

IPOPEMA Securities S.A.

Interim condensed financial statements

for the six months ended
June 30th 2020

Warsaw, September 10th 2020



STATEMENT OF COMPLIANCE

The Management Board of IPOPEMA Securities S.A. hereby represents that:

- To the best of our knowledge, the interim condensed financial statements for the six months ended June 30th 2020 and the comparative data have been prepared in compliance with the applicable accounting standards and give a true, fair and clear view of the assets, financial condition and financial performance of IPOPEMA Securities S.A.
- Grant Thornton Polska Sp. z o.o. Sp. K., with its registered office at ul. Abpa Antoniego Baraniaka 88 E in Poznań, a qualified auditor of financial statements, entered in the list of qualified auditors of financial statements maintained by the Polish Chamber of Statutory Auditors under Reg. No. 4055, which reviewed the half-year condensed financial statements, had been appointed in compliance with the applicable laws. Grant Thornton Polska Sp. z o.o. Sp. K. and the Auditor who reviewed the half-year condensed financial statements of IPOPEMA Securities S.A. as at June 30th 2020 meet the criteria for issuing an objective and independent auditor's report on the interim condensed financial statements, in accordance with the applicable laws and professional standards.
- The Directors' Report for the first half of 2020 gives a true picture of the Company's development, achievements and position; it also includes a description of key risks and threats.

Warsaw, September 10th 2020

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

Financial highlights

Financial highlights	PLN '000		EUR '000	
	H1 ended		H1 ended	
	Jun 30 2020	Jun 30 2019	Jun 30 2020	Jun 30 2019
Revenue from core activities	20,443	14,932	4,603	3,482
Cost of core activities	18,130	16,301	4,082	3,802
Profit/(loss) on core activities	2,313	- 1,369	521	- 319
Operating profit/(loss)	128	783	29	183
Profit/(loss) before tax	380	222	86	52
Net profit/(loss)	391	478	88	111
Earnings/(loss) per ordinary share (weighted average) (PLN/ EUR)	0.01	0.02	0.00	0.00
Net cash from operating activities	11,997	19,445	2,701	4,535
Total cash flows	15,966	15,062	3,595	3,513

Financial highlights	PLN '000			EUR '000		
	Jun 30 2020	Dec 31 2019	Jun 30 2019	Jun 30 2020	Dec 31 2019	Jun 30 2019
Total assets	212,171	207,097	208,381	47,508	48,631	49,008
Current liabilities	150,985	146,669	148,652	33,808	34,441	34,960
Equity	56,854	56,533	56,792	12,730	13,275	13,357
Number of shares	29,937,836	29,937,836	29,937,836	29,937,836	29,937,836	29,937,836
Book value per share (PLN/EUR)	1.90	1.89	1.90	0.43	0.44	0.45

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

- For the statement of profit or loss and statement of cash flows items:

Average exchange rate calculated as the arithmetic mean of the exchange rates quoted on the last day of each month in the period	H1 2020	H1 2019
EUR	4.4413	4.2880

- For the balance sheet:

Exchange rate as at	Jun 30 2020	Dec 31 2019
EUR	4.4660	4.2585

Introduction to the interim condensed financial statements

Information about the Company

The Company was established on March 2nd 2005 (as Dom Maklerski IPOPEMA S.A.) under Notarial Deed – Rep. No. A 2640/2005, including the Company's Articles of Association, drawn up by Janusz Rudnicki, Notary Public in Warsaw, ul. Marszałkowska 55/73, suite 33. According to the Articles of Association, the Company was established for indefinite time.

The Company's registered office is at ul. Próżna 9, Warsaw, Poland.

Pursuant to a decision issued by the District Court for the Capital City of Warsaw, 19th (currently 12th) Commercial Division of the National Court Register, on March 22nd 2005 the Company was entered into the Business Register of the National Court Register under KRS No. 0000230737.

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

The Company conducts brokerage activities pursuant to a brokerage licence granted by the Polish Securities and Exchange Commission (currently, the Polish Financial Supervision Authority, or the PFSA) on June 30th 2005, and other authorisations which it was required to obtain in connection with subsequent amendments to applicable laws and regulations. Currently, the Company holds licences for a majority of the activities specified in the Act on Trading in Securities as brokerage activities, excluding the activities specified in Art. 69.2.4 and 69.2.8, Art. 69.4.2 and 69.4.8, and Art. 69a.1 of the Act.

The Company's principal business activities comprise brokerage activities and the provision of business and management advisory services.

All Company shares (a total of 29,937,836 shares) outstanding as at the date of issue of these interim condensed financial statements are admitted to trading on the regulated market operated by the Warsaw Stock Exchange and have been introduced to trading on the main market. May 26th 2009 was the first listing date.

Going concern assumption

These interim condensed financial statements were prepared on the assumption that the Company will continue as a going concern in the foreseeable future, that is for the 12 months following the reporting date. As at the date of authorisation of these interim condensed financial statements, no circumstances were identified which would threaten the Company's ability to continue as a going concern, as a result of voluntary or involuntary discontinuation or material limitation of its existing operations, for at least 12 months from the reporting date, that is June 30th 2020.

Composition of the Management Board and the Supervisory Board

As at the date of these interim condensed financial statements, the composition of the Company's Management Board was as follows:

Jacek Lewandowski – CEO and President of the Management Board,
Mirosław Borys – Vice President of the Management Board,
Mariusz Piskorski – Vice President of the Management Board,
Stanisław Waczkowski – Vice President of the Management Board.

As at the date of these interim condensed financial statements, the composition of the Company's Supervisory Board was as follows:

Jacek Jonak – Chairman of the Supervisory Board,
Janusz Diemko – Secretary of the Supervisory Board,
Michał Dobak – Member of the Supervisory Board,
Bogdan Kryca – Member of the Supervisory Board,
Ewa Radkowska-Świętoń – Member of the Supervisory Board.

On January 23rd 2020, Zbigniew Mrowiec resigned from his position of member of the Supervisory Board, and Ewa Radkowska-Świętoń was appointed in his place on the same date.

Basis of preparation of the interim condensed financial statements

These interim condensed financial statements ('condensed financial statements', 'financial statements') cover the period from January 1st to June 30th 2020 and include comparative data for the period from January 1st to June 30th 2019 (for the statement of profit or loss, the statement of cash flows, and the statement of changes in equity) and, additionally, data as at December 31st 2019 (for the balance sheet and the statement of changes in equity).

As at the date of these condensed financial statements, the Company was the parent of a group comprising the following companies:

- IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A. ("IPOPEMA TFI") of Warsaw – 100% equity interest;
- IPOPEMA Business Consulting Sp. z o.o. ("IBC") of Warsaw – 50.02% equity interest;
- IPOPEMA Financial Advisory Sp. z o.o. ("IFA") of Warsaw – 100% equity interest;
- IPOPEMA Financial Advisory Sp. z o.o. spółka komandytowa ("IFA SK") of Warsaw, with the Company and Jarosław Błaszczak as its limited partners and IFA as its general partner. The Company's maximum liability for IFA SK's liabilities towards creditors is PLN 7,750, while its share in IFA SK's revenue is 77% (a 1% share in IFA SK's revenue is held by IFA);
- MUSCARI Capital Sp. z o.o. ("MUSCARI") of Warsaw – on March 16th 2020 the Company purchased 100% of shares in MUSCARI (previous name: Grupa Finanset Sp. z o.o.). The company's share capital amounts to PLN 50 thousand and is divided into 1,000 shares.

The parent and its subsidiaries make up the IPOPEMA Securities Group (the "IPOPEMA Securities Group", the "IPOPEMA Group", the "Group"). IFA and MUSCARI were not consolidated due to the immateriality of its financial data (in accordance with Art. 58.1 of the Polish Accounting Act).

Identification of the interim condensed financial statements

All financial data contained in these interim condensed financial statements is presented in PLN '000.

These interim condensed financial statements were prepared in accordance with the historical cost convention, save for financial instruments held for trading and some financial instruments available for sale, which are measured at fair value.

Selected accounting policies

Receivables

Short-term receivables

Short-term receivables include all receivables from clients, related entities, banks conducting brokerage activities, other brokerage houses and commodity brokerage houses under executed transactions, as well as all or part of receivables related to other items, which are not classified as financial assets, in each case maturing within 12 months after the reporting date.

Receivables are measured at amortised cost, subject to the prudent valuation principle. The amount of receivables is subsequently reduced by impairment losses, if any, which are recognised based on the analysis of collectability of receivables from individual debtors.

Impairment losses on receivables are estimated in the event of an increase in the risk that it will not be possible to collect the full amount receivable. Taking into consideration the nature of its business, the Company has adopted the following rules for estimating impairment losses on past due receivables:

- for receivables past due by up to 6 months – no impairment loss is recognised,
- for receivables past due by 6 months to 1 year – impairment loss of 50% of the receivables amount is recognised
- for receivables past due by more than 1 year – impairment loss of 100% of the receivables amount is recognised.

The Company may also recognise impairment losses based on an individual assessment of a receivable.

Impairment losses on receivables are recognised under other expenses. The cost connected with recognition of impairment losses at the time of confirming that particular receivables are uncollectible is a tax-deductible expense; otherwise, such cost is not tax-deductible.

Interim condensed financial statements of IPOPEMA Securities S.A. for the six months ended June 30th 2020

Short-term receivables from clients, short-term receivables from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses, current liabilities to clients and current liabilities to banks conducting brokerage activities, other brokerage houses and commodity brokerage houses

Short-term receivables from clients, short-term receivables from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses, current liabilities to clients and current liabilities to banks conducting brokerage activities, other brokerage houses and commodity brokerage houses arise in connection with securities purchases and sales which have not yet been settled at the clearing houses due to the transaction clearing procedure (T+2). In the case of buy transactions executed on stock exchanges on behalf of clients whose accounts are maintained by custodian banks, the Group recognises current liabilities towards banks conducting brokerage activities, other brokerage houses and commodity brokerage houses (market counterparties)* and short-term receivables from the clients on behalf of whom such buy transactions are executed. In the case of sale transactions executed on stock exchanges to execute orders placed by clients whose accounts are kept by custodian banks, the Group discloses short-term receivables from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses (parties to the market transactions)* and current liabilities towards the clients for whom the sale transactions were executed.

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

Long-term receivables

Long-term receivables are receivables whose terms to maturity are longer than 12 months from the reporting date.

Financial instruments

Financial instruments are classified into the following categories:

- a) Financial assets
 - financial assets held for trading,
 - loans and receivables,
 - financial assets held to maturity,
 - financial assets available for sale.
- b) Financial liabilities
 - financial liabilities held for trading,
 - other financial liabilities.

Acquisition and sale of financial instruments are recognised as at the transaction date. On initial recognition, they are measured at cost (fair value) of expensed/received cash, including the transaction costs.

Financial assets are derecognised when the Company loses control over the contractual rights constituting the given financial instrument, which usually happens when an instrument is sold or when all the cash flows attributable to an instrument are transferred to an independent third party.

Financial assets and liabilities held for trading

Financial assets and liabilities held for trading are financial instruments acquired for the Company's own account in connection with executed transactions, and are measured at fair value, determined by reference to their market value as at the reporting date.

Financial assets held for trading include shares in companies listed on the Warsaw Stock Exchanges (the "WSE") and a currency forward.

Financial assets are recognised as at the contract date at cost, i.e. at the fair value of expenses incurred or other assets transferred in return, whereas financial liabilities are first recognised in the accounting records at the contract date at the fair value of the amount or other assets received.

For the purpose of the measurement, the Company takes into account the closing prices quoted by the WSE on the last business day of the reporting period. Changes in the value of financial instruments held for trading are recognised under income from or cost related to financial instruments held for trading, as appropriate.

The Company does not apply hedge accounting.

Loans and receivables

Loans and receivables include financial assets arising when the Company delivers cash directly to the counterparty, irrespective of the maturity date of such assets. Loans and receivables are measured at amortised cost, which is estimated using the effective interest rate method. Non-interest bearing short-term receivables are

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measured at amounts receivable, subject to the prudent valuation principle. Short-term receivables include mainly bank deposits, cash and loans advanced. Loans include loans to IPOPEMA Securities employees and associates and loans to a subsidiary.

Financial assets held to maturity

Financial assets held to maturity are investments with fixed or determinable payments and fixed maturities that the Company intends and is able to hold to maturity. Financial assets held to maturity are measured at amortised cost using the effective interest rate method.

Financial assets held to maturity are classified as non-current assets if their terms to maturity are longer than 12 months from the reporting date. The Company had no financial assets held to maturity in the reporting or in the comparative period.

Financial assets available for sale

All other financial instruments are classified as financial assets available for sale. Financial assets available for sale are carried at fair value (without deducting the transaction costs), determined by reference to their market value as at the reporting date. Under financial assets available for sale the Company recognises investment fund units and bonds, as well as, pursuant to the regulation on special accounting policies for brokerage houses, shares in subordinated entities.

Investment fund units are held at fair value based on the net asset value per unit, as most recently published by the investment fund. Revaluation gains or losses increase or decrease (as appropriate) the revaluation capital reserve.

Shares in subsidiaries are measured at cost less impairment.

Other financial liabilities

In this category, the Company classifies mainly bank borrowings, including overdrafts. Other financial liabilities are measured at amortised cost.

Impairment of financial instruments

As at each reporting date, the Company assesses whether there are objective indications of impairment of a financial instrument or a group of financial instruments.

Liabilities

Current liabilities

Current liabilities are liabilities which are payable within 12 months from the end of the reporting period. Current liabilities include all liabilities to clients, liabilities to related entities, liabilities to banks conducting brokerage activities, other brokerage houses and commodity brokerage houses under executed transactions, liabilities to the Central Securities Depository of Poland and exchange clearing houses and liabilities to entities operating regulated securities markets, as well as all other liabilities not classified as non-current liabilities, accruals and deferred income or provisions for liabilities.

Liabilities are measured at amortised cost. Recognition of current liabilities under executed transactions is discussed above, in the description of short-term receivables.

Non-current liabilities

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

Translation of foreign-currency items

Transactions in currencies other than the Polish zloty are accounted for as at the transaction date, using the following exchange rates:

- 1) the exchange rate actually applied on the transaction date, resulting from the nature of the transaction – in the case of sale or purchase of foreign currencies and payment of receivables or liabilities,
- 2) the mid-rate quoted for a given currency by the National Bank of Poland (the “NBP”) on the day preceding the transaction date – in the case of payment of receivables or liabilities, if the application of the exchange rate specified in item 1 is not justified, and in the case of other transactions.

As at the reporting date, monetary assets and liabilities denominated in currencies other than the Polish zloty are translated into the zloty at the mid-rate quoted by the NBP for a given currency, in effect at the end of the reporting period. Currency translation differences are disclosed as finance income or costs, as appropriate.

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

Currency	Jun 30 2020	Dec 31 2019
USD	3.9806	3.7977
EUR	4.4660	4.2585
HUF 100	1.2525	1.2885
GBP	4.8851	4.9971
CZK	0.1666	0.1676
CHF	4.1818	3.9213
TRY	0.5807	0.6380
JPY 100	3.6967	3.4959
NOK	0.4088	0.4320
CAD	2.9084	2.9139
SEK	0.4249	0.4073
DKK	0.5992	0.5700
AUD	2.7262	2.6624
RON	0.9220	0.8901

Source: National Bank of Poland.

Changes in estimates

In the period covered by these interim condensed financial statements, there were no changes in estimates other than changes in depreciation and amortisation, provisions, and impairment losses on receivables, as discussed in Note 7.

Changes in applied accounting policies

There were no changes in the accounting policies during the period covered by these interim condensed financial statements.

Comparability of the reported data

These interim condensed financial statements were presented in a manner ensuring data comparability by applying uniform accounting policies in all the presented periods, consistent with the accounting policies applied by the Company.

Seasonality of operations

The Company's operations are not subject to seasonality and the presented results do not show any seasonal fluctuations during the year.

Correction of prior period errors

In these interim condensed financial statements, the Company did not correct any errors.

Interim condensed financial statements of IPOPEMA Securities S.A. for the six months ended June 30th 2020

ASSETS		Note	Jun 30 2020	Dec 31 2019	Jun 30 2019
I.	Cash and cash equivalents	1	51,095	35,080	39,285
1.	In hand		1	1	1
2.	At banks		7,974	7,101	7,443
3.	Other cash		43,117	27,975	31,832
4.	Cash equivalents		3	3	9
II.	Short-term receivables	2, 7	144,243	152,843	148,071
1.	From clients		43,367	38,634	36,756
2.	From related entities	18	1,241	1,096	1,108
3.	From banks conducting brokerage activities, other brokerage houses and commodity brokerage houses		74,786	94,861	83,090
a)	under executed transactions		44,810	66,096	54,563
b)	other		29,976	28,765	28,527
4.	From entities operating regulated markets and commodity		-	-	120
5.	From the Central Securities Depository of Poland and exchange		48	45	45
5.a	From CCP		21,277	15,635	23,875
6.	From investment and pension fund companies and from investment and pension funds		383	285	394
7.	Taxes, subsidies and social security receivable		20	84	13
8.	Under framework securities lending and short sale agreements		-	1,195	1,554
9.	Other		3,121	1,008	1,116
III.	Financial instruments held for trading	3, 4	130	308	2,684
1.	Shares		130	82	2,508
2.	Derivative instruments		-	226	176
IV.	Short-term prepayments and accrued income		748	718	722
IV.a.	Short-term loans		666	287	77
1.	To subordinated entities		267	-	-
2.	Other		399	287	77
V.	Financial instruments held to maturity		-	-	-
VI.	Financial instruments available for sale	3, 4	8,714	10,734	10,728
1.	Shares		8,704	8,638	8,638
	- shares in subordinated entities		8,704	8,638	8,638
2.	Debt securities		10	10	10
3.	Investment fund units		-	2,086	2,080
VII.	Long-term receivables		1,446	1,440	1,430
VIII.	Long-term loans		236	322	72
1.	Other		236	322	72
IX.	Intangible assets	4	918	1,100	1,238
1.	Acquired permits, patents, licences and similar assets, including:		918	1,100	1,238
	- software		918	1,100	1,238
X.	Property, plant and equipment	4, 5	934	1,015	1,301
1.	Tangible assets, including:		840	1,015	1,263
a)	buildings and premises		231	264	298
b)	computer assemblies		263	298	396
c)	other tangible assets		346	453	569
2.	Tangible assets under construction		94	-	38
XI.	Long-term prepayments and accrued income		3,041	3,250	2,773
1.	Deferred tax assets	13	3,032	3,238	2,736
2.	Other long-term prepayments and accrued income		9	12	37
XII.	Called-up share capital not paid		-	-	-
XIII.	Treasury shares		-	-	-
Total assets			212,171	207,097	208,381

Interim condensed financial statements of IPOPEMA Securities S.A. for the six months ended June 30th 2020

EQUITY AND LIABILITIES		Note	Jun 30 2020	Dec 31 2019	Jun 30 2019
I.	Current liabilities	6	150,985	146,669	148,652
1.	To clients		94,177	90,915	88,902
2.	To related entities	18	1	-	-
3.	To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses		42,060	43,763	44,906
a)	under executed transactions		42,048	43,727	44,672
b)	other		12	36	234
4.	To entities operating regulated markets and commodity exchanges		260	340	350
5.	To the Central Securities Depository of Poland and to settlement and clearing houses		32	28	50
5.a.	To CCP		2,822	3,094	52
6.	Borrowings		9,690	6,799	11,791
a)	other		9,690	6,799	11,791
7.	Debt securities	11	-	1	2
7.a.	Negative fair value of financial instruments held for trading		39	-	-
8.	Taxes, customs duties and social security payable		833	601	1,255
9.	To investment and pension fund companies and to investment and pension funds		473	152	127
10.	Other		598	976	1,217
II.	Non-current liabilities		54	61	67
1.	Debt securities	11	-	-	-
2.	Finance lease liabilities	10	54	61	67
	- from other entities		54	61	67
III.	Accruals and deferred income		-	-	-
IV.	Provisions for liabilities	7	4,278	3,834	2,870
1.	Deferred tax liabilities	13	675	909	286
2.	Provision for retirement and similar benefits		496	496	-
3.	Other		3,107	2,429	2,584
a)	long-term		-	14	14
b)	short-term		3,107	2,415	2,570
V.	Subordinated liabilities		-	-	-
VI.	Equity		56,854	56,533	56,792
1.	Share capital	8	2,994	2,994	2,994
2.	Reserve funds		53,469	53,256	53,256
a)	share premium		10,351	10,351	10,351
b)	statutory reserve funds		998	998	998
c)	reserve funds created pursuant to the Articles of Association		42,120	41,907	41,907
3.	Revaluation capital reserve		-	70	64
4.	Net profit	14	391	213	478
Total equity and liabilities			212,171	207,097	208,381
Book value (PLN '000)			56,854	56,533	56,792
Number of shares as at end of period			29,937,836	29,937,836	29,937,836
Book value per share (PLN)			1.90	1.89	1.90
Diluted number of shares			29,937,836	29,937,836	29,937,836
Diluted book value per share (PLN)			1.90	1.89	1.90

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	OFF-BALANCE SHEET ITEMS	Note	Jun 30 2020	Dec 31 2019	Jun 30 2019
I.	Contingent liabilities	9	1,239	1,181	1179
II.	Third-party assets used		-	-	-
III.	Forwards purchased or issued in the name and for the account of the brokerage house*		6,661*	6,628*	6,569*
IV.	Other off-balance sheet items		-	-	-

* Notional amounts of purchased forward contracts.

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Statement of profit or loss	Note	H1 2020	H1 2019
I. Revenue from core activities, including:		20,443	14,932
- from related entities	18	957	663
1. Revenue from brokerage activities, including:		20,247	14,736
a) receipt and transfer of orders to buy and sell financial instruments		1,844	1,461
b) execution of orders to buy and sell financial instruments for client account		14,016	9,708
c) investment advisory services		4	5
d) offering of financial instruments		2,380	941
e) keeping of cash accounts, safekeeping or registration of financial instruments, including the keeping of accounts referred to in Art. 69.4.1 of the Act on Trading in Financial Instruments		80	53
f) other		1,923	2,568
2. Revenue from other core activities		196	196
II. Cost of core activities		18,130	16,301
- from related entities	18	-	-
1. Fees payable to regulated markets, commodity exchanges, the Central Securities Depository of Poland and exchange clearing houses		2,071	2,203
2. Payments to CCP		174	125
3. Trade organisation membership fees		23	23
4. Salaries and wages		8,131	6,945
5. Social security and other benefits		1,157	1,024
6. Employee benefits		94	125
7. Raw material and consumables used		110	133
8. Services		4,621	3,567
9. Costs of maintenance and lease of buildings		945	1,021
10. Depreciation and amortisation		504	620
11. Taxes and other public charges		108	149
12. Other		192	366
III. Profit/(loss) on core activities		2,313	- 1,369
IV. Income from financial instruments held for trading		402	972
1. Dividends and other profit distributions		-	20
2. Revaluation adjustments		-	352
3. Gain on sale/redemption		402	600
V. Cost related to financial instruments held for trading		2,917	518
1. Revaluation adjustments		265	188
2. Loss on sale/redemption		2,652	330
VI. Gain/(loss) on transactions in financial instruments held for trading		- 2,515	454
VII. Income from financial instruments available for sale		380	400
1. Dividends and other profit distributions		294	400
- from related entities		294	400
2. Gain on sale/redemption		86	-
VIII. Cost related to financial instruments available for sale		-	-
IX. Gain/(loss) on transactions in financial instruments available for sale		380	400
X. Other income		237	1,542
1. Released provisions		2	-
2. Decrease in impairment losses on receivables		16	1,318
3. Other		219	224
XI. Other expenses		287	244
1. Increase in impairment losses on receivables		51	12

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2. Other		236	232
XII. Operating profit/(loss)		128	783
XIII. Finance income		698	314
1. Interest on loans, including:		13	4
- from related entities		1	-
2. Interest on deposits		75	102
3. Other interest		3	14
4. Foreign exchange gains		503	-
a) realised		194	-
b) unrealised		309	-
5. Other		104	194
XIV. Finance charge		446	875
1. Interest on borrowings, including:		411	489
- to related entities		-	-
2. Other interest		6	8
3. Foreign exchange losses		-	142
a) realised		-	23
b) unrealised		-	119
4. Other		29	236
XV. Profit/(loss) before tax		380	222
XVI. Income tax	13	- 11	- 256
XVII. Net profit/(loss)		391	478
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Weighted average number of ordinary shares		29,937,836	29,937,836
Earnings/(loss) per ordinary share (PLN)		0.01	0.02
Weighted average diluted number of ordinary shares		29,937,836	29,937,836
Diluted earnings/(loss) per ordinary share (PLN)		0.01	0.02
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Interim condensed financial statements of IPOPEMA Securities S.A. for the six months ended June 30th 2020

STATEMENT OF CASH FLOWS		Note	H1 2020	H1 2019
A.	NET CASH FROM OPERATING ACTIVITIES			
I.	Net profit/(loss)		391	478
II.	Total adjustments		11,606	18,967
1.	Depreciation and amortisation		504	620
2.	Foreign exchange gains/(losses)		- 49	56
3.	Interest and profit distributions (dividends)		393	480
4.	Gain/(loss) on investing activities		- 86	-
5.	Increase/(decrease) in provisions and impairment losses on receivables		496	- 862
6.	Increase/(decrease) in financial instruments held for trading		178	7,072
7.	Increase/(decrease) in receivables		8,565	15,740
8.	Increase/(decrease) in current liabilities (net of borrowings), including special accounts		1,426	- 3,451
9.	Increase/(decrease) in accruals and deferrals		179	- 690
10.	Other		-	2
III.	Net cash from operating activities (I + II)		11,997	19,445
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
I.	Cash generated from investing activities		2,172	72
1.	Decrease in loans		86	72
2.	Disposal of financial instruments available for sale		2,086	-
II.	Cash used in investing activities		673	251
1.	Acquisition of property, plant and equipment		193	173
2.	Acquisition of intangible assets		49	-
3.	Acquisition of financial instruments available for sale (subordinates)		66	-
4.	Increase in loans		365	78
III.	Net cash from investing activities (I - II)		1,499	- 179
C.	NET CASH FROM FINANCING ACTIVITIES			
I.	Cash generated from financing activities		2,891	2
1.	Increase in short-term borrowings		2,891	-
2.	Proceeds from issue of short-term debt securities		-	2
II.	Cash used in financing activities		421	4,206
1.	Decrease in short-term borrowings		-	3,732
2.	Redemption of short-term debt securities		1	2
3.	Payment of finance lease liabilities		9	21
4.	Interest paid		411	451
III.	Net cash from financing activities (I - II)		2,470	- 4,204
D.	TOTAL NET CASH FLOWS (A.III +/- B.III +/- C.III)		15,966	15,062
E.	NET CHANGE IN CASH, including:		16,015	15,006
	- effect of exchange rate fluctuations on cash held		49	- 56
F.	CASH AT BEGINNING OF PERIOD		35,098	24,256
G.	CASH AT END OF PERIOD (F +/- D), including:			
	- restricted cash*	19	51,064	39,318
		1	28564	23,890

* Restricted cash includes primarily clients' funds held by the Company.

Interim condensed financial statements of IPOPEMA Securities S.A. for the six months ended June 30th 2020

STATEMENT OF CHANGES IN EQUITY	H1 2020	2019	H1 2019
I. EQUITY AT BEGINNING OF PERIOD	56,533	56,300	56,300
- changes in adopted accounting policies	-	-	-
- correction of errors	-	-	-
I.a. EQUITY AT BEGINNING OF PERIOD AFTER ADJUSTMENTS	56,533	56,300	56,300
1. Share capital at beginning of period	2,994	2,994	2,994
1.1. Changes in share capital	-	-	-
1.2. Share capital at end of period	2,994	2,994	2,994
2. Reserve funds at beginning of period	53,256	57,566	57,566
2.1. Changes in reserve funds	213	- 4,310	- 4,310
a) increase	213	-	-
- distribution of profit (above statutory minimum)	213	-	-
b) decrease	-	4,310	4,310
- profit allocation	-	-	4,310
- loss coverage	-	4,310	-
2.2. Reserve funds at end of period	53,469	53,256	53,256
3. Revaluation capital reserve at beginning of period	70	50	50
3.1. Changes in revaluation capital reserve	- 70	20	14
a) increase	16	24	18
- remeasurement of financial instruments	16	24	18
b) decrease	86	4	4
- remeasurement of financial instruments	86	4	4
3.2. Revaluation capital reserve at end of the period	-	70	64
4. Retained earnings/(accumulated deficit) at beginning of period	213	- 4,310	- 4,310
4.1. Retained earnings at beginning of period	213	-	-
a) increase	-	-	-
b) decrease	213	-	-
- distribution of retained earnings (dividend)	-	-	-
- distribution of retained earnings (increase in reserve funds)	213	-	-
4.2. Accumulated deficit at beginning of period	-	4,310	4,310
a) increase	-	-	-
b) decrease	-	4,310	4,310
- loss coverage from statutory reserve funds	-	4,310	4,310
4.3. Retained earnings/(accumulated deficit) at end of period	-	-	-
5. Net profit/(loss)	391	213	478
a) net profit	391	213	478
b) net loss	-	-	-
II. EQUITY AT END OF PERIOD	56,854	56,533	56,792
III. EQUITY AFTER PROPOSED DISTRIBUTION OF PROFIT	56,854	56,533	56,792

Notes to the interim financial statements

Note 1

Cash and other assets	Jun 30 2020	Dec 31 2019	Jun 30 2019
Cash and other assets of clients			
a) at banks and in hand	28,564	20,835	23,890
Total cash and other assets of clients	28,564	20,835	23,890
Cash and other assets			
a) cash and other assets of the brokerage house, including:	22,531	14,245	15,395
- in hand	1	1	1
- at banks	7,974	7,101	7,443
- other cash*	14,553	7,140	7,942
- cash equivalents	3	3	9
b) cash and other assets of clients deposited in cash accounts	28,564	20,835	23,890
- at the brokerage house and paid towards acquisition of securities	28,564	20,835	23,890
- in an IPO or on the primary market	-	-	-
c) cash and other assets transferred from the settlement guarantee fund	-	-	-
Total cash and other assets	51,095	35,080	39,285

* 'Other cash' includes cash in bank deposits and interest accrued on those deposits.

Note 2

Selected short-term receivables	Jun 30 2020	Dec 31 2019	Jun 30 2019
Selected short-term receivables	140,719	150,271	144,874
a) from clients, including:	43,367	38,634	36,756
- under transactions executed on the Warsaw Stock Exchange	27,206	32,331	27,959
- under transactions executed on the London Stock Exchange	523	282	177
- under transactions executed on the Paris Stock Exchange	-	-	58
- under transactions executed on the Amsterdam Stock Exchange	-	-	372
- under transactions executed on the Lisbon Stock Exchange	10,988	-	2,404
- under transactions executed on the Tokyo Stock Exchange	-	-	226
- under transactions executed on the Frankfurt Stock Exchange	18	32	147
- under transactions executed on the New York Stock Exchange	204	15	1,224
- under transactions executed on the Toronto Stock Exchange	600	-	-
- under transactions executed on the Istanbul Stock Exchange	-	1,091	-
- other	3,828	4,883	4,189
b) from related entities, including:	1,241	1,096	1,108
- from subsidiaries	1,241	1,096	1,108
c) from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses	74,786	94,861	83,090
- under transactions executed on the Warsaw Stock Exchange*	38,757	60,246	53,939
- under transactions executed on the New York Stock Exchange	2,903	2,940	556
- under transactions executed on the Vienna Stock Exchange	484	-	-
- under transactions executed on the Frankfurt Stock Exchange	-	952	30
- under transactions executed on the Paris Stock Exchange	1,220	262	38
- under transactions executed on the Helsinki Stock Exchange	517	-	-
- under transactions executed on the Toronto Stock Exchange	929	1,036	-
- under transactions executed on the Zurich Stock Exchange	-	660	-
- other	29,976	28,765	28,527

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2020**

e) from the Central Securities Depository of Poland and exchange clearing houses, including:	48	45	45
- from the settlement guarantee fund and deposits	48	45	45
- other	-	-	-
e) receivables from CCP	21,277	15,635	23,875
- from the settlement guarantee fund	21,277	15,635	23,875
- other	-	-	-
Short-term receivables, net	144,243	152,843	148,071
- impairment losses on short-term receivables (positive value)	166	131	70
Gross short-term receivables	144,409	152,974	148,141

* In accordance with Art. 45h of the amended Act on Trading in Financial Instruments, short-term receivables from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses under executed transactions, where such transactions are executed on the WSE, include receivables from KDPW CCP (the clearing agent, which has assumed the rights and obligations of the parties to the transactions).

The value of short-term receivables from clients under executed transactions and current receivables from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses under executed transactions represents the value of concluded and not cleared (including suspended) purchase and sale transactions in securities.

Note 3

Financial assets

In the first half of 2020 and in the comparative period, the policies for measurement of financial assets at fair value or classification of financial assets did not change.

Note 4

Recognition and reversal of impairment losses on financial assets, property, plant and equipment, intangible assets or other assets.

In the first half of 2020 and in 2019, the Company did not recognise any impairment losses on financial assets, property, plant and equipment, intangible assets or other assets, nor did it reverse impairment losses recognised in previous periods, except for the changes in impairment losses on receivables (Note 7).

Note 5

Significant transactions to purchase or sell property, plant and equipment

In the first half of 2020 and in 2019, the Company did not purchase or sell any material items of property, plant and equipment.

Material liabilities under purchases of property, plant and equipment

The Company has no material liabilities under purchases of property, plant and equipment.

Note 6

Selected current liabilities	Jun 30 2020	Dec 31 2019	Jun 30 2019
Selected current liabilities	46,606	48,802	47,830
1. To related entities	1	-	-
a) to subsidiaries	1	-	-
b) to other related entities	-	-	-
2. To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses	42,060	43,763	44,906
- to the Warsaw Stock Exchange *	29,933	42,308	40,075
- to the New York Stock Exchange	-	15	1,222
- to the Frankfurt Stock Exchange	18	13	147

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2020**

- to the Paris Stock Exchange	-	19	58
- to the London Stock Exchange	523	281	176
- to the Amsterdam Stock Exchange	-	-	371
- to the Lisbon Stock Exchange	10,974	-	2,401
- to the Tokyo Stock Exchange	-	-	222
- to the Toronto Stock Exchange	600	-	-
- to the Istanbul Stock Exchange	-	1,091	-
- other	12	36	234
3. To entities operating regulated markets and commodity exchanges	260	340	350
- to the Warsaw Stock Exchange	260	340	350
4. To the Central Securities Depository of Poland and exchange clearing houses	32	28	50
a) under additional payments to the settlement guarantee fund	-	-	-
b) other	32	28	50
4a. To CCP	2,822	3,094	52
a) under additional payments to the settlement guarantee fund	2,794	3,050	-
b) other	28	44	52
5. Taxes, customs duties and social security payable	833	601	1,255
6. Other	598	976	1,217
a) dividends payable	-	-	-
b) other liabilities, including:	598	976	1,217
- lease liabilities	39	40	46
- other liabilities	559	936	1,171

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

As at June 30th 2020, the Company's liabilities under bank borrowings related to its brokerage business amounted to PLN 9,690 thousand (December 31st 2019: PLN 6,799 thousand). The liabilities arose under two overdraft facility agreements executed with Alior Bank S.A. on July 22nd 2009. The facilities, renewed each year, are used to finance payments due to the Central Securities Depository of Poland/KDPW CCP (the clearing agent) and related to the brokerage activities. The current facilities expire on October 16th 2020:

- i. Revolving credit facility of up to PLN 8m. The purpose of the facility is to finance payment of the Company's liabilities to the Central Securities Depository of Poland/KDPW CCP in respect of the clearing and settlement of transactions concluded by the Company on the regulated market as part of its brokerage business. The facility is secured by a blank promissory note with a promissory note declaration, a power of attorney over accounts held with the bank, a declaration of voluntary submission to enforcement with respect to cash payments owed to the bank, and a PLN 4m security deposit placed in a term deposit account as joint collateral securing also the credit facility specified in item ii.
- ii. Revolving credit facility of up to PLN 25m. The purpose of the facility is to finance the payment of the Company's liabilities resulting from its membership in the Transactions Settlement Guarantee Fund operated by KDPW CCP. The facility is secured by a blank promissory note with a promissory note declaration, a power of attorney over accounts held with the bank, and a declaration of voluntary submission to enforcement with respect to cash payments owed to the bank. As stated in item i above, both credit facilities are also jointly secured by a security deposit of PLN 4m.

Defaults under credit facilities or loans or breach of material credit covenants, with respect to which no remedial action was taken by the end of the reporting period

None.

Note 7

Changes in short-term provisions and impairment losses on receivables

Short-term provisions for liabilities	H1 2020	H1 2019
Provisions at beginning of period	2,415	2,092
a) recognised	3,026	1,739
b) used	2,332	1,261
c) reversed	2	-
Provisions at end of period	3,107	2,570

In the six months ended June 30th 2020, impairment losses on receivables increased by PLN 35 thousand compared with December 31st 2019. In the comparative period, i.e. the six month ended June 30th 2019, impairment losses on receivables fell by PLN 1,306 thousand compared with December 31st 2018.

Note 8

Share capital	Jun 30 2020	Dec 31 2019	Jun 30 2019
a) par value per share (PLN)	0.10	0.10	0.10
b) series/issue	A, B, C	A, B, C	A, B, C
c) type of shares	ordinary bearer shares	ordinary bearer shares	ordinary bearer shares
d) preference attached to shares	none	none	none
e) restrictions on rights attached to shares	none	none	none
f) number of shares	29,937,836	29,937,836	29,937,836
g) total par value of series/issue (PLN '000)	2,994	2,994	2,994
h) type of contribution	cash	cash	cash
i) dividend right since:	the shares carry the right to profit distribution for 2020 and 2019	the shares carry the right to profit distribution for 2019 and 2018	the shares carry the right to profit distribution for 2019 and 2018

There were no changes in the Company's share capital in the first half of 2020 or in 2019.

As at June 30th 2020, the share capital amounted to PLN 2,993,783.60 and comprised 7,000,000 Series A ordinary bearer shares, 21,571,410 Series B ordinary bearer shares, and 1,366,426 Series C ordinary bearer shares.

Note 9

The Company issued promissory notes as security for a credit facility (see Note 6), and paid a deposit of PLN 1.5m as security for settlement of transactions on foreign stock exchanges.

PKO Bank Polski S.A. (formerly Nordea Bank Polska S.A.) issued a guarantee to the Company, whose current value is EUR 277 thousand. For more information on guarantees, see Note 12.

Note 10

Leases

The Company as a lessee – right to use a building

The Company leases office space under a lease contract. The right to use the building for the term of the contract was classified by the Company as operating lease. The lease contract providing for the right to use the building was executed for a period of five years, with an option to extend its term for another two years. Pursuant to an annex to the contract, executed in January 2016, the lease was extended until January 2023.

Minimum lease payments are presented in the table below.

Lease liabilities	Jun 30 2020	Dec 31 2019	Jun 30 2019
	Present value of minimum lease payments		
Within 1 year	1,160*	1,106*	1,087*
In 1 to 5 years	1,790*	2,259*	2,765*
Over 5 years	-	-	-
Total lease liabilities	2,950	3,365	3,852

* Value calculated by recognising the cost on a straight-line basis over the lease term.

The Company as a lessee – finance leases

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

The lease contracts were classified as finance leases. Minimum lease payments are presented in the table below.

Finance lease liabilities	Jun 30 2020	Dec 31 2019	Jun 30 2019
Net carrying amount	44	57	78
Present value of minimum lease payments	93	101	113
Within 1 year *	39	40	46
Within 1 to 5 years *	54	61	67
Over 5 years *	-	-	-
Contingent lease payments recognised as expense in the period	9	36	21

Note 11

Bonds

By the date of issue of these financial statements, in 2020 the Company did not issue any bonds. In the reference period (i.e. six monthed ended June 30th 2019), the Company issued eight registered bonds with a total nominal value of PLN 1.6 thousand. The total amount of liabilities payable by the Company on redemption of the bonds will not exceed the bonds' nominal value and is not significant to the Company. The bonds were issued in connection with the variable remuneration components policy, implemented by the Company as part of its risk management system, in compliance with the applicable regulations. For more details, see the updated version of the document entitled 'Disclosure of information on IPOPEMA Securities S.A.'s capital adequacy', available on the Company's website.

By the date of issue of these financial statements, the Company redeemed PLN 0.8 thousand worth of bonds (including PLN 0.8 thousand worth of bonds redeemed in the six months ended June 30th 2020), compared with PLN 2 thousand redeemed in the six months ended June 30th 2019.

Note 12

Guarantees received and security for guarantees

In January 2012, the Company received from PKO Bank Polski S.A. (formerly Nordea Bank Polska S.A.) a guarantee of up to EUR 268 thousand, secured by a security deposit with a current amount of PLN 1,446 thousand. Under an amendment agreement of 2015, the guarantee amount was increased to EUR 277 thousand. The guarantee, provided until April 16th 2023, secures liabilities related to the lease of office space.

Both in the six months ended June 30th 2020 and the six months ended June 30th 2019, the Company's assets were used as security for working capital overdraft facilities (see Note 6). The facilities are secured with a PLN 4m security deposit in a bank account, blank promissory notes with promissory note declarations and powers of attorney over bank accounts.

The Company paid a security deposit of EUR 1.5m to a bank acting as the clearing bank in relation to transactions executed on foreign stock exchanges.

Note 13

Deferred tax

Deferred tax liabilities decreased by PLN 234 thousand in the six months ended June 30th 2020 and increased by PLN 15 thousand in the six months ended June 30th 2019.

Deferred tax assets went down by PLN 206 thousand in the six months ended June 30th 2020 and increased by PLN 271 thousand in the six months ended June 30th 2019.

Note 14

Profit allocation

On June 25th 2020, the Annual General Meeting resolved to allocate the Company's net profit for 2019, of PLN 213 thousand, to statutory reserve funds.

Note 15

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

The Company did not issue any equity or non-equity securities in the six months ended June 30th 2020 or in 2019.

Note 16

Dividends paid and proposed

In the six months ended June 30th 2020, the Company did not pay or resolve to pay any dividend.

Note 17

Material related-party transactions (including their amounts) other than arm's length transactions

In the reporting period, the Company did not enter into any material related-party transactions otherwise than on an arm's-length basis.

Note 18

Related-party transactions – income and expenses

Related party	Revenue from core activities	Other operating and finance income	Purchases – core activities	Other purchases	Jan 1–Jun 30 2020				Jan 1–Jun 30 2019				
					Revenue from core activities	Other income	Purchases – core activities	Other purchases	Revenue from core activities	Other income	Purchases – core activities	Other purchases	
IPOPEMA BC	-	2	-	-	-	2	-	-	-	-	-	-	-
IPOPEMA TFI	782	76	-	-	488	25	-	62	-	-	-	-	62
IPOPEMA Financial Advisory	-	-	-	-	-	-	-	-	-	-	-	-	-
IPOPEMA Financial Advisory SK	175	303	-	-	175	1	-	-	-	-	-	-	-
MUSCARI Capital Sp. z o.o.	-	4	-	-	-	-	-	-	-	-	-	-	-
Total	957	385	-	-	663	28	-	62	-	-	-	-	62

Related-party transactions – receivables and liabilities

Related party	Receivables			Liabilities		
	Jun 30 2020	Dec 31 2019	Jun 30 2019	Jun 30 2020	Dec 31 2019	Jun 30
IPOPEMA Business Consulting	400	410	400	1	-	-
IPOPEMA TFI	387	233	59	-	-	-
IPOPEMA Financial Advisory	-	-	-	-	-	-
IPOPEMA Financial Advisory SK	454	453	649	-	-	-
MUSCARI Capital Sp. z o.o.	-	-	-	-	-	-
Total	1,241	1,096	1,108	1	-	-

IPOPEMA Securities provides brokerage services to funds managed by IPOPEMA TFI S.A., but the related transaction costs are incurred directly by the funds.

In the six months ended June 30th 2020, the Company received a PLN 294 dividend from IFA SK. In 2019, the Company obtained from IBC a right to dividend of PLN 0.4m.

Note 19

Items of the statement of cash flows

Operating activities – provision of brokerage and advisory services, acquisition and disposal of securities.

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

Financing activities – acquisition or loss of sources of financing (changes in the amount of and relation between equity and external capital at the entity) and any related monetary costs and benefits.

Structure of cash

	Presentation in the balance sheet		Presentation in the statement of cash flows	
	Jun 30 2020	Jun 30 2019	Jun 30 2020	Jun 30 2019
Cash and cash equivalents	51,095	39,285	51,064	39,318
1. In hand	1	1	1	1
2. At banks	7,974	7,443	7,974	7,443
3. Other cash	43,117	31,832	43,117	31,832
4. Cash equivalents	3	9	-	-
Accrued foreign exchange differences			- 28	42

The difference between the presentation of cash in the balance sheet and the statement of cash flows as at June 30th 2020 and June 30th 2019 follows from presentation of cash net of the effect of foreign exchange differences and received purchase cards presented under cash and cash equivalents.

Differences in changes in balance-sheet items

	Presentation in the balance sheet		Change as disclosed in the balance sheet	Presentation in the statement of cash flows – change
	Jun 30 2020	Dec 31 2019		
Gross short- and long-term receivables	145,855	154,414	8,559	8,565
Net receivables	145,689	154,283		
Impairment losses on receivables	166	131		35
Provisions (net of deferred tax related to equity and provision for unpaid interest)	4,278	3,817		461
Total change in impairment losses and provisions				496

The difference between the change in gross receivables disclosed in the statement of financial position and the amount disclosed in the statement of cash flows is attributable to the removal from gross receivables as at June 30th 2020 of interest receivable on a security deposit, which are disclosed under investing activities.

Note 20

Clients' financial instruments	Jun 30 2020	Dec 31 2019
Securities admitted to official listing		
- quantity	109,415	111,180
- amount	590,240	514,479
Securities not admitted to official listing		
- quantity	42,062	36,070
- amount	17,047	10,901
Designated sponsor		
(i) shares		
- quantity	7,813	291
- amount	149,227	554
(ii) bonds		
- quantity	0.02	0.033
- amount	2,000	3,300
(iii) investment certificates		
- quantity	420	161
- amount	116,434	28,824

Note 21

Operating segments

The Company does not distinguish separate operating segments within its structure and forms a single segment. IPOPEMA Securities S.A.'s segment comprises brokerage activities, as well as business and management advisory services. Information disclosed in these financial statements comprises information regarding that operating segment.

Note 22

Pending court or administrative proceedings

In the six months ended June 30th 2020 and as at the date of issue of these interim condensed financial statements, the Company was not party to any material court or administrative proceedings.

Note 23

Material events and factors in the first half of 2020

The most important and dominant factor with a direct impact on the activities of almost all businesses is the global coronavirus pandemic. Given its scale and the pace of development, the pandemic triggered volatility levels and concerns about the state of the economy, both on a global scale and locally, which have not been seen for years. Although the coronavirus epidemic in Poland did not begin to spread until March, it exerted a noticeably adverse impact on some of the IPOPEMA Group's business areas over the entire reporting period. It is more than likely that the economic effects of the pandemic will affect the Group's business also in subsequent periods.

The uncertainty associated with the coronavirus pandemic and the related high volatility of share prices on the WSE have been observable since March, with a 23–71.4% year-on-year increase in the value of trades in the months that followed (to June 30th 2020). Stock trading volumes in the six months ended June 30th 2020 were 34.7% higher year on year, largely driven by the activity of retail investors. As a result, IPOPEMA Securities recorded a lower share in total market trading volumes (2.98% vs 3.92% a year earlier, losing to brokerage offices specialising in services for retail customers), but the value of trades executed by the Company went up by 2.4%

relative to the six months ended June 30th 2019. Combined with increased bond trading activities, this translated into a 46.4% year-on-year growth in revenue from securities trading to PLN 15,338 thousand.

Despite the fact that in the three months ended March 31st 2020 equity capital market transactions was the IPOPEMA Group's business area most affected by the coronavirus epidemic (following suspension of a number of transactions in the pipeline), the three months ended June 30th 2020 saw a moderate rebound, with the Company advising on several transactions. In the six months ended June 30th 2020, investment banking revenue came in at PLN 3,237 thousand, up 3.9% year on year (six months ended June 30th 2019: PLN 3,114 thousand).

Note 24

Items affecting assets, liabilities, equity, net profit or cash flows that are non-typical due to their nature, value or frequency.

None.

Note 25

Capital adequacy requirements

As an investment firm, the Company is obliged to calculate its own funds and prudential requirements in compliance with the CRR. Key data is presented in the tables below.

Item	Jun 30 2020	Dec 31 2019	Average monthly data					
			Jan 2020	Feb 2020	Mar 2020	Apr 20	May 20	Jun 2020
Own funds – (PLN '000)	52,420	51,337	51,394	51,760	51,292	51,013	51,376	50,681
Tier 1 Capital	52420	51,337	51,394	51,760	51,292	51,013	51,376	50,681
Common Equity Tier 1	52420	51,337	51,394	51,760	51,292	51,013	51,376	50,681
Additional Tier 1 Capital	-	-	-	-	-	-	-	-
Tier 2 Capital	-	-	-	-	-	-	-	-
Total risk exposure (PLN '000)	151,129	150,257	189,854	190,104	188,996	168,551	168,060	168,555
Risk-weighted exposure amounts for credit risk, counterparty credit risk, dilution risk and free deliveries	90,437	86,377	116,511	113,050	124,642	105,446	103,351	108,114
Total exposure to settlement/delivery risk	-	-	-	-	-	-	-	-
Total exposure to position, currency and commodity price risks	6,300	7,326	16,893	22,696	9,987	8,711	10,317	6,047
Total exposure to operational risk	54,392	56,545	56,441	54,356	54,357	54,392	54,392	54,392
Additional exposure to risk related to fixed indirect costs	-	-	-	-	-	-	-	-
Total exposure to risk related to credit valuation adjustment	-	9	9	2	10	2	-	2
Total exposure to risk related to large trading book exposures	-	-	-	-	-	-	-	-
Other exposures to risk	-	-	-	-	-	-	-	-
Tier 1 common equity ratio	34.69	34.17	27.37	28.15	27.70	30.89	31.40	30.77
Tier 1 capital surplus(+)/shortfall(-) (PLN '000)	45,619	44,575	42,851	43,206	42,788	43,428	43,813	43,096
Tier 1 capital ratio	34.69	34.17	27.37	28.15	27.70	30.89	31.40	30.77
Tier 1 capital surplus(+)/shortfall(-) (PLN '000)	43,352	42,321	40,003	40,354	39,953	40,899	41,292	40,568
Total capital adequacy ratio	34.69	34.17	27.37	28.15	27.70	30.89	31.40	30.77
Total capital surplus(+)/shortfall(-) (PLN '000)	40,330	39,316	36,206	36,552	36,173	37,528	37,931	37,197

Item	Jun 30 2020
Initial capital	2,994
Deviation of own funds from initial capital	49,426

Information on breach of capital adequacy ratios and limits on large exposures

In the reporting period, the Company did not identify any non-compliance with capital adequacy ratios on a separate or consolidated basis.

In the reporting period, the Company identified one exposure which resulted in exceeding the large exposures limit on a separate or consolidated basis. The situation, which occurred on June 2nd 2020 and lasted one day, was attributable to payments by customers for new shares offered through IPOPEMA Securities S.A. as part of a public offering. The exceedance was notified to the Polish Financial Supervision Authority.

Note 26

Events subsequent to the reporting date

All events relating to the reporting period were disclosed in the accounting records and financial statements for the period January 1st–June 30th 2020. No material events occurred after the reporting date which should have been but were not disclosed in the accounting records for the reporting period.

Warsaw, September 10th 2020

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

Danuta Ciosek
Chief Accountant