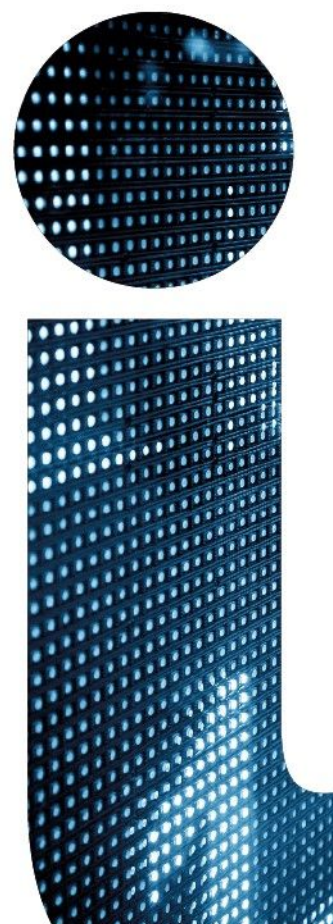


The IPOPEMA Securities Group

Directors' Report

for the three months ended March 31st 2021

Warsaw, May 13th 2021



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PART I

1. Financial results

Consolidated financial highlights (PLN '000)*	3 months ended Mar 31 2021	3 months ended Mar 31 2020
Total revenue, including	64,752	49,045
<i>Brokerage and related services</i>	19,076	9,581
<i>Investment fund management</i>	39,420	33,078
<i>Advisory services</i>	6,256	6,386
Total operating expenses	59,204	46,891
Profit on core activities	5,548	2,154
Net profit for period	3,041	-164

*Unaudited

Revenue

In the three months ended March 31st 2020, the brokerage services and investment fund management segments reported year-on-year revenue growth (with a slight decline in the advisory services segment), which translated into a year-on-year increase of 32.0% in the IPOPEMA Group's consolidated revenue (to PLN 64,752 thousand vs PLN 49,045 thousand in the three months ended March 31st 2020).

The largest growth rate was seen in revenue from the brokerage services segment (PLN 19,076 thousand; 29.5% of consolidated revenue), which almost doubled year on year (from PLN 9,181 thousand), driven chiefly by a nearly ninefold increase in revenue from investment banking services (PLN 10,149 thousand vs PLN 1,131 thousand in the three months ended March 31st 2020). This marked improvement in investment banking revenue was largely attributable to the execution of the IPO of HUUUGE, one of the largest share offerings in recent time, in which IPOPEMA Securities acted as a joint bookrunner and offeror (being the only entity organising the offering on the Polish market) and conducted price stabilisation activities. Revenue from securities trading was up 13.3% (PLN 8,794 thousand vs PLN 7,762 thousand), with the increase largely due to increased activity on foreign markets, as well as transactions executed jointly with the investment banking segment. On the other hand, the Company recorded a lower volume of trades executed on the WSE, leading to a decline in its market share (2.13% vs 3.46% a year earlier), mainly in favour of brokerage offices specialising in services for retail customers.

In the three months ended March 31st 2021, IPOPEMA TFI (the investment fund and portfolio management segment) posted revenue of PLN 39,420 thousand (60.9% of consolidated revenue), an increase of 19.2% compared with the three months ended March 31st 2020 (PLN 33,078 thousand). The growth reported by IPOPEMA TFI was attributable to the segment's larger scale of operations and robust management performance, translating into higher amounts of fees charged for fund management. In addition to fees for the management of securitisation funds, which account for a material portion of IPOPEMA TFI's revenue, the share of revenue from the management of capital market funds, whose asset value grew from PLN 1.7bn at the end of March 2020 to PLN 2.2bn at the end of March 31st 2021, continued on an upward trend. Taking into account the assets held in dedicated funds, IPOPEMA TFI remains Poland's largest fund management company – as at the end of March 2021, total assets under its management amounted to PLN 59.8bn (compared with PLN 60.1bn at the end of March 2020).

IPOPEMA Business Consulting (the advisory services segment) posted revenue of PLN 6,256 thousand (9.7% of consolidated revenue) in the three months ended March 31st 2021, relative to PLN 6,386 thousand in the corresponding period of the previous year.

Costs and expenses

The IPOPEMA Group's total costs of operations in the three months ended March 31st 2021 were up 26.3% year on year, and amounted to PLN 59,204 thousand (three months ended March 31st 2020: PLN 46,891 thousand).

In January–March 2021, costs of operations in the brokerage services segment totalled PLN 16,119 thousand, having increased by 59.7% on the three months ended March 31st 2020 (PLN 10,096 thousand), chiefly on higher costs of services and salaries and wages.

Higher costs of operations in the investment fund and portfolio management segment (PLN 36,905 thousand vs PLN 30,282 thousand in the three months ended March 31st 2020) were primarily driven by costs related to securitisation funds management and an increase in costs of services and salaries and wages.

In the advisory services segment, operating expenses in the three months ended March 31st 2021 were down 5.1% year on year (to PLN 6,180 thousand from PLN 6,513 thousand the year before).

Financial results

Profits reported across all business segments translated into a consolidated profit on core activities of PLN 5,548 thousand and consolidated net profit of PLN 3,041 thousand (three months ended March 31st 2020: profit on core activities of PLN 2,154 thousand and net loss of PLN 164 thousand).

As IPOPEMA Securities' equity interests in IPOPEMA Business Consulting and IPOPEMA Financial Advisory are 50.02% and 77%, respectively, the profit attributable to owners of the parent was PLN 3,090 thousand, while the loss attributable to non-controlling interests was PLN 49 thousand.

With a twofold growth in revenue, the brokerage services segment earned a profit on core activities of PLN 2,957 thousand for the three months ended March 31st 2021 (compared with a loss of PLN 515 thousand the year before) and net profit of PLN 1,087 thousand (vs a PLN 2,466 thousand net loss in the first three months of 2020). On a separate basis, i.e. net of intragroup sales and other consolidation eliminations, in the three months ended March 31st 2021 IPOPEMA Securities reported a net profit of PLN 2,515 thousand (vs a net loss of PLN 1,813 thousand the year before).

A 19.2% increase in revenue from fund management was accompanied by a 21.9% growth in operating expenses, which lowered slightly the segment's results, with the profit on core activities at PLN 2,515 thousand (versus PLN 2,796 thousand reported in the three months ended March 31st 2020) and net profit of PLN 1,826 thousand (compared with net profit of PLN 2,331 thousand in the three months ended March 31st 2020).

The advisory services segment, with tight control of operating costs (down 5.1%) reported positive results despite a 2.0% decrease in revenue: a profit on core activities of PLN 76 thousand (vs loss of PLN 127 thousand in the three months ended March 31st 2020), and net profit of PLN 128 thousand (vs loss of PLN 29 thousand the year before).

2. Performance drivers in the three months ended March 31st 2021

Equity market and investment banking

In the first months of this year, the Warsaw Stock Exchange continued to see very high levels of investor activity. Total trading volumes in the three months ended March 31st 2021 were up 53.5% year on year, with the growth largely driven by retail investors. As a result, IPOPEMA Securities recorded a lower share in total market trading volumes (2.13% vs 3.46% a year earlier, losing to brokerage offices specialising in services for retail customers), but its increased activity on foreign markets, as well as transactions executed jointly with the investment banking segment, translated into year-on-year growth in revenue from securities trading to PLN 8,794 thousand (three months ended March 31st 2020: PLN 7,762 thousand).

Investor optimism was also seen on the equity market, with a number of transactions executed in the first months of the year, of which the IPO of Huuuge was by far the largest. IPOPEMA Securities was the only entity organising this offering on the Polish market, acting as joint bookrunner and offeror and conducting price stabilisation activities. IPOPEMA Securities' revenue from investment banking services rose almost ninefold (to PLN 10,149 thousand vs PLN 1,131 thousand in the three months ended March 31st 2020).

As a result of the above factors, the brokerage services segment delivered a profit on core activities of PLN 2,957 thousand (against a loss of PLN 515 thousand the year before) and net profit of PLN 1,087 thousand (net loss of

PLN 2,466 thousand the year before). On a separate basis, i.e. net of intragroup sales and other consolidation eliminations, in the three months ended March 31st 2021 IPOPEMA Securities reported a net profit of PLN 2,515 thousand (vs a net loss of PLN 1,813 thousand the year before).

IPOPEMA TFI

The year-on-year revenue growth reported by IPOPEMA TFI (relative to the three months ended March 31st 2020) was attributable to the segment's larger scale of operations and robust management performance, which translated into higher amounts of fees charged for fund management. In addition to fees for the management of securitisation funds, which account for a material portion of IPOPEMA TFI's revenue, the share of revenue from the management of capital market funds, whose asset value grew from PLN 1.7bn at the end of March 2020 to PLN 2.2bn at the end of March 31st 2021, continued on an upward trend. Taking into account the assets held in dedicated funds, IPOPEMA TFI remains Poland's largest fund management company in terms of assets under management. As at the end of March 2021, they totalled PLN 59.8bn (compared with PLN 60.1bn at the end of March 2020).

A 19.2% increase in revenue from fund management was accompanied by a 21.9% growth in operating expenses, which lowered slightly the segment's results, with the profit on core activities at PLN 2,515 thousand (versus PLN 2,796 thousand reported in the three months ended March 31st 2020) and net profit of PLN 1,826 thousand (compared with net profit of PLN 2,331 thousand in the three months ended March 31st 2020).

IPOPEMA Business Consulting

For some of IPOPEMA Business Consulting's clients, the beginning of 2021 was still marked by the uncertainty related to the coronavirus pandemic. As a result, the consulting services segment recorded slightly lower revenue year on year, of PLN 6,256 thousand (versus PLN 6,386 thousand in the three months ended March 31st 2020). Nevertheless, with effective cost control (the costs fell by 5.1% year on year) the segment posted a profit on core activities of PLN 76 thousand and net profit of PLN 128 thousand (compared with profit on core activities of PLN 127 thousand and net profit loss PLN 29 thousand the year before).

3. Factors which may affect the Group's performance in subsequent periods of 2021

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

The factor likely to exert the strongest adverse impact on the economy and the condition of the financial markets, and consequently on the IPOPEMA Group's business, in the remaining months of 2020 is the continuing coronavirus epidemic. Despite the signs of its easing off in recent weeks, the extent and duration of its economic impacts will depend largely on the progress of the population vaccination programmes as well as the size of new waves of the epidemic, if any, and the potential restrictions.

The unprecedented nature as well as the scale and complexity of the coronavirus situation, with no clearly adverse impact on the performance of the Group's segments seen so far, make it difficult to estimate the effect of the epidemic on the operations of the Group in the months ahead. IPOPEMA takes steps to benefit from the recovery in some areas and industries, which has already contributed positively to revenues and profits in the past periods, but, due to the unprecedented nature of the pandemic, its long-term consequences for the economy are difficult to predict and subject to high uncertainty. Consequently, it is also difficult to reliably estimate its impact on the IPOPEMA Group's business.

In the secondary market, in the first three months of the year the main index of the Warsaw Stock Exchange remained within a sideways trend, with a slight increase in April. At the same time, the WSE saw higher investor activity than in the previous year, and the value of trading on the equity market went up 53.5%. Despite these positive factors, it is difficult to predict the situation on the WSE in the subsequent months of the year, especially

that the reference period, i.e. the first quarter of 2020, does not provide a meaningful comparative basis as it was the beginning the pandemic in Europe, including Poland.

The year also started with some promising developments in the equity market, with the investor optimism seen in the second half of 2020 still continuing (a large IPO of HUUUGE, in which IPOPEMA Securities was the only entity organising it on the Polish market). The Company seeks mandates to execute transactions for entities in sectors that are relatively unlikely to be adversely affected by the economic slowdown, and sees potential for involvement in financial restructuring projects (with the demand coming from entities most affected by the economic fallout of the epidemic).

Investor optimism is also seen in investment funds market: March 2021 was the eleventh consecutive month when net subscriptions were reported (with January and February being record months in this respect). However, it is difficult to predict the behaviour of investors in the coming months and the impact of the market situation on the funds actively managed by IPOPEMA TFI and thus on its revenue from their management.

In the case of IPOPEMA Business Consulting, a key driver of its business in the following months of 2021 will be continued performance of some of its existing contracts and new additions to the order book, coupled with tight cost control.

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

In subsequent periods of the current year, IPOPEMA TFI should recognise revenue from variable fees for managing selected funds (and costs of managing such funds). Variable fees are settled as at the last day of the financial year and cannot be recognised in the statement of profit or loss until December 2021. Therefore, prior to their settlement, the total amount of the fees is only an estimate subject to ongoing updates depending on the performance of investment funds and the amount of assets under management, and, as such, the fees are not included in revenue of the investment fund and portfolio management segment reported in interim financial statements. As at the end of the last calendar month preceding the date of this report, i.e. April 30th 2020, the potential effect of the variable management fees on the gross profit of the investment fund and portfolio management segment was estimated at PLN 2.9m.

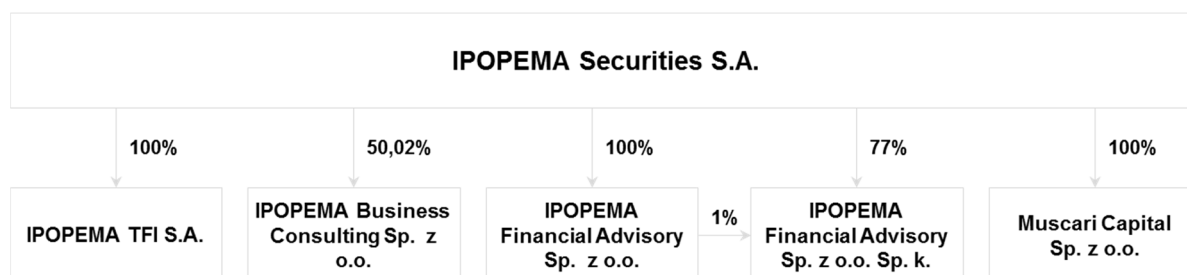
4. Performance against forecasts

The Company has not published any performance forecasts.

PART II

1. Organisational structure of the IPOPEMA Securities Group

As at March 31st 2021, 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 the three months ended March 31st 2021, there were no changes in the Group's organisational structure.

3. Shareholding structure of IPOPEMA Securities S.A.

As at March 31st 2021, the following shareholders held more than 5% of shares in IPOPEMA Securities S.A.:

Shareholder	Number of shares and voting rights	% of total voting rights at GM
OFE PZU Złota Jesień*	2,993,684	9.99%
IPOPEMA PRE-IPO FIZAN ¹	2,990,789	9.98%
IPOPEMA 10 FIZAN ²	2,851,420	9.52%
Value FIZ*	2,750,933	9.18%
QUERCUS Funds ^{3*}	2,256,200	7.54%
Katarzyna Lewandowska	2,136,749	7.13%
Jarosław Wikaliński ⁴	1,499,900	5.01%
Shareholders holding over 5% of the share capital – total	17,479,675	58.38%

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

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

² The only investor in the fund is Stanisław Waczkowski, Vice President of the Company's Management Board.

³ QUERCUS Parasolowy SFIO and QUERCUS Multistrategy FIZ.

⁴ Pursuant to an oral agreement on unanimous voting at the General Meeting, Jarosław Wikaliński and Małgorzata Wikalińska hold a total of 2,990,789 voting rights, or 9.98% of total voting rights at the General Meeting.

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 2021 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 2020.

Person	No. of shares and voting rights	% of ownership interest and total voting rights
Jacek Lewandowski – CEO and President of the Management Board ¹	3,330,079	11.12%
Stanisław Waczkowski – Vice President of the Management Board	3,142,855	10.49%
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	8,084,362	27.00%

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

In the three months ended March 31st 2021 (and March 31st 2020) IPOPEMA Securities S.A. did not issue any equity or non-equity securities. At the same time, it issued PLN 2 thousand worth of bonds in connection with the variable remuneration component policy. In the three months ended March 31st 2021, the Company redeemed bonds with a total of PLN 0.8 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 the three months ended March 31st 2021, the Company did not receive or provide any sureties or loans (other than loans to Group companies, employees and independent contractors). For information on guarantees provided to the Company, see Note 12 to the 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 2021, the Company did not execute any material related-party transactions.

9. Material events subsequent to the reporting date

In the period between March 31st 2021 and the date of issue of the financial statements, there were no material events which would affect the Company's business.

Warsaw, May 13th 2021

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

Miroslaw Borys
Vice President of the
Management Board