

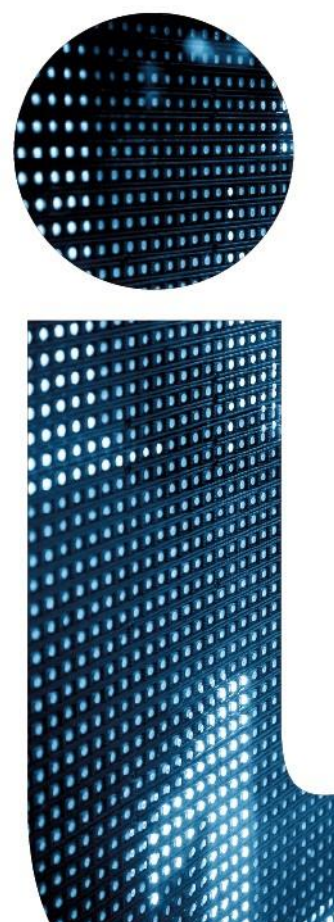
This document is not an official version of the Directors' Report on the operations of IPOPEMA Securities S.A. and the IPOPEMA Securities Group in 2022. The official Directors' Report on the operations of IPOPEMA Securities S.A. and the IPOPEMA Securities Group in 2022 has been prepared in accordance with the requirements of the ESEF Regulation.

IPOPEMA Securities Group

Directors' Report

**on the operations of IPOPEMA Securities S.A.
and the IPOPEMA Securities Group
in 2022**

Warsaw, March 30th 2023



Contents

1.	General information.....	3
2.	Financial highlights and overview of the Group's financial condition.....	4
3.	Material events and factors with a bearing on financial results	6
4.	Factors which may affect results in 2023	7
5.	Business of IPOPEMA Securities and the IPOPEMA Securities Group.....	8
5.1	Key markets, clients and suppliers of IPOPEMA Securities and the IPOPEMA Securities Group	8
5.2	Organisational structure of the IPOPEMA Securities Group	9
5.3	Development prospects and strategy of the IPOPEMA Securities Group	10
5.4	Related-party transactions	10
5.5	Important corporate events in 2022 and in 2023 before the date of issue of the report	10
5.6	Research and development	11
5.7	Changes in significant management policies	11
6.	Share capital and shareholding structure of IPOPEMA Securities S.A.	11
6.1	Change in the share capital of IPOPEMA Securities S.A.....	11
6.2	Change in the share capital of other Group companies	11
6.3	Shareholding structure of IPOPEMA Securities S.A.	11
6.4	Share buy-back.....	12
6.5	Employee share option plans.....	12
7.	Management and supervisory personnel	12
8.	Litigation and administrative proceedings	13
9.	Credit facility agreements, sureties, guarantees and other agreements	14
10.	Risk factors and threats	14
11.	Auditor of the financial statements	19
12.	Statement of compliance with corporate governance standards.....	19

Introduction

This Directors' Report has been prepared in accordance with the Minister of Finance's Regulation on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, and in accordance with International Financial Reporting Standards ("IFRS") and the Polish Accounting Act.

1. General information

The principal business of the IPOPEMA Securities Group ("IPOPEMA Group") includes provision of brokerage, equity research and investment banking services, distribution of investment products, provision of investment advisory services to a broad base of retail clients (through the parent IPOPEMA Securities S.A. – "IPOPEMA Securities", the "Company"), creation and management of closed-end and open-end investment funds and securitisation 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.). IPOPEMA 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. Sp.k. ("IFA", "IPOPEMA Financial Advisory").

In addition, the IPOPEMA Group also comprises: (i) Muscari Capital Sp. z o.o., which to IPOPEMA Securities is an Investment Firm's Agent intermediating in the offering of its brokerage services, (ii) IPOPEMA Financial Advisory Sp. z o.o., which supports the operations of IFA, (iii) Investment Funds Depository Services S.A., and (iv) IPOPEMA Funds Services Sp. z o.o. For more information on the companies, see Section 5.5 of this Report. These companies are excluded from consolidation due to immateriality of their data.

IPOPEMA's operating history dates back to 2003, when Dom Inwestycyjny IPOPEMA S.A. was established to provide transaction and capital markets advisory services. In pursuance of its strategy to provide comprehensive investment banking services, in 2005 DI IPOPEMA established a subsidiary, Dom Maklerski IPOPEMA S.A., which focused on the provision of public offering services. In 2006, DI IPOPEMA's business was transferred to DM IPOPEMA, whose name was changed to IPOPEMA Securities S.A. In 2006, the range of services offered by IPOPEMA was expanded to include brokerage services on the secondary market of the Warsaw Stock Exchange and – in subsequent years – on foreign markets. The Group continued its growth, with IPOPEMA TFI added in 2007, IPOPEMA Business Consulting in 2008, IPOPEMA Asset Management in 2011 (with the latter merged with IPOPEMA TFI in November 2015), and IPOPEMA Financial Advisory in 2016.

As part of its brokerage business, IPOPEMA Securities provides comprehensive securities trading services for institutional clients, chiefly on the Warsaw Stock Exchange ("WSE"), but also on other global stock exchanges. Since 2010, the Company provides debt instruments trading services. 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. The brokerage business of IPOPEMA Securities 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 also assists companies listed on the Warsaw Stock Exchange in arranging share repurchase transactions, including tender offers and buyback programmes.

In 2016, the Company expanded its offering of brokerage services and investment products, including active investment advisory services, to include services suitable for a broader base of retail clients. These activities are carried out directly by IPOPEMA Securities and through third parties acting as its agents. Currently, there are ten entities acting in that capacity.

IPOPEMA also specialises in comprehensive financial restructuring and fund raising for infrastructure projects, the services provided through IPOPEMA Financial Advisory, a dedicated subsidiary.

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 provides corporate strategy and business advisory services, as well as IT advisory services.

2. Financial highlights and overview of the Group's financial condition

Consolidated financial highlights (PLN '000)	2022	2021
Total revenue, including	260,051	256,404
<i>Brokerage and related services</i>	54,764	61,409
<i>Investment fund and asset management</i>	176,016	170,203
<i>Advisory services</i>	29,271	24,792
Total operating expenses	253,135	238,588
Profit on core activities	6,916	17,816
Operating profit	5,658	18,536
Net profit for period	6,077	13,337

Consolidated financial highlights (PLN '000)	Q1 2022*	Q2 2022*	Q3 2022*	Q4 2022*	2022
Total revenue, including	63,201	57,422	64,951	74,477	260,051
<i>Brokerage and related services</i>	14,230	10,050	12,524	17,960	54,764
<i>Investment fund and asset management</i>	41,850	39,704	45,434	49,028	176,016
<i>Advisory services</i>	7,121	7,668	6,993	7,489	29,271
Total operating expenses	59,519	57,773	63,887	71,956	253,135
Profit on core activities	3,682	-351	1,064	2,521	6,916
Net profit for period	9	106	1,913	4,049	6,077

*Unaudited

Revenue

As shown in the first table above, the IPOPEMA Group's consolidated revenue for 2022 grew slightly (by 1.4%) on the 2021 figure. Although revenue generated in 2022 in the fund management and advisory services segments grew, respectively, by 3.4% and 18.1%, it was largely offset by lower revenue from the brokerage services segment.

A year-on-year decline was seen in revenue posted by the brokerage services segment (PLN 54,764 thousand, 21.1% of consolidated revenue), chiefly due to lower revenue from investment banking services (PLN 21,595 thousand vs PLN 28,238 thousand in 2021). However, it should be noted that the segment delivered record revenue in 2021 and that the top line in 2022 can be considered solid given the strong market uncertainty. Revenue from securities trading remained at a level close to that reported last year (PLN 30,694 thousand vs PLN 30,706 thousand in 2021). The Company's market share in equity trading on the WSE remained practically unchanged (2.16% vs 2.17% in 2021)

In 2022, IPOPEMA TFI (the investment fund and portfolio management segment) posted revenue of PLN 176,016 thousand (69% of consolidated revenue), up 3.4% on the year before (PLN 170,203 thousand). The increase mainly attributable to higher revenue from management of securitisation funds. As a result of the market-wide trend of withdrawing funds from actively managed funds, the total value of assets in these funds at IPOPEMA TFI was PLN 1.8bn as at the end of 2022, down PLN 0.5bn year on year. This translated into slightly lower revenue from capital market fund management. Taking into account the assets held in dedicated funds, IPOPEMA TFI remains Poland's

largest fund management company – as at the end of December 2022, total assets under its management amounted to PLN 58.1bn (compared with PLN 60.3bn at the end of 2021).

IPOPEMA Business Consulting (the advisory services segment) posted revenue of PLN 29,271 thousand (11% of consolidated revenue) in 2022, relative to PLN 24,792 thousand in 2021 (up 18.1%).

Costs and expenses

The IPOPEMA Group's total operating expenses in 2022 increased by 6.1% year on year, to PLN 253,135 thousand (PLN 238,588 thousand in 2021).

In 2022, operating expenses of the brokerage services segment totalled PLN 50,456 thousand, having declined by 8.3% on 2021 (PLN 55,011 thousand), chiefly on lower costs of services related to transactions executed during the period.

Higher operating expenses in the investment fund and portfolio management segment (PLN 174,737 thousand vs PLN 157,952 thousand in 2021) were primarily driven by costs related to management of securitisation funds.

In the advisory services segment, operating expenses went up 9% year on year in 2022 (to PLN 27,942 thousand from PLN 25,625 thousand in 2021).

Financial results

Profit on core activities and net profit delivered by all segments in 2022 translated into consolidated profit on core activities of PLN 6,916 thousand (vs PLN 17,816 thousand in 2021) and net profit of PLN 6,077 thousand (PLN 13,337 thousand in 2021).

As IPOPEMA Securities' respective equity interests in IPOPEMA Business Consulting and IPOPEMA Financial Advisory are 50.02% and 77%, net profit attributable to owners of the parent amounted to PLN 5,546 thousand, while profit attributable to non-controlling interests was PLN 531 thousand.

With a 10.8% decrease in revenue (despite an 8.3% decline in operating expenses), in 2022 the brokerage services segment earned a profit on core activities of PLN 4,308 thousand (compared with PLN 6,398 thousand in 2021). However, thanks to a more favourable balance of finance income and costs, in 2022 the segment reported a higher net profit – PLN 3,681 thousand compared with PLN 2,187 thousand in 2021. On a separate basis (net of intragroup sales and other consolidation eliminations), IPOPEMA Securities reported a net profit of PLN 4,619 thousand in 2022 (vs a net profit of PLN 9,454 thousand in 2021).

Only a slight increase in revenue and a major growth (10.6%) in operating expenses posted by the fund management segment drove down the segment's profits, with profit on core activities at PLN 1,297 thousand (compared with PLN 12,251 thousand in 2021) and net profit at PLN 2,173 thousand (compared with PLN 10,072 thousand in 2021).

Despite higher operating expenses (up 9%), the advisory services segment improved its performance on higher revenue (up 18.1%), with profit on core activities at PLN 1,329 thousand (vs a loss of PLN 833 thousand in 2021) and net profit at PLN 223 thousand (compared with a net profit of PLN 1,078 thousand in 2021).

Statement of financial position

The key items of the IPOPEMA Group's consolidated statement of financial position are short-term receivables, cash and short-term payables, which as at December 31st 2022 accounted for 42.1%, 43.1% and 61%, respectively, of total assets and equity and liabilities. Short-term receivables and current liabilities result predominantly from day-to-day brokerage activities, i.e., they are recognised in connection with executed buy and sell transactions in securities, not yet cleared by the CSDP. In the case of buy transactions executed on the WSE on behalf of clients whose accounts are maintained by custodian banks, the Company recognises liabilities towards the parties to such market transactions (brokerage offices and brokerage houses, known as the anonymous party to a transaction) and receivables from the clients on behalf of whom such buy transactions have been executed. In the case of sell transactions executed on the WSE on behalf of clients whose accounts are maintained by custodian banks, the Company recognises receivables from the parties to such market transactions and liabilities towards the clients on behalf of whom such sell trades have been executed.

As at December 31st 2022, the Company's return on assets (calculated in accordance with Art. 110w of the Act on Trading in Financial Instruments) was 1.22% on a separate basis and 1.60% on a consolidated basis (vs 2.80% and 3.17%, respectively, as at December 31st 2021).

As at the end of 2022, equity (PLN 112,686 thousand including non-controlling interests) accounted for 29.7% of total equity and liabilities. The amount of outstanding interest-bearing debt under a short-term working capital facility contracted by IPOPEMA Securities to finance settlement of stock-exchange transactions was PLN 19,419 thousand as at December 31st 2022 (5.1% of total equity and liabilities).

Management of financial resources

IPOPEMA Securities S.A. and the other Group companies meet their liabilities as they fall due. As the amount of payables under brokerage transactions is offset by the amount of receivables under such transactions, and taking into account the amount of cash held by the Company, the Company has not identified an increased liquidity risk.

Explanation of differences between financial results and published profit guidance

The Company does not publish profit guidance.

Material off-balance sheet items

As at December 31st 2022, the main off-balance-sheet item was a forward contract (with a nominal amount of PLN 6,778 thousand vs PLN 6,736 thousand as at the end of 2021) hedging the currency risk of an EUR 1.5m security deposit used to secure clearing of transactions on foreign exchanges. In addition, a bank guarantee received in connection with office space lease is also classified into this category. For additional information on the off-balance-sheet items, see the separate financial statements of IPOPEMA Securities.

Capital expenditure

Total net cash flows from investing activities of the IPOPEMA Group amounted to PLN 13,058 thousand in 2022. The amount included spending on IT infrastructure and development of systems and software, as well as capital expenditure on investments in subsidiaries, as well as positions on financial instruments. As at the date of the financial statements, the Group did not plan any material investments that would require financing other than internal funds of the Group companies.

3. Material events and factors with a bearing on financial results

Equity market and investment banking

After a slight rebound in the first months of 2022, investor activity on the WSE slowed down a bit from May, with total trading volumes down 8.9% year on year. At the same time, IPOPEMA Securities's share in total market trading remained practically unchanged relative to 2021 (2.16% vs 2.17%). Revenue from transactions executed jointly with the investment banking segment was lower than in the previous year. But given growth in revenue from foreign markets and in revenue from bond brokerage, the overall revenue from securities trading in 2022 (PLN 30,694 thousand) remained close to the previous year's level (PLN 30,706 thousand).

The equity market saw volatile sentiment – concerns about an economic downturn combined with high inflation and the war in Ukraine significantly dampened investor and corporate activity, which led to a smaller number and scale of transactions executed by the Company. As a result, revenue from investment banking services reached PLN 19,635 thousand. Although the revenue fell significantly year on year (from PLN 28,238 thousand), it should be noted that 2021 was an exceptionally successful year for the Company as regards investment banking services.

As a result of the above factors, in 2022 the brokerage services segment posted profit on core activities of PLN 4,308 thousand (vs profit of PLN 6,398 thousand in 2021), but due to a more favourable balance of finance income and costs in 2022 the segment delivered a higher net profit (PLN 3,681 thousand in 2022 vs PLN 2,187 thousand in 2021).

IPOPEMA TFI

For several months now, IPOPEMA TFI has been seeing major outflows from actively managed investment funds (the value of assets in these funds as at the end of December 2022 was PLN 1.8bn vs PLN 2.3bn a year earlier). This has translated into lower revenue from capital market fund management. However, thanks to an increase in revenue from the management of securitisation funds, the segment's total revenue grew 3.4% year on year. Regardless of the outflows, taking into account the assets held in dedicated funds, IPOPEMA TFI remains Poland's largest fund management company – as at the end of 2022, total assets under its management amounted to PLN 58.1bn (compared with PLN 60.3bn the year before).

A slight increase in revenue and a major growth (10.6%) in operating expenses posted by the segment drove down the segment's profits, with profit on core activities at PLN 1,297 thousand (compared with PLN 12,251 thousand in 2021) and net profit at PLN 2,173 thousand (compared with PLN 10,072 thousand in 2021).

IPOPEMA Business Consulting

Thanks to consistent implementation of projects in the order book, IPOPEMA Business Consulting posted revenue of PLN 29,271 thousand in 2022, up 18.1% from PLN 24,792 thousand generated in 2021. The company managed to improve its performance despite higher operating expenses (up 9.0%), delivering profit on core activities of PLN 1,329 thousand (vs a loss of PLN 833 thousand in 2021). However, due to an increase in other expenses, net profit came in at PLN 223 thousand (compared with a net profit of PLN 1,078 thousand in 2021).

4. Factors which may affect results in 2023

War in Ukraine

Currently, the single biggest risk factor affecting the economic and other aspects is the war in Ukraine. For obvious reasons, it is difficult to reliably predict how the war will unfold and how long it will last, let alone what its aftermath will be. However, one can expect that it will have an extremely negative impact on the European economy and situation on the Polish market. The consequences of this war can be seen in some areas of the Company's operations, as evidenced by customers' increased caution in investment decision-making. The actual impact of the present situation on the operations of the Company and its Group in subsequent periods is extremely difficult to assess given the unpredictability of developments and further war operations.

WSE secondary market

As regards operations in the secondary market, market sentiment is not very optimistic (despite a rebound seen since mid-October 2022). At the end of February 2023, the WIG index was almost 18% below the highs seen in January 2022 (and approximately 4% below the levels recorded immediately after Russia's invasion of Ukraine). In 2022, investor activity on the WSE was 8.9% lower than in 2021. What additionally makes it difficult to predict how the situation on the WSE will unfold in the coming periods is disquieting news from global financial markets of issues faced by banks and bank bankruptcies.

Capital market

Although 2022 was relatively strong for capital markets considering the overall climate, the war in Ukraine has significantly changed the sentiment of investors and companies alike. The situation is not helped by high inflation, further interest rate hikes and the crisis on the commodity and energy markets plus the problems faced recently by the banking sector. The Company expects some of the transactions that are currently being prepared may be

postponed or suspended, and new mandates may be difficult to obtain. Nevertheless, IPOPEMA Securities continues to execute transactions for entities in sectors that are relatively unlikely to be adversely affected by the economic impact of the war in Ukraine.

Investment fund management segment

In 2022, the situation on the investment fund market was far from optimistic. The prospects of continuing high inflation and interest rate hikes are eroding returns and leading to a gradual outflow of assets from the funds – December 2022 was the fifteenth consecutive month of net redemptions. However, the first months of 2023 saw a reversal of this trend, mainly due to retail investors who opted for debt funds. On the other hand, the invariably high uncertainty about how the war in Ukraine unfolds and worrying news from the banking sector may adversely affect the performance of funds actively managed by IPOPEMA TFI and thus its revenue from fund management. However, a proportion of IPOPEMA TFI's revenue (from management of closed-end funds) does not depend on the value of the funds' assets and, consequently, on the prevailing economic climate and stock market sentiment.

Advisory services segment

In the advisory services segment, IPOPEMA Business Consulting continues the execution of ongoing projects and begins new ones, which should improve its financial performance. However, as a result of the prolonged armed conflict in Ukraine and continuing high inflation, demand for services in the sector in which IPOPEMA Business Consulting operates may decline in 2023.

SARS-CoV-2 epidemic

In previous periods, especially in 2020, but also in 2021, the SARS-CoV-2 epidemic was a factor with potentially the strongest bearing on the economy and financial markets and, consequently, on the Company's business. At present, the COVID-19 risk seems to be significantly lower, as evidenced by the formal lifting of the state of pandemic emergency in Poland. Although the situation may deteriorate in the coming periods due to potential emergence of new coronavirus waves and mutations, at present the Company has not identified any significant adverse effect of the epidemic on its operations.

5. Business of IPOPEMA Securities and the IPOPEMA Securities Group

5.1 Key markets, clients and suppliers of IPOPEMA Securities and the IPOPEMA Securities Group

Key markets of the IPOPEMA Securities Group

With respect to its services of intermediation in securities trading, the key market of IPOPEMA Securities is the Warsaw Stock Exchange, although the Company derives a growing share of revenue from transactions executed on foreign markets, where – in addition to the Warsaw Stock Exchange – it is also active.

In investment banking, the Company offers services to both domestic and foreign clients, handling equity transactions and providing advisory services on the Polish market (its key market) and abroad.

The Company's retail business is concentrated on the Polish market.

IPOPEMA TFI operates on the investment fund market, managing both closed-end investment funds as well as open-end investment funds, which are targeted at a wide group of retail clients. In the area of securities portfolio management services, IPOPEMA TFI focuses on the Polish market.

IPOPEMA Business Consulting operates primarily on the Polish business and IT consultancy/advisory market, focusing on advisory services relating to strategy, operational management and IT management.

Key clients

The Company provides brokerage services to both high-profile international financial institutions and other intermediaries (including branches of major investment banks). IPOPEMA Securities' domestic clients include most of the leading local institutional investors, including open-end pension funds, investment fund companies, asset management companies and insurers.

The investment banking services of IPOPEMA Securities are used by a wide variety of clients, including companies already listed on the WSE, for whom IPOPEMA Securities prepares secondary offerings or provides advice on M&A transactions. The Company also arranges tender offers for shares of WSE listed companies. The Company prepares and executes public offerings for private companies, provides M&A, capital raising, debt financing and general financial advisory services, including financial restructuring. In addition, the Company arranges exits for major shareholders of public companies (both private individuals and legal persons), effected through sale of shares on the WSE or through private placements.

In the retail business, the target market is a broad base of retail investors, for whom IPOPEMA Securities maintains brokerage accounts and offers diversified investment products.

IPOPEMA TFI's offering of closed-end investment funds is addressed primarily to high-net-worth individuals and institutional clients, in particular major shareholders of companies listed on the WSE or large private enterprises, as well as multinational corporations (chiefly operating in the property and financial segments). The company is also consistently expanding its business in the area of open-ended investment funds targeted at a wide group of retail investors, where IPOPEMA TFI cooperates with third-party distributors. IPOPEMA TFI's asset management clients primarily include investment funds, non-profit organisations and high-net-worth individuals.

IPOPEMA Business Consulting concentrates on services to corporate clients from the following sectors: industrial, energy, consumer goods, trade and distribution, IT and telecommunications.

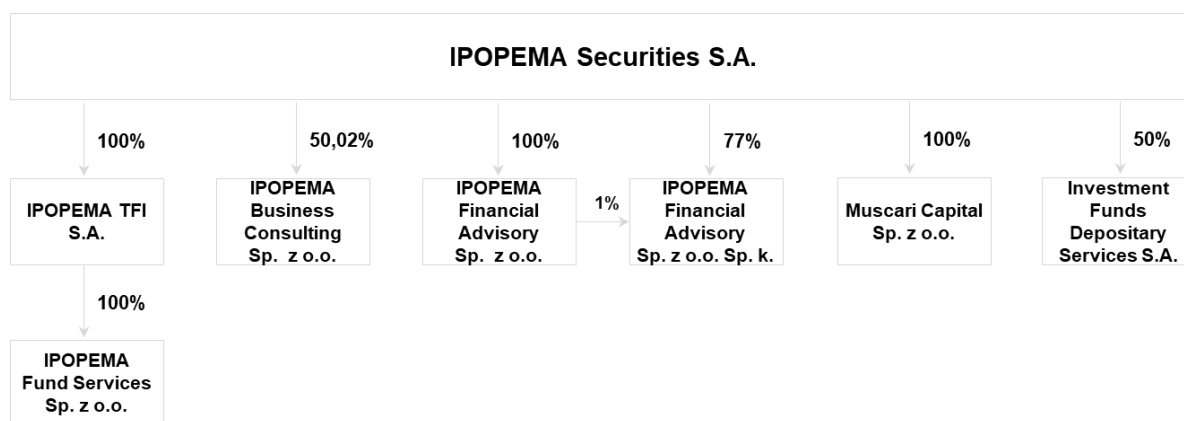
In 2022, the Group had a number of clients, with two clients accounting for more than 10% of the IPOPEMA Group's consolidated revenue.

Key suppliers

The Company works with several providers of services (including banking services, clearing services for brokerage activities, office space lease, or IT services), however, none of them has a position which would give it advantage over the Company, including by making the Company dependent on the services of a single provider or imposing on the Company disadvantageous terms of trade. The most significant item of service costs were transaction costs (payable to stock exchanges and clearing houses), which in 2022 accounted for 1.9% of consolidated operating expenses.

5.2 Organisational structure of the IPOPEMA Securities Group

As at December 31st 2022, the IPOPEMA Securities Group comprised IPOPEMA Securities S.A. (the Parent) and the subsidiaries specified in Section 1 of this Report and in the graphic below. From among the specified subsidiaries of IPOPEMA Securities, IPOPEMA TFI, IPOPEMA Business Consulting and IPOPEMA Financial Advisory Sp. z o.o. Sp. k. are consolidated, while the other companies are excluded from consolidation due to the immateriality of their financial data.



5.3 Development prospects and strategy of the IPOPEMA Securities Group

While to date IPOPEMA Securities Group's operations were focused on services to institutional clients and high-net-worth individuals who are looking for active advice on asset management or who are major shareholders of business entities (including public companies), the Group is gradually expanding its offering to retail investors – with respect to both investment funds (IPOPEMA TFI) and brokerage services (IPOPEMA Securities). With the comprehensive range of services and substantial synergies within the Group, the Company and its subsidiaries will build and tighten their relations with clients by offering them a variety of products for each stage of business development.

In the brokerage services segment, the Company – in addition to handling transactions on the WSE – provides its clients with access to trading on global exchanges. An important factor in establishing the Company's presence is maintenance of its research coverage, which already includes several dozen companies. In the investment banking business, the Company intends to consolidate its position as one of the most active brokerage offices in the area of services related to capital market transactions, with diversified revenue sources.

The Company is also strategically looking to expand its offering of brokerage services (investment advisory services) and investment products targeting a broad base of retail clients – both directly and through partners acting as investment firm agents.

In the portfolio and investment fund management segment (activities of IPOPEMA TFI), the objective continues to be further strengthening of the leading position on the market of investment fund companies offering closed-end funds (despite unfavourable regulatory and tax changes in this segment), as well as further growth in assets under management in a consistently growing range of funds targeted at retail investors.

IPOPEMA Business Consulting intends to further consolidate its position on the advisory services market by acquiring new clients (domestic and foreign) and establishing relations with global players on the consultancy and IT markets to implement joint projects.

The Group's strategy also provides for expansion of the financial restructuring and infrastructure finance advisory business, which in 2017 was transferred from IPOPEMA Securities to the dedicated subsidiary IPOPEMA Financial Advisory.

5.4 Related-party transactions

For details of related-party transactions, see Note 22 to the full-year consolidated financial statements of the IPOPEMA Group.

5.5 Important corporate events in 2022 and in 2023 before the date of issue of the report

Execution of an investment agreement and establishment of a company

On March 23rd 2022, IPOPEMA Securities entered into an investment agreement with ProService Finteco sp. z o.o. of Warsaw ("ProService") under which 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' share capital amounts to PLN 4,125,000 (with one-fourth of that paid up as the date of this report), and IPOPEMA and ProService have each subscribed for shares representing 50% of the company's share capital and total voting rights. The investment agreement grants the parties the same rights as regards appointment of members of the Management Board and the Supervisory Board of IFDS, and includes the customary provisions for agreements of this type, concerning, among other things, the right of pre-emption (if the other shareholder decides to dispose of the shares) and exit scenarios in the event of any significant disagreement between the shareholders. Apart from the obligations to subscribe for shares and make contributions for the share capital of the above amount, the agreement does not provide for any other obligations relating to the financing of IFDS by IPOPEMA Securities or ProService.

IFDS was registered with the National Court Register on July 12th 2022, and subsequently applied to the Polish Financial Supervision Authority for an authorisation to conduct brokerage activities. The proceedings before the PFSA initiated in connection with IFDS' application were pending as at the date of these financial statements.

Acquisition of a company by IPOPEMA TFI

On September 1st 2022, 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. It provides services related to keeping a register of investment fund unit holders.

5.6 Research and development

The Company and the IPOPEMA Securities Group are not involved in any R&D activities.

5.7 Changes in significant management policies

In 2022, the Company and its subsidiaries did not change any significant management policies.

6. Share capital and shareholding structure of IPOPEMA Securities S.A.

6.1 Change in the share capital of IPOPEMA Securities S.A.

In 2022, there were no changes in the Company's share capital.

6.2 Change in the share capital of other Group companies

In 2022, there were no changes in the share capital of the other companies of the IPOPEMA Group.

6.3 Shareholding structure of IPOPEMA Securities S.A.

As at December 31st 2022 and the date of authorisation of this Report, the shareholding structure of the Company (shareholders holding 5% or more of shares in IPOPEMA Securities S.A. and of the total vote at the Company's General Meeting) was as follows:

Shareholder	Number of shares and voting rights	% of total voting rights at GM
OFE PZU Złota Jesień*	2,993,684	9.99%
IPOPEMA PRE-IPO FIZAN ¹	2,990,789	9.98%
IPOPEMA 10 FIZAN ²	2,851,420	9.52%
Value FIZ*	2,750,933	9.18%
QUERCUS Funds ^{3*}	2,256,200	7.54%
Katarzyna Lewandowska	2,136,749	7.13%
Jarosław Wikaliński ⁴	1,499,900	5.01%
Shareholders holding over 5% of the share capital – total	17,479,675	58.38%

* 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 Multistrategy 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.

The Company did not enter into any agreements which could result in future issues of shares, leading to changes in the proportion of shares held by the Company's existing shareholders.

6.4 Share buy-back

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

6.5 Employee share option plans

In 2022, the Company did not operate any employee stock programme.

7. Management and supervisory personnel

Remuneration of members of management and supervisory personnel

The table below presents remuneration of the Company's Management and Supervisory Board members (both paid and payable or potentially payable) and additional benefits (including healthcare benefits, to the extent they are financed by the Company) at the IPOPEMA Securities Group:

(PLN '000)	Total remuneration at the Group		Including in subsidiaries	
	2022	2021	2022	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	-	-

Changes in the number of shares held by members of management and supervisory personnel

As at December 31st 2022 and the date of this Report, the management and supervisory personnel listed below held, directly or indirectly through their subsidiaries or related parties (including dedicated funds), shares in IPOPEMA Securities S.A. The holdings of the management and supervisory personnel did not change vs those presented in the Q1-Q3 2022 report.

Person	No. of shares and voting rights	% of ownership interest and total voting rights
Jacek Lewandowski – CEO and President of the Management Board ¹	3,330,079	11.12%
Stanisław Waczkowski – Vice President of the Management Board	3,142,855	10.49%
Mirosław Borys – Vice President of the Management Board	696,428	2.32%
Mariusz Piskorski – Vice President of the Management Board	515,000	1.72%
Total	7,684,362	25.66%

¹ As disclosed in the table in Section 6.3, shares in IPOPEMA Securities S.A. are also held by Katarzyna Lewandowska, Jacek Lewandowski's wife.

Apart from the Company shares specified above, members of the Company's management and supervisory personnel did not hold (directly or indirectly) any shares in subsidiaries of IPOPEMA Securities.

Agreements concluded with members of management and supervisory personnel

In 2008, the Company entered into agreements with two Management Board members (Mirosław Borys and Mariusz Piskorski), under which 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.

8. Litigation and administrative proceedings

In 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, supported by

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 take appropriate legal steps to enforce the payment of remuneration due from the client and will also seek damages.

9. Credit facility agreements, sureties, guarantees and other agreements

Credit facility agreements

IPOPEMA Securities is a party to agreements made on July 22nd 2009 with Alior Bank, providing for two working-capital overdraft facilities (bearing interest at variable rates based on 1M WIBOR plus bank margin in PLN) which are used for payment of liabilities to the Central Securities Depository of Poland in connection with the brokerage business conducted by the Company. The agreements are extended every year, and were also extended in 2022. Their current expiry date is December 11th 2023. For more information on the agreements, see Note 13 to the financial statements of IPOPEMA Securities.

Loans, guarantees and sureties

In 2022, the Company did not receive or provide any sureties or loans, except for loans to the Group companies, employees and associates of IPOPEMA Securities, as discussed in more detail in the financial statements of IPOPEMA Securities.

The Company has provided security deposits and has been issued a bank guarantee, as described in Note 42 to the financial statements of IPOPEMA Securities.

Shareholder agreements

According to the information available to the Company, Jarosław Wikaliński and Małgorzata Wikalińska have made an oral agreement to vote in concert at the Company's General Meeting. The Management Board of IPOPEMA Securities S.A. is not aware of any other agreements between the Company's shareholders.

Agreements concluded in the ordinary course of business

Each year the IPOPEMA Group also enters into various agreements in the ordinary course of business, both with service providers and with customers. In the case of IPOPEMA Securities, the agreements concern the provision of brokerage services to institutional clients and agreements for the maintenance of accounts and provision of brokerage services with retail clients, as well as agreements for the provision of investment banking and advisory services. IPOPEMA TFI enters into agreements for the management of investment funds, and IPOPEMA Business Consulting – for the provision of advisory services.

10. Risk factors and threats

The most important and dominant factor with a direct impact on the activities of almost all businesses is the ongoing war in Ukraine. Given the uncertainty as to the outcome of the war, it has triggered volatility and concerns about the state of the economy which have not been seen for years. While we have not yet seen a Europe-wide economic crisis, it is difficult to accurately predict how the war in Ukraine will affect the economic landscape. Given the unprecedented nature of the situation, the Company continues to identify it as potentially the largest risk to the economic situation, including situation on the Polish financial market, and thus as a threat to the Group's operations and future financial condition.

Notwithstanding the above dominant risk pertaining to the war in Ukraine, the existing risk factors specific to the business of the IPOPEMA Group and its individual companies have remained unchanged and may have an adverse effect on the business, financial condition, results or development prospects of the Company and the IPOPEMA Group. Those of the risk factors which in the opinion of the Management Board are the most significant ones are presented below, as well as in Note 13a to the financial statements of IPOPEMA Securities and Note 28 to the consolidated financial statements of the IPOPEMA Securities Group.

Risk related to the situation on capital markets

The Company's financial results depend primarily on capital market conditions, especially in Poland. An economic slowdown adversely affects global stock markets and the CEE stock markets where the Company operates. Any downturn on the capital market affects the Company's revenue through lower trading volumes on stock exchanges and challenging conditions for public offerings of securities.

With respect to IPOPEMA TFI, such adverse market conditions discourage investment in listed securities (mainly equities) and thereby affect revenue from active management services. In past years, this had a limited effect on the performance of IPOPEMA TFI, as it focused on creating closed-end private equity funds. However, as the company is expanding its active asset management services, a prolonged market downturn may erode revenues and earnings of IPOPEMA TFI (particularly due to difficulties in acquiring new assets for management or even maintaining their current volumes). Likewise, in the *asset management* business, the factor of crucial importance to its operations is the market sentiment, which drives equity and debt instrument prices, thus affecting the value of assets under management and revenue from portfolio management services.

Risk of deterioration of trading partners' financial condition

Businesses are at risk of being exposed to liquidity problems due to adverse economic conditions (high interest rates, high inflation, rising commodity prices, etc.). Clients of the IPOPEMA Group companies may also face liquidity pressures. If they do, payments from trading partners may be delayed or suspended, which would adversely affect cash flows of the IPOPEMA Group companies (especially in areas where long-term advisory and implementation projects are carried out and where remuneration is paid only after the contracted work has been completed).

Risk related to competition in the markets on which IPOPEMA Securities and other Group companies operate

IPOPEMA Securities is exposed to strong competition across all its markets, both from well-established Polish brokerage houses and foreign financial institutions, which are increasingly active in the CEE region, including Poland (operating both as foreign-based brokerage houses and through their local offices). The intensifying competition may result in further loss of the Company's market share and in higher pressure on prices, which may have an adverse effect on the Company's financial performance.

Similarly, IPOPEMA TFI and IPOPEMA Business Consulting compete against companies with established market positions and against new market entrants. IPOPEMA TFI is the largest investment fund management company in terms of total assets under management, and one of the market leaders in creating closed-end investment funds. Moreover, IPOPEMA TFI continues to expand its offering and consolidate its position on the market of actively managed funds. IPOPEMA Business Consulting is consistently expanding its client base and order book. Nonetheless, there can be no assurance that the competitors' activities will not stand in the way of the development plans of IPOPEMA TFI and IPOPEMA Business Consulting; if so, this may have an adverse effect on the future performance of the IPOPEMA Securities Group as a whole.

Risk related to dependence on the management personnel, necessity to retain key employees, acquisition of highly qualified specialists and level of remuneration

The IPOPEMA Securities Group's business and development prospects largely depend on the expertise, experience and qualifications of the management personnel. Their work for the Group has been a key factor behind its success to date. Hence, if any members of the Group's management or other key personnel decide to leave,

this may have an adverse effect on the operations and financial condition of the Company and its subsidiaries, as well as on their financial performance and development prospects.

Furthermore, in order to deliver an adequate quality of service, the Group companies must retain highly qualified staff. The nature of the Group's business requires that part of IPOPEMA Securities' and IPOPEMA TFI's employees, in addition to having relevant experience, meet formal requirements to be able to provide brokerage or investment advisory services. Besides, to ensure continued development of the Group, it is necessary to hire new employees with relevant expertise and experience. Given the strong competition and limited availability of qualified professionals that guarantee the required level of service, with a view to ensuring stability of the key staff, the Company's Management Board seeks to apply appropriate incentives to motivate employees to link their future with the Group. However, the pursuit of those plans may require increased expenditure on employee remuneration, which, given the considerable share of salaries and wages in total operating expenses, may have an adverse effect on the financial results of the Group companies in the future.

Risk related to clearing of stock-exchange transactions

The Company is a clearing member of the Polish national securities depository KDPW_CCP, which means that on the clearing date it is required to pay for executed buy transactions and deliver securities in order to clear executed sell transactions. The Company executes transactions for clients (holding accounts with custodian banks), who should deliver cash for executed buy transactions or securities for executed sell transactions on the clearing date. However, a client may fail to provide the cash or securities on time. In such a case, until the client has settled the relevant liabilities, for the purpose of the transaction clearing the Company must use its own resources (buy transactions) or deliver securities acquired on the market (sell transactions). Additionally, if the client fails to pay for a buy transaction, there is also a risk that the Company may acquire securities which it may be unable to sell on equally favourable terms or which it may be unable to sell at all. In the case of sell transactions, there is a risk that the Company may need to acquire the securities on the market at a price higher than the price at which the client was supposed to deliver such securities or that it will be impossible to acquire such securities. Such a situation does not limit the Company's right to assert claims against the client on account of the client's failure to perform obligations under an agreement (order) concerning a transaction in securities.

Risk related to the nature of investment banking services

The Company's services in the area of investment banking, in particular advisory services to companies seeking introduction of their shares to trading on the WSE as well as M&A transactions, are characterised by relatively long execution periods (typically not less than several months). Given the volatile nature of capital markets and changes of investment plans by the Company's clients, there is a risk that some of the projects commenced by the Company may be postponed or the clients may decide to abandon execution of the transaction (in particular when faced with adverse market conditions). As success fees account for a substantial portion of the Company's consideration in the case of such projects, any such decisions may have an adverse effect on the Company's financial performance.

Risk related to retail client business

In 2016, the Company began to offer brokerage services and investment products to a broader base of retail clients. These activities are carried out largely through distributors cooperating with the Company as investment firm's agents, with the distributor network continually expanded. The retail business depends heavily on the general economic climate and stock market sentiment, which makes it difficult to conclusively assess how such operations will develop in the coming periods and, consequently, to assess their impact on the Company's performance.

Activities of IPOPEMA TFI

Given the strong competition on the market of investment funds as well as the dependence of individual funds' performance on the economic situation (in particular the situation on the capital markets) and correctness of investment decisions made by the IPOPEMA TFI fund managers, there is a risk that the funds may not yield the expected rate of return (or, in an extreme case, they may incur losses) and the clients may lose confidence in the fund managers, which may eventually lead to some clients discontinuing their relationship with the funds managed by IPOPEMA TFI or make attracting new clients more difficult. In view of the above and the fact that in some funds a part of IPOPEMA TFI's remuneration depends on its investment performance and delivery of returns above the

benchmark, the risk of the manager failing to meet the set targets and clients' decisions to discontinue using the services offered by IPOPEMA TFI may result in the Management Company not being able to achieve the planned volume of revenues.

The rate of IPOPEMA TFI's business growth depends to a certain extent on whether the company is able to secure relevant administrative approvals, as well as the direction of possible changes in the legal environment relevant to the business of investment funds and taxation of investment funds and unit holders.

As regards *asset management*, IPOPEMA TFI's business is primarily exposed to investment risk. It cannot be ruled out that the IPOPEMA TFI's managers will not make wrong decisions or pursue wrong investment strategies, which may result in the loss of current clients and difficulties in winning new clients, and may thus have an adverse effect on IPOPEMA TFI's performance.

Risk related to the level of equity and financial requirements of IPOPEMA Securities and the Group

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 Settlement Guarantee Fund managed by KDPW_CCP. Currently, each day the Company makes a contribution to the Fund using a credit facility. In the case of any events with an adverse effect on the Company's financial performance, the Company's ability to use debt financing may be limited and it may be necessary for the Company to scale down its business or increase its equity base.

To date, the Company has not encountered any problems in making sufficient contributions to the Settlement Guarantee Fund, and the present amount available under the credit facility ensures safe continuation of business on the current scale or even a substantial increase in business volumes. It should also be noted that, if the Company's clients fail to settle transactions concluded on the basis of their orders in a timely manner, the Company may be required to execute such transactions using its own funds if the available credit facility is not sufficient to cover the liabilities.

Moreover, as a brokerage house, the Company is obliged to meet the capital requirements, including the separate and consolidated capital adequacy requirements, which to a large extent depend on the scope and scale of brokerage activities. Equity is maintained at a level which ensures adequate surplus over the capital requirements referred to above. However, it cannot be ruled out that as a result of change in the scope or scale of operations, a significant loss or changes in the regulatory and legal framework equity will need to be increased. Such need to increase the equity may also extend to IPOPEMA TFI, which may be subject to additional risk estimation and capital requirement obligations as a result of potential regulatory changes affecting investment fund companies.

Risk related to activities of the payment bank

In order to be able to start and conduct operations on the WSE, the Company (as well as other brokerage houses which are direct members of the WSE) is required to have a valid agreement on payment bank services with a bank which is a member of the CSDP. The Company's payment bank is currently Alior Bank S.A. If the agreement on payment bank services was terminated, the Company would need to enter into a new agreement with another bank, which would take time and require the Company to agree new terms of business. Any difficulties in finding a successor payment bank could even pose a risk that the Company might have to temporarily suspend its brokerage until a new agreement is signed.

A similar risk also applies to Austria's Raiffeisen Bank International, which provides the Company with clearing services in relation to transactions executed on foreign stock exchanges.

Risk related to the IT and telecommunications systems

A particularly significant aspect of the Company's activities is the need to ensure uninterrupted and secure operation of its IT and telecommunications systems. Any serious system failure may not only expose the Company to the risk of financial liability to clients for not executed or incorrectly executed orders, but may also undermine the client's confidence in the long term. The Company purchased and implemented a dedicated IT system for providers of brokerage services, which has been upgraded and modified on a continual basis. The objective behind the purchase of the system and the ongoing steps taken by the Company in order to ensure the best possible security solutions for its IT and telecommunications infrastructure is to mitigate the risk of adverse effects of possible failure of the IT

systems, unauthorised access to the data stored on the servers used by the Company, or loss of such data. Despite the measures taken by the Company, there can be no assurance that a risk in this area would not materialise, leading to a risk of claims against or penalties, including fines, imposed on the Company (or other Group companies).

Risk related to mistakes and errors of IPOPEMA Securities' employees and breaches of law

The IPOPEMA Securities Group's position on the markets on which it is present depends primarily on the degree of client confidence in the Group companies and their employees. The nature and scope of the Group's services require its employees not only to possess the relevant expertise and experience, but also to comply with the procedures in place at each company of the Group, designed to limit the risk of mistakes and errors in the course of the Group's operations. Although each employee of the IPOPEMA Securities Group is obliged to know and apply the operational procedures in effect at a given company, there can be no assurance that mistakes or errors will not occur in day-to-day operations. Any such errors or mistakes may, depending on their scale, affect the financial standing and financial performance of the IPOPEMA Securities Group. Given the nature of the Group's operations, the risk of mistakes is particularly relevant in the case of staff operating directly on the secondary market. Moreover, as the Company develops its operations consisting in offering investment products to a broad retail audience, there is also a growing risk of potential claims against the Company, particularly if products purchased by an investor generate a loss – both as a result of potential failure by the Company and for reasons beyond its control (i.e. attributable to the issuer or manager of a given instrument).

In line with the applicable laws, a company authorised to conduct brokerage activities is required to have a unit which exercises ongoing supervision over compliance of the employees who provide brokerage and investment advice services with legal regulations and internal rules of procedure. Nevertheless, there can be no assurance that such events will not occur in the future. Any such incident may expose the Company to administrative sanctions from competent authorities, including the Polish Financial Supervision Authority, and may lead to financial losses and loss of reputation.

Risk associated with claims against IPOPEMA TFI and IPOPEMA Business Consulting

Legal actions have been filed against IPOPEMA TFI and IPOPEMA Business Consulting, as described in Section 8 above. The management boards of the defendant companies consider the actions to be entirely unfounded and have taken steps to have the claims dismissed. Furthermore, IPOPEMA Business Consulting has taken steps to bring a claim against the plaintiff for payment of remuneration due for completed work. Although the management boards of the two companies have formulated a clear position on the claims brought against them and have taken relevant steps, there can be no assurance that unfavourable judgments will not be issued in these cases. Their current status and the protracted nature of legal proceedings prevent reliable estimates of when the cases would be finally decided.

Legal and regulatory risk

The Company, as a brokerage house, and its subsidiary, as an investment fund company, carry out their activities under a licence granted by the Polish Financial Supervision Authority, operating on a highly complex market and in a changing regulatory landscape affecting many areas of their business. This leads to an increased risk of non-compliance with legal requirements and potential violations of laws, regulations or administrative provisions governing the operations of the Group companies, IPOPEMA Securities and IPOPEMA TFI in particular. As a consequence, regulatory authorities (including the Polish Financial Supervision Authority) may impose sanctions such as fines or, in extreme cases, revoke the licence to conduct a particular type of activity.

Frequent legal changes, the overall quality of legislation, as well as imposition of new obligations affect not only the IPOPEMA Group's business, but also the conduct of business activities and business management in general. These factors increase the risk of non-compliance or incorrect compliance with certain regulations, aggravating the risk of fines and penalties for business entities. The number and maximum amounts of such fines and penalties, enforced under various legal acts, are also on the rise, particularly in view of ambiguities in many regulations.

Notwithstanding the above formal aspect, further changes in law and new regulations may affect various areas of the IPOPEMA Group's operations and its profitability, forcing it to incur additional costs or negatively impacting its revenue.

11. Auditor of the financial statements

For information on the remuneration of the qualified auditor, see Note 32 to the full-year consolidated financial statements of IPOPEMA Securities.

12. Statement of compliance with corporate governance standards

Corporate governance code applicable to the Company

IPOPEMA Securities complies with the corporate governance principles and best practice for listed companies defined by the WSE in the document "Best Practice for GPW Listed Companies 2021" (resolution of the WSE Supervisory Board of March 29th 2021).

In addition, as a brokerage house regulated by the Polish Financial Supervision Authority, the Company is also required to apply the guidelines set out in the "Principles of Corporate Governance for Supervised Institutions" issued by the PFSA Office on July 22nd 2014.

Relevant statements of compliance are available on the Company's website (Investor Relations/Corporate Governance section).

Corporate governance rules which the Issuer does not comply with, including the extent of and reasons for such non-compliance

IPOPEMA Securities has adopted the principles set out in Best Practice for WSE-Listed Companies 2021, with the exception only of the following few principles:

- 1.2. – The principle requiring that financial results compiled in periodic reports are made available as soon as possible after the end of each reporting period:

Due to a relatively short time between the availability of preliminary estimates of financial results for a given period and the date of publication of periodic financial statements, the publication of preliminary estimated results (which could potentially differ from those disclosed in financial statements) would give rise to the risk of misleading investors. Nonetheless, the Company's intention will be to shorten as much as possible the time between the end of a given period and the publication of financial results for that period.

- 1.3.1. – The principle concerning the integration of ESG factors in a company's business strategy:

ESG aspects are hardly relevant in IPOPEMA's business and are therefore not integrated in the business strategy. However, the Company's registered office is located in an office building that meets the highest environmental standards and the Company takes certain environmentally friendly measures (reduction of waste output, waste sorting, reduction of electricity consumption, etc.).

- 1.4. – The principle concerning publication by companies of the framework of their business strategy:

The Company does not publish its business strategy as a separate document. Information on the Company's development plans and business objectives for future periods is included in the periodic financial reports. However, the reports do not contain any ESG information given the nature and scope of the Company's business and its organisational structure.

- 1.4.1. – The principle concerning an explanation of how decision-making processes integrate climate change:

ESG aspects are hardly relevant in IPOPEMA's business and are therefore not integrated in the business strategy.

- 1.4.2. – The principle concerning presentation of pay differences between women and men:

Given the Company's organisational structure and the characteristics of its organisational units (number and sex of employees), it is not possible to calculate any relevant and meaningful ratios. However, the Company did not and does not apply any inequitable criteria in employment and remuneration and it has not identified any gender-based inequalities in this respect.

- 2.1. – The principle of having in place a diversity policy applicable to the management board and the supervisory board:

The Company has in place a policy for Management Board diversity, prepared in compliance with Art. 110cb of the Act on Trading in Financial Instruments, but its scope is narrower than the one specified in the principle and does not apply to members of the Supervisory Board. Also, the criterion of gender diversity at the level of 30% is not met. However, gender has never been and is not a criterion which would be taken into account in any way when appointing members of the governing bodies (or hiring employees at the Company).

- 2.2. – The principle of achieving the target minimum participation of the minority group of at least 30% when appointing members to the management board or supervisory board:

The target minimum participation of the minority group of at least 30% is not achieved at the Company, but the Company has never applied and does not apply any inequitable criteria when appointing members of its governing bodies (or hiring employees at the Company).

- 4.1. – The principle of enabling shareholders to participate in a general meeting by means of electronic communication:

To date, none of the shareholders has notified the Company that they would expect to be enabled to participate in a general meeting by means of electronic communication. If such expectations are expressed, the Company will consider whether enabling such participation would be legally and functionally feasible.

- 6.4. – The principle requiring that supervisory board members should receive regular remuneration (not dependent on the number of meetings held) and that their remuneration should take into account additional workload (e.g., related to work at the Supervisory Board committees):

Members of the Supervisory Board receive remuneration for each Supervisory Board meeting held, without receiving any additional remuneration for their participation in the Audit Committee. This is due to the fact that irrespective of the existence of the Audit Committee, all of the Supervisory Board members are significantly involved in the matters which are officially handled by the Committee, but which in practice concern the overall supervision of the Company and the responsibility of the entire Supervisory Board.

As regards the set of PFSA Guidelines, the Company decided not to apply the guideline analogous to the recommendation set out in Section IV. R.2 of the Code of Best Practice for the exercise of voting rights at the General Meeting using electronic means of communication.

Key features of the risk control and management system used in the preparation of financial statements

The risk control and management system used by the Company in the process of preparation of financial statements (both separate and consolidated) aims to ensure that the financial statements are reliable, complete and compliant with applicable regulations – both with respect to their contents and timely publication. The system meeting the above criteria is based on the following items:

- Applied rules for circulation and approval of documents, which facilitate prompt and complete recognition of all accounting data;
- Proper flow of information to be registered in accounting records between designated persons from appropriate organisational units and persons engaged in the preparation of financial statements;
- Use of appropriate software and IT systems to facilitate internal reporting and financial information processing;

- Adoption of proper criteria for selection and evaluation of employees engaged in the reporting process, possessing the competences, knowledge and experience relevant to the functions and tasks they are charged with;
- Ensuring cooperation between the Company's auditor, its Supervisory Board and Audit Committee to ensure exchange of information related to the financial statements (especially at the audit plan preparation stage, and at its final stage, but before the audit process is complete);
- Division of tasks and responsibilities related to the preparation of financial statements between various internal units to facilitate independent assessment and cross-verification of the documentation prepared, taking into account the cooperation that is necessary for the process (i.e. allocation of accounting and financial controlling tasks, engaging the Management Board at an early stage of the report preparation, ongoing cooperation with the Company's auditor);
- Ensuring proper communication and information flow between Group companies with respect to the timing and form of information.

Considering the above, the Management Board believes that the risk control and management system employed by the Company in the preparation of financial statements fulfils the aims defined above and is adequate given the structure of the Company and the Group.

Major holdings of shares in the Company

For a list of shareholders holding over 5% of shares in IPOPEMA Securities S.A., see Section 6.3 of this report.

Holders of any securities conferring special control rights

There are no securities of IPOPEMA Securities S.A. conferring special control rights.

Restrictions on voting rights

There are no restrictions on the voting rights attached to IPOPEMA Securities S.A. shares.

Restrictions on transfer of ownership rights to the Company's securities

As at the date of approval of the financial statements, there are no restrictions on transferability of the securities issued by the Company.

Rules governing appointment and removal of the Company's management personnel; powers of the management personnel, including in particular the authority to resolve to issue or buy back shares

Pursuant to the Articles of Association, the Management Board is composed of two to five members, including the President, who are appointed for a three-year term and removed from office by the Supervisory Board. The Management Board acts in accordance with the Rules of Procedure for the Management Board, adopted by the Supervisory Board.

Rules governing amendments to the Company's Articles of Association

The rules governing amendments to the Company's Articles of Association provided in the Articles of Association do not differ from those set forth in the Polish Commercial Companies Code.

Manner of operation and basic powers of the General Meeting, shareholders' rights and the procedure for their exercise

As the Company did not introduce rules of procedure for the General Meeting, the manner of operation of the General Meeting of IPOPEMA Securities, its basic powers as well as the shareholders' rights and the procedure for their exercise are as defined in the Polish Commercial Companies Code, Best Practice for WSE Listed Companies applied by the Company, and Principles of Corporate Governance for Supervised Institutions, issued by the Polish Financial Supervision Authority.

Composition and activities of the Company's management, supervisory and administrative bodies or of their committees; changes in their composition in the last financial year

The powers and manner of operation of the Company's Management Board and Supervisory Board are defined in The Rules of Procedure for the Management Board adopted by the Supervisory Board and the Rules of Procedure for the Supervisory Board adopted by the General Meeting. Both documents are available on the Company's website (Investor Relations/Corporate Governance section).

The Company also complies with "Best Practice for WSE Listed Companies" and the "Principles of Corporate Governance for Supervised Institutions" issued by the Polish Financial Supervision Authority (as discussed in more detail in the first part of this Section 13), including the guidelines and recommendations on management and supervisory bodies.

An Audit Committee operates at the Company, as described in the next section below.

The composition of the IPOPEMA Securities Management Board did not change in 2022 or in 2023 by the date of this report and is as follows:

First name and surname	Position	Appointment date ¹
Jacek Lewandowski	President of the Management Board	June 25th 2020
Mirosław Borys	Vice President of the Management Board	June 25th 2020
Mariusz Piskorski	Vice President of the Management Board	June 25th 2020
Stanisław Waczkowski	Vice President of the Management Board	June 25th 2020

¹ Date of appointment for the current term of office.

The table below presents the composition of the IPOPEMA Securities Supervisory Board as at the date of this report.

First name and surname	Position	Appointment date ¹
Jacek Jonak	Chairman of the Supervisory Board	June 25th 2020
Janusz Diemko	Secretary of the Supervisory Board	June 25th 2020
Bogdan Kryca	Member of the Supervisory Board	June 25th 2020
Ewa Radkowska-Świętoń	Member of the Supervisory Board	June 25th 2020
Andrzej Knigawka	Member of the Supervisory Board	June 21st 2021

¹ Date of appointment for the current term of office.

As at the date of this Report, two members of the Supervisory Board, i.e., Ewa Radkowska-Świętoń and Andrzej Knigawka, met the independence criteria set out in the Company's Articles of Association and Annex II to the Commission Recommendation of February 15th 2005 (2005/162/EC). The other members ceased to meet one of the independence criteria, i.e. the criterion concerning duration of their mandate on the Company's Supervisory Board.

Information on holdings of Company shares by the management and supervisory personnel is presented in Section 7 of this Report.

Audit Committee

- To comply with the requirements of the Act on Statutory Auditors, Audit Firms, and Public Oversight of May 11th 2017 (the "Act on Statutory Auditors") and given that IPOPEMA Securities S.A. meets the criteria for being

considered a public-interest entity within the meaning of the Act on Statutory Auditors, on September 7th 2017 an Audit Committee of IPOPEMA Securities S.A. was established, which currently includes Ewa Radkowska-Świętoń (chair), and Jacek Jonak and Andrzej Knigawka (members). Pursuant to the Act on Statutory Auditors, the Audit Committee is appointed from among the Supervisory Board members.

- As required by the Act on Statutory Auditors, two members of the Audit Committee, including its Chairman, meet the independence criteria.
- The person with knowledge and skills in accounting or auditing of financial statements is Ewa-Radkowska Świętoń.
- All members of the Audit Committee have the knowledge and skills relevant for the sector in which IPOPEMA Securities S.A. operates given their professional experience and – in the case of Jacek Jonak – also many years of membership in the Company's Supervisory Board.
- The audit firm which audited the Company's financial statements did not provide any non-audit services to the Company.
- The key provisions of the Company's policy and procedure for selecting an audit firm and the policy for the provision of additional services by an audit firm, its affiliates or a member of its network are as follows:
 - an auditor is selected by the Supervisory Board based on the Audit Committee's recommendation;
 - in the case of selection of a new audit firm and not just an extension of the agreement with the existing audit firm, the Audit Committee recommends at least two candidates with the Committee's preferred choice indicated;
 - the first agreement with an audit firm is concluded for no more than two years;
 - the audit firm performing the audit (or its affiliates or network member) does not provide the Company or its related entities, directly or indirectly, with any prohibited non-audit services or services that are not a financial audit;
 - the audit firm may provide services which are not prohibited services (as specified in Art. 136.2 of the Act on Statutory Auditors) only to the extent such services are not related to the Company's tax policy, following an assessment by the Audit Committee of threats and independence safeguards in accordance with the Act on Statutory Auditors.
- The recommendation on audit firm selection met the conditions defined in the Company's relevant policy and procedure.
- In 2022, the Audit Committee held four meetings.

Warsaw, March 30th 2023

Management Board of IPOPEMA Securities S.A.:

Jacek Lewandowski
President of
the Management Board

Mariusz Piskorski
Vice President of the
Management Board

Stanisław Waczkowski
Vice President of the
Management Board

Miroslaw Borys
Vice President of the
Management Board