IPOPEMA Securities Group

Consolidated financial statements

for the year ended
December 31st 2022

Warsaw, March 30th 2023

CONTENTS

Financial highlights

Consolidated financial highlights	PLN '000 2022	PLN '000 2021	EUR '000 2022	EUR '000 2021
Revenue from core activities	260,051	256,404	55,468	56,014
Cost of core activities	253,135	238,588	53,993	52,122
Profit/(loss) on core activities	6,916	17,816	1,475	3,892
Operating profit/(loss)	5,658	18,536	1,207	4,049
Profit/(loss) before tax	7,820	16,451	1,668	3,594
Net profit/(loss) from continuing operations	6,077	13,337	1,296	2,914
Net profit/(loss)	6,077	13,337	1,296	2,914
Net profit/loss from continuing operations per ordinary share (PLN/EUR)				
- basic	0.19	0.44	0.04	0.10
- diluted	0.19	0.44	0.04	0.10
Net cash from operating activities	45,373	- 146,213	9,678	- 31,942
Net cash from investing activities	- 13,058	- 1,109	- 2,785	- 242
Net cash from financing activities	- 15,262	- 19,066	- 3,255	- 4,165
Total cash flows	17,053	- 166,388	3,637	- 36,349

Consolidated financial highlights	PLN '000 Dec 31 2022	PLN '000 Dec 31 2021	EUR '000 Dec 31 2022	EUR '000 Dec 31 2021
Total assets	379,699	420,867	80,961	91,505
Total liabilities	267,013	304,709	56,934	66,250
Equity	112,686	116,158	24,027	25,255
Number of shares	29,937,836	29,937,836	29,937,836	29,937,836
Book value per share (PLN/EUR)	3.76	3.88	0.80	0.84

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

- Items of the consolidated statement of comprehensive income and statement of cash flows:

Average exchange rate calculated as the arithmetic mean of the exchange rates quoted on the last day of each month in the period	2022	2021
EUR	4.6883	4.5775

- Items of the consolidated statement of financial position:

Exchange rate as at	Dec 31 2022	Dec 31 2021
EUR	4.6899	4.5994

- High and low EUR exchange rates in the period:

EUR	2022	2021
Low rate	4.4879	4.4541
High rate	4.9647	4.7210

These consolidated financial statements for the year ended December 31st 2022 were authorised for issue by the Management Board on March 30th 2023.

Consolidated financial statements of the IPOPEMA Securities Group for 2022 (PLN '000)

Consolidated statement of comprehensive income

for the year ended December 31st 2022

	Note	2022	2021
CONTINUING OPERATIONS			
Revenue from core activities	15.1	**260,051**	**256,404**
Cost of core activities	15.2	**253,135**	**238,588**
Profit/(loss) on core activities		**6,916**	**17,816**
Gain/(loss) on financial assets measured at fair value through profit or loss	15.4	- 1,542	- 902
Other income	15.5	5,050	6,647
Other expenses	15.5	4,766	5,025
Operating profit/(loss)		**5,658**	**18,536**
Finance income	15.3	4,561	601
Finance costs	15.3	2,399	2,686
Profit/(loss) before tax		**7,820**	**16,451**
Income tax	17	1,743	3,114
Net profit/(loss) on continuing operations		**6,077**	**13,337**
DISCONTINUED OPERATIONS		**0**	**0**
Net profit/(loss) for period		**6,077**	**13,337**
Attributable to:			
Owners of the parent		5,546	13,105
Non-controlling interests		531	232
Net profit/(loss) for period		**6,077**	**13,337**
Other comprehensive income		**- 112**	**23**
Other comprehensive income before tax		**- 139**	**29**
Other comprehensive income that will not be reclassified to profit or loss		**- 139**	**29**
Gains and losses on remeasurement of equity instruments		- 139	29
Income tax on items of other comprehensive income		**27**	**- 6**
Income tax relating to components of other comprehensive income that will not be reclassified to profit or loss		27	- 6
Comprehensive income for period		**5,965**	**13,360**
Attributable to:			
Owners of the parent		5,434	13,128
Non-controlling interests		531	232

Earnings per share

	Note	2022	2021
Earnings/(loss) per share on continuing operations (PLN)	9	0.19	0.44
Earnings/(loss) per share on discontinued operations (PLN)	9	0	0
Earnings/(loss) per share (PLN)	9	0.19	0.44
Diluted earnings/(loss) per share on continuing operations (PLN)	9	0.19	0.44
Diluted earnings/(loss) per share on discontinued operations (PLN)	9	0	0
Diluted earnings/(loss) per share (PLN)	9	0.19	0.44

Consolidated financial statements of the IPOPEMA Securities Group for 2022 (PLN '000)

Consolidated statement of financial position

as at Dec 31 2022

ASSETS	Note	Dec 31 2022	Dec 31 2021
Cash and cash equivalents	12.1	163,541	146,650
Trade and other receivables (including prepayments and accrued income)	12.2	171,340	256,318
Current tax assets		95	324
Financial assets measured at fair value through profit or loss	12.4, 18.2	3,196	1,447
Equity instruments measured through other comprehensive income	12.5, 18.1	14,670	3,494
Right-of-use assets	25	20,022	5,599
Property, plant and equipment	12.6	1,391	1,952
Intangible assets	12.7	2,786	1,621
Deferred tax assets	17	2,658	3,462
TOTAL ASSETS		**379,699**	**420,867**

EQUITY AND LIABILITIES		Dec 31 2022	Dec 31 2021
Trade and other payables	14.3	231,798	281,204
Current tax liabilities		473	103
Financial liabilities measured at fair value through profit or loss		0	189
Lease liabilities	25	20,404	7,305
Deferred tax liabilities	17.2	541	448
Accrued expenses and deferred income	14.1	13,797	15,460
Total liabilities		**267,013**	**304,709**
Share capital	13.1	2,994	2,994
Share premium		10,351	10,351
Other components of equity		3,859	3,971
Retained earnings	13.2	89,992	93,727
Total equity attributable to owners of the parent		**107,196**	**111,043**
Non-controlling interests	13.3	**5,490**	**5,115**
Total equity		**112,686**	**116,158**
TOTAL EQUITY AND LIABILITIES		**379,699**	**420,867**

Consolidated financial statements of the IPOPEMA Securities Group for 2022 (PLN '000)

Consolidated statement of cash flows

for the year ended December 31st 2022

CASH FLOWS	Note	2022	2021
CASH FLOW FROM OPERATING ACTIVITIES	24		
Net profit		**6,077**	**13,337**
Total adjustments:		**39,538**	**- 150,508**
Adjustments related to income tax expense		1,743	3,114
Depreciation and amortisation		6,055	6,084
Foreign exchange gains/(losses)		162	164
Interest and dividends		1,572	988
Change in financial assets at fair value through profit or loss		- 1,748	- 1,327
Increase/(decrease) in receivables		84,679	- 747
Increase/(decrease) in trade and other payables (excluding borrowings)		- 53,079	- 150,476
Increase/(decrease) in provisions and impairment losses on receivables		1,640	350
Increase/(decrease) in accruals and deferrals		- 2,146	- 8,868
Other adjustments		660	210
Cash flows from (used in) operating activities		**45,615**	**- 137,171**
Income tax paid		- 242	- 9,042
Net cash from operating activities		**45,373**	**- 146,213**
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in loans		- 158	- 206
Interest received		334	9
Decrease in loans		189	384
Acquisition of property, plant and equipment		- 389	- 608
Sale of property, plant and equipment		1	121
Acquisition of intangible assets		- 1,705	- 603
Acquisition of equity instruments measured through other comprehensive income		- 29,563	- 410
Sale of equity instruments measured through other comprehensive income		18,233	204
Net cash from investing activities		**- 13,058**	**- 1,109**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of debt securities		2	3
Repayment of debt securities		- 1	- 3
Interest paid		- 1,470	- 827
Payment of lease liabilities		- 7,054	- 6,964
Payment of borrowings		0	- 113
Increase in borrowings		2,698	0
Dividends paid to owners of the parent		- 9,281	- 11,077
Dividends to non-controlling interests		- 156	- 85
Net cash from financing activities		**- 15,262**	**- 19,066**
Total cash flows		**17,053**	**- 166,388**
Increase/(decrease) in cash and cash equivalents		16,891	- 166,552
Effect of exchange rate fluctuations on cash held		- 162	- 164
Cash at beginning of period		146,650	313,202
Cash at end of period, including	12.1	**163,541**	**146,650**
*restricted cash**		*109,391*	*85,527*

** Restricted cash includes primarily clients' funds held by the Company, as well as cash in escrow.*

Consolidated financial statements of the IPOPEMA Securities Group for 2022 (PLN '000)

Consolidated statement of changes in equity

for the year ended December 31st 2022

	Share capital	Share premium	Revaluation capital reserve	Other components of equity	Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
As at Jan 1 2022	**2,994**	**10,351**	**757**	**3,214**	**93,727**	**111,043**	**5,115**	**116,158**
Net profit for 2022	0	0	0	0	5,546	5,546	531	6,077
Other comprehensive	0	0	-112	0	0	-112	0	-112
Total comprehensive income	**0**	**0**	**-112**	**0**	**5,546**	**5,434**	**531**	**5,965**
Dividend paid	0	0	0	0	- 9,281	- 9,281	- 156	- 9,437
Other increases/(decreases)	0	0	0	0	0	0	0	0
Change in equity during period	**0**	**0**	**- 112**	**0**	**- 3,735**	**- 3,847**	**375**	**- 3,472**
As at Dec 31 2022	**2,994**	**10,351**	**645**	**3,214**	**89,992**	**107,196**	**5,490**	**112,686**

	Share capital	Share premium	Revaluation capital reserve	Other components of equity	Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
As at Jan 1 2021	**2,994**	**10,351**	**734**	**3,214**	**91,699**	**108,992**	**4,968**	**113,960**
Net profit for 2021	0	0	0	0	13,105	13,105	232	13,337
Other comprehensive	0	0	23	0	0	23	0	23
Total comprehensive income	**0**	**0**	**23**	**0**	**13,105**	**13,128**	**232**	**13,360**
Dividend paid	0	0	0	0	- 11,077	- 11,077	- 85	- 11,162
Other increases/(decrease)	0	0	0	0	0	0	0	0
Change in equity during period	**0**	**0**	**23**	**0**	**2,028**	**2,051**	**147**	**2,198**
As at Dec 31 2021	**2,994**	**10,351**	**757**	**3,214**	**93,727**	**111,043**	**5,115**	**116,158**

Notes

1. IPOPEMA Securities Group

The IPOPEMA Securities Group (the 'Group', 'IPOPEMA Group') comprises entities controlled by IPOPEMA Securities S.A. (the 'parent' or the 'Company').

Company shares are listed on the main market of the Warsaw Stock Exchange.

As at December 31st 2022, the IPOPEMA Securities Group comprised IPOPEMA Securities S.A. and its subsidiaries (see Note 2). All IPOPEMA Securities Group companies have been established for indefinite time. The financial statements of all subordinated entities were prepared for the same period as the parent's financial statements and in accordance with uniform accounting principles.

IPOPEMA Securities S. A. – the parent

The parent was established on March 2nd 2005 (as Dom Maklerski IPOPEMA S.A.) for indefinite time. The name of the Company was changed to IPOPEMA Securities Spółka Akcyjna under Resolution No. 5 of the Extraordinary General Meeting held on August 10th 2006.

The parent is registered in the Business Register of the National Court Register maintained by the District Court, 12th Commercial Division of the National Court Register, under entry No. KRS 0000230737.

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

IPOPEMA Securities S.A. is authorised to conduct brokerage activities by the Polish Financial Supervision Authority (formerly the Polish Securities and Exchange Commission).

Address of the registered office: ul. Próżna 9, 00-107 Warsaw, Poland

Country of registration: Poland

Registered office: ul. Próżna 9, 00-107 Warsaw, Poland

Legal form: joint-stock company (spółka akcyjna)

Name of ultimate parent: IPOPEMA Securities S.A.

Principal place of business: ul. Próżna 9, 00-107 Warsaw, Poland

From the end of the previous reporting period, there were no changes in the name or other identification data of the reporting entity.

Composition of the Management Board

As at the date of these consolidated 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.

Composition of the Supervisory Board

As at the date of these consolidated 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,
Bogdan Kryca – Member of the Supervisory Board,
Ewa Radkowska-Świętoń – Member of the Supervisory Board,
Andrzej Knigawka – Member of the Supervisory Board.

On December 16th 2020, Michał Dobak resigned from his position of member of the Supervisory Board with effect from date of the General Meeting of the Company held on June 21st 2021; Andrzej Knigawka was appointed in his place on the same date.

Principal business activity

The Group's principal business includes:

- brokerage activities,
- business and management advisory services,
- operation of investment fund companies, creation and management of investment funds,
- management of portfolios of broker-traded financial instruments,
- computer facilities management,
- computer consultancy services.

According to the sector/industry classification of the Warsaw Stock Exchange, the Group's business is classified as other finance (fin).

The IPOPEMA Securities Group specialises in the provision of brokerage, equity research and investment banking services, distribution of investment products, provision of investment consultancy services to a broad base of retail clients (IPOPEMA Securities S.A.), creation and management of closed-end and open-end investment funds and provision of asset management services (through the subsidiary IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A. – 'IPOPEMA TFI' or the 'Management Company'), as well as provision of business and IT consultancy services (through the subsidiary IPOPEMA Business Consulting Sp. z o.o.). The Group also offers advisory services related to corporate financial restructuring and finance raising for infrastructure projects, which are provided through IPOPEMA Financial Advisory Sp. z o.o. spółka komandytowa ('IFA SK') – a subsidiary.

As part of its brokerage business the Company provides comprehensive services in the area of intermediation in securities trading on the secondary market, and intermediates in debt instruments trading outside the regulated market. The Company's partners and clients include established and well known international financial institutions, as well as most of leading Polish institutional investors, including open-end pension funds, investment fund companies, asset managers and insurers, as well as private individuals. The brokerage business of IPOPEMA Securities S.A. is supported by a team of analysts, who provide research coverage on several dozen companies listed on the WSE and foreign stock exchanges.

The Company's investment banking services include comprehensive assistance in the preparation and execution of transactions on the equity capital market, involving the use of equity instruments (shares), debt instruments (corporate bonds), and hybrid solutions (convertible bonds). The Company focuses on public offerings of securities (especially shares) – in which it acts as coordinator, offering broker and financial adviser – M&A transactions and management buy-outs, as well as advisory on the raising of financing on the private market, including from private equity funds and through pre-IPO placements. IPOPEMA Securities S.A. also assists companies listed on the Warsaw Stock Exchange in arranging share repurchase transactions, including tender offers and buyback programmes. It also provides financial restructuring advisory services.

Apart from the above business, the Company also conducts activities which consist in offering brokerage services and investment products, including active investment advisory services, targeting a broader base of retail clients. These activities are carried out directly by IPOPEMA Securities and through third parties acting as its agents.

IPOPEMA TFI's business focuses on the creation and management of both closed-end investment funds (for high-net-worth individuals and corporate clients) and open-end investment funds (for a broad base of retail investors), as well as the management of non-standard securitisation closed-end investment funds. IPOPEMA TFI also provides discretionary portfolio management services (asset management) involving personalised investment strategies, to institutional clients.

IPOPEMA Business Consulting Sp. z o.o. provides corporate strategy and business advisory services, as well as IT advisory services.

Consolidated financial statements of the IPOPEMA Securities Group for 2022 (PLN '000)

2. Composition of the Group

IPOPEMA Securities S.A. is the parent of the IPOPEMA Group. Both the parent and the other Group companies have been established for indefinite time.

As at December 31st 2022, the Group comprised IPOPEMA Securities S.A. and the following subsidiaries:

1) consolidated subsidiaries controlled by the Company

Company	Principal business	Consolidation method	Ownership interest	% of voting rights
IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A.	- operation of investment fund companies, creation and management of investment funds - discretionary management of securities portfolios - securities trading advisory services - intermediation in the sale and redemption of investment fund shares - representation services for foreign funds	full	100%	100%
IPOPEMA Business Consulting Sp. z o.o.	- other business and management consultancy services - computer facilities management - computer consultancy - software-related activities - wholesale of computers, computer peripherals and software	full	50.02%	50.02%
IPOPEMA Financial Advisory Sp. z o.o. spółka komandytowa	- advisory services related to corporate financial restructuring and finance raising for infrastructure projects	full	N/A	

2) non-consolidated subsidiaries controlled by the Company:

Company	Principal business	Consolidation method	Ownership interest	% of voting rights
IPOPEMA Financial Advisory Sp. z o.o. ('IFA')	- support for the activities of IPOPEMA Financial Advisory Sp. z o.o. spółka komandytowa	not consolidated (due to immateriality of financial data)	100%	100%
MUSCARI Capital Sp. z o.o. ('MUSCARI')	- intermediation in offering the Company's brokerage services as an investment firm agent	not consolidated (due to immateriality of financial data)	100%	100%

IPOPEMA Financial Advisory Sp. z o.o. and MUSCARI are not consolidated as their effect on the Group's data is immaterial.

Furthermore, on March 23rd 2022, in connection with an investment agreement executed by the Company on the same date with ProService Finteco sp. z o.o. of Warsaw, a joint-stock company was established, whose principal business activity will be the provision of depositary services to closed-end investment funds. The company was registered with the National Court Register on July 12th 2022. For more information on the investment agreement, see Note 29.

On September 1st 2022, IPOPEMA TFI acquired 100% of shares in a limited liability company which will provide services related to keeping a register of investment fund unit holders. The company has operated under the name IPOPEMA Fund Services Sp. z o.o. since October 28th 2022.

IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A. ('IPOPEMA TFI') – a subsidiary

IPOPEMA TFI was established in 2007 and operates under the licence issued by the Polish Financial Supervision Authority (PFSA) on September 13th 2007. Its principal business includes: (i) operation of an investment fund company, as well as creation and management of investment funds, (ii) discretionary management of securities portfolios, (iii) securities trading advisory services, (iv) intermediation in the sale and redemption of investment fund shares, and (v) representation services for foreign funds. The share capital of IPOPEMA TFI amounts to PLN 10,599,441.00 and is divided into 3,533,147 registered shares. The composition of the company's Management Board was as follows: Jarosław Wikaliński – President, and Katarzyna Westfeld, Paweł Jackowski and Tomasz Mrysz – Members of the Management Board. The Management Board members are professionals with longstanding experience in financial markets, including in asset management and creation of investment funds. IPOPEMA Securities S.A. holds 100% of shares and voting rights in IPOPEMA TFI.

IPOPEMA Business Consulting Sp. z o.o. (‘IBC’) – a subsidiary

IPOPEMA Business Consulting Sp. z o.o. 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 company’s Management Board. IBC’s principal business includes (i) other business and management consultancy, (ii) IT equipment management, (iii) IT consultancy, (iv) software consultancy, (v) wholesale of computers, peripheral equipment and software.

IPOPEMA Financial Advisory Sp. z o.o. (‘IFA’) – a subsidiary

In 2016, the Company purchased from IBC all shares in IPOPEMA Outsourcing Sp. z o.o. Later in the same year the company’s name was changed to IPOPEMA Financial Advisory Sp. z o.o. 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”)

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 registered in the Business Register in 2016. The Company’s maximum as a limited partner in IFA SK’s is PLN 7,750. The structure comprising IFA and IFA SK was established following the transfer to IFA SK in February 2017 of advisory services related to corporate financial restructuring and fund raising for infrastructure projects, previously provided by IPOPEMA Securities (Jarosław Błaszczak, currently a limited partner in IFA SK, had already worked with the Company in this business area).

MUSCARI Capital Sp. z o.o. (‘MUSCARI’)

On March 16th 2020, the Company acquired 100% of shares in Grupa Finanset Sp. z o.o (whose name was then changed to MUSCARI Capital Sp. z o.o.). MUSCARI’s share capital amounts to PLN 50 thousand and is divided into 1,000 shares. Its Management Board is composed of Michał Czynszak – President, and Arkadiusz Seta – Vice President of the Management Board.

3. Basis of accounting

3.1. Going concern assumption

These consolidated financial statements were prepared on the assumption that the companies of the Group would continue as going concerns in the foreseeable future. As at the date of authorisation of these financial statements for issue, there were no circumstances which would indicate any threat to the Group’s consolidated companies continuing as going concerns.

3.2. Identification of financial statements

These consolidated financial statements of the Group cover the year ended December 31st 2022 and contain comparative data for the year ended December 31st 2021.

Unless stated otherwise, all amounts in tables are presented in PLN ‘000.

These consolidated financial statements were prepared in accordance with the historical cost convention, except for data on listed shares, derivatives, or fund shares/certificates.

3.3. Statement of compliance

These consolidated financial statements were prepared in accordance with International Accounting Standards, International Financial Reporting Standards (“IFRS”) and their interpretations as endorsed by the European Union. Other standards, revisions and amendments to existing standards, and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), which have been endorsed recently or are pending endorsement, are not relevant to the Group’s operations or their effect on the Group’s financial statements would be immaterial.

The IFRS comprise standards and interpretations approved by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”).

The Group companies keep their accounting books in accordance with the accounting principles set forth in the Polish Accounting Act of September 29th 1994 (the "Act") and the subsidiary regulations issued thereunder ("Polish Accounting Standards"). These consolidated financial statements contain adjustments which are not included in the accounting books of the Group entities but which were made to ensure compliance of the entities' financial statements with the IFRS.

3.4. Measurement currency and reporting currency

The measurement currency and the reporting currency of these consolidated financial statements is the Polish złoty ("PLN") and all amounts in these financial statements are presented in thousands of Polish złoty, unless stated otherwise.

3.5. Comparability of data

There were no significant presentation changes in 2022 and 2021.

4. Significant changes in accounting policies

Standards and interpretations which have been issued and are effective for annual periods beginning on or after January 1st 2022:

- Amendments to IAS 16: *Property, Plant and Equipment*. The amended standard prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendments are effective for annual periods beginning on or after January 1st 2022;
- Amendments to IAS 37: *Provisions, Contingent Liabilities and Contingent Assets*. The amended standard clarifies what costs an entity considers in assessing whether a contract is onerous. The amendments are effective for financial statements for periods beginning on or after January 1st 2022.
- Annual Improvements – 2018-2020 Cycle – the amendments explain and clarify the guidance on recognition and measurement provided in the standards: IFRS 1 *First-time Adoption of International Financial Reporting Standards* (additional exemption relating to determination of cumulative translation differences on consolidation), IFRS 9 *Financial Instruments* (1) when performing the 10 per cent test to determine whether a modification should result in the derecognition of a liability, only fees paid or received between the lender and the borrower should be included; 2) it was clarified that the fees incurred when a liability is derecognised should be recognised in profit or loss, and if the liability is not derecognised, they should increase the value of the liability), IAS 41 *Agriculture* (the prohibition to recognise tax cash flows in the measurement of biological assets was removed), and to illustrative examples for IFRS 16 *Leases* (for example, the incentive from the lessor in the form of covering fit-out costs incurred by the lessee was removed from example 13). Effective for annual periods beginning on or after January 1st 2022.
- Amendments to IFRS 3 *Business Combinations*, IAS 16 *Property, Plant and Equipment* and IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* – effective for annual periods beginning on or after January 1st 2022.
- Amendments to IFRS 16 *Leases* – in 2020, the Board published practical expedients for lessees provided with rent concessions due to the COVID-19 pandemic. One of the conditions was that the reduction in lease payments should affect only payments originally due on or before June 30th 2021. The amendment extended the period until June 2022. The amendment is effective for annual periods beginning on April 1st 2021 (with early adoption permitted for financial statements not authorised for issue until March 31st 2021);

The Group believes that the adoption of the above standards and amendments did not have a material effect on its consolidated financial statements upon their initial adoption, and resulted only in changes to the applied accounting policies or broadening of the scope of required disclosures.

5. New standards and interpretations which have been issued but are not yet effective

The following standards and interpretations have been issued by the International Accounting Standards Board or the International Financial Reporting Interpretations Committee but are not effective yet:

- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. The accounting approach depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a business. Full gain or loss is recognised by the investor if the non-monetary assets constitute a business. If the assets do not meet the definition of a business, the investor recognises a partial gain or loss, excluding the part corresponding to other investors' interests. The effective date of the amended regulations has not been set by the International Accounting Standards Board.
- IFRS 17 *Insurance Contracts* – issued on May 18th 2017 and effective for annual periods beginning on or after January 1st 2023. The main objective of IFRS 17 is to ensure transparency and comparability of the insurers' financial statements. To this end, an entity will disclose quantitative and qualitative information to enable users of its financial statements to assess the impact of insurance contracts on the entity's financial position, financial performance and cash flows. IFRS 17 introduces a number of significant amendments to the existing IFRS 4 requirements.
- Amendments to IFRS 17 *Insurance Contracts* – The Board introduced transitional regulations for comparative information for entities that adopt IFRS 17 and IFRS 9 at the same time to address possible accounting mismatches resulting from differences between those standards. The amendment is effective for annual periods beginning on or after January 1st 2023;
- Amendments to IFRS 4 *Insurance Contracts* – extension of the exemption from IFRS 9 until 2023;
- Amendments to IAS 1: *Classification of Liabilities as Current or Non-current* – issued on January 23rd 2020 and effective for annual periods beginning on or after January 1st 2023. The amendments to IAS 1 affect the requirements for presentation of liabilities in the financial statements. The classification of financial liabilities as non-current liabilities will depend on the existence of rights to defer settlement of the liability by at least 12 months and on the satisfaction of conditions for the deferment at the end of the reporting period;
- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* – Definition of Accounting Estimates. The amendments clarify the definition of accounting estimates, i.e.: monetary amounts in financial statements that are subject to measurement uncertainty. The amendments are effective for annual periods beginning on or after January 1st 2023;
- Amendments to IAS 1 *Presentation of Financial Statements* and the IASB Practice Statement on Disclosure of Accounting Policies require entities to disclose their material accounting policy information. They are effective for annual periods beginning on or after January 1st 2023;
- Amendments to IAS 12 *Income Taxes* – Deferred Tax related to Assets and Liabilities arising from a Single Transaction, effective for annual periods beginning on or after January 1st 2023.
- Amendments to IFRS 16 *Leases* – Lease Liability in a Sale and Leaseback – effective for annual periods beginning on or after January 1st 2024;
- Amendments to IAS 1 *Presentation of Financial Statements* – Classification of Liabilities as Current or Non-Current – effective for annual periods beginning on or after January 1st 2024.

The Group will apply the amended standards as of January 1st 2023, unless a different effective date is provided. Upon initial application, the amended standards will have no material effect on the Group's consolidated financial statements.

The Group did not opt for early adoption of other standards, amendments and interpretations which have been issued but are not yet effective.

6. Significant judgements and assumptions

6.1. Professional judgement

Where a given transaction does not fall within the scope of any standard or interpretation, the Company's Management Board relies on its subjective judgement to determine and apply accounting policies which will ensure that the consolidated financial statements contain only relevant and reliable information and that they:

- give a clear, true and fair view of the Group's assets, its financial condition, results of operations and cash flows,
- reflect the economic substance of transactions,
- are objective,
- conform with the principles of prudent valuation,
- are complete in all material respects.

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When preparing the financial statements, the Group makes judgements and assumptions which affect the amounts of assets and liabilities disclosed in the subsequent period. The judgements and assumptions are subject to ongoing review and are based on past experience and other factors, including expectations as to future events which seem justified in a given situation.

The subjective judgements made as at December 31st 2022 and details regarding judgements and assumptions are presented in Note 6.2.

6.2. Estimation uncertainty

As certain items presented in the consolidated financial statements cannot be measured accurately, estimates need to be made in the preparation of the consolidated financial statements. The Group reviews such estimates taking into account changes in the factors on which such estimates were based, new information and past experience. Therefore, the estimates made as at December 31st 2021 may be changed if their underlying assumptions change or if the Group becomes aware of any facts affecting the estimates. For information on the key estimates, see the following Notes:

Note		Disclosure
8.7.2	Impairment losses on receivables	Main assumptions underlying the computation of expected credit loss
8.4 and 8.5	Useful lives of property, plant and equipment and intangible assets	Useful lives and depreciation/amortisation methods are reviewed at the end of each reporting period or more frequently
8.6 and 25	Right-of-use asset and Lease liabilities	Assumptions made to calculate the estimated amount of assets and liabilities (contract term, discount rate)
8.12.1	Accrued expenses and deferred income	Assumptions underlying estimates of liability amounts
14.2	Provisions for litigation, fines and damages	Assumptions underlying estimates of liability amounts

7. Changes in estimates

In the reporting period, there were changes in estimates. The changes resulted from remeasurement and concerned accrued expenses and deferred income, impairment losses on receivables and depreciation/amortisation, as discussed in Notes 14.1.1, 12.2.1, 12.6 and 12.7.

8. Significant accounting policies

8.1. Consolidation

These consolidated financial statements include the financial statements of IPOPEMA Securities S.A. and the financial statements of its subsidiaries prepared for the years ended December 31st 2022 and December 31st 2021 (in the case of the statement of comprehensive income, the statement of cash flows and the statement of changes in equity) and as at December 31st 2022 and December 31st 2021 (in the case of the statement of financial position). IFA and MUSCARI were not consolidated as their effect on the Group's financial data was immaterial.

Subsidiaries are investees controlled by the Group. An investor controls an investee when it has power over the investee, it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Entities are consolidated from the date the parent assumes control over them, and cease to be consolidated from the date such control is lost.

The financial statements of the subsidiaries were prepared for the same reporting period as the financial statements of the parent, using uniform accounting policies, and with accounting policies consistently applied to economic events and transactions of similar nature. Adjustments were made to eliminate any inconsistencies in the applied accounting policies. The consolidated financial statements combine items of assets, liabilities, equity, income and expenses of the parent with those of its subsidiaries, and eliminate the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.

Any balances and transactions of significant value between Group companies, including unrealised gains from intra-Group transactions, were fully eliminated. Unrealised losses were eliminated unless they was evidence of impairment.

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A non-controlling interest is equity in a subsidiary not attributable, directly or indirectly, to the parent. Non-controlling interests are presented by the Group in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent.

Business combinations of entities under common control are accounted for using the predecessor value method, where assets and liabilities of the acquiree are not measured at fair value but they are recorded by the acquirer in its financial statements at the acquired amounts as disclosed in the consolidated financial statements prepared by the higher-tier entity which controls the entities involved in the business combination. The result of a combination of entities under common control is recognised in the separate financial statements of the acquirer under equity, as retained earnings or deficit.

The companies whose scale of business is immaterial relative to the scale of business of the Group are not consolidated; instead, they are measured at cost less impairment losses.

8.2. Correction of errors

No corrections of errors were made in these consolidated financial statements.

8.3. Translation of foreign-currency items

Transactions in currencies other than the Polish złoty 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 end of the reporting period, monetary assets and liabilities denominated in currencies other than the Polish złoty are translated into the złoty 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 recognised in finance income or costs, as appropriate.

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

Currency	Dec 31 2022	Dec 31 2021
USD	4.4018	4.0600
EUR	4.6899	4.5994
HUF 100	1.1718	1.2464
GBP	5.2957	5.4846
CZK	0.1942	0.1850
CHF	4.7679	4.4484
TRY	0.2349	0.3016
NOK	0.4461	0.4608
CAD	3.2486	3.1920
SEK	0.4213	0.4486
DKK	0.6307	0.6184
AUD	2.9890	2.9506
RON	0.9475	0.9293

** Source: National Bank of Poland.*

8.4. Property, plant and equipment

Property, plant and equipment are disclosed at cost less depreciation charges and impairment losses, if any. Property, plant and equipment are initially disclosed at cost plus any costs directly related to the purchase of the assets and to bringing them to appropriate condition for their intended use. The cost also includes the cost of replacing component parts of plant and equipment, which is recognised when incurred if relevant recognition criteria are fulfilled. Costs incurred after an asset has been placed in service, such as costs of maintenance or repair, are charged to the consolidated statement of comprehensive income when incurred.

Upon acquisition, items of property, plant and equipment are divided into components of material value to which separate useful economic lives can be assigned.

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Spare parts and service parts of material value recognised under property, plant and equipment are depreciated over their expected useful economic lives, which, however, may not be longer than the useful lives of the serviced items of property, plant and equipment.

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful life of an asset. The depreciation/amortisation rates applied by the Group are presented in the table below:

Type of asset	Depreciation/amortisation rate
Plant and equipment	10% - 20%
Office equipment	7.51% - 100%
Computers	20% - 100%
Vehicles	25% - 50%
Buildings and premises	7.65% - 8.49%
Intangible assets	20% - 50%

If during the preparation of the consolidated financial statements any circumstances are identified indicating that the carrying amount of an asset may not be recoverable, such asset is tested for impairment. If there is indication of impairment and the carrying amount of an asset exceeds its estimated recoverable amount, then the carrying amount of the asset is reduced to the recoverable amount. The recoverable amount is equal to the higher of the fair value less cost to sell or the value in use. To calculate the value in use, the Group discounts the expected future cash flows to their present value using a pre-tax discount rate which reflects current market assessments of the time value of money and the risk specific to a given asset. Impairment losses are recognised in the consolidated statement of comprehensive income under other expenses.

Items of property, plant and equipment may be derecognised from the consolidated statement of financial position following their disposal or if no further economic benefits are expected to be derived from their continued use. Gains or losses arising on derecognition of a given asset from the consolidated statement of financial position (calculated as the difference between net proceeds from its disposal, if any, and the carrying amount of the asset) are posted to the consolidated statement of comprehensive income.

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

8.5. Intangible assets

Intangible assets acquired in a separate transaction are initially measured at cost. Following initial recognition, intangible assets are measured at cost less accumulated amortisation and impairment losses, if any.

The amortisation periods of intangible assets range from two to five years, depending on the type of an asset.

The Group determines whether intangible assets have definite or indefinite useful lives. Intangible assets with definite useful lives are amortised throughout their useful lives and tested for impairment each time there is an indication of impairment. The amortisation period and the amortisation method for an intangible asset with a definite useful life are reviewed at the end of each financial year or more frequently. Changes in the expected useful life or pattern of consumption of the future economic benefits embodied in an asset are disclosed by changing the amortisation period or amortisation method, as appropriate, and are accounted for as changes in accounting estimates. The Group does not hold any intangible assets with indefinite useful lives. Consequently, all intangible assets are amortised.

8.6. Leases

For each contract concluded on or after January 1st 2020, the Group decides whether the contract is or contains a lease. A lease is defined as a contract or part of a contract that conveys the right to control the use of an identified asset (the underlying asset) for a period of time in exchange for consideration. To this end, three main aspects are analysed:

- whether a contract refers to an identified asset which is either clearly identified in the contract or in an implied manner when the asset is made available to the Group,
- whether the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use specified in the contract,
- whether the Group has the right to direct the use of an identified asset throughout the period of use.

As at the commencement date, the Group recognises a right-of-use asset and a lease liability. A right-of-use asset is initially measured at cost consisting of the initial amount of the lease liability, initial direct costs, an estimate of the costs expected to be incurred to dismantle the underlying asset and the lease payments made at or before the commencement date, less any lease incentives.

The Group depreciates right-of-use assets on a straight-line basis from the commencement date to the end of the right-of-use period or to the end of the lease term, whichever is earlier.

If there is any indication of that a right-of-use asset may have been impaired, the asset is tested for impairment in accordance with IAS 36.

At the commencement date, the Group measures the lease liability at the present value of outstanding lease payments using the interest rate lease, if the rate can be readily determined. If the rate cannot be readily determined, the lessee uses the lessee’s incremental borrowing rate.

Lease payments included in the value of a lease liability consist of fixed lease payments, variable lease payments based on an index or rate, expected amounts to be paid as a guaranteed residual value, and payments for a call option if its exercise is reasonably certain.

In subsequent periods, lease liabilities are reduced by payments made and increased by accrued interest. Measurement of a lease liability is updated to reflect changes in the contract and reassessment of the lease term, exercise of a purchase option, guaranteed residual value or lease payments based on an index or rate. As a rule, remeasurement is recognised as adjustment to the carrying amount of a right-of-use asset.

The Group applies standard-permitted practical expedients for short-term leases and leases with low-value underlying assets (i.e., the initial value of the leased asset does not exceed USD 5 thousand). In such contracts, instead of recognising a right-of-use asset and a lease liability, the lease payments are recognised in profit or loss on a straight-line basis over the lease term.

8.7. Financial assets

8.7.1. Categories of financial assets

Financial assets are classified by the Group into the following categories:

- financial assets measured at amortised cost,
- financial assets measured at fair value through profit or loss,
- financial assets measured at fair value through other comprehensive income,
- investments in equity instruments measured at fair value through other comprehensive income.

Financial assets are classified on initial recognition, depending on the Group’s business model for managing financial assets and the nature of contractual cash flows from the instruments.

Financial liabilities are classified by the Group into the following categories:

- financial liabilities measured at fair value through profit or loss (including financial instruments),
- financial liabilities at amortised cost.

The Group classifies each financial instrument into a given category upon initial recognition.

Financial assets and financial liabilities measured at fair value through profit or loss

A financial asset is measured at fair value through profit or loss if it is not measured at amortised cost or at fair value through other comprehensive income.

Financial assets acquired in transactions on the regulated market are recognised as at the transaction date at cost, i.e., at the fair value of the instrument, whereas financial liabilities are first recognised in the accounting books at the contract date at the fair value of the instrument.

As at each reporting date, financial assets measured at fair value through profit or loss are measured and any gains or losses are recognised as income or expense on finance instruments measured at fair value through profit or loss.

Financial assets measured at fair value through profit or loss held by the Group are shares listed on the Warsaw Stock Exchange (‘WSE’) and a currency forward. For the purpose of the measurement, the Group takes into account the closing prices quoted by the WSE on the last business day of the reporting period.

The Group does not apply hedge accounting.

Financial assets measured at fair value through other comprehensive income.

A financial asset is classified as a ‘financial asset measured at fair value through other comprehensive income’ if both of the following conditions are met:

– it is managed in accordance with the business model the objective of which is to both collect the contractual cash flows and sell the financial asset,

- the contractual terms of the asset give rise to cash flows on specified dates, with the cash flows being solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at fair value through other comprehensive income are disclosed as at the transaction date at fair value plus directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value, and any changes in the fair value (other than impairment losses and foreign exchange gains and losses) are recognised in other comprehensive income and presented in equity as revaluation reserve. When an investment is derecognised, the gain or loss accumulated in revaluation reserve is reclassified to retained earnings as a reclassification adjustment.

The fair value of equity instruments traded on an active market is based on their current purchase price. If there is no active market for a given financial asset or unlisted securities, the Group determines their fair value using valuation techniques. These include the use of recent arm's length market transactions, reference to other instruments that are substantially the same, and analysis of discounted cash flows, making maximum use of market inputs; in certain cases, the purchase price may be the best estimate.

Investments in equity instruments measured at fair value through other comprehensive income.

'Investments in equity instruments measured at fair value through other comprehensive income' include in particular investment fund units and investment certificates purchased for the purpose of investing surplus funds. They are disclosed under non-current assets unless the Group intends to sell them within 12 months of the reporting date.

Investment certificates and fund units are recognised at fair value, based on the net asset value per certificate/unit as published by the investment fund in consultation with the depositary. Remeasurement gains and losses are posted under other comprehensive income. Subsequent to initial recognition, they are measured at fair value, and changes in the fair value are recognised in other comprehensive income and presented in equity as revaluation reserve.

Financial assets measured at amortised cost

Financial assets measured at amortised cost include cash, loans granted, and trade and other receivables (except for those to which IFRS 9 does not apply). These classes of financial assets are presented in the statement of financial position, broken down into non-current and current assets, under 'Trade and other receivables'. Short-term trade receivables are measured at amounts expected to be received as the effect of discounting is immaterial. Loans are measured at amortised cost (interest income is recognised using the effective interest rate method described below under 'Financial liabilities measured at amortised cost').

Financial liabilities measured at amortised cost

Other financial liabilities, including bank borrowings and lease liabilities, are initially measured at fair value less transaction costs And subsequently at amortised cost (interest expense is recognised using the effective interest method). The effective interest method is a method of calculating the amortised cost of a liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future payments or receipts over the expected life of a financial asset or financial liability to the gross carrying amount of the financial asset or to the amortised cost of the financial liability.

The Group derecognises a financial liability when, and only when, the Group's obligation specified in the contract is discharged or cancelled or expires.

8.7.2 Short-term receivables

Short-term receivables are financial assets measured at amortised cost. This asset class includes receivables from clients, receivables from related entities other than consolidated entities, receivables from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses on account of concluded transactions and all or part of receivables on account of other titles not carried as financial assets, which fall due within 12 months from the end of the reporting period.

Receivables are initially recognised in accordance with IFRS 15 and measured as at the end of the reporting period at amortised cost. The carrying amount of receivables is revised based on the expected credit losses model. As of January 1st 2018, allowance for expected credit losses is recognised at the time of initial recognition of receivables. As permitted by the standard, a simplified approach is applied in the Group's financial statements to trade receivables that do not contain a significant financing component and to lease receivables, with the impairment loss measured at an amount equal to lifetime expected credit losses.

The Group applied a portfolio approach to recognition of impairment losses, with impairment losses ranging from 0.02% for non-delinquent receivables to 73.1% for receivables overdue more than one year. If there are indications that a credit loss may have occurred, the Group may recognise impairment losses for individual assets. Changes in allowances for expected credit losses are recognised in profit or loss.

Credit risk related to security deposits held at banks, receivables on account of stock-exchange transactions, deposits held at clearing houses and public receivables is assessed as low and the effect of the credit loss allowance on the consolidated financial statements has been disregarded.

A significant item among the Group's short-term receivables are receivables from clients arising from stock-market transactions. These include 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 arising in connection with transaction to buy or sell securities which have not yet been cleared given the nature of 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 sale transactions executed on stock exchanges to execute orders placed by clients whose accounts are kept by custodian banks, the Group discloses short-term receivables from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses (parties to the market transactions)* and current liabilities towards the clients for whom the sale transactions were executed.

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

8.7.3. Long-term receivables

Non-current receivables are receivables whose term to maturity is longer than 12 months from the end of the reporting period.

8.7.4. Loans

Loans satisfy the requirements of IFRS 9 and are measured at amortised cost using the effective interest method. The carrying amount of loans is considered to be a reasonable approximation of their fair value.

The loans were advanced mainly to employees and associates and other entities

8.8. Impairment losses

As at the end of each reporting period, the Group evaluates whether there is any indication that a non-financial asset may be impaired. Intangible assets which are not yet available for use are tested on an annual basis, regardless of whether there is an indication of impairment. These assets may be tested for impairment at any time during the year.

The following may indicate possible impairment of an asset:

- impairment of the market value of an asset during the period is much higher than it might have been expected as a result of passage of time and normal use,
- significant adverse technological, market, economic or legal changes have occurred during the reporting period or are likely to occur in the near future in the Group's operating environment or on the markets for which the asset is intended,
- market interest rates or other market rates of return on investment have increased during the period and the increase is likely to affect the discount rate applied to calculate the asset's value in use and reduce its recoverable amount,
- the carrying amount of the Group's net assets is higher than their market capitalisation,
- evidence exists for impairment of usefulness of an asset or physical damage to an asset,
- significant adverse changes in the current or expected scope or manner of use of an asset have occurred during the reporting period or are likely to occur in the near future,
- there is evidence, originating from internal reporting, for poorer than expected, current or future, economic performance of an asset.

8.9. Cash and cash equivalents

Cash and cash equivalents disclosed in the consolidated statement of financial position include cash in hand and at banks (including own cash and clients' funds), as well as short-term deposits, with original terms to maturity not exceeding three months, together with any interest accrued for the period.

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

8.10. Equity

Equity is recognised in the accounting books broken down into its individual components and in accordance with the rules set forth in the applicable laws and in the Company's Articles of Association. Share capital is recognised in the amount specified in the Company's Articles of Association and in the relevant entry in the National Court Register. Other components of equity include statutory reserve funds, revaluation capital reserve and other capital reserves.

Statutory reserve funds comprise share premium, that is the amount of issue proceeds in excess of the par value of the issued shares, less share issue costs.

Other capital reserves include revaluation capital reserve and other capital reserves related to the implementation of incentive schemes and dilution of shares.

Retained earnings include retained earnings/(losses) from prior years and profit/(loss) for the current reporting period.

8.11. Liabilities

8.11.1. Current liabilities

Current liabilities are liabilities which are payable within 12 months from the end of the reporting period. Liabilities are measured at amortised cost.

Current liabilities include all liabilities to customers, liabilities to non-consolidated 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 (KDPW) and exchange clearing houses, and liabilities to entities operating regulated securities markets, as well as all other liabilities not classified as lease liabilities, non-current liabilities, accrued expenses and deferred income or provisions for liabilities.

Current liabilities include overdrafts, whose methods of measurement are described in "Financial liabilities measured at amortised cost" above.

Recognition of current liabilities under executed stock-market transactions is presented in Section 8.7.2 in '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'.

8.11.2. Non-current liabilities

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

8.12. Provisions, accrued expenses and deferred income

8.12.1 Accrued expenses and deferred income

Accrued expenses and deferred income comprise liabilities in respect of goods or services which have been provided or rendered but have not been paid for, invoiced or formally agreed with the supplier, including amounts due to employees.

While in certain situations it is necessary to make an estimate of the amount or payment date for an item of accrued expenses and deferred income, in general the degree of uncertainty is much smaller than in the case of provisions. The items recognised by the Group under accrued expenses and deferred income include in particular: settlements relating to employee holidays or bonuses, as well as costs incurred but not invoiced or settled as at the reporting date.

8.12.2. Provisions

Provisions are recognised if the Group has a legal or constructive obligation resulting from a past event, the amount of such obligation can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

If the Group anticipates that the costs for which provisions have been recognised will be recovered, e.g. under an insurance agreement, the recovery of such funds is recognised as a separate asset, but only when is practically certain to occur. The cost related to a given provision is disclosed in the consolidated statement of comprehensive income after reduction by the amount of any recoveries.

In the consolidated statement of financial position, provisions are presented 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 (whether within 12 months or more than 12 months from the end of the reporting period).

8.13. Accrual basis of accounting and matching principle

In determining its net profit/(loss), the Group 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 attributable to a given reporting period which are yet to be incurred are recognised as liabilities (under accrued expenses and deferred income).

8.14. Revenue from core activities

Under IFRS 15 *Revenue from Contracts with Customers*, revenue is recognised in the amount equal to the transaction price determined as consideration for transferring promised goods or services to a customer when control over the goods or services is transferred to the customer, net of amounts collected on behalf of third parties. Revenue comprises amounts received and receivable net of VAT. Revenue from contracts with customers is recognised at a point in time or over time, based on the measured progress towards complete satisfaction of a performance obligation.

The method of recognising revenue in the Group's consolidated financial statements, including both amount and time of recognition, is defined under the following five-step model:

- identification of a contract with customer,
- identification of performance obligations under a contract,
- price determination,
- allocation of the price to performance obligations,
- recognition of revenue when/as performance obligations are satisfied.

If the consideration defined in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the promised goods or services to the customer. The Group estimates the amount of variable consideration by applying the most likely amount method, which is the single most likely amount from the range of possible amounts of consideration.

The Group provides intermediation services in financial instrument trading, services consisting in the offering of financial instruments, as well as fund management and general advisory services. Revenue from intermediation in financial instrument trading, offering financial instruments and fund management is recognised upon the Group's satisfaction of the performance obligation.

Revenue from transactions in securities is derived from brokerage activities of IPOPEMA Securities, which acts as an intermediary in transactions executed on the equity market of the Warsaw Stock Exchange and foreign exchanges, as well as on the bond market. Revenue from transactions in securities depends on the trading volume and is recognised with each executed transaction.

Revenue derived from the management of funds is recognised in the amount specified in the funds' articles of association or other binding document.

If a service consists of an indeterminable number of activities performed over a specified period of time, then due to practical reasons revenue is recognised using the straight-line method (evenly) over the course of that period.

Revenue from advisory services provided by the Group companies is measured based on the progress towards complete satisfaction of a performance obligation and recognised over time based on the percentage of completion.

8.15. Gain/(loss) on transactions in financial instruments

8.15.1. Gain/(loss) on transactions in financial assets measured at fair value through profit or loss

Gain/(loss) on transactions in financial instruments measured at fair value through profit or loss includes dividends and other distributions from profit, interest, fair value measurement gain/(loss), and gain/(loss) on sale/redemption.

8.16. Finance income and costs

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The Group’s finance income includes interest on deposits, interest on loans, interest on leases, other interest and foreign-exchange gains. Interest income is recognised in the consolidated statement of comprehensive income using the effective interest rate method.

The Group’s finance costs include in particular borrowing costs, interest on borrowings, interest on leases, other interest, and foreign exchange and finance losses.

Foreign-exchange gains/losses on the collection or payment, as appropriate, and balance-sheet measurement of trade receivables and payables are posted to finance income or costs.

Borrowing costs are measured at amortised cost. Borrowing costs are expensed in the period in which they are incurred, except to the extent that they are capitalised.

The Group does not incur borrowing costs that are directly attributable to the acquisition, construction or production of an asset.

8.17. Income tax

8.17.1. Tax

Tax assets and 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 end of the reporting period.

8.17.2. Deferred income tax

For the purposes of financial reporting, the Group recognises deferred tax liabilities using the balance-sheet liability method in relation to all temporary differences recorded as at the end of the reporting period between the value of assets and liabilities computed for tax purposes and their carrying amounts disclosed in the consolidated financial statements.

Deferred tax liabilities are recognised in relation to all taxable temporary differences.

Deferred tax assets are recognised in relation to all deductible temporary differences and unused tax losses.

The carrying amount of a deferred tax asset is reviewed as at the end of each reporting period and is subject to appropriate reduction to the extent it is no longer probable that taxable income sufficient for a partial or full realisation of this deferred tax asset would be generated.

Deferred tax assets and deferred tax liabilities are calculated using tax rates expected to be effective at the time of realisation of particular asset or reversal of particular liability, based on tax rates and fiscal regulations effective as at the end of the reporting period or tax rates and fiscal regulations which as at the end of the reporting period are certain to be effective in the future. The carrying amount of a deferred tax asset is reviewed as at the end of each reporting period and is subject to appropriate reduction to the extent it is no longer probable that taxable income sufficient for a partial or full realisation of this deferred tax asset would be generated.

9. Earnings per share

For each period, earnings per share are computed as the quotient of the net profit attributable to the parent for the period and the weighted average number of shares in the period.

To obtain diluted earnings per share, the weighted average number of shares in the period is adjusted to account for all potentially dilutive ordinary shares. As there were no dilutive shares, the amounts of basic earnings per share and diluted earnings per share in the reporting period were the same.

	Dec 31 2022	**Dec 31 2021**
Number of shares	29,937,836	29,937,836
Weighted average number of shares	29,937,836	29,937,836
Diluted number of shares	29,937,836	29,937,836
Earnings from continuing operations		
- basic	0.19	0.44
- diluted	0.19	0.44

10. Seasonality of operations

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

11. Operating segments

For management purposes, the Group is divided into separate segments based on types of services provided. There are therefore the following reporting operating segments:

1) The segment of brokerage and related services, comprising the business of (i) IPOPEMA Securities, i.e., brokerage and investment banking activities, distribution of investment products, investment advisory services addressed to a broad range of retail investors, and (ii) IFA SK, i.e., advisory services related to corporate financial restructuring and finance raising for infrastructure projects.
2) The segment of investment fund and portfolio management, comprising the business of IPOPEMA TFI, i.e. creation and management of investment funds as well as management of portfolios of broker-traded financial instruments.
3) The segment of advisory services, comprising the services of IPOPEMA Business Consulting, which focuses on business and management advisory, computer facilities management, computer advisory and software-related activities.

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2022	**Continuing operations** Brokerage and related services	**Continuing operations** Investment fund and portfolio management	**Continuing operations** Advisory services	**Continuing operations Total**	**Discontinued operations**	**Total operations**
Revenue						
Segment's total revenue, including:	58,413	176,016	29,271	263,700	-	263,700
- from clients for each of whom the value of transactions in the period exceeds 10% of revenue, including:	-	101,555	-	101,555	-	101,555
(i) Client 1	-	64,431	-	64,431	-	64,431
(ii) Client 2	-	37,124	-	37,124	-	37,124
Intersegment revenue	- 3,373	-	-	- 3,373	-	- 3,373
Consolidation eliminations	- 276	-	-	- 276	-	- 276
Revenue from external customers	**54,764**	**176,016**	**29,271**	**260,051**	**-**	**260,051**
Segment's costs						
Segment's costs – purchases from external suppliers	- 50,732	- 178,110	- 27,942	- 256,784	**-**	- 256,784
Segment's costs – intersegment purchases	-	3,373	-	3,373	**-**	3,373
Consolidation eliminations	276	-	-	276	**-**	276
Segment's total costs, including:	**- 50,456**	**- 174,737**	**- 27,942**	**- 253,135**	**-**	**- 253,135**
Depreciation and amortisation					-	
Segment's profit/(loss) on core activities	**4,308**	**1,279**	**1,329**	**6,916**	**-**	**6,916**
Unallocated costs	-	-	-	-	-	-
Profit/(loss) from continuing operations before tax and finance costs	4,308	1,279	1,329	6,916	-	6,916
Interest income	2,034	287	70	2,391	-	2,391
Interest expense	- 1,727	- 81	- 14	- 1,822	-	- 1,822
Other finance income/costs, net	242	546	15	803	-	803
Other income/expenses	737	253	- 706	284	-	284
Consolidation eliminations	- 752	-	-	- 752	-	- 752
Profit/(loss) before tax and non-controlling interests	**4,842**	**2,284**	**694**	**7,820**	**-**	**7,820**
Income tax	1,161	111	471	1,743	-	1,743
IFRS adjustments	-	-	-	-	-	-
Total corporate income tax	1,161	111	471	1,743	-	1,743

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Net profit/(loss) for the financial year	**3,681**	**2,173**	**223**	**6,077**	**-**	**6,077**
Assets and liabilities as at Dec 31 2022						
Segment's assets	276,585	84,946	18,168	379,699	-	379,699
Other assets not allocated to segments	-	-	-	-	-	-
Total assets	**276,585**	**84,946**	**18,168**	**379,699**	**-**	**379,699**
Segment's liabilities	216,645	29,856	7,115	253,216	-	253,216
Accrued expenses and deferred income	7,106	6,421	270	13,797	-	13,797
Segment's net profit/(loss)	3,681	2,173	223	6,077	-	6,077
Equity (net of profit/loss for current period)	36,830	58,188	6,632	101,650	-	101,050
Non-controlling interests	- 23	-	4,982	4,959	-	4,959
Total equity and liabilities	**263,839**	**96,638**	**19,222**	**379,699**	**-**	**379,699**
Other segment data						
Capital expenditure, including:	1,845	179	70	2,094	-	2,094
property, plant and equipment	228	96	65	389	-	389
intangible assets	1,617	83	5	1,705	-	1,705
Depreciation of property, plant and equipment	494	698	78	1,270	-	1,270
Amortisation of intangible assets	381	147	11	539	-	539
Depreciation of right-of-use assets	2,103	1,734	409	4,246	-	4,246
Impairment losses	-	-	-	-	-	-
Other	-	-	-	-	-	-

No geographical segments are reported by the Group, as a vast majority of its revenue is generated in Poland. Foreign revenue earned in 2022 did not exceed 3.13% (PLN 8,129 thousand) of total revenue from core activities. The Group's property, plant, equipment and intangible assets are located in Poland.

Consolidated financial statements of the IPOPEMA Securities Group for 2022 (PLN '000)

2021	**Continuing operations** Brokerage and related services	**Continuing operations** Investment fund and portfolio management	**Continuing operations** Advisory services	**Continuing operations Total**	**Discontinued operations**	**Total operations**
Revenue						
Segment's total revenue, including:	65,219	170,203	24,792	260,214	-	260,214
- from clients for each of whom the value of transactions in the period exceeds 10% of revenue, including:	-	88,278	-	88,278	-	88,278
(i) Client 1	-	60,860	-	60,860	-	60,860
(ii) Client 2	-	27,418	-	27,418	-	27,418
Intersegment revenue	- 3,505	-	-	- 3,505	-	- 3,505
Consolidation eliminations	- 305	-	-	- 305	-	- 305
Revenue from external customers	**61,409**	**170,203**	**24,792**	**256,404**	**-**	**256,404**
Segment's costs						
Segment's costs – purchases from external suppliers	- 55,316	- 161,457	- 25,625	- 242,398	-	- 242,398
Segment's costs – intersegment purchases	-	3,505	-	3,505	-	3,505
Consolidation eliminations	305	-	-	305	-	305
Segment's total costs, including:	**- 55,011**	**- 157,952**	**- 25,625**	**- 238,588**	**-**	**- 238,588**
Depreciation and amortisation	- 2,926	- 2,612	- 546	- 6,084	-	- 6,084
Segment's profit/(loss) on core activities	**6,398**	**12,251**	**- 833**	**17,816**	**-**	**17,816**
Unallocated costs	-	-	-	-	-	-
Profit/(loss) from continuing operations before tax and finance costs	6,398	12,251	- 833	17,816	-	17,816
Interest income	199	-	75	274	-	274
Interest expense	- 1,002	- 143	- 74	- 1,219	-	- 1,219
Other finance income/costs, net	2,247	- 49	- 43	2,155	-	2,155
Other income/expenses	- 45	- 92	1,758	1,621	-	1,621
Consolidation eliminations	- 4,196	-	-	- 4,196	-	- 4,196
Profit/(loss) before tax and non-controlling interests	**3,601**	**11,967**	**883**	**16,451**	**-**	**16,451**
Income tax	1,414	1,895	- 195	3,114	-	3,114
IFRS adjustments	-	-	-	-	-	-

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Total corporate income tax	1,414	1,895	- 195	3,114	-	3,114
Net profit/(loss) for the financial year	**2,187**	**10,072**	**1,078**	**13,337**	**-**	**13,337**
Assets and liabilities as at Dec 31 2021						
Segment’s assets	332,647	71,636	16,584	420,867	-	420,867
Other assets not allocated to segments	-	-	-	-	-	-
Total assets	**332,647**	**71,636**	**16,584**	**420,867**	**-**	**420,876**
Segment’s liabilities	267,566	16,367	5,316	289,249	-	289,249
Accrued expenses and deferred income	7,889	7,283	288	15,460	-	15,460
Segment’s net profit/(loss)	2,187	10,072	1,078	13,337	-	13,337
Equity (net of profit/loss for current period)	44,015	48,228	5,695	97,938	-	97,938
Non-controlling interests	43	-	4,840	4,883	-	4,883
Total equity and liabilities	**321,700**	**81,950**	**17,217**	**420,867**	**-**	**420,867**
Other segment data						
Capital expenditure, including:	711	426	74	1,211	-	1,211
property, plant and equipment	202	353	52	607	-	607
intangible assets	509	73	22	604	-	604
Depreciation of property, plant and equipment	466	757	104	1,327	-	1,327
Amortisation of intangible assets	358	120	33	511	-	511
Depreciation of right-of-use assets	2,103	1,734	409	4,246	-	4,246
Impairment losses	-	-	-	-	-	-
Other	-	-	-	-	-	-

No geographical segments are reported by the Group, as a vast majority of its revenue is generated in Poland. Foreign revenue earned in 2021 did not exceed 1.39% (PLN 3,559 thousand) of total revenue from core activities. The Group’s property, plant, equipment and intangible assets are located in Poland.

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12. Notes to the consolidated statement of financial position – assets

12.1. Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise the following items:

	Dec 31 2022	Dec 31 2021
Cash in hand	1	2
Cash at banks	27,604	53,967
Other cash (short-term deposits)	135,936	92,681
Cash equivalents	-	-
Total cash	**163,541**	**146,650**
Including cash in hand and cash at banks attributed to discontinued operations	-	-

	Dec 31 2022	Dec 31 2021
Cash in PLN	154,233	136,632
Cash in EUR	3,575	2,951
Cash in USD	3,956	5,673
Cash in HUF	329	204
Cash in TRY	5	14
Cash in RON	16	16
Cash in other currencies	1,425	1,160
Total cash	**163,541**	**146,650**

	Dec 31 2022	Dec 31 2021
Cash and other assets	54,151	61,123
Cash and other assets of clients deposited in cash accounts at the brokerage house and paid towards acquisition of securities in an IPO or on the primary market	100,890	75,527
Cash in escrow account	8,500	10,000
Cash and other assets transferred from the settlement guarantee fund	--	-
Total cash	**163,541**	**146,650**

Free cash is deposited in bank accounts and invested in term and overnight deposits. Short-term deposits are placed for periods ranging from one day to several months, depending on the Group's cash requirement at a given time, and bear interest at variable or fixed interest rates, set by reference to the interest rate for overnight bank deposits. Short-term deposits are presented under other cash. Deposits maturing in more than three months are presented under cash equivalents.

Clients' cash deposited in the parent's bank account, in the amount of PLN 100,890 thousand as at December 31st 2022 and PLN 75,527 thousand as at December 31st 2021, is also disclosed under other cash.

12.2. Receivables

Trade and other receivables	Dec 31 2022	Dec 31 2021
Short-term receivables	159,789	245,375
Long-term receivables	8,826	8,691
Long-term loans	94	106
Accrued expenses and deferred income	2,631	2,146
short-term	2,611	2,131
long-term	20	15
Trade and other receivables	**171,340**	**256,318**

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	Short-term receivables	**Dec 31 2022**	**Dec 31 2021**
1.	From clients / trade receivables	56,674	102,421
a)	under deferred payment arrangements	-	-
b)	under past due receivables and disputed claims for which no impairment losses were recognised	-	-
c)	from clients under executed transactions	40,168	85,979
	- transactions on the Warsaw Stock Exchange	32,328	85,830
	- transactions on the London Stock Exchange	-	149
	- executed on the Frankfurt Stock Exchange	1,842	-
	- transactions on the Toronto Stock Exchange	-	-
	- transactions on the New York Stock Exchange	5,998	-
d)	other	16,506	16,442
2.	From related entities	21	-
3.	From banks conducting brokerage activities, other brokerage houses and commodity brokerage houses*	36,175	72,415
a)	under transactions	31,873	68,292
	- transactions on the Warsaw Stock Exchange*	26,763	64,904
	- transactions on the Budapest Stock Exchange	3,283	-
	- transactions on the Australian Securities Exchange	1,827	-
	- transactions on the Prague Stock Exchange	-	225
	- transactions on the London Stock Exchange	-	314
	- transactions on the Milan Stock Exchange	-	454
	- transactions on the Istanbul Stock Exchange	-	2,395
b)	other	4,302	4,123
4.	From the Central Securities Depository of Poland and exchange clearing houses	32,615	47,119
	- from the settlement guarantee fund	32,615	47,119
5.	From investment and pension fund companies and from investment and pension funds	30,177	21,169
6.	From entities operating regulated markets and commodity exchanges	11	18
7.	Taxes, subsidies and social security receivable	216	178
8.	Under litigation, not covered by recognised impairment losses on receivables	-	-
9.	Under framework securities lending and short sale agreements	-	-
10.	Other	3,900	2,055
	- loans	917	900
	- other	2,983	1,155
	Total short-term receivables	**159,789**	**245,375**

** 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).*

Short-term receivables and current liabilities are recognised predominantly in connection with executed buy and sell transactions in securities, not yet settled at clearing houses.

In the case of buy transactions executed on stock exchanges on behalf of clients whose accounts are maintained by custodian banks, the Group recognises liabilities towards the parties to market transactions (banks conducting brokerage activities, other brokerage houses and commodity brokerage houses, known as anonymous transaction counterparties) and receivables from the clients on behalf of whom such buy transactions have been 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 receivables from the market counterparties and liabilities towards the clients on behalf of whom such sell transactions are executed.

Impairment losses recognised due to expected credit losses reduce the carrying amount of the impaired receivables.

Gross short-term receivables by currency	**Dec 31 2022**	**Dec 31 2021**
a) in PLN	142,676	235,678
b) in other currencies (translated into PLN)	22,247	13,172
Total gross short-term receivables	**164,923**	**248,850**

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12.2.1. Age of receivables

Short- and long-term receivables by maturity from reporting date	Dec 31 2022	Dec 31 2021
a) up to 1 month	149,956	231,525
b) over 1 month to 3 months	-	-
c) over 3 months to 1 year	4,302	4,102
d) over 1 year to 5 years	8,826	8,691
e) over 5 years	-	-
f) past due	10,665	13,223
Gross total short- and long-term receivables	**173,749**	**257,541**
g) impairment losses on receivables (negative value)	- 5,134	- 3,475
Net total short- and long-term receivables	**168,615**	**254,066**

Gross past due receivables by period of delay	Dec 31 2022	Dec 31 2021
a) up to 1 month	1,734	936
b) over 1 month to 3 months	1,104	6,184
c) over 3 months to 1 year	1,859	3,116
d) over 1 year to 5 years	5,968	2,987
e) over 5 years	-	-
Total gross receivables	**10,665**	**13,223**
f) impairment losses on receivables (negative value)	- 5,134	- 3,475
Total net receivables	**5,531**	**9,748**

12.3. Short-term prepayments and accrued income

Short-term prepayments	Dec 31 2022	Dec 31 2021
cost of ICT and information services	351	326
cost of office space lease	348	401
other	1,912	1,404
Total prepayments and accrued income	**2,611**	**2,131**

12.4. Financial assets measured at fair value through profit or loss

	Dec 31 2022	Dec 31 2021
- shares	3,189	1,447
- derivative instruments	7	-
Financial assets measured at fair value through profit or loss, total	**3,196**	**1,447**

Shares comprise solely shares listed on the Warsaw Stock Exchange. Financial assets 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. Movements in the carrying amount of those financial instruments are recognised as income or expenses from financial assets measured at fair value through profit or loss. As at the reporting date, the Company held 102,764 shares with a total carrying amount of PLN 3,189 thousand. All the shares are traded on the Warsaw Stock Exchange. As at December 31st 2021, the Company held 30,588 shares with a total carrying amount of PLN 1,447 thousand.

For information on gains and losses recognised in financing activities related to this category of financial assets, see Note 15.4.

12.5. Equity instruments measured through other comprehensive income

As at December 31st 2022, the carrying amount of equity instruments through other comprehensive income held by the Group was PLN 14,670 thousand, compared with PLN 3,494 thousand as at December 31st 2021. This item includes investment certificates and fund shares with a total carrying amount of PLN 2,999 thousand (December 31st 2021: PLN 3,418 thousand).

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12.6. Property, plant and equipment

As at December 31st 2022

MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT	Land	Buildings and structures	Plant and equipment	Vehicles	Other property, plant and equipment	Property, plant and equipment under construction	TOTAL
a) gross value of property, plant and equipment at beginning of period	**-**	**880**	**9,042**	**1,009**	**1,913**	**10**	**12,854**
b) increase, including:	**-**	**-**	**365**	**-**	**2**	**324**	**691**
- purchase	-	-	355	-	2	324	681
- transfer from investments	-	-	10	-	-	-	10
c) decrease	**-**	**-**	**75**	**-**	**181**	**308**	**564**
- liquidation	-	-	75	-	181	-	256
- reclassification to another category	-	-	-	-	-	308	308
d) gross value of property, plant and equipment at end of period	**-**	**880**	**9,332**	**1,009**	**1,734**	**26**	**12,981**
e) accumulated depreciation at beginning of period	**-**	**748**	**8,054**	**404**	**1,696**	**-**	**10,902**
f) depreciation for period, including:	**-**	**67**	**524**	**186**	**- 89**		**688**
- annual depreciation charge		67	597	514	92	-	1,270
- liquidation	-	-	73	328	181	-	582
g) accumulated depreciation at end of period	**-**	**815**	**8,578**	**590**	**1,607**	**-**	**11,590**
h) impairment losses at beginning of period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
i) impairment losses at end of period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
j) net value of property, plant and equipment at beginning of period	**-**	**132**	**988**	**605**	**217**	**10**	**1,952**
k) net value of property, plant and equipment at end of period	**-**	**65**	**754**	**419**	**127**	**26**	**1,391**

As at December 31st 2021

MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT	Land	Buildings and structures	Plant and equipment	Vehicles	Other property, plant and equipment	Property, plant and equipment under construction	TOTAL
a) gross value of property, plant and equipment at beginning of period	**-**	**880**	**9,539**	**976**	**1,914**	**112**	**13,421**
b) increase, including:	**-**	**-**	**483**	**664**	**5**	**555**	**1,707**
- purchase	-	-	371	221	5	555	1,152
- transfer from investments	-	-	112	443	-	-	555
c) decrease	**-**	**-**	**980**	**631**	**6**	**657**	**2,274**
- liquidation	-	-	980	411	6	-	1,397

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- reclassification to another category	-	-	-	220	-	657	877
d) gross value of property, plant and equipment at end of period	**-**	**880**	**9,042**	**1,009**	**1,913**	**10**	**12,854**
e) accumulated depreciation at beginning of period	**-**	**682**	**8,396**	**329**	**1,612**	**-**	**11,019**
f) depreciation for period, including:	**-**	**66**	**- 342**	**75**	**84**	**-**	**- 117**
- annual depreciation charge	-	66	637	534	90	-	1,327
- liquidation	-	-	979	459	6	-	1,444
g) accumulated depreciation at end of period	**-**	**748**	**8,054**	**404**	**1,696**	**-**	**10,902**
h) impairment losses at beginning of period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
i) impairment losses at end of period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
j) net value of property, plant and equipment at beginning of period	**-**	**198**	**1,143**	**647**	**302**	**112**	**2,402**
k) net value of property, plant and equipment at end of period	**-**	**132**	**988**	**605**	**217**	**10**	**1,952**

12.6.1. Impairment losses

In 2022 and 2021, no impairment losses were recognised with respect to property, plant and equipment.

12.7. Intangible assets

As at December 31st 2022

CHANGES IN INTANGIBLE ASSETS (BY TYPE)	Cost of completed development work	Goodwill	Acquired permits, patents, licences and similar assets	Software	CO_2 emission allowances	Other intangible assets	TOTAL
a) gross value of intangible assets at beginning of period	**440**	**-**	**415**	**10,737**	**-**	**-**	**11,592**
b) increase, including:	**-**	**-**	**1,623**	**82**	**-**	**-**	**1,705**
- purchase / transfer from investments	-	-	1,623	82	-	-	1,705
c) decrease (including)	**440**	**-**	**-**	**-**	**-**	**-**	**440**
- liquidation / reclassification	440	-	-	-	-	-	440
d) gross value of intangible assets at end of period	**-**	**-**	**2,038**	**10,819**	**-**	**-**	**12,857**
e) accumulated amortisation at beginning of period	**440**	**-**	**247**	**9,284**	**-**	**-**	**9,971**
f) amortisation for period:	**- 440**	**-**	**12**	**528**	**-**	**-**	**100**
- annual amortisation charge	-	-	12	528	-	-	540
- liquidation	440	-	-	-	-	-	-
g) accumulated amortisation at end of period	**-**	**-**	**259**	**9,812**			**10,071**
h) impairment losses at beginning of period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
i) impairment losses at end of period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
j) net value of intangible assets at beginning of period	**-**	**-**	**168**	**1,453**	**-**	**-**	**1,621**

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k) net value of intangible assets at end of period	**-**	**-**	**1,779**	**1,007**	**-**	**-**	**2,786**

As at December 31st 2021

CHANGES IN INTANGIBLE ASSETS (BY TYPE)	**Cost of completed development work**	**Goodwill**	**Acquired permits, patents, licences and similar assets**	**Software**	**CO_2 emission allowances**	**Other intangible assets**	**TOTAL**
a) gross value of intangible assets at beginning of period	**440**	**-**	**930**	**10,108**	**-**	**-**	**11,478**
b) increase, including:	**-**	**-**	**649**	**1,119**	**-**	**-**	**1,768**
- purchase / transfer from investments	-	-	649	1,119	-	-	1,768
c) decrease (including)	**-**	**-**	**1,164**	**490**	**-**	**-**	**1,654**
- liquidation / reclassification	-	-	1,164	490	-	-	1,654
d) gross value of intangible assets at end of period	**440**	**-**	**415**	**10,737**	**-**	**-**	**11,592**
e) accumulated amortisation at beginning of period	**440**	**-**	**214**	**9,247**	**-**	**-**	**9,901**
f) amortisation for period:	**-**	**-**	**33**	**37**	**-**	**-**	**70**
- annual amortisation charge	-	-	33	478	-	-	511
- liquidation	-	-	-	441	-	-	441
g) accumulated amortisation at end of period	**440**	**-**	**247**	**9,284**	**-**	**-**	**9,971**
h) impairment losses at beginning of period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
i) impairment losses at end of period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
j) net value of intangible assets at beginning of period	**-**	**-**	**716**	**861**	**-**	**-**	**1,577**
k) net value of intangible assets at end of period	**-**	**-**	**168**	**1,453**	**-**	**-**	**1,621**

The cost of completed development work relates to a system implemented at the Group for keeping records of investors in the funds managed by IPOPEMA TFI.

12.7.1. Purchase and sale of intangible assets

In 2022, the total amount of purchases of intangible assets by the Group was PLN 1,705 thousand (2021: PLN 603 thousand). In 2022 and 2021, the Group did not sell any intangible assets.

12.7.2. Impairment losses

The Group did not identify any impairment of its assets in 2022 or 2021.

12.7.3. Amortisation of intangible assets

Amortisation of intangible assets is recognised in cost of core activities under "Amortisation". Amortisation was PLN 540 thousand in 2022 (2021: PLN 511 thousand).

13. Notes to the consolidated statement of financial position – equity

13.1. Share capital

As at December 31st 2022 and December 31st 2021, the parent's registered share capital was PLN 2,993,783.60 and comprised 29,937,836 shares.

In 2022 and 2021, there were no changes in the parent's share capital. As at December 31st 2022 and December 31st 2021, the share capital was PLN 2,994 thousand and comprised:

- 7,000,000 Series A ordinary bearer shares,

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- 21,571,410 Series B ordinary bearer shares, and

- 1,366,426 Series C ordinary bearer shares.

Share capital (structure – more than 5% of shares and voting rights at the GM) – as at December 31st 2022 and as at the date of these consolidated financial statements

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
IPOPEMA 10 FIZAN[2]	2,851,420	285,142
Value FIZ*	2,750,933	275,093
QUERCUS Funds[3]*	2,256,200	225,620
Katarzyna Lewandowska	2,136,749	213,675
Jarosław Wikaliński[4]	1,499,900	149,990
Shareholders holding over 5% of the share capital – total	**17,479,675**	**1,747,967**

** 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.
[2] The only investor in the fund is Stanisław Waczkowski, Vice President of the Company's Management Board.
[3] QUERCUS Parasolowy SFIO and QUERCUS Multilstrategy FIZ.
[4] Pursuant to an oral agreement on unanimous voting at the General Meeting, Jarosław Wikaliński and Małgorzata Wikalińska hold a total of 2,990,789 voting rights, or 9.98% of total voting rights at the General Meeting.

Share capital (structure – more than 5% of shares and voting rights at the GM) – as at December 31st 2021 and as at the date of these consolidated financial statements

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
IPOPEMA 10 FIZAN[2]	2,851,420	285,142
Value FIZ*	2,750,933	275,093
QUERCUS Funds[3]*	2,256,200	225,620
Katarzyna Lewandowska	2,136,749	213,675
Jarosław Wikaliński[4]	1,499,900	149,990
Shareholders holding over 5% of the share capital – total	**17,479,675**	**1,747,967**

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[3] QUERCUS Parasolowy SFIO and QUERCUS Multilstrategy FIZ.
[4] Pursuant to an oral agreement on unanimous voting at the General Meeting, Jarosław Wikaliński and Małgorzata Wikalińska hold a total of 2,990,789 voting rights, or 9.98% of total voting rights at the General Meeting.

Par value of shares

The par value of all issued shares is PLN 0.10 per share. All issued shares have been paid up in full.

Shareholder rights

Each share of each series (A, B and C) confers the right to one vote. The shares of all series are ordinary shares, with no preference attached to them and with no restrictions on their disposal.

13.2. Other components of equity

Share premium

Statutory reserve funds comprise share premium reduced by issue costs. The amount of share premium less the issue costs was PLN 10,351 thousand as at December 31st 2022 and December 31st 2021.

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Revaluation capital reserve

Revaluation capital reserve is recognised upon measurement of equity instruments at fair value.

	Dec 31 2022	Dec 31 2021
Revaluation capital reserve at beginning of reporting period	757	734
Adjustment of gain/(loss) on financial instruments	-	-
Amount recognised in equity in reporting period	- 139	29
Deferred income tax	27	- 6
Accumulated profit/(loss) on equity investments in the year ended	**645**	**757**

Other components of equity

As at December 31st 2022 and December 31st 2021, other capital reserves amounted to PLN 3,214 thousand. Other components of equity in the consolidated statement of financial position include a revaluation capital reserve of PLN 645 thousand as at December 31st 2022 (December 31st 2021: PLN 757 thousand).

Retained earnings and capital restrictions

The Commercial Companies Code requires that retained earnings of joint-stock companies should be allocated to statutory reserve funds until their amount reaches 1/3 of the share capital; the statutory reserve funds should be used exclusively to cover potential financial losses. In the case of the IPOPEMA Group, this regulation applies to IPOPEMA Securities and IPOPEMA TFI. The Company is required to allocate at least 8% of its current profit for this purpose until the required equivalent of 1/3 of the share capital has been accumulated. As at December 31st 2022 and December 31st 2021, this component of equity totalled PLN 998 thousand at IPOPEMA Securities S.A.

Notwithstanding the above, brokerage houses and investment fund management companies as supervised institutions are subject to certain regulatory requirements concerning the supervised capital amount (as described in Note 30), as well as the profit distribution guidelines issued annually by the Polish Financial Supervision Authority. These factors may significantly reduce the dividend capacity, resulting in the need to retain profit, in full or in part, and to allocate it to statutory reserve funds.

Retained earnings	**Dec 31 2022**	**Dec 31 2021**
Retained earnings/deficit	84,446	80,622
Net profit/loss for period	5,546	13,105
Total retained earnings	**89,992**	**93,727**

Dividend

Dividend for a given year which has been approved by the General Meeting but has not been paid as at the end of the reporting period is disclosed as dividend payable in 'Other liabilities'. As at December 31st 2022, no liabilities related to dividend payable to non-controlling interests were identified (in 2021, IPOPEMA Business Consulting disclosed a liability of PLN 0.4m).

13.3. Non-controlling interests

The carrying amount of non-controlling interests (held by the shareholders):

- at IBC as at December 31st 2022 was PLN 5,253 thousand (December 31st 2021: PLN 4,983 thousand);
- at IFA SK as at December 31st 2022 was PLN 237 thousand (December 31st 2021: PLN 132 thousand).

13.4. Capital adequacy requirements

IPOPEMA Securities S.A. is an investment firm required to calculate its own funds and prudential requirements under Regulation (EU) No. 2019/2033 of the European Parliament and of the Council of November 27th 2019 on the prudential requirements of investment firms and amending Regulations (EU) No. 1093/2010, (EU) No. 575/2013, (EU) No. 600/2014 and (EU) No. 806/2014 ("IFR").

The Group's prudential consolidation comprises IPOPEMA Securities and IPOPEMA TFI.

Data as at December 31st 2022 regarding own funds of the Group, own funds requirements and capital ratios provided in the IFR Regulation are presented below. The capital requirement calculated in accordance with the IFR is the highest of:

- fixed overheads requirement,
- permanent minimum initial capital requirement,
- K-factor capital requirement.

As at December 31st 2022, the Group's K-factor capital requirement was the highest of these amounts.

Item (PLN '000)	Dec 31 2022	Dec 31 2021
Own funds	**78,860**	**91,767**
Own funds requirements	**20,365**	**20,585**
- permanent minimum capital requirement	3,517	3,450
- fixed overheads requirement	17,456	17,456
- K-factor requirement	20,365	20,585
Tier 1 common equity ratio	386.35%	445.79%
Surplus(+)/deficit(-) of common equity Tier 1 capital	67,276	80,240
Tier 1 capital ratio	386.35%	445.79%
Surplus(+)/deficit(-) of Tier 1 capital	63,406	76,328
Total capital adequacy ratio	386.35%	445.79%
Surplus(+)/deficit (-) of total capital	58,315	71,182

Non-compliance with capital adequacy requirements

In the reporting period, the Group did not record any instances of non-compliance with the capital adequacy requirements on a consolidated basis.

14. Notes to the consolidated statement of financial position – liabilities and accrued expenses and deferred income

14.1. Accrued expenses and deferred income

14.1.1. Changes in accrued expenses and deferred income

	2022	2021
As at beginning of reporting period	**15,460**	**23,534**
Recognised during the financial year	33,846	29,639
Used	34,074	37,711
Reversed	1,435	2
As at end of reporting period	**13,797**	**15,460**

14.1.2. Accrued expenses and deferred income at end of the reporting period

	Dec 31 2022	Dec 31 2021
Employee benefits*	10,006	11,113
Other	3,791	4,347
Total	**13,797**	**15,460**

** As provided for in 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.*

The Group estimates the liabilities according to its best knowledge at the time of preparing the consolidated financial statements. The amounts and time of realisation of accrued expenses and deferred income are subject to uncertainty. The vast majority of employee benefit obligations will be discharged within 12 months from the end of the reporting period. The liabilities relating to paid annual leaves are computed as at the end of the reporting period, but the timing of cash outflow under the liabilities is difficult to predict. The liability is realised upon termination of employment relationship with an employee. Other accruals are current liabilities, i.e. the cash outflow is expected to occur within several months from the end of the reporting period.

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14.2. Provisions for litigation, fines and damages

For information on litigation, see Note 28.1.

14.3. Trade and other payables

	Dec 31 2022	Dec 31 2021
Current liabilities (excluding leases)	231,798	281,076
Non-current liabilities (excluding leases)	-	128
Trade and other payables	**231,798**	**281,204**

Current liabilities	Dec 31 2022	Dec 31 2021
To clients	154,318	154,749
To related entities	406	310
To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses	50,763	93,045
a) under executed transactions*	50,747	93,032
b) other	16	13
To entities operating regulated securities markets and commodity exchanges	256	251
To the Central Securities Depository of Poland and exchange clearing houses	519	10,357
Borrowings and subsidies	19,546	16,768
a) from related entities	-	-
b) other	19,546	16,768
Debt securities	1	1
Taxes, customs duties and social security payable	2,237	2,059
Salaries and wages	9	27
To investment and pension fund companies and to investment and pension funds	1,741	1,604
Under framework securities lending and short sale agreements	-	-
Other	2,002	1,905
a) dividend payable	-	400
b) other	2,002	1,505
- other liabilities	2,002	1,505
- financial liabilities measured at amortised cost	-	-
Total current liabilities	**231,798**	**281,076**

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

Terms and conditions of related-party transactions are presented in Note 23.1.

Liabilities do not bear interest, except for borrowings (see Note 14.3.2) and leases (see Note 25).

The amount resulting from the difference between VAT payable and VAT receivable is paid to the relevant tax authorities on a monthly basis.

	Dec 31 2022	Dec 31 2021
Liabilities under executed stock-exchange transactions:	50,747	93,032
- transactions on the Warsaw Stock Exchange	42,917	92,883
- transactions on the Toronto Stock Exchange	-	-
- transactions on the London Stock Exchange	-	149
- transactions on the Paris Stock Exchange	1,840	-
- transactions on the Frankfurt Stock Exchange	-	-
- transactions on the New York Stock Exchange	5,990	-
Liabilities under transactions executed on over-the-counter market	16	13
Liabilities to banks conducting brokerage activities, other brokerage houses and commodity brokerage houses	**50,763**	**93,045**

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Gross current liabilities (by currency)	**Dec 31 2022**	**Dec 31 2021**
a) in PLN	216,769	276,103
b) in other currencies (translated into PLN)	15,029	4,973
Total current liabilities	**231,798**	**281,076**

14.3.1. Age of payables

Current and non-current liabilities, lease liabilities by maturity from reporting date	**Dec 31 2022**	**Dec 31 2021**
a) up to 1 month	234,722	286,244
b) over 1 month to 3 months	-	-
c) over 3 months to 1 year	-	-
d) over 1 year to 5 years	15,893	1,410
e) over 5 years	-	-
f) past due	1,587	1,044
Total liabilities	**252,202**	**288,698**

The above analysis is based on discounted values, as the difference between the discounted and non-discounted values was immaterial and related mainly to bank borrowings. Liabilities under bank borrowings comprise an overdraft facility (as described below) and their amount varies from period to period.

14.3.2. Interest-bearing borrowings

Current and non-current liabilities by maturity from reporting date	**Dec 31 2022**	**Dec 31 2021**
a) credit facility	19,419	16,549
- outstanding amount	19,419	16,549
Current liabilities under borrowings	**19,419**	**16,549**

As at December 31st 2022, the Company's liabilities under bank borrowings related to its brokerage business amounted to PLN 19,419 thousand (December 31st 2021: PLN 16,549 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 December 11th 2023:

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 with 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 in favour of the bank with the bank, and a PLN 4m security deposit placed in a term deposit account. The same collateral also secures the credit facility specified in item 2.

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 in favour of the bank with the bank. As stated in item i above, both credit facilities are also jointly secured by a security deposit of PLN 4m.

Interest on borrowings pertains only to short-term facilities. There was no unrealised interest on bank borrowings due for December 2022. Unrealised interest on bank borrowings due for December 2021 amounted to PLN 25 thousand and was paid in 2022.

14.4. Subsidies

On June 3rd 2020, IBC received PLN 1,751 thousand in subsidy under a governmental programme run by the Polish Development Fund ("PDF") to provide financial support to micro, small and medium-sized enterprises in order to mitigate the impact of the COVID-19 epidemic in Poland (the "Programme"). Under the Programme, up to 75% of the subsidy was eligible for forgiveness, subject to fulfilment of relevant conditions. These conditions were met, and by a decision of the PDF of July 1st 2021 IBC was released from the obligation to repay PLN 1,313 thousand, representing 75% of the subsidy amount.

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The repayable balance of the subsidy amounting to PLN 437.7 thousand does not bear interest and is repaid in 24 equal monthly instalments of PLN 18.2 thousand, starting from August 25th 2021. As at December 31st 2022, the outstanding amount of the subsidy was PLN 128 thousand.

14.5. Bonds

In 2022, the Group issued twelve registered bonds with a total nominal value of PLN 2.4 thousand (2021: PLN 2.8 thousand), maturing in 2022-2024. The total amount of liabilities payable by the Group on redemption of the bonds will not exceed the bonds' nominal value and is not significant to the Group. The bonds were issued in connection with the variable remuneration component policy in place at the Company.

In 2022, the Company redeemed PLN 1.6 thousand worth of bonds (2021: PLN 2.8 thousand).

Notes to the consolidated statement of comprehensive income

14.6. Revenue from core activities

Revenue from core activities	**2022**	**2021**
Revenue from brokerage activities, including:	54,764	61,409
- Revenue from trading in securities	30,694	30,706
- Revenue from investment banking services	21,959	28,238
- Other revenue from core activities	2,111	2,465
Revenue from investment fund and portfolio management services	176,016	170,203
Revenue from advisory services	29,271	24,792
Total revenue from core activities	**260,051**	**256,404**

14.7. Operating expenses

Cost of core activities	**2022**	**2021**
Fees payable to regulated markets, commodity exchanges, the Central Securities Depository of Poland and exchange clearing houses	4,353	4,666
Payments to CCP	312	274
Trade organisation membership fees	91	91
Salaries and wages	67,344	64,668
Social security	5,168	4,654
Employee benefits	1,333	1,088
Raw material and consumables used	665	628
Depreciation and amortisation	6,055	6,084
Taxes and other public charges	5,618	5,488
Other costs, including:	162,196	150,947
- fund management and distribution costs	130,161	115,592
- transaction costs other than cost of clearance through clearing houses or stock exchanges	9,209	11,568
- ICT and information services	7,276	6,507
- marketing, representation and advertising	1,637	1,515
- software purchases (for recharge)	2,753	3,556
- other services	11,160	12,209
Total cost of core activities	**253,135**	**238,588**

Employee benefits expense

Employee benefits expense (itemised)	**2022**	**2021**
Salaries and wages	67,344	64,668
Social security and other benefits	5,168	4,654
Costs of future benefits related to retirement severance payments, length-of-service awards and other similar employee benefits	-	-
Other employee benefits expense	1,333	1,088
Total employee benefits expense	**73,845**	**70,410**

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14.8. Finance income and costs

Finance income	2022	2021
1. Interest on loans	55	43
2. Interest on deposits	2,324	156
a) from related entities	-	-
b) other	2,324	156
3. Interest on leases	12	74
4. Other interest	-	-
5. Foreign exchange gains	846	262
a) realised	677	214
b) unrealised	169	48
6. Other	1,324	66
Total finance income	**4,561**	**601**

Finance charge	2022	2021
1. Interest on borrowings, including:	1,643	838
a) to related entities	-	-
b) other	1,643	838
2. Interest on leases	169	368
3. Other interest	10	13
4. Foreign exchange losses	202	318
a) realised	-	81
b) unrealised	202	237
5. Other	375	1,149
Total finance costs	**2,399**	**2,686**

In 2022 and 2021, the capitalisation rate was 0%. The Group did not capitalise borrowing costs.

14.9. Gain/(loss) on financial assets measured at fair value through profit or loss

	2022	2021
1. Dividends and other profit distributions	-	-
2. Revaluation adjustments	289	- 199
3. Gain/(loss) on sale/redemption	- 2,115	- 703
4. Interest	284	
Gain/(loss) on financial assets measured at fair value through profit or loss	**- 1,542**	**- 902**

14.10. Operating income and expenses

Other income	2022	2021
a) gain on disposal of property, plant and equipment and intangible assets	7	171
b) reversed accrued expenses and deferred income	1,408	5
c) reversed impairment losses on receivables	89	1,974
d) income from re-invoicing	2,798	2,726
e) other	748	1,771
Total other income	**5,050**	**6,647**

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Other expenses	2022	2021
a) loss on disposal of property, plant and equipment and intangible assets	-	-
b) impairment losses on property, plant and equipment and intangible assets	-	-
c) recognition of accrued expenses and deferred income	-	-
c) impairment losses on receivables	1,759	2,398
d) other, including:	3,007	2,627
- membership fees	45	25
- re-charged costs	2,093	2,048
- other	869	554
Total other expenses	**4,766**	**5,025**

15. Dividends paid and proposed

By the date of these consolidated financial statements, no final decision had been made by the parent's Management Board concerning recommended distribution of the 2022 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 May 25th 2022, the Annual General Meeting resolved to distribute the entire 2021 profit of PLN 9,454 thousand as a dividend. The dividend per share was PLN 0.31. The dividend record date was set for June 3rd 2022, and the dividend payment date – for June 10th 2022. PLN 9,280 thousand in total was paid out as dividend on the dividend payment date, with the difference of PLN 174 thousand resulting from the rounding-off of the dividend per share transferred to statutory reserve funds.

On April 27th 2022, the General Meeting of IFA SK resolved to distribute a portion of the profit for 2019 and 2020 of PLN 450 thousand in total. The Company received the full amount of its share in the profit of IFA SK on April 27th 2022.

On August 19th 2022, the General Meeting of IFA SK resolved to distribute a portion of the 2021 profit of PLN 154 thousand. The Company received the full amount of its share in the profit of IFA SK on August 22nd 2022.

16. Income tax

The key components of income tax expense as disclosed in the consolidated statement of comprehensive income are as follows:

	2022	2021
Profit before tax	**7,820**	**16,451**
Tax calculated at 19% rate	**1,486**	**3,125**
Taxable income/deductible expenses for which no deferred tax assets were recognised − total consolidation adjustments	594	3,547
Tax losses for which no deferred tax assets were recognised − other	-	177
Tax loss carry forwards for which no deferred tax assets were recognised	-	-
Use of unrecognised tax losses	-	-
Non-deductible expenses	2,010	1,570
Deductible/taxable temporary differences for which no deferred tax assets/liabilities were recognised	- 232	-
Non-taxable income	- 763	- 4,786
Tax base for current and deferred income tax	**9,429**	**16,959**
- including the basis for calculating income tax of 9%	481	1,078
Reductions, exemptions	-	-
Income tax expense	**1,743**	**3,114**

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16.1. Tax settlements

Tax settlements and other regulated areas of activity are subject to inspection by administrative authorities, which are authorised to impose significant 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 and stable tax systems.

Tax settlements are subject to inspection for five years from the end of the year in which the respective tax was paid. Such inspections may result in additional tax liabilities being imposed on the Group companies.

16.2. Deferred income tax

Temporary differences related to deferred tax assets as at December 31st 2022 and December 31st 2021 were recognised with respect to the following items:

Deferred tax assets	Dec 31 2022	Dec 31 2021
Equity instruments through other comprehensive income and financial assets measured at fair value through profit or loss	4	21
Property, plant and equipment	27	16
Short-term receivables	980	909
Accrued expenses and deferred income	2,543	3,058
Tax loss brought forward	183	-
Other	46	-
Total deferred tax asset	**3,783**	**4,004**

Deferred tax liabilities	Dec 31 2022	Dec 31 2021
Equity instruments measured through other comprehensive income	87	111
Property, plant, equipment and intangible assets	84	76
Short-term receivables	954	355
Accrued expenses and deferred income	-	-
Other	-	-
Total deferred tax liabilities	**1,125**	**542**
Net deferred tax assets	**2,658**	**3,462**

Temporary differences related to deferred tax liabilities as at December 31st 2022 and December 31st 2021 were recognised with respect to the following items:

Deferred tax assets	Dec 31 2022	Dec 31 2021
Short-term receivables	2	14
Other	52	116
Total deferred tax asset	**54**	**130**

Deferred tax liabilities	Dec 31 2022	Dec 31 2021
Short-term receivables	595	578
Other	-	-
Total deferred tax liabilities	**595**	**578**
Net deferred tax liabilities	**541**	**448**

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17. Additional information of financial instruments

17.1. Financial assets and liabilities

As at December 31st 2022 and December 31st 2021, the carrying amounts of financial assets and financial liabilities approximated their fair values.

Categories and amounts of financial instruments under IFRS 9 as at December 31st 2022

	Financial assets / liabilities at amortised cost	Financial assets / liabilities obligatorily measured at fair value through profit or loss	Equity instruments classified upon initial recognition as measured at fair value through other comprehensive income
Financial assets:	**322,250**	**3,196**	**14,670**
- cash and cash equivalents	163,541	-	-
- loans	1,011	-	-
- short- and long-term receivables	167,698	-	-
- shares in listed companies	-	3,189	-
- shares (unlisted)	-	-	1,596
- bonds	-	-	10,075
- derivative financial instruments	-	7	-
- investment fund units/investment certificates	-	-	2,999
Financial liabilities:	**231,798**	**-**	**-**
- overdraft facility	19,419	-	-
- subsidy	127	-	-
- derivative financial instruments	-	-	-
- current and non-current liabilities (other than credit facility)	212,252	-	-

Instrument category and item of the consolidated statement of financial position	**carrying amount**	**fair value**
Financial assets:	**350,116**	**350,116**
- cash and cash equivalents	163,541	163,541
- loans	1,011	1,011
- short- and long-term receivables	167,698	167,698
- shares in listed companies	3,189	3,189
- shares and bonds (unlisted)	11,671	11,671
- derivative financial instruments	7	7
- investment fund units/investment certificates	2,999	2,999
Financial liabilities at amortised cost:	**231,798**	**231,798**
- overdraft facility	19,419	19,419
- derivative financial instruments	127	127
- current liabilities (other than credit facility)	212,252	212,252

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Categories and amounts of financial instruments under IFRS 9 as at December 31st 2021

	Financial assets / liabilities at amortised cost	Financial assets / liabilities obligatorily measured at fair value through profit or loss	Equity instruments classified upon initial recognition as measured at fair value through other comprehensive income
Financial assets:	**400,822**	**1,447**	**3,494**
- cash and cash equivalents	146,650	-	-
- loans	1,006	-	-
- short- and long-term receivables	253,166	-	-
- shares in listed companies	-	1,447	-
- shares (unlisted)	-	-	70
- bonds	-	-	6
- investment fund units/investment certificates	-	-	3,418
Financial liabilities:	**281,204**	**189**	**-**
- overdraft facility	16,549	-	-
- subsidy	347	-	-
- derivative financial instruments	-	189	-
- current and non-current liabilities (other than credit facility)	264,308	-	-

Instrument category and item of the consolidated statement of financial position	**carrying amount**	**fair value**
Financial assets:	**405,763**	**405,763**
- cash and cash equivalents	146,650	146,650
- loans	1,006	1,006
- short- and long-term receivables	253,166	253,166
- shares in listed companies	1,447	1,447
- shares and bonds (unlisted)	76	76
- investment fund units/investment certificates	3,418	3,418
Financial liabilities at amortised cost:	**281,046**	**281,046**
- overdraft facility	16,549	16,549
- derivative financial instruments	189	189
- current liabilities (other than credit facility)	264,308	264,308

The Group uses derivatives to mitigate the risk of exchange rate changes for currencies in which some of the Group's sale and purchase transactions are denominated. While the derivative instruments held by the Group hedge it against currency risk, they are not security within the meaning of IFRS 9. Therefore, they are recognised as financial assets measured at fair value through profit or loss. All derivatives are measured at fair value, determined based on market data.

Shares in non-consolidated subsidiaries (not listed companies) as well as fund shares and investment certificates are designated as measured at fair value through other comprehensive income because the objective is to obtain cash flows from the financial assets or cash flows from its sale. In 2022, losses on these financial assets amounted to PLN 139 thousand and were recognised in other comprehensive income.

Cash bears interest at fixed and variable interest rates. Both in 2022 and 2021, allowances for expected credit loss were related to receivables, and are presented in Note 12.2.1.

In 2022, interest income on loans, cash and receivables was PLN 2,391 thousand (there was no accrued interest not received); in 2021 the amount was PLN 274 thousand (including accrued interest not received of PLN 43 thousand).

In 2022, expenses related to interest on bank borrowings amounted to PLN 1,643 thousand (including unrealised interest accrued of PLN 196 thousand); in 2021 the amount was PLN 838 thousand (including unrealised interest accrued of PLN 25 thousand). Interest on borrowings pertains to short-term facilities.

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17.2. Fair value of financial assets and liabilities

The table below presents financial instruments measured at fair value classified in the three-level hierarchy:

Level 1 – where fair value is measured based on quoted (unadjusted) prices for identical assets or liabilities in active markets,

Level 2 – where fair value is measured based on market inputs other than quoted market prices (e.g., estimated by direct or indirect reference to similar instruments in the market),

Level 3 – where fair value is measured using different valuation techniques which are not based on observable market inputs.

As at December 31st 2022

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Derivative instruments	-	7	-	7
Financial assets measured at fair value other than derivatives	3,189	-	-	3,189
Total financial assets measured at fair value through profit or loss	**3,189**	**7**	**-**	**3,106**
Equity instruments measured through other comprehensive income				
Investment certificates and investment fund units	-	2,999	-	2,999
Bonds	**-**	**-**	**10,075**	**10,075**
Total equity instruments measured through other comprehensive income	**-**	**2,999**	**10,075**	
Financial liabilities measured at fair value through profit or loss				
Derivative instruments	-	-	-	-
Total financial liabilities measured at fair value through profit or loss	**-**	**-**	**-**	**-**

In the current period there were no transfers between Level 1 and Level 2.

As at December 31st 2021

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Derivative instruments	-	-	-	-
Financial assets measured at fair value other than derivatives	1,447	-	-	1,447
Total financial assets measured at fair value through profit or loss	**1,447**	**-**	**-**	**1,447**
Equity instruments measured through other comprehensive income				
Investment certificates and investment fund units	-	3,418	-	3,418
Total equity instruments measured through other comprehensive income	**-**	**3,418**	**-**	**3,418**
Financial liabilities measured at fair value through profit or loss				
Derivative instruments	-	189	-	189
Total financial liabilities measured at fair value through profit or loss	**-**	**189**	**-**	**189**

In the current period there were no transfers between Level 1 and Level 2.

18. Exclusions of companies from consolidation

IFA and MUSCARI were not consolidated in the consolidated financial statements. The exclusion was applied in accordance with IAS 8.8, which permits departures from the IFRSs when the effect of such departure is immaterial.

PLN '000	IFA	MUSCARI
Total assets as at Dec 31 2022	15	605
% of parent's total assets	-	0.02
Revenue in Jan 1–Dec 31 2022	14	3,259
% share in Parent's revenue	-	0.06
Net assets as at Dec 31 2022	8	605
Net profit/(loss) in Jan 1–Dec 31 2022	9	- 120

PLN '000	IFA	MUSCARI
Total assets as at Dec 31 2021	6	665
% of parent's total assets	-	-
Revenue in Jan 1–Dec 31 2021	14	2,229
% share in Parent's revenue	-	0.04
Net assets as at Dec 31 2021	- 1	- 303
Net profit/(loss) in Jan 1–Dec 31 2021	2	162

19. Contingent liabilities and contingent assets

The Company issued promissory notes as security for a credit facility (see Note 14.3.2), and paid: (i) a deposit of PLN 1.5m as security for settlement of transactions on foreign stock exchanges; (ii) a deposit as security for the guarantee discussed in Note 14.3.2.

20. Guarantees

In January 2012, the Company received from PKO Bank Polski S.A. (formerly Nordea Bank Polska S.A.) a guarantee of up to EUR 268 thousand, secured by a security deposit with a current amount of PLN 1,791 thousand. Under an amendment of 2020, the guarantee amount was increased to EUR 308 thousand. The guarantee, provided until April 16th 2023, secures liabilities related to the lease of office space.

21. Business combinations and acquisitions of non-controlling interests

21.1. Business combinations and acquisition of subsidiaries

In 2021, the Group companies did not acquire any subsidiaries. In 2022:

- Under an investment agreement between IPOPEMA Securities and ProService Finteco sp. z o.o. of Warsaw, Investment Fund Depositary Services S.A. ("IFDS") was established. The principal business of the company will be the provision of depositary services to closed-end investment funds. IFDS was entered in the National Court Register on July 12th 2022, and proceedings are currently pending before the Polish Financial Supervision Authority to grant it an authorisation to conduct brokerage activities. For more information, see Section 5.5 of the Directors' Report.
- IPOPEMA TFI acquired 100% of the shares in a limited liability company which has operated under the name IPOPEMA Fund Services Sp. z o.o. since October 28th 2022 and provides services related to keeping a register of investment fund unit holders.

21.2. Disposal of subsidiaries

In the reporting period and the preceding periods, the Group did not dispose of any businesses.

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22. Related-party transactions

Related-party transactions – income and expenses

Related party	Revenue Jan 1–Dec 31 2022	Purchases Jan 1–Dec 31 2022	Revenue Jan 1–Dec 31 2021	Purchases Jan 1–Dec 31 2021
IFA	-	14	-	14
MUSCARI	28	2,934	25	2,155
IPOPEMA Funds Services	4	-	-	-
Members of the Management and Supervisory Boards	202	68	148	2
Total	**234**	**3,016**	**173**	**2,171**

Related-party transactions – receivables and liabilities

Related party	Receivables Dec 31 2022	Receivables Dec 31 2021	Liabilities Dec 31 2022	Liabilities Dec 31 2021
IFA	-	-	-	4
MUSCARI	742	714	390	306
IPOPEMA Funds Services	4	-	-	-
Members of the Management and Supervisory Boards	2	-	-	--
Total	**748**	**714**	**390**	**310**

Under IAS 24, related parties include also members of the Management Board and the Supervisory Board and persons related to them. For information on the remuneration of the above persons, see Note 23.5.

Related-party transactions and outstanding balances of the Group's receivables and liabilities are excluded during preparation of the Group's consolidated financial statements.

22.1. Terms of related-party transactions

As a rule, transactions with related parties are executed on arms' length terms, subject to Note 23.3 below.

22.2. Loan advanced to members of the Management Board

The Group did not advance any loans to members of the Management Board.

22.3. Transactions involving members of the Management and Supervisory Boards

Some members of the Company's governing bodies executed (directly or through related parties) transactions in securities on the regulated market and outside the stock-exchange market, with Group companies acting as intermediaries (revenue from the transactions, of less than PLN 10 thousand, was insignificant).

Additionally, both in 2022 and 2021 these persons used fund management services. Total revenue generated by IPOPEMA TFI on that account was PLN 202 thousand in 2022 and PLN 143 thousand in 2021.

In 2022, the Company used legal services provided by a Supervisory Board member, with a total cost of PLN 68 thousand in 2022 (PLN 2 thousand in 2021).

22.4. Transactions with non-consolidated subsidiaries

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

In 2017, IFA SK concluded a contract for the provision of management services with IFA. The total value of the Group's cost under that contract was PLN 14 thousand in 2022 and PLN 14 thousand in 2021.

Transactions with the subsidiary MUSCARI Capital Sp. z o.o.

In 2022 and 2021, MUSCARI provided financial intermediation services to the Company. The cost of these services incurred by the Company in 2022 was PLN 2.9m and PLN 2.2m in 2021. In 2021, the Company also advanced a loan of PLN 80 thousand to MUSCARI (2022: none).

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22.5. Remuneration of the Group’s senior management staff

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 financed by the Company, Employee Pension Plan contributions) at the IPOPEMA Securities Group:

	Total remuneration at the IPOPEMA Securities Group 2022	**Total remuneration at the IPOPEMA Securities Group 2021**	Including in subsidiaries 2022	Including in subsidiaries 2021
Management Board	**3,478**	**3,180**	**1,200**	**1,200**
Jacek Lewandowski	1,237	732	300	300
Mirosław Borys	853	853	300	300
Mariusz Piskorski	694	829	300	300
Stanisław Waczkowski	694	766	300	300
Supervisory Board	**143**	**143**	**-**	**-**
Jacek Jonak	35	35	-	-
Janusz Diemko	24	28	-	-
Michał Dobak	-	16	-	-
Bogdan Kryca	28	24	-	-
Ewa Radkowska-Świętoń	28	28	-	-
Andrzej Knigawka	28	12	-	-

Benefits to the key management staff

In 2022 and 2021, there were no payments under post-employment benefits, termination benefits, share-based payments, or other long-term benefits. The liabilities under holiday benefits payable to the parent’s Management Board stood at PLN 4 thousand as at December 31st 2022 and PLN 13 thousand as at December 31st 2021. The holiday benefits were not included in the table above.

Agreements with Mariusz Piskorski and Mirosław Borys of 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.

23. Items of the consolidated statement of cash flows

Breakdown of the Group’s activities as assumed for the consolidated statement of cash flows:

Operating activities – provision of brokerage and advisory services, fund and asset management services and securities trading in the capacity of a broker.

Investing activities – purchase and sale of intangible assets, property, plant and equipment and long-term 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.

Differences in changes in balance sheet items

	Presentation in the consolidated statement of financial position **Dec 31 2022**	Presentation in the consolidated statement of financial position **Dec 31 2021**	Presentation in the consolidated statement of cash flows – change **2022**
Gross receivables	173,749	257,541	84,679
Net receivables	168,615	254,066	
Impairment losses on receivables	5,134	3,475	1,659
Prepayments and accrued income	2,631	2,146	
Accrued expenses and deferred income (net of deferred tax related to equity and provision for unpaid interest)	13,797	15,460	- 2,146

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Total change in impairment losses and accruals and deferrals			**- 2,146**

The difference between the change in gross receivables disclosed in the statement of financial position and the amount disclosed in the statement of cash flows is attributable to the removal from gross receivables as at December 31st 2022 of interest receivable on security deposits, which were disclosed under investing activities, and to a change in the presentation of lease income.

The difference between the change in impairment losses on receivables and the amount disclosed in the statement of cash flows is a result of some impairment losses on loans having been included in other operating adjustments.

	Presentation in the consolidated statement of financial position **Dec 31 2021**	Presentation in the consolidated statement of financial position **Dec 31 2020**	Presentation in the consolidated statement of cash flows – change **2021**
Gross receivables	257,541	255,849	- 747
Net receivables	254,066	253,053	
Impairment losses on receivables	3,475	2,796	350
Prepayments and accrued income	2,146	1,352	
Accruals and deferred income (net of deferred tax related to equity and provision for unpaid interest)	15,460	23,534	- 8,868
Total change in impairment losses and accruals and deferrals			**- 8,518**

The difference between the change in gross receivables disclosed in the statement of financial position and the amount disclosed in the statement of cash flows is attributable to the removal from gross receivables as at December 31st 2021 of interest receivable on security deposits, which were disclosed under investing activities, and to a change in the presentation of lease income.

The difference between the change in impairment losses on receivables and the amount disclosed in the statement of cash flows is a result of some impairment losses on loans having been included in other operating adjustments.

24. Leases

The Group as a lessee

In 2022, the most significant lease contracts were leases of office space. The right to use the building for the term of the contract was classified by the Group as lease. The contract was originally executed for a period of five years (starting from 2013) and was subsequently extended under relevant amending annexes, with the most recent annex extending the contract until 2028.

In December 2020, the Group companies signed an agreement containing a lease of IT equipment. The agreement was executed for a period of three years, with an option to extend its term for further periods.

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

In 2017, a Group company concluded a 60-month lease agreement for IT equipment, to support hosting services provided to the company's trading partner. As per the agreement, the company will have the option to extend the lease or purchase the equipment after the lease term expires. Subject to the consent of the equipment supplier, the company may assign the rights and obligations of the agreement to a third party, and 18 months after the start of the lease the company may terminate the lease without the supplier's consent, provided that the equipment is purchased for a price equivalent to the sum of remaining lease payments. The same terms are set forth in the hosting agreement concluded with the company's trading partner.

Underlying asset classes	Carrying amount of the right-to-use asset as at Dec 31 2022	Cancellation of the right-to-use asset 2022
Buildings and premises	19,070	4,246
Plant and equipment	-	-
Vehicles	246	280
Other tangible assets	706	112
Total	**20,022**	**4,638**

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Underlying asset classes	Carrying amount of the right-to-use asset as at Dec 31 2021	Cancellation of the right-to-use asset 2021
Buildings and premises	3,621	4,246
Plant and equipment	-	-
Vehicles	502	327
Other tangible assets	1,476	112
Total	**5,599**	**4,685**

Minimum lease payments are presented in the table below.

Lease liabilities	Dec 31 2022	Dec 31 2022	Dec 31 2021	Dec 31 2021
Net carrying amount		20,404		7,305
Present value of minimum lease payments	**Lease payments**	**Finance charge**	**Lease payments**	**Finance charge**
Within 1 year	4,511	1,563	6,023	105
In 1 to 5 years	15,893	3,533	1,282	21
Over 5 years	-	-	-	-
Depreciation expense recognised in period ended		**4,638**		**4,685**

Contingent lease payments that depend on factors other than an index or rate are not recognised in lease liabilities. They were as follows:

	2022	2021
Short-term bank borrowings	-	-
Leases of low-value assets	-	-
Variable lease payments not included in lease liabilities	878	- 15
Total costs	**878**	**- 15**

Interest expense related to leases is presented in Note 15.3.

Total lease costs – cash flows	2022	2021
Payment of lease liabilities	7,006	6,888
Payment of interest	50	76
Short-term leases*	-	52
Leases of low-value assets	-	-
Variable lease payments not included in lease liabilities	878	- 15
Other cash used in investing activities	-	-
Total expenses	**7,934**	**7,001**

** Short-term leases relate to leases of computer equipment by the Group companies.*

The Group as a lessor

Finance lease receivables	Dec 31 2022	Dec 31 2021
Net carrying amount	-	610
Present value of minimum lease payments	**-**	**610**
Within 1 year	-	610
In 1 to 5 years	-	-
Over 5 years	-	-

25. Foreign exchange differences

Exchange differences disclosed in the consolidated statement of comprehensive income, other than differences resulting from financial instruments measured at fair value, are presented in Note 15.3. In 2022 and 2021, there were no exchange differences disclosed in other comprehensive income as a component of equity.

26. Security over assets of the IPOPEMA Securities Group

Both in 2022 and 2021, the Group's assets were used as security for working capital overdraft facilities (see Note 14.3.2).

As at December 31st 2022, the Group identified the following security interests in assets: a PLN 4m bank deposit, blank promissory notes with promissory note declarations, a power of attorney to bank accounts (used as security for an overdraft facility) and a security deposit of EUR 1.5m securing settlement of transactions on foreign stock exchanges.

27. Litigation and administrative proceedings. Inspections at the Group companies

27.1. Litigation and administrative proceedings

On July 27th 2016, IPOPEMA TFI received a certified copy of a statement of claim filed by Górnośląskie Przedsiębiorstwo Wodociągów S.A. of Katowice ("GPW"), in which GPW sought payment of PLN 20.6m for an alleged financial loss incurred by GPW as a result of its investment in investment certificates of one of the dedicated funds managed by IPOPEMA TFI (a closed-end private equity fund). IPOPEMA TFI considers GPW's claims to be groundless and is seeking to have the action dismissed. It filed a response to the statement of claim with the court and has participated in successive procedural steps. By the date of this report, several hearings were held, with some of the witnesses heard. Given the complex factual and legal circumstances and the operation of the Polish judicial system, it is not possible at this point to predict the date of conclusion or the outcome of the proceedings.

In addition, in December 2022 and January 2023 three legal actions were brought against IPOPEMA TFI, concerning funds previously managed by Saturn TFI and Lartiq TFI, whose management was taken over by IPOPEMA TFI following a decision of the Polish Financial Supervision Authority to withdraw the business licences held by these investment fund management companies. The total amount of claims under these actions is PLN 2.6m. IPOPEMA TFI contests the claims in their entirety since the actions brought against IPOPEMA TFI concern circumstances that were a consequence of the funds' management and situation in the period before their management was taken over by IPOPEMA TFI. Currently, the Management Board of IPOPEMA TFI is taking legal steps to have the claims dismissed and protect IPOPEMA TFI's good name.

In the six months to June 30th 2022, a client of IPOPEMA Business Consulting filed an action against the company relating to an implementation contract between the parties, performed in the ordinary course of IPOPEMA Business Consulting's business. The plaintiff estimated the amount of the claim at PLN 14.5m. Given the facts and the obtained legal opinions, the Management Board of IPOPEMA Business Consulting considers the claim to be entirely unfounded and without factual and legal merit. Moreover, IPOPEMA Business Consulting will seek remuneration due from the client for the work completed and handed over to the client.

27.2. Inspections

In the period between December 2020 and April 2021, the Polish Financial Supervision Authority (the PFSA) conducted at the Company a scheduled comprehensive inspection covering all material areas of the Company's business. The Company received post-inspection recommendations, all of which were implemented and detailed information on how they were implemented was provided to the PFSA.

In December 2022, a periodic inspection was carried out at the Company by the Central Securities Depository of Poland (the CSDP) concerning records of financial instruments and the operation of the IT systems used to maintain such records. The Company received post-inspection recommendations from the CSDP, which were implemented. A similar inspection was also carried out in November 2021.

In 2022, the following routine inspections were carried out at IPOPEMA TFI and completed with satisfactory results:

- An inspection by the Social Insurance Institution concerning the correctness and accuracy of social security contribution calculations and fulfilment of other related obligations;
- An inspection by the Revenue Office concerning the reporting area of financial institution clients with a tax residence in another state (Common Reporting Standard (CRS)).

In addition, at IPOPEMA TFI S.A.:

- from October 2020 to January 2021, the PFSA carried out an inspection at IPOPEMA TFI S.A. concerning compliance with the obligations set out in the Anti-Money Laundering and Counter Terrorist Financing Act of March 1st 2018;
- from April to June 2021, there was an inspection by the Polish Financial Supervision Authority concerning the investment fund management and representation of investment funds vis-a-vis third parties.

The recommendations issued by the PFSA following the inspections were implemented by IPOPEMA TFI.

The Company and IPOPEMA TFI, as institutions supervised by the PFSA, are also subject to the PFSA Office's annual assessment as part of the Supervisory Review and Evaluation process.

28. Objectives and principles of financial risk management

Operations on capital markets inherently involve various financial risks which may have a significant effect on the Group's operations, as outlined below.

All types of risk are monitored and controlled with respect to the profitability of the Group's business and the level of capital necessary to ensure security of executed transactions in the context of the capital adequacy requirements.

28.1. Market risk

The IPOPEMA Securities Group is exposed to the following types of market risk: interest rate risk, currency risk and price risk understood as the risk of fluctuations in the prices of financial instruments linked to share prices.

In its portfolio, the Group holds shares of companies listed on the Warsaw Stock Exchange. As at December 31st 2021, their value stood at PLN 1,447 thousand (December 31st 2020: PLN 120 thousand). The Group also holds other financial instruments, such as trade payables and receivables arising in connection with its activities.

The Group uses bank borrowings, and holds cash and short-term deposits. The primary purpose of holding those financial instruments is to effectively use financial resources to finance the Group's operations.

The assumptions adopted in the sensitivity analysis are described in the table next to each type of risk. The sensitivity analysis included the impact on net profit/(loss) and equity within one year from the end of the reporting period. The analysis presented below did not include the impact of tax.

Sensitivity analysis – 2022

Item of the consolidated financial statements	**Amount in PLN thousand**	**Interest rate risk** Effect on profit/(loss) *+500 bp (PLN/USD/EUR '000)*	**Interest rate risk** Effect on profit/(loss) *-500 bp (PLN/USD/EUR '000)*	**Currency risk** Effect on profit/(loss) *+10%*	**Currency risk** Effect on profit/(loss) *-10%*	**Other price risk** Effect on profit/(loss) +10%	**Other price risk** Effect on profit/(loss) -10%	**Other price risk** Effect on equity +10%	**Other price risk** Effect on equity -10%
Financial assets									
Own cash and cash equivalents	62,651	3,133	- 3,133	931	- 931	-	-	-	-
Bank deposits	-	-	-	-	-	-	-	-	-
Trade and other receivables	168,709	51	- 51	2,225	- 2,225	-	-	-	-
Financial assets measured at fair value through profit or loss*	3,196	-	-	- 704	704	320	- 320	-	-
Equity instruments through other comprehensive income**	2,999	504	- 504	-	-	-	-	300	- 300
Financial liabilities									
Trade payables	210,015	-	-	- 1,503	1,503	-	-	-	-
Other financial liabilities	-	-	-	-	-	-	-	-	-
Borrowings	19,419	- 971	971	-	-	-	-	-	-
Total		**2,717**	**- 2,716**	**949**	**- 949**	**320**	**- 320**	**300**	**- 300**

** Financial assets measured at fair value through profit or loss shown in the sensitivity analysis comprise shares listed on the Warsaw Stock Exchange and forwards.*
*** The amount does not include IFA and Muscari shares.*

Sensitivity analysis – 2021

Item of the consolidated financial statements	Amount in PLN thousand	Interest rate risk Effect on profit/(loss) *+500 bp (PLN/USD/EUR '000)*	Interest rate risk Effect on profit/(loss) *-500 bp (PLN/USD/EUR '000)*	Currency risk Effect on profit/(loss) *+10%*	Currency risk Effect on profit/(loss) *-10%*	Other price risk Effect on profit/(loss) +10%	Other price risk Effect on profit/(loss) -10%	Other price risk Effect on equity +10%	Other price risk Effect on equity -10%
Financial assets									
Own cash and cash equivalents	71,123	3,556	- 3,556	1,002	- 1,002	-	-	-	-
Bank deposits	-	-	-	-	-	-	-	-	-
Trade and other receivables	254,172	81	- 81	1,317	- 1,317	-	-	-	-
Financial assets measured at fair value through profit or loss*	1,447	-	-	-	-	145	- 145	-	-
Equity instruments through other comprehensive income**	3,418	-	-	-	-	-	-	342	- 342
Financial liabilities									
Trade payables	262,377	- 23	23	- 497	497	-	-	-	-
Other financial liabilities	189	-	-	- 690	690	-	-	-	-
Borrowings	16,549	- 827	827	-	-	-	-	-	-
Total		**2,787**	**- 2,787**	**1,132**	**- 1,132**	**145**	**- 145**	**342**	**- 342**

** Financial assets measured at fair value through profit or loss shown in the sensitivity analysis comprise shares listed on the Warsaw Stock Exchange and forwards.*
*** The amount does not include IFA and Muscari shares.*

28.2. Interest rate risk

The Group has liabilities under working capital facilities on which interest accrues at variable rates. This gives rise to the risk that interest rates may increase in relation to their level as at the agreement date. Moreover, the Group 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 12.1 and Note 14.3.

Given that in the reporting period the Group held both assets and liabilities bearing interest at variable rates (which partly mitigated the risk) and considering the nature of these liabilities (lines of credit with significant daily movements in the amount of funds drawn), the Group did not use any interest rate hedges as in its opinion the interest rate risk was not significant.

On-balance sheet items by payment date:

2022				
Variable interest	**<1 year**	**1–5 years**	**>5 years**	**Total**
Cash assets	163,541	-	-	163,541
Overdraft facilities	19,419	-	-	19,419
Total	**182,960**	**-**	**-**	**182,960**

2022				
Fixed interest	**<1 year**	**1–5 years**	**>5 years**	**Total**
Cash assets	-	-	-	-
Total	**-**	**-**	**-**	**-**

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2021				
Variable interest	**<1 year**	**1–5 years**	**>5 years**	**Total**
Cash assets	146,650	-	-	146,650
Overdraft facilities	16,549	-	-	16,549
Total	**163,199**	**-**	**-**	**163,199**

2021				
Fixed interest	**<1 year**	**1–5 years**	**>5 years**	**Total**
Cash assets	-	-	-	-
Total	**-**	**-**	**-**	**-**

28.3. Currency risk

The parent holds foreign-currency cash at bank and a foreign-currency overdraft facility, 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, GBP, HUF and CAD exchange rates. However, both in 2021 and 2020 most of the Group’s operating expenses were incurred in PLN.

The parent operates on foreign stock exchanges and uses foreign currencies (EUR, USD, TRY, and other) to settle stock-exchange transactions and other expenses incurred in those markets. Nonetheless, given the nature of the transaction settlements (with the parent acting as an intermediary), the share of this risk in the Group’s overall risk is immaterial. The parent holds a foreign-currency security deposit and cash in bank accounts. For an assessment of the effect of foreign exchange fluctuations as at December 31st 2022 and December 31st 2021, see Note 29.1.

Foreign-currency receivables (not translated into PLN)	Dec 31 2022	Dec 31 2021
Foreign-currency receivables		
- EUR	2,346	2,170
- USD	1,381	125
- RON	55	53
- TRY	-	7,942
- GBP	-	2
- CZK	-	1,219
- HUF	280,165	-
- AUD	611	-
- CAD	-	-
Foreign-currency liabilities		
- EUR	809	383
- USD	1,380	135
- GBP	5	4
- TRY	-	7,933
- RON	26	26
- CZK	-	1,221
- HUF	280,137	-
- AUD	610	-
Cash in foreign currencies		
- CZK	211	111
- EUR	762	642
- HUF	28,100	16,357
- RON	16	18
- USD	899	1,397
- GBP	98	90
- SEK	200	165
- DKK	115	123
- NOK	149	163

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- CHF	15	12
- AUD	21	10
- CAD	156	106
- TRY	23	47

28.4. Price risk

The Group holds financial instruments traded on a regulated market (the Warsaw Stock Exchange), in connection with which it has identified the risk of volatility in the prices of financial instruments listed on stock exchanges. These instruments are recognised in the consolidated financial statements as financial assets at fair value through profit or loss. The Group also holds investment certificates and investment fund shares, which are exposed to the risk of volatility of current price, but the aggregate value of the certificates and fund shares is immaterial.

For an assessment of the effect of changes in financial instrument prices as at December 31st 2022 and December 31st 2021, see Note 29.1.

28.5. Credit risk

The Group is exposed to credit risk understood as the risk that the Group's debtors may fail to fulfil their obligations and thus cause losses to the Group.

The risk is limited given that the Group has a large number of customers. In 2022, only two customers accounted for more than 10% of the Group's revenue, but costs incurred to derive the revenue from these customers typically represent a significant portion of total service costs.

With respect to other financial assets of the Group, such as cash and cash equivalents, receivables and loans the credit risk arises as a result of the counterparty's inability to pay, and the maximum exposure to this risk is equal to the carrying amount of such other financial assets (Notes 12.1, 12.2).In view of the above, the Group believes that the credit risk was accounted for in the consolidated financial statements through recognition of loss allowance for expected credit losses. Age of receivables and recognised impairment losses are presented in Note 12.2.1. For information on accounting policies governing recognition of impairment losses, see Notes 8.7.2 and 8.7.4. The credit risk related to these asset classes is considered low as the Group has entered into transactions with institutions with a well-established financial position.

The Group companies had no exposures with modified terms subject to forbearance in 2022 or 2021. Forbearance occurs when the lender modifies the terms of a loan or debt instrument if the borrower is unable to meet them due to financial difficulties. Concessions may include an interest rate reduction or postponement of the principal repayment date (i.e. changing or refraining from the enforcement of contractual requirements). The policy of forbearance is a set of measures involving renegotiation and restructuring of loan terms.

As at December 31st 2022, the maximum value at risk under credit risk for financial assets (Note 17.1) was PLN 350,116 thousand (December 31st 2021: PLN 405,763 thousand).

28.6. Liquidity risk

The Group 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 Group's inability to raise new financing or refinance its debt. The Group'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 14.3.1 includes a table presenting age of liabilities. The vast majority of the liabilities (90%) relate to transactions executed on stock exchanges, in the majority of which the Group acted as intermediary in the purchase or sale of financial instruments on behalf of its clients. A liability under such stock exchange transaction is to a large extent offset by a transaction generating receivables. As at December 31st 2022, the balance of stock exchange transactions (receivables vs liabilities) was PLN (-)1,608 thousand (December 31st 2021: PLN 1,043 thousand). Liabilities to the Central Securities Depository of Poland/KDPW CCP (the clearing agent) under 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 Group under normal market conditions as relatively low given its own cash position (note 12.1) and – in the case of the Company – the available credit lines used to finance stock exchange transactions (Note 14.3.2).

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.

However, at present the Company has not identified any indications that the liquidity risk could materialise to a higher extent than in previous years.

29. Capital management

The objective of the Group’s capital management policy is to ensure that the Group entities continue as going concerns and to maximise return for the shareholders. As at December 31st 2022 and December 31st 2021, the Group’s equity was PLN 107,195 thousand and PLN 111,043 thousand, respectively.

IPOPEMA Securities is an investment firm and meets the conditions to be recognised as an EU parent institution as referred to in Article 4 (1) point 29 of Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014 (“IFR”) and as such it is obliged to meet, in addition to the capital adequacy requirements on a separate basis, the capital adequacy requirements on a prudential consolidated basis in accordance with the regulations described in Note 13.4. The Group is required to calculate its own funds and prudential requirements, as well as to maintain an appropriate level of consolidated own funds.

Despite its considerable equity value, the Company uses debt financing. In connection with its operations on the secondary market, upon the closing of each trading day the Company is obliged to ensure an appropriate amount of funds for the Guarantee Fund. Currently, the Company transfers contributions to the Fund using proceeds from a credit facility (for details see Note 14.3.2). There is a risk that the level of equity (and own funds) and the available debt financing will limit the turnover potentially achievable by the Company. To date, the Company has not encountered any problems in making sufficient contributions to the Settlement Guarantee Fund, and the present amount of the available credit facility ensures safe continuation of business at the current level or even a substantial increase in business volumes. However, there can be no assurance that the Bank will extend the term of the credit facility agreement. If this is the case, the Company will finance its operations using internally-generated funds; additionally, it will also take steps to obtain financing from another bank. It should be also noted that if the Company’s clients fail to settle transactions concluded on their behalf in a timely manner, the Company may be required to execute such transactions using its own funds.

Given the scope and nature of the Company’s business, the current level of the Company’s equity is sufficient. However, it is possible that equity may have to be increased in the future, for instance if there are changes to the regulatory capital requirements or business projects. If the equity base needs to be increased, the Company may have to increase the share capital through an issue of new shares.

If any events with an adverse effect on the Company’s financial performance occur or if the Company incurs losses, the level of equity may be reduced, which may also limit the Company’s ability to use debt financing and force the Company to scale down its business.

IPOPEMA TFI, as an investment fund company, is also obliged to comply with the requirement to secure a sufficient level of equity in accordance with Art. 49 and Art. 50 of the Act on Investment Funds and Management of Alternative Investment Funds of May 27th 2004 and Art. 12–15 of Commission Delegated Regulation (EU) No 231/2013 of December 19th 2012.

These provisions stipulate that the Management Company’s initial capital necessary to carry out its activities must be no less than the złoty equivalent of EUR 730,000. The Management Company must maintain its equity at a level not lower than 25% of the difference between the total costs and the variable cost of distribution incurred in the previous financial year. Once the value of the assets of investment funds managed by the Management Company exceeds the PLN equivalent of EUR 250,000 thousand, the Management Company must immediately increase its equity by an additional amount equal to 0.02% of the difference between the total asset value of all funds managed by the Management Company and the PLN equivalent of EUR 250,000 thousand. The Management Company is not required to increase its equity if the sum of its initial capital and the additional amount exceeds the złoty equivalent of EUR 10,000 thousand. In addition, as a management company managing alternative investment funds (AIFs), under Articles 12–15 of Regulation 231/2013 IPOPEMA TFI is required to increase its equity, as determined in accordance with the rules described above, to cover the risk of claims that may be raised against it on account of its non-performance or improper performance of obligations related to the management of a specialist open-end investment fund or a closed-end investment fund. Namely, IPOPEMA TFI is required to increase its equity by an additional amount equal to 0.01% of the value of AIF assets or enter into a professional indemnity insurance agreement to cover the risks of non-performance or improper performance of its obligations related to management of a specialised open-end investment fund or a closed-end investment fund. The Management Company maintains its equity at the level required by Art. 49 and 50 of the Act, and maintains additional own funds to cover the risks of non-performance or improper performance of its obligations related to management of funds. IPOPEMA TFI calculates its additional own funds requirement at the end of each financial year and increases the funds if necessary.

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30. Workforce structure

In 2022 and 2021, the average employment number calculated as FTE (employees and permanent associates) at the IPOPEMA Securities Group (consolidated Companies) was as follows:

	2022	2021
Management Board of the parent	4	4
Management Boards of the Group companies	6	6
Other	250	244
Total	**260**	**254**

31. Clients' financial instruments

Clients' financial instruments	Dec 31 2022	Dec 31 2021
Securities admitted to official listing		
- quantity	322,978	296,402
- amount	2,241,067	2,291,414
Securities not admitted to official listing		
- quantity	4,498	4,348
- amount	125,635	172,973
Designated sponsor		
(i) shares		
- quantity	812	979
- amount	11,951	44,803
(ii) bonds		
- quantity	83	19,000
- amount	40,897	2,874
(iii) investment certificates		
- quantity	150,813	94,212
- amount	35,735,009	35,597,600

32. Auditor's fees

Under an agreement concluded in 2022, 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 full-year separate and the Group's full-year consolidated financial statements and to review half-year financial statements. The agreement was concluded for a period of two years.

	2022	2021
Mandatory audit of financial statements	117	98
Other assurance services*	115	89
Other services	-	-
Total	**232**	**187**

** 'Other assurance services' included review of the financial statements, assessment of the requirements for the safekeeping of customers' assets, and assessment of the remuneration report.*

33. Discontinued operations

The Group did not identify any discontinued operations in 2022 or 2021. Accordingly, all information presented in these consolidated financial statements relates to continuing operations.

34. Events subsequent to the end of reporting period

All events with effect on the 2022 consolidated financial statements are disclosed in the accounting records for 2022.

Warsaw, March 30th 2023

Jacek Lewandowski	Mariusz Piskorski	Stanisław Waczkowski	Mirosław Borys	Danuta Ciosek
President of the Management Board	Vice President of the Management Board	Vice President of the Management Board	Vice President of the Management Board	Chief Accountant