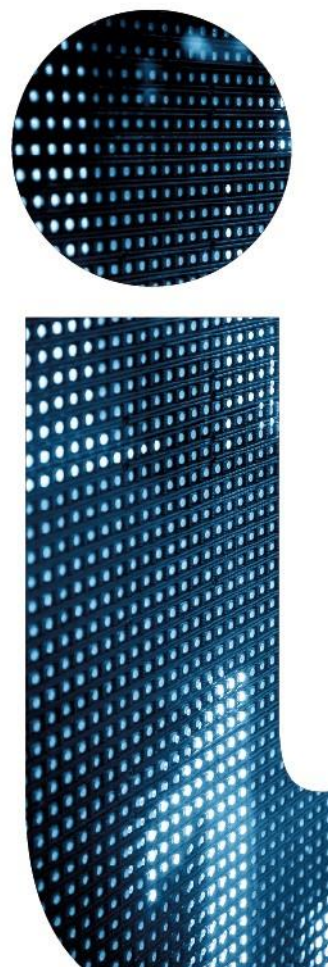


IPOPEMA Securities
Group

Directors' Report

**for the nine months
ended September 30th 2022**

Warsaw, November 16th 2022



Contents

Part I

1.	Financial results	3
2.	Material events and factors with a bearing on financial result	5
3.	Factors that may affect performance in the fourth quarter of 2022	6
4.	Performance against forecasts.....	7

Part II

1.	Organisational structure of the IPOPEMA Securities Group	8
2.	Changes in the Group's organisational structure	8
3.	Shareholding structure of IPOPEMA Securities S.A.	9
4.	Shares held by members of management and supervisory personnel.....	9
5.	Issue, redemption and repayment of equity and non-equity securities.....	10
6.	Loans, guarantees and sureties	10
7.	Major corporate events	10
8.	Material court proceedings.....	10
9.	Related-party transactions	11
10.	Material events subsequent to the reporting date	11

Part I

1. Financial results

Consolidated financial highlights* (PLN '000)	Q1–Q32022	Q1–Q32021
Total revenue, including	185,574	190,887
<i>Brokerage and related services</i>	36,804	43,729
<i>Investment fund management</i>	126,988	129,035
<i>Advisory services</i>	21,782	18,123
Total operating expenses	181,179	176,379
Profit on core activities	4,395	14,508
Net profit for period	2,028	10,607

*Unaudited

Consolidated financial highlights (PLN '000)	Q1 2021*	Q2 2021*	Q3 2021*	Q1–Q3 2022*
Total revenue, including	63,201	57,422	64,951	185,574
<i>Brokerage and related services</i>	14,230	10,050	12,524	36,804
<i>Investment fund and asset management</i>	41,850	39,704	45,434	126,988
<i>Advisory services</i>	7,121	7,668	6,993	21,782
Total operating expenses	59,519	57,773	63,887	181,179
Profit on core activities	3,682	-351	1,064	4,395
Net profit for period	9	106	1,913	2,028

*Unaudited

Revenue

In the nine months to September 30th 2022, the IPOPEMA Group's consolidated revenue (PLN 185,574 thousand) decreased slightly year on year (PLN 190,887 thousand). Revenue generated by the advisory services segment grew 20.2%, with the growth offset by lower revenue posted by the brokerage services segment (down 15.8%) and the fund management segment (down 1.6%).

A year-on-year decline was seen in revenue posted by the brokerage services segment (PLN 36,804 thousand, 19.8% of consolidated revenue), chiefly due to lower revenue from investment banking services (PLN 13,099 thousand vs PLN 20,245 thousand in the nine months ended September 30th 2021). Please note, however, that the segment delivered record revenue last year and that this year's top line can be considered solid given strong market uncertainty. Revenue from securities trading remained at a level close to that reported last year (PLN 21,718 thousand vs PLN 21,680 thousand in the nine months to September 30th 2021). The Company recorded a lower volume of trades executed on the WSE, leading to a slight decline in its market share (2.12% vs 2.24% a year earlier), mainly in favour of brokerage offices specialising in services for retail customers and foreign banks gaining an increasingly prominent market position.

In January to September 2022, IPOPEMA TFI (the investment fund and portfolio management segment) posted revenue of PLN 126,988 thousand (68.4% of consolidated revenue), slightly lower than the PLN 129,035 thousand reported for the corresponding period of 2021 (down 1.6%). The revenue posted by IPOPEMA TFI was 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 1.7bn as at the end of September 2022, down PLN 0.8bn 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 September 2022, total assets under its management amounted to PLN 63.9bn (compared with PLN 59.5bn at the end of September 2021).

In the nine months ended September 30th 2022, IPOPEMA Business Consulting (the advisory services segment) posted revenue of PLN 21,782 thousand (11.7% of consolidated revenue), relative to PLN 18,123 thousand in the corresponding period of the previous year (up 20.2%).

Costs and expenses

In the nine months to September 30th 2022, the IPOPEMA Group's total operating expenses increased 2.7% year on year to PLN 181,179 thousand (from PLN 176,379 thousand).

In January to September 2022, operating expenses of the brokerage services segment totalled PLN 35,437 thousand, having declined by 11.1% on the nine months ended September 30th 2021 (PLN 39,875 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 125,253 thousand vs PLN 117,212 thousand in the nine months ended September 30th 2021) were primarily driven by costs related to management of securitisation funds.

In the advisory services segment, operating expenses for the nine months ended September 30th 2022 rose 6.2% year on year, to PLN 20,489 thousand from PLN 19,292 thousand the year before.

Financial results

Operating profit on core activities delivered by all segments in the nine months to September 30th 2022 translated into consolidated operating profit on core activities of PLN 4,395 thousand (vs PLN 14,508 thousand a year earlier). Net profit delivered by the fund management and advisory services segments (despite a net loss reported by the brokerage services segment) translated into a consolidated net profit of PLN 2,028 thousand (compared with a net profit of PLN 10,607 thousand posted for the nine months to September 30th 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 1,830 thousand, while profit attributable to non-controlling interests was PLN 198 thousand.

With a 15.8% decrease in revenue (despite a 11.1% decline in operating expenses), the brokerage services segment earned a profit on core activities of PLN 1,367 thousand for the nine months to September 30th 2022 (compared with PLN 3,854 thousand the year before). However, higher finance costs led to a net loss of PLN 232 thousand (vs a net profit of PLN 695 thousand posted for January to September 2021). On a separate basis (net of intragroup sales and other consolidation eliminations), IPOPEMA Securities reported a net profit of PLN 1,487 thousand for the nine months to September 30th 2022 (vs a net profit of PLN 4,257 thousand the year before).

A slight decrease in revenue and a 6.9% growth in operating expenses posted by the fund management segment drove down the segment's profits, with profit on core activities at PLN 1,735 thousand (compared with PLN 11,823 thousand in the nine months ended September 30th 2021) and net profit at PLN 2,131 thousand (compared with PLN 9,919 thousand in the nine months ended September 30th 2021).

Despite higher operating expenses (up 6.2%), the advisory services segment improved its performance on higher revenue (up 20.2%), with profit on core activities at PLN 1,293 thousand (vs a loss of PLN 1,169 thousand the year before) and net profit at PLN 129 thousand (compared with a net loss of PLN 7 thousand in the nine months to September 30th 2021).

2. Material events and factors with a bearing on financial result

Equity market and investment banking

After a slight rebound in the opening months of 2022, investor activity on the WSE slowed down sharply in May, with total trading volumes down 2% year on year in the nine months to September 30th 2022. IPOPEMA Securities also recorded a slightly lower share in the total market trading volumes (2.12% vs 2.24%). 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 for January to September 2022 (PLN 21,718 thousand) remained on the previous year's level (PLN 21,680 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 13,099 thousand. Although the revenue fell significantly year on year (from PLN 20,245 thousand), it should be noted the investment banking segment performed particularly well in the previous year.

These factors led to a net loss of PLN 232 thousand posted by the brokerage segment for January to September 2022, compared with a net profit of PLN 695 thousand reported the year before. On a separate basis (excluding intragroup sales and other consolidation eliminations), IPOPEMA Securities posted a net profit of PLN 1,487 thousand in the nine months to September 30th 2022 (compared with a net profit of PLN 4,257 thousand a year earlier).

IPOPEMA TFI

For several months now, IPOPEMA TFI has seen major outflows from actively managed investment funds (the value of assets in these funds as at the end of September 2022 was PLN 1.7bn vs PLN 2.5bn a year earlier). This has translated into lower revenue from capital market fund management. But with an increase in revenue from management of securitisation funds, the segment's total revenue remained broadly unchanged 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 September 2022, total assets under its management amounted to PLN 63.9bn (compared with PLN 59.5bn the year before).

IPOPEMA Business Consulting

IPOPEMA Business Consulting posted revenue of PLN 21,782 thousand in the nine months ended September 30th 2022, including from projects launched in prior periods, relative to PLN 18,123 thousand of revenue reported in the corresponding period of the previous year (up 20.2%) The company managed to improve its performance despite higher operating expenses (up 6.2%), with profit on core activities of PLN 1,293 thousand (vs a loss of PLN 1,169 thousand in the first nine months of 2021) and net profit of PLN 129 thousand (compared with a net loss of PLN 7 thousand a year earlier).

3. Factors that may affect performance in the fourth quarter of 2022

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 already 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 future periods remains difficult to predict, and no significant improvement in the economic situation or market sentiment is expected in the remainder of the year.

WSE secondary market

As regards operations in the secondary market, market sentiment is not very optimistic (despite a rebound seen since mid-October) – at the end of October the main index of the Warsaw Stock Exchange (WIG) was almost 30% below the levels seen at the end of 2021 and approximately 20% below the levels recorded immediately after Russia's invasion of Ukraine. In the first ten months of 2022 investor activity on the WSE was 6.3% lower than in January to October 2021. It is therefore hard to predict how the situation on the WSE will evolve in future periods.

Capital market

Although 2021 was relatively strong for capital markets, 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 unfolding on the commodity and energy markets. 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

The first nine months of 2022 were far from optimistic for the investment fund segment. The prospects of continuing high inflation and interest rate hikes erode returns and lead to a gradual outflow of assets from the funds – October was the thirteenth consecutive month of net redemptions. In addition, the high uncertainty about how the war in Ukraine unfolds may adversely affect the performance of funds actively managed by IPOPEMA TFI and thus the Management Company's revenue from their 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, demand for services in the sector in which IPOPEMA Business Consulting operates may decline in the remainder of 2022 as a result of the prolonged armed conflict in Ukraine and the commodity and energy crisis.

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 pandemic situation may deteriorate in the coming months due to the possible emergence of new coronavirus waves and mutations, at present the Company has not identified any significant adverse effect of the epidemic on its operations.

Variable fee for fund and portfolio management (investment fund and portfolio management segment)

In subsequent periods of the current year, IPOPEMA TFI may recognise revenue from variable fees for managing selected funds (and costs of managing such funds). Variable fees are settled as at the last day of the financial year and cannot be recognised in the statement of profit or loss until December 2022. Therefore, prior to their settlement, the total amount of the fees is only an estimate subject to ongoing updates depending on the performance of investments funds and the amount of assets under management, and, as such, the fees are not included in revenue of the investment fund and portfolio management segment reported in interim financial statements. As at the end of the calendar month preceding the date of this MD&A, that is October 31st 2022, the effect of a potential variable management fee on pre-tax profit of the investment fund and portfolio management segment was estimated at PLN 0.5m.

4. Performance against forecasts

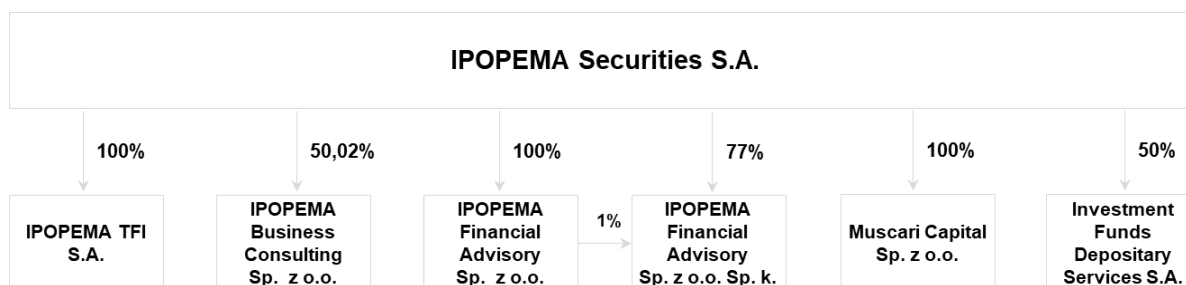
The Company has not published any performance forecasts.

PART II

1. Organisational structure of the IPOPEMA Securities Group

As at September 30th 2022, the IPOPEMA Securities Group comprised IPOPEMA Securities S.A. (the Parent) and its 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 Investment Funds Depository Services S.A. (please refer to Note 23 of the financial statements of the Company and Note 29 of the consolidated financial statements).

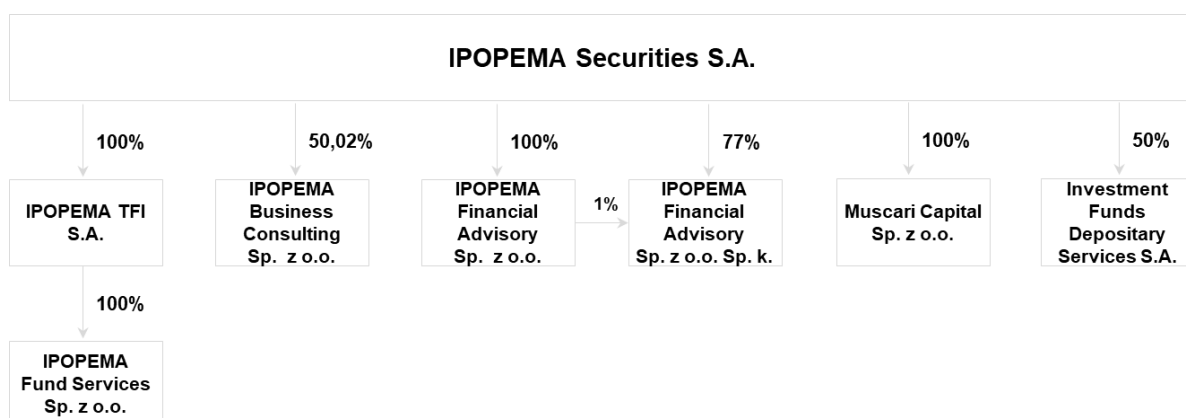
IPOPEMA Securities, IPOPEMA TFI, IPOPEMA Business Consulting and IPOPEMA Financial Advisory Sp. z o.o. Sp. k. are consolidated, while IPOPEMA Financial Advisory Sp. z o.o., Muscari Capital Sp. z o.o. and Investment Funds Depository Services S.A. were excluded from consolidation based on the immateriality of their financial data.



2. Changes in the Group's organisational structure

On March 23rd 2022, Investment Funds Depository Services S.A. was established jointly with ProService Finteco Sp. z o.o. The principal business of the new company will be the provision of depository services to closed-end investment funds (for more information, see Note 23 of the financial statements of the Company and Note 29 of the consolidated financial statements).

On September 1st 2022, IPOPEMA TFI acquired 100% of the shares in a limited liability company that will provide services related to keeping a register of investment fund unit holders. The company has operated under the name IPOPEMA Fund Services Sp. z o.o. since October 28th 2022. The structure of the IPOPEMA Securities Group as at the date of this MD&A is provided below.



3. Shareholding structure of IPOPEMA Securities S.A.

As at September 30th 2022, the following shareholders held more than 5% of shares in IPOPEMA Securities S.A.:

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 shareholdings remained unchanged relative to disclosures made in the report for the six months to June 30th 2022 and up to the date of this report.

4. Shares held by members of management and supervisory personnel

The following management and supervisory personnel held shares in IPOPEMA Securities S.A., either directly or indirectly through their subsidiaries or related parties (including dedicated funds), as at September 30th 2022 and as at the date of this MD&A. The shareholdings of the management and supervisory personnel did not change relative to disclosures made in the report for the six months to June 30th 2022.

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 item 3, shares in IPOPEMA Securities S.A. were also held by Katarzyna Lewandowska, Jacek Lewandowski's wife.

5. Issue, redemption and repayment of equity and non-equity securities

No non-equity or equity securities were issued, redeemed or repaid in 2022 to the date of this MD&A, except for bonds issued by the Company under its variable remuneration policy. The value of the obligations arising under the bonds is immaterial to the Company. For more information on the issue and redemption of the bonds, see Note 11 to the financial statements of the Company and Note 14 to the consolidated financial statements of the Group.

6. Loans, guarantees and sureties

In the nine months ended September 30th 2022, the Company did not receive or provide any sureties or loans (other than loans to Group companies, employees and independent contractors). For information on guarantees provided to the Company, see Note 12 to the separate financial statements of IPOPEMA Securities.

7. Major corporate events

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 Depository Services S.A. ("IFDS") was established. The principal business of the company will be the provision of depository 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 between IPOPEMA Securities and ProService 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.

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

8. Material court proceedings

On July 27th 2016, IPOPEMA TFI received a certified copy of a statement of claim filed by Górnośląskie Przedsiębiorstwo Wodociągów S.A. of Katowice ("GPW"), in which GPW sought payment of PLN 20,554,900.90 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 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. Related-party transactions

The Group did not conclude any material non-arm's length transactions with its related parties in the nine months to September 30th 2022. For details of related party-transactions, see Note 24 to the interim condensed consolidated financial statements.

10. Material events subsequent to the reporting date

No material events occurred in the period between September 30th 2022 and the date of issue of the financial statements that would have affected the Company's business.

Warsaw, November 16th 2022

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

Mirosław Borys
Vice President of the
Management Board