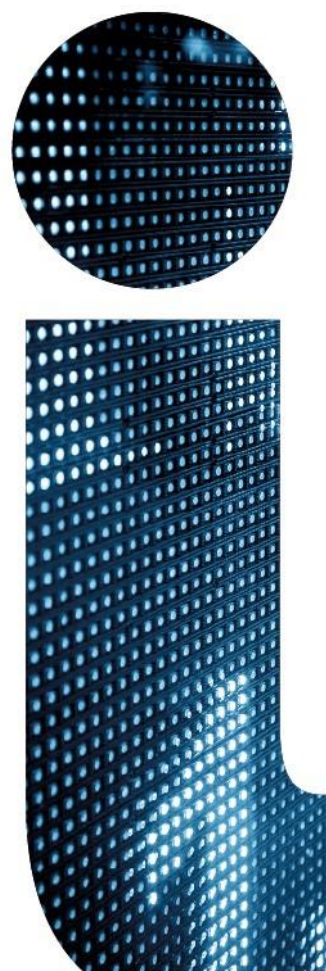


Group

# Interim condensed financial statements

for the nine months ended  
September 30th 2019

Warsaw, November 20th 2019



# Financial highlights

Financial highlights	PLN '000		EUR '000		PLN '000		EUR '000	
	3 months ended Sep 30				9 months ended Sep 30			
	2019	2018	2019	2018	2019	2018	2019	2018
Revenue from core activities	8,010	5,827	1,841	1,361	22,942	23,911	5,325	5,621
Cost of core activities	7,683	7,406	1,766	1,730	23,984	25,636	5,567	6,027
Profit/(loss) on core activities	327	- 1,579	75	- 369	- 1,042	- 1,725	- 242	- 406
Operating profit/(loss)	- 708	- 1,664	- 163	- 389	75	- 2,284	17	- 537
Profit/(loss) before tax	- 1,157	- 2,619	- 266	- 612	- 935	- 3,541	- 217	- 832
Net profit/(loss)	- 997	- 2,157	- 229	- 504	- 519	- 2,758	- 120	- 648
Earnings/(loss) per ordinary share (weighted average) (PLN/ EUR)	- 0.04	- 0.07	- 0.01	- 0.02	- 0.02	- 0.09	0.00	- 0.02
Net cash from operating activities	- 4,157	- 24,302	- 956	- 5,676	15,288	1,387	3,548	326
Total cash flows	- 5,504	- 23,891	- 1,265	- 5,580	9,558	- 10,274	2,218	- 2,415

Financial highlights	PLN '000			EUR '000		
	Sep 30 2019	Jun 30 2019	Dec 31 2018	Sep 30 2019	Jun 30 2019	Dec 31 2018
Total assets	224,778	208,381	215,154	51,394	49,008	50,036
Current liabilities	166,463	148,652	155,787	38,061	34,960	36,230
Equity	55,797	56,792	56,300	12,758	13,357	13,093
Number of shares	29,937,836	29,937,836	29,937,836	29,937,836	29,937,836	29,937,836
Book value per share (PLN/EUR)	1.86	1.90	1.88	0.43	0.45	0.44

The individual items of the financial highlights were translated into the euro at the following exchange rates:

- For the statement of profit or loss and statement of cash flows items:

Average exchange rate calculated as the arithmetic mean of the exchange rates quoted on the last day of each month in a given period	Jan-Sep 2019	Jan-Sep 2018
EUR	4.3086	4.2535

- For the balance sheet:

Exchange rate as at	Sep 30 2019	Dec 31 2018	Sep 30 2018
EUR	4.3736	4.3000	4.2714

# Introduction to the interim condensed financial statements

## Information about the Company

The Company was established on March 2nd 2005 (as Dom Maklerski IPOPEMA S.A.), in accordance with Notaries Deed – Repertory No. A 2640/2005, including the Company's Articles of Association, drawn up by Janusz Rudnicki, Notary Public in Warsaw, ul. Marszałkowska 55/73, suite 33. According to the Articles of Association, the Company was established for indefinite time.

The Company's registered office is at ul. Próżna 9, Warsaw, Poland.

Pursuant to a decision issued by the District Court for the Capital City of Warsaw, 19th (currently 12th) Commercial Division of the National Court Register, on March 22nd 2005 the Company was entered into the Business Register of the National Court Register under KRS No. 0000230737.

The Company was assigned Industry Identification Number (REGON) 140086881.

The Company conducts brokerage activities pursuant to a brokerage licence granted by the Polish Securities and Exchange Commission (currently, the Polish Financial Supervision Authority, or the 'PFSA') on June 30th 2005, and other authorisations which it was required to obtain in connection with subsequent amendments to applicable laws and regulations. Currently, the Company holds licences for a majority of the activities specified in the Act on Trading in Securities as brokerage activities, excluding the activities specified in Art. 69.2.4 and 69.2.8, Art. 69.4.2 and 69.4.8, and Art. 69a.1 of the Act.

The Company's principal business activities comprise brokerage activities and the provision of business and management advisory services.

All Company shares (a total of 29,937,836 shares) outstanding as at the date of issue of these interim condensed financial statements are admitted to trading on the regulated market operated by the Warsaw Stock Exchange and have been introduced to trading on the main market. May 26th 2009 was the first listing date.

## Going concern assumption

These interim condensed financial statements have been prepared on the assumption that the Company will continue as a going concern in the foreseeable future, that is for the 12 months following the reporting date. As at the date of approval of these financial statements, no circumstances were identified which would threaten the Company's ability to continue as a going concern, as a result of voluntary or involuntary discontinuation or material limitation of its existing operations, within at least 12 months from the reporting date, that is September 30th 2019.

## Composition of the Management Board and the Supervisory Board

As at the date of these interim condensed financial statements, the composition of the Company's Management Board was as follows:

Jacek Lewandowski – CEO and President of the Management Board,  
Mirosław Borys – Vice President of the Management Board,  
Mariusz Piskorski – Vice President of the Management Board,  
Stanisław Waczkowski – Vice President of the Management Board.

As at the date of these interim condensed financial statements, the composition of the Company's Supervisory Board was as follows:

Jacek Jonak – Chairman of the Supervisory Board,  
Janusz Diemko – Secretary of the Supervisory Board,  
Michał Dobak – Member of the Supervisory Board,  
Bogdan Kryca – Member of the Supervisory Board,  
Zbigniew Mrowiec – Member of the Supervisory Board.

Piotr Szczepiórkowski resigned from his position as member of the Supervisory Board with effect from June 27th 2019. Zbigniew Mrowiec was appointed in his place.

## Basis of preparation of the interim condensed financial statements

These interim condensed financial statements (“condensed financial statements”, “financial statements”) cover the period from January 1st to September 30th 2019 and include comparative data for the period from January 1st to September 30th 2018 (for the statement of profit or loss, the statement of cash flows, and the statement of changes in equity) and, additionally, data as at December 31st 2018 (for the balance sheet and the statement of changes in equity).

These interim condensed financial statements were prepared in compliance with the Polish Accounting Standards ('PAS').

As at the date of these condensed financial statements, the Company was the parent of a group comprising the following companies:

- IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A., ('IPOPEMA TFI') of Warsaw – 100% equity interest;
- IPOPEMA Business Consulting Sp. z o.o., ('IBC') of Warsaw – 50.02% equity interest;
- IPOPEMA Financial Advisory Sp. z o.o. ('IFA') of Warsaw – 100% equity interest;
- IPOPEMA Financial Advisory Sp. z o.o. spółka komandytowa ('IFA SK') of Warsaw; in July 2016, IPOPEMA Financial Advisory spółka z ograniczoną odpowiedzialnością spółka komandytowa (IFA SK), with the Company and Jarosław Błaszczak as limited partners and IFA as the general partner, was entered in the Business Register. The Company's maximum liability for IFA SK's liabilities towards creditors is PLN 7,750, while its share in IFA SK's revenue is 77% (a 1% share in IFA SK's revenue is held by IFA);

The parent and its subsidiaries make up the IPOPEMA Securities Group (the 'IPOPEMA Securities Group', the 'IPOPEMA Group', the 'Group'). IFA was not consolidated due to the immateriality of its financial data (in accordance with Art. 58.1 of the Polish Accounting Act).

## Identification of the interim condensed financial statements

All financial data contained in these interim condensed financial statements is presented in PLN '000.

These interim condensed financial statements were prepared in accordance with the historical cost convention, save for financial instruments held for trading and some financial instruments available for sale, which are measured at fair value.

## Selected accounting policies

### Receivables

#### Short-term receivables

Short-term receivables include all receivables from clients, related entities, banks conducting brokerage activities, other brokerage houses and commodity brokerage houses under executed transactions, as well as all or part of receivables related to other items, which are not classified as financial assets, in each case maturing within 12 months after the reporting date.

Receivables are measured at amounts receivable, subject to the prudent valuation principle. The amount of receivables is subsequently reduced by impairment losses, if any, which are recognised based on the analysis of collectability of receivables from individual debtors.

Impairment losses on receivables are estimated in the event of an increase in the risk that it will not be possible to collect the full amount receivable. Taking into consideration the nature of its business, the Company has adopted the following rules for estimating impairment losses on past due receivables:

- for receivables past due by up to 6 months – no impairment loss is recognised,
- for receivables past due by 6 months to 1 year – impairment loss of 50% of the receivables amount is recognised
- for receivables past due by more than 1 year – impairment loss of 100% of the receivables amount is recognised.

The Company may also recognise impairment losses based on an individual assessment of a receivable.

Impairment losses on receivables are recognised under other expenses. The cost connected with recognition of impairment losses at the time of confirming that particular receivables are uncollectible is a tax-deductible expense; otherwise, such cost is not tax-deductible.

Short-term receivables from clients, short-term receivables from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses, current liabilities to clients and current liabilities to banks conducting brokerage activities, other brokerage houses and commodity brokerage houses

Short-term receivables from clients, short-term receivables from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses, current liabilities to clients and current liabilities to banks conducting brokerage activities, other brokerage houses and commodity brokerage houses arise in connection with securities purchases and sales which have not yet been settled at the clearing houses due to the transaction clearing procedure (T+2). In the case of buy transactions executed on stock exchanges on behalf of clients whose accounts are maintained by custodian banks, the Company recognises current liabilities towards banks conducting brokerage activities, other brokerage houses and commodity brokerage houses (market counterparties)\* and short-term receivables from the clients for whom such buy transactions have been executed. In the case of sale transactions executed on stock exchanges to execute orders placed by clients whose accounts are kept by custodian banks, the Group discloses short-term receivables from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses (parties to the market transactions)\* and current liabilities towards the clients for whom the sale transactions were executed.

*\* Pursuant to Art. 45h of the amended Act on Trading in Financial Instruments, in the case of transactions executed on the WSE, KDPW CCP (the clearing agent) assumed the rights and obligations of the parties to the market transactions.*

Long-term receivables

Long-term receivables are receivables whose terms to maturity are longer than 12 months from the reporting date.

## Financial instruments

Financial instruments are classified into the following categories:

1. Financial assets

- financial assets held for trading,
- loans and receivables,
- financial assets held to maturity,
- financial assets available for sale.

2. Financial liabilities

- financial liabilities held for trading,
- other financial liabilities.

Financial assets and liabilities held for trading

Financial assets and liabilities held for trading are financial instruments acquired for the Company's own account in connection with executed transactions, and are measured at fair value, determined by reference to their market value as at the reporting date.

Financial assets held for trading include shares in companies listed on the Warsaw and Budapest Stock Exchanges ('WSE' and 'BSE', respectively) and a currency forward.

Financial assets are recognised as at the contract date at cost, i.e. at the fair value of expenses incurred or other assets transferred in return, whereas financial liabilities are first recognised in the accounting records at the contract date at the fair value of the amount or other assets received.

For the purpose of the measurement, the Company takes into account the closing prices quoted by the WSE and the BSE on the last business day of the reporting period. Changes in the value of financial instruments held for trading are recognised under income from or cost related to financial instruments held for trading, as appropriate.

The Company does not apply hedge accounting.

Loans advanced and receivables

Loans and receivables include financial assets arising when the Company delivers cash directly to the counterparty, irrespective of the maturity date of such assets. Loans advanced and receivables are measured at adjusted cost, which is estimated using the effective interest rate method. Non-interest bearing short-term receivables are measured at amounts receivable, subject to the prudent valuation principle. Short-term receivables include mainly bank deposits, cash and loans advanced. Loans advanced include loans to IPOPEMA Securities employees and associates and loans to a subsidiary.

Financial assets held to maturity

Financial assets held to maturity are investments with fixed or determinable payments and fixed maturities that the Company intends and is able to hold to maturity. Financial assets held to maturity are measured at amortised cost with the effective interest rate method.

Financial assets held to maturity are classified as non-current assets if their terms to maturity are longer than 12 months from the reporting date. The Company had no financial assets held to maturity in the reporting or in the comparative period.

#### Financial assets available for sale

All other financial instruments are classified as financial assets available for sale. Financial assets available for sale are carried at fair value (without deducting the transaction costs), determined by reference to their market value as at the reporting date. Under financial assets available for sale the Company recognises investment fund units and bonds, as well as, pursuant to the regulation on special accounting policies for brokerage houses, shares in subordinated entities.

Investment fund units are carried at fair value based on the net asset value per unit as most recently published by the investment fund. Revaluation gains or losses increase or decrease (as appropriate) the revaluation capital reserve.

Shares in subsidiaries are measured at cost less impairment.

#### Other financial liabilities

In this category, the Company classifies mainly bank borrowings, including overdrafts. Other financial liabilities are measured at amortised cost.

Financial instruments are derecognised when the Company loses control over the contractual rights constituting the given financial instrument; that usually happens when an instrument is sold or when all the cash flows attributable to an instrument are transferred to an independent third party.

Acquisition and sale of financial instruments are recognised as at the transaction date. On initial recognition, they are measured at cost (fair value), including the transaction costs.

### **Impairment of financial instruments**

As at each reporting date, the Company assesses whether there are objective indications of impairment of a financial instrument or a group of financial instruments.

### **Liabilities**

#### Current liabilities

Current liabilities are liabilities which are payable within 12 months from the end of the reporting period. Current liabilities include all liabilities to clients, liabilities to related entities, liabilities to banks conducting brokerage activities, other brokerage houses and commodity brokerage houses under executed transactions, liabilities to the Central Securities Depository of Poland and exchange clearing houses and liabilities to entities operating regulated securities markets, as well as all other liabilities not classified as non-current liabilities, accruals and deferred income or provisions for liabilities.

Liabilities are measured at amounts due. Recognition of current liabilities under executed transactions is discussed above, in the description of short-term receivables.

#### Non-current liabilities

Non-current liabilities are liabilities which are payable within more than 12 months from the reporting date.

## Translation of foreign-currency items

Transactions in currencies other than the Polish zloty are accounted for as at the transaction date, using the following exchange rates:

- 1) the exchange rate actually applied on the transaction date, resulting from the nature of the transaction – in the case of sale or purchase of foreign currencies and payment of receivables or liabilities,
- 2) the mid-rate quoted for a given currency by the National Bank of Poland (the 'NBP') on the day preceding the transaction date – in the case of payment of receivables or liabilities, if the application of the exchange rate specified in item 1 is not justified, and in the case of other transactions.

As at the reporting date, monetary assets and liabilities denominated in currencies other than the Polish zloty are translated into the zloty at the mid-rate quoted by the NBP for a given currency, in effect at the end of the reporting period. Currency translation differences are disclosed as finance income or costs, as appropriate.

The following exchange rates were used to determine the carrying amounts:

Currency	Sep 30 2019	Dec 31 2018	Sep 30 2018
USD	4.0000	3.7597	3.6754
EUR	4.3736	4.3000	4.2714
HUF 100	1.3068	1.3394	1.3191
GBP	4.9313	4.7895	4.8055
CZK	0.1693	0.1673	0.1664
CHF	4.0278	3.8166	3.7638
TRY	0.7081	0.7108	0.6134
JPY 100	3.7071	3.4124	3.2403
NOK	0.4406	0.4325	0.4503
CAD	3.0212	2.7620	2.8257
SEK	0.4077	0.4201	0.4149
DKK	0.5858	0.5759	0.5728
AUD	2.7008	2.6549	2.6551
RON	0.9207	0.9229	0.9157

Source: National Bank of Poland.

### Changes in estimates

In the reporting period, there were no changes in estimates other than changes in depreciation and amortisation, provisions, and impairment losses on receivables, as discussed in Note 7.

### Changes in applied accounting policies

The policies applied in the reporting period are described in detail in the financial statements for 2018, issued on March 29th 2019. In the first nine months of 2019, the Company did not change its accounting policies.

### Comparability of the reported data

These interim condensed financial statements were presented in a manner ensuring data comparability by applying uniform accounting policies in all the presented periods, consistent with the accounting policies applied by the Company.

### Seasonality of operations

The Company's operations are not subject to seasonality and the presented results do not show any material fluctuations during the year.

### Correction of prior period errors

No corrections of prior period errors were made in these financial statements.



Interim condensed financial statements of IPOPEMA Securities S.A. for the first nine months of 2019

ASSETS		Note	Sep 30 2019	Jun 30 2019	Dec 31 2018	Sep 30 2018
<b>I. Cash and cash equivalents</b>	1	<b>33,847</b>	<b>39,285</b>	<b>24,287</b>	<b>38,506</b>	
1. In hand		1	1	-	-	
2. At banks		5,419	7,443	4,810	4,967	
3. Other cash		28,422	31,832	19,459	33,518	
4. Cash equivalents		5	9	18	21	
<b>II. Short-term receivables</b>	2, 7	<b>161,653</b>	<b>148,071</b>	<b>162,505</b>	<b>235,397</b>	
1. From clients		53,829	36,756	46,645	70,789	
2. From related entities	18	1,040	1,108	1,409	1,065	
3. From banks conducting brokerage activities, other brokerage houses and commodity brokerage houses		84,397	83,090	81,658	130,401	
a) under executed transactions		62,958	54,563	44,491	93,540	
b) other		21,439	28,527	37,167	36,861	
4. From entities operating regulated markets and commodity		-	120	-	-	
5. From the Central Securities Depository of Poland and exchange		46	45	46	45	
5.a From CCP		18,228	23,875	32,239	28,440	
6. From investment and pension fund companies and from investment and pension funds		413	394	102	29	
7. From issuers of securities or selling shareholders		-	-	-	342	
8. Taxes, subsidies and social security receivable		12	13	100	272	
9. Under framework securities lending and short sale agreements		2,595	1,554	-	516	
10. Other		1,093	1,116	306	3,498	
<b>III. Financial instruments held for trading</b>	3, 4	<b>6,656</b>	<b>2,684</b>	<b>9,756</b>	<b>8,584</b>	
1. Equities		6,635	2,508	9,709	8,522	
2. Derivative instruments		21	176	47	62	
<b>IV. Current prepayments and accrued income</b>		<b>733</b>	<b>722</b>	<b>716</b>	<b>812</b>	
<b>IV.a. Short-term loans advanced</b>		<b>156</b>	<b>77</b>	<b>92</b>	<b>209</b>	
1. To subordinated entities		-	-	-	106	
2. Other		156	77	92	103	
<b>V. Financial instruments held to maturity</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>VI. Financial instruments available for sale</b>	3, 4	<b>10,729</b>	<b>10,728</b>	<b>10,710</b>	<b>10,705</b>	
1. Equities		8,638	8,638	8,638	8,638	
- shares in subordinated entities		8,638	8,638	8,638	8,638	
2. Debt securities		10	10	10	10	
3. Investment fund units		2,081	2,080	2,062	2,057	
<b>VII. Long-term receivables</b>		<b>5,513</b>	<b>1,430</b>	<b>1,421</b>	<b>1,416</b>	
<b>VIII. Long-term loans advanced</b>		<b>335</b>	<b>72</b>	<b>49</b>	<b>63</b>	
1. Other		335	72	49	63	
<b>IX. Intangible assets</b>	4	<b>1,112</b>	<b>1,238</b>	<b>1,514</b>	<b>1,620</b>	
1. Acquired permits, patents, licences and similar		1,112	1,238	1,514	1,620	
- software		1,112	1,238	1,514	1,620	
<b>X. Property, plant and equipment</b>	4, 5	<b>1,158</b>	<b>1,301</b>	<b>1,527</b>	<b>1,693</b>	
1. Tangible assets, including:		1,146	1,263	1,527	1,693	
a) buildings and premises		281	298	331	348	
b) computer assemblies		354	396	541	633	
c) other tangible assets		511	569	655	712	
2. Tangible assets under construction		12	38	-	-	
<b>XI. Non-current prepayments and accrued income</b>		<b>2,886</b>	<b>2,773</b>	<b>2,577</b>	<b>2,290</b>	
1. Deferred tax assets	13	2,880	2,736	2,465	2,135	
2. Other non-current prepayments and accrued income		6	37	112	155	
<b>XII. Called-up share capital not paid</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>XIII Treasury shares</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	



Interim condensed financial statements of IPOPEMA Securities S.A. for the first nine months of 2019

<b>Total assets</b>			<b>224,778</b>	<b>208,381</b>	<b>215,154</b>	<b>301,295</b>
<b>EQUITY AND LIABILITIES</b>		<b>Note</b>	<b>Sep 30 2019</b>	<b>Jun 30 2019</b>	<b>Dec 31 2018</b>	<b>Sep 30 2018</b>
<b>I.</b>	<b>Current liabilities</b>	6	<b>166,463</b>	<b>148,652</b>	<b>155,787</b>	<b>240,688</b>
1.	To clients		89,480	88,902	83,014	129,885
2.	To related entities	18	-	-	-	-
3.	To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses		62,869	44,906	55,100	87,385
a)	under executed transactions		62,856	44,672	55,023	87,361
b)	other		13	234	77	24
4.	To entities operating regulated markets and commodity exchanges		414	350	364	329
5.	To the Central Securities Depository of Poland and to settlement and clearing houses		33	50	52	44
5.a.	To CCP		375	52	70	1,191
6.	Borrowings		11,054	11,791	15,485	16,911
a)	other		11,054	11,791	15,485	16,911
7.	Debt securities	11	1	2	2	2
7.a.	Negative fair value of financial instruments held for trading		-	-	-	-
8.	Taxes, customs duties and social security payable		760	1,255	752	467
9.	Salaries and wages		-	-	-	-
10.	To investment and pension fund companies and to investment and pension funds		127	127	152	121
11.	Other		1,350	1,217	796	4,353
<b>II.</b>	<b>Non-current liabilities</b>		<b>64</b>	<b>67</b>	<b>157</b>	<b>168</b>
1.	Debt securities	11	-	-	-	1
2.	Finance lease liabilities	10	64	67	157	167
	- from other entities		64	67	157	167
<b>III.</b>	<b>Accruals</b>		<b>-</b>	<b>-</b>	<b>488</b>	<b>488</b>
<b>IV.</b>	<b>Provisions for liabilities</b>	7	<b>2,454</b>	<b>2,870</b>	<b>2,422</b>	<b>2,103</b>
1.	Deferred tax liabilities	13	264	286	271	260
2.	Other		2,190	2,584	2,151	1,843
a)	non-current		14	14	59	59
b)	current		2,176	2,570	2,092	1,784
<b>V.</b>	<b>Subordinated liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VI.</b>	<b>Equity</b>		<b>55,797</b>	<b>56,792</b>	<b>56,300</b>	<b>57,848</b>
1.	Share capital	8	2,994	2,994	2,994	2,994
2.	Reserve funds		53,256	53,256	57,566	57,566
a)	share premium		10,351	10,351	10,351	10,351
b)	statutory reserve funds		998	998	998	998
c)	reserve funds created pursuant to the Articles of Association		41,907	41,907	46,217	46,217
3.	Revaluation capital reserve		66	64	50	46
4.	Retained earnings		-	-	-	-
5.	Net profit/(loss)	14	- 519	478	- 4,310	- 2,758
<b>Total equity and liabilities</b>			<b>224,778</b>	<b>208,381</b>	<b>215,154</b>	<b>301,295</b>
Book value (PLN '000)			55,797	56,792	56,300	57,848
Number of shares as at end of period			29,937,836	29,937,836	29,937,836	29,937,836
Book value per share (PLN)			1.86	1.90	1.88	1.93
Diluted number of shares			29,937,836	29,937,836	29,937,836	29,937,836
Diluted book value per share (PLN)			1.86	1.90	1.88	1.93

Interim condensed financial statements of IPOPEMA Securities S.A. for the first nine months of 2019

OFF-BALANCE SHEET ITEMS		Note	Sep 30 2019	Jun 30 2019	Dec 31 2018	Sep 30 2018
I.	Contingent liabilities	9	-	-	-	-
II.	Third-party assets used		-	-	-	-
III.	Forwards purchased or issued in the name and for the account of the brokerage house*		6,599*	6,569*	6,516*	6,485*
IV.	Other off-balance sheet items		-	-	-	-

\* Notional amounts of purchased forward contracts.

Interim condensed financial statements of IPOPEMA Securities S.A. for the first nine months of 2019

Statement of profit or loss	Note	Jul 1-Sep 30 2019	Jan 1-Sep 30 2019	Jul 1-Sep 30 2018	Jan 1-Sep 30 2018
<b>I. Revenue from core activities, including:</b>		<b>8,010</b>	<b>22,942</b>	<b>5,827</b>	<b>23,911</b>
- from related entities	18	165	828	172	855
1. Revenue from brokerage activities, including:		7,912	22,648	5,699	23,527
a) acceptance and transfer of orders to buy and sell financial instruments		33	1,494	6	24
b) execution of orders to buy and sell financial instruments for the account of clients		6,104	15,812	5,322	17,693
c) investment advisory services		65	70	-	-
d) offering of financial instruments		86	1,027	35	3,049
e) keeping of cash accounts, safekeeping or registration of financial instruments, including the keeping of accounts referred to in Art. 69.4.1 of the Act on Trading in Financial Instruments		24	77	28	77
f) other		1,600	4,168	308	2,684
2. Revenue from other core activities		98	294	128	384
<b>II. Cost of core activities</b>		<b>7,683</b>	<b>23,984</b>	<b>7,406</b>	<b>25,636</b>
- from related entities	18	-	-	-	-
1. Fees payable to regulated markets, commodity exchanges, the Central Securities Depository of Poland and exchange clearing houses		1,246	3,449	1,235	4,185
2. Payments to CCP		64	189	63	227
3. Fees payable to trade organisation		11	34	11	34
4. Salaries and wages		3,220	10,165	3,017	9,400
5. Social security and other benefits		310	1,334	248	1,168
6. Employee benefits		55	180	50	154
7. Raw material and consumables used		62	195	54	153
8. Services		1,733	5,300	1,542	6,848
9. Costs of maintenance and lease of buildings		510	1,531	484	1,423
10. Depreciation and amortisation		288	908	418	1,363
11. Taxes and other public charges		2	151	139	234
12. Other		182	548	145	447
<b>III. Profit/(loss) on core activities</b>		<b>327</b>	<b>- 1,042</b>	<b>- 1,579</b>	<b>- 1,725</b>
<b>IV. Income from financial instruments held for trading</b>		<b>62</b>	<b>1,034</b>	<b>718</b>	<b>3,604</b>
1. Dividends and other profit distributions		33	53	348	348
2. Revaluation adjustments		- 144	208	75	2,279
3. Gain on sale/redemption		173	773	295	977
<b>V. Cost related to financial instruments held for trading</b>		<b>1,034</b>	<b>1,552</b>	<b>825</b>	<b>4,817</b>
1. Revaluation adjustments		28	216	- 477	1,418
2. Loss on sale/redemption		1,006	1,336	1,302	3,399
<b>VI. Gain/(loss) on transactions in financial instruments held for trading</b>		<b>- 972</b>	<b>- 518</b>	<b>- 107</b>	<b>- 1,213</b>
<b>VII. Income from financial instruments available for sale</b>		<b>-</b>	<b>400</b>	<b>-</b>	<b>600</b>
1. Dividends and other profit distributions		-	400	-	600
- from related entities		-	400	-	600
<b>VIII. Cost related to financial instruments available for sale</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>8</b>
1. Loss on sale/redemption		-	-	-	8
<b>IX. Gain/(loss) on transactions in financial instruments available for sale</b>		<b>-</b>	<b>400</b>	<b>-</b>	<b>592</b>
<b>X. Other income</b>		<b>40</b>	<b>1,582</b>	<b>112</b>	<b>386</b>
1. Decrease in impairment losses on receivables		-	1,318	33	112
2. Other		40	264	79	274
<b>XI. Other expenses</b>		<b>103</b>	<b>347</b>	<b>90</b>	<b>324</b>
1. Increase in impairment losses on receivables		56	68	5	105
2. Other		47	279	85	219
<b>XII. Operating profit/(loss)</b>		<b>- 708</b>	<b>75</b>	<b>- 1,664</b>	<b>- 2,284</b>

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<b>XIII. Finance income</b>	<b>379</b>	<b>693</b>	<b>291</b>	<b>1,018</b>
1. Interest on loans granted, including	3	7	5	20
- from related entities	-	-	3	16
2. Interest on deposits	61	163	51	137
3. Other interest	6	20	9	35
4. Foreign exchange gains	236	236	145	554
a) realised	136	136	- 60	-
b) unrealised	100	100	205	554
5. Other	73	267	81	272
<b>XIV. Finance costs</b>	<b>828</b>	<b>1,703</b>	<b>1,246</b>	<b>2,275</b>
1. Interest on borrowings, including:	246	735	347	878
- to related entities	-	-	-	-
2. Other interest	3	11	27	74
3. Foreign exchange losses	- 142	-	385	385
a) realised	- 23	-	385	385
b) unrealised	- 119	-	-	-
4. Other	721	957	487	938
<b>XV. Profit before tax</b>	<b>- 1,157</b>	<b>- 935</b>	<b>- 2,619</b>	<b>- 3,541</b>
<b>XVI. Income tax</b>	<b>- 160</b>	<b>- 416</b>	<b>- 462</b>	<b>- 783</b>
<b>XVII. Net profit</b>	<b>- 997</b>	<b>- 519</b>	<b>- 2,157</b>	<b>- 2,758</b>
Weighted average number of ordinary shares	29,937,836	29,937,836	29,937,836	29,937,836
Earnings per ordinary share (PLN)	- 0.04	- 0.02	- 0.07	- 0.09
Weighted average diluted number of ordinary shares	29,937,836	29,937,836	29,937,836	29,937,836
Diluted earnings per ordinary share (PLN)	- 0.04	- 0.02	- 0.07	- 0.09

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STATEMENT OF CASH FLOWS	Note	Jul 1-Sep 30 2019	Jan 1-Sep 30 2019	Jul 1-Sep 30 2018	Jan 1-Sep 30 2018
<b>A. NET CASH FROM OPERATING ACTIVITIES</b>					
<b>I. Net profit/(loss)</b>		- 997	- 519	- 2,157	- 2,758
<b>II. Total adjustments:</b>		- 3,160	15,807	- 22,145	4,145
1. Depreciation and amortisation		288	908	418	1,363
2. Foreign exchange gains/(losses)		- 70	- 14	15	- 54
3. Interest and profit distributions (dividends)		239	719	331	841
4. Gain/(loss) on investing activities		-	-	-	8
5. Change in provisions and impairment losses on receivables		- 390	- 1,252	- 649	- 1,748
6. Increase/(decrease) in financial instruments held for trading		- 3,972	3,100	- 3,561	- 5,575
7. Increase/(decrease) in receivables		- 17,687	- 1,947	44,000	14,808
8. Change in current liabilities (net of borrowings), including special accounts		18,553	15,102	- 62,418	- 5,591
9. Increase/(decrease) in accruals and deferrals		- 125	- 815	- 282	87
10. Other		4	6	1	6
<b>III. Net cash from operating activities (I + II)</b>		<b>- 4,157</b>	<b>15,288</b>	<b>- 24,302</b>	<b>1,387</b>
<b>B. NET CASH FROM INVESTING ACTIVITIES</b>					
<b>I. Cash from investing activities</b>		<b>53</b>	<b>125</b>	<b>252</b>	<b>1,125</b>
1. Disposal of financial instruments available for sale		-	-	1	189
2. Profit distributions (dividends) received		-	-	7	7
3. Interest received		8	8	5	14
4. Decrease in loans advanced		45	117	239	915
<b>II. Cash used in investing activities</b>		<b>409</b>	<b>660</b>	<b>8</b>	<b>246</b>
1. Acquisition of property, plant and equipment		17	190	8	117
2. Loans advanced		392	470	-	129
<b>III. Net cash from investing activities (I - II)</b>		<b>- 356</b>	<b>- 535</b>	<b>244</b>	<b>879</b>
<b>C. NET CASH FROM FINANCING ACTIVITIES</b>					
<b>I. Cash from financing activities</b>		<b>-</b>	<b>2</b>	<b>-</b>	<b>2</b>
1. Proceeds from issue of long-term debt securities		-	-	-	1
2. Proceeds from issue of short-term debt securities		-	2	-	1
<b>II. Cash used in financing activities</b>		<b>991</b>	<b>5,197</b>	<b>-167</b>	<b>12,542</b>
1. Decrease in short-term borrowings		735	4,467	-518	10,437
2. Repayment of short-term debt securities		1	3	1	4
3. Dividends and other payments to owners		-	-	-	1,197
4. Payment of finance lease liabilities		7	28	11	23
5. Interest paid		248	699	339	881
<b>III. Net cash from financing activities (I - II)</b>		<b>- 991</b>	<b>- 5,195</b>	<b>167</b>	<b>-12,540</b>
<b>D. TOTAL NET CASH FLOWS (A.III +/- B.III +/- C.III)</b>		<b>- 5,504</b>	<b>9,558</b>	<b>- 23,891</b>	<b>- 10,274</b>
<b>E. NET CHANGE IN CASH, including:</b>		<b>- 5,434</b>	<b>9,572</b>	<b>- 23,905</b>	<b>- 10,219</b>
- effect of exchange rate fluctuations on cash held		70	14	- 14	55
<b>F. CASH AT BEGINNING OF PERIOD</b>		<b>39,318</b>	<b>24,256</b>	<b>62,369</b>	<b>48,752</b>
<b>G. CASH AT END OF PERIOD (F +/- D), including:</b>		<b>33,814</b>	<b>33,814</b>	<b>38,478</b>	<b>38,478</b>
- restricted cash*	19	18,709	18,709	27,127	27,127

\* Restricted cash includes primarily clients' funds held by the Company.

STATEMENT OF CHANGES IN EQUITY	Jan 1–Sep 30 2019	2018	Jan 1–Sep 30 2018
<b>I. EQUITY AT BEGINNING OF PERIOD</b>	<b>56,300</b>	<b>61,756</b>	<b>61,756</b>
- changes in adopted accounting policies	-	-	-
- correction of errors	-	-	-
<b>I.a. EQUITY AT BEGINNING OF PERIOD AFTER ADJUSTMENTS</b>	<b>56,300</b>	<b>61,756</b>	<b>61,756</b>
1. Share capital at beginning of period	2,994	2,994	2,994
1.1. Changes in share capital	-	-	-
1.2. Share capital at end of period	2,994	2,994	2,994
2. Reserve funds at beginning of period	57,566	57,500	57,500
2.1. Changes in reserve funds	- 4,310	66	66
a) increase	-	66	66
- distribution of profit (above statutory minimum)	-	66	66
b) decrease	4,310	-	-
- profit allocation	4,310	-	-
2.2. Reserve funds at end of period	53,256	57,566	57,566
3. Revaluation capital reserve at beginning of period	50	- 1	- 1
3.1. Changes in revaluation capital reserve	16	51	47
a) increase	20	57	54
- remeasurement of financial instruments	20	57	54
b) decrease	4	6	7
- remeasurement of financial instruments	4	6	7
3.2. Revaluation capital reserve at end of the period	66	50	46
4. Retained earnings/(accumulated deficit) at beginning of period	- 4,310	1,263	1,263
4.1. Retained earnings at beginning of period	-	1,263	1,263
a) increase	-	-	-
b) decrease	-	1,263	1,263
- distribution of retained earnings (dividend)	-	1,197	1,197
- distribution of retained earnings (increase in reserve funds)	-	66	66
4.2. Accumulated deficit at beginning of period	4,310	-	-
a) increase	-	-	-
b) decrease	4,310	-	-
- loss coverage from statutory reserve funds	4,310	-	-
4.3. Retained earnings/(accumulated deficit) at end of period	-	-	-
5. Net profit/(loss)	- 519	- 4,310	- 2,758
a) net loss	519	4,310	2,758
<b>II. EQUITY AT END OF PERIOD</b>	<b>55,797</b>	<b>56,300</b>	<b>57,848</b>
<b>III. EQUITY AFTER PROPOSED DISTRIBUTION OF PROFIT</b>	<b>55,797</b>	<b>56,300</b>	<b>57,848</b>

# Notes to the interim financial statements

## Note 1

<b>Cash and other assets</b>	<b>Sep 30 2019</b>	<b>Jun 30 2019</b>	<b>Dec 31 2018</b>	<b>Sep 30 2018</b>
<b>Cash and other assets of clients</b>				
a) at banks and in hand	18,709	23,890	15,814	27,127
<b>Total cash and other assets of clients</b>	<b>18,709</b>	<b>23,890</b>	<b>15,814</b>	<b>27,127</b>
<b>Cash and other assets</b>				
a) cash and other assets of the brokerage house, including:	15,138	15,395	8,473	11,379
- in hand	1	1	-	-
- at banks	5,419	7,443	4,810	4,967
- other cash*	9,713	7,942	3,645	6,391
- cash equivalents	5	9	18	21
b) cash and other assets of clients deposited in cash accounts	18,709	23,890	15,814	27,127
- at the brokerage house and paid towards acquisition of securities	18,709	23,890	15,814	27,127
- in an IPO or on the primary market	-	-	-	-
c) cash and other assets transferred from the settlement guarantee fund	-	-	-	-
<b>Total cash and other assets</b>	<b>33,847</b>	<b>39,285</b>	<b>24,287</b>	<b>38,506</b>

\* 'Other' and 'Other cash' items include cash in bank deposits and interest accrued on those deposits.

## Note 2

<b>Selected short-term receivables</b>	<b>Sep 30 2019</b>	<b>Jun 30 2019</b>	<b>Dec 31 2018</b>	<b>Sep 30 2018</b>
<b>Selected short-term receivables</b>	<b>157,540</b>	<b>144,874</b>	<b>161,997</b>	<b>230,740</b>
a) from clients, including:	53,829	36,756	46,645	70,789
- under transactions executed on the Warsaw Stock Exchange	29,352	27,959	37,931	61,361
- under transactions executed on the Budapest Stock Exchange	3,207	-	4,287	7,091
- under transactions executed on the Prague Stock Exchange	1,931	-	1,491	-
- under transactions executed on the London Stock Exchange	-	177	-	171
- under transactions executed on the Paris Stock Exchange	-	58	-	-
- under transactions executed on the Amsterdam Stock Exchange	-	372	-	-
- under transactions executed on the Lisbon Stock Exchange	-	2,404	-	-
- under transactions executed on the Tokyo Stock Exchange	-	226	-	-
- under transactions executed on the Frankfurt Stock Exchange	-	147	-	539
- under transactions executed on the Oslo Stock Exchange	770	-	-	-
- under transactions executed on the Stockholm Stock Exchange	1,161	-	-	-
- under transactions executed on the Toronto Stock Exchange	2,853	-	-	-
- under transactions executed on the Zurich Stock Exchange	729	-	-	-
- under transactions executed on the New York Stock Exchange	11,687	1,224	685	95
- other	2,139	4,189	2,251	1,532
b) from related entities, including:	1,040	1,108	1,409	1,065
- from subsidiaries	1,040	1,108	1,409	1,065
c) from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses	84,397	83,090	81,658	130,401
- under transactions executed on the Warsaw Stock Exchange*	34,475	53,939	42,020	63,436



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- under transactions executed on the Budapest Stock Exchange	-	-	104	-
- under transactions executed on the Prague Stock Exchange	567	-	-	448
- under transactions executed on the New York Stock Exchange	2,557	556	2,308	1,033
- under transactions executed on the London Stock Exchange	1,364	-	-	1,370
- under transactions executed on the Frankfurt Stock Exchange	821	30	-	199
- under transactions executed on the Paris Stock Exchange	28	38	59	26,984
- under transactions executed on the Zurich Stock Exchange	23,146	-	-	70
- other	21,439	28,527	37,167	36,861
e) from the Central Securities Depository of Poland and exchange clearing houses, including:	46	45	46	45
- from the settlement guarantee fund and deposits	46	45	46	45
- other	-	-	-	-
e) receivables from CCP	18,228	23,875	32,239	28,440
- from the settlement guarantee fund	18,228	23,875	32,239	28,440
- other	-	-	-	-
<b>Short-term receivables, net</b>	<b>161,653</b>	<b>148,071</b>	<b>162,505</b>	<b>235,397</b>
- impairment losses on short-term receivables (positive value)	97	70	1,376	1,561
<b>Gross short-term receivables</b>	<b>161,750</b>	<b>148,141</b>	<b>163,881</b>	<b>236,958</b>

\* In accordance with Art. 45h of the amended Act on Trading in Financial Instruments, short-term receivables from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses under executed transactions, where such transactions are executed on the WSE, include receivables from KDPW CCP (the clearing agent, which has assumed the rights and obligations of the parties to the transactions).

The items: short-term receivables from clients under executed transactions and short-term receivables from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses represent the value of concluded and not cleared purchase and sale transactions in securities.

### Note 3

#### Financial assets

In the first nine months of 2019 and in the comparative period, the policies for measurement of financial assets at fair value or classification of financial assets did not change.

### Note 4

#### Recognition and reversal of impairment losses on financial assets, property, plant and equipment, intangible assets or other assets

In the first nine months of 2019 and in 2018, the Company did not recognise any impairment losses on financial assets, property, plant and equipment, intangible assets or other assets, nor did it reverse impairment losses recognised in previous periods, except for the changes in impairment losses on receivables (Note 7).

### Note 5

#### Material purchase or sale transactions in property, plant and equipment

In the first nine months of 2019 and in 2018, the Company did not purchase or sell any material items of property, plant and equipment.

#### Material liabilities under purchases of property, plant and equipment

The Company has no material liabilities under purchases of property, plant and equipment.

## Note 6

Selected current liabilities	Sep 30 2019	Jun 30 2019	Dec 31 2018	Sep 30 2018
<b>Selected current liabilities</b>	<b>65,801</b>	<b>47,830</b>	<b>57,134</b>	<b>93,769</b>
<b>1. To related entities</b>	-	-	-	-
a) to subsidiaries	-	-	-	-
b) to other related entities	-	-	-	-
<b>2. To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses</b>	<b>62,869</b>	<b>44,906</b>	<b>55,100</b>	<b>87,385</b>
a) to the Warsaw Stock Exchange *	40,106	40,075	48,559	79,482
b) to the Budapest Stock Exchange	3,207	-	4,290	7,074
c) to the Prague Stock Exchange	1,931	-	1,490	-
d) to the New York Stock Exchange	11,678	1,222	684	95
e) to the Frankfurt Stock Exchange	-	147	-	538
f) to the Paris Stock Exchange	-	58	-	-
g) to the London Stock Exchange	427	176	-	171
h) to the Amsterdam Stock Exchange	-	371	-	-
i) to the Lisbon Stock Exchange	-	2,401	-	-
j) to the Tokyo Stock Exchange	-	222	-	-
k) to the Stockholm Stock Exchange	1,160	-	-	-
l) to the Oslo Stock Exchange	769	-	-	-
m) to the Zurich Stock Exchange	728	-	-	-
n) to the Toronto Stock Exchange	2,850	-	-	-
o) other	13	234	77	25
<b>3. To entities operating regulated markets and commodity exchanges</b>	<b>414</b>	<b>350</b>	<b>364</b>	<b>329</b>
a) to the Warsaw Stock Exchange	414	350	364	329
<b>4. To the Central Securities Depository of Poland and exchange clearing houses</b>	<b>33</b>	<b>50</b>	<b>52</b>	<b>44</b>
a) other	33	50	52	44
<b>4a. To CCP</b>	<b>375</b>	<b>52</b>	<b>70</b>	<b>1,191</b>
a) under additional payments to the settlement guarantee fund	-	-	-	1,142
b) other	375	52	70	49
<b>5. Taxes, customs duties and social security payable</b>	<b>760</b>	<b>1,255</b>	<b>752</b>	<b>467</b>
<b>6. Other</b>	<b>1,350</b>	<b>1,217</b>	<b>796</b>	<b>4,353</b>
- lease liabilities	43	46	37	37
- other liabilities	1,307	1,171	759	4,316

\* In accordance with Art. 45h of the amended Act on Trading in Financial Instruments, the following items of the balance sheet: current liabilities to banks conducting brokerage activities, other brokerage houses and commodity brokerage houses under executed transactions, where such transactions are executed on the WSE, include liabilities to KDPW CCP (the clearing agent, which has assumed the rights and obligations of the parties to the transactions).

As at September 30th 2019, the Company's liabilities under borrowings related to its brokerage business amounted to PLN 11,054 thousand (December 31st 2018: PLN 15,485 thousand). The liabilities arose under: two overdraft facility agreements executed with Alior Bank S.A. on July 22nd 2009. The facilities, renewed each year, are used to finance payments due to the Central Securities Depository of Poland/KDPW CCP (the clearing agent) in connection with the brokerage activities. Their current term expires on October 16th 2020:

- i. Revolving credit facility of up to PLN 10m. The purpose of the facility is to finance payment of the Company's liabilities to the Central Securities Depository of Poland/KDPW CCP in respect of the clearing and settlement of transactions concluded by the Company on the regulated market as part of its brokerage business. The facility is secured by a blank promissory note with a promissory note declaration, a power of attorney over accounts held with the bank, a declaration of voluntary submission to enforcement with respect to cash payments owed to the bank, and a PLN 4m security deposit placed in a term deposit account as joint collateral securing also the credit facility specified in item ii.
- ii. Revolving credit facility of up to PLN 30m. The purpose of the facility is to finance the payment of the Company's liabilities resulting from its membership in the Transactions Settlement Guarantee Fund

operated by KDPW CCP. The facility is secured by a blank promissory note with a promissory note declaration, a power of attorney over accounts held with the bank, and a declaration of voluntary submission to enforcement with respect to cash payments owed to the bank. As stated in item i above, both credit facilities are also jointly secured by a security deposit of PLN 4m.

Defaults under credit facilities or loans or breach of material credit covenants, with respect to which no remedial action was taken by the end of the reporting period

None.

## Note 7

Changes in short-term provisions and impairment losses on receivables

Short-term provisions for liabilities	Jul 1–Sep 30 2019	Jan 1–Sep 30 2019	Jul 1–Sep 30 2018	Jan 1–Sep 30 2018
Provisions at beginning of period	2,570	2,092	2,418	3,369
a) recognised	532	2,271	367	2,901
b) used	926	2,187	1,001	4,486
c) reversed	-	-	-	-
Provisions at end of period	2,176	2,176	1,784	1,784

In Q3 2019, impairment losses on receivables rose by PLN 27 thousand from the level recorded as at June 30th 2019, while in the first nine months of 2019 they fell by PLN 1,279 thousand relative to December 31st 2018. In the comparative period, i.e. Q3 2018, impairment losses on receivables fell by PLN 29 thousand from the level recorded as at June 30th 2018, while in the first nine months of 2018 they fell by PLN 8 thousand relative to December 31st 2017.

## Note 8

Share capital	Sep 30 2019	Jun 30 2019	Dec 31 2018	Sep 30 2018
a) par value per share (PLN)	0.10	0.10	0.10	0.10
b) series/issue	A, B, C	A, B, C	A, B, C	A, B, C
c) type of shares	ordinary bearer shares	ordinary bearer shares	ordinary bearer shares	ordinary bearer shares
d) preference attached to shares	none	none	none	none
e) restrictions on rights attached to shares	none	none	none	none
f) number of shares	29,937,836	29,937,836	29,937,836	29,937,836
g) total par value of series/issue (PLN '000)	2,994	2,994	2,994	2,994
h) type of contribution	cash	cash	cash	cash
i) dividend right since:	the shares carry the right to profit distribution for 2019 and 2018	the shares carry the right to profit distribution for 2019 and 2018	the shares carry the right to profit distribution for 2018 and 2017	the shares carry the right to profit distribution for 2018 and 2017

There were no changes in the Company's share capital in the first nine months of 2019 or in 2018. As at September 30th 2019, the share capital amounted to PLN 2,993,783.60 and was divided into 7,000,000 Series A ordinary bearer shares, 21,571,410 Series B ordinary bearer shares, and 1,366,426 Series C ordinary bearer shares.

## Note 9

### Contingent liabilities and contingent assets

The Company issued promissory notes as security for a credit facility (for a detailed description see Note 6). The Company also paid a security deposit to secure a guarantee (see Note 12) and a security deposit of EUR 1.5m as security for cleared stock-exchange transactions.

## Note 10

### Leases

#### The Company as a lessee – right to use a building

The Company leases office space under a lease contract. The right to use the building for the term of the contract was classified by the Company as operating lease. The lease contract providing for the right to use the building was executed for a period of five years, with an option to extend its term for another two years. Pursuant to an annex to the contract, executed in January 2016, the lease was extended until January 2023.

Minimum lease payments are presented in the table below.

<b>Lease liabilities</b>	<b>Sep 30 2019</b>	<b>Dec 31 2018</b>	<b>Sep 30 2018</b>
	<b>Present value of minimum lease payments</b>		
Within 1 year	1,118*	1,100*	1,063*
Within 1 to 5 years	2,565*	3,346*	3,499*
Over 5 years	-	-	-
<b>Total lease liabilities</b>	<b>3,683</b>	<b>4,446</b>	<b>4,562</b>

\* Value calculated by recognising the cost on a straight-line basis over the lease term.

#### The Company as a lessee – finance leases

The Company is party to vehicle lease contracts. The financing party has the right to recalculate its fee in the event of changes in the 1M EURIBOR/WIBOR interest rate or regulatory changes (notably tax regime changes). The agreements provide for a mileage limit for the vehicles, which will be accounted for in respect of the entire lease term. If the mileage limit agreed by the parties is exceeded, the lessee has to pay an additional excess mileage charge.

The lease contracts were classified as finance leases. Minimum lease payments are presented in the table below.

<b>Finance lease liabilities</b>	<b>Sep 30 2019</b>	<b>Dec 31 2018</b>	<b>Sep 30 2018</b>
Net carrying amount	68	162	178
<b>Present value of minimum lease payments</b>	<b>107</b>	<b>194</b>	<b>204</b>
Within 1 year	43	37	37
Within 1 to 5 years	64	157	167
Over 5 years	-	-	-
<b>Contingent lease payments recognised as expense in the period</b>	<b>28</b>	<b>34</b>	<b>23</b>

## Note 11

### Bonds

In the first nine months of 2019, the Company issued 8 registered bonds for a total nominal amount of PLN 1.6 thousand, maturing in 2019. In the first nine months of 2018, the Company issued 12 registered bonds for a total nominal amount of PLN 2.4 thousand, maturing in 2018–2020. The total amount of liabilities payable by the Company on redemption of the bonds will not exceed the bonds' nominal value and is not significant to the Company. The bonds were issued in connection with the variable remuneration components policy, implemented by the Company as part of its risk management system, in compliance with the applicable regulations. For more details, see the updated version of the document entitled 'Disclosure of information on IPOPEMA Securities S.A.'s capital adequacy', available on the Company's website.

By the date of these financial statements, the Group redeemed PLN 3.2 thousand worth of bonds (including PLN 0.8 thousand worth of bonds redeemed in Q3 2019), compared with PLN 4 thousand redeemed in the first nine months of 2018.

## Note 12

### Guarantees received and security for guarantees

In January 2012, the Company received from PKO Bank Polski S.A. (formerly Nordea Bank Polska S.A.) a guarantee of up to EUR 268 thousand, secured by a security deposit with a current value of PLN 1,435 thousand. Under an annex executed in 2015, the guarantee amount was increased to EUR 277 thousand. The guarantee, provided until April 16th 2023, secures liabilities related to the lease of office space.

## Note 13

### Deferred tax

Deferred tax liabilities fell by PLN 22 thousand in Q3 2019 and fell by PLN 7 thousand in the first nine months of 2019. In the comparative period, deferred tax liabilities went up by PLN 16 thousand in Q3 2018 and went down by PLN 77 thousand in the first nine months of 2018.

Deferred tax assets rose by PLN 144 thousand in Q3 2019. In the first nine months of 2019, they rose by PLN 415 thousand. In the comparative period, deferred tax assets went up by PLN 542 thousand in Q3 2018 and by PLN 761 thousand in the first nine months of 2018.

## Note 14

### Profit allocation

On June 12th 2019, the Company's General Meeting resolved to cover the 2018 net loss of PLN 4,310 thousand from statutory reserve funds.

## Note 15

### Issue, redemption and repayment of equity and non-equity securities

The Company did not issue any equity securities in the first nine months of 2019 or in 2018.

For information on bond issues, see Note 11.

## Note 16

### Dividends paid and proposed

In the first nine months of 2019, the Company did not pay or resolve to pay any dividend.

On June 6th 2018, the General Meeting of the Company resolved to distribute a dividend from the 2017 profit of PLN 1,263 thousand. The dividend per share was PLN 0.04. The dividend record date was set for June 15th 2018, and the dividend payment date – for June 27th 2018. On the dividend payment date, a total of PLN 1,197 thousand was paid out to the shareholders. The difference (PLN 66 thousand) between the distributed amount and the PLN 1,263 thousand approved by the General Meeting resulted from rounding off the amount of dividend per share. Pursuant to the General Meeting's resolution, the difference was allocated to the Company's reserve capital.

**Note 17****Material related-party transactions (including their amounts) other than arm's length transactions**

In the periods covered by these financial statements, the Company did not enter into any material related-party transactions which were not transactions at arm's length.

**Note 18****Related-party transactions – income and expenses**

Related party	Revenue from core activities	Other operating and finance income	Purchases – core activities	Other purchases	Revenue from core activities	Other income	Purchases – core activities	Other purchases
	Jan 1–Sep 30 2019				Jan 1–Sep 30 2018			
IBC	-	3	-	-	-	2	-	-
IPOPEMA TFI	565	34	-	62	502	34	-	-
IFA	-	-	-	-	-	-	-	-
IFA SK	263	4	-	-	353	24	-	-
<b>Total</b>	<b>828</b>	<b>41</b>	<b>-</b>	<b>62</b>	<b>855</b>	<b>60</b>	<b>-</b>	<b>-</b>

Related party	Revenue from core activities	Other operating and finance income	Purchases – core activities	Other purchases	Revenue from core activities	Other operating and finance income	Purchases – core activities	Other purchases
	Jul 1–Sep 30 2019				Jul 1–Sep 30 2018			
IBC	-	1	-	-	-	1	-	-
IPOPEMA TFI	77	9	-	-	54	10	-	-
IFA	-	-	-	-	-	-	-	-
IFA SK	88	3	-	-	118	9	-	-
<b>Total</b>	<b>165</b>	<b>13</b>	<b>-</b>	<b>-</b>	<b>172</b>	<b>20</b>	<b>-</b>	<b>-</b>

**Related-party transactions – receivables and liabilities**

Related party	Receivables			Liabilities		
	Sep 30 2019	Dec 31 2018	Sep 30 2018	Sep 30 2019	Dec 31 2018	Sep 30
IPOPEMA Business Consulting	400	600	600	-	-	-
IPOPEMA TFI	27	230	17	-	-	-
IPOPEMA Financial Advisory	-	-	7	-	-	-
IPOPEMA Financial Advisory SK	613	579	547	-	-	-
<b>Total</b>	<b>1,040</b>	<b>1,409</b>	<b>1,171</b>	<b>-</b>	<b>-</b>	<b>-</b>

IPOPEMA Securities also provides brokerage services to funds managed by IPOPEMA TFI S.A., but the related transaction costs are incurred directly by the funds.

In 2019, the Company is entitled to receive from IBC a dividend of PLN 0.4m (2017: PLN 0.6m).

## Note 19

### Items of the statement of cash flows

Operating activities – provision of brokerage and advisory services, acquisition and disposal of securities.

Investing activities – purchase and sale of intangible assets, property, plant and equipment and non-current securities.

Financing activities – acquisition or loss of sources of financing (changes in the amount of and relation between equity and external capital at the entity) and any related monetary costs and benefits.

### Structure of cash

	Presentation in the balance sheet		Presentation in the statement of cash flows	
	Sep 30 2019	Sep 30 2018	Sep 30 2019	Sep 30 2018
<b>Cash and cash equivalents</b>	<b>33,847</b>	<b>38,506</b>	<b>33,814</b>	<b>38,478</b>
1. In hand	1	-	1	-
2. At banks	5,419	4,967	5,419	4,967
3. Other cash	28,422	33,518	28,422	33,518
4. Cash equivalents	5	21	-	-
Accrued foreign exchange differences			28	7

The difference between the presentation of cash in the balance sheet and the statement of cash flows as at September 30th 2019 and September 30th 2018 follows from presentation of cash net of the effect of foreign exchange differences as well as p-cards received, presented under cash and cash equivalents.

### Differences in changes of balance-sheet items

	Presentation in the balance sheet		Change as disclosed in the balance sheet	Presentation in the statement of cash flows – change
	Sep 30 2019	Dec 31 2018		Sep 30 2019
Gross short- and long-term receivables	167,263	165,302	- 1,961	- 1,947
Net receivables	167,166	163,926		
Impairment losses on receivables	97	1,376		- 1,279
Provisions (net of deferred tax related to equity and provision for unpaid interest)	2,437	2,410		27
<b>Total change in impairment losses and provisions</b>				<b>- 1,252</b>

The difference between the change in gross receivables disclosed in the statement of financial position and the amount disclosed in the statement of cash flows is attributable to the removal from gross receivables as at September 30th 2019 of interest receivable on a security deposit, which are disclosed under investing activities.

## Note 20

### Clients' financial instruments

As at September 30th 2019, the amount of stock-exchange listed financial instruments in book-entry form registered in clients' accounts was PLN 539,366 thousand (118,580 thousand instruments) (December 31st 2018: PLN 797,808 thousand (107,055 thousand instruments)). As at September 30th 2019, the Company kept 422 bonds in certificated form for its clients, with a total value of PLN 4.2m, and 28,075 thousand shares in certificated form, with a value of PLN 2,582 thousand. In the comparative period, i.e. as at December 31st 2018, the Company kept 36 thousand bonds in certificated form for its clients, valued at PLN 40.2m, and 31,995 thousand shares, valued at PLN 3,170 thousand.

The Company also operates an issue sponsor's account. As at September 30th 2019, PLN 17,607 thousand worth of WSE-listed financial instruments in book-entry form (291 thousand shares worth PLN 440 thousand, 92 thousand



investment certificates worth PLN 9,332 thousand, and 61 bonds worth PLN 3,300 thousand) were registered in the account (December 31st 2018: 291 thousand shares with a value of PLN 350 thousand).

## Note 21

### Operating segments

The Company does not identify separate operating segments within its structure, and operates as a single segment. The IPOPEMA Securities segment comprises brokerage activities, as well as business and management advisory services. Information disclosed in these financial statements comprises information regarding that operating segment.

## Note 22

### Pending court or administrative proceedings

In the first nine months of 2019 and as at the date of issue of these interim condensed financial statements, the Company was not party to any material court or administrative proceedings.

## Note 23

### Material events and factors in the first nine months of 2019

In Q1–Q3 2019, the total value of trades executed on the Warsaw Stock Exchange was 5.6% lower than a year earlier. Over the same period, the Company's market share contracted as well, to 4.35% from 4.56%. Leading to a 2.9% decline in revenue from securities trading (to PLN 16,583 thousand vs PLN 17,079 thousand a year earlier).

Conditions on the capital market were equally challenging in the first three quarters of 2019 as in the entire previous year. The Company's revenue from investment banking services fell slightly, i.e. by 4% (to PLN 4,215 thousand, from PLN 4,390 thousand in Q1–Q3 2018).

Also in the investment funds market, the first nine months of 2019 were more challenging than the corresponding period of 2018 amid the highly volatile investor sentiment. This eroded revenue from the retail business, and consequently revenue classified as other revenue from core activities, which amounted to PLN 2,144 thousand in the first three quarters of 2019, compared with PLN 2,442 thousand in January–September 2018.

As a result of these factors, despite lower operating expenses, in Q1–Q3 2019 the Company posted a PLN 1,042 thousand loss on core activities and a net loss of PLN 519 thousand (vs a PLN 1,725 thousand loss on core activities and a net loss of PLN 2,758 thousand reported in Q1–Q3 2018).

## Note 24

Items affecting assets, liabilities, equity, net profit or cash flows that are non-typical due to their nature, value or frequency.

None.

## Note 25

### Events subsequent to the reporting date

All events relating to the reporting period were disclosed in the accounting books and financial statements for the period January 1st–September 30th 2019. No material events occurred after the reporting date which should have been but were not disclosed in the accounting records for the reporting period.

Warsaw, November 20th 2019

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Jacek Lewandowski  
President of the  
Management Board

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Mariusz Piskorski  
Vice President of  
the Management  
Board

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Stanisław  
Waczkowski  
Vice President of the  
Management Board

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Mirosław Borys  
Vice President of  
the Management  
Board

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Danuta Ciosek  
Chief Accountant