

IPOPEMA Securities S.A.

Financial statements

for the year ended December 31st
2019

Warsaw, March 30th 2020



ipopema

Financial highlights

Financial highlights	PLN '000		EUR '000	
	2019	2018	2019	2018
Revenue from core activities	33,390	30,024	7,762	7,036
Cost of core activities	32,806	33,323	7,626	7,810
Profit/(loss) on core activities	584	- 3,299	136	- 773
Operating profit/(loss)	1,894	- 3,496	440	- 819
Profit/(loss) before tax	83	- 5,413	19	- 1,269
Net profit/(loss)	213	- 4,310	50	- 1,010
Earnings/(loss) per ordinary share (weighted average) (PLN/ EUR)	0.01	- 0.14	0.00	- 0.03
Net cash from operating activities	21,324	- 11,569	4,957	- 2,711
Net cash from investing activities	- 781	1,309	- 182	307
Net cash from financing activities	- 9,701	- 14,236	- 2,255	- 3,336
Total cash flows	10,842	- 24,496	2,520	- 5,741

Financial highlights	PLN '000		EUR '000	
	Dec 31 2019	Dec 31 2018	Dec 31 2019	Dec 31 2018
Total assets	207,097	215,154	48,631	50,036
Current liabilities	146,669	155,787	34,441	36,230
Equity	56,533	56,300	13,275	13,093
Number of shares	29,937,836	29,937,836	29,937,836	29,937,836
Book value per share (PLN/EUR)	1.89	1.88	0.44	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 the period	2019	2018
EUR	4.3018	4.2669

- For the balance sheet:

Exchange rate as at	Dec 31 2019	Dec 31 2018
EUR	4.2585	4.3000

- High and low EUR exchange rates in the period:

EUR	2019	2018
Low rate	4.2406	4.1423
High rate	4.3891	4.3978

Introduction to the 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 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 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 continuing 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 December 31st 2019.

Composition of the Management Board and the Supervisory Board

As at the date of these 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 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,
Ewa Radkowska-Świętoń – 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 and held the position from September 17th 2019. On January 23rd 2020 Zbigniew Mrowiec resigned from his position, and Ewa Radkowska-Świętoń was appointed in his place on the same date.

Basis of preparation

These financial statements cover the period January 1st–December 31st 2019 and contain comparative data for the period January 1st–December 31st 2018.

As at the date of these 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);
- Grupa Finanset Sp. z o.o. ('Finanset') – on March 16th 2020, the Company purchased 100% of shares of in Finanset.

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 financial statements

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

These 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.

These financial statements have been prepared in compliance with the Polish Accounting Standards ('PAS'), including:

- Polish Accounting Act of September 29th 1994 – Dz. U. of 2019, item 351 (the 'Accounting Act');
- Regulation of the Minister of Finance on special accounting principles for brokerage houses of December 28th 2009 – Dz.U. of 2017, item 123;
- Regulation of the Minister of Finance on recognition, measurement, disclosure and presentation of financial instruments of December 12th 2001 – Dz.U. of 2017, item 277;
- Act on Trading in Financial Instruments of July 29th 2005 – Dz.U. of 2018, item 2286, as amended;
- Regulation (EU) No. 2017/2401 of the European Parliament and of the Council of December 12th 2017 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 575/2013 – OJ L 347.1 of December 12th 2017;
- Regulation of the Minister of Finance of October 18th 2005 on the scope of information to be disclosed in financial statements and consolidated financial statements, required to be included in prospectuses of issuers with registered offices in Poland to whom the Polish accounting standards apply – Dz.U. of 2019, item 1449;
- Minister of Finance's Regulation of March 29th 2018 on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state – Dz.U. of 2018, item 757.

Information on subsidiaries

The Company is the parent of IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A. of Warsaw, IPOPEMA Business Consulting Sp. z o.o. of Warsaw, IPOPEMA Financial Advisory Sp. z o.o. of Warsaw, IPOPEMA Financial Advisory Sp. z o.o. spółka komandytowa of Warsaw, and Grupa Finanset Sp. z o.o. The parent and its subsidiaries make up the IPOPEMA Securities Group (the 'IPOPEMA Securities Group', the 'IPOPEMA Group', the 'Group').

IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A. ('IPOPEMA TFI') was established in 2007 and operates under the licence issued by the Polish Financial Supervision Authority (PFSA) on September 13th 2007. Its business activity comprises: (i) operation of an investment fund company, as well as creation and management of investment funds, (ii) discretionary management of securities portfolios, (iii) advisory services in the area of securities trading, (iv) intermediation in the sale and redemption of investment fund shares, and (v) representation service for foreign funds. As at December 31st 2019, IPOPEMA TFI's share capital amounted to PLN 10,599,441.00 and comprised 3,533,147 registered shares. The composition of the company's Management Board in 2018 was as follows: Jarosław Wikaliński, President; Katarzyna Westfeld, Vice President (from October 10th 2018); and Marcin Winnicki, Vice President (from June 26th 2019). The Management Board members have many years of practice and experience in financial markets, including in asset management and creation of investment funds. IPOPEMA Securities S.A. holds 100% of shares and votes at the General Meeting of IPOPEMA TFI.

IPOPEMA Business Consulting Sp. z o.o. ('IPOPEMA BC', 'IBC') was established in 2008. Its share capital amounts to PLN 100,050 and comprises 2,001 shares, of which 1,001 are held by IPOPEMA Securities S.A., and the remaining 1,000 shares are held in equal parts by its partners: Eliza Łoś-Strychowska and Tomasz Rowecki, who are the Management Board of IPOPEMA BC. The company's business activity comprises: (i) other business and management consulting services (ii) computer facilities management activities, (iii) IT advisory services, (iv) software-related activities, (v) wholesale of computers, computer peripheral equipment and software.

IPOPEMA Financial Advisory Sp. z o.o. ("IFA") was established in 2011. The amount of IPOPEMA Financial Advisory's share capital is PLN 5,000 and is divided into 100 shares. The company's Management Board is composed of Jarosław Błaszczak, President, and Marcin Kurowski, Member. IFA is wholly owned by the Company.

IPOPEMA Financial Advisory Sp. z o.o. spółka komandytowa ("IFA SK") – in 2016, IPOPEMA Financial Advisory spółka z ograniczoną odpowiedzialnością spółka komandytowa, 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).

Grupa Finanset Sp. z o.o. ("Finanset") – on March 16th 2020, the Company purchased 100% of shares of in Finanset. The amount of its share capital is PLN 50 thousand and is divided into 1,000 shares.

IFA was not consolidated due to the immateriality of its financial data (in accordance with Art. 58.1 of the Polish Accounting Act).

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards.

Business combinations

In the reporting period, there were no business combinations as referred to in Art. 44.b and Art. 44.c of the Polish Accounting Act.

Correction of errors and corrections resulting from qualifications contained in auditor's opinions

No corrections of errors were made in these financial statements.

Applied accounting standards, methods of valuation of assets, equity and liabilities (including depreciation/amortisation), measurement of profit (loss):

1) Cash and cash equivalents

Cash and cash equivalents disclosed in the balance sheet include cash in hand and at banks, as well as short-term deposits.

The balance of cash and cash equivalents shown in the statement of cash flows comprises the same cash and cash equivalent items.

Cash is measured at amortised cost.

2) Property, plant and equipment, and intangible assets

Property, plant and equipment, and intangible assets are measured at cost less depreciation/ amortisation charges and impairment losses, if any.

Costs incurred after a given asset has been placed in service, such as costs of maintenance or repair, are charged to the statement of profit or loss when incurred.

Depreciation/amortisation is charged using the straight-line method over the estimated useful life of an asset. The depreciation/amortisation rates applied by the Company are presented in the table below:

Type of asset	Depreciation/amortisation rate
Plant and equipment	10%–20%
Office equipment	20%–44.50%
Computers	20%–30%
Buildings and premises	14%
Intangible assets	20%–50%

If the initial value of an item of property, plant and equipment or an intangible asset is not higher than PLN 10,000, such asset is expensed on a one-off basis. However, if justified by the Company's interest, items of property, plant and equipment and intangible assets with a value not higher than PLN 10,000 may be entered into the register of non-current assets.

An item of property, plant and equipment or an intangible asset may be derecognised from the balance sheet following its disposal or if no further economic benefits are expected to be derived from its further use. The Company reviews its non-current assets for indication of impairment at least once a year. Impairment takes place when it is highly probable that an asset controlled by the entity will fail to deliver, in whole or in significant part, the expected future economic benefits. This warrants recognition of an impairment loss on the asset to bring its carrying amount to net realisable value or, if not available, to its fair value determined by other methods. Any income and costs resulting from a given asset being derecognised from the balance-sheet, are charged to the statement of profit or loss in the period the asset was derecognised.

Residual values, useful lives and methods of depreciation /amortisation of assets are reviewed and, if necessary, adjusted at the end of each financial year.

3) 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 amortised cost, 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 Group recognises current liabilities towards banks conducting brokerage activities, other brokerage houses and commodity brokerage houses (market counterparties)* and short-term receivables from the clients on behalf of whom such buy transactions are executed. In the case of sell transactions executed on stock exchanges on behalf of clients whose accounts are maintained by custodian banks, the Group recognises short-term receivables from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses (market counterparties)* and current liabilities towards the clients on behalf of whom such sale transactions are 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 market counterparties.*

Long-term receivables

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

4) Financial instruments

Financial instruments are classified into the following categories:

- a) Financial assets
 - financial assets held for trading,
 - loans and receivables,
 - financial assets held to maturity,
 - financial assets available for sale.
- b) Financial liabilities
 - financial liabilities held for trading,
 - other financial liabilities.

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

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

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 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 and receivables are measured at amortised 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. Loans 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 using 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 shares and bonds, as well as, pursuant to the regulation on special accounting policies for brokerage houses, shares in subordinated entities.

Investment fund shares are held at fair value based on the net asset value per share 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.

5) 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.

6) Prepayments and accrued income

Current

Costs incurred in the current reporting period but related to future periods are recognised under current prepayments and accrued income, provided that the costs will be settled within 12 months from the reporting date.

Non-current

Long-term prepayments and accrued income comprises deferred tax assets and other prepayments and accrued income which will be settled later than 12 months from the reporting date.

Deferred tax assets

Deferred tax assets are recognised in relation to all deductible temporary differences to the extent it is probable that the Company will generate taxable income sufficient to use the differences.

7) 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 amortised cost. 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.

8) Provisions, accruals and deferred income

Accruals and deferred income

Costs attributable to the period but not yet incurred are recognised as accruals and deferred income, and disclosed under current liabilities.

Provisions include:

- a) deferred tax liability,
- b) other provisions.

Deferred tax liability

Deferred tax liability is recognised in relation to all taxable temporary differences.

Other provisions

Provisions are recognised if the Company has a legal or constructive obligation resulting from a past event and when it is certain or highly probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Other provisions are presented in the balance-sheet broken down into non-current and current provisions. Provisions are classified as non-current or current depending on when a given item will become an actual liability (within 12 months or more than 12 months from the reporting date).

9) Equity

Equity comprises the following items:

- share capital,
- reserve funds,
- revaluation capital reserve,
- retained earnings (deficit),
- net profit (loss).

Share capital is recognised at the amount specified in the Company's Articles of Association and in the relevant National Court Register entry. Reserve funds are created pursuant to the regulations of the Commercial Companies Code. They comprise earnings retained by the Company under a relevant resolution of the General Meeting and a share premium account.

Revaluation capital reserve is created from revaluation of financial assets available for sale – investment certificates and investment fund shares.

Retained earnings / (deficit) comprises profit (loss) for the previous years.

Net profit (loss) comprises current financial year profit / (loss).

10) Recognition of revenue

Revenue from core activities is recognised if it is probable that the economic benefits associated with a transaction will flow to the Company and if the revenue and the related expenses can be reliably measured. Revenue comprises amounts received and receivable net of VAT. Revenue is measured at fair value of the consideration received or receivable.

Where the date of commencement of a service and the date of its completion fall into different reporting periods, the related revenue and expenses are recognised by reference to the stage of completion of the service if the outcome of the transaction can be reliably measured, i.e. if (i) the degree of contract completion can be reliably measured, (ii) the total amount of revenue under the service contract and the amount of costs associated with the service can be measured reliably, and (iii) it is probable that the economic benefits associated with the contract will flow to the Company. If the above conditions cannot be met, revenue is recognised only to the extent of costs incurred as at a given date that are recoverable. If it is probable that the total contract costs will exceed the total contract revenue, the expected loss on a contract is immediately recognised as expense.

Revenue denominated in foreign currencies is translated into the Polish złoty at the mid-exchange rate quoted by the National Bank of Poland on a day preceding the revenue generation date.

11) Accrual basis of accounting and matching principle

In determining its net profit (loss), the Company takes into account all revenues and related expenses attributable to a given period, irrespective of the date of payment.

In order to match revenues to related expenses, expenses or revenues relating to future periods and expenses attributable to a given period which are yet to be incurred are posted under assets or liabilities, as applicable, of the given period. This means that expenses are accounted for on an accrual basis. Expenses not yet incurred in a given period are covered by provisions.

12) Determination of net profit (loss)

In accordance with Appendix 1 to the Minister of Finance's Regulation on special accounting policies for brokerage houses of December 28th 2009 (Dz. U. of 2017, item 123), the following steps have been identified in the statement of profit or loss:

- Profit/(loss) on core activities,
- Operating profit (loss),
- Pre-tax profit (loss),
- Net profit/(loss).

Method of determination of profit/(loss) on core activities

Profit/(loss) on core activities is the difference between:

revenue from core activities, comprising revenue from:

- brokerage activities:
 - a) acceptance and transfer of orders to buy and sell financial instruments
 - b) execution of orders to buy and sell financial instruments for the account of clients
 - c) management of portfolios comprising one or more financial instruments
 - d) investment advisory services
 - e) offering of financial instruments
 - f) provision of services in the performance of a standby or firm commitment underwriting agreements or execution and performance of other similar agreements involving financial instruments
 - g) 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
 - h) other
- other core activities

and costs of core activities, comprising costs incurred to generate revenue from business activities. The Company uses by-nature format for expenses. Non-deductible VAT (accounted for based on the sales structure or related to exempt activities) is recorded in natural expense accounts together with the cost of the underlying item (gross cost). Operating expenses are recorded under Group 4 'Expenses by nature and their settlement'. These include:

- fees payable to regulated markets, commodity exchanges, the Central Securities Depository of Poland and exchange clearing houses,
- payments to CCP,
- fees payable to commercial chamber,
- salaries and wages,
- social security and other benefits,
- employee benefits,
- raw material and consumables used,

- costs of maintenance and lease of buildings,
- services,
- other expenses,
- depreciation and amortisation expenses,
- taxes and other public charges,
- commissions and other charges,
- other.

Method of determination of operating profit (loss)

Operating profit (loss) comprises the profit (loss) on core activities adjusted for:

- gain/(loss) on transactions in financial instruments held for trading,
- gain/(loss) on transactions in financial instruments held to maturity,
- gain/(loss) on transactions in financial instruments available for sale,
- other income,
- other expenses.

Other income and operating expenses are income and expenses related indirectly to the Company's operations, including in particular income and expenses related to:

- disposal of property, plant and equipment, and intangible assets,
- impairment losses on property, plant and equipment, and intangible assets,
- impairment losses on receivables,
- recognition/reversal of provisions,
- compensation, penalties and fines,
- free-of-charge transfer or receipt, including by way of donation, of assets, including cash, for purposes other than acquisition or production of intangible assets,
- other.

Method of determination of pre-tax profit (loss)

Profit (loss) before tax comprises operating profit (loss) adjusted for:

- finance income,
- finance costs.

The Company's finance income includes interest on deposits, interest on loans, other interest and foreign-exchange gains. Interest income is recognised in the statement of profit or loss as it accrues.

The Company classifies as finance costs in particular: borrowing costs, interest on borrowings, other interest, and foreign-exchange losses.

Method of determination of net profit (loss)

Net profit (loss) comprises pre-tax profit (loss) adjusted for income tax and other mandatory decrease of profit (increase of loss).

Income tax

Income tax affecting net profit (loss) for a given reporting period includes:

- current income tax,
- deferred income tax.

Current income tax

Current tax assets and current tax liabilities for the current period and for previous periods are measured at the amount of the expected payment due to the tax authorities or expected refund from the tax authorities, as appropriate, with the use of tax rates and based on fiscal regulations legally or actually binding as at the reporting date.

Deferred income tax

For the purposes of financial reporting, the Company recognises deferred tax using the balance-sheet liability method in relation to temporary differences recorded as at the reporting date between the value of assets and liabilities computed for tax purposes and their carrying amounts disclosed in the financial statements. Deferred income tax is the difference between deferred tax liabilities and assets as at the end and as at the beginning of period.

13) Statement of cash flows

The statement of cash flows is prepared using the indirect method.

14) 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	Dec 31 2019	Dec 31 2018
USD	3.7977	3.7597
EUR	4.2585	4.3000
HUF 100	1.2885	1.3394
GBP	4.9971	4.7895
CZK	0.1676	0.1673
CHF	3.9213	3.8166
TRY	0.6380	0.7108
JPY 100	3.4959	3.4124
NOK	0.4320	0.4325
CAD	2.9139	2.7620
SEK	0.4073	0.4201
DKK	0.5700	0.5759
AUD	2.6624	2.6549
RON	0.8901	0.9229

* 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 Notes 2, 9, 11 and 16.

Changes in applied accounting policies

There were no changes in the accounting policies during the reporting period.

Seasonality of operations

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

Comparability of the reported data

These financial statements have been 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.

Indication and explanation of differences in amounts disclosed in these financial statements and comparative data prepared in accordance with Polish Accounting Standards, and amounts that would be disclosed in financial statements and comparative data prepared in accordance with IAS respectively

IFRS 16

In 2019, IFRS 16 came into effect and introduced (i) a new definition of a lease based on the lessee's control of use of an asset, and (ii) a uniform accounting model for the lessee. Under IFRS 16, a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The right to control use of an asset is conveyed where the lessee has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use in the period.

At the commencement date, the lessee recognises a right-of-use asset and a lease liability, measured at the discounted expected cash flows from the contract, except for short-term (up to 12 months) leases and leases of low-value assets. Expenditure related to the use of leased assets, in previous reporting years carried mainly as cost of core activities, is now classified as depreciation and interest expense. The lessee separately recognises depreciation of the right-of-use asset and interest on the lease liability. Right-of-use assets are depreciated using the straight-line method over their expected useful lives, while the lease liabilities are amortised using the effective interest rate. Costs related to leases are recognised sooner due to the recognition of interest expense using the effective interest rate method, which was previously applied exclusively to finance leases under IAS 17.

The Company is a lessee under lease contracts concerning office space and vehicles.

As at the effective date of the new standard, i.e. January 1st 2019, the impact of IFRS 16 on (i) the amount of total assets of the brokerage and related services segment was PLN 6,767 thousand (increase in the right-of-use assets), (ii) on the amount of total liabilities – a PLN 7,365 thousand increase, (iii) on the amount of accruals and deferred income – PLN 599 thousand decrease, with no effect on retained earnings. In 2019, in accordance with the Accounting Act, operating leases payments are presented as office rental costs (PLN 1.7m), while in accordance with IFRS, the Group instead recognises depreciation and amortisation costs (PLN 1.7m) and finance costs (interest) of PLN 0.2m.

IFRS 9

IFRS 9 came into effect at the beginning of 2018. The standard introduces, in particular, changes to the measurement of impairment of financial assets. In accordance with the standard, an entity is required to recognise and measure impairment based on expected rather than incurred losses. Accordingly, as of January 1st 2018, a loss allowance for expected credit losses is to be recognised on initial recognition of receivables. As a consequence, entities will not wait until receivables are past due before recognising impairment. The Company conducted a portfolio analysis for trade receivables (other than receivables assessed separately). The expected credit loss allowance ratio would vary from 0.02% for non-delinquent receivables to 73.1% for receivables overdue more than one year. The difference between the impairment loss calculated in accordance with the accounting policies presented in these financial statements and its IFRS approach-based amount in 2019 is PLN 94 thousand (2018: PLN 1 thousand).

Financial statements of IPOPEMA Securities S.A. for 2019

ASSETS		Note	Dec 31 2019	Dec 31 2018
I.	Cash and cash equivalents	1, 8	35,080	24,287
1.	In hand		1	-
2.	At banks		7,101	4,810
3.	Other cash		27,975	19,459
4.	Cash equivalents		3	18
II.	Short-term receivables	2	152,843	162,505
1.	From clients		38,634	46,645
2.	From related entities		1,096	1,409
3.	From banks conducting brokerage activities, other brokerage houses and commodity brokerage houses		94,861	81,658
a)	under executed transactions		66,096	44,491
b)	other		28,765	37,167
4.	From entities operating regulated markets and commodity exchanges		-	-
5.	From the Central Securities Depository of Poland and from settlement and		45	46
5.a.	From CCP		15,635	32,239
6.	From investment and pension fund companies and from investment and pension funds		285	102
7.	Taxes, subsidies and social security receivable		84	100
8.	Under framework securities lending and short sale agreements		1,195	-
9.	Other		1,008	306
III.	Financial instruments held for trading	3, 18	308	9,756
1.	Shares		82	9,709
2.	Derivative instruments		226	47
IV.	Current prepayments and accrued income	4	718	716
IV.a.	Short-term loans	8	287	92
1.	Other		287	92
V.	Financial instruments held to maturity	5	-	-
VI.	Financial instruments available for sale	6, 18	10,734	10,710
1.	Shares		8,638	8,638
	- shares in subordinated entities		8,638	8,638
2.	Debt securities		10	10
3.	Investment fund shares		2,086	2,062
VII.	Long-term receivables	7	1,440	1,421
VIII.	Long-term loans	7, 8	322	49
1.	Other		322	49
IX.	Intangible assets	9	1,100	1,514
1.	Acquired permits, patents, licences and similar assets, including:		1,100	1,514
	- software		1,100	1,514
X.	Property, plant and equipment	11	1,015	1,527
1.	Tangible assets, including:		1,015	1,527
a)	buildings and premises		264	331
b)	computer assemblies		298	541
c)	other tangible assets		453	655
2.	Tangible assets under construction		-	-
XI.	Non-current prepayments and accrued income		3,250	2,577
1.	Deferred tax assets	12	3,238	2,465
2.	Other non-current prepayments and accrued income		12	112
XII.	Called-up share capital not paid		-	-
XIII.	Treasury shares		-	-
Total assets			207,097	215,154

Financial statements of IPOPEMA Securities S.A. for 2019

EQUITY AND LIABILITIES		Note	Dec 31 2019	Dec 31 2018
I.	Current liabilities	13	146,669	155,787
1.	To clients		90,915	83,014
2.	To related entities		-	-
3.	To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses		43,763	55,100
a)	under executed transactions		43,727	55,023
b)	other		36	77
4.	To entities operating regulated markets and commodity exchanges		340	364
5.	To the Central Securities Depository of Poland and to settlement and clearing houses		28	52
5.a.	To CCP		3,094	70
6.	Borrowings		6,799	15,485
a)	other	18	6,799	15,485
7.	Debt securities		1	2
7a.	Negative fair value of financial instruments held for trading		-	-
8.	Taxes, customs duties and social security payable		601	752
9.	To investment and pension fund companies and to investment and pension funds		152	152
10.	Other		976	796
II.	Non-current liabilities	15	61	157
1.	Debt securities		-	-
2.	Finance lease liabilities		61	157
	- from other entities		61	157
III.	Accruals and deferred income	15	-	488
IV.	Provisions for liabilities	16	3,834	2,422
1.	Deferred tax liabilities		909	271
2.	Other		2,925	2,151
a)	non-current		14	59
b)	current		2,911	2,092
V.	Subordinated liabilities	17	-	-
VI.	Equity		56,533	56,300
1.	Share capital	19	2,994	2,994
2.	Reserve funds	21	53,256	57,566
a)	share premium		10,351	10,351
b)	statutory reserve funds		998	998
c)	reserve funds created pursuant to the Articles of Association		41,907	46,217
3.	Revaluation capital reserve	25	70	50
4.	Retained earnings		-	-
5.	Net profit/(loss)		213	- 4,310
Total equity and liabilities			207,097	215,154
Book value (PLN '000)			56,533	56,300
Number of shares as at end of period			29,937,836	29,937,836
Book value per share (PLN)			24 1.89	1.88
Diluted number of shares			29,937,836	29,937,836
Diluted book value per share (PLN)			1.89	1.88

Financial statements of IPOPEMA Securities S.A. for 2019

OFF-BALANCE SHEET ITEMS	Note	Dec 31 2019	Dec 31 2018
I. Contingent liabilities	42, 43	1,181	1,193
II. Third-party assets used		-	-
III. Futures/forwards purchased or issued in the name and for the account of the brokerage house*		6,628*	6,516*
IV. Other off-balance sheet items		-	-

* Notional amounts of purchased forward contracts.

Financial statements of IPOPEMA Securities S.A. for 2019

Statement of profit or loss		Note	2019	2018
I.	Revenue from core activities, including:	27	33,390	30,024
	- from related entities		1,011	1,051
1.	Revenue from brokerage activities, including:		32,998	29,512
a)	acceptance and transfer of orders to buy and sell financial instruments		1,569	60
b)	execution of orders to buy and sell financial instruments for the account of clients		21,658	22,600
c)	investment advisory services		81	3
d)	offering of financial instruments		1,204	3,116
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		113	104
f)	other		8,373	3,629
2.	Revenue from other core activities		392	512
II.	Cost of core activities		32,806	33,323
	- from related entities		-	-
	Fees payable to regulated markets, commodity exchanges, the Central Securities Depository of Poland and exchange clearing houses		4,488	5,367
1.				
2.	Payments to CCP		248	293
3.	Trade organisation membership fees		46	46
4.	Salaries and wages		14,207	12,618
5.	Social security and other benefits		1,620	1,372
6.	Employee benefits		257	213
7.	Raw material and consumables used		241	222
8.	Services	27	7,498	8,580
9.	Costs of maintenance and lease of buildings		1,994	1,970
10.	Depreciation and amortisation		1,194	1,685
11.	Taxes and other public charges		202	343
12.	Other		811	614
III.	Profit/(loss) on core activities		584	- 3,299
IV.	Income from financial instruments held for trading	28	1,426	4,396
1.	Dividends and other profit distributions		52	348
2.	Revaluation adjustments		396	2,252
3.	Gain on sale/redemption		978	1,796
V.	Cost related to financial instruments held for trading	29	1,728	5,258
1.	Revaluation adjustments		56	169
2.	Loss on sale/redemption		1,672	5,089
VI.	Gain/(loss) on transactions in financial instruments held for trading		- 302	- 862
VII.	Income from financial instruments available for sale	32	400	600
1.	Dividends and other profit distributions		400	600
	- from related entities		400	600
VIII.	Cost related to financial instruments available for sale	33	-	8
1.	Loss on sale/redemption		-	8
IX.	Gain/(loss) on transactions in financial instruments available for sale		400	592

Financial statements of IPOPEMA Securities S.A. for 2019

X. Other income	35	1,940	677
1. Decrease in impairment losses on receivables		1,337	158
2. Other		603	519
XI. Other expenses	36	728	604
1. Increase in impairment losses on receivables		121	132
2. Other		607	472
XII. Operating profit/(loss)		1,894	- 3,496
XIII. Finance income		617	1,267
1. Interest on loans, including:		12	21
- from related entities		-	17
2. Interest on deposits	37	225	188
3. Other interest		27	40
4. Foreign exchange gains		12	615
a) realised		12	-
b) unrealised		-	615
5. Other		341	403
XIV. Finance costs		2,428	3,184
1. Interest on borrowings, including:	38	979	1,136
- to related entities		-	-
2. Other interest		15	86
3. Foreign exchange losses		99	338
a) realised		-	338
b) unrealised		99	-
4. Other		1,335	1,624
XV. Profit/(loss) before tax		83	- 5,413
XVI. Income tax	39	- 130	- 1,103
XVII. Net profit/(loss)	41	213	- 4,310
Weighted average number of ordinary shares		29,937,836	29,937,836
Earnings per ordinary share (PLN)		0.01	- 0.14
Weighted average diluted number of ordinary shares		29,937,836	29,937,836
Diluted earnings per ordinary share (PLN)		0.01	- 0.14

STATEMENT OF CASH FLOWS	Note	2019	2018
A. NET CASH FROM OPERATING ACTIVITIES	50		
I. Net profit		213	- 4,310
II. Total adjustments:		21,111	- 7,259
1. Depreciation and amortisation		1,194	1,685
2. Foreign exchange gains/(losses)		35	- 63
3. Interest and profit distributions (dividends)		955	754
4. Gain/(loss) on investing activities		-	8
5. Change in provisions and impairment losses on receivables		162	- 1,615
6. Increase/(decrease) in financial instruments held for trading		9,447	- 6,747
7. Increase/(decrease) in receivables		10,907	87,880
8. Change in current liabilities (net of borrowings), including special accounts		- 434	- 89,066
9. Increase/(decrease) in accruals and deferrals		- 1,163	- 104
10. Other adjustments		8	9
III. Net cash from operating activities (I + II)		21,324	- 11,569
B. NET CASH FROM INVESTING ACTIVITIES			
I. Cash from investing activities		166	1,704
1. Decrease in loans		158	1,148
2. Profit distributions (dividends) received		-	349
3. Interest received		8	18
4. Disposal of financial instruments available for sale		-	189
II. Cash used in investing activities		947	395
1. Acquisition of intangible assets		109	42
2. Acquisition of property, plant and equipment		214	124
3. Loans		624	229
III. Net cash from investing activities (I - II)		- 781	1,309
C. NET CASH FROM FINANCING ACTIVITIES			
I. Cash from financing activities		2	2
1. Proceeds from issue of long-term debt securities		-	1
2. Proceeds from issue of short-term debt securities		2	1
II. Cash used in financing activities		9,703	14,238
1. Decrease in short-term borrowings		8,686	11,814
2. Repayment of short-term debt securities		3	5
3. Dividends and other payments to owners		-	1,197
4. Payment of finance lease liabilities		36	34
5. Interest paid		978	1,188
III. Net cash from financing activities (I - II)		- 9,701	- 14,236
D. TOTAL NET CASH FLOWS (A.III +/- B.III +/- C.III)		10,842	- 24,496
E. NET CHANGE IN CASH, including:		10,807	- 24,433
- change in cash resulting from foreign exchange differences		- 35	63
F. CASH AT BEGINNING OF PERIOD	50	24,256	48,752
G. CASH AT END OF PERIOD (F +/- D), including:	50	35,098	24,256
- restricted cash*		20,835	15,814

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

STATEMENT OF CHANGES IN EQUITY		2019	2018
I.	EQUITY AT BEGINNING OF PERIOD	56,300	61,756
	- changes in adopted accounting policies	-	-
	- correction of errors	-	-
I.a.	EQUITY AT BEGINNING OF PERIOD AFTER ADJUSTMENTS	56,300	61,756
1.	Share capital at beginning of period	2,994	2,994
1.1.	Changes in share capital	-	-
1.2.	Share capital at end of period	2,994	2,994
2.	Reserve funds at beginning of period	57,566	57,500
2.1.	Changes in reserve funds	- 4,310	66
a)	increase	-	66
	- distribution of profit (above statutory minimum)	-	66
b)	decrease	4,310	-
	- loss coverage	4,310	-
2.2.	Reserve funds at end of period	53,256	57,566
3.	Revaluation capital reserve at beginning of period	50	- 1
3.1.	Changes in revaluation capital reserve	20	51
a)	increase	24	57
	- remeasurement of financial instruments	24	57
b)	decrease	4	6
	- remeasurement of financial instruments	4	6
3.2.	Revaluation capital reserve at end of the period	70	50
4.	Retained earnings/(accumulated deficit) at beginning of period	- 4,310	1,263
4.1.	Retained earnings at beginning of period	-	1,263
a)	increase	-	-
b)	decrease	-	1,263
	- distribution of retained earnings (dividend)	-	1,197
	- distribution of retained earnings (increase in reserve funds)	-	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 at end of period	-	-
5.	Net profit/(loss)	213	- 4,310
a)	net profit	213	-
b)	net loss	-	4,310
II.	EQUITY AT END OF PERIOD	56,533	56,300
III.	EQUITY AFTER PROPOSED DISTRIBUTION OF PROFIT	56,533	56,300

Notes to the financial statements

Significant events relating to past years and disclosed in the financial statements for the financial year

During the reporting period there were no significant events relating to the previous years.

Events subsequent to the reporting date, not disclosed in the financial statements

All events relating to the reporting period were disclosed in the accounting books and financial statements for the period January 1st–December 31st 2019. No events occurred after the reporting date which should have been but were not disclosed in the accounting books for the reporting period.

Changes in accounting policies and in the preparation of the financial statements

The Company did not change its accounting policies or the rules of preparing its financial statements in 2019 or 2018.

Agreements not disclosed in the balance sheet

In 2019 and 2018, the Company disclosed all agreements which had an effect on the data presented in these financial statements.

Correction of errors

In 2019 and 2018, the Company did not correct any errors in the financial statements.

Operating segments

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

No geographical segments are reported by the Company, as a vast majority of its revenue is generated in Poland. Foreign revenue earned in 2019 represented 8.15% (PLN 2,723 thousand) of total revenue (2018: 13.2% or PLN 3,973 thousand). The Company's property, plant, equipment and intangible assets are located in Poland.

Significant events in 2019

No significant events occurred in 2019 other than those described in these financial statements and the accompanying Directors' Report.

Notes to the balance sheet (PLN '000)

Note 1

Cash and other assets	Dec 31 2019	Dec 31 2018
Cash and other assets of clients		
a) at banks and in hand	20,835	15,814
Total cash and other assets of clients	20,835	15,814
Cash and other assets		
a) cash and other assets of the brokerage house, including:	14,245	8,473
- in hand	1	-
- at banks	7,101	4,810
- other cash*	7,140	3,645
- cash equivalents	3	18
b) cash and other assets of clients deposited in cash accounts:	20,835	15,814
- at the brokerage house and paid towards acquisition of securities	20,835	15,814
- in an IPO or on the primary market	-	-

c) cash and other assets transferred from the settlement guarantee fund	-	-
Total cash and other assets	35,080	24,287

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

Cash by currency is presented in Note 13a.

Note 2

Selected short-term receivables	Dec 31 2019	Dec 31 2018
1. Selected short-term receivables	150,271	161,997
a) from clients, including:	38,634	46,645
- under transactions executed on the Warsaw Stock Exchange	32,331	37,931
- under transactions executed on the Budapest Stock Exchange	-	4,287
- under transactions executed on the Prague Stock Exchange	-	1,491
- under transactions executed on the London Stock Exchange	282	-
- under transactions executed on the Istanbul Stock Exchange	1,091	-
- under transactions executed on the Frankfurt Stock Exchange	32	-
- under transactions executed on the New York Stock Exchange	15	685
- other	4,883	2,251
b) from related entities, including:	1,096	1,409
- from subsidiaries	1,096	1,409
c) from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses, including:	94,861	81,658
1) under executed transactions	66,096	44,491
- on the Warsaw Stock Exchange*	60,246	42,020
- on the Budapest Stock Exchange	-	104
- on the Zurich Stock Exchange	660	-
- on the New York Stock Exchange	2,940	2,308
- on the Paris Stock Exchange	262	59
- on the Toronto Stock Exchange	1,036	-
- on the Frankfurt Stock Exchange	952	-
2) other	28,765	37,167
e) from the Central Securities Depository of Poland and exchange clearing houses, including:	45	46
- from the settlement guarantee fund and deposits	45	46
- other	-	-
e) from CCP	15,635	32,239
- from the settlement guarantee fund	15,635	32,239
- other	-	-
2. Short-term receivables, net	152,843	162,505
- impairment losses on short-term receivables (positive value)	131	1,376
Gross short-term receivables	152,974	163,881
3. Changes in impairment losses on short-term receivables		
At beginning of period	1,376	1,569
a) increase (impairment losses on past-due receivables)	121	132
b) used	29	167
c) reversed	1,337	158
Impairment losses on short-term receivables at end of period	131	1,376
4. Short- and long-term receivables by maturity from reporting date		
a) up to 1 month	140,861	150,072
b) over 1 month to 3 months	6,388	6,450
c) over 3 months to 1 year	4,089	4,048
d) over 1 year to 5 years	1,440	1,421

Financial statements of IPOPEMA Securities S.A. for 2019

e) over 5 years	-	-
f) past due	1,636	3,311
Total gross receivables	154,414	165,302
g) impairment losses on receivables (negative value)	- 131	- 1,376
Total net receivables	154,283	163,926

5. Gross past due receivables by period of delay:

a) up to 1 month	281	396
b) over 1 month to 3 months	28	207
c) over 3 months to 1 year	1,276	19
d) over 1 year to 5 years	51	2,689
e) over 5 years	-	-
Total gross receivables	1,636	3,311
f) impairment losses on receivables (negative value)	- 131	- 1,376
Total net receivables	1,505	1,935

6. Gross short-term receivables by currency

a) in PLN	120,852	119,007
b) in other currencies (translated into PLN)**	32,122	44,874
Total gross short-term receivables	152,974	163,881

* 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).

** Receivables by currency are presented in Note 13a.

The value of short-term receivables from clients under executed transactions and current receivables from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses under executed transactions represents the value of concluded and not cleared (including suspended) purchase and sale transactions in securities.

Note 3

Financial instruments held for trading	Dec 31 2019	Dec 31 2018
1. Financial instruments held for trading		
a) shares*	82	9,709
b) derivatives	226	47
c) commodities	-	-
d) other	-	-
Total financial instruments held for trading	308	9,756
2. Financial instruments held for trading (by currency)		
a) in PLN	308	9,752
b) in other currencies (translated into PLN)	-	4
Total financial instruments held for trading	308	9,756
3. Financial instruments held for trading (by marketability)		
A. Freely marketable, listed (carrying amount)	82	9,709
a) shares (carrying amount)	82	9,709
- fair value	82	9,709
- market value	-	-
- at cost	82	9,870
b) bonds (carrying amount)	-	-
c) other – derivative contracts (carrying amount)	-	-
- at cost	-	-
B. Freely marketable, traded on OTC markets (carrying amount)	-	-
C. Freely marketable, not traded on regulated markets (carrying amount)	226	47

a) other – derivative contracts (carrying amount)	226	47
- at cost	-	-
D. With limited marketability (carrying amount)	-	-
Total amount at cost	82	9,870
Total carrying amount at beginning of period	9,756	3,009
Valuation as at the reporting date	226	- 114
Total carrying amount	308	9,756

* Shares comprise solely shares listed on the Warsaw Stock Exchange and on the Budapest Stock Exchange. Financial instruments held for trading are measured at fair value by reference to their market value as at the reporting date. For the purpose of the measurement, the Company takes into account closing prices quoted by the WSE and the BSE on the last business day of a financial year. 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. As at the reporting date, the Company held 211 shares with a total carrying amount of PLN 82 thousand. All the shares are traded on the Warsaw Stock Exchange. As at December 31st 2018, the Company held 278,121 shares with a total carrying amount of PLN 9,709 thousand.

Financial assets

In 2019 and in 2018, the policies for measurement of financial assets at fair value or classification of financial assets did not change. Neither did the Group record any changes in its economic environment or trading conditions which would significantly affect the fair value of its financial assets and liabilities.

Note 4

Current prepayments and accrued income	Dec 31 2019	Dec 31 2018
cost of ICT and information services	449	389
expenses to be re-invoiced	-	4
other costs	269	323
Total current prepayments and accrued income	718	716

Note 5

The Company did not carry any financial instruments held to maturity.

Note 6

Financial instruments available for sale	Dec 31 2019	Dec 31 2018
1. Financial instruments available for sale		
- shares*	8,638	8,638
- debt securities	10	10
- investment fund shares	2,086	2,062
- investment certificates	-	-
Total financial instruments available for sale	10,734	10,710
2. Available-for-sale financial instruments of subsidiaries and non-consolidated jointly-controlled entities other than commercial companies		
- shares	8,638	8,638
- debt securities	-	-
- investment fund shares	-	-
- investment certificates	-	-
Total available-for-sale financial instruments of subsidiaries and non-consolidated jointly-controlled entities other than commercial companies	8,638	8,638
3. Financial instruments available for sale (by currency)		
a) in PLN	10,734	10,710
b) in other currencies (translated into PLN)	-	-

Financial statements of IPOPEMA Securities S.A. for 2019

Total financial instruments available for sale	10,734	10,710
4. Shares		
a) shares in parent	-	-
b) shares in major investor	-	-
c) shares in subordinates	8,638	8,638
- shares in subsidiaries	8,638	8,638
d) shares in other entities	-	-
Total shares	8,638	8,638

** Shares in subordinates are measured at cost less impairment losses. Investment fund shares are held at fair value based on the net asset value per share as most recently published by the investment fund. Revaluation gains or losses increase or decrease (as appropriate) the revaluation capital reserve.*

5. Financial instruments available for sale (by marketability)		
A. Freely marketable, listed (carrying amount)	-	-
B. Freely marketable, traded on OTC markets (carrying amount)	-	-
C. Freely marketable, not traded on regulated markets (carrying amount)	-	-
D. With limited marketability (carrying amount)	10,734	10,710
- shares (carrying amount at cost)	8,638	8,638
- debt securities (carrying amount at cost)	10	10
- investment fund shares (carrying amount)	2,086	2,062
- investment fund shares (at cost)	2,000	2,000
Total amount at cost	10,648	10,648
Total carrying amount at beginning of period	10,710	10,844
Revaluation adjustments (for the period)	24	62
Total carrying amount	10,734	10,710

6. Shares in subordinates		
a) company name and legal form	IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A.	
b) registered office	ul. Próżna 9, 00-107 Warsaw, Poland	
c) business activity	operation of an investment fund company, creation and management of investment funds, discretionary management of securities portfolios, advisory services in the area of securities trading, intermediation in the sale and redemption of investment fund shares, and representation service for foreign funds	
d) type of capital link	subsidiary	
e) consolidation method	full	
f) control since	Mar 2007	
g) shares at cost	5,630	5,630
h) valuation adjustments (total)	-	-
i) carrying amount of shares	5,630	5,630
j) percentage of share capital held	100%	100%
k) percentage of total vote at the general meeting	100%	100%
l) basis for control if other than specified in j) or k)		
m) entity's equity, including:	26,565	23,658
- share capital	10,599	10,599
- reserve funds	7,944	6,965
- other components of equity, including:	8,022	6,094
retained earnings /(deficit)	-	-
net profit/(loss)	2,773	979

Financial statements of IPOPEMA Securities S.A. for 2019

n) liabilities and provisions for liabilities of the entity, including:	19,118	13,840
- non-current liabilities	66	49
- current liabilities	10,690	4,998
o) entity's receivables, including:	14,564	13,171
- long-term receivables	-	-
- short-term receivables	14,564	13,171
p) entity's total assets	45,683	37,498
r) revenue	74,432	40,578
s) value of shares in entity not paid up by the issuer	-	-
t) dividend received or receivable from entity for previous financial year	-	-

a) company name and legal form	IPOPEMA Business Consulting Sp. z o.o.	
b) registered office	ul. Próźna 9, 00-107 Warsaw, Poland	
c) business activity	other business and management advisory services, computer facilities management activities, IT advisory services, software-related activities, wholesale of computers, computer peripheral equipment and software.	
d) type of capital link	subsidiary	
e) consolidation method	full	
f) control since	Aug 2008	
g) shares at cost	3,000	3,000
h) valuation adjustments (total)	-	-
i) carrying amount of shares	3,000	3,000
j) percentage of share capital held	50.02%	50.02%
k) percentage of total vote at the general meeting	50.02%	50.02%
l) basis for control / joint control / significant influence, if other than specified in j) or k)		
m) entity's equity, including:	8,550	8,817
- share capital	100	100
- reserve funds	2,950	2,950
- other components of equity, including:	5,500	5,767
retained earnings / (deficit)	- 239	- 239
net profit / (loss)	532	1,565
n) liabilities and provisions for liabilities of the entity, including:	9,684	8,797
- non-current liabilities	1,317	2,139
- current liabilities	7,657	6,136
o) entity's receivables, including:	15,620	11,620
- long-term receivables	1,442	2,218
- short-term receivables	14,178	9,402
p) entity's total assets	18,233	17,614
r) revenue	29,181	25,149
s) value of shares in entity not paid up by the issuer	-	-
t) dividend received or receivable from entity for previous financial year	400	600

a) company name and legal form	IPOPEMA Financial Advisory Sp. z o.o.	
b) registered office	ul. Próźna 9, 00-107 Warsaw, Poland;	
c) business activity	support of IFA SK's operations	
d) type of capital link (subsidiary, jointly-controlled, or associate, direct or indirect)	subsidiary	
e) consolidation method	Not consolidated due to immaterial effect on the Group's financial information	
f) direct control since	May 2016 (date of obtaining direct control)	

Financial statements of IPOPEMA Securities S.A. for 2019

g) shares at cost	1	1
h) valuation adjustments (total)	-	-
i) carrying amount of shares	1	1
j) percentage of share capital held by IBC	100%	100%
k) percentage of total vote at the general meeting	100%	100%
l) basis for control / joint control / significant influence, if other than specified in j) or k)		
m) entity's equity, including:	- 5	- 5
- share capital	5	5
- reserve funds	-	-
- other components of equity, including:	- 10	- 10
retained earnings /(deficit)	- 10	- 10
net profit/(loss)	-	-
n) liabilities and provisions for liabilities of the entity, including:	7	7
- non-current liabilities	-	-
- current liabilities	7	7
o) entity's receivables, including:	1	1
- long-term receivables	-	-
- short-term receivables	1	1
p) entity's total assets	2	2
r) revenue	14	14
s) value of shares in entity not paid up by the issuer	-	-
t) dividend received or receivable from entity for previous financial year	-	-

a) company name and legal form	IPOPEMA Financial Advisory Sp. z o.o. spółka komandytowa	
b) registered office	ul. Próźna 9,00-107 Warsaw, Poland	
c) business activity	advisory services	
d) type of capital link	indirect subsidiary	
e) consolidation method	full	
f) control since	Jun 2016	
g) shares at cost	8	8
h) valuation adjustments (total)	-	-
i) carrying amount of shares	8	8
j) percentage of share capital held	77%	77%
k) percentage of total vote at the general meeting	N/A	N/A
l) basis for control / joint control / significant influence, if other than specified in j) or k)		
m) entity's equity, including:	936	276
- share capital	10	10
- called-up share capital not paid (negative value)	-	-
- reserve funds	381	-
- other components of equity, including:	545	266
retained earnings /(deficit)	- 115	- 115
net profit/(loss)	660	381
n) liabilities and provisions for liabilities of the entity, including:	1,194	1,079
- non-current liabilities	-	-
- current liabilities	1,183	1,049
o) entity's receivables, including:	1,726	1,272
- long-term receivables	-	-
- short-term receivables	1,726	1,272
p) entity's total assets	2,130	1,355

r) revenue	3,851	3,117
s) value of shares in entity not paid up by the issuer	-	-
t) dividend received or receivable from entity for previous financial year	-	-
7. Shares and other equity interests in other entities	-	-

Note 7

As at December 31st 2019, the amount of long-term receivables was PLN 1,440 thousand (December 31st 2018: PLN 1,421 thousand). As at December 31st 2019, the non-current portion of loans was to PLN 322 thousand (December 31st 2018: PLN 49 thousand).

Note 8

As at December 31st 2019, the Company had the following loans and receivables:

Loans and receivables	Dec 31 2019	Dec 31 2018
Loans, including:	609	141
- non-current portion	322	49
- current portion	287	92
Cash and cash equivalents, including:	35,080	24,287
- in hand	1	-
- at banks	35,076	24,269
- deposit (for a period exceeding three months) and other cash equivalents	3	18
Interest on loans and receivables	263	249
- realised	253	244
- unrealised, including with payment dates falling in:	9	5
up to 3 months	4	-
from 3 to 12 months	5	2
over 12 months	-	3

Loans and receivables bear interest at either variable or fixed rates. No impairment losses were recognised on loans or receivables in 2019 or 2018. Income from interest on loans and receivables amounted to PLN 263 thousand in 2019 (of which PLN 9 thousand was interest accrued but not received) (2018: PLN 249 thousand, of which PLN 5 thousand was interest accrued but not received).

Note 9

Intangible assets	Dec 31 2019	Dec 31 2018
1. Intangible assets		
a) goodwill	-	-
b) acquired permits, patents, licenses and similar assets, including:	1,100	1,514
- computer software	1,100	1,514
c) other intangible assets	-	-
d) prepayments for intangible assets	-	-
Total intangible assets	1,100	1,514
2. Movements in intangible assets (by category)		
a) gross value of intangible assets at beginning of period	9,320	9,277
b) additions – purchases and lease returns	110	43
c) decrease:	-	-
d) gross value of intangible assets at end of period	9,430	9,320
e) accumulated amortisation at beginning of period	7,806	7,175
f) amortisation for period:	524	631
g) accumulated amortisation at end of period	8,330	7,806

h) impairment losses at beginning of period	-	-
i) impairment losses at end of period	-	-
j) net value of intangible assets at end of period	1,100	1,514
3. Intangible assets (by ownership)		
a) owned	1,100	1,514
b) used under rental or similar agreement, including lease agreement	-	-
Total intangible assets	1,100	1,514

Note 10

The Company did not carry any goodwill related to subordinates.

Note 11

Property, plant and equipment	Dec 31 2019	Dec 31 2018
1. Property, plant and equipment		
a) tangible assets, including:	1,015	1,527
- land (including perpetual usufruct rights)	-	-
- buildings and premises	264	331
- computer assemblies	298	541
- vehicles	111	162
- other tangible assets	342	493
b) tangible assets under construction	-	-
c) prepayments for tangible assets under construction	-	-
Total property, plant and equipment	1,015	1,527
2. Change in property, plant and equipment (by category)		
a) Gross value of property, plant and equipment at beginning of period	8,348	8,054
- additions – purchases and lease returns	427	294
- decrease	289	-
b) gross value of property, plant and equipment at end of period	8,486	8,348
c) accumulated depreciation at beginning of period	6,821	5,767
- depreciation for period	670	1,054
- adjustment to depreciation on leases	- 20	-
- liquidation of property, plant and equipment	-	-
- accumulated depreciation at end of period	7,471	6,821
e) impairment losses at beginning of period	-	-
- increase	-	-
- decrease	-	-
f) impairment losses at end of period	-	-
Net value of property, plant and equipment at end of period	1,015	1,527
3. Property, plant and equipment (by ownership)		
a) owned	958	1,365
b) depreciated leased assets	57	162
c) value of property, plant and equipment used under rental, lease or similar agreement, not depreciated by the brokerage house*	-	-
Total property, plant and equipment	1,015	1,527

* In the reporting period, the Company leased office space under a lease contract. The registered office premises of the Company are located at ul. Próżna 9 in Warsaw. The total rent paid for 2019 (including additional charges) was PLN 1,994 thousand (2018: PLN 1,970 thousand). The Company does not have a valuation report regarding the leased premises.

Production cost of tangible assets under construction and tangible assets for own needs:

In the reporting period the Company did not incur any costs to produce property, plant and equipment under construction or for its own needs.

Significant transactions to purchase or sell property, plant and equipment

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

Note 12

Change in deferred tax assets	Dec 31 2019	Dec 31 2018
Change in deferred tax assets		
1. Assets at beginning of period, including:	2,465	1,374
a) charged to net profit/(loss)	2,465	1,374
b) charged to equity	-	-
c) charged to (negative) goodwill	-	-
2. Increase	1,373	2,831
a) charged to net profit/(loss) for period due to deductible temporary differences	706	1,003
b) charged to net profit/(loss) for period in connection with current tax loss	667	1,828
c) charged to equity in connection with deductible temporary differences	-	-
d) charged to equity in connection with tax loss	-	-
e) charged to goodwill or negative goodwill in connection with deductible temporary differences	-	-
3. Decrease	600	1,740
a) charged to net profit/(loss) for period due to deductible temporary differences	600	1,740
b) charged to net profit/(loss) for period due to tax loss (use of tax loss brought forward)	-	-
c) charged to equity in connection with deductible temporary differences	-	-
d) charged to equity in connection with tax loss	-	-
e) charged to goodwill or negative goodwill in connection with deductible temporary differences	-	-
4. Deferred tax assets at end of period, including:	3,238	2,465
a) charged to net profit/(loss)	3,238	2,465
b) charged to equity	-	-
c) charged to (negative) goodwill	-	-

Note 13

Current liabilities	Dec 31 2019	Dec 31 2018
1. Selected current liabilities	5,039	2,034
1.1 To related entities	-	-
- to subsidiaries	-	-
1.2. To entities operating regulated markets and commodity exchanges	340	364
a) to the Warsaw Stock Exchange	340	364
1.3. To the Central Securities Depository of Poland and exchange clearing houses	28	52
a) under additional payments to the settlement guarantee fund	-	-
b) other	28	52
3a. To CCP	3,094	70
- under additional payments to the settlement guarantee fund	3,050	-
- other	44	70
1.4. Taxes, customs duties and social security payable	601	752
- including under ownership right to buildings and structures	-	-
1.5. Other costs, including:	976	796
- finance lease liabilities	40	37
- other liabilities	936	759
2. Current liabilities (by currency)		
a) in PLN	115,883	116,505
b) in other currencies (translated into PLN)**	30,786	39,282
Total current liabilities	146,669	155,787
3. Liabilities to banks conducting brokerage activities, other brokerage houses and commodity brokerage houses		
a) under executed stock-exchange transactions (broken down into liabilities under clearing of transactions concluded on each stock exchange):	43,727	55,023
- under transactions executed on the Warsaw Stock Exchange*	42,308	48,559
- under transactions executed on the Budapest Stock Exchange	-	4,290
- under transactions executed on the Prague Stock Exchange	-	1,490
- under transactions executed on the London Stock Exchange	281	-
- under transactions executed on the Paris Stock Exchange	19	-
- under transactions executed on the Istanbul Stock Exchange	1,091	-
- under transactions executed on the New York Stock Exchange	15	684
- under transactions executed on the Frankfurt Stock Exchange	13	-
b) other	36	77
Liabilities to banks conducting brokerage activities, other brokerage houses and commodity brokerage houses	43,763	55,100
4. Current liabilities by maturity as from the reporting date		
a) up to 1 month	146,607	155,306
b) over 1 month to 3 months	62	63
c) over 3 months to 1 year	-	363
d) over 1 year to 5 years	-	-
e) past due	-	55
Total current liabilities	146,669	155,787
5. Current liabilities	6,799	15,485
a) non-bank loan	-	-
b) bank credit facility	6,799	15,485
- outstanding amount	6,799	15,485

- interest rate	O/N WIBOR + bank's margin
- repayment date	facility terms are described below
- security – a security deposit in the form of a term deposit of PLN 4m; blank promissory note with a promissory note declaration;	

6. Current liabilities under debt instruments in issue	1	2
7. Special accounts	-	-

* 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).

** Liabilities by currency are presented in Note 13a.

As at December 31st 2019, the Company's liabilities under borrowings related to its brokerage business amounted to PLN 6,799 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) and related to the brokerage activities. The current facilities expire on October 16th 2020:

- i. Revolving credit facility of up to PLN 8m. 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 25m. 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 PLN 4m security deposit.

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.

Bonds

In 2019, the Company issued 8 registered bonds with a total nominal value of PLN 1.6 thousand (2018: PLN 2.4 thousand), with various series maturing in 2019–2020. 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.

In 2019, the Company redeemed PLN 3.2 thousand worth of bonds (2018: PLN 4.8 thousand).

Note 13a

Definition, objectives and rules of managing risks to which a brokerage house is exposed

Operations on capital markets inherently involve risks which may have a material effect on the Company's operations, as outlined below, as well as in the Directors' report on the operations of the Company and its Group. All types of risk are monitored and controlled with respect to the profitability of the Company's business and the level of capital necessary to ensure security of executed transactions in the context of the capital adequacy requirements.

Credit risk

The Company is exposed to credit risk understood as the risk that the Company's debtors may fail to fulfil their obligations and thus cause losses to the Company. In view of the above, the credit risk was accounted for in the financial statements through recognition of impairment losses. Age of receivables and recognised impairment losses are presented in Note 2.

In the Management Board's opinion, there is no significant concentration of credit risk as the Company renders its services to a large number of clients.

With respect to the Company's other financial assets, such as cash and cash equivalents and financial assets available for sale, credit risk is related to the potential inability of a counterparty to meet its payment obligation, and the maximum exposure to the risk is equal to the carrying amount of those assets. Credit risk connected with bank deposits, financial instruments and other investments is considered low as the Company executed the transactions with institutions of sound financial condition.

Credit risk – value at risk

As at December 31st 2019, the value at risk related to credit risk for loans (specified in Note 8) was PLN 609 thousand (December 31st 2018: PLN 141 thousand), while for short- and long-term receivables (specified in Note 2.4) the amounts were PLN 154,283 thousand and PLN 163,926 thousand, respectively.

Credit risk related to deposits is considered low, because agreements are executed with banks that have a stable financial position.

Interest rate risk

The Company has liabilities under working capital facilities on which interest accrues at variable rates. This gives rise to the risk that interest rates may increase over their level as at the agreement date. Moreover, the Company invests free cash in variable-rate assets, which may result in reduced return on the investment if interest rates decline. For information on assets and liabilities subject to the interest rate risk, see Note 1 and Note 13.

Given that in the reporting period the Company held both assets and liabilities bearing interest at variable rates (which mitigated the risk) and that interest rates moved only slightly in the past periods and no dramatic changes in interest rates are expected in the following reporting periods, the Company did not hedge its exposure to the interest rate risk, as in its opinion the risk is not significant.

Currency risk

The Company holds foreign-currency cash at bank, and therefore is exposed to currency risk. Currency risk primarily arises from fluctuations in the EUR and USD exchange rates and, to a lesser extent, in the TRY, CAD, GBP, HUF and CZK exchange rates. The Company operates on foreign stock exchanges and uses foreign currencies (EUR, USD, TRY, CAD, HUF, CZK and other) to settle stock-exchange transactions and other expenses incurred in those markets. Owing to the nature of the transaction settlements (with the Company acting as an intermediary), the share of this risk in the overall risk is immaterial.

	Dec 31 2019	Dec 31 2018
Foreign-currency receivables		
- EUR	3,272	6,329
- HUF	-	327,871
- USD	4,104	2,966
- CZK	-	8,909
- GBP	86	121
- TRY	1,711	-
- CAD	355	-
- RON	50	50
Financial instruments		
- HUF	-	264
Foreign-currency liabilities		
- EUR	2,666	4,574
- HUF	-	328,041
- USD	4,411	3,431
- CZK	-	8,907
- GBP	111	174
- TRY	1,710	-
- CAD	355	-
Accruals		
- EUR	202	139
Cash in foreign currencies		
- CZK	928	862

- EUR	1,517	801
- HUF	20,006	18,511
- RON	21	30
- USD	779	891
- GBP	113	103
- SEK	229	160
- DKK	65	48
- NOK	177	149
- CHF	38	23
- TRY	103	22
- CAD	52	9
- AUD	2	1

Price risk

The Company held financial instruments traded on regulated markets (the Warsaw Stock Exchange and the Budapest Stock Exchange). The Company is exposed to the risk of volatility in prices of financial instruments listed on the stock exchanges. Such instruments are disclosed as financial instruments held for trading in the financial statements. The Company also holds investment fund shares, which are exposed to the risk of volatility of the current price, but the aggregate value of these instruments is immaterial (see Note 6).

The risk related to prices of financial instruments is limited, as the Company invests only a relatively small portion of its cash in financial instruments – for details on the size of investments in financial instruments held for trading, see Note 3.

Liquidity risk

The Company is exposed to liquidity risk understood as the risk of failure to meet its liabilities as they fall due. The risk is connected with a potentially limited access to financial markets, resulting in the Company's inability to raise new financing or refinance its debt. The Company's objective is to balance its liquidity position by managing its receivables, liabilities and financial instruments and by using debt financing in the form of short-term bank borrowings.

Note 13 includes a table presenting age of liabilities. The vast majority of the liabilities (about 99%) relate to transactions executed on stock exchanges, in the majority of which the Company acted as intermediary in the purchase or sale of financial instruments on behalf of its clients. Thus, a liability under a stock exchange transaction is to a large extent offset by a transaction generating receivables. As at December 31st 2019, the balance of stock exchange transactions (receivables vs. liabilities) was PLN 6,843 thousand (December 31st 2018: PLN -1,586 thousand). Transactions executed on the WSE may be financed with proceeds from the available credit facilities. In view of the foregoing, the liquidity risk is considered low.

The liquidity risk is identified as one of the typical risks for each business entity and is assessed by the Company under normal market conditions as relatively low given its own cash position (note 1) and the available credit lines used to finance stock exchange transactions (Note 14.3.2).

However, the current unprecedented situation caused by the coronavirus pandemic is a major source of economic uncertainty. It is widely believed that a global economic crisis will ensue, the scale and direct impact of which on the economies of individual countries, including Poland, is at present difficult to predict. There is therefore a potentially significant risk for a large number of businesses, including the Company, that this situation will have a material adverse effect on their ability to generate revenue at the level desired in the context of the current financial situation. As a consequence, this may lead to a situation where the Company's cash reserves will decrease leading to a higher liquidity risk. Moreover, no assurance can be given that the bank which provides financing for the Company's activities on the stock exchange would not change its approach to the financing due to the general market situation or the possible deterioration of the Company's financial position. In an extreme negative scenario, it cannot be ruled out that the financing might be significantly limited or even withheld, which could adversely affect the scale of the Company's activities in this business segment and consequently further reduce revenue.

Note 14

Fair value of instruments not measured at fair value

Loans, receivables and liabilities as at Dec 31 2019	carrying amount	balance-sheet item	fair value
Loans and receivables			
- loan	609	Loans	609
- cash	35,080	Cash	35,080
Financial liabilities (bank credit)	6,799	Liabilities	6,799

Loans, receivables and liabilities as at Dec 31 2018	carrying amount	balance-sheet item	fair value
Loans and receivables			
- loan	141	Loans	141
- cash	24,287	Cash	24,287
Financial liabilities (bank credit)	15,485	Liabilities	15,485

Note 15

Non-current liabilities include liabilities under bonds in issue, referred to in Note 13 (less than PLN 1 thousand as at December 31st 2018), and lease liabilities (PLN 61 thousand vs PLN 157 thousand as at December 31st 2018). Accruals and deferred income were nil at December 31st 2019 (December 31st 2018: PLN 488 thousand).

Non-current liabilities	Dec 31 2019	Dec 31 2018
a) up to 1 year	14	53
b) over 1 year to 3 years	47	104
c) over 3 years to 5 years	-	-
d) over 5 years	-	-
Total non-current liabilities	61	157

Note 16

Provisions for liabilities	Dec 31 2019	Dec 31 2018
1. Change in non-current provision for retirement and similar benefits	-	-
2. Change in current provision for retirement and similar benefits	-	-
3. Change in other non-current provisions	- 45	- 67
4. Change in other current provisions	819	- 1,277
Other current provisions at beginning of period	2,092	3,369
a) recognised	3,870	3,621
b) used	3,051	4,898
c) reversed	-	-
Other current provisions at end of period	2,911	2,092
Other current provisions at end of period (by items)		
Audit and preparation of financial statements	94	97
Employee benefits*	1,780	1,337
Other	1,037	658
Total other current provisions at end of period	2,911	2,092

* As provided for in the Polish Accounting Act and IAS 19, employee benefits include wages, salaries, social security contributions, paid annual leave, paid sick leave, profit-sharing and bonuses, as well as post-employment benefits including pensions, other retirement benefits, termination benefits and non-cash benefits for current employees.

Change in deferred tax liability	Dec 31 2019	Dec 31 2018
----------------------------------	-------------	-------------

1. Deferred tax liability at beginning of period, including:	271	337
a) charged to net profit/(loss)	259	337
- property, plant and equipment, and intangible assets	221	231
- measurement of financial instruments	35	24
- receivables	3	82
b) charged to equity	12	-
c) charged to (negative) goodwill	-	-
2. Increase	853	180
a) charged to net profit (loss) of the period under taxable temporary differences:	847	168
- property, plant and equipment, and intangible assets	4	28
- measurement of financial instruments	173	123
- receivables	670	17
b) charged to equity	6	12
c) charged to (negative) goodwill	-	-
3. Decrease	215	246
a) charged to net profit/(loss) of the period under deductible temporary differences:	213	246
- property, plant and equipment, and intangible assets	28	38
- measurement of financial instruments	150	112
- receivables	35	96
b) charged to equity	2	-
c) charged to (negative) goodwill	-	-
4. Deferred tax liability at end of period, including:	909	271
a) charged to net profit/(loss) of the period under temporary differences on:	893	259
- property, plant and equipment, and intangible assets	197	221
- measurement of financial instruments	58	35
- receivables	638	3
b) charged to equity	16	12
c) charged to (negative) goodwill	-	-

Note 17

Subordinated liabilities – none

Note 18

Changes in individual categories of financial instruments

	Financial instruments available for sale	Financial instruments held for trading		Loans and receivables		Other financial liabilities
		Financial assets	Financial liabilities	Loan	Cash and cash equivalents	Short-term bank borrowings
As at Jan 1 2019	10,710	9,756	194	141	24,287	15,485
Increase:	31	44,733	-	634	10,793	-
- acquisition of shares	-	44,345	-	-	-	-
- valuation of shares	-	162	-	-	-	-
- measurement of financial instruments	31	226	-	-	-	-
- advance of a loan	-	-	-	624	-	-
- interest on loan and foreign-exchange	-	-	-	10	-	-
- change in cash	-	-	-	-	10,793	-
Decrease:	7	54,181	93	166	-	8,686
- sale of shares	-	54,134	-	-	-	-

Financial statements of IPOPEMA Securities S.A. for 2019

- measurement of financial instruments	7	47	-	-	-	-
- repayment	-	-	30	166	-	8,686
- assignment of a lease	-	-	63	-	-	-
As at Dec 31 2019	10,734	308	101	609	35,080	6,799

	Financial instruments available for sale	Financial instruments held for trading		Loans and receivables		Other financial liabilities
		Financial assets	Financial liabilities	Loan	Cash and cash equivalents	Short-term bank borrowings
As at Jan 1 2018	10,844	3,009	52	1,039	48,730	27,351
Increase:	62	90,403	170	250	-	-
- acquisition of shares	-	90,356	-	-	-	-
- measurement of financial instruments	62	47	-	-	-	-
- acquisition under	-	-	170	-	-	-
- advance of a loan	-	-	-	229	-	-
- interest on loan and foreign-exchange	-	-	-	21	-	-
Decrease:	196	83,656	28	1,148	24,443	11,866
- sale of shares	-	83,495	-	-	-	-
- sale of investment fund shares	196	-	-	-	-	-
- valuation of shares	-	161	-	-	-	-
- repayment	-	-	28	1,148	-	11,866
- change in cash	-	-	-	-	24,443	-
As at Dec 31 2018	10,710	9,756	194	141	24,287	15,485

Note 19

Share capital	Dec 31 2019	Dec 31 2018
a) par value per share (PLN)	0.10	0.10
b) series/issue	A, B, C	A, B, C
c) type of shares	ordinary bearer shares	ordinary bearer shares
d) preference attached to shares	none	none
e) restrictions on rights attached to shares	none	none
f) number of shares	29,937,836	29,937,836
g) total par value of series/issue (PLN '000)	2,994	2,994
h) type of contribution	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 2018 and 2017

There were no changes in the Company's share capital in 2019 or 2018.

As at December 31st 2019, the share capital was PLN 2,993,783.60 and comprised 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. The par value of all issued shares is PLN 0.10 per share. All issued shares have been paid for in full.

Share capital structure as at December 31st 2019

Shareholder	Number of shares and voting rights	Value of shares subscribed for (PLN)
OFE PZU Złota Jesień*	2,993,684	299,368
IPOPEMA PRE-IPO FIZAN ¹	2,990,789	299,079
JLC Lewandowski S.K.A. ²	2,990,789	299,079
IPOPEMA 10 FIZAN ³	2,851,420	285,142
Quercus Parasolowy SFIO*	2,827,552	282,755
Value FIZ*	2,750,933	275,093
Katarzyna Lewandowska	2,136,749	213,675
Total shareholders holding over 5% of the share capital	19,541,916	1,954,191

* Based on notifications received by the Company from the shareholders.

¹ The main investors in the fund are Jacek Lewandowski, President of the Company's Management Board, and Katarzyna Lewandowska, his wife.

² Subsidiary of Jacek Lewandowski, President of the Company's Management Board.

³ The only investor in the fund is Stanisław Waczkowski, Vice President of the Company's Management Board.

Share capital structure as at December 31st 2018

Shareholder	Number of shares and voting rights	Value of shares subscribed for (PLN)
OFE PZU Złota Jesień*	3,471,868	347,187
IPOPEMA PRE-IPO FIZAN ¹	2,990,789	299,079
JLC Lewandowski S.K.A. ²	2,990,789	299,079
IPOPEMA 10 FIZAN ³	2,851,420	285,142
Quercus Parasolowy SFIO*	2,827,552	282,755
Value FIZ*	2,750,933	275,093
Katarzyna Lewandowska	2,136,749	213,675
Total shareholders holding over 5% of the share capital	20,020,100	2,002,010

* Based on notifications received by the Company from the shareholders.

¹ The main investors in the fund are Jacek Lewandowski, President of the Company's Management Board, and Katarzyna Lewandowska, his wife.

² Subsidiary of Jacek Lewandowski, President of the Company's Management Board.

³ The only investor in the fund is Stanisław Waczkowski, Vice President of the Company's Management Board.

Note 20

Treasury shares

Except for possible transactions executed as part of the Company's brokerage activities (intermediation in equity trading on the WSE), the Company did not purchase any of its own shares.

Note 21

Reserve funds	Dec 31 2019	Dec 31 2018
a) share premium	10,351	10,351
b) statutory reserve funds	998	998
c) reserve funds created pursuant to the Articles of Association (above statutory minimum)	41,907	46,217
Total reserve funds	53,256	57,566

Note 22

Distributions from net profit in the financial year – none

Note 23

Negative goodwill of subordinates – none

Note 24

Book value per share	Dec 31 2019	Dec 31 2018
Equity (PLN '000)	56,533	56,300
Number of shares outstanding	29,937,836	29,937,836
Book value per share (PLN)	1.89	1.88

Book value per share is equal to the ratio of the value of equity as at the reporting date to the number of shares outstanding as at the reporting date.

Note 25

Revaluation capital reserve

Changes in revaluation capital reserve	2019	2018
Revaluation capital reserve as at Jan 1	50	- 1
Remeasurement of financial assets available for sale		
As at Jan 1	62	- 1
Gain from periodic valuation	24	63
As at Dec 31	86	62
Determination of deferred corporate tax		
As at Jan 1	12	-
Change in deferred tax liabilities	4	12
As at Dec 31	16	12
Revaluation capital reserve as at Dec 31	70	50

Note 26

Clients' financial instruments	Dec 31 2019	Dec 31 2018
Securities admitted to official listing		
- quantity	111,180	107,055
- amount	514,479	797,808
Securities not admitted to official listing		
- quantity	36,070	32,031
- amount	10,901	43,390
Designated sponsor		
(i) shares		
- quantity	291	291
- amount	554	350
(ii) bonds		
- quantity	0.033	-
- amount	3,300	-
(iii) investment certificates		
- quantity	161	-
- amount	28,824	-

Notes to the statement of profit or loss

Note 27

Revenue from core activities	2019	2018
Revenue from trading in securities	22,429	21,987
Revenue from investment banking services, including:	7,861	5,114
- offering a financial instruments	1,030	2,795
- M&A advisory and other financial advisory services	6,831	2,319
Other revenue	3,100	2,923
Total revenue	33,390	30,024

Revenue from acceptance and transfer of orders to buy or sell investment fund shares or units in collective investment undertakings was PLN 1 thousand in 2019, compared with PLN 60 thousand in 2018.

Revenue by country	2019	2018
Poland	30,667	26,051
Hungary	-	202
Czech Republic	-	89
United Kingdom	2,723	3,682
Total revenue	33,390	30,024

Cost of services	2019	2018
- transaction costs other than cost of clearance through clearing houses or stock exchanges	2,675	4,201
- ICT and information services	3,760	3,300
- other services	1,063	1,079
Total services	7,498	8,580

Note 28

In 2019, income from financial instruments held for trading was PLN 1,426 thousand (2018: PLN 4,396 thousand).

Note 29

In 2019, costs related to financial instruments held for trading were PLN 1,728 thousand (2018: PLN 5,258 thousand).

Note 30

Income from financial instruments held to maturity – none

Note 31

Costs related to financial instruments held to maturity – none

Note 32

Income from financial instruments available for sale

Income from financial instruments available for sale was PLN 400 thousand in 2019, compared with PLN 600 thousand in 2018, of which dividends from subsidiaries were PLN 400 thousand and PLN 600 thousand, respectively.

Note 33

Costs of financial instruments available for sale

Costs of financial instruments available were nil in 2019 (2018: PLN 8 thousand).

Note 34

Gain/(loss) on sale of all or some of shares in subordinates – none

Note 35

Other income	2019	2018
a) gain on sale of property, plant and equipment, and intangible assets	-	-
b) provisions reversed	-	-
c) decrease in impairment losses on receivables	1,337	158
d) other, including:	603	519
- re-invoicing of costs	559	431
- other	44	88
Total other income	1,940	677

Note 36

Other expenses	2019	2018
a) provisions recognised	-	-
b) increase in impairment losses on receivables	121	132
c) other, including:	607	472
- re-invoicing of costs	559	431
- costs of discontinued investment	-	-
- other	48	41
Total other expenses	728	604

Note 37

Interest on deposits	2019	2018
interest on own deposits, including:	225	188
- unrealised – up to 3 months	1	1
- unrealised – from 3 to 12 months	-	-

Note 38

Interest on borrowings	2019	2018
a) realised	979	1,136
b) unrealised	-	-
- unrealised – up to 3 months	-	-
- unrealised – from 3 to 12 months	-	-
Total interest on borrowings	979	1,136

Note 39

Income tax	2019	2018
Current corporate income tax		
1. Profit/(loss) before tax	83	- 5,413
2. Differences between pre-tax profit (loss) and taxable income, by item	- 3,594	- 4,208
a/ non-tax-deductible costs	5,306	4,949
entertainment costs	181	75
State Fund for the Disabled	90	79
membership fees	167	162
carrying amount of financial instruments and settlements	304	296
impairment losses on receivables	121	132
depreciation and amortisation	175	98
provisions	4,079	3,798
other	189	309
b/ non-taxable income	6,070	4,542
released provisions	-	-
reversal of impairment losses on receivables	1,337	158
interest on deposit, loans and receivables	39	38
dividend	453	949
carrying amount of financial instruments and settlements	545	2,994
proceeds from the CSDP	341	403
other	3,355	-
c/ costs added statistically	6,137	7,311
use of provision for employee benefits	1,199	2,110
released provisions	1,320	2,177
audit of financial statements	152	141
tax amortisation/depreciation	-	-
VAT adjustment	178	138
interest paid	611	767
other	2,677	1,978
d/ income added statistically	3,307	2,696
interest	38	60
proceeds from the CSDP	396	396
other	2,873	2,240
e/ deduction of loss	-	-
3. Donation made	-	-
4. Taxable income	- 3,511	- 9,621
5. Corporate income tax at 19% rate	-	-
6. Increases, reliefs, exemptions, allowances, and reductions in/of corporate income tax – tax paid on dividend received	9	66
7. Current corporate income tax disclosed in tax return for period, including:	9	66
- disclosed in statement of profit or loss	9	66
- referring to items decreasing or increasing equity	-	-
Deferred income tax disclosed in statement of profit or loss:		
- decrease (increase) related to temporary differences and reversal of temporary differences	- 1,373	- 2,831
- decrease (increase) related to changes in tax rates	-	-
- decrease (increase) related to tax loss not recognised earlier, tax relief or temporary differences brought forward	-	-

- decrease (increase) in deferred tax assets	600	1,740
- change in deferred tax liabilities	634	- 78
Total deferred income tax	- 139	- 1,169

Tax settlements and other regulated areas of activity are subject to inspection by administrative authorities, which are authorised to impose fines and other sanctions. As there is no possibility of referring to an established regulatory framework in Poland, the applicable regulations often lack clarity and consistency. Frequent discrepancies in opinions concerning the legal construction of tax regulations, both between different governmental agencies, and between governmental agencies and enterprises, create areas of uncertainty and conflict. Consequently, tax risk in Poland is substantially higher than in countries with more mature tax systems.

Tax settlements are subject to inspection for five years from the end of the year in which the payment deadline expired.

Note 40

Other mandatory decrease of profit (increase of loss) – none

Note 41

Proposed distribution of profit for the current year and profit distributed for the previous year

Distribution of profit	2019	2018
Net profit/(loss)	213	- 4,310
Reserve funds	-	- 4,310
Dividend	-	-

As at the date of preparation of these financial statements, the Management Board had not made any recommendation concerning the distribution of profit for 2019. This decision will be made at a later date, however not later than by the date of convening of the Annual General Meeting, which pursuant to the Commercial Companies Code must be held within six months from the end of a given financial year.

Note 42

Liabilities secured with the brokerage house's assets:

Both in 2019 and 2018, the Company's assets were used as security for working capital overdraft facilities (see Note 13). The facilities are secured with a PLN 4m security deposit in a bank account (as at December 31st 2019), blank promissory notes with promissory note declarations and powers of attorney over bank accounts.

In 2018, the Company paid a security deposit of EUR 1.5m to a bank acting as the clearing bank in relation to transactions executed on foreign stock exchanges.

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 amount of PLN 1,440 thousand. Under an amendment agreement of 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 43

Contingent liabilities and assets, including guarantees and sureties provided, underwriting agreements, liabilities under promissory notes:

The Company issued promissory notes as security for a credit facility (see Note 13), and paid a deposit of PLN 1.5m as security for settlement of transactions on foreign stock exchanges.

Note 44

Security granted:

In the reporting period, the Company did not grant any security.

Note 45

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

In 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 2).

Note 46

Income, expenses and profit (loss) from discontinued operations or operations intended to be discontinued:

The Company did not identify any discontinued operations in 2019 or 2018. All information presented in the 2019 financial statements relates to continuing operations.

Note 47

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.

Lease liabilities	Dec 31 2019	Dec 31 2018
	Present value of minimum lease payments	
Within 1 year	1,106*	1,100*
In 1 to 5 years	2,259*	3,346*
Over 5 years	-	-
Total lease liabilities	3,365	4,446

* 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, 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.

Finance lease liabilities	Dec 31 2019	Dec 31 2018
Net carrying amount	57	162
Present value of minimum lease payments	101	194
Within 1 year	40	37
In 1 to 5 years	61	157
Over 5 years	-	-
Contingent lease payments recognised as expense in the period	36	34

Note 48

Amounts and type of any extraordinary or one-off income or expense items:

In the reporting period, the Company did not recognise any extraordinary gains or losses.

Note 49

Future income tax liabilities:

In the reporting period, the Company had no future income tax liabilities.

Note 50

Items of the statement of cash flows:

Breakdown of the Company's activities as assumed for the statement of cash flows:

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

Investing activities – purchase and disposal 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	
	Dec 31 2019	Dec 31 2018	Dec 31 2019	Dec 31 2018
Cash and cash equivalents	35,080	24,287	35,098	24,256
1. In hand	1	-	1	-
2. At banks	7,101	4,810	7,101	4,810
3. Other cash	27,975	19,459	27,975	19,459
4. Cash equivalents	3	18	-	-
5. Accrued foreign exchange differences	-	-	21	- 13

The difference between the presentation of cash in the balance sheet and the statement of cash flows in 2019 and 2018 follows from presentation of cash net of the effect of foreign exchange differences and received purchase cards presented under cash and cash equivalents.

The item 'Cash and cash equivalents at end of period' comprises the Group's own and its clients' cash and cash equivalents – for more information on the structure of cash see Note 1.

Movements in balance-sheet items

	Presentation in the balance sheet		Change	Presentation in the statement of cash flows – change
	Dec 31 2019	Dec 31 2018		2019
Gross short- and long-term receivables	154,414	165,302	10,888	10,907
Net receivables	154,283	163,926		
Impairment losses on receivables	131	1,376		- 1,245
Provisions (net of deferred tax related to equity and provision for unpaid interest)	3,817	2,410		1,407
Total change in impairment losses and provisions				162

The difference between the change in gross receivables disclosed in the balance sheet and the amount disclosed in the statement of cash flows was due to a decrease in interest receivable as at December 31st 2019, disclosed as security deposit relating to investing activities.

Movements in balance-sheet items

	Presentation in the balance sheet	Change	Presentation in the statement of cash flows – change
--	-----------------------------------	--------	--

	Dec 31 2018	Dec 31 2017		2018
Gross short- and long-term receivables	165,302	253,182	87,880	87,880
Net receivables	163,926	251,613		
Impairment losses on receivables	1,376	1,569		- 193
Provisions (net of deferred tax related to equity and provision for unpaid interest)	2,410	3,832		- 1,422
Total change in impairment losses and provisions				- 1,615

Note 51

Workforce structure

The average workforce (employees and regular associates) in the period January 1st – December 31st 2019 was 68 persons, compared with 65 in the comparative period of January 1st – December 31st 2018.

Number of employees in FTEs:

Organisational unit	Dec 31 2019	Dec 31 2018
Management Board	4	4
Other	64	60
Total	68	64

Note 52

Remuneration of members of the Management Board and the Supervisory Board (including profit distribution)

The table below presents the amount of remuneration paid and payable or potentially payable to members of the Supervisory and Management Boards, as well as additional benefits (healthcare services, to the extent they are financed by the Company) from IPOPEMA Securities:

Total remuneration (including bonuses)	2019	2018
Management Board	1,391	1,421
Jacek Lewandowski	402	402
Mirosław Borys	303	303
Mariusz Piskorski	303	304
Stanisław Waczkowski	383	412
Supervisory Board	99	135
Jacek Jonak	25	35
Janusz Diemko	20	26
Bogdan Kryca	14	18
Michał Dobak	20	28
Zbigniew Mrowiec	8	-
Piotr Szczepiórkowski	12	28

In addition to the remuneration, the Management and Supervisory Board members who are the Company's shareholders receive dividend on the same terms as other shareholders.

Agreements with Mariusz Piskorski and Mirosław Borys, dated November 4th 2008

Two of the Management Board members, Mariusz Piskorski and Mirosław Borys, entered into agreements with the Company, whereby each of them is entitled to compensation equal to three times their monthly salary if they are removed from the Management Board or not reappointed for another term of office (subject to conditions set forth in the agreements) or their remuneration terms are changed to less favourable.

Note 53

Loans, advances and guarantees granted to members of the Management Board and the Supervisory Board:

In the reporting period, the Company did not grant any loans, advances or guarantees to any of the members of the Management Board or the Supervisory Board.

Note 54

Material transactions executed by the Company (in 2019 and 2018, i.e. in the period for which the comparative data was prepared) with:

a) the parent

not applicable

b) major shareholder

not applicable

c) subordinates

Transactions with IPOPEMA Financial Advisory Sp. z o.o. SK

In 2018, the Company advanced a loan to IFA SK (PLN 100 thousand), and did not advance any loans to IFA SK in 2019. In 2017, the Company also executed a contract for the provision of office and administrative support services to IFA SK – the amount of income recognised by the Company on this account in 2019 was less than PLN 0.4m (2018: PLN 0.5m).

Transactions with IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A.

The Company executed a contract with IPOPEMA TFI for the provision of services of an advisor and offering broker in a public offering of closed-end investment fund certificates, as well as a contract for distribution of open-end investment fund shares. The total remuneration for the services provided in 2019 was approximately PLN 0.6m (2018: below PLN 0.2m).

d) members of the Management Board and the Supervisory Board

None.

e) spouses or relatives of members of the Management Board and the Supervisory Board

None.

f) persons related to members of the Management Board and the Supervisory Board through custody, adoption or guardianship

None.

Related-party transactions – income and expenses

Related party	Revenue	Purchases	Revenue	Purchases
	2019		2018	
IPOPEMA BC	14	-	2	-
IPOPEMA TFI	897	62	827	-
IPOPEMA Financial Advisory	-	-	-	-
IPOPEMA Financial Advisory SK	380	-	496	-
Total	1,291	62	1,325	-

Related-party transactions – receivables and liabilities

Related party	Receivables		Liabilities	
	Dec 31 2019	Dec 31 2018	Dec 31 2019	Dec 31 2018
IPOPEMA BC	410	600	-	-
IPOPEMA TFI	233	230	-	-
IPOPEMA Financial Advisory	-	-	-	-
IPOPEMA Financial Advisory SK	453	579	-	-
Total	1,096	1,409	-	-

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

In 2019, the Company obtained from IBC a right to dividend of PLN 0.4m (2018: PLN 0.6m). For details, see Note 57.

Transactions with related entities not covered by the financial statements

In the reporting period, there were no material transactions with related entities other than disclosed above.

Material related-party transactions other than transactions executed on an arm's-length basis

In the reporting period, the Company did not enter into any material related-party transactions otherwise than on an arm's-length basis.

Note 55

Grant Thornton Polska Sp. z o.o. Sp. K., with its registered office at ul. Abpa Antoniego Baraniaka 88 E., Poznań, Poland, is the entity authorised to audit the Company's annual separate and consolidated financial statements and to review half-year financial statements.

Auditor's fees payable, in PLN '000 (exclusive of VAT):

Type of service	2019	2018
mandatory audit of financial statements	80	82
other assurance services	68	68
tax advisory services	-	-
other services	-	-

Note 56

Name and registered office of the parent preparing the consolidated financial statements

Not applicable.

Note 57

Dividends paid and proposed

By the date of preparation of these financial statements, no final decision had been made by the Company's Management Board concerning recommended distribution of the 2019 profit. Any decisions in this respect will be made at a later date, however not later than by the date of convening of the Annual General Meeting, which pursuant to the Commercial Companies Code must be held within six months from the end of a given financial year.

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.

Dividend received

On June 28th 2019, the Annual General Meeting of IBC resolved to allocate a part of the 2018 profit, of PLN 0.8m, to dividend (PLN 399.80 per share). Of this amount, PLN 0.4m is due to the Company as a shareholder, with no dividend paid by the date of these financial statements.

On February 7th 2020, the general meeting of IFA SK resolved to distribute profit for 2018 of PLN 381 thousand. On February 29th 2020, the Company received its share in the profit of IFA SK.

On June 29th 2018, the Annual General Meeting of IBC resolved to allocate a part of the 2017 profit, of PLN 1.2m, to dividend payment (PLN 599.70 per share). The Company received the dividend.

Note 58

Information on unconsolidated joint ventures

In the reporting period, the Company did not participate in any joint ventures.

Note 59

Litigation

In 2019 and as at the date of issue of these financial statements, the Company was not party to any material litigation.

Note 60

Pending administrative proceedings and inspections

One external inspection was carried out at the Company in 2019. The inspection was carried out by the Central Securities Depository of Poland and concerned records of financial instruments and the operation of the IT systems used to maintain the records. The Company received three post-inspection recommendations from the CSDP, which were implemented.

Note 61

The Company's own funds by item

As an investment firm, the Company is obliged to calculate its own funds and prudential requirements in compliance with the CRR. Key data is presented in the tables below.

Item	Dec 31 2019	Dec 31 2018	Average monthly data											
			Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019
Own funds – (PLN '000)	51,337	51,879	51,932	52,337	51,342	51,818	51,856	52,224	52,317	52,311	50,630	51,368	50,631	49,925
Tier 1 Capital	51,337	51,879	51,932	52,337	51,342	51,818	51,856	52,224	56,870	55,862	54,489	53,586	53,074	49,925
Common Equity Tier 1	51,337	51,879	51,931	52,337	51,342	51,818	81,856	52,224	56,870	55,862	54,489	53,586	53,074	49,925
Additional Tier 1 Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tier 2 Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total risk exposure (PLN '000)	150,257	169,055	177,736	166,108	174,065	164,448	166,400	173,676	201,379	194,600	189,109	200,174	195,735	167,159
Risk-weighted exposure amounts for credit risk, counterparty credit risk, dilution risk and free deliveries	86,377	75,806	93,397	94,616	99,676	91,168	93,595	102,945	110,979	97,977	98,482	110,042	108,841	91,949
Total exposure to settlement/delivery risk	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total exposure to position, currency and commodity price risks	7,326	27,087	18,707	16,980	19,872	18,763	18,290	16,209	24,241	30,461	24,465	23,972	20,729	18,655
Total exposure to operational risk	56,545	66,158	65,628	54,510	54,510	54,512	54,512	54,512	66,158	66,158	66,158	66,158	66,158	56,545
Additional exposure to risk related to fixed indirect costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total exposure to risk related to credit valuation adjustment	9	4	4	2	7	5	3	10	1	4	4	2	7	10
Total exposure to risk related to large trading book exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other exposures to risk	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tier 1 common equity ratio	34.17	30.69	29.42	31.82	29.74	31.90	31.42	30.43	28.67	28.84	28.94	26.97	27.44	30.33
Tier 1 capital surplus(+)/shortfall(-) (PLN '000)	44,575	44,271	43,933	44,862	43,509	44,418	44,368	44,408	47,808	47,105	45,979	44,579	44,266	42,402
Tier 1 capital ratio	34.17	30.69	29.42	31.82	29.74	31.90	31.42	30.43	28.67	28.84	28.94	26.97	27.44	30.33
Tier 1 capital surplus(+)/shortfall(-) (PLN '000)	42,321	41,735	41,267	42,370	40,899	41,951	41,872	41,803	44,788	44,186	43,142	41,576	41,330	39,895
Total capital adequacy ratio	34.17	30.69	29.42	31.82	29.74	31.90	31.42	30.43	28.67	28.84	28.94	26.97	27.44	30.33
Total capital surplus(+)/shortfall(-) (PLN '000)	39,316	38,354	37,713	39,048	37,417	38,662	38,544	38,330	40,760	40,294	39,360	37,572	37,416	36,552

Item	Dec 31 2019
Initial capital	3,109
Deviation of own funds from initial capital	48,228

Information on breach of capital adequacy ratios and limits on large exposures

In the reporting period, the Company did not identify any non-compliance with capital adequacy ratios on a separate or consolidated basis.

In the reporting period, the Company did not identify any exposures which would have resulted in exceeding the large exposures limit on a consolidated basis.

Note 62

Events subsequent to the reporting date

All events with effect on the 2019 financial statements are disclosed in the accounting books for 2019.

Other events

The most important and dominant factor with a direct impact on the activities of almost all businesses is the global coronavirus pandemic. Given its scale and the pace of spreading, the pandemic triggered volatility and concerns about the state of the economy, both on a global scale and locally, which have not been seen for years. It is widely accepted that a global economic crisis is to be expected, with its scale and economic impact currently difficult to predict. While more and more countries are taking concrete steps to mitigate the negative economic impact of the pandemic, with significant financial resources committed, it is not possible to assess the effectiveness of these measures at this stage.

Considering that the spread of coronavirus in Poland has been relatively recent, this has not had a significant negative impact on the Company's revenue in the first quarter of 2020. The system of work at the Company was smoothly reorganized, with no adverse effect on the continuity of the Company's business and its ability to conduct day-to-day operations. However, in the business context, negative symptoms have already emerged in some areas, such as uncertainty about the feasibility of certain investment projects and transactions, as well as diminishing interest in retail investment products. The actual impact on these and other areas of the Company's business will only be visible in the coming months. As the current situation is unprecedented, the effects of the pandemic on the economy, including its impact on the Polish financial sector, and consequently on the Company's operations, cannot be meaningfully measured and assessed at this stage.

For more information on the assessment of the effects of the pandemic on the Company's business, see section 4 of the Directors' Report.

These financial statements contain 51 (fifty-one) consecutively numbered pages.

Warsaw, March 30th 2020

Jacek Lewandowski
President of the
Management Board

Mariusz Piskorski
Vice President of the
Management Board

Stanisław Waczkowski
Vice President of the
Management Board

Mirosław Borys
Vice President of the
Management Board

Danuta Ciosek
Chief Accountant