

Letter from the President of the Management Board to the Shareholders of IPOPEMA Securities S.A.

Dear Shareholders,

I have the pleasure to present to you the Annual Report describing the financial performance and achievements of the IPOPEMA Group in 2018.

Last year was particularly challenging to the brokerage industry. The value of trading on the WSE dropped 14.8% versus 2017, while the demand for financial products from individual investors declined noticeably and the equity transaction market was, in a way, put on hold. This translated into a 11.9% decrease in revenue from securities trading, to PLN 22.0m from 25.0m in 2017, and significantly lower revenue from investment banking services, which fell to PLN 8.1m from PLN 18.9m in 2017.

On the other hand, 2018 was far more successful for IPOPEMA TFI, which consistently expanded its asset base in capital market funds (PLN 1.5bn at the end of 2018 against PLN 1.2bn a year earlier) and launched several securitisation funds. All in all, the investment fund management segment posted an over 30% increase in revenue, to PLN 40.6m versus PLN 30.4m in 2017.

2018 was also a good year for IPOPEMA Business Consulting. A higher number of completed consulting projects boosted the consulting services segment's revenue by nearly 20%, to PLN 25.1m from PLN 21.2m in 2017.

In 2018, IPOPEMA Securities continued to offer its brokerage services and investment products to retail customers, consistently expanding its network of investment firm agents and winning several hundred new customers.

This year, we will keep strengthening our position across all business segments of the Group, continuing the projects currently under way and working to secure new assignments. In addition, IPOPEMA TFI and IPOPEMA Securities will be expanding their offering for retail customers.

Yours faithfully,

Jacek Lewandowski
CEO and President of the Management Board

Warsaw, March 29th 2019