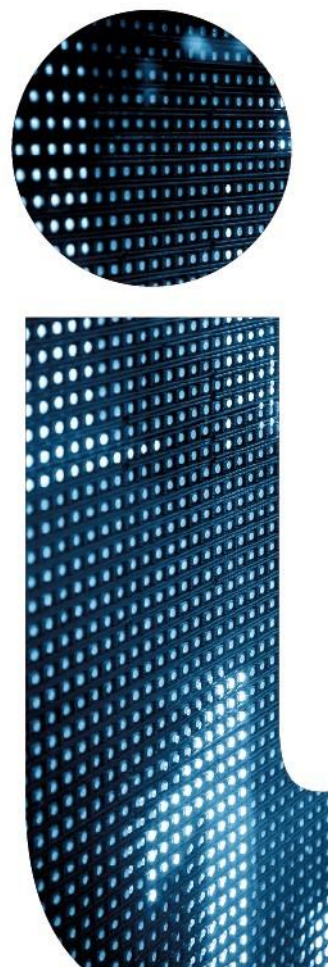


IPOPEMA Securities Group

Directors' Report

**for the nine months
ended 30 September 2023**

Warsaw, 16 November 2023



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Part I

1. Financial result

Consolidated financial data* (in PLN '000)	Q1-Q3 2023	Q1-Q3 2022
Total revenue, including	225.260	185.574
<i>Brokerage and related services</i>	46,759	36.804
<i>Investment fund management</i>	158.316	126,988
<i>Advisory services</i>	20.185	21,782
Total operating expenses	215.757	181.179
Profit on core activities	9.503	4,395
Net profit for the period	10.265	2.028

*Unaudited data

Consolidated financial data (in PLN '000)	1q23*	2q23*	3q23*	1-3q2023*
Total revenue, including	70.167	78,942	76,151	225.260
<i>Brokerage and related services</i>	13,475	18,779	14,505	46,759
<i>Investment fund management</i>	49,842	53,751	54,723	158.316
<i>Advisory services</i>	6,850	6.412	6,923	20.185
Total operating expenses	68.163	74.017	73,577	215.757
Profit on core activities	2.004	4,925	2,574	9.503
Net profit for the period	1.817	5.275	3,173	10.265

*Unaudited data

Revenue

In the first three quarters of 2023, the consolidated revenues of the IPOPEMA Group (PLN 225,260 thousand) were 21.4% higher than a year earlier (PLN 185,574 thousand), primarily due to an increase in the level of revenues in the brokerage services and fund management segments, while at the same time a decline in revenues was recorded in the advisory services segment.

Revenues generated in the brokerage services segment (PLN 46,759 thousand; 20.8% of consolidated revenues) were 27.0% higher than a year earlier (PLN 36,804 thousand). The increase in revenues from trading in securities by 26.5% (PLN 27,474 thousand compared to PLN 21,718 thousand a year earlier) resulted primarily from higher revenues from trading in bonds (with a practically unchanged WSE market share in the share trading). Revenues from investment banking services also recorded similar dynamics (19.3%) and amounted to PLN 15,631 thousand in the period January-September 2023 (compared to PLN 13,099 thousand a year earlier).

IPOPEMA TFI (fund and portfolio management segment) recorded revenues of PLN 158,316 thousand in the period January-September 2023 (70.3% of consolidated revenues), which compared to the first three quarters of 2022 (PLN 126,988 thousand) means an increase of 24.7%. The higher revenues of IPOPEMA TFI are mainly the result of an increase in revenues from management of securitisation funds and variable fees collected in the period January-September 2023 for managing capital market funds.

IPOPEMA Business Consulting (advisory services segment) recorded revenues of PLN 20,185 thousand in Q1-Q3 2023. PLN (9.0% of consolidated revenues), which compared to PLN 21,782 thousand PLN a year earlier meant a decrease of 7.3%.

Costs

The total operating costs of the IPOPEMA Group in the period Q1-Q3 2023 amounted to PLN 215,757 thousand and were 19.1% higher than last year (PLN 181,179 thousand).

In the brokerage services segment, total operating costs in the period January-September 2023 amounted to PLN 43,313 thousand and compared to the first three quarters of 2022 (PLN 35,437 thousand) were 22.2% higher, mainly due to higher costs of external services (related to the distribution of investment products) and a higher level of personnel costs.

The higher operating costs in the investment fund and portfolio management segment (PLN 152,779 thousand compared to PLN 125,253 thousand in the period January-September 2022) were mainly due to higher costs related to the management of securitisation funds.

In the advisory services segment, the level of costs recorded in the first nine months of 2023 (PLN 19,665 thousand) was 4.0% lower than a year earlier (PLN 20,489 thousand).

Financial result

Profit on core operations and net profit recorded in the periods Q1-Q3 2023 in all segments translated into a consolidated profit on core operations of PLN 9,503 thousand (compared to PLN 4,395 thousand a year earlier) and consolidated net profit of PLN 10,265 thousand (compared to PLN 2,028 thousand in the first three quarters of 2022).

Due to the fact that the share of IPOPEMA Securities in IPOPEMA Business Consulting is 50.02% and 77% in IPOPEMA Financial Advisory, the net profit attributable to the shareholders of the parent company amounted to PLN 10,221 thousand and 44 thousand PLN was the net profit allocated to minority shareholders.

In the brokerage services segment, revenues higher by 27.0% (despite operating costs higher by 22.2%) translated into profit from core activities in the period Q1-Q3 2023 of PLN 3,446 thousand (compared to PLN 1,367 thousand profit a year earlier) and PLN 4,440 thousand net profit (PLN 232 thousand net loss in the period January-September 2022). On a standalone basis, IPOPEMA Securities recorded a net profit of PLN 6,688 thousand in the first three quarters of 2023 (compared to PLN 1,487 thousand net profit a year earlier).

The fund management segment recorded an increase in revenues by 24.7%, which with operating costs higher by 22.0%, translated into higher levels of segment profits – profit from core activities amounted to PLN 5,537 thousand (compared to PLN 1,735 thousand profit in Q1-Q3 2022), and net profit PLN 5,539 thousand (with net profit of PLN 2,131 thousand a year earlier).

In the advisory services segment, a lower level of revenues (by 7.3%), despite lower operating costs (by 4.0%), translated into lower profit from core activities (PLN 520 thousand compared to PLN 1,293 thousand a year earlier). At the same time, the segment's net profit amounted to PLN 287 thousand (compared to PLN 129 thousand in Q1-Q3 2022).

2. Material events and factors with a bearing on financial result

Equity market and investment banking

The share trading market on the WSE in the period January-September 2023 saw slightly less investor activity than a year earlier – the total turnover was 12.9% lower than in the first three quarters of 2022. At the same time, IPOPEMA Securities basically maintained its market share (2.09% vs. 2.12%). Nevertheless, thanks to higher revenues from bond intermediation and from transactions carried out jointly with the investment banking department, the level of revenues from securities trading in the periods Q1-Q3 2023 (PLN 27,474 thousand) was 26.5% higher than a year ago (PLN 21,718 thousand).

Despite the still high inflation and interest rates, a slight recovery of the capital transactions market was visible in the second and third quarter of the year. This allowed the Company to generate revenues from investment banking services of PLN 15,631 thousand in the period January-September 2023. PLN, i.e. 19.3% higher than a year earlier (PLN 13,099 thousand).

The above factors resulted in the brokerage services segment recording PLN 4,440 thousand of net profit in the period January-September 2023 (compared to a net loss of PLN 232 thousand a year earlier). However, on a stand-alone basis, IPOPEMA Securities recorded a net profit of PLN 6,688 thousand in this period (compared to PLN 1,487 thousand net profit a year earlier).

IPOPEMA TFI

The higher revenues of IPOPEMA TFI (by 24.7% compared to the first three quarters of 2022) are mainly due to the increase in the level of revenues from managing securitisation funds. Despite higher operating costs, the fund management segment recorded a significant improvement in net profit (PLN 5,539 thousand compared to PLN 2,131 thousand a year earlier). The value of assets in actively managed funds at the end of September 2023 amounted to PLN 1.1 billion. Taking into account the assets accumulated also in dedicated funds, IPOPEMA TFI remains the largest Polish investment fund company – the total sum of assets under management at the end of September 2023 was PLN 57.9 billion (PLN 63.9 billion a year earlier).

IPOPEMA Business Consulting

The continuously relatively difficult situation on the advisory services market translated into slightly lower revenues of IPOPEMA Business Consulting (PLN 20,185 thousand compared to PLN 21,782 thousand in Q1-Q3 2022). Nevertheless, thanks to lower operating costs (by 4.0%), the consulting services segment recorded a slight improvement in net profit throughout the period (PLN 287 thousand compared to PLN 129 thousand a year earlier).

3. Factors that may affect performance in the fourth quarter of 2023

War in Ukraine

Currently, the war in Ukraine is still a significant risk factor regarding, among others, the economic situation. It is difficult to reliably predict its further course and duration, and even more so its consequences, but it cannot be ruled out that it will have a further negative impact on the European economy and the situation on the Polish market. The effects of this war are visible in some areas of the Company's operations, including a greater restraint in making investment decisions by clients. Nevertheless, it is still difficult to assess the actual impact of the current situation on the activities of the Company and its Group in subsequent periods, given the unpredictability of the development of events and the further course of the war.

WSE secondary market

While the upward trend observed on the WSE since mid-October last year could suggest an improvement in market sentiment (at the end of October, the WIG value was over 20% higher compared to the end of 2022), the turnover on the WSE share market in the first three quarters of this year was 12.9% lower than last year. At the same time, IPOPEMA Securities practically maintained its WSE trading market share (2.09% vs. 2.12% a year earlier), and also maintains high activity in bond trading. Nevertheless, it is difficult to predict how the situation in this area will develop in the following months of this year.

Capital market

The first months of this year were not very optimistic also in the area of capital markets – the approach of both investors and companies was characterized by great restraint. Although in the second and third quarters there were signs of a slight improvement in market sentiment, it is difficult to clearly predict how it will develop in the following months of the year. The situation is not made easier by persistent inflation and high interest rates. The above may affect the implementation of currently prepared transactions or the possibility of obtaining new ones.

Investment fund management segment

Since the beginning of this year, a reversal of last year's moods has been observed on the investment fund market: September was the ninth month with a positive balance of deposits and withdrawals, with most of the inflows being directed to companies in banking groups as part of the debt fund strategies. Nevertheless, persistent inflation and uncertainty as to the further direction of interest rates may cool down investors' optimism in the coming months. Additionally, the development of the situation in Ukraine may continue to influence market sentiment and inflows to funds. At the same time, it should be noted that part of IPOPEMA TFI's revenues (from the management of closed-end funds) does not depend on the value of the funds' assets, and therefore on the economic situation and stock market conditions.

Advisory services segment

In the advisory segment, IPOPEMA Business Consulting continues works on initiated and new projects, which may translate into improved financial results. Nevertheless, in 2023, as a result of the prolonged hostilities in Ukraine and the related disruptions on the domestic and international markets, a less dynamic demand for services in the IPOPEMA Business Consulting industry cannot be ruled out.

Variable fee for fund and portfolio management (investment fund and portfolio management segment)

In subsequent periods of the current year, IPOPEMA TFI may record revenues from a variable fee for managing selected funds (and the costs of managing these funds). Variable fees are settled as at the last day of the financial year and cannot be recognised in the statement of profit or loss until December 2023. Therefore, prior to their settlement, the total amount of the fees is only an estimate subject to ongoing updates depending on the performance of investments funds and the amount of assets under management, and, as such, the fees are not included in revenue of the investment fund and portfolio management segment reported in interim financial statements. As at the end of the last calendar month preceding the date of preparation of this report, i.e. 31 October 2023, the potential effect of variable management fees on the segment's pre-tax profit would amount to PLN 5.1 million.

4. Realization of forecasts

The company did not publish forecasts of financial results.

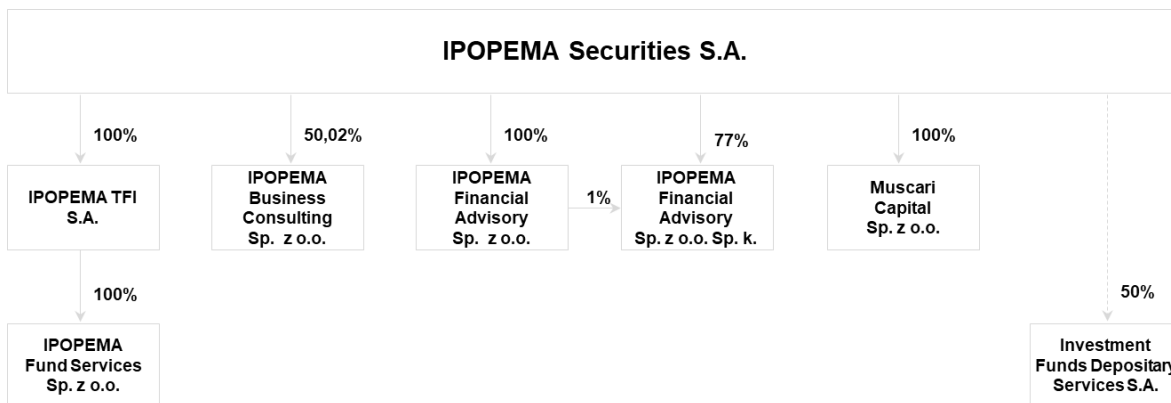
Part II

1. Organizational structure of the IPOPEMA Securities Group

As at September 30, 2023, the IPOPEMA Securities Group consisted of IPOPEMA Securities S.A. as the parent company and the following subsidiaries: IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A., IPOPEMA Business Consulting Sp. z o.o., IPOPEMA Financial Advisory Sp. z o.o., IPOPEMA Financial Advisory Sp. z o.o. Sp. k., Muscari Capital Sp. z o.o. and IPOPEMA Funds Services Sp. z o.o.

IPOPEMA Securities, IPOPEMA TFI, IPOPEMA Business Consulting and IPOPEMA Financial Advisory Sp. z o.o. Sp. k. are consolidated, while IPOPEMA Financial Advisory Sp. z o.o., Muscari Capital Sp. z o.o. and IPOPEMA Funds Services Sp. z o.o. were excluded from consolidation due to the immateriality of financial data.

Additionally, IPOPEMA Securities holds 50% of the shares and rights in Investment Funds Depository Services S.A. ("IFDS"), i.e. a company established together with ProService Finteco sp. z o.o. with its registered office in Warsaw, as described in more detail in point 7 of this Directors' Report. Considering that in principle the division of powers and votes is equal between the above-mentioned shareholders, in accordance with applicable regulations, none of them has the status of a parent company. Consequently, IFDS is not formally a subsidiary of IPOPEMA Securities and is not subject to consolidation.



2. Changes in the organizational structure of the IPOPEMA Securities Group

In the periods Q1-Q3 2023, there were no significant changes in the organizational structure of the IPOPEMA Securities Group.

3. Shareholder structure of IPOPEMA Securities SA

As at 30 September 2023, the Company's shareholders holding more than 5% of IPOPEMA Securities SA shares were as follows:

Shareholder	Number of shares and votes at the General Meeting	% of the total number of votes at the General Meeting
Value FIZ*	2,992,824	9.99%
IPOPEMA PRE-IPO FIZAN ^{1 fund}	2,990,789	9.98%
OFE PZU "Złota Jesień**"	2,990,000	9.99%
Quercus Funds ^{2 *}	2,912,236	9.72%
IPOPEMA 10 FIZAN ^{3 fund}	2,851,420	9.52%
Katarzyna Lewandowska	2,136,749	7.13%
Jarosław Wikaliński ⁴	1,499,900	5.01%
Total shareholders above 5%	18,373,918	61.37%

*Data based on notifications received by the Company from shareholders or according to reports at the Company's General Meeting

¹ The main participant of the Fund is Jacek Lewandowski - President of the Management Board of the Company, as well as Katarzyna Lewandowska

² Total funds managed by QUERCUS TFI

³ The only participant of the Fund is Stanisław Waczkowski - Vice-President of the Management Board of the Company

⁴ Based on the oral agreement regarding unanimous voting at the AGM, Jarosław Wikaliński and Małgorzata Wikalińska have a total of 2,770,789 votes, i.e. 9.25% of the total number of votes at the AGM

Until the date of preparation of this report, the above-mentioned ownership has not changed.

4. Number of shares held by managing or supervising persons

As at 30 September 2023 (and on the date of preparation of this document), the Management Board members held – directly or indirectly through subsidiaries or related entities (including dedicated funds) – shares of IPOPEMA Securities S.A. These holdings have not changed compared to the data presented in the report for the first half of 2023.

Person	number of shares and votes	% of capital and votes
Jacek Lewandowski – President of the Management Board ¹	3,330,079	11.12%
Stanisław Waczkowski – Vice-President of the Management Board	3,142,855	10.49%
Mirosław Borys – Vice-President of the Management Board	696,428	2.32%
Mariusz Piskorski – Vice-President of the Management Board	515,000	1.72%
Together	7,684,362	25.66%

¹ According to the information in the table in point 3, shares of IPOPEMA Securities SA are also held by Jacek Lewandowski's wife - Katarzyna Lewandowska.

5. Issue, redemption and repayment of equity and non-equity securities

In 2023, as of the date of this document, IPOPEMA Securities S.A. did not issue any equity or non-equity securities. However, in connection with the implementation of the policy of variable remuneration components the Company redeemed bonds. The value of liabilities arising from the above-mentioned bonds is insignificant for the Company, and more information on their issue and redemption is included in Note No. 11 to the Company's financial statements and in Note No. 14 to the Group's consolidated financial statements.

6. Loans, guarantees and sureties

In the periods Q1-Q3 2023, the Company did not receive or grant any guarantees or loans (other than loans to Group companies, employees and associates), but information on guarantees issued to the Company is included in Note No. 12 to the separate report financial IPOPEMA Securities.

7. Selected corporate events

Conclusion of an investment agreement and establishment of a company

On 23 March 2022, IPOPEMA Securities concluded an investment agreement with ProService Finteco sp. z o. o. based in Warsaw ("ProService"), under which a company was established under the name Investment Fund Depository Services S.A. ("IFDS"). The main scope of activity of this company will be the provision of depository services for closed-end investment funds. As of 30 September 2023, the share capital of IFDS was PLN 8,925,000, and IPOPEMA and ProService acquired shares representing 50% of the share capital and the total number of votes. The above investment agreement assumes identical rights of the parties in appointing members of the management board and supervisory board of IFDS, and also contains standard provisions for this type of agreements, including: regarding the right of pre-emption of shares (if the other shareholder intends to sell them) and scenarios for exiting the company in the event of significant discrepancies between shareholders. Apart from the obligations to acquire shares and make payments to the share capital, the agreement does not contain any other obligations regarding the financing of IFDS by IPOPEMA Securities and ProService.

IFDS was registered in the National Court Register on 12 July 2022, and on 28 September 2023, it was granted the consent from the Polish Financial Supervision Authority to conduct brokerage activities.

Registration of the conditional increase in share capital and changes to the Company's articles

In August 2023, a conditional increase in the Company's share capital was registered (in the amount of PLN 299,378.30) and changes to the articles of association introduced on the basis of resolutions No. 18 and 20 of the Annual General Meeting of the Company of 24 May 2023, about which the Company informed in a current report in on 4 August 2023.

8. Significant legal proceedings

In 2016, IPOPEMA TFI received a copy of a lawsuit filed by Górnośląskie Przedsiębiorstwo Wodociągów S.A. with its registered office in Katowice ("GPW") for payment of PLN 20.6 million for alleged property damage suffered by GPW in connection with GPW's investment in investment certificates of one of the so-called dedicated funds (closed-end investment fund for non-public assets) managed by the IPOPEMA TFI. IPOPEMA TFI considers the GPW lawsuit to be unfounded and has taken legal steps to dismiss it by submitting a response to the lawsuit and participating in further procedural activities. Until the date of preparation of this report, several hearings were held in this lawsuit, during which some witnesses were interviewed. Due to the complex factual and legal situation and the specificity of the Polish judicial system, it is not possible to determine the date of completion of the proceedings in question or its outcome at this stage.

Four lawsuits were also brought against IPOPEMA TFI regarding funds that were previously managed by Saturn TFI and Lartiq TFI, and whose management was taken over by IPOPEMA TFI as a result of the decision of the Polish Financial Supervision Authority to withdraw the business permits for the above-mentioned fund management companies. Three of them, with a total value of claims of approximately PLN 2.6 million, were received in December 2022 and January 2023, while the last one was received in October 2023. This is a class action against IPOPEMA TFI and the bank acting as the depositary for the fund, to which this lawsuit relates. The resulting value of the subject matter of the dispute is PLN 25.3 million, and the case is at the stage of the court examining the admissibility of group proceedings. IPOPEMA TFI firmly disputes the claims in question in their entirety as completely unjustified and groundless. The allegations raised therein concern circumstances resulting from the management of the funds in question and their situation before IPOPEMA TFI took over their management. Due to the above, the Management Board of IPOPEMA TFI is taking legal steps to dismiss the lawsuits and protect the good name of IPOPEMA TFI.

Moreover, in the first half of 2022, a lawsuit was filed against IPOPEMA Business Consulting by one of its clients regarding an implementation agreement concluded between the parties and carried out in the normal course of IPOPEMA Business Consulting's activities. The amount of the claim indicated by the plaintiff is PLN 14.5 million, however, taking into account the facts supported by legal analyses, the Management Board of IPOPEMA Business Consulting does not recognize the above-mentioned claims treating them as completely unfounded and devoid of any factual or legal basis. IPOPEMA Business Consulting also filed a lawsuit against this client for a total amount of PLN 12.6 million to recover remuneration for the work performed and delivered, contractual penalties and compensation. Both cases are currently being conducted as part of separate proceedings, and both parties have submitted applications to combine both proceedings for joint consideration.

Apart from the above, the IPOPEMA Group was not a party to any significant court or administrative proceedings regarding the liabilities and receivables of the Company or companies from its capital group.

9. Transactions with related entities

In the periods Q1-Q3 2023, the Company did not enter into any significant transactions with related entities on terms other than market conditions. More information regarding transactions with related entities is included in the interim condensed consolidated statements in note 24.

10. Material events after the balance sheet date

In the period between 30 September 2023 and the date of publication of the financial statements, no significant events occurred that had a significant impact on the Company's operations.

Warsaw, 16 November 2023

Management Board of IPOPEMA Securities SA:

Jacek Lewandowski
Chairman of the Board

Mariusz Piskorski
Vice President

Stanisław Waczkowski
Vice President

Mirosław Borys
Vice President