

IPOPEMA Securities S.A.

Interim condensed financial statements

for the three months ended
March 31st 2023

Warsaw, May 18th 2023



Financial highlights

Financial highlights	PLN '000		EUR '000	
	3 months ended		3 months ended	
	Mar 31 2023	Mar 31 2022	Mar 31 2023	Mar 31 2022
Revenue from core activities	14,349	14,032	3,053	3,019
Cost of core activities	14,677	11,425	3,122	2,458
Profit/(loss) on core activities	- 328	2,607	- 70	561
Operating profit/(loss)	201	- 849	43	- 183
Profit/(loss) before tax	565	- 230	120	- 49
Net profit/(loss)	367	- 343	78	- 74
Earnings/(loss) per ordinary share (weighted average) (PLN/ EUR)	0.01	- 0.01	0.00	0.00
Net cash from operating activities	13,565	1,022,081	2,886	219,935
Total cash flows	7,056	1,017,324	1,501	218,911

Financial highlights	PLN '000		EUR '000	
	Mar 31 2023	Dec 31 2022	Mar 31 2023	Dec 31 2022
	Total assets	363,313	275,839	77,706
Current liabilities	295,486	206,449	63,199	44,020
Equity	61,872	61,505	13,233	13,114
Number of shares	29,937,836	29,937,836	29,937,836	29,937,836
Book value per share (PLN/EUR)	2.07	2.05	0.44	0.44

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

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

Average exchange rate calculated as the arithmetic mean of the exchange rates quoted on the last day of each month in the period	3 months ended Mar 31 2023	3 months ended Mar 31 2022
EUR	4.7005	4.6472

- For the balance sheet:

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

Introduction to the interim condensed financial statements

About the Company

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

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

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

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

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

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

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

Going concern assumption

These interim condensed financial statements were prepared on the assumption that the Company will continue as a going concern in the foreseeable future, that is for the 12 months following the reporting date. As at the date of authorisation of these interim condensed financial statements, no circumstances were identified which would threaten the Company's ability to continue as a going concern, as a result of voluntary or involuntary discontinuation or material limitation of its existing operations, for at least 12 months from the reporting date, that is March 31st 2023.

Composition of the Management Board and the Supervisory Board

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

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

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

Jacek Jonak – Chairman of the Supervisory Board,
Janusz Diemko – Secretary of the Supervisory Board,
Bogdan Kryca – Member of the Supervisory Board,
Ewa Radkowska-Swiętoń – Member of the Supervisory Board,
Andrzej Knigawka – Member of the Supervisory Board.

Basis of accounting used in preparing the interim condensed financial statements

These interim condensed financial statements (“condensed financial statements”, “financial statements”) cover the period from January 1st to March 31st 2023 and include comparative data for the period from January 1st to March 31st 2022 (for the statement of profit or loss, the statement of cash flows, and the statement of changes in equity) and, additionally, data as at December 31st 2022 (for the balance sheet and the statement of changes in equity).

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

- IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A. (“IPOPEMA TFI”) of Warsaw – 100% equity interest;
- IPOPEMA Business Consulting Sp. z o.o. (“IBC”) of Warsaw – 50.02% equity interest; the remaining IBC shares are held by Eliza Łoś-Strychowska and Tomasz Rowecki (members of the IBC Management Board);
- IPOPEMA Financial Advisory Sp. z o.o. (“IFA”) of Warsaw – 100% equity interest;
- IPOPEMA Financial Advisory Sp. z o.o. spółka komandytowa (“IFA SK”) of Warsaw, with the Company and Jarosław Błaszczak as its limited partners and IFA as its general partner. The Company’s maximum liability for IFA SK’s liabilities towards creditors is PLN 7,750, while its share in IFA SK’s revenue is 77% (a 1% share in IFA SK’s revenue is held by IFA);
- MUSCARI Capital Sp. z o.o. (“MUSCARI”) of Warsaw – the Company holds 100% equity interest in MUSCARI (previous name: Grupa Finanset Sp. z o.o.);
- INVESTMENT FUNDS DEPOSITARY SERVICES S.A. (“IFDS”) – the joint stock company was incorporated on March 23rd 2022 and entered in the National Court Register on July 12th 2022. The Company holds 50% of its share capital. The rest of the shares in IFDS is held by ProService Finteco sp. z o.o.
- IPOPEMA Fund Services Sp. z o.o. (“IFS”) – on September 1st 2022, IPOPEMA TFI acquired 100% of the shares in the limited liability company.

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

Identification of the interim condensed financial statements

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

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

Selected accounting policies

Receivables

Short-term receivables

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

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

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

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

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

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

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

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

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

Long-term receivables

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

Financial instruments

Financial instruments are classified into the following categories:

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

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

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

Financial assets and liabilities held for trading

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

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

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

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

The Company does not apply hedge accounting.

Loans and receivables

Loans and receivables include financial assets arising when the Company delivers cash directly to the counterparty, irrespective of the maturity date of such assets. Loans and receivables are measured at amortised cost, which is

estimated using the effective interest rate method. Non-interest bearing short-term receivables are measured at amounts receivable, subject to the prudent valuation principle. Short-term receivables include mainly bank deposits, cash and loans advanced. Loans include loans advanced to IPOPEMA Securities employees and independent contractors, and possibly to other entities.

Financial assets available for sale

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

Shares in subsidiaries are measured at cost less impairment.

Other financial liabilities

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

Impairment of financial instruments

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

Liabilities

Current liabilities

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

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

Non-current liabilities

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

Translation of foreign-currency items

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

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

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

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

Currency	Mar 31 2023	Dec 31 2022
USD	4.2934	4.4018
EUR	4.6755	4.6899
HUF 100	1.2278	1.1718
GBP	5.3107	5.2957
CZK	0.1987	0.1942
CHF	4.6856	4.7679

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TRY	0.2239	0.2349
NOK	0.4117	0.4461
CAD	3.1676	3.2486
SEK	0.4152	0.4213
DKK	0.6277	0.6307
AUD	2.8715	2.9890
RON	0.9445	0.9475

Source: National Bank of Poland.

Changes in estimates

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

Changes in applied accounting policies

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

Comparability of the reported data

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

Seasonality of operations

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

Correction of prior period errors

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

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ASSETS	Note	Mar 31 2023	Dec 31 2022	Mar 31 2022
I. Cash and cash equivalents	1	139,296	132,254	1,120,720
1. In hand		1	1	1
2. At banks		16,641	12,876	9,820
3. Other cash		122,654	119,377	1,110,899
4. Cash equivalents		-	-	-
II. Short-term receivables	2, 7	195,824	115,749	119,982
1. From clients		60,236	44,127	38,924
2. From related entities	18	1,053	1,039	1,222
3. From banks conducting brokerage activities, other brokerage houses and commodity brokerage houses		106,516	36,175	47,734
a) under executed transactions		102,192	31,873	42,866
b) other		4,324	4,302	4,868
4. From entities operating regulated markets and commodity exchanges		23	12	12
5. From the Central Securities Depository of Poland and from settlement and clearing houses		52	52	50
5.a From CCP		25,543	32,563	28,913
6. From investment and pension fund companies and from investment and pension funds		654	666	584
7. Taxes, subsidies and social security receivable		464	37	78
8. Other		1,283	1,078	2,465
III. Financial instruments held for trading	3, 4	3,423	3,196	358
1. Shares		3,323	3,189	358
2. Derivative instruments		100	7	-
IV. Short-term prepayments and accrued income		1,381	975	1,061
IV.. Short-term loans		890	917	910
1. To subordinated entities		734	730	718
2. Other		156	187	192
V. Financial instruments held to maturity		-	-	-
VI. Financial instruments available for sale	3, 4	9,364	9,220	8,704
1. Shares		9,364	9,220	8,704
- shares in subordinated entities		9,364	9,220	8,704
2. Debt securities		-	-	-
VII. Long-term receivables		8,805	8 826	8 770
VIII Long-term loans		82	94	97
1. Other		82	94	97
IX. Intangible assets	4	2,560	2 453	1,794
1. Acquired permits, patents, licences and similar		2,560	2,453	1,794
- software		2,560	2,453	1,794
X. Property, plant and equipment	4, 5	481	615	755
1. Tangible assets, including:		481	615	732
a) buildings and premises		48	64	114
b) computer assemblies		324	390	376
c) other tangible assets		109	161	242
2. Tangible assets under construction		-	-	23
XI. Long-term prepayments and accrued income		1 207	1 540	1 607
1. Deferred tax assets	13	1,190	1,521	1,591
2. Other long-term prepayments and accrued income		17	19	16
XII. Called-up share capital not paid		-	-	-
XIII Treasury shares		-	-	-
Total assets		363,313	275,839	1,264,758

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EQUITY AND LIABILITIES		Note	Mar 31 2023	Dec 31 2022	Mar 31 2022
I.	Current liabilities	6	295,486	206,449	1,193,872
1.	To clients		196,899	131,372	1,140,132
2.	To related entities	18	-	390	272
3.	To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses		75,716	50,763	35,656
a)	under executed transactions		75,704	50,747	35,632
b)	other		12	16	24
4.	To entities operating regulated markets and commodity exchanges		277	256	505
5.	To the Central Securities Depository of Poland and to settlement and clearing houses		236	215	220
5.a.	To CCP		2,639	304	95
6.	Borrowings		13,620	19,419	12,820
a)	other		13,620	19,419	12,820
7.	Debt securities	11	1	2	1
7.a.	Negative fair value of financial instruments held for trading		-	-	227
8.	Taxes, customs duties and social security payable		3,000	1,579	2,511
9.	To investment and pension fund companies and to investment and pension funds		-	9	-
10.	Other		3,098	2,140	1,433
II.	Non-current liabilities		48	51	169
1.	Debt securities		-	-	-
2.	Finance lease liabilities	10	48	51	169
	- from other entities		48	51	169
III.	Accrued expenses and deferred income		-	-	-
IV.	Provisions for liabilities		5,907	7,834	4,894
1.	Deferred tax liabilities	13	444	710	174
2.	Provision for retirement and similar benefits		1,081	1,081	1,042
3.	Other		4,382	6,043	3,678
a)	long-term		29	157	206
b)	short-term	7	4,353	5,886	3,472
V.	Subordinated liabilities		-	-	-
VI.	Equity		61,872	61,505	65,823
1.	Share capital	8	2,994	2,994	2,994
2.	Reserve funds		53,892	53,892	53,718
a)	share premium		10,351	10,351	10,351
b)	statutory reserve funds		998	998	998
c)	reserve funds created pursuant to the Articles of Association		42,543	42,543	42,369
3.	Retained earnings		4,619	-	9,454
4.	Net profit/(loss)	14	367	4,619	- 343
Total equity and liabilities			363,313	275,839	1,264,758
Book value (PLN '000)			61,872	61,505	65,823
Number of shares as at end of period			29,937,836	29,937,836	29,937,836
Book value per share (PLN)			2.07	2.05	2.20
Diluted number of shares			29,937,836	29,937,836	29,937,836
Diluted book value per share (PLN)			2.07	2.05	2.20

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OFF-BALANCE SHEET ITEMS	Note	Mar 31 2023	Dec 31 2022	Mar 31 2022
I. Contingent liabilities	9	1,442	1,446	1,435
II. Third-party assets used		-	-	-
III. Futures/forwards purchased or issued in the name and for the account of the brokerage house		7 118*	7 052*	6 773*
IV. Other off-balance sheet items		-	-	-

* Notional amounts of purchased forward contracts.

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Statement of profit or loss	Note	3 months ended Mar 31 2023	3 months ended Mar 31 2022
I. Revenue from core activities, including:		14,349	14,032
- from related entities	18	1,294	918
1. Revenue from brokerage activities, including:		14,251	13,934
a) receipt and transfer of orders to buy and sell financial instruments		-	64
b) execution of orders to buy and sell financial instruments for client account		9,718	8,418
c) investment advisory services		49	39
d) offering of financial instruments		2,564	3,477
e) keeping of cash accounts, safekeeping or registration of financial instruments, including the keeping of accounts referred to in Art. 69.4.1 of the Act on Trading in Financial Instruments		496	401
f) other		1,424	1,535
2. Revenue from other core activities		98	98
II. Cost of core activities		14,677	11,425
- from related entities	18	587	713
1. Fees payable to regulated markets, commodity exchanges, the Central Securities Depository of Poland and exchange clearing houses		1,076	1,377
2. Payments to CCP		86	96
3. Trade organisation membership fees		30	23
4. Salaries and wages		6,863	4,442
5. Social security and other benefits		831	743
6. Employee benefits		101	84
7. Raw material and consumables used		48	45
8. Services		4,322	3,583
9. Costs of maintenance and lease of buildings		797	609
10. Depreciation and amortisation		214	214
11. Taxes and other public charges		134	92
12. Other		175	117
III. Profit/(loss) on core activities		- 328	2,607
IV. Income from financial instruments held for trading		963	424
1. Revaluation adjustments		220	300
2. Gain on sale/redemption		743	124
V. Cost related to financial instruments held for trading		457	3,432
1. Revaluation adjustments		104	394
2. Loss on sale/redemption		353	3,038
VI. Gain/(loss) on transactions in financial instruments held for trading		506	- 3,008
VII. Income from financial instruments available for sale		-	-
1. Dividends and other profit distributions		-	-
- from related entities		-	-
VIII. Cost related to financial instruments available for sale		-	-
IX. Gain/(loss) on transactions in financial instruments available for sale		-	-
X. Other income		512	478
1. Decrease in impairment losses on receivables		-	18
2. Reversed provisions		38	-
3. Other		474	460
XI. Other expenses		489	926
1. Increase in impairment losses on receivables		6	14
2. Recognition/reversal of provisions		4	-

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2. Other	479	912
XII. Operating profit/(loss)	201	- 849
XIII. Finance income	1,023	974
1. Interest on loans, including:	8	14
- from related entities	4	4
2. Interest on deposits	570	568
3. Foreign exchange gains	34	199
a) realised	-	110
b) unrealised	34	89
4. Other	411	193
XIV. Finance costs	659	355
1. Interest on borrowings, including:	410	294
- to related entities	-	-
2. Other interest	8	6
3. Foreign exchange losses	55	-
a) unrealised	55	-
4. Other	186	55
XV. Profit/(loss) before tax	565	- 230
XVI. Income tax	198	113
XVII. Net profit/(loss)	367	- 343
Weighted average number of ordinary shares	29,937,836	29,937,836
Earnings per ordinary share (PLN)	0.01	- 0.01
Weighted average diluted number of ordinary shares	29,937,836	29,937,836
Diluted earnings per ordinary share (PLN)	0.01	- 0.01

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STATEMENT OF CASH FLOWS	Note	3 months ended Mar 31 2023	3 months ended Mar 31 2022
A. NET CASH FROM OPERATING ACTIVITIES			
I. Net profit		367	- 343
II. Total adjustments		13,198	1,022,424
1. Depreciation and amortisation		214	214
2. Foreign exchange gains/(losses)		14	- 7
3. Interest and profit distributions (dividends)		408	282
4. Increase/(decrease) in provisions and impairment losses on receivables		- 1,921	- 3,645
5. Increase/(decrease) in financial instruments held for trading		- 227	1,089
6. Increase/(decrease) in receivables		- 80,060	89,933
7. Increase/(decrease) in current liabilities (net of borrowings), including special accounts		94,843	934,809
8. Increase/(decrease) in accruals and deferrals		- 73	- 256
9. Other		-	5
III Net cash from operating activities (I + II)		13,565	1,022,081
B. NET CASH FROM INVESTING ACTIVITIES			
I. Cash provided by investing activities		47	46
1. Interest received		-	-
2. Decrease in loans		47	40
3. Disposal of financial instruments available for sale		-	6
II. Cash used in investing activities		330	768
1. Acquisition of intangible assets		186	676
2. Acquisition of property, plant and equipment		-	60
3. Acquisition of financial instruments available for sale (subordinates)		144	-
4. Increase in loans		-	32
III Net cash from investing activities (I - II)		- 283	- 722
C. NET CASH FROM FINANCING ACTIVITIES			
I. Cash provided by financing activities		-	1
1. Proceeds from issue of debt securities		-	1
II. Cash used in financing activities		6,226	4,036
1. Decrease in short-term borrowings		5,603	3,744
2. Redemption of short-term debt securities		1	-
3. Payment of finance lease liabilities		16	13
4. Interest paid		606	279
III Net cash from financing activities (I - II)		- 6,226	- 4,035
D. TOTAL NET CASH FLOWS (A.III +/- B.III +/- C.III)		7,056	1,017,324
E. NET CHANGE IN CASH, including:		7,042	1,017,331
- effect of exchange rate fluctuations on cash held		- 14	7
F. CASH AT BEGINNING OF PERIOD		132,218	103,387
G. CASH AT END OF PERIOD (F +/- D), including:	19	139,274	1,120,711
- restricted cash*		112,679	1,093,650

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

Interim condensed financial statements of IPOPEMA Securities S.A. for the three months ended
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STATEMENT OF CHANGES IN EQUITY	3 months ended Mar 31 2023	2022	3 months ended Mar 31 2022
I. EQUITY AT BEGINNING OF PERIOD	61,505	66,166	66,166
- changes in adopted accounting policies	-	-	-
- correction of errors	-	-	-
I.a. EQUITY AT BEGINNING OF PERIOD AFTER ADJUSTMENTS	61,505	66,166	66,166
1. Share capital at beginning of period	2,994	2,994	2,994
1.1. Changes in share capital	-	-	-
1.2. Share capital at end of period	2,994	2,994	2,994
2. Reserve funds at beginning of period	53,892	53,718	53,718
2.1. Changes in reserve funds	-	174	-
a) increase	-	174	-
- distribution of profit (above statutory minimum)	-	174	-
b) decrease	-	-	-
2.2. Reserve funds at end of period	53,892	53,892	53,718
3. Revaluation capital reserve at beginning of period	-	-	-
3.1. Changes in revaluation capital reserve	-	-	-
a) increase	-	-	-
b) decrease	-	-	-
3.2. Revaluation capital reserve at end of the period	-	-	-
4. Retained earnings/(accumulated deficit) at beginning of period	4,619	9,454	9,454
4.1. Retained earnings at beginning of period	4,619	9,454	9,454
a) increase	-	-	-
b) decrease	-	9,454	-
- distribution of retained earnings (dividend)	-	9,280	-
- distribution of retained earnings (increase in reserve funds)	-	174	-
4.2. Accumulated deficit at beginning of period	-	-	-
a) increase	-	-	-
b) decrease	-	-	-
4.3. Retained earnings/(accumulated deficit) at end of period	4,619	-	9,454
5. Net profit/(loss)	367	4,619	- 343
a) net profit	367	4,619	-
b) net loss	-	-	343
II. EQUITY AT END OF PERIOD	61,872	61,505	65,823
III. EQUITY AFTER PROPOSED DISTRIBUTION OF PROFIT	61,872	61,505	56,369

Notes to the interim financial statements

Note 1

Cash and other assets	Mar 31 2023	Dec 31 2022	Mar 31 2022
Cash and other assets of clients			
a) at banks and in hand	112,679	100,891	1,093,650
Total cash and other assets of clients	112,679	100,891	1,093,650
Cash and other assets			
a) cash and other assets of the brokerage house, including:	26,617	31,363	27,070
- in hand	1	1	1
- at banks, including:	16,641	12,876	9,820
<i>in VAT account</i>	-	-	2
- other cash*	9,975	18,486	17,249
- cash equivalents	-	-	-
b) cash and other assets of clients deposited in cash accounts	112,679	100,891	1,093,650
- at the brokerage house and paid towards acquisition of securities	112,679	100,891	1,093,650
- in an IPO or on the primary market	-	-	-
c) cash and other assets transferred from the settlement guarantee fund	-	-	-
Total cash and other assets	139,296	132,254	1,120,720

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

Note 2

Selected short-term receivables	Mar 31 2023	Dec 31 2022	Mar 31 2022
1. Selected short-term receivables	193,400	113,956	116,843
a) from clients, including:	60,236	44,127	38,924
- under transactions executed on the Warsaw Stock Exchange	46,895	32,328	25,036
- under transactions executed on the Frankfurt Stock Exchange	3,618	1,842	382
- under transactions executed on the New York Stock Exchange	5,977	5,998	-
- under transactions executed on the London Stock Exchange	-	-	2,064
- under transactions executed on the Amsterdam Stock Exchange	-	-	4,072
- under transactions executed on the Milan Stock Exchange	-	-	4,198
- other	3,746	3,959	3,172
b) from related entities, including:	1,053	1,039	1,222
- from subsidiaries	1,053	1,039	1,222
c) from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses, including:	106,516	36,175	47,734
1) under executed transactions	102,192	31,873	42,866
- under transactions executed on the Warsaw Stock Exchange*	74,181	26,763	31,566
- under transactions executed on the Budapest Stock Exchange	4,604	3,283	9,879
- under transactions executed on the New York Stock Exchange	22,566	-	-
- under transactions executed on the London Stock Exchange	-	-	1,421
- under transactions executed on the Amsterdam Stock Exchange	841	-	-
- under transactions executed on the Australian Stock Exchange	-	1,827	-
2) other	4,324	4,302	4,868
e) from the Central Securities Depository of Poland and exchange clearing houses, including:	52	52	50
- from the settlement guarantee fund and deposits	52	52	50
- other	-	-	-
e) receivables from CCP	25,543	32,563	28,913

Interim condensed financial statements of IPOPEMA Securities S.A. for the three months ended March
31st 2023

- from the settlement guarantee fund	25,543	32,563	28,913
f) under court proceedings, not covered by recognised impairment losses on receivables	-	-	-
2. Net short-term receivables	195,824	115,749	119,982
- impairment losses on short-term receivables (positive value)	30	24	38
Gross short-term receivables	195,854	115,773	120,020

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

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

Note 3

Financial assets

In the 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.

Note 4

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 Company did not recognise any impairment losses on financial assets, property, plant and equipment, intangible assets or other assets, nor did it reverse impairment losses recognised in previous periods, except for changes in impairment losses on receivables (Note 7) and the recognition of an impairment loss on loans of PLN 4 thousand in the first quarter of 2022 (first quarter of 2023: nil).

Note 5

Material transactions to purchase or sell property, plant and equipment

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

Material liabilities under purchases of property, plant and equipment

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

Note 6

Selected current liabilities	Mar 31 2023	Dec 31 2022	Mar 31 2022
Selected current liabilities	84,966	55,647	40,692
1. To related entities	-	390	272
a) to subsidiaries	-	390	272
b) to other related entities	-	-	-
2. To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses	75,716	50,763	35,656
a) under executed stock-exchange transactions (broken down into liabilities under clearing of transactions concluded on each stock exchange):	75,704	50,747	35,632
- to the Warsaw Stock Exchange*	66,119	42,917	26,887
- to the New York Stock Exchange	5,971	5,990	-
- to the Frankfurt Stock Exchange	3,610	-	220
- to the London Stock Exchange	-	-	105
- to the Paris Stock Exchange	4	1,840	161

**Interim condensed financial statements of IPOPEMA Securities S.A. for the three months ended March
31st 2023**

- to the Milan Stock Exchange	-	-	4,193
- to the Amsterdam Stock Exchange	-	-	4,066
b) other	12	16	24
3. To entities operating regulated markets and commodity exchanges	277	256	505
a) to the Warsaw Stock Exchange	277	256	505
4. To the Central Securities Depository of Poland and exchange clearing houses	236	215	220
a) under additional payments to the settlement guarantee fund	-	-	-
b) other	236	215	220
4a. To CCP	2,639	304	95
a) under additional payments to the settlement guarantee fund	2,505	158	-
b) other	134	146	95
5. Taxes, customs duties and social security payable	3,000	1,579	2,511
- including under ownership right to buildings and structures	-	-	-
6. Other	3,098	2,140	1,433
- lease liabilities	182	189	71
- other liabilities	2,916	1,951	1,362

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

As at March 31st 2023, the Company'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 by a blank promissory note with a promissory note declaration, a power of attorney over accounts held with the bank, a declaration of voluntary submission to enforcement with respect to cash payments owed to the bank, and a PLN 4m security deposit placed in a term deposit account as joint collateral securing also the credit facility specified in item ii.
- ii. Revolving credit facility of up to PLN 25m. The purpose of the facility is to finance the payment of the Company's liabilities resulting from its membership in the Transactions Settlement Guarantee Fund operated by KDPW CCP. The facility is secured with a blank promissory note with a promissory note declaration, a power of attorney over accounts held with the bank, and a declaration of voluntary submission to enforcement with respect to cash payments owed to the bank. As stated in item i above, both credit facilities are also jointly secured by a security deposit of PLN 4m.

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

None.

Note 7

Changes in short-term provisions and impairment losses on receivables

Short-term provisions for liabilities	Jan 1–Mar 31 2023	Jan 1–Mar 31 2022
Provisions at beginning of period	5,886	7,133
a) recognised	3,294	1,176
b) used	4,789	4,837
c) reversed	38	-
Provisions at end of period	4,353	3,472

In the three months ended March 31st 2023, impairment losses on receivables rose by PLN 6 thousand relative to December 31st 2022 (three months ended March 31st 2022: a decrease of PLN 4 thousand).

Note 8

Share capital	Mar 31 2023	Dec 31 2022	Mar 31 2022
a) par value per share (PLN)	0.10	0.10	0.10
b) series/issue	A, B, C	A, B, C	A, B, C
c) type of shares	ordinary bearer shares	ordinary bearer shares	ordinary bearer shares
d) preference attached to shares	none	none	none
e) restrictions on rights attached to shares	none	none	none
f) number of shares	29,937,836	29,937,836	29,937,836
g) total par value of series/issue (PLN '000)	2,994	2,994	2,994
h) type of contribution	cash	cash	cash
i) dividend right since:	the shares carry the right to profit distribution for 2023 and 2022	the shares carry the right to profit distribution for 2022 and 2021	the shares carry the right to profit distribution for 2022 and 2021

There were no changes in the Company's share capital in the three months ended March 31st 2023 or in 2022. As at March 31st 2023, the share capital was PLN 2,993,783.60 and comprised 7,000,000 Series A ordinary bearer shares, 21,571,410 Series B ordinary bearer shares, and 1,366,426 Series C ordinary bearer shares. The par value of all issued shares is PLN 0.10 per share. All issued shares have been paid up in full.

Note 9

Contingent liabilities and assets, including guarantees and sureties provided, underwriting agreements, liabilities under promissory notes:

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

PKO Bank Polski S.A. (formerly Nordea Bank Polska S.A.) issued a guarantee to the Company, whose current value is EUR 323 thousand. For more information on guarantees, see Note 12.

Note 10

The Company as a lessee – right to use a building

The Company leases office space under a lease contract. The right to use the building for the term of the contract was classified by the Company as operating lease. The 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.

Minimum lease payments are presented in the table below.

Lease liabilities	Mar 31 2023	Dec 31 2022	Mar 31 2022
Present value of minimum lease payments			
Within 1 year	836*	1 435*	1 021*
In 1 to 5 years	5 680*	6 668*	-
Over 5 years	-	-	-
Total lease liabilities	6,516	8,103	1,021

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

The Company as a lessee – finance leases

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

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

Finance lease liabilities	Mar 31 2023	Dec 31 2022	Mar 31 2021
Net carrying amount	63	99	130
Present value of minimum lease payments	230	240	240
Within 1 year	182	189	71
In 1 to 5 years	48	51	169
Over 5 years	-	-	-
Contingent lease payments recognised as expense in the period	16	56	13

Note 11

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 Company on redemption of the bonds will not exceed the bonds' nominal value and is not significant to the Company. The bonds were issued in connection with the variable remuneration components policy implemented by the Company as part of its risk management system, in compliance with the applicable regulations.

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).

Note 12

Guarantees received and liabilities secured with the brokerage house's assets

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.

Both in three months ended March 31st 2023 and in 2022, the Company's assets were used as security for working capital overdraft facilities (see Note 6). The facilities are secured with a PLN 4.3m security deposit in a bank account, blank promissory notes with promissory note declarations and powers of attorney over bank accounts.

In 2022, the Company paid PLN 0.2m as security under a framework agreement for treasury transactions, executed with Alior Bank.

In 2018, the Company paid a security deposit of EUR 1.5m to a bank acting as the clearing bank in relation to transactions executed on foreign stock exchanges.

Note 13

Deferred tax

Deferred tax liabilities decreased by PLN 266 thousand in the three months ended March 31st 2023 (three months ended March 31st 2022: increase of PLN 20 thousand).

Deferred tax assets went down by PLN 331 thousand in the three months ended March 31st 2023 (three months ended March 31st 2022: decrease of PLN 94 thousand).

Note 14

Profit allocation

The Company's Management Board proposed (and the Supervisory Board issued a positive opinion on the proposal) 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.

Note 15

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

The Company did not issue any equity or non-equity securities in the three months ended March 31st 2023 or in 2022. For information on bond issues and redemptions, see Note 11.

Note 16

Dividends paid and proposed

As stated in Note 14, the Company's Management Board proposed that the Annual General Meeting, called for May 24th 2023, allocate the entire profit for 2022 to dividend payment.

On May 25th 2022, the Annual General Meeting resolved to pay dividend from the 2021 profit of PLN 9,454 thousand. The dividend per share was PLN 0.31. The dividend record date was set for June 3rd 2022, and the dividend payment date – for June 10th 2022. PLN 9,280 thousand in total was paid out as dividend on the dividend payment date, with the difference of PLN 174 thousand resulting from the rounding-off of the dividend per share transferred to statutory reserve funds.

Note 17

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

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

Note 18

Related-party transactions – income and expenses

Related party	Revenue from core activities	Other income	Purchases – core activities	Other purchases	Revenue from core activities	Other income	Purchases – core activities	Other purchases
	Jan 1–Mar 31 2023				Jan 1–Mar 31 2022			
IBC	-	1	-	-	-	1	-	-
IPOPEMA TFI	1,206	64	-	-	830	46	-	-
IFA	-	-	-	-	-	-	-	-
IFA SK	88	4	-	-	88	5	-	-
MUSCARI	-	-	587	-	-	-	713	-
Total	1,294	69	587	-	918	52	713	-

Related-party transactions – receivables and liabilities

Related party	Receivables and loans			Liabilities		
	Mar 31 2023	Dec 31	Mar 31	Mar 31 2023	Dec 31	Mar 31
IBC	-	-	400	-	-	-
IPOPEMA TFI	597	681	339	-	-	-
IFA	-	-	-	-	-	-
IFA SK	447	340	483	-	-	-
MUSCARI	734	742	718	-	390	272
Total	1,778	1,763	1,940	-	390	272

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

Note 19

Items of the statement of cash flows

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

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

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

Structure of cash

	Presentation in the balance sheet		Presentation in the statement of cash flows	
	Mar 31 2023	Mar 31 2022	Mar 31 2023	Mar 31 2022
Cash and cash equivalents	139,296	1,120,720	139,274	1,120,711
1. In hand	1	1	1	1
2. At banks	16,641	9,820	16,641	9,820
3. Other cash	122,654	1,110,899	122,654	1,110,899
4. Cash equivalents	-	-	-	-
Accrued foreign exchange differences	-	-	- 22	- 9

The difference between the presentation of cash in the balance sheet and the statement of cash flows as at March 31st 2023 and March 31st 2022 follows from presentation of cash net of the effect of foreign exchange differences and received purchase cards presented under cash and cash equivalents.

Differences in changes in balance sheet items

	Presentation in the balance sheet		Change as disclosed in the balance sheet	Presentation in the statement of cash flows – change
	Mar 31 2023	Dec 31 2022	Mar 31 2023	Mar 31 2023
Gross short- and long-term receivables	204,659	124,599	80,060	80,060
Net receivables	204,629	124,575		
Impairment losses on receivables	30	24	6	6
Provisions (net of deferred tax related to equity and provision for unpaid interest)	5,907	7,834	- 1,927	- 1,927
Total change in impairment losses and provisions			- 1,921	- 1,921

Note 20

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

Note 21

Operating segments

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

Note 22

Litigation and administrative proceedings

In 2023 to the date of issue of these interim condensed financial statements, the Company was not party to any material court or administrative proceedings.

Note 23

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

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, IPOPEMA Securities reported a net profit of PLN 367 thousand for the three months ended March 31st 2023 (compared with a net loss of PLN 343 thousand the year before).

Note 24

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

None.

Note 25

Events subsequent to the reporting date

All events relating to the reporting period were disclosed in the accounting records and financial statements for the period January 1st–March 31st 2023.

These financial statements contain 23 (twenty-three) consecutively numbered pages.

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