

This document is not an official version of the Interim condensed financial statements of the IPOPEMA Securities S.A. for the six months ended 30 June 2022. The official Interim condensed financial statements of the IPOPEMA Securities Group for the six months ended 30 June 2022 have been prepared in accordance with the requirements of the ESEF Regulation.

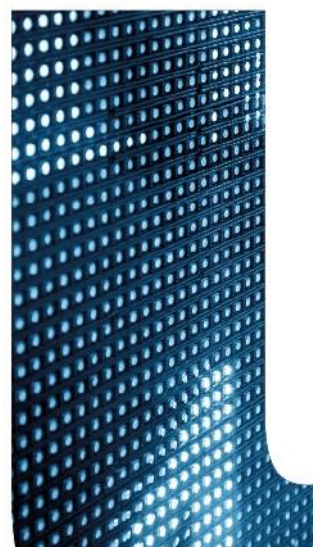
IPOPEMA Securities S.A.

Interim condensed financial statements

for the six months ended
30 June 2022

Warsaw, 6 September 2022

ipopema



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 2022 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 2022 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 2022 gives a true picture of the Company's development, achievements and position; it also includes a description of key risks and threats.

Warsaw, 6 September 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

Financial highlights

Financial highlights	PLN '000		EUR '000	
	H1 ended		H1 ended	
	Jun 30 2022	Jun 30 2021	Jun 30 2022	Jun 30 2021
Revenue from core activities	24,251	31,704	5,223	6,972
Cost of core activities	22,914	26,385	4,935	5,802
Profit/(loss) on core activities	1,337	5,319	288	1,170
Operating profit/(loss)	- 1,536	4,882	- 331	1,074
Profit/(loss) before tax	- 284	3,550	- 61	781
Net profit/(loss)	- 305	2,895	- 66	637
Earnings/(loss) per ordinary share (weighted average) (PLN/ EUR)	- 0.01	0.10	0.00	0.02
Net cash from operating activities	46,951	- 147,688	10,113	- 32,479
Total cash flows	29,958	- 150,127	6,453	- 33,015

Financial highlights	PLN '000			EUR '000		
	Jun 30 2022	Dec 31 2021	Jun 30 2021	Jun 30 2022	Dec 31 2021	Jun 30 2021
Total assets	238,598	337,672	437,576	50,976	73,417	96,792
Current liabilities	176,219	262,795	370,718	37,649	57,137	82,003
Equity	56,581	66,166	59,607	12,088	14,386	13,185
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)	1.89	2.21	1.99	0.40	0.48	0.44

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 2022	H1 2021
EUR	4.6427	4.5472

- For the balance sheet:

Exchange rate as at	Jun 30 2022	Dec 31 2021
EUR	4.6806	4.5994

Introduction to the interim condensed financial statements

Information about the Company

IPOPEMA Securities S.A. (the “Company”, “IPOPEMA”) 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 located 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 2022.

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,
Bogdan Kryca – Member of the Supervisory Board,
Ewa Radkowska-Świętoń – Member of the Supervisory Board,
Andrzej Knigawka – Member of the Supervisory Board.

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

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 2022 and include comparative data for the period from January 1st to June 30th 2021 (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 2021 (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; the remaining IBC shares are held by Eliza Łoś-Strychowska and Tomasz Rowecki (members of the IBC Management Board);
- 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 – the Company holds 100% equity interest in MUSCARI (previous name: Grupa Finanset Sp. z o.o.).

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).

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

Identification of the interim condensed financial statements

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

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.

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 Company recognises current liabilities towards banks conducting brokerage activities, other brokerage houses and commodity brokerage houses (market counterparties)* and short-term receivables from the clients for whom such buy transactions have been 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 measured at amounts receivable, subject to the prudent valuation principle. Short-term receivables include mainly bank deposits, cash and loans advanced. Loans include loans advanced to IPOPEMA employees and independent contractors, and possibly to other entities.

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.

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, accrued expenses 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 2022	Dec 31 2021
USD	4.4825	4.0600
EUR	4.6806	4.5994
HUF 100	1.1797	1.2464
GBP	5.4429	5.4846
CZK	0.1892	0.1850
CHF	4.6904	4.4484

TRY	0.2689	0.3016
NOK	0.4523	0.4608
CAD	3.4711	3.1920
SEK	0.4373	0.4486
DKK	0.6292	0.6184
AUD	3.0873	2.9506
RON	0.9466	0.9293

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.

ASSETS		Note	Jun 30 2022	Dec 31 2021	Jun 30 2021
I.	Cash and cash equivalents	1	134,047	103,389	129,113
1.	In hand		1	1	1
2.	At banks		81,824	20,708	16,634
3.	Other cash		52,222	82,680	112,475
4.	Cash equivalents		-	-	3
II.	Short-term receivables	2, 7	79,852	209,990	283,388
1.	From clients		23,525	87,158	105,885
2.	From related entities	18	1,028	1,422	1,791
3.	From banks conducting brokerage activities, other brokerage houses and commodity brokerage houses		19,503	72,415	147,225
a)	under executed transactions		15,201	68,292	125,904
b)	other		4,302	4,123	21,321
4.	From entities operating regulated markets and commodity		501	18	18
5.	From the Central Securities Depository of Poland and exchange		50	50	48
5.a	From CCP		31,254	47,069	26,070
6.	From investment and pension fund companies and from investment and pension funds		584	799	658
7.	Taxes, subsidies and social security receivable		39	40	659
8.	Under framework securities lending and short sale agreements		632	-	-
9.	Other		2,736	1,019	1,034
III.	Financial instruments held for trading	3, 4	490	1,447	2,352
1.	Shares		488	1,447	2,107
2.	Investment certificates		-	-	245
3.	Other securities		2	-	-
IV.	Short-term prepayments and accrued income		923	712	749
IV..	Short-term loans		907	900	899
1.	To subordinated entities		722	714	706
2.	Other		185	186	193
V.	Financial instruments held to maturity		-	-	-
VI.	Financial instruments available for sale	3, 4	8,704	8,710	8,714
1.	Shares		8,704	8,704	8,704
	- shares in subordinated entities		8,704	8,704	8,704
2.	Debt securities		-	6	10
VII.	Long-term receivables		8,812	8,691	8,573
VIII.	Long-term loans		55	106	192
1.	Other		55	106	192
IX.	Intangible assets	4	2,303	1,217	1,234
1.	Acquired permits, patents, licences and similar assets, including:		2,303	1,217	1,234
	- software		2,303	1,217	1,234
X.	Property, plant and equipment	4, 5	751	810	957
1.	Tangible assets, including:		751	810	957
a)	buildings and premises		98	131	164
b)	computer assemblies		388	384	383
c)	other tangible assets		265	295	410
2.	Tangible assets under construction		-	-	-
XI.	Long-term prepayments and accrued income		1,754	1,700	1,405
1.	Deferred tax assets	13	1,734	1,685	1,375
2.	Other long-term prepayments and accrued income		20	15	30
XII.	Called-up share capital not paid		-	-	-
XIII	Treasury shares		-	-	-
Total assets			238,598	337,672	437,576

EQUITY AND LIABILITIES		Note	Jun 30 2022	Dec 31 2021	Jun 30 2021
I.	Current liabilities	6	176,219	262,795	370,718
1.	To clients		134,808	139,692	229,930
2.	To related entities	18	208	306	188
3.	To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses		26,869	93,045	111,590
a)	under executed transactions		26,862	93,032	111,562
b)	other		7	13	28
4.	To entities operating regulated markets and commodity exchanges		191	251	349
5.	To the Central Securities Depository of Poland and to settlement and clearing houses		229	228	270
5.a.	To CCP		132	10,129	53
6.	To trade organisation		1	-	-
7.	Borrowings		10,840	16,549	14,984
a)	other		10,840	16,549	14,984
8.	Debt securities	11	2	1	2
8.a.	Negative fair value of financial instruments held for trading		202	190	95
9.	Taxes, customs duties and social security payable		1,632	912	1,071
10.	To investment and pension fund companies and to investment and pension funds		-	-	-
11.	Other		1,105	1,492	12,186
II.	Non-current liabilities		59	176	191
1.	Debt securities	11	1	-	1
2.	Finance lease liabilities	10	58	176	190
	- from other entities		58	176	190
III.	Accrued expenses and deferred income		-	-	-
IV.	Provisions for liabilities	7	5,739	8,535	7,060
1.	Deferred tax liabilities	13	225	154	125
2.	Provision for retirement and similar benefits		1,042	1,042	882
3.	Other		4,472	7,339	6,053
a)	long-term		206	206	206
b)	short-term		4,266	7,133	5,847
V.	Subordinated liabilities		-	-	-
VI.	Equity		56,581	66,166	59,607
1.	Share capital	8	2,994	2,994	2,994
2.	Reserve funds		53,892	53,718	53,718
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		42,543	42,369	42,369
3.	Revaluation capital reserve		-	-	-
4.	Net profit/(loss)	14	- 305	9,454	2,895
Total equity and liabilities			238,598	337,672	437,576
Book value (PLN '000)			56,581	66,166	59,607
Number of shares as at end of period			29,937,836	29,937,836	29,937,836
Book value per share (PLN)			1.89	2.21	1.99
Diluted number of shares			29,937,836	29,937,836	29,937,836
Diluted book value per share (PLN)			1.89	2.21	1.99

OFF-BALANCE SHEET ITEMS		Note	Jun 30 2022	Dec 31 2021	Jun 30 2021
I.	Contingent liabilities	9	1,378	1,418	1,394
II.	Third-party assets used		-	-	-
III.	Forwards purchased or issued in the name and for the account of the brokerage house*		6,857*	6,736*	6,690*
IV.	Other off-balance sheet items		-	-	-

* Notional amounts of purchased forward contracts.

Statement of profit or loss	Note	H1 2022	H1 2021
I. Revenue from core activities, including:		24,251	31,704
- from related entities	18	2,010	2,540
1. Revenue from brokerage activities, including:		24,055	31,508
a) receipt and transfer of orders to buy and sell financial instruments		72	326
b) execution of orders to buy and sell financial instruments for client account		15,037	17,671
c) investment advisory services		81	66
d) offering of financial instruments		4,827	9,724
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		823	740
f) other		3,215	2,981
2. Revenue from other core activities		196	196
II. Cost of core activities		22,914	26,385
- from related entities	18	1,472	836
1. Fees payable to regulated markets, commodity exchanges, the Central Securities Depository of Poland and exchange clearing houses		2,363	2,414
2. Payments to CCP		171	144
3. Trade organisation membership fees		46	46
4. Salaries and wages		9,994	10,205
5. Social security and other benefits		1,385	1,483
6. Employee benefits		146	169
7. Raw material and consumables used		82	91
8. Services		6,662	9,762
9. Costs of maintenance and lease of buildings		1,198	1,123
10. Depreciation and amortisation		430	428
11. Taxes and other public charges		193	189
12. Other		244	331
III. Profit/(loss) on core activities		1,337	5,319
IV. Income from financial instruments held for trading		479	332
1. Revaluation adjustments		300	102
2. Gain on sale/redemption		179	230
V. Cost related to financial instruments held for trading		3,367	955
1. Revaluation adjustments		302	209
2. Loss on sale/redemption		3,065	746
VI. Gain/(loss) on transactions in financial instruments held for trading		- 2,888	- 623
VII. Income from financial instruments available for sale		449	196
1. Dividends and other profit distributions		449	196
- from related entities		449	196
2. Gain on sale/redemption		-	-
VIII. Cost related to financial instruments available for sale		-	-
IX. Gain/(loss) on transactions in financial instruments available for sale		449	196
X. Other income		1,004	1,082
1. Reversed provisions		-	-
2. Decrease in impairment losses on receivables		22	33
3. Other		982	1,049
XI. Other expenses		1,438	1,092
1. Increase in impairment losses on receivables		28	37
2. Other		1,410	1,055

XII. Operating profit/(loss)		- 1,536	4,882
XIII. Finance income		2,178	30
1. Interest on loans, including:		29	22
- from related entities		8	9
2. Interest on deposits		1,242	2
3. Other interest		-	-
4. Foreign exchange gains		450	-
a) realised		284	-
b) unrealised		166	-
5. Other		457	6
XIV. Finance charge		926	1,362
1. Interest on borrowings, including:		665	373
- to related entities		-	-
2. Other interest		9	8
3. Foreign exchange losses		-	272
a) realised		-	24
b) unrealised		-	248
4. Other		252	709
XV. Profit/(loss) before tax		- 284	3,550
XVI. Income tax	13	21	655
XVII. Net profit/(loss)		- 305	2,895
Weighted average number of ordinary shares		29,937,836	29,937,836
Earnings/(loss) per ordinary share (PLN)		- 0.01	0.10
Weighted average diluted number of ordinary shares		29,937,836	29,937,836
Diluted earnings/(loss) per ordinary share (PLN)		- 0.01	0.10

STATEMENT OF CASH FLOWS		Note	H1 2022	H1 2021
A.	NET CASH FROM OPERATING ACTIVITIES			
I.	Net profit/(loss)		- 305	2,895
II.	Total adjustments		47,256	- 150,583
1.	Depreciation and amortisation		430	428
2.	Foreign exchange gains/(losses)		- 700	345
3.	Interest and profit distributions (dividends)		642	352
4.	Gain/(loss) on investing activities		-	-
5.	Increase/(decrease) in provisions and impairment losses on receivables		- 2,790	- 4,167
6.	Increase/(decrease) in financial instruments held for trading		957	- 2,232
7.	Increase/(decrease) in receivables		130,011	- 92,925
8.	Increase/(decrease) in current liabilities (net of borrowings), including special accounts		- 80,995	- 53,963
9.	Increase/(decrease) in accruals and deferrals		- 265	1,258
10.	Other		- 34	321
III.	Net cash from operating activities (I + II)		46,951	- 147,688
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
I.	Cash provided by investing activities		100	295
1.	Decrease in loans		94	295
2.	Disposal of financial instruments available for sale		6	-
II.	Cash used in investing activities		1,416	685
1.	Acquisition of property, plant and equipment		102	105
2.	Acquisition of intangible assets		1,283	374
3.	Acquisition of financial instruments available for sale (subordinates)		-	-
4.	Increase in loans		31	206
III.	Net cash from investing activities (I - II)		- 1,316	- 390
C.	NET CASH FROM FINANCING ACTIVITIES			
I.	Cash provided by financing activities		3	3
1.	Increase in short-term borrowings		-	-
2.	Proceeds from issue of debt securities		3	3
II.	Cash used in financing activities		15,680	2,052
1.	Decrease in short-term borrowings		5,724	1,663
2.	Redemption of short-term debt securities		1	2
3.	Dividends and other payments to owners		9,281	-
4.	Payment of finance lease liabilities		24	11
4.	Interest paid		650	376
III.	Net cash from financing activities (I - II)		- 15,677	- 2,049
D.	TOTAL NET CASH FLOWS (A.III +/- B.III +/- C.III)		29,958	- 150,127
E.	NET CHANGE IN CASH, including:		30,658	- 150,472
	- effect of exchange rate fluctuations on cash held		700	- 345
F.	CASH AT BEGINNING OF PERIOD		103,387	279,216
G.	CASH AT END OF PERIOD (F +/- D), including:	19	133,345	129,089
	- restricted cash*	1	119,870	93,940

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

STATEMENT OF CHANGES IN EQUITY	H1 2022	2021	H1 2021
I. EQUITY AT BEGINNING OF PERIOD	66,166	67,789	67,789
- changes in adopted accounting policies	-	-	-
- correction of errors	-	-	-
I.a. EQUITY AT BEGINNING OF PERIOD AFTER ADJUSTMENTS	66,166	67,789	67,789
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	53,718	53,469	53,469
2.1. Changes in reserve funds	174	249	249
a) increase	174	249	249
- distribution of profit (above statutory minimum)	174	249	249
b) decrease	-	-	-
2.2. Reserve funds at end of period	53,892	53,718	53,718
3. Revaluation capital reserve at beginning of period	-	-	-
3.1. Changes in revaluation capital reserve	-	-	-
a) increase	-	-	-
- remeasurement of financial instruments	-	-	-
b) decrease	-	-	-
- remeasurement of financial instruments	-	-	-
3.2. Revaluation capital reserve at end of the period	-	-	-
4. Retained earnings/(accumulated deficit) at beginning of period	9,454	11,326	11,326
4.1. Retained earnings at beginning of period	9,454	11,326	11,326
a) increase	-	-	-
b) decrease	9,454	11,326	11,326
- distribution of retained earnings (dividend)	9,280	11,077	11,077
- distribution of retained earnings (increase in reserve funds)	174	249	249
4.2. Accumulated deficit at beginning of period	-	-	-
4.3. Retained earnings/(accumulated deficit) at end of period	- 305	-	-
5. Net profit/(loss)	-	9,454	2,895
a) net profit	-	9,454	2,895
b) net loss	305	-	-
II. EQUITY AT END OF PERIOD	56,581	66,166	59,607
III. EQUITY AFTER PROPOSED DISTRIBUTION OF PROFIT	56,581	56,712	59,607

Notes to the interim financial statements

Note 1

Cash and other assets	Jun 30 2022	Dec 31 2021	Jun 30 2021
Cash and other assets of clients			
a) at banks and in hand	119,870	75,527	93,940
Total cash and other assets of clients	119,870	75,527	93,940
Cash and other assets			
a) cash and other assets of the brokerage house, including:	14,177	27,862	35,173
- in hand	1	1	1
- at banks, including	11,898	20,707	16,616
<i>in VAT account</i>	40	-	-
- other cash*	2,278	7,154	18,553
- cash equivalents	-	-	3
b) cash and other assets of clients deposited in cash accounts	119,870	75,527	93,940
- at the brokerage house and paid towards acquisition of securities	119,870	75,527	93,940
- in an IPO or on the primary market	-	-	-
c) cash and other assets transferred from the settlement guarantee fund	-	-	-
Total cash and other assets	134,047	103,389	129,113

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

Note 2

Selected short-term receivables	Jun 30 2022	Dec 31 2021	Jun 30 2021
Selected short-term receivables	75,360	208,114	281,019
a) from clients, including:	23,525	87,158	105,885
- under transactions executed on the Warsaw Stock Exchange	19,816	85,830	92,752
- under transactions executed on the London Stock Exchange	459	149	803
- under transactions executed on the Prague Stock Exchange	-	-	1,343
- under transactions executed on the Copenhagen Stock Exchange	-	-	438
- under transactions executed on the Madrid Stock Exchange	-	-	191
- under transactions executed on the Frankfurt Stock Exchange	572	-	284
- under transactions executed on the New York Stock Exchange	-	-	4,650
- under transactions executed on the Toronto Stock Exchange	-	-	1,014
- under transactions executed on the Australian Stock Exchange	1,480	-	785
- other	1,198	1,179	3,625
b) from related entities, including:	1,028	1,422	1,791
- from subsidiaries	1,028	1,422	1,791
c) from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses	19,503	72,415	147,225
- under transactions executed on the Warsaw Stock Exchange*	10,071	64,904	118,034
- under transactions executed on the New York Stock Exchange	2,520	-	-
- under transactions executed on the Prague Stock Exchange	-	225	-
- under transactions executed on the Frankfurt Stock Exchange	-	-	807
- under transactions executed on the Amsterdam Stock Exchange	-	-	851
- under transactions executed on the Australian Stock Exchange	2,294	-	-
- under transactions executed on the Paris Stock Exchange	-	-	195
- under transactions executed on the London Stock Exchange	316	314	-
- under transactions executed on the Stockholm Stock Exchange	-	-	1,086

- under transactions executed on the Milan Stock Exchange	-	454	1,835
- under transactions executed on the Toronto Stock Exchange	-	-	3,096
- under transactions executed on the Istanbul Stock Exchange	-	2,395	-
- other	4,302	4,123	21,321
e) from the Central Securities Depository of Poland and exchange clearing houses, including:	50	50	48
- from the settlement guarantee fund and deposits	50	50	48
e) receivables from CCP	31,254	47,069	26,070
- from the settlement guarantee fund	31,254	47,069	26,070
Net short-term receivables	79,852	209,990	283,388
- impairment losses on short-term receivables (positive value)	48	42	110
Gross short-term receivables	79,900	210,032	283,498

* 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 2022 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 six months ended June 30th 2022 and in 2021, 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 changes in impairment losses on receivables (Note 7) and the recognition of an impairment loss on loans of PLN 9 thousand in the six months to June 30th 2022 (PLN 320 thousand in the six months to June 30th 2022).

Note 5

Material transactions to purchase or sell property, plant and equipment

In the first half of 2022 and in 2021, 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 2022	Dec 31 2021	Jun 30 2021
Selected current liabilities	30,366	13,318	125,707
1. To related entities	208	306	188
a) to subsidiaries	208	306	188
2. To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses	26,869	93,045	111,590
- to the Warsaw Stock Exchange *	25,115	92,883	102,850
- to the New York Stock Exchange	-	-	4,645
- to the Frankfurt Stock Exchange	278	-	-
- to the Prague Stock Exchange	-	-	1,343
- to the Paris Stock Exchange	-	-	283
- to the London Stock Exchange	-	149	801
- to the Madrid Stock Exchange	-	-	190
- to the Australian Stock Exchange	1,469	-	-
- to the Copenhagen Stock Exchange	-	-	437
- to the Toronto Stock Exchange	-	-	1,013
- other	7	13	28
3. To entities operating regulated markets and commodity exchanges	191	251	349
- to the Warsaw Stock Exchange	191	251	349
4. To the Central Securities Depository of Poland and exchange clearing houses	229	228	270
a) under additional payments to the settlement guarantee fund	-	-	-
b) other	229	228	270
4a. To CCP	132	10,129	53
a) under additional payments to the settlement guarantee fund	12	10,090	11
b) other	120	39	42
5. Taxes, customs duties and social security payable	1,632	912	1,071
6. Other	1,105	1,492	12,186
a) other liabilities, including:	1,105	1,492	12,186
- lease liabilities	203	75	81
- dividends payable	-	-	11,077
- other liabilities	902	1,417	1,028

* 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 2022, the Company's liabilities under bank borrowings related to its brokerage business amounted to PLN 10,840 thousand (December 31st 2021: PLN 16,549 thousand). The liabilities arose under two overdraft facility agreements executed with Alior Bank S.A. on July 22nd 2009. The facilities, renewed each year, are used to finance payments due to the Central Securities Depository of Poland/KDPW CCP (the clearing agent) and related to the brokerage activities. The current facilities expire on December 12th 2022:

- 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 with 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 2022	H1 2021
Provisions at beginning of period	7,133	8,368
a) recognised	3,301	5,103
b) used	6,168	7,624
c) reversed	-	-
Provisions at end of period	4,266	5,847

In the six months ended June 30th 2022, impairment losses on receivables increased by PLN 6 thousand compared with December 31st 2021. In the six months ended June 30th 2021, impairment losses on receivables increased by PLN 4 thousand compared with December 31st 2020.

Note 8

Share capital	Jun 30 2022	Dec 31 2021	Jun 30 2021
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 2022 and 2021	the shares carry the right to profit distribution for 2021 and 2020	the shares carry the right to profit distribution for 2021 and 2020

There were no changes in the Company's share capital in the first half of 2022 or in 2021.

As at June 30th 2022, 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 308 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. A further lease extension is planned.

Minimum lease payments are presented in the table below.

Lease liabilities	Jun 30 2022	Dec 31 2021	Jun 30 2021
	Present value of minimum lease payments		
Within 1 year	704*	1,273*	1,174*
In 1 to 5 years	-	55*	637*
Over 5 years	-	-	-
Total lease liabilities	704	1,328	1,811

* 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 2022	Dec 31 2021	Jun 30 2021
Net carrying amount	172	164	239
Present value of minimum lease payments	261	251	271
Within 1 year *	203	75	81
Within 1 to 5 years *	58	176	190
Over 5 years *	-	-	-
Contingent lease payments recognised as expense in the period	24	35	11

Note 11

Bonds

In 2022, by the date of issue of these financial statements, the Company issued 12 bonds with a total nominal value of PLN 2.4 thousand, due in 2022–2024. In the comparative period (the six months ended June 30th 2021), the Company issued 14 bonds with a total nominal value of PLN 2.8 thousand, due in 2021–2023. 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.

By the date of issue of these financial statements, the Company redeemed PLN 1.6 thousand worth of bonds (including PLN 0.8 thousand worth of bonds redeemed in the six months ended June 30th 2022), compared with PLN 1.6 thousand redeemed in the six months ended June 30th 2021.

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 1,791 thousand. Under an amendment of 2020, the guarantee amount was increased to EUR 308 thousand. The guarantee, provided until April 16th 2023, secures liabilities related to the lease of office space.

Both in the six months ended June 30th 2022 and the six months ended June 30th 2021, 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.

In the six months to June 30th 2022, the Company paid PLN 0.2m as security under a framework agreement for treasury transactions, executed with Alior Bank.

In 2018, 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 increased by PLN 71 thousand in the six months ended June 30th 2022 and decreased by PLN 1,855 thousand in the six months ended June 30th 2021.

Deferred tax assets went up by PLN 49 thousand in the six months ended June 30th 2022 and fell by PLN 1,339 thousand in the six months ended June 30th 2021.

Note 14

Profit allocation

On May 25th 2022, the Annual General Meeting resolved to pay dividend from the 2021 profit of PLN 9,454 thousand. The dividend per share was PLN 0.31. The difference between the amount of dividend paid and the PLN 9,454 thousand declared in a resolution of the General Meeting that arose due to the rounding of dividend per share was PLN 174 thousand. It was transferred to the Company's statutory reserve funds as per the resolution of the General Meeting mentioned above.

On June 21st 2021, the Annual General Meeting of the Company resolved to pay a dividend from profit for 2020, which amounted to PLN 11,326 thousand. The dividend was PLN 0.37 per share.

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 2022 or in 2021. For information on bond issues and redemptions, see Note 11.

Note 16

Dividends paid and proposed

On May 25th 2022, the Annual General Meeting resolved to pay dividend from the 2021 profit of PLN 9,454 thousand. The dividend per share was PLN 0.31. The dividend record date was set for June 3rd 2022, and the dividend payment date – for June 10th 2022. A total of PLN 9,280 thousand was paid out to the shareholders on the dividend payment date.

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	Revenue from core activities	Other income	Purchases – core activities	Other purchases
	Jan 1–Jun 30 2022				Jan 1–Jun 30 2021			
IBC	-	4	-	-	-	7	-	-
IPOPEMA TFI	1,835	84	-	-	2,365	60	13	-
IFA	-	-	-	-	-	-	-	-
IFA SK	175	9	-	-	175	7	-	-
MUSCARI	-	8	1,472	-	-	1	823	-
Total	2,010	105	1,472	-	2,540	75	836	-

Related-party transactions – receivables and liabilities

Related party	Receivables and loans			Liabilities		
	Jun 30 2022	Dec 31 2021	Jun 30 2021	Jun 30 2022	Dec 31 2021	Jun 30 2021
IBC	400	410	404	-	-	-
IPOPEMA TFI	252	637	740	-	1	-
IFA SK	375	375	646	-	-	-
MUSCARI	722	714	707	208	305	188
Total	1,749	2,136	2,497	208	306	188

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

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 2022	Jun 30 2021	Jun 30 2022	Jun 30 2021
Cash and cash equivalents	134,047	129,113	133,345	129,089
1. In hand	1	1	1	1
2. At banks	81,824	16,634	81,824	16,634
3. Other cash	52,222	112,475	52,222	112,475
4. Cash equivalents	-	3	-	-
Accrued foreign exchange differences			- 702	- 21

The difference between the presentation of cash in the balance sheet and the statement of cash flows as at June 30th 2022 and June 30th 2021 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 2022	Dec 31 2021	H1 2022	H1 2022
Gross short- and long-term receivables	88,712	218,723	130,011	130,011
Net receivables	88,664	218,681		
Impairment losses on receivables	48	42		6
Provisions (net of deferred tax related to equity and provision for unpaid interest)	5,739	8,535		- 2796
Total change in impairment losses and provisions				- 2,790

Note 20

Clients' financial instruments	Jun 30 2022	Dec 31 2021
Securities admitted to official listing		
- quantity	249,908	296,402
- amount	2,122,273	2,291,414
Securities not admitted to official listing		
- quantity	4,492	4,348
- amount	115,279	172,973
Designated sponsor		
(i) shares		
- quantity	841	979
- amount	10,519	44,803
(ii) bonds		
- quantity	182	19,000
- amount	87,085	2,874
(iii) investment certificates		
- quantity	102,090	94,212
- amount	35,604,564	35,597,600

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

Litigation and administrative proceedings

In the six months ended June 30th 2022 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 2022

In the six months ended June 30th 2022, the value of trades executed on the Warsaw Stock Exchange was 7.30% lower than a year earlier. Lower activity was recorded in foreign markets as well, with revenue down 40% year on year. Nevertheless, higher revenue from bond trading allowed the Company to maintain revenue at the previous year's level (PLN 15,068 thousand vs PLN 15,385 thousand a year earlier).

Conditions on the capital market were much more challenging than in the same period of 2021. Although the Company completed several transactions, its revenue fell significantly year on year (PLN 3,613 thousand vs PLN 10,858 thousand).

As a result, IPOPEMA Securities reported a net loss of PLN 305 thousand for the six months to June 30th 2022 (compared with a net profit of PLN 2,895 thousand the year before).

War in Ukraine

At the present moment, the largest risk factor with a bearing, *inter alia*, on the economy is without doubt Russia's aggression and war on Ukraine, which started on February 24th 2022. 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. However, it is still too early to assess the actual impact of the current developments on the Company's and its Group's business in subsequent periods of the current year.

Investment agreement with ProService Finteco Sp. z o.o.

On March 23rd 2022, the Company concluded an investment agreement with ProService Finteco sp. z o.o. of Warsaw ("ProService") and established a joint-stock company whose principal business activity will be the provision of depositary services to closed-end investment funds (within the meaning of the Act on Investment Funds and Management of Alternative Investment Funds of May 27th 2004). Its share capital amounts to PLN 4,125,000 and IPOPEMA and ProService will each subscribe for shares representing 50% of the company's share capital and total voting rights. The investment agreement between IPOPEMA and ProService grants the parties the same rights as regards appointment of members of the Management Board and the Supervisory Board, 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 the company by IPOPEMA or ProService. The company was registered with the National Court Register under the name Investment Funds Depositary Services S.A. on July 12th 2022. As a next step, the new company will apply to the Polish Financial Supervision Authority for authorisation to conduct brokerage activities, to the extent enabling it to provide depositary services.

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

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

Data as at June 30th 2022 regarding own funds, own funds requirements and capital ratios provided in the IFR Regulation are presented below. The capital requirement calculated in accordance with the IFR is the highest of:

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

As at June 30th 2022, the Company's K-factor capital requirement was the highest of these amounts.

Item (PLN '000)	Jun 30 2022	Jun 30 2021
Own funds	48,799	49,536
Own funds requirements	19,074	16,841

- permanent minimum capital requirement	3,450	3,391
- fixed overheads requirement	8,124	6,757
- K-factor requirement	19,074	16,841
<hr/>		
Tier 1 common equity ratio	255.84%	294.14%
Surplus(+)/deficit(-) of common equity Tier 1 capital	38,118	40,105
Tier 1 capital ratio	255.84%	294.14%
Surplus(+)/deficit(-) of Tier 1 capital	34,494	36,905
Total capital adequacy ratio	255.84%	294.14%
Surplus(+)/deficit (-) of total capital	29,725	32,695
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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.

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 2022. No material events occurred after the reporting date which should have been but were not disclosed in the accounting records for the reporting period.

These financial statements contain 25 (twenty-five) consecutively numbered pages.

Warsaw, 6 September 2022

Jacek Lewandowski
President of the
Management Board

Mariusz Piskorski
Vice President of the
Management Board

Stanisław Waczkowski
Vice President of the
Management Board

Miroslaw Borys
Vice President of the
Management Board

Danuta Ciosek
Chief Accountant