	13,050	329,494	(135,739)	193,755
Income tax	(25,947)	(6,591)	59	(32,479)	-	(32,479)
Net profit	154,028	129,878	13,109	297,015	(135,739)	161,276

	As at 31 December 2021					
	Financial segment	Commodity segment	Other	Total segments	Exclusions and adjustments	Other exclusions and adjustments
Total assets	987,301	446,479	4,632	1,438,412	219,173	(246,897)
Total liabilities	346,424	202,832	661	549,917	-	(107,086)
Net assets (assets - liabilities)	640,877	243,647	3,971	888,495	219,173	(139,811)

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



6.4. 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 3.11, 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 6.11.

New Trading System

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

GPW Data

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

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 Group participates in the transfer of grants from NCBiR to the other participants in the consortium. Respective cash flows are presented on a net basis in the statement of cash flows from 2022 onwards.

Telemetry ("TeO")

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

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

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.

Polish Digital Logistics Operator ("PCOL")

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

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



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

	As at/Period ended 31 December 2022						
	Planned total budget (PLN million)	Value of grants awarded (PLN million)	Value of grants received in 2022 (PLN thousand)	Amount recognised in income (PLN thousand)	Amount included in Accruals and deferred income (PLN thousand)	Amount of capitalized costs as at the balance sheet date (PLN thousand)	Expected project completion date (or completion date)
New Trading System Project	90.0	29.3	7,124	147	19,753	41,308	1Q2024
GPW Data Project	7.9	3.9	2,009	-	3,934	6,677	2Q2023
Private Market	11.6	8.5	1,757	-	3,941	1,006	4Q2023
Telemetria Project	33.3	13.3	(426)	-	1,671	3,516	4Q2023
PCOL Project	8.8	5.1	681	194	874	1,090	4Q2023
Gospostrateg Project	7.9	0.3	98	117	-	-	1Q2023
Total	159.5	60.4	11,243	458	30,173	53,597	

6.5. 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.

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

Companies with a stake held by the State Treasury

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

Fees paid by the Group to PFSA stood at PLN 14,773 thousand in 2022 and PLN 14,515 thousand in 2021.



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 3.12 and 4.4.

6.5.2. 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 2022		Year ended 31 December 2022	
	Receivables	Trade payables and other liabilities	Sales revenue or sublease interest	Operating expenses
KDPW Group:	53	-	132	120
other	53	-	132	120
Centrum Giełdowe:	-	2,500	-	4,581
leases	-	2,188	-	2,329
other	-	312	-	2,252
PAR:	5	10	84	40
leases	-	-	1	-
other	5	10	83	40
Total	58	2,510	216	4,741

	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

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 2022 and 31 December 2021.

Dividend from associates

On 8 April 2022, the Annual General Meeting of **CG** decided to allocate a part of the profit equal to PLN 1,077 thousand and a part of reserves equal to PLN 2,002 thousand to a dividend payment. The dividend attributable to the Exchange was PLN 763 thousand. The dividend was paid on 31 May 2022.

On 23 June 2022, the Annual General Meeting of **KDPW** decided to allocate a part of the profit equal to PLN 29,379 thousand to a dividend payment. The dividend attributable to GPW was PLN 9,793 thousand. The dividend was paid on 6 September 2022.

Loans and advances

As at 31 December 2022, the carrying amount of loans granted to PAR was 0 and the impairment allowance was PLN 576 thousand (31 December 2021: PLN 771 thousand). PAR repaid PLN 200 thousand on 30 September 2022, resulting in release of part of the allowance.

In November 2022, an annex was signed for the agreement concerning the loan granted by GPW to PAR of September 2020. The intention of the parties was to extend the loan repayment period until 30 June 2023. In accordance with the changes introduced by the annex, interest for the period from the date of the loan will be capitalised and added to the loan amount.



6.5.3. OTHER TRANSACTIONS

Transactions with the key management personnel

The Group entered into no transactions with the key management personnel in 2022 and in 2021 other than the transactions described in Note 6.6.

Książęca 4 Street Tenants Association

In 2022 and in 2021, 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 2022 and PLN 4,719 thousand in 2021. 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 98 thousand in 2022 and PLN 130 thousand in 2021.

GPW Foundation

In 2022, GPW donated PLN 3,067 thousand (in 2021 – PLN 2,070 thousand) to the GPW Foundation, received an income of PLN 134 thousand (in 2021 – PLN 236 thousand) from the Foundation, and paid the Foundation's costs of PLN 2 thousand (in 2021 – PLN 54 thousand). As at 31 December 2022, the Exchange's receivables from the GPW Foundation stood at PLN 40 thousand and its payables to the Foundation at PLN 0 thousand (as at 31 December 2021 – PLN 39 thousand and PLN 0 thousand, respectively).

Polish National Foundation

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

6.6. 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 2022 and 2021, respectively.

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

	Year ended 31 December	
	2022	2021
Base salary	1,607	1,613
Variable pay	1,938	1,627
Other benefits	129	286
Benefits after termination	271	-
Total remuneration of the Exchange Management Board	3,945	3,526
Remuneration of the Exchange Supervisory Board	598	581
Remuneration of the Management Boards of other GPW Group companies	4,009	3,895
Remuneration of the Supervisory Boards of other GPW Group companies	929	899
Total remuneration of the key management personnel	9,481	8,901



As at 31 December 2022, due (not paid) bonuses and variable remuneration of the key management personnel stood at PLN 6,491 thousand and concerned bonuses for 2018-2022. The cost was shown in the statement of comprehensive income for 2018-2022.

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.

6.7. AUDIT FIRM'S FEES

	Year ended 31 December	
	2022	2021
Audit of the annual financial statements	421	491
Other assurance services (including review of financial statements)	101	101
Total auditor's remuneration	522	592

6.8. CONTRACTED INVESTMENTS

	As at	
	31 December 2022	31 December 2021
Contracted investments in property, plant and equipment	3	65
Contracted investments in intangible assets	1,473	3,983
Total contracted investments	1,476	4,048

Contracted investments in plant, property and equipment as at 31 December 2022 included purchase of office furniture and as at 31 December 2021 included mainly investments in IT hardware.

Contracted investments in intangible assets as at 31 December 2022 were related mainly to the modernisation of the integration layer as part of the New Market Image project and the development of the Wibix system. Contracted investments in intangible assets as at 31 December 2021 were related mainly to investments in the controlling system, the Wibix system, and the implementation of software supporting the exchange of information with commodity market participants.

6.9. 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 2022	As at 31 December 2021	
	Cash in IRGiT bank accounts	Cash in clients' bank accounts	Cash in IRGiT bank accounts
Deposits	2,460,607	1,052,174	1,607,503
Margins	5,282,781	785,286	6,188,750
Guarantee funds	663,349	37,634	161,672
Total	8,406,738	1,875,094	7,957,926

	As at	
	31 December 2022	31 December 2021
Non-monetary collateral classified as margins	8,958,949	16,158,373

6.10. GUARANTEES

As at 31 December 2022, the Group held bank guarantees issued in favour of:

- › NordPool in the amount of EUR 47.7 million effective to 16 June 2023,
- › NordPool in the amount of EUR 32.0 million effective to 13 January 2023,
- › Slovenská Elektrizačná Prenosová Sústava (SEPS) in the amount of EUR 0.5 million effective to 30 June 2023,
- › ČEPS in the amount of EUR 3.3 million effective to 30 June 2023,
- › European Commodity Clearing AG (ECC) in the amount of EUR 6.3 million effective to 30 June 2023.

The Group has an agreement with Santander Bank Polska S.A for a guarantee limit of EUR 90.0 million. The agreement was concluded on 14 June 2022. During the financial year, an annex was concluded under which the limit was increased to EUR 140.0 million. The limit in this amount was valid until 31 January 2023, and the amount was reduced to EUR 90.0 million after that date.

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

As at 31 December 2021, the Group held bank guarantees issued in favour of NordPool of EUR 5.6 million, SEPS of EUR 0.5 million, ČEPS of EUR 1.5 million, and ECC of EUR 3.0 million.

6.11. CONTINGENT ASSETS AND LIABILITIES

Selected accounting policies

Contingency is a feature of liabilities and assets that are not recognised in the financial statements because their existence is dependent on the occurrence or non-occurrence of one or more uncertain future events that are not wholly within the control of the Exchange.

Contingent assets arise from unplanned or unexpected events which give rise to the possibility of an inflow of economic benefits to the Group, the outcome of which is uncertain.

A contingent liability is a possible obligation whose existence is yet to be confirmed or is a present obligation that does not meet the criteria for liability recognition (either because it is not probable that an outflow of economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability).



6.11.1. 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.

6.11.2. 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 2022, 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 6.12).

The Group had bank guarantees as at 31 December 2022 as described in Note 6.10.

6.12. 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.

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. IRGiT is currently awaiting a date to be set for a hearing before the Supreme Administrative Court.

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

Due to uncertainty concerning the timing of accounting for input and output VAT in all open periods and the amount of the aforementioned VAT payable, guided by the principles of prudence, in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, provisions were set up against interest that will arise in the event of a postponement of VAT deduction periods in the amount of PLN 30.2 million as at 31 December 2022 (PLN 28.8 million as at 31 December 2021). As a result of an update of the provisions, the Group's financial costs in 2022 were charged with PLN 1.4 million (1.9 million in 2021). The provisions represent the best possible estimate of the potential liability as at 31 December 2022 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 delivery transactions. 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.



6.13. EVENTS AFTER THE BALANCE SHEET DATE

On 28 March 2023, the General Meeting of **GPW Private Market S.A.** adopted a resolution to increase the share capital by PLN 3,600 thousand as a result of the issue of 3,600,000 series C ordinary registered shares with a nominal value and an issue price of PLN 1. The shares were fully taken up by GPW.



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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Monika Gorgoń – Member of the Management Board
.....

Adam Młodkowski – 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, 11 April 2023

