IPOPEMA Securities Group

Interim condensed consolidated financial statements

for the three months ended March 31st 2023

Warsaw, May 18th 2023

ipopema

Contents

Financial highlights

Financial highlights	PLN ‘000 3 months ended Mar 31 2023	PLN ‘000 3 months ended Mar 31 2022	EUR ‘000 3 months ended Mar 31 2023	EUR ‘000 3 months ended Mar 31 2022
Revenue from core activities	70,167	63,201	14,928	13,600
Cost of core activities	68,163	59,519	14,501	12,807
Profit/(loss) on core activities	2,004	3,682	426	792
Operating profit/(loss)	2,471	- 306	526	- 66
Profit/(loss) before tax	2,555	355	544	76
Net profit/(loss) from continuing operations	1,817	9	387	2
Net profit/(loss)	1,817	9	387	2
Earnings/(loss) per ordinary share (weighted average) (PLN/EUR)				
- basic	0.06	0.00	0.01	0.00
- diluted	0.06	0.00	0.01	0.00
Net cash from operating activities	11,347	1,024,985	2,414	220,560
Total cash flows	3,869	1,018,074	823	219,073

Consolidated financial highlights	PLN ‘000 Mar 31 2023	PLN ‘000 Dec 31 2022	EUR ‘000 Mar 31 2023	EUR ‘000 Dec 31 2022
Total assets	462,347	379,699	98,887	80,961
Total liabilities	347,653	267,013	74,356	56,934
Equity	114,694	112,686	24,531	24,027
Number of shares	29,937,836	29,937,836	29,937,836	29,937,836
Book value per share (PLN/EUR)	3.83	3.76	0.82	0.80

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

- Items of the interim condensed consolidated statement of comprehensive income and interim condensed consolidated statement of cash flows:

Average exchange rate calculated as the arithmetic mean of the exchange rates quoted on the last day of each month in the period	Jan–Mar 2023	Jan–Mar 2022
EUR	4.7005	4.6472

- Items of the interim condensed consolidated statement of financial position:

Exchange rate as at	Mar 31 2023	Dec 31 2022	Mar 31 2022
EUR	4.6755	4.6899	4.6525

Interim condensed consolidated statement of comprehensive income

for the three months ended March 31st 2023

	Note	Jan 1–Mar 31 2023	Jan 1–Mar 31 2022
CONTINUING OPERATIONS			
Revenue from core activities	15	**70,167**	**63,201**
Cost of core activities	15	**68,163**	**59,519**
Profit/(loss) on core activities		**2,004**	**3,682**
Gain/(loss) on financial assets measured at fair value through profit or loss		787	- 3,008
Other income		1,239	1,010
Other expenses		1,559	1,990
Operating profit/(loss)		**2,471**	**- 306**
Finance income		1,193	1,130
Finance costs		1,109	469
Profit/(loss) before tax		**2,555**	**355**
Income tax	16	738	346
Net profit/(loss) on continuing operations		**1,817**	**9**
DISCONTINUED OPERATIONS			-
Net profit/(loss) for period		**1,817**	**9**
Attributable to:			
Owners of the parent		1,898	- 67
Non-controlling interests		- 81	76
Net profit/(loss) for period		**1,817**	**9**
Other comprehensive income		**191**	**- 129**
Other comprehensive income before tax		**237**	**- 159**
Other comprehensive income that will not be reclassified to profit or loss		**237**	**- 159**
Gains and losses on remeasurement of equity instruments		237	- 159
Income tax on items of other comprehensive income		**- 46**	**30**
Income tax relating to components of other comprehensive income that will not be reclassified to profit or loss		- 46	30
Comprehensive income for period		**2,008**	**- 120**
Attributable to:			
Owners of the parent		2,089	- 196
Non-controlling interests		- 81	76

Earnings per share

	Note	Jan 1–Mar 31 2023	Jan 1–Mar 31 2022
Earnings/(loss) per share on continuing operations (PLN)	10	0.06	0.00
Earnings/(loss) per share on discontinued operations (PLN)		-	-
Earnings/(loss) per share (PLN)		0.06	0.00
Diluted earnings/(loss) per share on continuing operations (PLN)		0.06	0.00
Diluted earnings/(loss) per share on discontinued operations (PLN)		-	-
Diluted earnings/(loss) per share (PLN)		0.06	0.00

Interim condensed consolidated statement of financial position

as at March 31st 2023

ASSETS	Note	Mar 31 2023	Dec 31 2022	Mar 31 2022
Cash and cash equivalents	12	167,399	163,541	1,164,847
Trade and other receivables (including accrued income)	12	250,175	171,340	166,650
Current tax assets		502	95	474
Financial assets measured at fair value through profit or loss		3,423	3,196	358
Equity instruments measured through other comprehensive income		15,230	14,670	3,328
Right-of-use assets		18,932	20,022	4,456
Property, plant and equipment		1,163	1,391	1,847
Intangible assets		3,171	2,786	2,161
Deferred tax assets		2,352	2,658	3,226
TOTAL ASSETS		**462,347**	**379,699**	**1,347,347**

EQUITY AND LIABILITIES	Note	Mar 31 2023	Dec 31 2022	Mar 31 2022
Trade and other payables	14	316,350	231,798	1,216,380
Current tax liabilities		-	473	-
Financial liabilities measured at fair value through profit or loss		-	-	226
Lease liabilities	23	19,566	20,404	5,394
Deferred tax liabilities	16	548	541	528
Accrued expenses and deferred income	14	11,189	13,797	8,781
Total liabilities		**347,653**	**267,013**	**1,231,309**
Share capital	13	2,994	2,994	2,994
Share premium		10,351	10,351	10,351
Other components of equity		4,050	3,859	3,842
Retained earnings		91,890	89,992	93,660
Equity attributable to owners of the parent		**109,285**	**107,196**	**110,847**
Non-controlling interests		**5,409**	**5,490**	**5,191**
Total equity		**114,694**	**112,686**	**116,038**
TOTAL EQUITY AND LIABILITIES		**462,347**	**379,699**	**1,347,347**

Interim condensed consolidated statement of cash flows

for the three months ended March 31st 2023

CASH FLOWS	Note	Jan 1–Mar 31 2023	Jan 1–Mar 31 2022
Cash flows from operating activities			
Net profit		**1,817**	**9**
Total adjustments:	25	**10,848**	**1,025,156**
Adjustments related to income tax expense		738	346
Depreciation and amortisation		1,424	1,513
Foreign exchange gains/(losses)		11	- 122
Interest and dividends		824	526
Change in financial assets measured at fair value through profit or loss		- 227	1,089
Increase/(decrease) in receivables (excluding loans)		- 78,560	89,316
Increase/(decrease) in trade and other payables (excluding borrowings)		89,950	938,390
Increase/(decrease) in provisions and impairment losses on receivables (excluding loans)		345	986
Increase/(decrease) in accruals and deferrals		- 2,899	- 7,022
Other adjustments		- 758	134
Cash flows from (used in) operating activities		**12,665**	**1,025,165**
Income tax paid		- 1,318	- 180
Net cash from operating activities		**11,347**	**1,024,985**
Cash flows from investing activities			
Increase in loans		-	- 32
Decrease in loans		47	40
Interest received		-	-
Acquisition of property, plant and equipment		- 3	- 123
Sale of property, plant and equipment		31	-
Acquisition of intangible assets		- 488	- 681
Acquisition of equity instruments measured through other comprehensive income		70,804	-
Sale of equity instruments measured through other comprehensive income		- 70,844	6
Net cash from investing activities		**- 453**	**- 790**
Cash flows from financing activities			
Repayment of debt securities		-	-
Proceeds from issue of debt securities		-	1
Interest paid		- 606	- 279
Payment of lease liabilities		- 816	- 2,099
Payment of borrowings		- 5,603	- 3,744
Dividends to non-controlling interests		-	-
Net cash from financing activities		**- 7,025**	**- 6,121**
Total cash flows		**3,869**	**1,018,074**
Increase/(decrease) in cash and cash equivalents		3,858	1,018,197
Effect of exchange rate fluctuations on cash held		- 11	123
Cash at beginning of period	12	163,541	146,650
Cash at end of period, including	12	**167,399**	**1,164,847**
*- restricted cash**		120,879	1,102,950

** Restricted cash includes primarily clients' funds held by the Company, as well as cash in escrow.*

Interim condensed consolidated statement of changes in equity

for the three months ended March 31st 2023

	Share capital	Share premium	Revaluation capital reserve	Other components of equity	Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
As at Jan 1 2023	**2,994**	**10,351**	**645**	**3,214**	**89,992**	**107,196**	**5,490**	**112,686**
Net profit/loss for period	-	-	-	-	1,898	1,898	- 81	1,817
Other comprehensive income	-	-	191	-	-	191	-	191
Total comprehensive income	**-**	**-**	**191**	**-**	**1,898**	**2,089**	**- 81**	**2,008**
Dividend paid	-	-	-	-	-	-	-	-
Change in equity during period	**-**	**-**	**191**	**-**	**1,898**	**2,089**	**- 81**	**2,008**
As at Mar 31 2023	**2,994**	**10,351**	**836**	**3,214**	**91,890**	**109,285**	**5,409**	**114,694**
As at Jan 1 2022	**2,994**	**10,351**	**757**	**3,214**	**93,727**	**111,043**	**5,115**	**116,158**
Net profit/loss for period	-	-	-	**-**	**5,546**	**5,546**	**531**	**6,077**
Other comprehensive income	-	-	- 112	-	-	- 112	-	- 112
Total comprehensive income	**-**	**-**	**- 112**	**-**	**5,546**	**5,434**	**531**	**5,965**
Dividend paid	-	-	-	**-**	- 9,281	- 9,281	- 156	- 9,437
Change in equity during period	**-**	**-**	**-112**	**-**	**- 3,735**	**- 3,847**	**375**	**- 3,472**
As at Dec 31 2022	**2,994**	**10,351**	**645**	**3,214**	**89,992**	**107,196**	**5,490**	**112,686**
As at Jan 1 2022	**2,994**	**10,351**	**757**	**3,214**	**93,727**	**111,043**	**5,115**	**116,158**
Net profit/loss for period	-	-	-	-	- 67	- 67	76	9
Other comprehensive income	-	-	- 129	-	-	- 129	-	- 129
Total comprehensive income	**-**	**-**	**- 129**	**-**	**- 67**	**- 196**	**76**	**- 120**
Dividend paid	-	-	-	-	-	-	-	-
Change in equity during period	**-**	**-**	**- 129**	**-**	**- 67**	**- 196**	**76**	**- 120**
As at Mar 31 2022	**2,994**	**10,351**	**628**	**3,214**	**93,660**	**110,847**	**5,191**	**116,038**

Notes

1. IPOPEMA Securities Group

The IPOPEMA Securities Group (the "Group", "IPOPEMA Group") comprises entities controlled by IPOPEMA Securities S.A. (the "parent" or the "Company").

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

Company shares are listed on the main market of the Warsaw Stock Exchange.

As at March 31st 2023, the IPOPEMA Group comprised IPOPEMA Securities S.A. and its subsidiaries presented in Section 2 below.

The Group's principal business comprises:

1. brokerage activities,
2. business and management advisory services,
3. operation of investment fund companies, creation and management of investment funds,
4. management of portfolios of broker-traded financial instruments,
5. computer facilities management,
6. computer consultancy services.

IPOPEMA Securities S.A. – the parent

The parent was established on March 2nd 2005, as Dom Maklerski IPOPEMA S.A., for indefinite time. The name was subsequently changed to IPOPEMA Securities S.A. under Resolution No. 5 of the Extraordinary General Meeting held on August 10th 2006.

The parent is registered in the Business Register of the National Court Register maintained by the District Court, 12th Commercial Division of the National Court Register, under entry No. KRS 0000230737.

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

IPOPEMA Securities S.A. is authorised to conduct brokerage activities by the Polish Financial Supervision Authority (formerly the Polish Securities and Exchange Commission).

As part of its brokerage business the Company provides comprehensive services in the area of intermediation in securities trading on the secondary market, and intermediates in debt instruments trading outside the regulated market. The Company's partners and clients include established and well known international financial institutions, as well as most of leading Polish institutional investors, including open-end pension funds, investment fund companies, asset managers and insurers, as well as private individuals. The brokerage business of IPOPEMA Securities S.A. is supported by a team of analysts, who provide research coverage on several dozen companies listed on the WSE and foreign stock exchanges.

The Company's investment banking services include comprehensive assistance in the preparation and execution of transactions on the equity capital market, involving the use of equity instruments (shares), debt instruments (corporate bonds), and hybrid solutions (convertible bonds). The Company focuses on public offerings of securities (especially shares) – in which it acts as coordinator, offering broker and financial adviser – M&A transactions and management buy-outs, as well as advisory on the raising of financing on the private market, including from private equity funds and through pre-IPO placements. IPOPEMA Securities S.A. also assists companies listed on the Warsaw Stock Exchange in arranging share repurchase transactions, including tender offers and buyback programmes. It also provides financial restructuring advisory services.

Apart from the above business, the Company also conducts activities which consist in offering brokerage services and investment products, including active investment advisory services, targeting a broader base of retail clients. These activities are carried out directly by IPOPEMA Securities and through third parties acting as its agents.

2. Composition of the Group

IPOPEMA Securities S.A. is the parent of the IPOPEMA Group. Both the parent and the other Group companies have been established for indefinite time.

As at March 31st 2023, the Group comprised IPOPEMA Securities S.A. and the following subsidiaries:

1) consolidated subsidiaries controlled by the Company:

Company	Principal business	Consolidation method	Ownership interest	% of voting rights
IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A. ("IPOPEMA TFI")	- operation of investment fund companies, creation and management of investment funds, - discretionary management of securities portfolios - securities trading advisory services - intermediation in the sale and redemption of investment fund shares - representation services for foreign funds	full	100%	100%
IPOPEMA Business Consulting Sp. z o.o.	- other business and management consultancy services - computer facilities management - computer consultancy - software-related activities - wholesale of computers, computer peripherals and software	full	50.02%	50.02%
IPOPEMA Financial Advisory Sp. z o.o. spółka komandytowa	- advisory services related to corporate financial restructuring and finance raising for infrastructure projects	full	N/A	

2) non-consolidated subsidiaries controlled by the Company:

Company	Principal business	Consolidation method	Ownership interest	% of voting rights
IPOPEMA Financial Advisory Sp. z o.o. ("IFA")	- support for the activities of IPOPEMA Financial Advisory Sp. z o.o. spółka komandytowa	not consolidated (due to immateriality of financial data)	100%	100%
MUSCARI Capital Sp. z o.o. ("MUSCARI")	- intermediation in offering the Company's brokerage services as an investment firm agent	not consolidated (due to immateriality of financial data)	100%	100%
INVESTMENT FUNDS DEPOSITARY SERVICES S.A. ("IFDS")	- provision of depositary services for closed-end investment funds	not consolidated (due to immateriality of financial data)	50%	50%
IPOPEMA Fund Services Sp. z o.o. ("IFS")	- provision of services related to keeping a register of investment fund unit holders	not consolidated (due to immateriality of financial data)	100% of shares held by IPOPEMA TFI	

IFA, MUSCARI, IFDS and IFS are not consolidated due to immateriality of their financial data.

3. Basis of accounting used in preparing the interim condensed consolidated financial statements

3.1st Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 and the IFRSs applicable to interim financial reporting, as endorsed by the European Union. Other standards, revisions and amendments to existing standards, and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), which have been endorsed recently or are pending endorsement, are not relevant to the Group's operations or their effect on the Group's financial statements would be immaterial.

The IFRS comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

These interim condensed consolidated financial statements of the Group cover the three months ended March 31st 2023 and contain comparative data for the three months ended March 31st 2022 and as at December 31st 2022 (for the purposes of the interim condensed consolidated statement of financial position and interim condensed consolidated statement of changes in equity).

These interim condensed consolidated financial statements do not include all the information and disclosures required in the case of full-year consolidated financial statements and should be read in conjunction with the consolidated financial statements of the IPOPEMA Securities Group for 2022.

3.2nd Measurement currency and reporting currency

The measurement currency and the reporting currency of these interim condensed consolidated financial statements is the Polish złoty ("PLN") and all figures in these financial statements are presented in thousands of Polish złoty, unless stated otherwise.

3.3rd Going concern assumption

These interim condensed consolidated financial statements were prepared on the assumption that the companies of the Group would continue as going concerns in the foreseeable future. As at the date of authorisation of these financial statements for issue, there were no circumstances which would indicate any threat to the Group's consolidated companies continuing as going concerns.

3.4th Comparability of data

There were no significant presentation changes in the three months ended March 31st 2023.

4. Changes in applied accounting policies

The accounting policies applied in preparing these interim condensed consolidated financial statements are consistent with the policies applied in preparing the Group's consolidated financial statements for the year ended December 31st 2022, issued on March 31st 2023. The consolidated financial statements for 2022 were prepared in accordance with the International Financial Reporting Standards adopted by the International Accounting Standards Board and the interpretations issued by the International Financial Reporting Interpretations Committee.

5. Selected accounting policies

Categories of financial assets

Financial assets are classified by the Group into the following categories:

- financial assets measured at amortised cost,
- financial assets measured at fair value through profit or loss,
- financial assets measured at fair value through other comprehensive income,
- investments in equity instruments measured at fair value through other comprehensive income.

Financial assets are classified on initial recognition, depending on the Group's business model for managing financial assets and the nature of contractual cash flows from the instruments.

Financial liabilities are classified by the Group into the following categories:

- financial liabilities measured at fair value through profit or loss (including financial instruments),

– financial liabilities at amortised cost.

The Group classifies each financial instrument into a given category upon initial recognition.

Financial assets and financial liabilities measured at fair value through profit or loss

A financial asset is measured at fair value through profit or loss if it is not measured at amortised cost or at fair value through other comprehensive income.

Financial assets acquired in transactions on the regulated market are recognised as at the transaction date at cost, i.e., at the fair value of the instrument, whereas financial liabilities are first recognised in the accounting books at the contract date at the fair value of the instrument.

As at each reporting date, financial assets measured at fair value through profit or loss are measured and any gains or losses are recognised as income or expense on finance instruments measured at fair value through profit or loss.

Financial assets measured at fair value through profit or loss held by the Group are shares listed on the Warsaw Stock Exchange ("WSE") and a currency forward. For the purpose of the measurement, the Group takes into account the closing prices quoted by the WSE on the last business day of the reporting period.

The Group does not apply hedge accounting.

Financial assets measured at fair value through other comprehensive income.

A financial asset is classified as a 'financial asset measured at fair value through other comprehensive income' if both of the following conditions are met:

– it is managed in accordance with the business model the objective of which is to both collect the contractual cash flows and sell the financial asset,

– the contractual terms of the asset give rise to cash flows on specified dates, with the cash flows being solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at fair value through other comprehensive income are disclosed as at the transaction date at fair value plus directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value, and any changes in the fair value (other than impairment losses and foreign exchange gains and losses) are recognised in other comprehensive income and presented in equity as revaluation reserve. When an investment is derecognised, the gain or loss accumulated in revaluation reserve is reclassified to retained earnings as a reclassification adjustment.

The fair value of equity instruments traded on an active market is based on their current purchase price. If there is no active market for a given financial asset or unlisted securities, the Group determines their fair value using valuation techniques. These include the use of recent arm's length market transactions, reference to other instruments that are substantially the same, and analysis of discounted cash flows, making maximum use of market inputs; in certain cases, the purchase price may be the best estimate.

Investments in equity instruments measured at fair value through other comprehensive income.

'Investments in equity instruments measured at fair value through other comprehensive income' include in particular investment fund units and investment certificates purchased for the purpose of investing surplus funds. They are disclosed under non-current assets unless the Group intends to sell them within 12 months of the reporting date.

Investment certificates and fund units are recognised at fair value, based on the net asset value per certificate/unit as published by the investment fund in consultation with the depositary. Remeasurement gains and losses are posted under other comprehensive income. Subsequent to initial recognition, they are measured at fair value, and changes in the fair value are recognised in other comprehensive income and presented in equity as revaluation reserve.

Financial liabilities measured at amortised cost

Other financial liabilities, including bank borrowings and lease liabilities, are initially measured at fair value less transaction costs And subsequently at amortised cost (interest expense is recognised using the effective interest method). The effective interest method is a method of calculating the amortised cost of a liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future payments or receipts over the expected life of a financial asset or financial liability to the gross carrying amount of the financial asset or to the amortised cost of the financial liability.

The Group derecognises a financial liability when, and only when, the Group's obligation specified in the contract is discharged or cancelled or expires.

Receivables

Short-term receivables

Short-term receivables are financial assets measured at amortised cost. This asset class includes receivables from clients, receivables from related entities other than consolidated entities, receivables from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses on account of concluded transactions and all or part of receivables on account of other titles not carried as financial assets, which fall due within 12 months from the end of the reporting period.

Receivables are initially recognised in accordance with IFRS 15 and measured as at the end of the reporting period at amortised cost. The carrying amount of receivables is revised based on the expected credit losses model. As of January 1st 2018, allowance for expected credit losses is recognised at the time of initial recognition of receivables. As permitted by the standard, a simplified approach is applied in the Group's financial statements to trade receivables that do not contain a significant financing component and to lease receivables, with the impairment loss measured at an amount equal to lifetime expected credit losses.

The Group applied a portfolio approach to recognition of impairment losses, with impairment losses ranging from 0.02% for non-delinquent receivables to 73.1% for receivables overdue more than one year. If there are indications that a credit loss may have occurred, the Group may recognise impairment losses for individual assets. Changes in allowances for expected credit losses are recognised in profit or loss.

Credit risk related to security deposits held at banks, receivables on account of stock-exchange transactions, deposits held at clearing houses and public receivables is assessed as low and the effect of the credit loss allowance on the consolidated financial statements has been disregarded.

A significant item among the Group's short-term receivables are receivables from clients arising from stock-market transactions. These include 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 arising in connection with transaction to buy or sell securities which have not yet been cleared given the nature of the transaction clearing procedure (T+2). In the case of buy transactions executed on stock exchanges on behalf of clients whose accounts are maintained by custodian banks, the Group recognises current liabilities towards banks conducting brokerage activities, other brokerage houses and commodity brokerage houses (market counterparties)* and short-term receivables from the clients on behalf of whom such buy transactions are executed. In the case of sale transactions executed on stock exchanges to execute orders placed by clients whose accounts are kept by custodian banks, the Group discloses short-term receivables from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses (parties to the market transactions)* and current liabilities towards the clients for whom the sale transactions were executed.

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

Long-term receivables

Non-current receivables are receivables whose term to maturity is longer than 12 months from the end of the reporting period.

Impairment of assets

As at the end of each reporting period, the Group evaluates whether there is any indication that a non-financial asset may be impaired. Intangible assets which are not yet available for use are tested on an annual basis, regardless of whether there is an indication of impairment. These assets may be tested for impairment at any time during the year.

The following may indicate possible impairment of an asset:

- impairment of the market value of an asset during the period is much higher than it might have been expected as a result of passage of time and normal use,
- significant adverse technological, market, economic or legal changes have occurred during the reporting period or are likely to occur in the near future in the Group's operating environment or on the markets for which the asset is intended,
- market interest rates or other market rates of return on investment have increased during the period and the increase is likely to affect the discount rate applied to calculate the asset's value in use and reduce its recoverable amount,
- the carrying amount of the Group's net assets is higher than their market capitalisation,
- evidence exists for impairment of usefulness of an asset or physical damage to an asset,
- significant adverse changes in the current or expected scope or manner of use of an asset have occurred during the reporting period or are likely to occur in the near future,
- there is evidence, originating from internal reporting, for poorer than expected, current or future, economic performance of an asset.

Liabilities

Current liabilities

Current liabilities are liabilities which are payable within 12 months from the end of the reporting period. Liabilities are measured at amortised cost.

Current liabilities include all liabilities to customers, liabilities to non-consolidated 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 (KDPW) and exchange clearing houses, and liabilities to entities operating regulated securities markets, as well as all other liabilities not classified as lease liabilities, non-current liabilities, accrued expenses and deferred income or provisions for liabilities.

Current liabilities include overdraft facilities; the method of measuring such liabilities are described in 'Financial liabilities measured at amortised cost' above.

Recognition of current liabilities under executed securities exchange transactions is discussed in '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' above.

Non-current liabilities

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

Leases

For each contract concluded on or after January 1st 2020, the Group decides whether the contract is or contains a lease. A lease is defined as a contract or part of a contract that conveys the right to control the use of an identified asset (the underlying asset) for a period of time in exchange for consideration. To this end, three main aspects are analysed:

- whether a contract refers to an identified asset which is either clearly identified in the contract or in an implied manner when the asset is made available to the Group,
- whether the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use specified in the contract,
- whether the Group has the right to direct the use of an identified asset throughout the period of use.

As at the lease commencement date, the Group recognises a right-of-use asset and a lease liability. A right-of-use asset is initially measured at cost consisting of the initial amount of the lease liability, initial direct costs, an estimate of the costs expected to be incurred to dismantle the underlying asset and the lease payments made at or before the commencement date, less any lease incentives.

The Group depreciates right-of-use assets on a straight-line basis from the commencement date to the end of the right-of-use period or to the end of the lease term, whichever is earlier. If there is any indication of that a right-of-use asset may have been impaired, the asset is tested for impairment in accordance with IAS 36.

At the commencement date, the Group measures the lease liability at the present value of outstanding lease payments using the interest rate lease, if the rate can be readily determined. If the rate cannot be readily determined, the lessee uses the lessee's incremental borrowing rate.

Lease payments included in the value of a lease liability consist of fixed lease payments, variable lease payments based on an index or rate, expected amounts to be paid as a guaranteed residual value, and payments for a call option if its exercise is reasonably certain.

In subsequent periods, lease liabilities are reduced by payments made and increased by accrued interest. Measurement of a lease liability is updated to reflect lease modifications and reassessment of the lease term, exercise of a purchase option, guaranteed residual value or lease payments based on an index or rate. As a rule, remeasurement is recognised as adjustment to the carrying amount of a right-of-use asset.

The Group applies standard-permitted practical expedients for short-term leases and leases with low-value underlying assets (i.e., the initial value of the leased asset does not exceed USD 5 thousand). In such contracts, instead of recognising a right-of-use asset and a lease liability, the lease payments are recognised in profit or loss on a straight-line basis over the lease term.

6. Accounting policies introduced in 2023

Standards and interpretations which have been issued and are effective for annual periods beginning on or after January 1st 2023:

- IFRS 17 *Insurance Contracts* – issued on May 18th 2017 and effective for annual periods beginning on or after January 1st 2023. The main objective of IFRS 17 is to ensure transparency and comparability of the insurers' financial statements. To this end, an entity will disclose quantitative and qualitative information to enable users of its financial statements to assess the impact of insurance contracts on the entity's financial position, financial performance and cash flows. IFRS 17 introduces a number of significant amendments to the existing IFRS 4 requirements.
- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* – Definition of Accounting Estimates. The amendments clarify the definition of accounting estimates, i.e.,: monetary amounts in financial statements that are subject to measurement uncertainty. The amendments are effective for annual periods beginning on or after January 1st 2023.
- Amendments to IAS 12 *Income Taxes* – requirement to recognise deferred tax on transactions, i.e., leases – effective for annual periods beginning on or after January 1st 2023.
- Amendments to IFRS 17 *Insurance Contracts*: Initial Application of IFRS 17 and IFRS 9 *Comparative Information* – issued on December 9th 2021 and effective for annual periods beginning on or after January 1st 2023.
- amendments to IAS 1 *Presentation of Financial Statements* and the International Accounting Standards Board's Guidance on Disclosure of Accounting Policies – Practice Statement – application of materiality judgements to accounting policy disclosures. Issued on February 12th 2021, the amendments are effective for annual periods beginning on or after January 1st 2023.

The Group believes that the adoption of the above standards and amendments did not have a material effect on its interim condensed consolidated financial statements upon their initial adoption, and resulted only in changes to the applied accounting policies or broadening of the scope of required disclosures.

7. New standards and interpretations which have been issued but are not yet effective

The following standards and interpretations have been issued by the International Accounting Standards Board or the International Financial Reporting Interpretations Committee but are not effective yet:

- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. The accounting approach depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a business. Full gain or loss is recognised by the investor if the non-monetary assets constitute a business. If the assets do not meet the definition of a business, the investor recognises a partial gain or loss, excluding the part corresponding to other investors' interests. The effective date of the amended regulations has not been set by the International Accounting Standards Board.
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current – issued on January 23rd 2020 and effective for annual periods beginning on or after January 1st 2024. The amendments to IAS 1 affect the requirements for presentation of liabilities in the financial statements. The classification of financial liabilities as non-current liabilities will depend on the existence of rights to defer settlement of the liability by at least twelve months and on the satisfaction of conditions for the deferment at the end of the reporting period.
- Amendments to IFRS 16 *Leases* – Lease Liability in a Sale and Leaseback. Issued on September 22nd 2022, the amendments are effective for annual periods beginning on or after January 1st 2024.

The Group did not opt for early application of the above standards, amendments, and interpretations. The Group will apply the amended standards as of January 1st 2024, unless a different effective date is provided. Upon initial application, the amended standards will have no material effect on the Group's consolidated financial statements.

8. Changes in estimates

In the three months to March 31st 2023, there were no changes to estimates other than changes in accrued expenses and deferred income, depreciation/amortisation and impairment losses on receivables, as discussed in Note 14.

9. Translation of foreign-currency items

Transactions in currencies other than the Polish złoty 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 end of the reporting period, monetary assets and liabilities denominated in currencies other than the Polish złoty are translated into the złoty 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	Mar 31 2023	Dec 31 2022	Mar 31 2022
USD	4.2934	4.4018	4.1801
EUR	4.6755	4.6899	4.6525
HUF 100	1.2278	1.1718	1.2588
GBP	5.3107	5.2957	5.4842
CZK	0.1987	0.1942	0.1903
CHF	4.6856	4.7679	4.5207
TRY	0.2239	0.2349	0.2854
NOK	0.4117	0.4461	0.4806
CAD	3.1676	3.2486	3.3379
SEK	0.4152	0.4213	0.4504
DKK	0.6277	0.6307	0.6255
AUD	2.8715	2.9890	3.1251
RON	0.9445	0.9475	0.9404

Source: National Bank of Poland.

10. Earnings per share

For each period, earnings per share are computed as the quotient of the net profit attributable to the parent for the period and the weighted average number of shares in the period.

To obtain diluted earnings per share, the weighted average number of shares in the period is adjusted to account for all potentially dilutive ordinary shares. As there were no dilutive shares, the amounts of basic earnings per share and diluted earnings per share in the reporting period were the same.

	Jan 1–Mar 31 2023	Jan 1–Mar 31 2022
Number of shares	29,937,836	29,937,836
Weighted average number of shares	29,937,836	29,937,836
Net profit/(loss) on continuing operations per share	0.06	0.00

11. Operating segments

For management purposes, the Group is divided into separate segments based on types of services provided. There are therefore the following reporting operating segments:

1. The segment of brokerage and related services, comprising the business of (i) IPOPEMA Securities, i.e. brokerage and investment banking activities, distribution of investment products, investment advisory services addressed to a broad range of retail investors, and (ii) IFA SK, i.e. advisory services related to corporate financial restructuring and finance raising for infrastructure projects.
2. The segment of investment fund and portfolio management, comprising the business of IPOPEMA TFI, i.e. creation and management of investment funds as well as management of portfolios of broker-traded financial instruments.
3. The segment of advisory services, comprising the services of IPOPEMA Business Consulting, which focuses on business and management advisory, computer facilities management, computer advisory and software-related activities.

3 months ended March 31st 2023	Continuing operations				Discontinued operations	Total operations
	Brokerage and related services	Investment fund and portfolio management	Advisory services	Total		
Revenue						
Segment's total revenue, including:	14,680	49,842	6,850	71,372	-	71,372
- from clients for each of whom the value of transactions in the period exceeds 10% of revenue, including:	-	30,341	-	30,341	-	30,341
Client 1	-	19,675	-	19,675	-	19,675
Client 2	-	10,666	-	10,666	-	10,666
Intersegment revenue	- 1,117	-	-	- 1,117	-	- 1,117
Consolidation eliminations	- 88	-	-	- 88	-	- 88
Revenue from external customers	**13,475**	**49,842**	**6,850**	**70,167**	**-**	**70,167**
Segment's costs						
Segment's costs – purchases from external suppliers	- 14,500	- 48,206	- 6,662	- 69,368	-	- 69,368
Segment's costs – intersegment purchases	-	1,117	-	1,117	-	1,117
Consolidation eliminations	88	-	-	88	-	88
Segment's total costs, including:	**- 14,412**	**- 47,089**	**- 6,662**	**- 68,163**	**-**	**- 68,163**
Depreciation and amortisation	674	620	130	1,424	-	1,424
Segment's profit/(loss) on core activities	**- 937**	**2,753**	**188**	**2,004**	**-**	**2,004**
Unallocated costs	-	-	-	-	-	-
Profit/(loss) from continuing operations before tax and finance costs	- 937	2,753	188	2,004	-	2,004
Interest income	578	68	14	660	-	660
Interest expense	- 591	- 188	- 55	- 834	-	- 834
Other finance income/costs, net	710	328	8	1,046	-	1,046
Other income/expenses	9	- 241	- 89	- 321	-	- 321
Profit/(loss) before tax and non-controlling interests	**- 231**	**2,720**	**66**	**2,555**	**-**	**2,555**
Income tax	228	504	6	738	-	738
Total corporate income tax	228	504	6	738	-	738
Net profit/(loss) for period	**- 459**	**2,216**	**60**	**1,817**	**-**	**1,817**
Segment's assets	363,439	82,194	16,714	462,347	-	462,347
Other assets not allocated to segments	-	-	-	-	-	-
Total assets	**363,439**	**82,194**	**16,714**	**462,347**	**-**	**462,347**
Segment's liabilities	304,810	25,996	5,658	336,464	-	336,464
Accrued expenses and deferred income	5,342	5,634	213	11,189	-	11,189
Segment's net profit/(loss)	- 459	2,216	60	1,817	-	1,817
Equity (excluding net profit/(loss) for current period)	40,249	60,553	6,585	107,387	-	107,387
Non-controlling interests	238	-	5,252	5,490	-	5,490
Total equity and liabilities	**350,180**	**94,399**	**17,768**	**462,347**	**-**	**462,347**
Other segment data						
Capital expenditure, including:	186	305	-	491	-	491

property, plant and equipment	-	3	-	3	-	3
intangible assets	186	302	-	488	-	488
Depreciation of property, plant and equipment	135	160	16	311	-	311
Amortisation of intangible assets	79	22	1	102	-	102
Depreciation of right-of-use assets	460	438	112	1,010	-	1,010
Impairment losses	-	-	-	-	-	-
Other	-	-	-	-	-	-

3 months ended March 31st 2022	Continuing operations				Discontinued operations	Total operations
	Brokerage and related services	Investment fund and portfolio management	Advisory services	Total		
Revenue						
Segment's total revenue, including:	15,004	41,850	7,121	63,975	-	63,975
- from clients for each of whom the value of transactions in the period exceeds 10% of revenue, including:	-	24,748	-	24,748	-	24,748
Client 1	-	17,227	-	17,227	-	17,227
Client 2	-	7,521	-	7,521	-	7,521
Intersegment revenue	- 686	-	-	- 686	-	- 686
Consolidation eliminations	- 88	-	-	- 88	-	- 88
Revenue from external customers	**14,230**	**41,850**	**7,121**	**63,201**	**-**	**63,201**
Segment's costs						
Segment's costs – purchases from external suppliers	- 11,923	- 41,458	- 6,912	- 60,293	-	- 60,293
Segment's costs – intersegment purchases	-	686	-	686	-	686
Consolidation eliminations	88	-	-	88	-	88
Segment's total costs, including:	**- 11,835**	**- 40,772**	**- 6,912**	**- 59,519**	**-**	**- 59,519**
Depreciation and amortisation	- 740	- 643	- 130	- 1,513	-	- 1,513
Segment's profit/(loss) on core activities	**2,395**	**1,078**	**209**	**3,682**	**-**	**3,682**
Unallocated costs	-	-	-	-	-	-
Profit/(loss) from continuing operations before tax and finance costs	2,395	1,078	209	3,682	-	3,682
Interest income	582	-	12	594	-	594
Interest expense	- 322	- 25	- 6	- 353	-	- 353
Other finance income/costs, net	- 2,651	36	27	- 2,588	-	- 2,588
Other income/expenses	- 460	- 524	4	- 980	-	- 980
Profit/(loss) before tax and non-controlling interests	**- 456**	**565**	**246**	**355**	**-**	**355**
Income tax	113	153	80	346	-	346
Total corporate income tax	113	153	80	346	-	346
Net profit/(loss) for period	**- 569**	**412**	**166**	**9**	**-**	**9**
Assets and liabilities as at Dec 31 2022						
Segment's assets	276,585	84,946	18,168	379,699	-	379,699
Other assets not allocated to segments	-	-	-	-	-	-
Total assets	**276,585**	**84,946**	**18,168**	**379,699**	**-**	**379,699**
Segment's liabilities	216,645	29,856	7,115	253,216	-	253,216

Accrued expenses and deferred income	7,106	6,421	270	13,797	-	13,797
Segment's net profit/(loss)	3,681	2,173	223	6,077	-	6,077
Equity (excluding net profit/(loss) for current period)	36,830	58,188	6,632	101,650	-	101,050
Non-controlling interests	- 23	-	4,982	4,959	-	4,959
Total equity and liabilities	**263,839**	**96,638**	**19,222**	**379,699**	**-**	**379,699**
Other segment data						
Capital expenditure, including:	1,845	179	70	2,094	-	2,094
property, plant and equipment	228	96	65	389	-	389
intangible assets	1,617	83	5	1,705	-	1,705
Depreciation of property, plant and equipment	494	698	78	1,270	-	1,270
Amortisation of intangible assets	381	147	11	539	-	539
Depreciation of right-of-use assets	2,103	1,734	409	4,246	-	4,246
Impairment losses	-	-	-	-	-	-
Other	-	-	-	-	-	-

12. Notes to the interim condensed consolidated statement of financial position – assets

Cash and cash equivalents

Cash and other assets	**Mar 31 2023**	**Dec 31 2022**
Cash and other assets of the Group		
a) at banks and in hand	25,411	27,605
b) other cash	141,988	135,936
c) cash equivalents	-	-
Total	**167,399**	**163,541**
Cash and other assets		
a) own cash and other own assets of the Group	46,520	54,151
b) cash and other assets of clients deposited in cash accounts at the brokerage house and paid towards acquisition of securities in an IPO or on the primary market	112,679	100,890
c) cash in escrow account	8,200	8,500
d) cash and other assets transferred from the settlement guarantee fund	-	-
Total	**167,399**	**163,541**

Free cash is deposited in bank accounts and invested in term and overnight deposits. Short-term deposits are placed for periods ranging from one day to several months, depending on the Group's cash requirement at a given time, and bear interest at variable or fixed interest rates, set by reference to the interest rate for overnight bank deposits. Short-term deposits are presented under other cash. Deposits maturing in more than three months are presented under cash equivalents.

Other cash also includes clients' cash deposited in the parent's bank account of PLN 112,679 thousand as at March 31st 2023 (PLN 100,890 thousand as at December 31st 2022).

Receivables

Trade and other receivables	**Mar 31 2023**	**Dec 31 2022**
Short-term receivables	238,366	159,789
Long-term receivables	8,805	8,826
Long-term loans	82	94
Prepayments and accrued income	2,922	2,631
short-term	2,905	2,611
long-term	17	20

Trade and other receivables	**250,175**	**171,340**

Short-term receivables	Mar 31 2023	Dec 31 2022
1. From clients / trade receivables	71,859	56,674
a) under deferred payment arrangements	-	-
b) under past due receivables and disputed claims for which no impairment losses were recognised	-	-
c) from clients under executed transactions	56,490	40,168
- transactions on the Warsaw Stock Exchange	46,895	32,328
- transactions on the New York Stock Exchange	5,977	5,998
- executed on the Frankfurt Stock Exchange	3,618	1,842
d) other	15,369	16,506
2. From related entities	13	21
3. From banks conducting brokerage activities, other brokerage houses and commodity brokerage houses*	106,516	36,175
a) under transactions	102,192	31,873
- transactions on the Warsaw Stock Exchange*	74,181	26,763
- transactions executed on the Budapest Stock Exchange	4,604	3,283
- transactions on the Australian Securities Exchange	-	1,827
- transactions on the New York Stock Exchange	22,566	-
- transactions on the Amsterdam Stock Exchange	841	-
b) other	4,324	4,302
4. From the Central Securities Depository of Poland and exchange clearing houses	25,595	32,615
- from the settlement guarantee fund	25,595	32,615
5. From investment and pension fund companies and from investment and pension funds	29,392	30,177
6. From entities operating regulated markets and commodity exchanges	23	11
7. Taxes, subsidies and social security receivable	465	216
8. Under litigation, not covered by recognised impairment losses on receivables	-	-
9. Under framework securities lending and short sale agreements	-	-
10. Other	4,503	3,900
- loans	890	917
- other	3,613	2,983
Total short-term receivables	**238,366**	**159,789**

** 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).*

Short-term receivables and current liabilities are recognised predominantly in connection with executed buy and sell transactions in securities, not yet settled at clearing houses.

In the case of buy transactions executed on stock exchanges on behalf of clients whose accounts are maintained by custodian banks, the Group recognises liabilities towards the parties to market transactions (banks conducting brokerage activities, other brokerage houses and commodity brokerage houses, known as anonymous transaction counterparties) and receivables from the clients on behalf of whom such buy transactions have been executed. In the case of sell transactions executed on stock exchanges on behalf of clients whose accounts are maintained by custodian banks, the Group recognises receivables from the parties to market transactions and liabilities towards the clients on behalf of whom such sell transactions have been executed.

Financial assets and liabilities

In the three months ended March 31st 2023 and in the comparative period, the policies for measurement of financial assets at fair value or classification of financial assets did not change.

As at March 31st 2023 and March 31st 2022, the carrying amounts of financial assets and financial liabilities approximated their fair values.

Financial instruments and item of the consolidated statement of financial position	Mar 31 2022		Dec 31 2022	
	carrying amount	fair value	carrying amount	fair value
Financial assets measured at amortised cost	**414,652**	**414,652**	**322,250**	**322,250**
- cash and cash equivalents	167,399	167,399	163,541	163,541
- loans	972	972	1,011	1,011
- short- and long-term receivables	246,281	246,281	167,698	167,698
Financial assets measured at fair value through profit or loss	**3,323**	**3,323**	**3,189**	**3,189**
- shares in listed companies	3,323	3,323	3,189	3,189
Equity instruments measured through other comprehensive income	**15,230**	**15,230**	**14,670**	**14,670**
- shares and bonds	12,048	12,048	11,671	11,671
- investment fund units/investment certificates	3,182	3,182	2,999	2,999
Financial liabilities measured at amortised cost	**316,250**	**316,250**	**231,798**	**231,798**
- overdraft facility	13,620	13,620	19,419	19,419
- subsidy	73	73	127	127
- liabilities (other than credit facilities and subsidy)	302,557	302,557	212,252	212,252
- derivative financial instruments	-	-	-	-

The Group uses derivatives to mitigate the risk of exchange rate changes for currencies in which some of the Group's securities sale and purchase transactions are denominated. While the derivative instruments held by the Group hedge it against currency risk, they are not security within the meaning of IFRS 9. Therefore, they are recognised as financial assets measured at fair value through profit or loss. All derivatives are measured at fair value, determined based on market data.

Shares in non-consolidated subsidiaries (not listed companies) as well as fund shares and investment certificates are designated as measured at fair value through other comprehensive income because the objective is to obtain cash flows from the financial assets or cash flows from its sale. In the three months ended March 31st 2023, the Group reported profits of PLN 237 thousand on this category of financial assets (three months ended March 31st 2022: loss of PLN 159 thousand).

The table below presents financial instruments measured at fair value classified in the three-level hierarchy:

Level 1 – where fair value is measured based on quoted (unadjusted) prices for identical assets or liabilities in active markets,

Level 2 – where fair value is measured based on market inputs other than quoted market prices (e.g., estimated by direct or indirect reference to similar instruments in the market),

Level 3 – where fair value is measured using different valuation techniques which are not based on observable market inputs.

As at March 31st 2023

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Derivative instruments	-	100	-	100
Financial assets measured at fair value other than derivatives	3,323	-	-	3,323
Total financial assets measured at fair value through profit or loss	**3,323**	**100**	**-**	**3,423**
Equity instruments measured through other comprehensive income				
Investment certificates and investment fund units	-	3,182	-	3,182
Bonds	-	-	10,308	10,308
Total equity instruments measured through other comprehensive income	**-**	**3,182**	**10,308**	**13,490**
Financial liabilities measured at fair value through profit or loss				
Derivative instruments	-	-	-	-

Total financial liabilities measured at fair value through profit or loss	**-**	**-**	**-**	**-**

In the reporting period, there were no material transfers between Level 1 and Level 2 of the instruments' fair value.

As at December 31st 2022

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Derivative instruments	-	7	-	7
Financial assets measured at fair value other than derivatives	3,189	-	-	3,189
Total financial assets measured at fair value through profit or loss	**3,189**	**7**	**-**	**3,106**
Equity instruments measured through other comprehensive income				
Investment certificates and investment fund units	**-**	**2,999**	**-**	**2,999**
Total equity instruments measured through other comprehensive income	**-**	**-**	**10,075**	**10,075**
	-	**2,999**	**10,075**	
Financial liabilities measured at fair value through profit or loss				
Derivative instruments	-	-	-	-
Total financial liabilities measured at fair value through profit or loss	**-**	**-**	**-**	**-**

In the current period there were no transfers between Level 1 and Level 2.

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

In the three months ended March 31st 2023 and in 2022, the Group companies did not recognise any impairment losses on financial assets, property, plant and equipment, intangible assets or other assets, nor did they reverse impairment losses recognised in previous periods, except for the changes in impairment losses on receivables (Note 14) and the recognition of impairment losses on loans of PLN 348 thousand in the prior years – no impairment loss was recognised in the first quarter of 2023.

Acquisition and sale of property, plant and equipment and intangible assets

In the three months ended March 31st 2023, the Group acquired property, plant and equipment and intangible assets valued at PLN 491 thousand (three months ended March 31st 2022: PLN 804 thousand).

Material transactions to purchase or sell property, plant and equipment

In the three months ended March 31st 2023 and in 2022, the Group did not purchase or sell any material items of property, plant and equipment.

Material liabilities under purchases of property, plant and equipment

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

13. Notes to the interim condensed consolidated statement of financial position – equity

Share capital

As at March 31st 2023, the registered share capital of the parent was PLN 2,993,783.60 (no change relative to December 31st 2022). The share capital was divided into 29,937,836 shares: 7,000,000 Series A ordinary bearer shares, (ii) 21,571,410 Series B ordinary bearer shares, and (iii) 1,366,426 Series C ordinary bearer shares.

14. Notes to the interim condensed statement of financial position – liabilities, accrued expenses and deferred income

Increase/(decrease) in accrued expenses and deferred income

	Jan 1–Mar 31 2023	Jan 1–Mar 31 2022	2022
As at beginning of reporting period	**13,797**	**15,460**	**15,460**
Recognised in period	10,170	5,652	33,846
Used	12,739	12,202	34,074
Reversed	39	129	1,435
As at end of reporting period	**11,189**	**8,781**	**13,797**

Impairment losses on receivables

In the three months ended March 31st 2023, impairment losses on receivables rose by PLN 345 thousand (three months ended March 31st 2022: increase of PLN 991 thousand).

Liabilities

	Mar 31 2023	Dec 31 2022
Current liabilities (excluding leases)	316,350	231,798
Non-current liabilities (excluding leases)	-	-
Trade and other payables	**316,350**	**231,798**

Liabilities (current)

Current liabilities (excluding leases)	Mar 31 2023	Dec 31 2022
To clients	213,167	154,318
To related entities	3	406
To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses *	75,716	50,763
a) to the Warsaw Stock Exchange *	66,119	42,917
b) to the Frankfurt Stock Exchange	3,610	-
c) to the New York Stock Exchange	5,971	5,990
d) to the Paris Stock Exchange	4	1,840
e) liabilities under transactions executed on over-the-counter market	12	16
To entities operating regulated securities markets and commodity exchanges	277	256
- to the Warsaw Stock Exchange	277	256
To the Central Securities Depository of Poland and exchange clearing houses	2,875	519
Borrowings	13,693	19,546
a) from related entities	-	-
b) other	13,693	19,546
Debt securities	1	1
Taxes, customs duties and social security payable	4,470	2,237
Salaries and wages	332	9
To investment and pension fund companies and to investment and pension funds	2,779	1,741
Other	3,037	2,002
a) dividends payable	-	-
b) other liabilities	3,037	2,002
Total current liabilities	**316,350**	**231,798**

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

With the exception of bank borrowings and leases, liabilities do not bear interest.

Interest-bearing borrowings

Current liabilities under borrowings	Mar 31 2023	Dec 31 2022
Bank borrowings	13,620	19,419
- outstanding amount	13,620	19,419
Current liabilities under borrowings	**13,620**	**19,419**

As at March 31st 2023, the Group's liabilities under bank borrowings related to its brokerage business amounted to PLN 13,620 thousand (December 31st 2022: PLN 19,419 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 2023:

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 with 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 in favour of the bank with the bank, and a PLN 4m security deposit placed in a term deposit account. The same collateral also secures the credit facility specified in item 2.

ii. Revolving credit facility of up to PLN 25m. The purpose of the facility is to finance the payment of the Company's liabilities resulting from its membership in the Transactions Settlement Guarantee Fund operated by KDPW CCP. The facility is secured by a blank promissory note with a promissory note declaration, a power of attorney over accounts held with the bank and a declaration of voluntary submission to enforcement with respect to cash payments in favour of the bank with the bank. As stated in item i above, both credit facilities are also jointly secured by a security deposit of PLN 4m.

Subsidies

On June 3rd 2020, IBC received PLN 1,751 thousand in subsidy under a governmental programme run by the Polish Development Fund ("PDF") to provide financial support to micro, small and medium-sized enterprises in order to mitigate the impact of the COVID-19 epidemic in Poland (the "Programme"). Under the Programme, up to 75% of the subsidy was eligible for forgiveness, subject to fulfilment of relevant conditions. These conditions were met, and by a decision of the PDF of July 1st 2021 IBC was released from the obligation to repay PLN 1,313 thousand, representing 75% of the subsidy amount.

The repayable balance of the subsidy amounting to PLN 437.7 thousand does not bear interest and is repaid in 24 equal monthly instalments of PLN 18.2 thousand, starting from August 25th 2021. As at March 31st 2023, the outstanding amount of the subsidy was PLN 73 thousand.

Bonds

In 2023, by the issue date of these financial statements, the Company did not issue any bonds. In the comparative period (the first quarter of 2022), the Company issued 12 bonds with a total nominal value of PLN 2.4 thousand, due in 2022 –2024. The total amount of liabilities payable by the Group on redemption of the bonds will not exceed the bonds' nominal value and is not significant to the Group. The bonds issue was related to the Company's policy for the settlement of variable remuneration components.

In the three months ended March 31st 2023, the Company redeemed PLN 0.8 thousand worth of bonds (three months ended March 31st 2022: PLN 0.4 thousand).

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.

15. Notes to the interim condensed consolidated statement of comprehensive income

Revenue from core activities

Revenue from core activities	Jan 1–Mar 31 2023	Jan 1–Mar 31 2022
Revenue from brokerage activities, including:	13,475	14,230
- revenue from trading in securities	9,833	8,448
- revenue from investment banking services	2,999	5,193
- other revenue from core activities	643	589
Revenue from investment fund and portfolio management services	49,842	41,850
Revenue from advisory services	6,850	7,121
Total revenue from core activities	**70,167**	**63,201**

Operating expenses

Cost of core activities	Jan 1–Mar 31 2023	Jan 1–Mar 31 2022
Fees payable to regulated markets, commodity exchanges, the Central Securities Depository of Poland and exchange clearing houses	1,094	1,396
Payments to CCP	86	96
Trade organisation membership fees	30	23
Salaries and wages	18,284	15,184
Social security	1,834	1,870
Employee benefits	310	292
Raw material and consumables used	168	174
Depreciation and amortisation	1,424	1,513
Taxes and other public charges	253	144
Other costs, including:	44,680	38,827
- fund management and distribution costs	37,006	31,101
- transaction costs other than cost of clearance through clearing houses or stock exchanges	2,971	2,146
- ICT and information services	1,851	1,659
- marketing, representation and advertising	184	251
- software purchases (for recharge)	90	848
- other services	2,578	2,822
Total cost of core activities	**68,163**	**59,519**

Other income

Other income	Jan 1–Mar 31 2023	Jan 1–Mar 31 2022
Income from re-invoicing	800	583
Reversal of impairment losses on receivables	13	20
Reversed provisions	39	129
Cancellation of PFR subsidies	-	-
Gain from sale of property, plant and equipment	45	-
Other income	342	278
Total other income	**1,239**	**1,010**

Other expenses

Other expenses	Jan 1–Mar 31 2023	Jan 1–Mar 31 2022
Costs of re-invoicing	615	431
Recognition of impairment loss on receivables	358	1,006
Donations	-	503
Other expenses	586	50
Total other expenses	**1,559**	**1,990**

16. Income tax

The key components of income tax expense as disclosed in the interim condensed consolidated statement of comprehensive income are as follows:

	Jan 1–Mar 31 2023	Jan 1–Mar 31 2022
Profit before tax	2,555	**355**
Tax calculated at 19% rate	485	**67**
Taxable income/deductible expenses for which no deferred tax assets were recognised − total consolidation adjustments	216	215
Tax losses for which no deferred tax assets were recognised − other	-	276
Tax loss carryforwards for which no deferred tax assets were recognised	-	-
Use of unrecognised tax losses	-	-
Non-deductible expenses	229	931
Deductible/taxable temporary differences for which no deferred tax assets/liabilities were recognised	-	-
Non-taxable income	1,054	45
Tax base for current and deferred income tax	**4,054**	**1,822**
Reductions, exemptions		-
Income tax expense	**738**	**346**

Tax settlements

Tax settlements and other regulated areas of activity are subject to inspection by administrative authorities, which are authorised to impose significant fines and other sanctions. As there is no possibility of referring to an established regulatory framework in Poland, the applicable regulations often lack clarity and consistency. Frequent discrepancies in opinions concerning the legal construction of tax regulations, both between different governmental agencies, and between governmental agencies and enterprises, create areas of uncertainty and conflict. Consequently, tax risk in Poland is substantially higher than in countries with more mature and stable tax systems.

Tax settlements are subject to inspection for five years from the end of the year in which the respective tax was paid. Such inspections may result in additional tax liabilities being imposed on the Group companies.

Deferred tax

Deferred tax liabilities grew by PLN 7 thousand in the three months ended March 31st 2023 (three months ended March 31st 2022: increase of PLN 80 thousand).

Deferred tax assets fell by PLN 306 thousand in the three months ended March 31st 2023 (three months ended March 31st 2022: decrease of PLN 236 thousand).

17. Dividends paid and proposed

The Company’s Management Board proposed that the Company’s Annual General Meeting convened for May 24th 2023 allocate the entire profit for 2022, in the amount of PLN 4,619 thousand, to dividend payment.

18. Issue, redemption and repayment of debt and equity securities

In 2023, by the issue date of these interim condensed consolidated financial statements, and in the three months ended March 2022, the Group companies did not issue any equity securities.

For information on debt securities, see Note 14.

19. Exclusions of companies from consolidation

In line with IAS 8.8, which permits departures from the IFRSs when the effect of such departure is immaterial, IFA and MUSCARI were not consolidated in these interim condensed consolidated financial statements.

PLN '000	IFA	MUSCARI
Total assets as at Mar 31 2023	15	524
% of parent's total assets	-	-
Revenue in Jan 1–Mar 31 2023	4	960
% share in Parent's revenue	-	7
Net assets as at Mar 31 2023	8	- 299
Net profit/(loss) in Jan 1–Mar 31 2023	-	171

PLN '000	IFA	MUSCARI
Total assets as at Mar 31 2022	6	453
% of parent's total assets	-	-
Revenue in Jan 1–Mar 31 2022	4	713
% share in Parent's revenue	-	5
Net assets as at Mar 31 2022	- 1	- 548
Net profit/(loss) in Jan 1–Mar 31 2022	-	- 199

20. Seasonality of operations

The operations of the Group companies are not seasonal.

21. Contingent liabilities and contingent assets

The Company issued promissory notes as security for a credit facility (see Note 14) and paid: (i) a deposit of EUR 1.5m as security for settlement of transactions on foreign stock exchanges; (ii) a deposit as security for the guarantee discussed in Note 22; (iii) security of PLN 4.3m under a framework agreement for treasury transactions, executed with Alior Bank.

22. 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 1,993 thousand. Under an amendment of 2023, the guarantee amount was increased to EUR 323 thousand. The guarantee, provided until April 16th 2028, secures liabilities related to the lease of office space.

23. Leases

The Group as a lessee

In 2023, the most significant lease contracts were leases of office space. The right to use the building for the term of the contract was classified by the Group as lease. The contract was originally executed for a period of five years (starting from 2013) and was subsequently extended under relevant amending annexes, with the most recent annex extending the contract until 2028.

In December 2020, the Group companies signed an agreement containing a lease of IT equipment. The agreement was executed for a period of three years, with an option to extend its term for further periods.

The Group companies are parties to vehicle lease agreements. 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 for the vehicles, 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.

In 2017, a Group company concluded a 60-month lease agreement for IT equipment, to support hosting services provided to the company's trading partner. As per the agreement, the company will have the option to extend the lease or purchase the equipment after the lease term expires. Subject to the consent of the equipment supplier, the company may assign the rights and obligations of the agreement to a third party, and 18 months after the start of the lease the company may terminate the lease without the supplier's consent, provided that the equipment is purchased for a price equivalent to the sum of remaining lease payments. The same terms are set forth in the hosting agreement concluded with the company's trading partner.

Minimum lease payments are presented in the table below.

Lease liabilities	**Mar 31 2023**		**Mar 31 2022**	
Net carrying amount	19,566		5,394	
Present value of minimum lease payments	**Lease payments**	**Finance charge**	**Lease payments**	**Finance charge**
Within 1 year	4,179	1,524	4,477	76
In 1 to 5 years	15,387	3,167	917	4
Over 5 years	-	-	-	-
Depreciation expense recognised in 3 months ended March 31st	**1,090**		**1,143**	

The Group as a lessor

Finance lease receivables	**Mar 31 2023**	**Mar 31 2022**
Net carrying amount	-	392
Present value of minimum lease payments	**-**	**392**
Within 1 year	-	392
In 1 to 5 years	-	-
Over 5 years	-	-

24. Related-party transactions

IPOPEMA Securities is the parent of the Group. The composition of the Group and equity interests are presented in Note 2. In the three months ended March 31st 2023 and March 31st 2022, the Group did not conclude any material relater-party transactions, including transactions on a non-arm's length basis.

Related-party transactions – income and expenses

Related party	**Revenue** Jan 1–Mar 31 2023	**Purchases** Jan 1–Mar 31 2023	**Revenue** Jan 1–Mar 31 2022	**Purchases** Jan 1–Mar 31 2022
IFA	-	-	-	-
MUSCARI	-	587	-	713
IFDS	3	-	-	-
Members of the Management and Supervisory Boards	-	-	-	31
Total	**3**	**587**	**-**	**744**

Related-party transactions – receivables and liabilities

Related party	**Receivables**		**Liabilities**	
	Mar 31 2023	**Dec 31 2022**	**Mar 31 2023**	**Dec 31 2022**
IFA	-	-	-	-
MUSCARI	734	742	-	390
IFS	-	4	-	-
Members of the Management and Supervisory Boards	9	2	-	-
Total	**743**	**748**	**-**	**390**

Under IAS 24, related parties include also members of the Management Board and the Supervisory Board and persons related to them.

IPOPEMA Securities provides brokerage services to funds managed by IPOPEMA TFI S.A., but the related transaction costs are incurred directly by the funds. In the three months ended March 31st 2023 and in the comparative period, members of the Management and Supervisory Boards used fund management services; two funds in which some members of the Company's Management Board or their related persons are investors were exempted from administration fees.

25. Items of the consolidated statement of cash flows

Operating activities – provision of brokerage and advisory services, fund and asset management services and securities trading in the capacity of a broker.

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

Cash at end of period comprises the Group's own and its clients' cash and cash equivalents – for more information on the structure of cash, see Note 12.

Differences in changes in balance sheet items

	Presentation in the condensed consolidated statement of financial position **Mar 31 2023**	Presentation in the condensed consolidated statement of financial position **Dec 31 2022**	Presentation in the condensed consolidated statement of cash flows – change **3 months ended Mar 31 2023**
Gross receivables	252,650	173,749	- 78,560
Net receivables	247,171	168,615	
Impairment losses on receivables	5,479	5,134	345
Prepayments and accrued income	2,922	2,631	- 291
Accrued expenses and deferred income (net of deferred tax related to equity and provision for unpaid interest)	11,189	13,797	- 2,608
Total change in impairment losses and accruals and deferrals			**- 2,899**

The difference between the change in gross receivables disclosed in the statement of financial position and the amount disclosed in the interim condensed consolidated statement of cash flows is attributable to the removal from gross receivables as at March 31st 2023 of receivables under loans advanced, which are disclosed under investing activities.

	Presentation in the condensed consolidated statement of financial position **Mar 31 2022**	Presentation in the condensed consolidated statement of financial position **Dec 31 2021**	Presentation in the condensed consolidated statement of cash flows – change **3 months ended Mar 31 2022**
Gross receivables	168,530	257,541	89,316
Net receivables	164,064	254,066	
Impairment losses on receivables	4,466	3,475	991
Prepayments and accrued income	2,489	2,146	- 343
Accrued expenses and deferred income (net of deferred tax related to equity and provision for unpaid interest)	8,781	15,460	- 6,679
Total change in impairment losses and accruals and deferrals			**- 7,022**

The difference between the change in gross receivables disclosed in the statement of financial position and the amount disclosed in the interim condensed consolidated statement of cash flows is attributable to the removal from gross receivables as at March 31st 2022 of receivables under loans advanced, which are disclosed under investing activities. Impairment losses on loans recognised in the three months ended March 31st 2022, of PLN 5 thousand, were presented as other adjustments in operating activities.

26. Litigation and administrative proceedings

In July 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 20.6m 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 had been held, with some of the witnesses heard. Given the complex factual and legal circumstances and the operation of the Polish judicial system, it is not possible at this point to predict the date of conclusion or the outcome of the proceedings.

In addition, in December 2022 and January 2023 three legal actions were brought against IPOPEMA TFI, concerning funds previously managed by Saturn TFI and Lartiq TFI, whose management was taken over by IPOPEMA TFI following a decision of the Polish Financial Supervision Authority to withdraw the business licences held by these investment fund management companies. The total amount of claims under these actions is PLN 2.6m. IPOPEMA TFI contests the claims in their entirety since the actions brought against IPOPEMA TFI concern circumstances that were a consequence of the funds’ management and situation in the period before their management was taken over by IPOPEMA TFI. Currently, the Management Board of IPOPEMA TFI is taking legal steps to have the claims dismissed and protect IPOPEMA TFI’s good name.

In the six months to June 30th 2022, a client of IPOPEMA Business Consulting filed an action against the company relating to an implementation contract between the parties, performed in the ordinary course of IPOPEMA Business Consulting’s business. The plaintiff estimated the amount of the claim at PLN 14.5m. Given the facts and the obtained legal opinions, the Management Board of IPOPEMA Business Consulting considers the claim to be entirely unfounded and without factual and legal merit. Moreover, IPOPEMA Business Consulting has taken steps to obtain remuneration due from the client for the work completed and handed over to the client.

Save for the above, the IPOPEMA Group was not party to any material court or administrative proceedings.

27. Clients’ financial instruments

Clients’ financial instruments	Mar 31 2023	Dec 31 2022
Securities admitted to official listing		
- quantity	329,831	322,978
- amount	2,572,620	2,241,067
Securities not admitted to official listing		
- quantity	4,915	4,498
- amount	129,027	125,635
Designated sponsor		
(i) shares		
- quantity	812	812
- amount	15,150	11,951
(ii) bonds		
- quantity	74	83
- amount	36,520	40,897
(iii) investment certificates		
- quantity	150,863	150,813
- amount	35,777,490	35,735,009

28. Material events and factors in the three months ended March 31st 2023

Equity market and investment banking

In the first months of 2023, investor activity on the equity market of the WSE was significantly lower than the year before – the total trading volume from January to March was 29.1% down on the first quarter of 2022. IPOPEMA Securities recorded a slightly lower share in the total market trading volumes (2.03% vs 2.26%). Revenue from transactions executed jointly with the investment banking segment fell year on year. But given the growth in revenue from bond brokerage, the overall revenue from securities trading for January to March 2023 (PLN 9,833 thousand) was 16.4% higher than in the previous year (PLN 8,448 thousand).

A conservative sentiment was also seen on the capital market – persistently high inflation and interest rate levels considerably reduced the activity of companies and investors. As a result, revenue from investment banking services was PLN 2,999 thousand in the first quarter of 2023, down from PLN 5,193 thousand recorded the year before.

As a result of the above factors, in the first three months of 2023 the brokerage services segment reported a net loss of PLN 459 thousand (vs a net loss of PLN 569 thousand the year before). On a separate basis (net of intra-group sales and other consolidation eliminations), in the three months ended March 31st 2023 IPOPEMA Securities reported a net profit of PLN 367 thousand (vs a net loss of PLN 343 thousand the year before).

IPOPEMA TFI

IPOPEMA TFI's revenue went up 19.1% year on year, mainly on the back of higher revenue from management of securitisation funds. Concurrently, as a result of the trend, observed throughout 2022, of significant fund withdrawals from retail funds, the total value of assets in IPOPEMA TFI's actively managed funds was PLN 1.1bn as at the end of March 2023, down PLN 0.3bn year on year. This translated into slightly lower revenue from capital market fund management. Nonetheless, taking into account the assets held in dedicated funds, IPOPEMA TFI remains Poland's largest fund management company – as at the end of March 2023, total assets under its management amounted to PLN 58.6bn (compared with PLN 62.1bn at the end of March 2022).

IPOPEMA Business Consulting

Despite the still challenging market conditions, IPOPEMA Business Consulting's revenue fell only 3.8% year on year (PLN 6,850 thousand vs PLN 7,121 thousand) thanks to consistent implementation of projects in the order book. Despite a slight decrease in costs (down 3.6%), this translated into slightly lower profits – profit on core activities reached PLN 188 thousand and net profit came in at PLN 60 thousand (compared with, respectively, PLN 209 thousand and PLN 166 thousand in the first quarter of 2022).

29. Events subsequent to the end of reporting period

All events relating to the reporting period are disclosed in the accounting records and these interim condensed consolidated financial statements for the period January 1st–March 31st 2023.

Warsaw, May 18th 2023

Jacek Lewandowski President of the Management Board	Mariusz Piskorski Vice President of the Management Board	Stanisław Waczkowski Vice President of the Management Board	Mirosław Borys Vice President of the Management Board	Danuta Ciosek Chief Accountant