

The IPOPEMA Securities S.A. Group

Directors' Report

**on the operations of IPOPEMA Securities S.A.
and the IPOPEMA Securities Group.
in 2023**

Warsaw, March 27, 2024

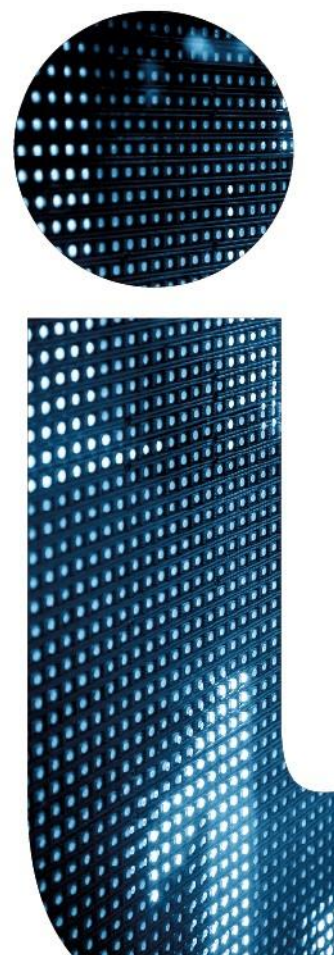


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Introduction

This Management Report has been prepared in accordance with the Decree of the Minister of Finance on current and periodic information provided by issuers of securities and the conditions for recognizing as equivalent information required by the laws of a non-member state, as well as in accordance with the International Financial Reporting Standards and the Accounting Act.

1. Basic information

The IPOPEMA Securities Group S.A. ("IPOPEMA Group") specializes in brokerage and company analysis services, investment banking services, as well as distribution of investment products and investment advisory services addressed to a wide range of individual investors (through IPOPEMA Securities S.A. - parent company, "IPOPEMA Securities", "Company"), creation and management of closed-end and open-end investment funds, debt funds and asset management (through IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A. - subsidiary, "IPOPEMA TFI", "the Company"), as well as business and IT consulting services (through IPOPEMA Business Consulting Sp. z o.o. - subsidiary). IPOPEMA also specializes in advising on financial restructuring and obtaining financing for infrastructure projects, which services are provided through IPOPEMA Financial Advisory Sp. z o.o. Sp. k ("IFA", "IPOPEMA Financial Advisory").

The IPOPEMA Group also includes (i) Muscari Capital Sp. z o.o., which is an Investment Firm Agent for IPOPEMA Securities to intermediate its brokerage services, (ii) IPOPEMA Financial Advisory Sp. z o.o., which supports the IFA business, and (iii) IPOPEMA Funds Services Sp. z o.o., more information of which is provided in Section. 5.5 of this report. The above companies were excluded from consolidation due to immateriality of data.

In addition, IPOPEMA Securities holds 50% of the shares and rights in Investment Funds Depositary Services S.A. ("IFDS"), the object of which will be to provide depositary services for closed-end investment funds. This company was established together with ProService Finteco sp. z o.o., based in Warsaw, and the distribution of rights and votes is equal between the two aforementioned shareholders. Therefore, in accordance with applicable regulations, neither of them has the status of a parent company, and IFDS is not a subsidiary of IPOPEMA Securities, and therefore is not formally part of its capital group.

The history of IPOPEMA's operations dates back to 2003, when Dom Inwestycyjny IPOPEMA S.A. was founded to provide advisory services in the preparation and execution of capital market transactions. As part of the strategy to provide comprehensive investment banking services, in 2005 the Brokerage House IPOPEMA S.A. was established as a subsidiary of DI IPOPEMA, focusing on activities related to the implementation of public offerings. In 2006, the activities of DI IPOPEMA were transferred to DM IPOPEMA, whose name was changed to IPOPEMA Securities S.A. Since that year, the range of services offered by IPOPEMA has been expanded to include brokerage services on the secondary market on the Warsaw Stock Exchange, and in subsequent years on foreign markets. In 2007 IPOPEMA Group was expanded to include IPOPEMA TFI, in 2008 - IPOPEMA Business Consulting, in 2011 - IPOPEMA Asset Management (which was merged with IPOPEMA TFI in November 2015), and in 2016 - IPOPEMA Financial Advisory.

As part of its brokerage business, IPOPEMA Securities provides comprehensive securities brokerage services to institutional clients primarily on the Warsaw Stock Exchange, as well as on other global exchanges. In addition, since 2010 the Company has been providing intermediation in debt instruments. The Company's partners and clients include internationally recognized financial institutions, as well as most of the major local institutional investors, including open pension funds, mutual fund companies, asset management companies and insurance companies. IPOPEMA Securities' brokerage activities are supported by a team of analysts who prepare analytical reports, recommendations and commentaries on dozens of companies listed on the WSE and foreign exchanges.

In the area of investment banking, the Company offers its clients comprehensive services in the preparation and execution of capital market transactions. In particular, the Company focuses on handling public issues of securities (shares and bonds) - for which it acts as coordinator, offeror and financial advisor - as well as in handling M&A and management buyout transactions and advising on raising private market financing (including from private equity funds and in pre-IPO transactions). IPOPEMA Securities also specializes in organizing buyback transactions of shares listed on the WSE - both through public tender offers and 'buy-back' programs implemented for issuers.

In 2016. The company expanded its existing business of offering brokerage services and investment products - including an active investment advisory service - addressing a wider range of individual clients. This activity is

carried out both directly and through entities external to IPOPEMA Securities acting as agents of the investment firm. Ten entities currently perform this function.

In addition, IPOPEMA also specializes in comprehensive services related to financial restructuring and obtaining financing for infrastructure projects, which are provided through a specialized company, IPOPEMA Financial Advisory.

IPOPEMA TFI focuses its activities on the creation and management of investment funds - both of the closed-end type (addressed to groups of wealthy individual and corporate clients), open-end type (addressed to a wide range of individual investors), as well as the management of non-standardized securitized closed-end investment funds. The Society also provides contracted portfolio management services (asset management) as part of individualized investment strategies to institutional clients.

IPOPEMA Business Consulting, on the other hand, focuses on strategy and operations consulting services for businesses, as well as IT consulting.

2. Basic financial data and discussion of the financial position of the IPOPEMA Group

| Selected consolidated financial data (in thousands of PLN) | 2023 | 2022 |
|---|-------------|-------------|
| Total revenue, including | 324.195 | 260.051 |
| <i>Brokerage and related services</i> | 63.550 | 54.764 |
| <i>Investment fund management and client asset management</i> | 228.722 | 176.016 |
| <i>Consulting services</i> | 31.923 | 29.271 |
| Total operating costs | 305.178 | 253.135 |
| Profit from core operations | 19.017 | 6.916 |
| Operating profit | 25.134 | 5.658 |
| Net profit for the period | 19.260 | 6.077 |

| Selected consolidated financial data (in thousands of PLN) | 1q23* | 2q23* | 3q23* | 4q23* | 2023 |
|---|--------------|--------------|--------------|--------------|-------------|
| Total revenue, including | 70.167 | 78.942 | 76.151 | 98.935 | 324.195 |
| <i>Brokerage and related services</i> | 13.475 | 18.779 | 14.505 | 16.791 | 63.550 |
| <i>Investment fund management and client asset management</i> | 49.842 | 53.751 | 54.723 | 70.406 | 228.722 |
| <i>Consulting services</i> | 6.850 | 6.412 | 6.923 | 11.738 | 31.923 |
| Total operating costs | 68.163 | 74.017 | 73.577 | 89.421 | 305.178 |
| Profit from core operations | 2.004 | 4.925 | 2.574 | 9.514 | 19.017 |
| Net profit for the period | 1.817 | 5.275 | 3.173 | 8.995 | 19.260 |

*Unaudited data

Revenue

Consolidated revenues of the IPOPEMA Group realized in 2023 (PLN 324,195 thousand) were 24.7% higher than a year earlier (PLN 260,051 thousand) due to an increase in the level of revenues in all business segments.

Revenues realized in the brokerage services segment (PLN 63,550 thousand; 19.6% of consolidated revenues) were 16.0% higher than a year earlier (PLN 54,764 thousand). The 15.0% increase in securities trading revenues (PLN 35,294 thousand vs. PLN 30,694 thousand a year earlier) was primarily due to higher revenues from bond

trading (with a slightly lower share of stock trading on the WSE). Revenue from investment banking services also recorded a 5.4% increase, amounting to PLN 23,151 thousand in the period (vs. PLN 21,959 thousand in 2022).

IPOPEMA TFI (fund and portfolio management segment) recorded revenues of PLN 228,722 thousand in 2023 (70.6% of consolidated revenues), which represented a 29.9% increase compared to 2022 (PLN 176,016 thousand). The higher revenues of IPOPEMA TFI are mostly the result of an increase in revenues from the management of debt funds and variable fees collected in 2023 for the management of capital market funds.

IPOPEMA Business Consulting (consulting services segment) recorded revenues of PLN 31,923 thousand (9.8% of consolidated revenues) in 2023, up 9.1% from PLN 29,271 thousand a year earlier.

Costs

The IPOPEMA Group's total operating expenses in 2023 were 20.6% higher than in 2022, amounting to PLN 305,178 thousand (vs. PLN 253,135 thousand).

In the brokerage services segment, total operating expenses in 2023 amounted to PLN 58,586 thousand and were 16.1% higher than in 2022 (PLN 50,456 thousand), mainly due to higher costs for third-party services (with distribution of investment products) and higher personnel costs.

Higher operating expenses in the investment funds and portfolio management segment (PLN 217,331 thousand vs. PLN 174,737 thousand in 2022) were primarily driven by costs related to the management of debt funds.

In the consulting services segment, the level of costs recorded in 2023 (PLN 29,261 thousand) was 9.1% higher than a year earlier (PLN 27,942 thousand).

Financial result

Profit from core operations and net profit recorded in 2023 in all segments translated into consolidated profit from core operations of PLN 19,017 thousand (vs. PLN 6,916 thousand a year earlier) and net profit of PLN 19,260 thousand (PLN 6,077 thousand in 2022).

As IPOPEMA Securities' stake in IPOPEMA Business Consulting is 50.02% and 77% in IPOPEMA Financial Advisory, net profit attributable to shareholders of the parent company amounted to PLN 18,178 thousand, and PLN 1,082 thousand was profit attributable to non-controlling interests.

In the brokerage services segment, higher revenues by 16.0% (with operating expenses higher by 16.1%) translated into the realization in 2023 of a profit from core operations of PLN 4,964 thousand (vs. PLN 4,308 thousand profit a year earlier) and a net profit of PLN 6,390 thousand (PLN 3,681 thousand net profit in 2022). On a standalone basis, IPOPEMA Securities recorded a net profit of PLN 9,022 thousand in 2023 (compared to a net profit of PLN 4,619 thousand a year earlier).

The fund management segment recorded a 29.9% increase in revenue, which, with operating expenses higher by 24.4%, translated into significantly higher levels of segment profits - profit from core operations amounted to PLN 11,391 thousand (against PLN 1,279 thousand profit in 2022), and net profit to PLN 10,832 thousand (against PLN 2,173 thousand net profit a year earlier).

In the consulting services segment, an increase in the level of revenues (by 9.1%), despite higher operating expenses (by 4.7%), allowed for an improvement in profit from core operations, which amounted to PLN 2,662 thousand (vs. PLN 1,329 thousand a year earlier), and net profit, which reached PLN 2,038 thousand (vs. PLN 223 thousand net profit in 2022).

Analysis of the balance sheet of the IPOPEMA Securities Group

The most significant items in the IPOPEMA Group's consolidated balance sheet are short-term receivables and cash and short-term liabilities, which accounted for 46.6%, 38.4% and 69.9% of total assets as of December 31, 2023, respectively. Short-term receivables and short-term liabilities predominantly arise from current brokerage activities, i.e. they arise in connection with concluded transactions for the purchase and sale of securities that have not yet been settled at the NDS. In the case of purchase transactions concluded on the WSE, executed on behalf of clients whose accounts are maintained by depository banks, liabilities to the parties to market transactions (brokerage offices and brokerage houses - the so-called anonymous party to the transaction) and receivables from clients for whom the purchase transactions were executed are shown. In the case of sales transactions concluded

on the WSE, executed on behalf of clients whose accounts are maintained by depository banks, receivables from parties to market transactions and liabilities to clients for whom sales transactions were executed are shown.

The Company's return on assets (calculated in accordance with Article 110w of the Trading Act), was as of December 31, 2023. 3.16% on a standalone basis and 4.48% on a consolidated basis (and 1.67% and 1.60%, respectively, as of December 31, 2022).

As of the end of 2023, shareholders' equity (PLN 126,848 thousand including minority interests) accounted for 30.1% of total assets. On the other hand, interest-bearing debt, resulting from IPOPEMA Securities' short-term revolving bank loan used in connection with the settlement of stock exchange transactions, amounted as of December 31, 2023. PLN 25,344 thousand (6.0% of total assets).

Evaluation of financial resources management

IPOPEMA Securities and other Group companies pay all liabilities on an ongoing basis. Taking into account the fact that the high level of short-term liabilities related to transactions concluded in the course of the brokerage business is balanced by a high level of receivables on this account, as well as considering the amount of cash held by the Company, the Company does not identify an increased liquidity risk.

Explanation of differences between financial results and published earnings forecasts

The company does not publish financial forecasts.

Significant off-balance sheet items

The main off-balance sheet item as of December 31, 2023 was a *forward* contract (with a nominal value of PLN 7,252 thousand vs. PLN 7,052 thousand at year-end 2022) hedging the exchange rate risk of a deposit of EUR 1.5 million as collateral for the settlement of transactions on foreign exchanges. In addition, a bank guarantee received related to the lease of office space is also classified here. Additional data on off-balance sheet items are included in the separate financial statements of IPOPEMA Securities.

Investments

The IPOPEMA Group's total net cash flow from investing activities in 2023 shows expenditures of PLN 20,137 thousand. This consisted of both expenditures on IT infrastructure and systems and software development, as well as positions taken on financial instruments. At the same time, as of the date of the financial statements, there are no significant capital expenditures planned in the Group that would require financing from sources other than the Group companies' own funds.

3. Significant events and factors that affected financial performance

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

The stock trading market on the WSE throughout 2023 saw slightly less investor activity than a year earlier, with total turnover 3.9% lower than in 2022. At the same time, IPOPEMA Securities recorded a slightly lower market share in trading (1.98% vs. 2.16% in 2022). Nevertheless, thanks to higher revenues from bond brokerage and transactions carried out jointly with the investment banking area, the level of revenue from securities trading in 2023 (PLN 35,294 thousand) was 16.0% higher than the previous year (PLN 30,694 thousand).

Despite the high volatility of market sentiment persisting throughout last year, the Company managed to successfully close several transactions. As a result, total revenues from investment banking services stood at PLN 23,151 thousand, 5.4% higher than a year earlier (PLN 21,959 thousand).

The above factors led the brokerage services segment to record a net profit of PLN 2023. PLN 6,390 thousand in net profit (vs. PLN 3,681 thousand in net profit a year earlier). On the other hand, on a standalone basis, IPOPEMA Securities recorded a net profit of PLN 9,022 thousand in the period (compared to PLN 4,619 thousand in net profit a year earlier).

Activities of IPOPEMA TFI

IPOPEMA TFI's higher revenues (up 29.9% year-on-year in 2022) are mostly attributable to an increase in the level of revenues from the management of debt funds and the variable fees collected during the year for the management of capital market funds. Despite higher operating expenses (by 24.4%), the fund management segment recorded a significant improvement in net profit, which amounted to PLN 10,832 thousand (compared to PLN 2,173 thousand a year earlier). The value of assets in actively managed funds at the end of 2023 amounted to PLN 1.1 billion. Taking into account assets accumulated also in dedicated funds, IPOPEMA TFI invariably remains the largest Polish mutual fund company - total assets under management at the end of December 2023 amounted to PLN 54.3 billion (PLN 58.1 billion a year earlier).

Activities of IPOPEMA Business Consulting

Thanks to consistent implementation of projects from its order portfolio, IPOPEMA Business Consulting recorded revenues of PLN 31,923 thousand in 2023, up 9.1% from PLN 29,271 thousand a year earlier. Despite higher operating expenses (by 4.7%), the company managed to improve its results - profit from core operations amounted to PLN 2,662 thousand (compared to PLN 1,329 thousand in 2022), and net profit amounted to PLN 2,038 thousand (compared to PLN 223 thousand net profit in 2022).

4. Factors that may affect performance in 2024

War in Ukraine

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

The situation in the secondary market

While the upward trend observed on the WSE since mid-October 2022 could suggest an improvement in market sentiment (at the end of February this year, the value of the WIG was more than 40% higher than at the end of 2022), turnover on the WSE stock market for the entire year 2023 was 3.9% lower than in 2022. IPOPEMA Securities recorded a slightly lower market share in turnover (1.98% vs. 2.16% in 2022), while maintaining high activity in bond trading. Nonetheless, it is difficult to predict how the situation in this area will unfold in future periods.

Situation in the area of capital transactions

The year 2023 in the capital transaction market was volatile - after the first not very optimistic months came a slight recovery, which slowed down in the second half of the year due to the parliamentary elections and investors' uncertainty about political developments. The situation was also not helped by persistent inflation and high levels of interest rates. Successive personnel changes at public companies in the first months of this year and declining

inflation may have a positive impact on reducing investor risk and returning sentiment toward equity transactions in the months ahead.

Situation in the investment fund management segment

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

Situation in the consulting services segment

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

5. Activities of IPOPEMA Securities and the IPOPEMA Group

5.1 Main markets of activity, main customers and suppliers of IPOPEMA Securities and IPOPEMA Group

IPOPEMA Group's main markets

In terms of securities brokerage services, the main market for IPOPEMA Securities is the Warsaw Stock Exchange, with an increase in the Company's revenue structure in commission income from transactions executed on foreign markets, where - in addition to the Warsaw Stock Exchange market - the Company also actively operates.

In the area of investment banking services, the Company serves both domestic and foreign clients with equity transactions and advisory services in the domestic market, which is the dominant market, as well as in foreign markets.

The Company's activities in its offerings to individual investors are focused on the domestic market.

IPOPEMA TFI is active in the investment fund market, both in the management of closed-end investment funds, as well as in the field of open-end funds, i.e. addressed to a wide range of individual clients. In the area of securities portfolio management services, IPOPEMA TFI's activities are focused on the domestic market.

IPOPEMA Business Consulting operates primarily in the domestic business and IT consulting market, focusing on strategy, operations management and IT management consulting.

Main customers

As part of its brokerage business, the Company's clients include both internationally recognized financial institutions and other intermediaries (including branches of major investment banks). IPOPEMA Securities' domestic clients include most of the major local institutional investors, including open pension funds, mutual fund companies, asset management companies and insurance companies.

The circle of recipients of investment banking services provided by IPOPEMA Securities is very wide. It includes companies already listed on the Warsaw Stock Exchange, for which the Company prepares further issues or advises on merger and acquisition transactions, being also the organizer of calls for sale of shares of companies listed on the WSE. The Company prepares and conducts public offerings for non-public companies, as well as advises such companies on mergers and acquisitions, capital raising, debt financing or provides them with financial advisory services, including financial restructuring. In addition, the Company arranges "exits" by significant shareholders of public companies (both individuals and legal entities) by selling shares on the WSE or to private equity investors.

In turn, in the area of retail operations, the recipients of services are a wide range of individual investors for whom IPOPEMA Securities maintains brokerage accounts and offers diversified investment products.

IPOPEMA TFI's offer in the area of closed-end funds is addressed primarily to individual clients who have assets of significant value and to institutional clients. These are mostly major shareholders of companies listed on the Warsaw Stock Exchange or large private companies, as well as international corporations (mainly from the real estate and financial industries). At the same time, activity in the area of open-ended investment funds aimed at a wide range of individual investors is being consistently developed, where the Society cooperates with third-party distributors. In the *asset management* area, IPOPEMA TFI's clients include primarily mutual funds, non-profit organizations and wealthy individual investors.

IPOPEMA Business Consulting focuses primarily on serving corporate clients in the industrial, energy, consumer goods, trade and distribution, and IT and telecommunications sectors.

In 2023, The Group had many customers, and a share of more than 10% of the IPOPEMA Group's consolidated revenue was shown by two entities.

Main suppliers

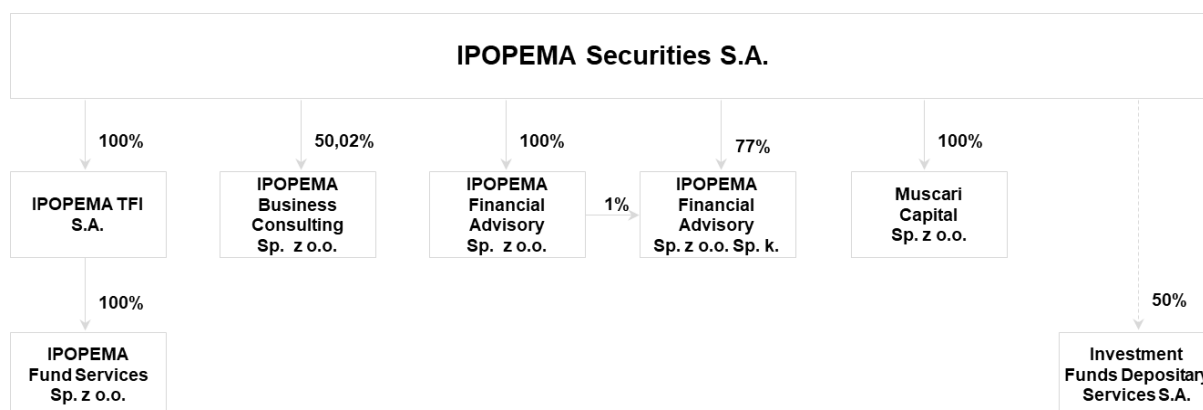
The Company has a number of regular service providers (including banking services, clearing services in connection with its brokerage business, space rental or software and IT services), but the competitive position of none of them places them in a privileged position vis-à-vis the Company, particularly in the context of the Company's dependence on a particular supplier or the possibility of imposing non-market terms of cooperation on the Company. Transaction costs (to exchanges and clearing houses) accounted for the most significant share in the cost structure of external suppliers, accounting for 1.5% of consolidated operating expenses in 2023.

5.2 Organizational structure of the IPOPEMA Securities Group

As of December 31, 2023. The IPOPEMA Securities Group consisted of IPOPEMA Securities S.A. as the parent company and subsidiaries: IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A., IPOPEMA Business Consulting Sp. z o.o., IPOPEMA Financial Advisory Sp. z o.o., IPOPEMA Financial Advisory Sp. z o.o. Sp. k., Muscari Capital Sp. z o.o. and IPOPEMA Funds Services Sp. z o.o.

IPOPEMA Securities, IPOPEMA TFI, IPOPEMA Business Consulting and IPOPEMA Financial Advisory Sp. z o.o. are consolidated. Sp. k., while IPOPEMA Financial Advisory Sp. z o.o., Muscari Capital Sp. z o.o. and IPOPEMA Funds Services Sp. z o.o. were excluded from consolidation due to immateriality of financial data or lack of control.

In addition, IPOPEMA Securities holds 50% of the shares and rights in Investment Funds Depository Services S.A. ("IFDS"), i.e. a company established together with ProService Finteco sp. z o.o., headquartered in Warsaw, as discussed further in sec. 7 of this Management Commentary. Given that, in principle, the distribution of powers and votes is equal among the aforementioned shareholders, in accordance with applicable regulations, none of them has the status of a parent company. Consequently, IFDS also formally does not constitute a subsidiary of IPOPEMA Securities and is not subject to consolidation.



5.3 Strategy and development prospects of the IPOPEMA Securities Group

While the IPOPEMA Group's activities to date have been predominantly focused on serving institutional clients, or affluent individuals (seeking active advice on asset management or who are major shareholders in business entities, including public companies), it has been consistently expanding its offering to individual investors - both in terms of investment funds (IPOPEMA TFI) and brokerage services (IPOPEMA Securities). A comprehensive offer and extensive use of synergies within the IPOPEMA Group will continue to allow the Company and its subsidiaries to build and strengthen customer relationships by being able to offer different products at different stages of business development.

In the area of brokerage services, in addition to handling transactions on the WSE, the Company offers clients trading access to exchanges around the world. Maintaining analytical coverage of dozens of companies is also an important part of building the Company's position. In the area of investment banking services, the Company will continue to build its position as one of the most active brokerage firms in handling equity transactions with a diversified revenue structure.

An element of the Company's strategy is also to expand its offer of brokerage services (investment advice) and investment products addressed to a wide range of individual clients - both directly and through partners operating in the formula of an investment company agent.

In the mutual fund and portfolio management segment (IPOPEMA TFI's business), the goal continues to be to further strengthen the leading position in the market of mutual fund companies offering closed-end mutual funds (despite unfavorable regulatory and tax changes in this segment), as well as to further increase the value of money to be managed within the consistently expanded range of funds aimed at retail clients.

IPOPEMA Business Consulting intends to further strengthen its position in the business consulting market both by acquiring more clients (domestic and foreign) and by establishing cooperation with global players in the consulting and IT market for joint projects.

The IPOPEMA Group's strategy also assumes stronger development of advisory activities in the field of financial restructuring and obtaining financing for infrastructure projects, which, as of 2017, has been transferred from IPOPEMA Securities to a subsidiary established specifically for this purpose, i.e. IPOPEMA Financial Advisory.

5.4 Transactions with related parties

Detailed information on transactions with related parties is provided in the IPOPEMA Group's annual consolidated financial statements in Note 22.

5.5 Selected corporate events in 2023 and 2024 to the date of the report

Conclusion of the investment agreement and incorporation of the company

On March 23, 2022, IPOPEMA Securities entered into an investment agreement with ProService Finteco sp. z o.o., headquartered in Warsaw ("ProService"), pursuant to which a company named Investment Fund Depository Services S.A. was established. ("IFDS"), whose main business will be the provision of depository services for closed-end investment funds. As of December 31, 2023 (and as of the date of this report), the share capital of IFDS amounted to PLN 8,925,000, and IPOPEMA and ProService acquired shares representing 50% of the share capital and the total number of votes each. The aforementioned investment agreement assumes the same rights of the parties in appointing members of the management board and supervisory board of IFDS, and contains standard provisions for this type of agreement, including the right of first refusal to purchase shares (in the event of the other shareholder's intention to sell them) and exit scenarios in the event of significant discrepancies between shareholders. Other than commitments to subscribe for shares and make share capital contributions, the agreement does not contain any other commitments regarding the financing of IFDS by IPOPEMA Securities and ProService.

IFDS was registered with the National Court Register on July 12, 2022, and on September 28, 2023, it received authorization from the Financial Supervision Commission to conduct brokerage activities. Currently, IFDS is finalizing preparations for the start of operations.

Amendment of the Company's Articles of Association and conditional increase of share capital

In 2023, the Company's Articles of Association were amended, including the introduction of a conditional increase in share capital to enable the Company's share-based incentive programs. In addition, a number of amendments were made to the Articles of Association to adapt them to the amended provisions of the Commercial Companies Code. The Company reported in detail on the amendments to the Articles of Association in current reports No. 5 and 7 of 2023.

5.6 Research and development

Neither the Company nor the IPOPEMA Group is engaged in research activities.

5.7 Changes in basic management principles

In 2023, there were no changes in the basic principles of corporate management at either the Company or its subsidiaries.

6. Capital and shareholders of IPOPEMA Securities S.A.

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

There were no changes in the Company's share capital in 2023.

6.2 Change in capital of other IPOPEMA Group companies

There were no changes in the amount of share capital of the other IPOPEMA Group companies in 2023.

6.3 Shareholders of IPOPEMA Securities S.A.

As of December 31, 2023 and as of the date of approval of this report, the Company's shareholders holding at least 5% of the total number of shares and votes at the general meeting of IPOPEMA Securities S.A. were as follows:

| Shareholder | Number of shares and votes at the AGM | % of the total number of votes at the AGM |
|---|---------------------------------------|---|
| Value FIZ*. | 2.992.824 | 9,99% |
| IPOPEMA PRE-IPO FIZAN Fund ¹ | 2.990.789 | 9,98% |
| OFE PZU "Złota Jesień "**. | 2.990.000 | 9,98% |
| Quercus Funds * ² | 2.912.236 | 9,72% |
| IPOPEMA 10 FIZAN Fund ³ | 2.851.420 | 9,52% |
| Katarzyna Lewandowska | 2.136.749 | 7,13% |
| Jaroslaw Wikalinski ⁴ | 1.499.900 | 5,01% |
| Total shareholders above 5% | 18.373.918 | 61,37% |

*Data based on notifications received by the Company from shareholders or as reported at the Company's AGM.

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

²Total funds managed by QUERCUS TFI

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

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

Currently, there are no agreements that may result in the future issuance of shares and, consequently, changes in the proportion of shares held by the Company's existing shareholders.

6.4 Acquisition of treasury shares

Except for instances of share acquisitions in connection with its stock brokerage business on the WSE, the Company has not acquired treasury shares.

6.5 Employee share schemes

The Company did not have an employee stock ownership program in 2023.

7. Information on managing and supervising persons

Value of remuneration of managers and supervisors

The amount of remuneration of members of the Company's Management Board and Supervisory Board - both paid and due or potentially due - as well as fringe benefits (including medical care in the part financed by the Company) in the IPOPEMA Securities Group is indicated in the table below:

| <i>(in thousands of PLN)</i> | Total remuneration in the Group | | Of which in subsidiaries | |
|------------------------------|---------------------------------|--------------|--------------------------|--------------|
| | 2023 | 2022 | 2023 | 2022 |
| Management | 4 499 | 3 478 | 1 200 | 1 200 |
| Jacek Lewandowski | 1171 | 1 237 | 300 | 300 |
| Mirosław Borys | 1005 | 853 | 300 | 300 |
| Mariusz Piskorski | 746 | 694 | 300 | 300 |
| Stanisław Waczkowski | 1577 | 694 | 300 | 300 |
| Supervisory Board | 210 | 143 | - | - |
| Jacek Jonak | 50 | 35 | - | - |
| Janusz Diemko | 40 | 24 | - | - |
| Bogdan Kryca | 40 | 28 | - | - |
| Ewa Radkowska-Swiętoń | 40 | 28 | - | - |
| Andrew Knigawka | 40 | 28 | - | - |

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

As of December 31, 2023 and as of the date of this report, the managing and supervising persons indicated below held - directly or indirectly through subsidiaries or affiliates (including dedicated funds) - shares in IPOPEMA Securities S.A.. The shareholding of the above-mentioned persons has not changed from that presented in the quarterly report for Q1-Q3 2023.

| Person | number of shares and votes | % of capital and votes |
|--|----------------------------|------------------------|
| Jacek Lewandowski - 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% |

¹According to the information in the table in section 6.3, IPOPEMA Securities S.A. shares are also held by Jacek Lewandowski's wife, Katarzyna Lewandowska.

Apart from the shares in the Company mentioned above, none of the managing or supervising persons held (directly or indirectly) shares in subsidiaries of IPOPEMA Securities.

Agreements concluded with management or supervisory persons

In 2008. The Company entered into agreements with two members of the Board of Directors (Miroslaw Borys and Mariusz Piskorski), under which each of them is entitled to compensation in the amount of three months' salary in the event of removal from the Board of Directors or non-reappointment for another term (subject to certain cases specified in the agreement), as well as in the event that the terms of remuneration are changed to less favorable terms.

8. Judicial and administrative proceedings

In 2016. IPOPEMA TFI received a copy of a lawsuit filed by Górnośląskie Przedsiębiorstwo Wodociągów S.A., headquartered in Katowice ("GPW"), seeking payment of PLN 20.6 million for alleged property damage suffered by GPW in connection with GPW's investment in investment certificates of one of the so-called dedicated funds managed by the Society (closed-end investment fund of non-public assets). The Society considers the WSE's claim to be unfounded and has taken legal steps to dismiss it by filing a response to the lawsuit with the court and participating in further litigation. As of the date of this report, some of the scheduled hearings have been held in the case, during which some of the procedural activities were carried out. Further procedural activities are scheduled to be carried out at a later stage of the court proceedings. In view of this, and in view of the complex factual and legal state at this stage, it is not possible to authoritatively prejudge the outcome of the ongoing proceedings.

Four lawsuits were also filed against IPOPEMA TFI concerning funds that were previously managed by Saturn TFI and Lartiq TFI, the management of which was taken over by IPOPEMA TFI as a result of the Financial Supervision Commission's decision to revoke permits for the above investment fund companies to carry out their activities. Three of the claims, with a total claim value of approximately PLN 2.6 million, were filed in December 2022 and January 2023, while the last one was filed in October 2023. This is a class action lawsuit against IPOPEMA TFI and the bank acting as depositary for the fund to which the lawsuit relates. The resulting value of the subject matter of the dispute is PLN 25.3 million, and the case is at the stage of the court's examination of the admissibility of the class action. IPOPEMA TFI strongly disputes the claims in question in their entirety as completely unfounded and groundless. This is because the allegations raised in them relate to circumstances that are a consequence of the management of the funds in question and their situation prior to the period when IPOPEMA TFI took over their management. In connection with the above, the Management Board of IPOPEMA TFI is taking legal steps to dismiss the lawsuits, as well as to protect the good name of IPOPEMA TFI.

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

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

9. Credit agreements, sureties, guarantees and other agreements

Credit agreements

IPOPEMA Securities is a party to two overdraft agreements (lines of credit with a variable interest rate based on the WIBOR 1M rate plus the bank's margin, in PLN) concluded on July 22, 2009 with Alior Bank, and used to settle liabilities to the National Securities Depository in connection with its brokerage business. The above credit lines are renewed annually, which was also the case in 2023 - the current term expires on December 10, 2024. For more information on the aforementioned agreements, see Note 13 of IPOPEMA Securities' financial statements.

Loans, guarantees and warranties

In 2023. The Company did not receive or provide any sureties or loans, except to Group companies, employees and associates of IPOPEMA Securities. of which more information is provided in the financial statements of IPOPEMA Securities.

The company has set up deposits, as well as a bank guarantee in its favor, details of which are provided in Note 42 to the IPOPEMA Securities financial statements.

Agreements between shareholders

According to the information available to the Company, Jaroslaw Wikaliński and Malgorzata Wikalińska entered into an oral agreement regarding consensual voting 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.

Contracts entered into in the normal course of business

The IPOPEMA Group also enters into a number of agreements in the ordinary course of business each year - both agreements with service providers and agreements with clients. With respect to IPOPEMA Securities, these include agreements for the provision of brokerage services to institutional clients and agreements for the maintenance of accounts and provision of brokerage services with individual clients, as well as agreements for the provision of investment banking and advisory services. In turn, IPOPEMA TFI enters into agreements for the management of investment funds, and IPOPEMA Business Consulting enters into agreements for the provision of consulting services.

10. Risk factors and threats

By far the most significant and dominant factor having a direct impact on the activities of almost all business entities today is the war in Ukraine. Given the uncertainty about its further development, it has introduced a level of volatility and concern about the state of the economy not seen in years. While so far we have not experienced an economic crisis on a European scale, it is difficult to clearly predict what impact the war in Ukraine will have on the economic situation. The unprecedented nature of the situation that has arisen causes the Company to continue to identify it as potentially the greatest risk to the economic situation, including the situation in the Polish financial market, and consequently a threat to the Group's operations and its financial position in the future.

Notwithstanding the above dominant risk associated with the war in Ukraine, the existing risk factors specific to the operations of the IPOPEMA Group or individual companies comprising it, the occurrence of which could potentially have a negative impact on the Company's and the IPOPEMA Group's operations, financial position, results or development prospects, remain valid. The most significant of these, in the opinion of the Management Board, are

presented below, as well as in Note 13a of the financial statements of IPOPEMA Securities and Note 28 of the consolidated financial statements of the IPOPEMA Securities Group.

Risks related to conjuncture in capital markets

The primary influence on the Company's financial results is the situation in the capital markets, especially the Polish market. In particular, the economic slowdown translates into a deterioration of trends on global stock exchanges and stock exchanges from the Central and Eastern European region, where the Company operates. Deterioration in the capital market, in turn, affects the Company's revenues due to a reduction in the value of trading on stock exchanges and difficulties in carrying out public offerings.

With regard to IPOPEMA TFI's operations, the poorer situation on the capital market means a decline in interest in investing in public securities, especially equities, and thus a lower level of income earned from active management services. In past years, this has had a limited impact on the Society's performance, as its activities have largely focused on the creation of closed-end private asset mutual funds. However, given the increasing scale of the provision of active management services, the prolonged persistence of unfavorable economic conditions may affect the lower level of revenues and profits obtained by IPOPEMA TFI (in particular, due to difficulties in acquiring new funds for management, or even in maintaining their current size). Similarly, in the area of *asset management*, the primary factor affecting operations is market sentiment affecting changes in the prices of equities and debt instruments, which translates into the value of assets under management, and thus into revenues from fees for portfolio management.

Risk of deterioration in the financial position of counterparties

In view of unfavorable economic conditions (high interest rates, high inflation, rising commodity prices, etc.), there is a risk that companies will face liquidity difficulties. At the same time, it cannot be ruled out that analogous problems will affect clients of IPOPEMA Group companies. It may then turn out that payments from counterparties will be delayed or withheld, which, as a consequence, would have a negative impact on cash flows on the part of IPOPEMA Group companies (especially in areas where long-term consulting and implementation projects are carried out, and payment of remuneration is scheduled after the work is completed).

Risks related to competition in the service markets where IPOPEMA Securities and the IPOPEMA Group operate

In all markets where IPOPEMA Securities operates, there is strong competition - both from domestic brokerage houses that have been operating for years and from foreign financial institutions that are increasing their activity in Central and Eastern Europe, including Poland (operating both as remote brokers and opening local offices). Increasing competition may cause the risk of further reduction of market shares and increase pressure on prices of offered services, which, as a consequence, may negatively affect the Company's financial situation.

Similarly, IPOPEMA TFI and IPOPEMA Business Consulting compete with both established players and newcomers. IPOPEMA TFI is the largest investment fund company in Poland in terms of total assets under management, as well as one of the most active players in the creation of closed-end investment funds. In addition, IPOPEMA TFI is steadily expanding its offerings and strengthening its position in the active management funds market. IPOPEMA Business Consulting is consistently developing its client base and order book. In the future, however, it cannot be ruled out that actions taken by competitors may hinder the further development plans of IPOPEMA TFI and IPOPEMA Business Consulting, which would adversely affect the future performance of the entire IPOPEMA Group.

Risks related to dependence on management and ensuring the invariability of key staff, attracting highly qualified professionals and salary levels

The IPOPEMA Group's operations and its growth prospects are largely dependent on the knowledge, experience and qualifications of its executives. Their work for the IPOPEMA Group companies is one of the factors that have determined its success to date. Therefore, the possible departure of the IPOPEMA Group's executives or key employees could have a negative impact on the operations and financial position of the Company and its subsidiaries, their financial performance and development prospects.

In addition, to ensure the proper level of services provided by IPOPEMA Group companies, it is necessary to have highly qualified staff. The nature of the business requires that some of the people employed by IPOPEMA Securities or IPOPEMA TFI have not only experience, but also meet the formal requirements for providing brokerage services or investment advisory services. In addition, in order to ensure the continued growth of the Group, it is necessary to recruit new employees, including people with relevant competence and experience. Given the high competition in the market and the limited number of people with qualifications guaranteeing the maintenance of an appropriate standard of services provided, in order to ensure the stability of the key staff, the Company's Management Board is trying to motivate employees to bind their professional future with the IPOPEMA Group. However, the implementation of the above intentions may be associated with an increase in spending on salaries for employees, which, given the high share of salary costs in the structure of total operating costs, may have a negative impact on the financial results achieved by IPOPEMA Group companies in the future.

Risks associated with the settlement of exchange transactions

The Company appears in the NDS_CCP as a clearing participant, which means that it has an obligation on the settlement date to pay for the concluded purchase transactions or deliver securities to settle the concluded sale transactions. The Company executes transactions on behalf of clients (who have accounts with depository banks), who on the settlement date should deliver cash for executed purchase transactions or securities for executed sale transactions. However, there is a risk that the customer may fail to deliver cash or securities on time. In such a case, until the customer settles its obligations, the Company must settle the transaction using its own funds (buy) or substitute securities purchased on the market (sell). There is also a risk that if the customer does not settle the purchase transaction, the Company will acquire securities that may be possible to sell on inferior terms or not at all. On the other hand, in the case of a sale transaction, there is a risk that the Company will be forced to purchase securities in the market at a higher price compared to the price at which the customer was to provide such securities or that it will not be possible to purchase them. The occurrence of such a situation does not limit the Company's right to claim liability from the customer for the customer's non-performance of the contract (order) for securities transactions.

Risks associated with the nature of investment banking services

The Company's investment banking services, including in particular advice to entities seeking to list their shares on the WSE, as well as transactions in the area of mergers and acquisitions, are characterized by relatively long lead times (at least several months as standard). Due to the volatility of the mood on the capital markets or changes in decisions on the part of the Company's clients as to their investment intentions, there is a risk that the implementation of some of the projects started by the Company may be postponed or that clients may decide to discontinue work on the implementation of transactions (in particular, in view of the unfavorable market situation). Given that an essential part of the Company's remuneration in this type of projects is the success fee, the decisions mentioned above may negatively affect the Company's financial results.

Risks associated with the retail business

In 2016. The Company began offering brokerage services and investment products to a wider range of individual customers. This activity is largely carried out through distributors cooperating with the Company in the formula of an investment company agent, whose network is constantly being expanded. In addition, the activity for the aforementioned clients is strongly dependent on the economic situation and the stock market situation, which makes it difficult to assess unequivocally how this activity will develop in future periods and, consequently, what its impact on the Company's result will be.

Risks associated with the operations of IPOPEMA TFI

Given the strong competition in the market for investment funds and the dependence of the results achieved by individual funds on the economic situation, including in particular the situation in the capital markets, as well as the accuracy of investment decisions made by the managers of funds managed by IPOPEMA TFI, there is a risk that these funds will not bring the rate of return on capital expected by customers (or, in extreme cases, a loss), there will be a loss of confidence of customers in the managers and, in the long run, this will lead to the resignation of some investors from investing funds in funds managed by IPOPEMA TFI, as well as make it difficult to attract new customers. Given the above, and the fact that in some funds part of IPOPEMA TFI's remuneration depends on

investment performance and exceeding the assumed reference rate of return on capital, the risk of failure by the manager to achieve the established assumptions and customers' resignation from IPOPEMA TFI's services, may result in the Society's failure to achieve the planned level of revenue.

The dynamics of IPOPEMA TFI's business development is also partly dependent on obtaining the relevant administrative permits, as well as the direction of possible changes in the law, regulating in particular the activities of investment funds and the rules of taxation of investment funds and their participants.

In the area of *asset management*, the activities of IPOPEMA TFI are primarily subject to investment risk. It cannot be ruled out that the decisions made by the Society's management team or the investment strategies used will turn out to be wrong. This may lead to the loss of existing customers and difficulties in attracting new ones, which may consequently have a negative impact on IPOPEMA TFI's performance.

Risks related to the level of equity and the financing needs of the Company and the IPOPEMA Group

In connection with its activities on the secondary market, the Company is required to provide an adequate amount of funds to the Clearing Fund managed by NDS_CCP after each trading day. Currently, the Company replenishes the above fund each time using its credit line. However, in the event of events that have a significant negative impact on the Company's financial performance, the risk of a reduction in the Company's ability to use debt financing cannot be ruled out, which could result in the need to reduce the scale of its operations or increase its capital base.

To date, the Company has not experienced any problems related to the amount of payments to the Settlement Fund, and the current level of the available credit line ensures the safe conduct of business at its current level, or even a significant increase. It should also be noted that in the event that the Company's customers fail to settle the transactions concluded on their orders in a timely manner, the Company will be forced to carry out the transactions using its own funds, provided that the amount of the available credit line is insufficient to cover the liabilities on this account.

In addition, the Company, as a brokerage house, is required to meet capital standards in terms of individual and consolidated capital requirements, which are highly dependent on the scope and scale of its brokerage business. Shareholders' equity is maintained at a level that ensures an adequate surplus over the aforementioned capital requirements. However, it cannot be ruled out that as a result of a change in the scope or scale of operations, incurring a material loss or regulatory and legal changes, an increase will be required. The need to increase the capital base may also apply to IPOPEMA TFI, which, as a result of possible regulatory changes covering investment fund companies, may be subject to additional obligations to estimate risk and capital requirements.

Risks associated with acting as a Payer Bank

The condition for the Company (as well as other brokerage houses that are direct participants in the Exchange) to start and operate on the WSE is to have a valid agreement with a bank that is a participant in the NDS to act as a Payer Bank, which is currently held for the Company by Alior Bank S.A.. Any termination of such an agreement would result in the Company having to conclude an agreement with another bank, which would take time, as well as the need to separately agree on new terms of cooperation. In the event of possible difficulties in quickly establishing cooperation with a new bank, there would even be a risk of having to temporarily suspend brokerage activities, until the date of the new agreement.

Risks of a similar nature also apply to Austria's Raiffeisen Bank International, which serves the Company in the settlement of transactions concluded on foreign exchanges.

Risks associated with the operation of information and telecommunications systems

An aspect of particular importance for the Company's operations is to ensure that the IT and telecommunications systems used are trouble-free and secure. Any major system failure could not only expose the Company to the risk of financial liability to customers for orders that are not completed or are not properly executed, but could also result in a loss of customer confidence in the long term. The Company has purchased and implemented a specialized IT system dedicated to brokerage service providers, which is subject to constant updates and modifications. Both the purchase of the IT system and the ongoing measures taken by the Company to ensure the highest possible level of security of the IT and telecommunications infrastructure used are aimed at reducing the risk of negative

consequences that would be associated with a possible failure of IT systems, unauthorized access to data stored on the servers used by the Company, or loss of such data. However, despite the Company's taking the aforementioned measures, it cannot be ruled out that the risk in this area will materialize, and consequently that the risk of claims or sanctions, including fines, against the Company (or other companies in its capital group) will materialize.

Risks related to errors and mistakes of IPOPEMA employees and cases of violation of the law

The IPOPEMA Group's position in the markets it serves is primarily a function of the degree of trust that clients place in the IPOPEMA Group and its employees. The nature and scope of the services provided require them not only to have knowledge and experience, but also to follow the procedures in place at each Group company to reduce the risk of mistakes and errors in the course of business. Although each employee of the IPOPEMA Group is obliged to know and follow the procedures of conduct implemented in the respective company, it cannot be ruled out that errors and mistakes may occur in the course of day-to-day operations, which, depending on their scale, may affect the financial position and current financial results achieved by the IPOPEMA Group. Due to the nature of the business, the risk of errors largely affects teams directly operating in the secondary market. In addition, as the business of offering investment products to a wide range of individual investors grows, so does the risk of potential claims against the Company, particularly in the event of a loss on the products purchased by the investor - both due to potential failures on the part of the Company and for reasons beyond its control (i.e. those attributable to the issuer of the instrument or the entity managing the instrument).

In accordance with the applicable regulations, an entity licensed to conduct brokerage activities is required to have a unit within its structure that exercises constant control over compliance by employees providing brokerage and investment advisory services with the law and the provisions of internal rules of conduct. Despite this, the occurrence of the cases referred to above cannot be ruled out, which may consequently expose the Company to negative administrative consequences from supervisory authorities, including the FSA, as well as may expose the Company to financial and reputational losses.

Risk of claim against IPOPEMA TFI and IPOPEMA Business Consulting

According to the information provided in item. 8, the lawsuits described in the aforementioned item have been filed against IPOPEMA TFI and IPOPEMA Business Consulting. The Management Boards of both defendant companies consider these lawsuits to be completely unfounded and are taking action to dismiss them, and in the case of IPOPEMA Business Consulting also taking action against the suing party, against which the company has a claim for payment of remuneration for work performed. However, despite the unequivocal assessment of the lawsuits by the Boards of Directors of both companies and the actions they are taking, an unfavorable judgment in the case cannot ultimately be ruled out. Their current status (despite the mediation conducted by IPOPEMA Business Consulting), as well as the lengthiness of the court proceedings, also does not allow for a reliable assessment of the timing of the resolution of any of the cases in question.

Legal and regulatory risks

The Company, as a brokerage house, and its subsidiary, as an investment fund company, operate on the basis of a permit from the Financial Supervision Authority and operate in a market characterized by a high degree of complexity and volatility of legal regulations concerning many areas of activity. This increases the risk in the area of adjusting operations to the requirements of the law and possible violation of laws, regulations or administrative provisions governing the activities of Group companies, particularly IPOPEMA Securities and IPOPEMA TFI. The consequence of this may be the imposition of sanctions by supervisory institutions (including the Financial Supervision Authority), among others in the form of fines or, in an extreme case, revocation of the permit to conduct a given type of activity.

The problem of the volatility of regulations, their quality and the number of new obligations affect not only the business areas of the IPOPEMA Group, but also the conduct of business and management of enterprises in general. The aforementioned factors result in an increased risk of failure to comply with certain regulations or improper compliance with them. It causes an increase in the risk of imposing penalties on business entities, the number and maximum amount of which under various legal acts is also increasing, even more so given the ambiguity of many regulations.

Notwithstanding the above formal aspect, subsequent changes in laws and new regulations may affect various areas of the IPOPEMA Group's operations and affect its profitability, forcing it to incur additional costs or adversely affecting its revenues.

11. Information about the entity that audits the financial statements

Information on the remuneration of the auditor was included in Note 32 in the annual consolidated financial statements of IPOPEMA Securities.

12. Statement on the application of corporate governance

Indication of the set of corporate governance principles to which the Issuer is subject

IPOPEMA Securities applies the principles of corporate governance and Good Practices of listed companies as defined by the WSE in the document "Good Practices of Companies Listed on the WSE 2021". (Resolution of the Exchange Board dated March 29, 2021).

In addition, the guidelines set forth in the "Corporate Governance Principles for Supervised Institutions" issued by the Office of the Commission on July 22, 2014 also apply to the Company as a brokerage house subject to regulatory oversight by the Financial Supervisory Commission.

The relevant statements of compliance with the aforementioned principles are available on the Company's website (tab 'Investor Relations / Corporate Governance').

The extent to which the Issuer has deviated from the provisions of the corporate governance rules to which it is subject with an indication of those provisions and an explanation of the reasons for the deviation

IPOPEMA Securities has adopted for application the principles contained in the set of Good Practices of Companies Listed on the WSE 2021, departing only from a few of them:

- 1.2 - the principle of making it possible to review the achieved financial results in the interim report as soon as possible after the end of the reporting period:

The relatively short time between the availability of preliminary estimated financial results for a given period and the date of publication of periodic financial statements means that publication of preliminary estimated results (which could potentially differ) would create a risk of misleading investors.

- 1.3.1 - a principle for including ESG topics including environmental issues in business strategy:

Due to the nature of IPOPEMA's business, ESG environmental aspects are of very limited application to it and have not been included in its business strategy. Nonetheless, the Company has taken the necessary steps to comply with its obligations under European Parliament and Council Directive (EU) 2022/2464 on corporate sustainability reporting. These obligations come into force in different years depending on the nature and size of the company with the status of a public interest entity. IPOPEMA Securities is among the companies that will be subject to the reporting obligations starting in 2026 (for 2025).

- 1.4 - the rule for posting the assumptions of the adopted business strategy on the website:

The Company does not separately publish its business strategy, but information on development plans and business assumptions for future periods is included in the content of financial reports published periodically. However, they do not include information on the ESG area given the nature and scope of the Company's business and its organizational structure. Additional information on ESG issues is indicated with reference to sec. 1.3.1. above.
- 1.4.1 - a rule for explaining how climate change issues are taken into account in decision-making processes:

Due to the nature of IPOPEMA's business, ESG environmental aspects have very limited application to it and have not been included in its business strategy.
- 1.4.2 - the rule on the presentation of differences in the value of wages for men and women:

The organizational structure and cross-section of business units (the number and gender of employees) do not provide a basis for calculating adequate and meaningful indicators. Nevertheless, the Company did not and does not use any non-merit-based criteria for hiring and determining remuneration, nor does it identify any gender-related inequalities in this regard.
- 2.1 - the principle of having a diversity policy towards the management board and the supervisory board:

The Company has a Diversity Policy for the Board of Directors drawn up in implementation of Article 110cb of the Trading Act, but its scope is narrower than that set forth in the Guideline and does not apply to members of the Supervisory Board. The 30% gender diversity criterion is also not met. Notwithstanding the above, gender has never been, nor is it, a criterion that would be taken into account to any extent in the appointment of members of bodies (as well as the hiring of employees in the Company).
- 2.2 - the rule on achieving a minimum minority participation in the election of management or supervisory board members of not less than 30%:

The ratio of minimum minority participation of not less than 30% is not achieved in the Company, nevertheless, the Company has never applied and does not apply any extrinsic criteria that would be taken into account when appointing members of the bodies (as well as hiring employees in the Company).
- 4.1 - the principle of allowing shareholders to participate in the general meeting by means of electronic communication:

So far, shareholders have not reported any expectations to the Company regarding remote participation in the general meeting. Should such expectations arise, the Company will study the legal and functional possibilities of such a solution.
- 6.4 - the principle of remunerating members of the supervisory board on a continuous basis (independent of the number of meetings held) and take into account additional workload (e.g., related to work in committees of the supervisory board):

In 2023, a change was introduced in the way Supervisory Board members are remunerated - in accordance with a resolution of the Company's annual general meeting of May 24, 2023. Board members receive a fixed monthly salary instead of the previously applied principle of separate remuneration for each meeting held. Members of the Supervisory Board, on the other hand, do not receive additional compensation for participation in the Audit Committee. This is due to the fact that, regardless of the separation of the aforementioned Committee, all members of the Board are significantly involved in matters formally dedicated to the Committee, but in practice concerning the overall supervision of the Company and the responsibility of the entire Supervisory Board.

In terms of the set of FSC Guidelines, the Company has waived the application of a guideline analogous to the aforementioned rule set forth in item. 4.1 of the Good Practices regarding enabling the exercise of voting rights during the general meeting by means of electronic communication.

The main features of the control and risk management system in the process of preparing financial statements

The Company's system of control and risk management in the process of preparing financial reports (both separate and consolidated) is designed to ensure that the prepared financial reports meet the characteristics of reliability,

completeness and compliance with applicable regulations - both in terms of their content and timeliness. A system that meets the above criteria functions based on the following elements:

- applied rules for the circulation of documents and their acceptance, allowing timely and complete recognition of all accounting data;
- Ensuring that the information recorded in the accounting books flows appropriately between designated persons from the relevant organizational units and those involved in the preparation of financial statements;
- Use of appropriate software and information systems to improve internal reporting and financial data processing;
- Adoption of appropriate criteria for the selection and evaluation of employees involved in the reporting process, with the right competence, knowledge and experience appropriate to the functions and tasks assigned to them;
- Ensure cooperation between the Company's auditor and its Supervisory Board and Audit Committee to ensure the exchange of information regarding the reports prepared (in particular, at the stage of preparing the audit plan, as well as at the final stage of the audit plan, but before the audit process is completed);
- Division of tasks and responsibilities related to the preparation of financial statements between different internal units, allowing independent assessment and mutual verification of the prepared documentation, while maintaining the cooperation required for this process (including the separation of tasks of accounting and financial controlling, the involvement of the Board of Directors at an early stage of the preparation of reports, ongoing cooperation with the Company's auditor);
- Ensuring proper communication and information flow - both in terms of timing and form - between IPOPEMA Group companies.

In view of the above, in the opinion of the Board of Directors, the Company's system of control and risk management in the process of preparing financial statements meets the objectives mentioned at the outset and is adequate to the structure of the Company and its capital group. The validity of such self-assessment can be confirmed by the fact that the audit firms and auditors performing periodic reviews and audits of the financial statements of the Company and its capital group have never made any comments or reservations about cooperation with the Company and the quality and reliability of the documentation prepared by the Company.

Indication of shareholders with significant shareholdings

The Company's shareholders holding more than 5% of IPOPEMA Securities S.A. shares are presented in Section 6.3 of this report.

Indication of holders of any securities that give special control rights

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

Indication of any restrictions on the exercise of voting rights

There are no restrictions on the exercise of voting rights on IPOPEMA Securities S.A. shares.

Indication of any restrictions on the transfer of ownership of the Issuer's securities

There are no restrictions on the transfer of ownership of the Company's securities.

Description of the rules for the appointment and dismissal of managers and their powers, in particular the right to decide on the issuance or repurchase of shares

According to the Articles of Association, the Company's Management Board consists of 2 to 5 members, including the President of the Management Board, appointed and dismissed by the Supervisory Board for a 3-year term. The

Management Board operates on the basis of the Regulations of the Management Board adopted by the Supervisory Board.

Description of the rules for amending the Issuer's Articles of Association

The Company's Articles of Association do not provide for its amendment by rules other than those provided for in the Commercial Companies Code.

The manner of operation of the General Meeting and its essential powers, as well as a description of the rights of shareholders and the manner of their exercise

The Company has not introduced rules of procedure for the General Meeting, and therefore the manner of operation and powers of the General Meeting of IPOPEMA Securities, as well as the rights of shareholders and the manner of their exercise, are determined by the provisions of the Code of Commercial Companies, as well as the principles of the Good Practices of Companies Listed on the WSE and the Principles of Corporate Governance for Supervised Institutions of the Financial Supervision Commission applied by the Company.

The composition of the Issuer's management, supervisory or administrative bodies and their committees, as well as changes therein during the last fiscal year, and a description of their activities

The powers and manner of operation of the Company's Management Board and Supervisory Board are defined in the Articles of Association bylaws - respectively: Regulations of the Management Board adopted by the Supervisory Board and Regulations of the Supervisory Board adopted by the General Meeting of Shareholders. The contents of all of the above two bylaws are available on the Company's website (tab 'Investor Relations / Corporate Governance').

The Company also adheres to the Best Practices for Companies Listed on the WSE and the Corporate Governance Principles for Supervised Institutions of the Financial Supervision Commission (for more information, see the first part of this item 13), which also include, among other things, guidelines and recommendations for management and supervisory bodies.

The Company also has an Audit Committee, information about which is provided in the next section below.

The composition of the Management Board of IPOPEMA Securities S.A. did not change in 2023 and 2024 until the date of this report and is as follows:

| Name | Function | Date of appointment¹ |
|----------------------|-----------------|--|
| Jacek Lewandowski | CEO | June 25, 2020. |
| Mirosław Borys | Vice President | June 25, 2020. |
| Mariusz Piskorski | Vice President | June 25, 2020. |
| Stanisław Waczkowski | Vice President | June 25, 2020. |

¹Date of appointment for the current term

The composition of the Supervisory Board of IPOPEMA Securities S.A. as of the date of this report is as follows:

| Name | Function | Date of appointment ¹ |
|-----------------------|------------------------------------|----------------------------------|
| Jacek Jonak | Chairman of the Supervisory Board | June 25, 2020. |
| Janusz Diemko | Secretary of the Supervisory Board | June 25, 2020. |
| Bogdan Kryca | Member of the Supervisory Board | June 25, 2020. |
| Ewa Radkowska-Swiętoń | Member of the Supervisory Board | June 25, 2020. |
| Andrew Knigawka | Member of the Supervisory Board | June 21, 2021. |

¹Date of appointment for the current term

In accordance with changes to the regulations for calculating the term of office of members of bodies introduced by the 2022 amendment to the Commercial Companies Code, the current three-year term of office of the Management Board and Supervisory Board expires in the current year of 2024.

As of the date of this report, two members of the Supervisory Board, i.e. Ewa Radkowska-Swiętoń and Andrzej Knigawka, meet the independence criteria specified in the Company's Articles of Association and Appendix II to the Recommendation of the European Commission of February 15, 2005 (2005/162/EC). The remaining members have ceased to meet one of the independence criteria concerning the length of time they have served on the Company's Supervisory Board.

Information on the ownership of the Company's shares by management and supervisory personnel is presented in item. 7 of this report.

Information about the Audit Committee

- In connection with the requirements of the Act on Statutory Auditors, Audit Firms and Public Supervision of May 11, 2017 (the "Act on Statutory Auditors"), and given that IPOPEMA Securities S.A. meets the criteria for recognition as a public interest entity as defined in the aforementioned Act, on September 7, 2017, the Audit Committee of IPOPEMA Securities S.A. was established, currently consisting of Ewa Radkowska-Swiętoń (chairperson) and Jacek Jonak and Andrzej Knigawka (members). As required by the Act on Auditors, the Audit Committee is appointed from among the members of the Supervisory Board.
- As required by the Law on Statutory Auditors, two members of the Audit Committee, including its Chairman, meet the criteria for independence.
- The person with knowledge and competence in accounting or auditing is Ewa-Radkowska Swietoń.
- All members of the Audit Committee have knowledge and skills in the industry in which IPOPEMA Securities S.A. operates, which is due to their professional experience and, in the case of Jacek Jonak, also due to his many years of active membership in the Company's Supervisory Board.
- The auditing firm auditing the Company's statements did not provide non-audit services to the Company.
- The main principles of the Company's policy and procedure for the selection of the audit firm and the policy for the provision of additional services by the audit firm, an affiliate of the audit firm or a member of its network include the following:
 - The auditor is selected by the Supervisory Board on the recommendation of the Audit Committee;
 - in the event that the choice is not to extend the contract with the existing audit firm, the aforementioned recommendation of the Audit Committee shall include at least two choices with an indication of the Committee's preference;
 - The first contract with the audit firm is concluded for a period of no more than 2 years;
 - The auditing firm performing the audit (and its affiliates and a member of its network) shall not directly or indirectly provide the Company or its affiliates with any prohibited services that are not audits or auditing activities;
 - the provision of services that are not prohibited services (as indicated in Article 136, Paragraph 2 of the Law on Auditors) is possible only to the extent not related to the Company's tax policy, after the Audit Committee has assessed the risks and safeguards of independence in accordance with the aforementioned Law.

- The recommendation for the selection of the audit firm to conduct the audit met the conditions set in accordance with the Company's policy and procedure for doing so.
- Five meetings of the Audit Committee were held in 2023.

Warsaw, March 27, 2024

Management Board of IPOPEMA Securities S.A.:

Jacek Lewandowski
CEO

Mariusz Piskorski
Vice President

Stanislaw Waczkowski
Vice President

Miroslaw Borys
Vice President