

The IPOPEMA Securities Group

Directors' report

**on the operations of IPOEPMA Securities S.A. and
the IPOPEMA Securities Group in the 3-month
period ended March 31, 2024**

Warsaw, May 16, 2024

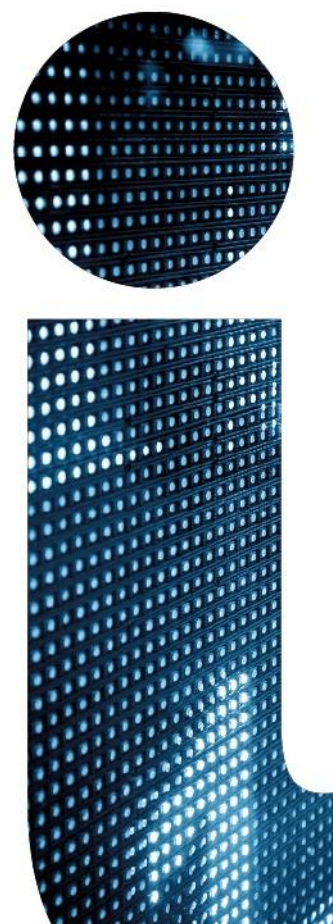


Table of contents

Part I

1. Financial result	3
2. Factors affecting performance in Q1	2
3. Factors likely to affect results in subsequent periods in 2024	5
4. Implementation of forecasts	6

Part II

1. Organizational structure of the IPOPEMA Securities Group	7
2. Changes in the organizational structure of the IPOPEMA Securities Group	7
3. Shareholders of IPOPEMA Securities S.A.	7
4. Change in the number of shares held by managing or supervising persons	8
5. Information on issuance, redemption and repayment of non-equity and equity securities	8
6. Loans, guarantees, sureties	9
7. Court proceedings	9
8. Transactions with related parties	9
9. Significant events after the balance sheet date	10

PART I

1. Financial result

Selected consolidated financial data (in thousands of PLN)*	Q1 2024	Q1 2023
Total revenue, including	66.245	70.167
<i>Brokerage and related services</i>	13.983	13.475
<i>Investment fund management</i>	44.444	49.842
<i>Consulting services</i>	7.818	6.850
Total operating costs	65.719	68.163
Profit from core operations	526	2.004
Net profit for the period	1.463	1.817

*Unaudited data

Revenue

In Q1 2024, the IPOPEMA Group's consolidated revenues (PLN 66,245 million) were 5.6% lower than a year earlier (PLN 70,167 thousand), primarily due to lower revenues in the fund management segment (down 10.8%), despite higher revenues in the brokerage and advisory services segments (up 3.8% and 14.1%, respectively).

Revenues realized in the brokerage services segment (PLN 13,983 thousand; 21.1% of consolidated revenues) were slightly higher than a year earlier (PLN 13,475 thousand), driven primarily by higher revenues from investment banking services (PLN 4,050 thousand vs. PLN 2,999 thousand in Q1 2023). At the same time, the Company recorded a slightly lower market share in trading on the WSE (1.97% vs. 2.03%), which, combined with slightly lower revenue from bond trading, translated into a decrease in the level of revenue from securities trading (PLN 8,582 thousand vs. PLN 9,833 thousand).

IPOPEMA TFI (fund and portfolio management segment) recorded revenues of PLN 44,444 thousand in Q1 2024 (67.1% of consolidated revenues), down 10.8% compared to Q1 2023 (PLN 49,842 thousand). The lower revenues of IPOPEMA TFI are mostly the result of the termination of the management of several debt funds in Q1 2024.

IPOPEMA Business Consulting (consulting services segment) recorded revenues of PLN 7,818 thousand in Q1 2024 (11.8% of consolidated revenues), up 14.1% from PLN 6,850 thousand a year earlier.

Costs

The IPOPEMA Group's total operating expenses in Q1 2024 amounted to PLN 65,719 thousand, down 3.6% compared to the same period in 2023 (PLN 68,163 thousand).

In the brokerage services segment, total operating expenses in January-March 2024 amounted to PLN 14,712 thousand and were virtually maintained at the level of the first quarter of last year (PLN 14,412 thousand).

Lower operating expenses in the investment funds and portfolio management segment (PLN 43,490 thousand vs. PLN 47,089 thousand in Q1 2023) were mainly due to lower expenses related to the management of debt funds (due to the termination of the management of several such funds in Q1 2024).

In the consulting services segment, the level of costs recorded in the first quarter of 2024 (PLN 7,517 thousand) was 12.8% higher than a year earlier (PLN 6,662 thousand).

Financial result

Gains in the fund management and advisory services segments (with a loss in the brokerage services segment) translated into a consolidated profit from operations of 526 thousand zlotys in Q1 2024 (versus 2,004 thousand

zlotys a year earlier) and a consolidated net profit of 1,463 thousand zlotys (versus 1,817 thousand zlotys in Q1 2023).

Given that IPOPEMA Securities' stake in IPOPEMA Business Consulting is 50.02% and 77% in IPOPEMA Financial Advisory, net profit attributable to shareholders of the parent company amounted to PLN 1,469 thousand, and PLN 6 thousand was net loss attributable to minority shareholders.

In the brokerage services segment, higher revenues by 3.8% (with operating expenses higher by 2.1%) translated into slightly lower levels of segment losses in Q1 2024. - The loss from core operations amounted to PLN 729 thousand (vs. a loss of PLN 937 thousand a year earlier), and the net loss was PLN 261 thousand (vs. a net loss of PLN 459 thousand in Q1 2023). Nevertheless, on a standalone basis (i.e. excluding intragroup sales and other consolidation exclusions), IPOPEMA Securities recorded a net profit of PLN 795 thousand in Q1 2024 (vs. PLN 367 thousand a year earlier).

The fund management segment reported a 10.8% drop in revenue, which, despite operating expenses being 7.6% lower, translated into lower levels of segment profits - profit from core operations amounted to PLN 954 thousand (vs. PLN 2,753 thousand profit in Q1 2023), and net profit was PLN 1,481 thousand (vs. PLN 2,216 thousand net profit a year earlier).

In the consulting services segment, an increase in the level of revenues (by 14.1%), despite higher operating costs (by 12.8%), resulted in the realization of slightly higher segment profits - profit from core operations amounted to PLN 301 thousand (against PLN 188 thousand profit a year earlier), and net profit amounted to PLN 234 thousand (against PLN 60 thousand net profit in Q1 2023).

2. Factors impacting Q1 2024 results

Situation on the stock trading market and in the area of investment banking

The stock trading market on the WSE in the first months of this year saw significantly higher investor activity than a year earlier - total turnover in January-March was 18.4% higher than in the first quarter of 2023. At the same time, IPOPEMA Securities recorded a slightly lower market share (1.97% vs. 2.03%). Revenue from bond trading was also slightly lower than a year earlier. These factors, among others, translated into lower total securities trading revenues in Q1 2024 (PLN 8,582 thousand vs. PLN 9,833 thousand a year ago).

The situation was better in the equity transactions market - the first quarter of the year saw slightly higher activity from companies and investors. As a result, revenues from investment banking services in Q1 2024 amounted to PLN 4,050 thousand and were significantly higher than in the same period of 2023 (PLN 2,999 thousand).

The above factors caused the brokerage services segment to record slightly lower losses in Q1 2024 than a year earlier (PLN 729 thousand vs. PLN 937 thousand loss on operations and PLN 261 thousand vs. PLN 459 thousand net loss). On the other hand, on a standalone basis (i.e. excluding intragroup sales and other consolidation exclusions), IPOPEMA Securities recorded a net profit of PLN 795 thousand in the period (vs. PLN 367 thousand a year earlier).

Activities of IPOPEMA TFI

The termination of the management of several debt funds in Q1 2024 translated into lower levels of IPOPEMA TFI's revenues and expenses - revenues were 10.8% lower (PLN 44,444 thousand vs. PLN 49,842 thousand) and expenses were 7.6% lower (PLN 43,490 thousand vs. PLN 47,089 thousand). At the same time, as a result of the large inflows of assets into retail funds observed in the first months of the year, the total value of assets in IPOPEMA TFI's actively managed funds at the end of March 2024 amounted to PLN 1.2 billion and was PLN 0.1 billion higher than a year earlier. Taking into account assets accumulated also in dedicated funds, IPOPEMA TFI invariably remains the largest Polish mutual fund company - total assets under management at the end of March 2024 amounted to PLN 51.9 billion (compared to PLN 58.6 billion at the end of March 2023).

Activities of IPOPEMA Business Consulting

Despite the still difficult market situation, consistent execution of projects from the order book allowed IPOPEMA Business Consulting to maintain a 14.1% increase in revenue compared to Q1 2023 (PLN 7,818 thousand vs. PLN 6,850 thousand). Despite the higher level of costs (by 12.8%), this translated into slightly higher profit levels - profit from core operations amounted to PLN 301 thousand and net profit to PLN 243 thousand (vs. PLN 188 thousand and PLN 60 thousand, respectively, a year earlier).

3. Factors that may affect results in subsequent periods of the year 2024

War in Ukraine

An invariably significant risk factor concerning, among other things, the economic situation is the war in Ukraine. It is difficult to reliably predict its further course and duration, let alone its consequences. The uncertainty regarding further developments and Russia's behavior and actions makes it difficult to assess the actual impact of the current situation on the Company's and its capital group's operations in future periods.

The situation in the secondary market

Although the upward trend on the WSE has continued since mid-October 2022 (at the end of April this year, the value of the WIG was nearly half of what it was at the end of 2022), it was only the first quarter of this year that brought a significant recovery - turnover on the WSE stock market in terms of the first quarter of 2024 was 18.4% higher than a year earlier. Although IPOPEMA Securities recorded a slightly lower market share in turnover (1.97% vs. 2.03%), it still maintains high activity in bond trading and foreign markets. Nonetheless, it is difficult to predict how the situation in this area will unfold in future periods.

Situation in the area of capital transactions

In the first months of 2024, relative optimism returned to the equity transactions market and a slight recovery was observed. At the same time, IPOPEMA Securities scored a fairly good first quarter in terms of completed transactions. In addition, consistent personnel changes at public companies and relatively low inflation could have a positive impact on reducing investor risk and further return of sentiment towards equity transactions in the following months of the year.

Situation in the investment fund management segment

Since the beginning of 2023, the mutual fund market has seen growing investor optimism - April 2024 was the sixteenth month with a positive balance of inflows and outflows. Moreover, in the first months of this year, the balances of inflows to retail funds were significantly higher than in the respective months of last year. Most of the inflows are directed to companies in banking groups and within debt fund strategies. Notwithstanding the above, developments in Ukraine continue to carry the risk of changing market sentiment and potential fund outflows. At the same time, it should be noted that part of IPOPEMA TFI's revenue (from closed-end fund management) does not depend on the value of the funds' assets, and thus on the economic situation and stock market conditions. In addition, in the first quarter of 2024, the Society terminated the management of several debt funds, which in subsequent periods will result in both a lower value of revenues for fund management and a lower level of costs associated with the management of these funds.

Situation in the consulting services segment

In the consulting business segment, IPOPEMA Business Consulting is implementing started and new projects. Expectations for demand for services in the business sector of IPOPEMA Business Consulting are closely linked to the economic situation later this year.

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

In subsequent periods of the current year, IPOPEMA TFI may see revenue from the variable management fee for selected funds (and the costs of managing these funds), which is settled on the last day of the fiscal year and will not be recognized in the income statement until December 2024. Accordingly, interim, it is not recognized in the revenue of the 'segment for the management of investment funds and portfolios of brokerage financial instruments' representing only an estimated value, subject to ongoing updating determined by investment performance and the amount of assets under management. As of the end of the last calendar month preceding the date of this report, i.e. April 30 of this year, the variable management fee would amount to PLN 1.0 million.

4. Implementation of forecasts

The company did not publish financial forecasts.

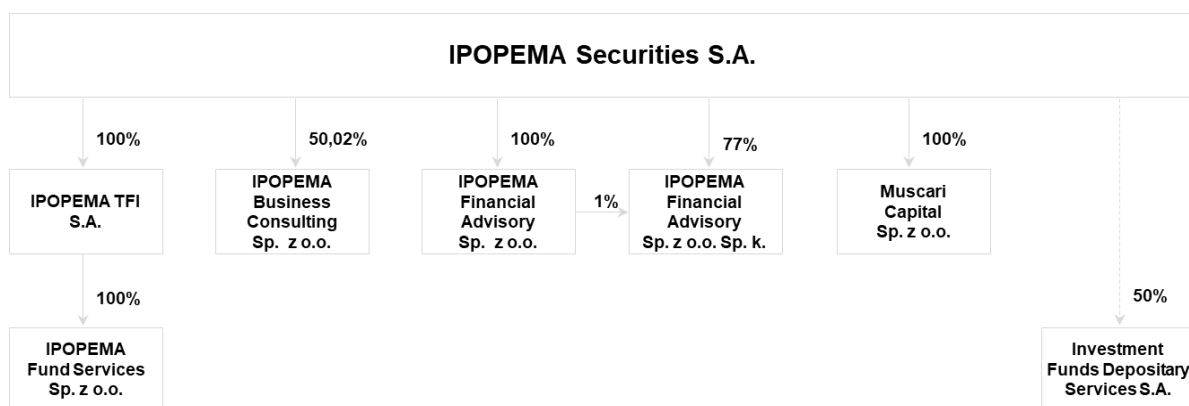
Part II

1. Organizational structure of the IPOPEMA Securities Group

As of March 31, 2024, the IPOPEMA Securities Group consisted of IPOPEMA Securities S.A. as the parent company and 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. are consolidated. Sp. k., 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 immateriality of financial data or lack of control.

In addition, 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.. Given that, in principle, the distribution of power and voting rights is equal among the aforementioned shareholders, in accordance with applicable regulations, none of them has the status of a parent company. Consequently, IFDS also formally does not constitute a subsidiary of IPOPEMA Securities and is not subject to consolidation.



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

There were no changes in the organizational structure of the IPOPEMA Securities Group in Q1 2024.

3. Shareholders of IPOPEMA Securities S.A.

As of March 31, 2024, the Company's shareholders holding more than 5% of shares and votes at the general meeting of IPOPEMA Securities S.A. were as follows:

Shareholder	Number of shares and votes at the AGM	% of the total number of votes at the AGM
Value FIZ*	2.992.824	9,99%
IPOPEMA PRE-IPO FIZAN Fund ¹	2.990.789	9,98%
OFE PZU "Złota Jesień "**.	2.990.000	9,98%
Quercus Funds * ²	2.912.236	9,72%
IPOPEMA 10 FIZAN Fund ³	2.851.420	9,52%
Katarzyna Lewandowska	2.136.749	7,13%
Jaroslaw Wikalinski 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 as reported at the Company's AGM.

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

²Total funds managed by QUERCUS TFI

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

⁴Based on a verbal agreement on consensual voting at the AGM, Jaroslaw Wikalinski together with Malgorzata Wikalinski have a total of 2,770,789 votes, or 9.25% of the total number of votes at the AGM

4. Change in the number of shares held by managing or supervising persons

As of March 31, 2024 (and as of the date of this Management Commentary), the management and supervisory persons indicated below held - directly or indirectly through subsidiaries or affiliates (including dedicated funds) - shares in IPOPEMA Securities S.A.. The holdings of the aforementioned persons have not changed compared to the holdings presented in the 2023 Annual Report.

Person	number of shares and votes	% of capital and votes
Jacek Lewandowski - President of the Management Board ¹	3.330.079	11,12%
Stanislaw Waczkowski - Vice President of the Management Board	3.142.855	10,49%
Miroslaw Borys - Vice President of the Management Board	696.428	2,32%
Mariusz Piskorski - Vice President of the Management Board	515.000	1,72%
Total	7.684.362	25,66%

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

5. Information on issuance, redemption and repayment of non-equity and equity securities

There were no issues of non-equity and equity securities of IPOPEMA Securities S.A. in Q1 2024 (as well as in Q1 2023). At the same time, the Company redeemed bonds (for a total amount of PLN 0.8 thousand) in connection with the implementation of the variable remuneration policy, about which more information is provided in Note 11 to the Company's financial statements and Note 14 to the consolidated financial statements.

6. Loans, guarantees, warranties

In Q1 2024, the Company did not receive or grant any sureties or loans (other than loans to Group companies, employees and associates), while information on guarantees issued to the Company is provided in Note 12 to the financial statements of IPOPEMA Securities.

7. Judicial proceedings and administrative proceedings

In 2016, IPOPEMA TFI received a copy of a lawsuit filed by Górnośląskie Przedsiębiorstwo Wodociągów S.A., headquartered in Katowice ("GPW"), seeking 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 managed by the Society (closed-end investment fund of non-public assets). The Society considers the WSE's claim to be unfounded and has taken legal steps to dismiss it by filing a response to the lawsuit with the court and participating in further litigation. As of the date of this report, some of the scheduled hearings have been held in the case, during which some of the procedural activities were carried out. Further procedural activities are scheduled to be carried out at a later stage of the court proceedings. In view of this, and in view of the complicated factual and legal situation and the specifics of the Polish judicial system, at this stage it is not possible to authoritatively determine the outcome of the ongoing proceedings.

Four lawsuits have also been filed against IPOPEMA TFI concerning funds that were previously managed by Saturn TFI and Lartiq TFI, the management of which was taken over by IPOPEMA TFI as a result of the Financial Supervision Commission's decision to revoke permits for the above investment fund companies to carry out their activities. Three of the claims, with a total claim value of approximately PLN 2.6 million, were filed in December 2022 and January 2023, while the last one was filed in October 2023. This is a class action lawsuit against IPOPEMA TFI and the bank acting as depositary for the fund to which the 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's examination of the admissibility of the class action. IPOPEMA TFI strongly disputes the claims in question in their entirety as completely unfounded and groundless. This is because the allegations raised in them relate to circumstances that are a consequence of the management of the funds in question and their situation prior to the period when IPOPEMA TFI took over their management. In connection with the above, the Management Board of IPOPEMA TFI is taking legal steps to dismiss the lawsuits, as well as to protect the good name of IPOPEMA TFI.

In addition, in the first half of 2022, a lawsuit was filed against IPOPEMA Business Consulting by one of its clients regarding an implementation agreement between the parties executed in the normal course of IPOPEMA Business Consulting's business. The amount of the claim indicated by the plaintiff is PLN 14.5 million, but given the facts, supported by legal analyses, the Management Board of IPOPEMA Business Consulting does not recognize the above-mentioned claim treating it as completely unfounded and devoid of any factual and legal basis. IPOPEMA Business Consulting also filed a lawsuit against this client for a total amount of PLN 12.6 million to enforce its remuneration for completed and delivered work, contractual penalties and damages. Notwithstanding the above, the Parties have entered into mediation proceedings, which are nearing completion, to determine the detailed terms of the settlement.

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

8. Transactions with related parties

In Q1 2024, the Company did not conclude any significant transactions with related parties, in particular other than those arising from the day-to-day operations of IPOPEMA Group companies.

9. Significant events after the balance sheet date

In the second quarter of this year. The Company's Supervisory Board, acting pursuant to the authorization granted to it by the Annual General Meeting ("AGM") of IPOPEMA Securities S.A. dated May 23, 2023, approved the implementation of an incentive program (the "Incentive Program") by the Management Board. Pursuant to the resolutions of the AGM, in particular Resolution No. 18 on conditional capital and Resolution No. 19 on the Incentive Program in the IPOPEMA Group, the Company is authorized, subject to certain requirements, to issue for the purposes of implementing the Incentive Program a maximum of 2,993,783 series D shares, i.e. 10% of the share capital, at a unit issue price of PLN 1.50.

In view of the above, the Management Board decided this year to launch the Incentive Program under a separate option plan (Option Plan I) , and the Supervisory Board - as indicated at the outset - approved the Management Board's decision. Option Plan I is addressed to two persons from IPOPEMA TFI, including its CEO, and covers a maximum of 798,342 series D shares, i.e. 2.67% of the Company's current share capital. The possibility of taking up the aforementioned shares depends on IPOPEMA TFI achieving certain financial parameters in 2024 and 2025 (regardless of meeting the criterion indicated in § 11 of the aforementioned Resolution No. 19 of the AGM).

In accordance with the requirements of the International Financial Reporting Standards, the Incentive Program, to the extent of Option Plan I, will be valued and its cost will be included in the IPOPEMA Group's consolidated financial statements prepared in accordance with IFRS. However, the cost will not be charged to the Company's result in the separate financial statements, due to the absence of such requirements in the Accounting Act.

Given that the final decision necessary for the implementation of the Incentive Plan was made after the balance sheet date as of which this report is prepared, the cost of Option Plan I will be included starting from the second quarter of this year, i.e. in the consolidated report for the first half of 2024.

Warsaw, May 16, 2024

Management Board of IPOPEMA Securities S.A.:

Jacek Lewandowski
CEO

Mariusz Piskorski
Vice President

Stanislaw Waczkowski
Vice President

Miroslaw Borys
Vice President