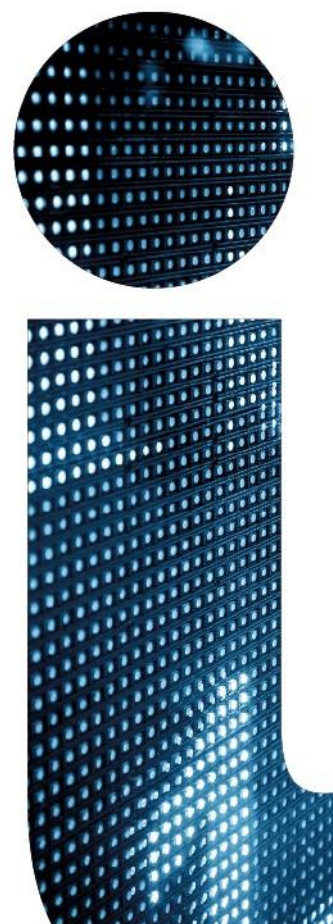


The IPOPEMA Securities
Group

Directors' Report

**for the three months ended
March 31st 2020**

Warsaw, May 21st 2020



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PART I

1. Financial results

Revenue

Higher revenue across all business segments (especially the significant increase reported by the investment fund management segment) translated into a nearly twofold growth in the IPOPEMA Group's total consolidated revenue in Q1 2020 compared with the first quarter of 2019.

Revenue generated in the segment of brokerage services (PLN 9,581 thousand; 19.5% of consolidated revenue) was 28.2% higher than the year before (PLN 7,472 thousand), driven by an increase in revenue from securities trading and the retail business, with a decline in revenue from investment banking services. Revenue from securities trading rose by 38.4% (PLN 7,762 thousand vs PLN 5,609 thousand), other revenue (mainly in retail) was PLN 688 thousand (relative to PLN 334 thousand in the first quarter of 2019), and revenue from investment banking services amounted to PLN 1,131 thousand compared with PLN 1,529 thousand the year before. The higher revenue from brokerage activities was chiefly attributable to an increase in transaction volumes (despite a slight decline in the Company's market share: 3.46% in the first three months of 2020 vs 3.47% in the same period of 2019), while growth in other revenue was due mainly to the consistent expansion of the Company's retail segment. Revenue from investment banking services went down on lower value of completed transactions, which was caused, among other things, by the outbreak of the coronavirus epidemic.

In Q1 2020, IPOPEMA TFI (the investment fund and portfolio management segment) posted revenue of PLN 33,078 thousand (64.2% of consolidated revenue), a more than 2.5-fold increase compared with the first quarter of 2019 (PLN 12,473 thousand). This material improvement was mainly driven by success fees from the securitisation funds and funds whose management was gradually taken over by IPOPEMA TFI in late 2019 and early 2020 from other investment fund companies, including Saturn TFI and Lartiq TFI. The share of revenue from management of capital market funds continued to grow (the value of the funds' assets was PLN 2.1bn at the end of March 2020, compared with PLN 1.8bn a year earlier). The total value of assets under IPOPEMA TFI's management at the end of March 2020 was PLN 60.1bn (PLN 51.5bn at the end of March 2019).

IPOPEMA Business Consulting (the advisory services segment) posted revenue of PLN 6,386 thousand in Q1 2020 (12.4% of consolidated revenue), a 6.9% increase (from PLN 5,972 thousand) compared with the first three months of 2019.

Costs and expenses

The IPOPEMA Group's total costs of operations in Q1 2020 were up 74.3% on Q1 2019 and amounted to PLN 46,341 thousand (Q1 2019: PLN 26,589 thousand).

In January–March 2020, costs of operations in the brokerage services segment totalled PLN 10,096 thousand, having increased by 19.9% on Q1 2019 (PLN 8,419 thousand), chiefly on higher costs of transactions, services, and salaries and wages.

Higher costs of operations in the investment fund and portfolio management segment (PLN 30,282 thousand vs PLN 12,241 thousand in Q1 2019) were primarily driven by costs related to securitisation funds management and an increase in costs of services and salaries and wages.

Revenue growth in the advisory services segment in Q1 2020 entailed growth of operating costs (PLN 6,513 thousand), which went up by 9.8% compared with the first three months of 2019.

Profit or loss

The Group reported consolidated operating profit of PLN 2,154 thousand in Q1 2020 (compared with a PLN 672 thousand loss a year earlier), driven by the operating profit posted by the investment fund management segment, despite the losses incurred in the segments of brokerage services (PLN 515 thousand) and advisory services (PLN 127 thousand). However, on the net profit level, the investment fund management segment's profit (PLN

2,331 thousand) combined with net losses of the brokerage services segment (PLN 2,466 thousand) and the advisory services segment (PLN 29 thousand) resulted in a consolidated net loss of PLN 164 thousand. Given the net loss of PLN 853 thousand reported a year earlier, this means that the Group's financial condition improved.

As IPOPEMA Securities' respective equity interests in IPOPEMA Business Consulting and IPOPEMA Financial Advisory are 50.02% and 77%, loss attributable to owners of the parent amounted to PLN 145 thousand, while loss attributable to non-controlling interests was PLN 19 thousand.

Despite a 28.2% increase in the brokerage services segment's revenue, the 19.9% growth in operating expenses translated into a loss on core activities of PLN 515 thousand (vs a PLN 947 thousand operating loss a year earlier). In addition, interest expense and other finance costs increased the segment's net loss, which reached PLN 2,466 thousand, compared with the PLN 1,032 thousand net loss in Q1 2019.

On a separate basis, IPOPEMA Securities reported a net loss of PLN 1,813 thousand in Q1 2020 (compared with a net loss of PLN 497 thousand in Q1 2019).

A more than 2.5-fold increase in revenue from the management of investment funds, accompanied by a 147.4% increase in operating expenses, resulted in a material improvement of the segment's financial result in Q1 2020, with operating profit of PLN 2,796 thousand (PLN 232 thousand a year earlier) and net profit of PLN 2,331 thousand (compared with PLN 125 thousand in Q1 2019).

In the advisory services segment, a 6.9% increase in revenue with a 9.8% growth in operating expenses lowered the segment's results: it incurred an operating loss of PLN 127 thousand (vs profit of PLN 43 thousand reported in Q1 2019) and a net loss of PLN 29 thousand (compared with net profit of PLN 54 thousand in Q1 2019).

2. Material events and factors in Q1 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.

The coronavirus epidemic in Poland did not begin to spread until March, but it has already had a negative impact on some of the IPOPEMA Group's business areas. It is more than likely that the economic effects of the pandemic will affect the Group's business also in subsequent periods.

Equity market and investment banking

The uncertainty associated with the coronavirus pandemic and the related high volatility on the WSE stock market was particularly evident in March and April 2020, when the value of trades increased compared with the corresponding months of 2019, by 59.8% and 71.4%, respectively. Stock trading volumes in the quarter were 19.2% higher year on year, largely driven by the activity of retail investors. As a result, IPOPEMA Securities recorded a slightly lower share in total market trading volumes (3.46% vs 3.47% 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 14.3% relative to the first three months of 2019. This translated into a 38.4% increase in revenue from securities trading (to PLN 7,762 thousand) compared with Q1 2019.

The IPOPEMA Group's equity capital market transactions segment took the most severe blow from the coronavirus crisis in terms of operations and performance: after the execution of a number of transactions in the pipeline was suspended, the segment posted investment banking revenue of PLN 1,131 thousand in Q1 2020, down 26.0% (or PLN 1,529 thousand) year on year.

As a result of the above factors, the brokerage services segment reported an operating loss of PLN 515 thousand (vs a PLN 947 thousand loss a year earlier) and net loss of PLN 2,466 thousand (vs net loss of PLN 1,032 thousand the year before). On a standalone basis, i.e. net of consolidation eliminations, IPOPEMA Securities' net loss was PLN 1,813 thousand (vs a net loss of PLN 497 thousand in 2019).

IPOPEMA TFI

Success fees from the securitisation funds and fees for the management of funds whose management was gradually taken over by IPOPEMA TFI in late 2019 and early 2020 from other investment fund companies, including Saturn TFI and Lartiq TFI, were the main driver of the more than 2.5-fold increase in the investment fund management segment's revenue. The share of revenue from management of capital market funds continued to grow (the value of the funds' assets was PLN 2.1bn at the end of March 2020, compared with PLN 1.8bn a year earlier). The total value of assets under IPOPEMA TFI's management at the end of March 2020 was PLN 60.1bn (PLN 51.5bn at the end of Q1 2019). Despite a significant increase in operating expenses (by 147.4%, mainly due to higher costs of management of securitisation funds and higher costs of services and salaries and wages), the segment posted a profit on core activities of PLN 2,796 thousand and a net profit of PLN 2,331 thousand (vs PLN 232 thousand and PLN 125 thousand in Q1 2019, respectively).

IPOPEMA Business Consulting

A higher number of advisory projects carried out by IPOPEMA Business Consulting in Q1 2020 resulted in a 6.9% increase in the company's revenue (to PLN 6,386 thousand from PLN 5,972 thousand). However, with a 9.8% growth in operating expenses, it translated into a net loss of PLN 29 thousand (vs a net profit of PLN 54 thousand the year before).

3. Factors which may affect performance in Q2 2020

Effect of SARS-CoV-2 epidemic on the IPOPEMA Group's business

It is expected that it is the coronavirus pandemic that will have the most significant impact on practically all areas of the IPOPEMA Group's business in the coming months of 2020. Despite the gradual lifting of restrictions and unfreezing of the economy, the pandemic is still anticipated to have far-reaching negative effects on the economies globally and thus also in Poland. Therefore, it is difficult to reliably estimate how quickly and to what extent the economy and social relations will return to what they were before the pandemic, and it is even more difficult to predict how this will affect financial markets. The unprecedented nature as well as the scale and complexity of the crisis cause great uncertainty for the operations of the Group's individual segments in subsequent periods.

In the secondary market, following a sharp downward revaluation of equities in the first half of March, in April stocks recovered, with trading volumes practically unchanged (up 59.8% and 71.4% on March and April 2019, respectively). Nevertheless, it is hard to predict further developments on the WSE in the coming months of the year.

While market sentiment in the area of equity capital market transactions looked promising in January and February, the coronavirus epidemic significantly changed the investors' and the companies' perception of the market conditions. Some of the transactions prepared by the Company were suspended and the success of those planned to be closed in subsequent months of the year is much more uncertain than usual. Nevertheless, IPOPEMA Securities continues to execute transactions for entities in sectors that are relatively unlikely to be adversely affected by the economic slowdown, and the Group sees potential for involvement in financial restructuring projects (with the demand coming from entities most affected by the economic fallout of the epidemic).

In the investment funds segment of the Group's business, in January and February clients appeared to be relatively optimistic (February was the fifth consecutive month with net subscriptions), but March turned out the worst month ever (redemptions exceeded PLN 20bn), and April saw only a slowdown of this trend (redemptions totalled PLN 2.6bn). The continuing high uncertainty about how the general situation will develop makes it difficult to predict the behaviour of investors in the coming months, but it is probable that they will be more cautious in making investment decisions. If the trend persists, it is likely to affect some of IPOPEMA TFI's actively managed funds and thus the Management Company's revenue. However, a large proportion of IPOPEMA TFI's revenue

(from management of closed-end funds) does not depend on the value of the funds' assets and, consequently, on the market sentiment.

In the advisory segment, IPOPEMA Business Consulting continues execution of its ongoing projects, but in the following months it may see a decline in demand for its services as a result of difficulties likely to be faced by companies.

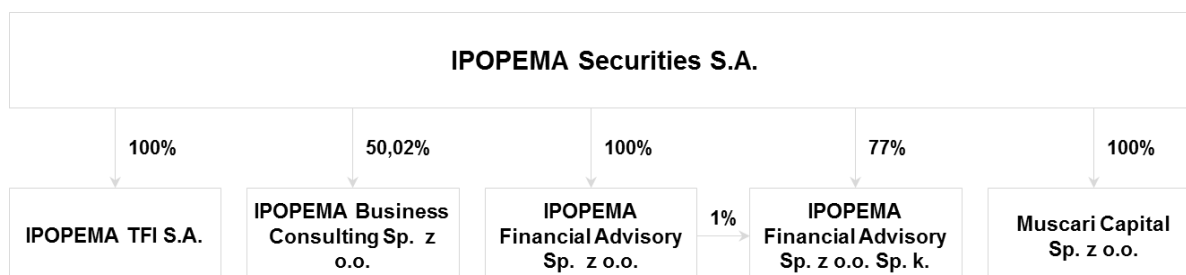
4. Performance against forecasts

The Company has not published any performance forecasts.

PART II

1. Organisational structure of the IPOPEMA Securities Group

As at March 31st 2020, the IPOPEMA Securities Group comprised IPOPEMA Securities S.A. (the parent) and its subsidiaries: IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A., IPOPEMA Business Consulting Sp. z o.o., IPOPEMA Financial Advisory Sp. z o.o., IPOPEMA Financial Advisory Sp. z o.o. Sp. k. and Muscari Capital Sp. z o.o. Consolidated companies are IPOPEMA Securities, IPOPEMA TFI, IPOPEMA Business Consulting and IPOPEMA Financial Advisory Sp. z o.o. Sp. k., while IPOPEMA Financial Advisory Sp. z o.o. and Muscari Capital Sp. z o.o. are excluded from consolidation based on the immateriality of their financial data.



2. Changes in the Group's organisational structure

In March 2020, the Company acquired a 100% equity interest in Muscari Capital Sp. z o.o. (formerly Grupa Finanset Sp. z o.o.).

3. Shareholding structure of IPOPEMA Securities S.A.

As at March 31st 2020, the following shareholders held more than 5% of shares in IPOPEMA Securities S.A.:

Shareholder	Number of shares and voting rights	% of total voting rights at GM
OFE PZU Złota Jesień*	2,993,684	9.99%
IPOPEMA PRE-IPO FIZAN ¹	2,990,789	9.98%
JLC Lewandowski S.K.A. ²	2,990,789	9.98%
IPOPEMA 10 FIZAN ³	2,851,420	9.52%
Quercus Parasolowy SFIO*	2,827,552	9.44%
Value FIZ*	2,750,933	9.18%
Katarzyna Lewandowska	2,136,749	7.13%
SSIF Swiss Capital S.A.*	1,539,039	5.14%
Shareholders holding over 5% of the share capital – total	21,080,955	70.41%

* Based on notifications received by the Company from the shareholders.

¹ The main investors in the fund are Jacek Lewandowski, President of the Company's Management Board, and Katarzyna Lewandowska.

² Subsidiary of Jacek Lewandowski, President of the Company's Management Board.

³ The only investor in the fund is Stanisław Waczkowski, Vice President of the Company's Management Board.

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

Below are listed members of the management and supervisory personnel who held – either directly or indirectly through their subsidiaries or related parties (including dedicated funds) – shares in IPOPEMA Securities as at March 31st 2020 and as at date of this Management's Discussion and Analysis. Their holdings did not differ from those disclosed in the full-year report for 2019.

Person	No. of shares and voting rights	% of ownership interest and total voting rights
Jacek Lewandowski – CEO and President of the Management Board ¹	6,320,868	21.11%
Stanisław Waczkowski – Vice President of the Management Board	3,142,855	10.49%
Mariusz Piskorski – Vice President of the Management Board	915,000	3.05%
Mirosław Borys – Vice President of the Management Board	696,428	2.32%
Total	11,075,151	36.99%

¹ As disclosed in item 3, shares in IPOPEMA Securities S.A. were also held by Katarzyna Lewandowska, Jacek Lewandowski's wife.

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

No equity or non-equity securities of IPOPEMA Securities S.A. were issued in Q1 2020 or in Q1 2019. No bonds were issued in connection with the Company's variable remuneration policy, but the Company redeemed PLN 0.8 thousand worth of bonds. In Q1 2019, the Company issued bonds worth PLN 0.8 thousand and redeemed bonds totalling PLN 1.6 thousand. For more information on the issue and redemption of bonds, see Note 14 to the consolidated financial statements.

6. Loans, guarantees and sureties

In Q1 2020, the Company advanced a loan of PLN 100 thousand. It did not receive or provide any sureties or loans. The guarantees provided to the Company are described in Note 12 to the financial statements of IPOPEMA Securities.

7. Court proceedings

On July 27th 2016, IPOPEMA TFI received a certified copy of a statement of claim filed by Górnośląskie Przedsiębiorstwo Wodociągów S.A. of Katowice ("GPW"), in which GPW sought payment of PLN 20,554,900.90 for an alleged financial loss incurred by GPW as a result of its investment in investment certificates of one of the dedicated funds managed by IPOPEMA TFI (a closed-end private equity fund). IPOPEMA TFI considers GPW's claims to be groundless and is seeking to have the action dismissed. It filed a response to the statement of claim

with the court and has participated in successive procedural steps. By the date of this report, several hearings were held, with some of the witnesses heard. Given the complex factual and legal circumstances, it is not possible at this point to predict the date of conclusion of the proceedings and the outcome of the proceedings.

8. Related-party transactions

In Q1 2020, the Company did not execute any material related-party transactions.

9. Material events subsequent to the reporting date

In the period between March 31st 2020 and the date of issue of the financial statements, there were no material events which would affect the Company's business.

Warsaw, May 21st 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