

Letter from the President of the Management Board to the Shareholders of IPOPEMA Securities S.A.

Dear Shareholders,

I present to you the Annual Report presenting the financial results and achievements of the IPOPEMA Group in 2019.

As in the past few years, last year was also a difficult and demanding one for the brokerage industry: we observed both drop in trading on the WSE, which was 6.3% lower than in 2018, and continued stagnation on the capital market. Nevertheless, IPOPEMA Securities managed to slightly improve revenues from securities trading (by 2% to PLN 22.4m), while the execution of several projects on the difficult capital market translated into significantly higher revenues from investment banking services (PLN 11.7m vs. PLN 8.1m in 2018).

It was though a good year for IPOPEMA TFI, which, with assets under management of PLN 59.6bn, is still the largest investment fund company on the Polish market, and is consistently building its offering of capital market funds whose assets at the end of 2019 amounted to PLN 1.5bn (vs. PLN 1.4bn a year earlier). In addition, the securitization fund base, expanded since the second half of 2018, has contributed the most to a significant increase in IPOPEMA TFI's revenues (PLN 74.4 million compared to PLN 40.6 million in 2018). It is also worth to mention the process of taking over by IPOPEMA TFI at the turn of 2019 and 2020 of managing a total of 30 funds previously managed by Lartiq TFI, the effects of which can be expected in the results of the company's operations this year.

IPOPEMA Business Consulting has also consistently developed its scale of operations – a larger number of advisory projects translated into a 16% increase in revenue from the advisory services segment (to PLN 29.2m from PLN 25.1m in 2018).

In 2019 IPOPEMA Securities also continued to develop its operations in the retail investor segment – it consistently expanded its network of agents of the investment firm (currently comprising 12 entities) and acquired new clients.

This year, the state of the coronavirus epidemic will have the greatest impact on the IPOPEMA Capital Group in practically all areas of its operations. It can be expected that it will have far-reaching consequences for the global economy, and consequently also for Poland, and thus for the IPOPEMA Group. Although these effects cannot be measured and assessed reliably at this stage, the individual business segments are either already showing signs of a slowdown or such slowdown can be expected later in the year. Nevertheless, the individual Group companies are well prepared in organisational terms to conduct their business activities undisturbed in the current situation.

Yours sincerely,

Jacek Lewandowski
President of the Management Board

Warsaw, 31 March 2020