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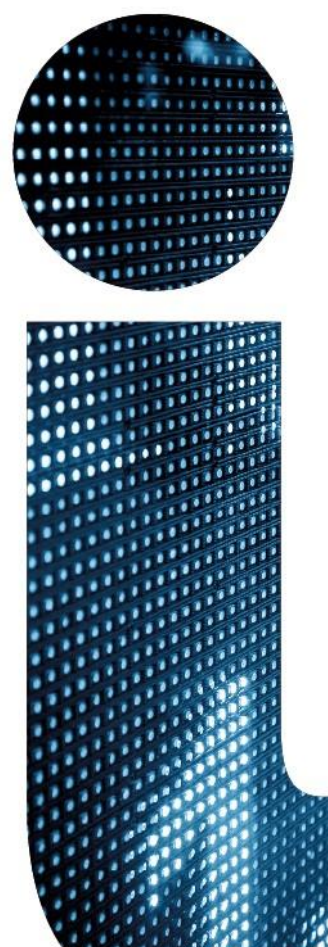
IPOPEMA Securities S.A.

Financial statements

**for the year ended
December 31st 2021**

Warsaw, March 29th 2022

ipopema



Financial highlights

Financial highlights	PLN '000		EUR '000	
	2021	2020	2021	2020
Revenue from core activities	60,384	55,667	13,191	12,442
Cost of core activities	51,185	41,461	11,182	9,267
Profit/(loss) on core activities	9,199	14,206	2,009	3,175
Operating profit/(loss)	12,472	13,836	2,725	3,092
Profit/(loss) before tax	10,772	14,266	2,353	3,189
Net profit/(loss)	9,454	11,326	2,065	2,531
Earnings/(loss) per ordinary share (weighted average) (PLN/ EUR)	0.32	0.38	0.07	0.08
Net cash from operating activities	- 163,256	234,436	- 35,665	52,397
Net cash from investing activities	- 522	611	- 114	137
Net cash from financing activities	- 12,051	9,071	- 2,633	2,027
Total cash flows	- 175,829	244,118	- 38,412	54,561

Financial highlights	PLN '000		EUR '000	
	Dec 31 2021	Dec 31 2020	Dec 31 2021	Dec 31 2020
Total assets	337,672	494,270	73,417	107,105
Current liabilities	262,795	415,203	57,137	89,972
Equity	66,166	67,789	14,386	14,689
Number of shares	29,937,836	29,937,836	29,937,836	29,937,836
Book value per share (PLN/EUR)	2.21	2.26	0.48	0.49

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	2021	2020
EUR	4.5775	4.4742

- For the balance sheet:

Exchange rate as at	Dec 31 2021	Dec 31 2020
EUR	4.5994	4.6148

- High and low EUR exchange rates in the period:

EUR	2021	2020
Low rate	4.4541	4.2279
High rate	4.7210	4.6330

Introduction to the financial statements

Information about the Company

The Company 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 registered office of IPOPEMA Securities S.A. (the "Company" or "IPOPEMA") is 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 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 financial statements have been 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 approval of these financial statements, no circumstances were identified which would threaten the Company continuing as a going concern, as a result of voluntary or involuntary discontinuation or material limitation of its existing operations, within at least 12 months from the reporting date, that is December 31st 2021.

Composition of the Management Board and the Supervisory Board

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

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

As at the date of these 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-Świętoń – Member of the Supervisory Board,
Andrzej Knigawka – Member of the Supervisory Board.

In the period covered by these financial statements and in the comparative period, the composition of the Supervisory Board changed as follows:

- On January 23rd 2020, Zbigniew Mrowiec resigned from his position of member of the Supervisory Board, and Ewa Radkowska-Świętoń was appointed in his place on the same date.

- On December 16th 2020, Michał Dobak resigned from his position of member of the Supervisory Board with effect from date of the General Meeting of the Company held on June 21st 2021; Andrzej Knigawka was appointed in his place on the same date.

Notwithstanding the above changes, on June 25th 2020 the General Meeting appointed the Supervisory Board for a new three-year term of office.

Basis of preparation

These financial statements cover the period January 1st–December 31st 2021 and contain comparative data for the period January 1st–December 31st 2020.

These financial statements have been prepared in compliance with the Polish Accounting Standards (“PAS”), including:

- Polish Accounting Act of September 29th 1994 – Dz. U. of 2021, item 217, as amended (the “Accounting Act”);
- Regulation of the Minister of Finance on special accounting principles for brokerage houses of December 28th 2009 – Dz.U. of 2017, item 123;
- Regulation of the Minister of Finance on recognition, measurement, disclosure and presentation of financial instruments of December 12th 2001 – Dz.U. of 2017, item 277;
- Act on Trading in Financial Instruments of July 29th 2005 – Dz.U. of 2021, item 328, as amended;
- Regulation (EU) No. 575/2013 of the European Parliament and of the Council of June 26th 2013 on prudential requirements for credit institutions and investment firms (“CRR”);
- Regulation (EU) No. 2017/2401 of the European Parliament and of the Council of December 12th 2017 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 575/2013 – OJ L 347.1 of December 12th 2017;
- Regulation (EU) No. 2019/2033 of the European Parliament and of the Council of November 27th 2019 on the prudential requirements of investment firms and amending Regulations (EU) No. 1093/2010, (EU) No. 575/2013, (EU) No. 600/2014 and (EU) No. 806/2014 (“IFR”);
- Regulation of the Minister of Finance of October 5th 2020 on the scope of information to be disclosed in financial statements and consolidated financial statements, required to be included in prospectuses of issuers with registered offices in Poland to whom the Polish accounting standards apply – Dz.U. of 2020, item 2000.
- Minister of Finance’s Regulation of March 29th 2018 on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state – Dz.U. of 2018, item 757.

Identification of financial statements

All financial data contained in these financial statements is presented in PLN ‘000.

These 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.

Information on subsidiaries

As at the date of these 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.).

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

IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A. ('IPOPEMA TFI') was established in 2007 and operates under the licence issued by the Polish Financial Supervision Authority (PFSA) on September 13th 2007. Its principal business includes: (i) operation of an investment fund company, as well as creation and management of investment funds, (ii) discretionary management of securities portfolios, (iii) securities trading advisory services, (iv) intermediation in the sale and redemption of investment fund shares, and (v) representation services for foreign funds. As at December 31st 2021, the share capital of IPOPEMA TFI amounted to PLN 10,599,441.00 and was divided into 3,533,147 registered shares. The composition of the company's Management Board was as follows: Jarosław Wikaliński – President, and Katarzyna Westfeld, Paweł Jackowski and Tomasz Mrysz – Members of the Management Board. The Management Board members are professionals with long-standing experience in financial markets, including in asset management and creation of investment funds. IPOPEMA Securities S.A. holds 100% of shares and voting rights in IPOPEMA TFI.

IPOPEMA Business Consulting Sp. z o.o. ('IPOPEMA BC', 'IBC') was established in 2008. Its share capital amounts to PLN 100,050 and comprises 2,001 shares, of which 1,001 are held by IPOPEMA Securities S.A., and the remaining 1,000 shares are held in equal parts by its partners: Eliza Łoś-Strychowska and Tomasz Rowecki, who are the Management Board of IPOPEMA BC. IBC's principal business includes (i) other business and management consultancy, (ii) IT equipment management, (iii) IT consultancy, (iv) software consultancy, (v) wholesale of computers, peripheral equipment and software.

IPOPEMA Financial Advisory Sp. z o.o. ("IFA") was established in 2011. The amount of IPOPEMA Financial Advisory's share capital is PLN 5,000 and is divided into 100 shares. The company's Management Board is composed of Jarosław Błaszczak, President, and Marcin Kurowski, Member. IFA is wholly owned by the Company.

IPOPEMA Financial Advisory Sp. z o.o. spółka komandytowa ('IFA SK') – in 2016, IPOPEMA Financial Advisory spółka z ograniczoną odpowiedzialnością spółka komandytowa, with the Company and Jarosław Błaszczak as limited partners and IFA as the general partner, was entered in the Business Register. 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') – on March 16th 2020 the Company acquired 100% of shares in MUSCARI (previous name: Grupa Finanset Sp. z o.o.). MUSCARI's share capital amounts to PLN 50 thousand and is divided into 1,000 shares. Its Management Board is composed of Michał Czyszczak – President, and Arkadiusz Seta – Vice President of the Management Board.

IFA and MUSCARI were not consolidated due to the immateriality of its financial data (in accordance with Art. 58.1 of the Polish Accounting Act).

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards.

Business combinations

In the reporting period, there were no business combinations as referred to in Art. 44.b and Art. 44.c of the Polish Accounting Act.

Correction of errors and corrections resulting from qualifications contained in auditor's opinions

No corrections of errors were made in these financial statements.

Applied accounting standards, methods of valuation of assets, equity and liabilities (including depreciation/amortisation), measurement of profit (loss):

1) Cash and cash equivalents

Cash and cash equivalents disclosed in the balance sheet include cash in hand and at banks, as well as short-term deposits.

The balance of cash and cash equivalents shown in the statement of cash flows comprises the same cash and cash equivalent items.

Cash is measured at amortised cost.

2) Property, plant and equipment, and intangible assets

Property, plant and equipment, and intangible assets are measured at cost less depreciation/ amortisation charges and impairment losses, if any.

Costs incurred after a given asset has been placed in service, such as costs of maintenance or repair, are charged to the statement of profit or loss when incurred.

Depreciation/amortisation is charged using the straight-line method over the estimated useful life of an asset. The depreciation/amortisation rates applied by the Company are presented in the table below:

Type of asset	Depreciation/amortisation rate
Plant and equipment	10% - 20%
Office equipment	7.51% - 100%
Computers	20% - 100%
Vehicles	25% - 50%
Buildings and premises	7.65% - 8.49%
Intangible assets	20% - 50%

If the initial value of an item of property, plant and equipment or an intangible asset is not higher than PLN 10,000, such asset is expensed on a one-off basis. However, if justified by the Company's interest, items of property, plant and equipment and intangible assets with a value not higher than PLN 10,000 may be entered into the register of non-current assets.

An item of property, plant and equipment or an intangible asset may be derecognised from the balance sheet following its disposal or if no further economic benefits are expected to be derived from its further use. The Company reviews its non-current assets for indication of impairment at least once a year. Impairment takes place when it is highly probable that an asset controlled by the entity will fail to deliver, in whole or in significant part, the expected future economic benefits. This warrants recognition of an impairment loss on the asset to bring its carrying amount to net realisable value or, if not available, to its fair value determined by other methods. Any income and costs resulting from a given asset being derecognised from the balance-sheet, are charged to the statement of profit or loss in the period the asset was derecognised.

Residual values, useful lives and methods of depreciation of assets are reviewed and, if necessary, adjusted at the end of each financial year.

3) 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 Company 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.

4) 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.

Investment fund units are held at fair value based on the net asset value per unit most recently published by the investment fund company managing a given investment fund. Revaluation gains or losses increase or decrease (as appropriate) the revaluation capital reserve.

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.

5) 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.

6) Prepayments and accrued income

Current

Costs incurred in the current reporting period but related to future periods are recognised under current prepayments and accrued income, provided that the costs will be settled within 12 months from the reporting date.

Non-current

Long-term prepayments and accrued income comprises deferred tax assets and other prepayments and accrued income which will be settled later than 12 months from the reporting date.

Deferred tax assets

Deferred tax assets are recognised in relation to all deductible temporary differences to the extent it is probable that the Company will generate taxable income sufficient to use the differences.

7) 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.

8) Provisions, accruals and deferred income

Accruals and deferred income

Costs attributable to the period but not yet incurred are recognised as accruals and deferred income, and disclosed under current liabilities.

Provisions include:

- a) deferred tax liability,
- b) other provisions.

Deferred tax liability

Deferred tax liability is recognised in relation to all taxable temporary differences.

Other provisions

Provisions are recognised if the Company has a legal or constructive obligation resulting from a past event and when it is certain or highly probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Other provisions are presented in the balance-sheet broken down into non-current and current provisions. Provisions are classified as non-current or current depending on when a given item will become an actual liability (within 12 months or more than 12 months from the reporting date).

9) Equity

Equity comprises the following items:

- share capital,
- reserve funds,
- revaluation capital reserve,
- retained earnings (deficit),
- net profit (loss).

Share capital is recognised at the amount specified in the Company's Articles of Association and in the relevant National Court Register entry. Reserve funds are created pursuant to the regulations of the Commercial Companies Code. They comprise earnings retained by the Company under a relevant resolution of the General Meeting and a share premium account.

Revaluation capital reserve is created from revaluation of financial assets available for sale – investment certificates and investment fund shares.

Retained earnings / (deficit) comprises profit (loss) for the previous years.

Net profit (loss) comprises current financial year profit / (loss).

10) Recognition of revenue

Revenue from core activities is recognised if it is probable that the economic benefits associated with a transaction will flow to the Company and if the revenue and the related expenses can be reliably measured. Revenue comprises amounts received and receivable net of VAT. Revenue is measured at fair value of the consideration received or receivable.

Where the date of commencement of a service and the date of its completion fall into different reporting periods, the related revenue and expenses are recognised by reference to the stage of completion of the service if the outcome of the transaction can be reliably measured, i.e. if (i) the degree of contract completion can be reliably measured, (ii) the total amount of revenue under the service contract and the amount of costs associated with the service can be measured reliably, and (iii) it is probable that the economic benefits associated with the contract will flow to the Company. If the above conditions cannot be met, revenue is recognised only to the extent of costs incurred as at a given date that are recoverable. If it is probable that the total contract costs will exceed the total contract revenue, the expected loss on a contract is immediately recognised as expense.

Revenue denominated in foreign currencies is translated into the Polish złoty at the mid-exchange rate quoted by the National Bank of Poland on a day preceding the revenue generation date.

11) Accrual basis of accounting and matching principle

In determining its net profit (loss), the Company takes into account all revenues and related expenses attributable to a given period, irrespective of the date of payment.

In order to match revenues to related expenses, expenses or revenues relating to future periods and expenses attributable to a given period which are yet to be incurred are posted under assets or liabilities, as applicable, of the given period. This means that expenses are accounted for on an accrual basis. Expenses not yet incurred in a given period are covered by provisions.

12) Determination of net profit (loss)

In accordance with Appendix 1 to the Minister of Finance's Regulation on special accounting policies for brokerage houses of December 28th 2009 (Dz. U. of 2017, item 123), the following steps have been identified in the statement of profit or loss:

- Profit/(loss) on core activities,
- Operating profit (loss),
- Pre-tax profit (loss),
- Net profit/(loss).

Calculation of profit/(loss) on core activities

Profit/(loss) on core activities is the difference between revenue from core activities, comprising revenue from:

- brokerage activities, including:
 - a) receipt and transfer of orders to buy and sell financial instruments
 - b) execution of orders to buy and sell financial instruments for the account of clients
 - c) management of portfolios comprising one or more financial instruments
 - d) investment advisory services
 - e) offering of financial instruments
 - f) provision of services in the performance of a standby or firm commitment underwriting agreements or execution and performance of other similar agreements involving financial instruments
 - g) 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
 - h) other
- other core activities

and costs of core activities, comprising costs incurred to generate revenue from business activities. The Company uses by-nature format for expenses. Non-deductible VAT (accounted for based on the sales structure or related to exempt activities) is recorded in natural expense accounts together with the cost of the underlying item (gross cost). Operating expenses are recorded under Group 4 'Expenses by nature and their settlement'. These include:

- fees payable to regulated markets, commodity exchanges, the Central Securities Depository of Poland and exchange clearing houses,
- payments to CCP,
- fees payable to commercial chamber,
- salaries and wages,
- social security and other benefits,
- employee benefits,

- raw material and consumables used,
- costs of maintenance and lease of buildings,
- services,
- other expenses,
- depreciation and amortisation expenses,
- taxes and other public charges,
- commissions and other charges,
- other.

Calculation of operating profit (loss)

Operating profit (loss) comprises the profit (loss) on core activities adjusted for:

- gain/(loss) on transactions in financial instruments held for trading,
- gain/(loss) on transactions in financial instruments held to maturity,
- gain/(loss) on transactions in financial instruments available for sale,
- other income,
- other expenses.

Other income and operating expenses are income and expenses related indirectly to the Company's operations, including in particular income and expenses related to:

- disposal of property, plant and equipment, and intangible assets,
- impairment losses on property, plant and equipment, and intangible assets,
- impairment losses on receivables,
- recognition/reversal of provisions,
- compensation, penalties and fines,
- free-of-charge transfer or receipt, including by way of donation, of assets, including cash, for purposes other than acquisition or production of intangible assets,
- other.

Calculation of pre-tax profit (loss)

Profit (loss) before tax comprises operating profit (loss) adjusted for:

- finance income,
- finance costs.

The Company's finance income includes interest on deposits, interest on loans, other interest and foreign-exchange gains. Interest income is recognised in the statement of profit or loss as it accrues.

The Company classifies as finance costs in particular: borrowing costs, interest on borrowings, other interest, and foreign-exchange losses.

Calculation of net profit (loss)

Net profit (loss) comprises pre-tax profit (loss) adjusted for income tax and other mandatory decrease of profit (increase of loss).

Income tax

Income tax affecting net profit (loss) for a given reporting period includes:

- current income tax,
- deferred income tax.

Current income tax

Current tax assets and current tax liabilities for the current period and for previous periods are measured at the amount of the expected payment due to the tax authorities or expected refund from the tax authorities, as appropriate, with the use of tax rates and based on fiscal regulations legally or actually binding as at the reporting date.

Deferred income tax

For the purposes of financial reporting, the Company recognises deferred tax using the balance-sheet liability method in relation to temporary differences recorded as at the reporting date between the value of assets and liabilities computed for tax purposes and their carrying amounts disclosed in the financial statements. Deferred income tax is the difference between deferred tax liabilities and assets as at the end and as at the beginning of period.

13) Statement of cash flows

The statement of cash flows is prepared using the indirect method.

14) 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	Dec 31 2021	Dec 31 2020
USD	4.0600	3.7584
EUR	4.5994	4.6148
HUF 100	1.2464	1.2638
GBP	5.4846	5.1327
CZK	0.1850	0.1753
CHF	4.4484	4.2641
TRY	0.3016	0.5029
JPY 100	3.5265	3.6484
NOK	0.4608	0.4400
CAD	3.1920	2.9477
SEK	0.4486	0.4598
DKK	0.6184	0.6202
AUD	2.9506	2.8950
RON	0.9293	0.9479

* Source: National Bank of Poland.

Changes in estimates

In the reporting period, there were no changes in estimates other than changes in depreciation and amortisation, provisions, and impairment losses on receivables, as discussed in Notes 2, 9, 11 and 16.

Changes in applied accounting policies

There were no changes in the accounting policies during the reporting period.

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.

Comparability of the reported data

These financial statements have been 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.

Indication and explanation of differences in amounts disclosed in these financial statements and comparative data prepared in accordance with Polish Accounting Standards, and amounts that would be disclosed in financial statements and comparative data prepared in accordance with IAS respectively

IFRS 16

In 2019, IFRS 16 came into effect and introduced (i) a new definition of a lease based on the lessee's control of use of an asset, and (ii) a uniform accounting model for the lessee. Under IFRS 16, a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The right to control use of an asset is conveyed where the lessee has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use in the period.

At the commencement date, the lessee recognises a right-of-use asset and a lease liability, measured at the discounted expected cash flows from the contract, except for short-term (up to 12 months) leases and leases of low-value assets. Expenditure related to the use of assets under operating leases under the Accounting Act are carried mainly as cost of core activities, but under IFRS 16 are classified as depreciation and interest expense.

In accordance with IFRS, the lessee separately recognises depreciation of the right-of-use asset and interest on the lease liability. Right-of-use assets are depreciated using the straight-line method over their expected useful lives, while the lease liabilities are amortised using the effective interest rate. Costs related to leases are recognised sooner due to the recognition of interest expense using the effective interest rate method.

The Company is the lessee under lease contracts for office space and cars, as well as agreements under which it has been granted the use of technical infrastructure and IT equipment. As at December 31st 2021, the impact of IFRS 16 on (i) the amount of total assets of the brokerage and related services segment was PLN +2,729 thousand (recognition of right-of-use assets), (ii) the amount of total liabilities – a PLN 3,194 thousand increase, (iii) the amount of accruals and deferred income – a PLN 505 thousand decrease, (ii) the amount of pre-tax profit (loss) was PLN +32 thousand in 2021 (vs PLN +46 thousand in 2020). In accordance with the Accounting Act, payments under operating lease contracts were presented by the Company as: (i) cost of office space lease of PLN 1,861 thousand (PLN 1,782m in 2020), (ii) cost of services of PLN 425 thousand (PLN 88 thousand in 2020), (iii) foreign exchange differences of PLN -6 thousand (PLN 78 thousand in 2020). What the Group recognised in their place in accordance with IFRS were depreciation charges of PLN 2,103 thousand (PLN 1,710 thousand in 2020) and finance costs (interest) of PLN 146 thousand (PLN 194 thousand in 2020).

Financial statements of IPOPEMA Securities S.A. for 2021

ASSETS	Note	Dec 31 2021	Dec 31 2020
I. Cash and cash equivalents	1	103,389	279,585
1. In hand		1	1
2. At banks		20,708	12,078
3. Other cash		82,680	267,503
4. Cash equivalents		-	3
II. Short-term receivables	2	209,990	190,326
1. From clients		87,158	98,760
2. From related entities		1,422	1,393
3. From banks conducting brokerage activities, other brokerage houses and commodity brokerage houses		72,415	53,053
a) under executed transactions		68,292	40,150
b) other		4,123	12,903
4. From entities operating regulated markets and commodity exchanges		18	-
5. From the Central Securities Depository of Poland and from settlement		50	50
5.a. From CCP		47,069	35,082
6. From investment and pension fund companies and from investment and pension funds		799	844
7. Taxes, subsidies and social security receivable		40	41
8. Under framework securities lending and short sale agreements		-	-
9. Other		1,019	1,103
III. Financial instruments held for trading	3, 18	1,447	120
1. Shares		1,447	120
2. Derivative instruments		-	-
IV. Current prepayments and accrued income	4	712	651
IV.. Short-term loans	8	900	1,262
1. To subordinated entities		714	747
2. Other		186	515
V. Financial instruments held to maturity	5	-	-
VI. Financial instruments available for sale	6, 18	8,710	8,714
1. Shares		8,704	8,704
- shares in subordinated entities		8,704	8,704
2. Debt securities		6	10
3. Investment fund units		-	-
VII. Long-term receivables	7	8,691	8,714
VIII. Long-term loans	7, 8	106	217
1. Other		106	217
IX. Intangible assets	9	1,217	1,066
1. Acquired permits, patents, licences and similar assets, including:		1,217	1,066
- software		1,217	1,066
X. Property, plant and equipment	11	810	854
1. Tangible assets, including:		810	754
a) buildings and premises		131	198
b) computer assemblies		384	290
c) other tangible assets		295	266
2. Tangible assets under construction		-	100
XI. Long-term prepayments and accrued income		1,700	2,761
1. Deferred tax assets	12	1,685	2,714
2. Other long-term prepayments and accrued income		15	47
XII. Called-up share capital not paid		-	-
XIII. Treasury shares		-	-
Total assets		337,672	494,270

EQUITY AND LIABILITIES		Note	Dec 31 2021	Dec 31 2020
I.	Current liabilities	13	262,795	415,203
1.	To clients		139,692	305,566
2.	To related entities		306	84
3.	To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses		93,045	85,501
a)	under executed transactions		93,032	85,407
b)	other		13	94
4.	To entities operating regulated markets and commodity exchanges		251	356
5.	To the Central Securities Depository of Poland and to settlement and clearing houses		228	211
5.a.	To CCP		10,129	3,554
6.	Borrowings		16,549	16,651
a)	other	13	16,549	16,651
7.	Debt securities		1	1
7a.	Negative fair value of financial instruments held for trading		190	101
8.	Taxes, customs duties and social security payable		912	2,143
9.	To investment and pension fund companies and to investment and pension funds		-	47
10.	Other		1,492	988
II.	Non-current liabilities	15	176	47
1.	Finance lease liabilities		176	47
	- from other entities		176	47
III.	Accruals and deferred income	15	-	-
IV.	Provisions for liabilities	16	8,535	11,231
1.	Deferred tax liabilities		154	1,980
2.	Provision for retirement and similar benefits		1,042	883
3.	Other		7,339	8,368
a)	long-term		206	-
b)	short-term		7,133	8,368
V.	Subordinated liabilities	17	-	-
VI.	Equity		66,166	67,789
1.	Share capital	19	2,994	2,994
2.	Reserve funds	21	53,718	53,469
a)	share premium		10,351	10,351
b)	statutory reserve funds		998	998
c)	reserve funds created pursuant to the Articles of Association		42,369	42,120
3.	Revaluation capital reserve	25	-	-
4.	Net profit/(loss)		9,454	11,326
Total equity and liabilities			337,672	494,270
Book value (PLN '000)			66,166	67,789
Number of shares as at end of period			29,937,836	29,937,836
Book value per share (PLN)			2.21	2.26
Diluted number of shares			29,937,836	29,937,836
Diluted book value per share (PLN)			2.21	2.26

Financial statements of IPOPEMA Securities S.A. for 2021

OFF-BALANCE SHEET ITEMS		Note	Dec 31 2021	Dec 31 2020
I.	Contingent liabilities	42, 43	1,418	1,423
II.	Third-party assets used		-	-
III.	Futures/forwards purchased or issued in the name and for the account of the brokerage house*		6 736*	6 679*
IV.	Other off-balance sheet items		-	-

*Notional amounts of purchased forward contracts.

Financial statements of IPOPEMA Securities S.A. for 2021

Statement of profit or loss		Note	2021	2020
I.	Revenue from core activities, including:	27	60,384	55,667
	- from related entities		4,894	2,656
1.	Revenue from brokerage activities, including:		60,038	55,271
a)	receipt and transfer of orders to buy and sell financial instruments		952	4,181
b)	execution of orders to buy and sell financial instruments for client account		31,538	28,054
c)	investment advisory services		196	6
d)	offering of financial instruments		19,703	14,479
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		1,593	407
f)	other		6,056	8,144
2.	Revenue from other core activities		346	396
II.	Cost of core activities		51,185	41,461
	- from related entities		2,168	181
1.	Fees payable to regulated markets, commodity exchanges, the Central Securities Depository of Poland and exchange clearing houses		4,613	4,163
2.	Payments to CCP		274	340
3.	Trade organisation membership fees		91	46
4.	Salaries and wages		21,579	20,230
5.	Social security and other benefits		2,216	2,248
6.	Employee benefits		323	225
7.	Raw material and consumables used		151	187
8.	Services	27	17,937	10,653
9.	Costs of maintenance and lease of buildings		2,206	1,648
10.	Depreciation and amortisation		824	971
11.	Taxes and other public charges		343	340
12.	Other		628	410
III.	Profit/(loss) on core activities		9,199	14,206
IV.	Income from financial instruments held for trading	28	374	2,809
1.	Dividends and other profit distributions		1	-
2.	Revaluation adjustments		101	-
3.	Gain on sale/redemption		272	2,809
V.	Cost related to financial instruments held for trading	29	1,276	3,459
1.	Revaluation adjustments		301	328
2.	Loss on sale/redemption		975	3,131
VI.	Gain/(loss) on transactions in financial instruments held for trading		- 902	- 650
VII.	Income from financial instruments available for sale	32	4,196	380
1.	Dividends and other profit distributions		4,196	294
	- from related entities		4,196	294
2.	Gain on sale/redemption		-	86
VIII.	Cost related to financial instruments available for sale	33	-	-
IX.	Gain/(loss) on transactions in financial instruments available for sale		4,196	380
X.	Other income	35	2,271	838
1.	Decrease in impairment losses on receivables		59	17
2.	Reversed provisions		-	1
3.	Other		2,212	820
XI.	Other expenses	36	2,292	938
1.	Increase in impairment losses on receivables		69	73
2.	Other		2,223	865
XII.	Operating profit/(loss)		12,472	13,836

Financial statements of IPOPEMA Securities S.A. for 2021

XIII.	Finance income		446	1,273
1.	Interest on loans, including:		43	28
	- from related entities		17	7
2.	Interest on deposits	37	156	75
3.	Other interest		-	3
4.	Foreign exchange gains		182	712
	a) realised		182	260
	b) unrealised		-	452
5.	Other		65	455
XIV.	Finance charge		2,146	843
1.	Interest on borrowings, including:	38	838	765
	- to related entities		-	-
2.	Other interest		19	12
3.	Foreign exchange losses		155	-
	a) unrealised		155	-
4.	Other		1,134	66
XV.	Profit/(loss) before tax		10,772	14,266
XVI.	Income tax	39	1,318	2,940
XVII.	Net profit/(loss)	41	9,454	11,326
	Weighted average number of ordinary shares		29,937,836	29,937,836
	Earnings per ordinary share (PLN)		0.32	0.38
	Weighted average diluted number of ordinary shares		29,937,836	29,937,836
	Diluted earnings per ordinary share (PLN)		0.32	0.38

STATEMENT OF CASH FLOWS		Note	2021	2020
A.	NET CASH FROM OPERATING ACTIVITIES	50		
I.	Net profit		9,454	11,326
II.	Total adjustments		- 172,710	223,110
1.	Depreciation and amortisation		824	971
2.	Foreign exchange gains/(losses)		363	- 387
3.	Interest and profit distributions (dividends)		801	732
4.	Gain/(loss) on investing activities		-	- 86
5.	Increase/(decrease) in provisions and impairment losses on		- 2,760	7,388
6.	Increase/(decrease) in financial instruments held for trading		- 1,327	188
7.	Increase/(decrease) in receivables		- 19,577	- 44,933
8.	Increase/(decrease) in current liabilities (net of borrowings), including special accounts		- 152,367	258,708
9.	Increase/(decrease) in accruals and deferrals		1,001	555
10.	Other adjustments		332	- 26
III.	Net cash from operating activities (I + II)		- 163,256	234,436
B.	NET CASH FROM INVESTING ACTIVITIES			
I.	Cash provided by investing activities		396	2,473
1.	Decrease in loans		384	180
2.	Interest received		8	207
3.	Disposal of financial instruments available for sale		4	2,086
II.	Cash used in investing activities		918	1,862
1.	Acquisition of intangible assets		509	415
2.	Acquisition of property, plant and equipment		203	360
3.	Acquisition of financial instruments available for sale (subordinates)		-	66
4.	Increase in loans		206	1,021
III.	Net cash from investing activities (I - II)		- 522	611
C.	NET CASH FROM FINANCING ACTIVITIES			
I.	Cash provided by financing activities		3	9,839
1.	Proceeds from issue of debt securities		3	1
2.	Increase in short-term borrowings		-	9,838
II.	Cash used in financing activities		12,054	768
1.	Decrease in short-term borrowings		113	-
2.	Redemption of short-term debt securities		3	1
3.	Payment of finance lease liabilities		35	16
4.	Dividends and other payments to owners		11,077	-
5.	Interest paid		826	751
III.	Net cash from financing activities (I - II)		- 12,051	9,071
D.	TOTAL NET CASH FLOWS (A.III +/- B.III +/- C.III)		- 175,829	244,118
E.	NET CHANGE IN CASH, including:		- 176,192	244,505
	- change in cash resulting from foreign exchange differences		- 363	387
F.	CASH AT BEGINNING OF PERIOD	50	279,216	35,098
G.	CASH AT END OF PERIOD (F +/- D), including:	50	103,387	279,216
	- restricted cash*		75,527	261,281

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

STATEMENT OF CHANGES IN EQUITY		2021	2020
I.	EQUITY AT BEGINNING OF PERIOD	67,789	56,533
	- changes in adopted accounting policies	-	-
	- correction of errors	-	-
I.a.	EQUITY AT BEGINNING OF PERIOD AFTER ADJUSTMENTS	67,789	56,533
1.	Share capital at beginning of period	2,994	2,994
1.1.	Changes in share capital	-	-
1.2.	Share capital at end of period	2,994	2,994
2.	Reserve funds at beginning of period	53,469	53,256
2.1.	Changes in reserve funds	249	213
a)	increase	249	213
	- distribution of profit (above statutory minimum)	249	213
b)	decrease	-	-
	- loss coverage	-	-
2.2.	Reserve funds at end of period	53,718	53,469
3.	Revaluation capital reserve at beginning of period	-	70
3.1.	Changes in revaluation capital reserve	-	- 70
a)	increase	-	16
	- remeasurement of financial instruments	-	16
b)	decrease	-	86
	- remeasurement of financial instruments	-	86
3.2.	Revaluation capital reserve at end of the period	-	-
4.	Retained earnings/(accumulated deficit) at beginning of period	11,326	213
4.1.	Retained earnings at beginning of period	11,326	213
a)	increase	-	-
b)	decrease	11,326	213
	- distribution of retained earnings (dividend)	11,077	-
	- distribution of retained earnings (increase in reserve funds)	249	213
4.2.	Accumulated deficit at beginning of period	-	-
a)	increase	-	-
b)	decrease	-	-
4.3.	Retained earnings at end of period	-	-
5.	Net profit/(loss)	9,454	11,326
a)	net profit	9,454	11,326
II.	EQUITY AT END OF PERIOD	66,166	67,789
III.	EQUITY AFTER PROPOSED DISTRIBUTION OF PROFIT	66,166	67,789

Notes to the financial statements

Significant events relating to past years and disclosed in the financial statements for the financial year

During the reporting period there were no significant events relating to the previous years.

Events subsequent to the reporting date, not disclosed in the financial statements

All events relating to the reporting period were disclosed in the accounting books and financial statements for the period January 1st–December 31st 2021. No events occurred after the reporting date which should have been but were not disclosed in the accounting books for the reporting period.

Changes in accounting policies and in the preparation of the financial statements

The Company did not change its accounting policies or the rules of preparing its financial statements in 2021 or 2020.

Agreements not disclosed in the balance sheet

In 2021 and 2020, the Company disclosed all agreements which had an effect on the data presented in these financial statements.

Correction of errors

In 2021 and 2020, the Company did not correct any errors in the financial statements.

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.

No geographical segments are reported by the Company, as a vast majority of its revenue is generated in Poland. Foreign revenue earned in 2021 represented 5.89% (PLN 3,559 thousand) of total revenue (2020: 5.65% or PLN 3,144 thousand). The Company's property, plant, equipment and intangible assets are located in Poland.

Significant events in 2021

No significant events occurred in 2021 other than those described in these financial statements and the accompanying Directors' Report.

Notes to the balance sheet (PLN '000)

Note 1

Cash and other assets	Dec 31 2021	Dec 31 2020
Cash and other assets of clients		
a) at banks and in hand	75,527	261,281
Total cash and other assets of clients	75,527	261,281
Cash and other assets		
a) cash and other assets of the brokerage house, including:	27,862	18,304
- in hand	1	1
- at banks, including:	20,707	12,078
<i>in VAT account</i>	-	4
- other cash*	7,154	6,222
- cash equivalents		3
b) cash and other assets of clients deposited in cash accounts:	75,527	261,281

- at the brokerage house and paid towards acquisition of securities	75,527	261,281
- in an IPO or on the primary market	-	-
c) cash and other assets transferred from the settlement guarantee fund	-	-
Total cash and other assets	103,389	279,585

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

Cash by currency is presented in Note 13a.

Note 2

Selected short-term receivables	Dec 31 2021	Dec 31 2020
1. Selected short-term receivables	208,114	188,338
a) from clients, including:	87,158	98,760
- under transactions executed on the Warsaw Stock Exchange	85,830	69,128
- under transactions executed on the London Stock Exchange	149	-
- under transactions executed on the Frankfurt Stock Exchange	-	9,332
- under transactions executed on the Toronto Stock Exchange	-	2,423
- under transactions executed on the New York Stock Exchange	-	7,176
- other	1,179	10,701
b) from related entities, including:	1,422	1,393
- from subsidiaries	1,422	1,393
c) from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses, including:	72,415	53,053
1) under executed transactions	68,292	40,150
- on the Warsaw Stock Exchange*	64,904	32,239
- on the Prague Stock Exchange	225	-
- on the New York Stock Exchange	-	7,911
- on the London Stock Exchange	314	-
- on the Milan Stock Exchange	454	-
- on the Istanbul Stock Exchange	2,395	-
2) other	4,123	12,903
e) from the Central Securities Depository of Poland and exchange clearing houses, including:	50	50
- from the settlement guarantee fund and deposits	50	50
e) from CCP	47,069	35,082
- from the settlement guarantee fund	47,069	35,082
2. Net short-term receivables	209,990	190,326
- impairment losses on short-term receivables (positive value)	42	106
Gross short-term receivables	210,032	190,432
3. Changes in impairment losses on short-term receivables		
At beginning of period	106	131
a) increase (impairment losses on past-due receivables)	69	73
b) used	74	81
c) reversed	59	17
Impairment losses on short-term receivables at end of period	42	106
4. Short- and long-term receivables by maturity from reporting date		
a) up to 1 month	205,302	186,000
b) over 1 month to 3 months	-	-
c) over 3 months to 1 year	4,102	4,102
d) over 1 year to 5 years	8,691	8,714
e) over 5 years	-	-
f) past due	628	330
Total gross receivables	218,723	199,146

g) impairment losses on receivables (negative value)	- 42	- 106
Total net receivables	218,681	199,040
5. Gross past due receivables by period of delay:		
a) up to 1 month	485	138
b) over 1 month to 3 months	63	62
c) over 3 months to 1 year	58	29
d) over 1 year to 5 years	22	101
e) over 5 years	-	-
Total gross receivables	628	330
f) impairment losses on receivables (negative value)	- 42	- 106
Total net receivables	586	224
6. Gross short-term receivables by currency		
a) in PLN	199,260	154,327
b) in other currencies (translated into PLN)**	10,772	36,105
Total gross short-term receivables	210,032	190,432

* 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).

** Receivables by currency are presented in Note 13a.

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 instruments held for trading	Dec 31 2021	Dec 31 2020
1. Financial instruments held for trading		
a) shares*	1,447	120
b) derivatives	-	-
c) commodities	-	-
d) other	-	-
Total financial instruments held for trading	1,447	120
2. Financial instruments held for trading (by currency)		
a) in PLN	1,447	120
b) in other currencies (translated into PLN)	-	-
Total financial instruments held for trading	1,447	120
3. Financial instruments held for trading (by marketability)		
A. Freely marketable, listed (carrying amount)		
a) shares (carrying amount)	1,447	120
- fair value	1,447	120
- market value	-	-
- at cost	1,558	120
b) bonds (carrying amount)	-	-
c) other – derivative contracts (carrying amount)	-	-
B. Freely marketable, traded on OTC markets (carrying amount)		
C. Freely marketable, not traded on regulated markets (carrying amount)		
a) other – derivative contracts (carrying amount)	-	-
- at cost	-	-
D. With limited marketability (carrying amount)		
Total amount at cost	1,558	120

Total carrying amount at beginning of period	120	308
Valuation as at the reporting date	- 111	-
Total carrying amount	1,447	120

* Shares comprise solely shares listed on the Warsaw Stock Exchange. Financial instruments held for trading are measured at fair value by reference to their market value as at the reporting date. For the purpose of the measurement, the Company takes into account closing prices quoted by the WSE and the BSE on the last business day of a financial year. 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. As at the reporting date, the Company held 30,588 shares with a total carrying amount of PLN 1,447 thousand. All the shares are traded on the Warsaw Stock Exchange. As at December 31st 2020, the Company held 1,295 shares with a total carrying amount of PLN 120 thousand.

Financial assets

In 2021 and in 2020, the policies for measurement of financial assets at fair value or classification of financial assets did not change. Neither did the Group record any changes in its economic environment or trading conditions which would significantly affect the fair value of its financial assets and liabilities.

Note 4

Short-term prepayments and accrued income	Dec 31 2021	Dec 31 2020
cost of ICT and information services	326	280
other costs	386	371
Total current prepayments and accrued income	712	651

Note 5

The Company did not carry any financial instruments held to maturity.

Note 6

Financial instruments available for sale	Dec 31 2021	Dec 31 2020
1. Financial instruments available for sale		
- shares*	8,704	8,704
- debt securities	6	10
- investment fund shares	-	-
- investment certificates	-	-
Total financial instruments available for sale	8,710	8,714
2. Available-for-sale financial instruments of subsidiaries and non-consolidated jointly-controlled entities other than commercial companies		
- shares	8,704	8,704
- debt securities	-	-
- investment fund shares	-	-
- investment certificates	-	-
Total available-for-sale financial instruments of subsidiaries and non-consolidated jointly-controlled entities other than commercial companies	8,704	8,704
3. Financial instruments available for sale (by currency)		
a) in PLN	8,710	8,714
b) in other currencies (translated into PLN)	-	-
Total financial instruments available for sale	8,710	8,714
4. Shares		
a) shares in parent	-	-
b) shares in major investor	-	-
c) shares in subordinates	8,704	8,704
- shares in subsidiaries	8,704	8,704

d) shares in other entities	-	-
Total shares	8,704	8,704

* Shares in subordinates are measured at cost less impairment losses. Investment fund shares are held at fair value based on the net asset value per share as most recently published by the investment fund. Revaluation gains or losses increase or decrease (as appropriate) the revaluation capital reserve.

5. Financial instruments available for sale (by marketability)

A. Freely marketable, listed (carrying amount)	-	-
B. Freely marketable, traded on OTC markets (carrying amount)	-	-
C. Freely marketable, not traded on regulated markets (carrying amount)	-	-
D. With limited marketability (carrying amount)	8,710	8,714
- shares (carrying amount at cost)	8,704	8,704
- debt securities (carrying amount at cost)	6	10
- investment fund shares (carrying amount)	-	-
- investment fund shares (at cost)	-	-
Total amount at cost	8,710	8,714
Total carrying amount at beginning of period	8,714	10,734
Revaluation adjustments (for the period)	-	-
Total carrying amount	8,710	8,714

6. Shares in subordinates

a) company name and legal form	IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A.	
b) registered office	ul. Próżna 9, 00-107 Warsaw, Poland	
c) business activity	operation of an investment fund company, creation and management of investment funds, discretionary management of securities portfolios, advisory services in the area of securities trading, intermediation in the sale and redemption of investment fund shares, and representation service for foreign funds	
d) type of capital link	subsidiary	
e) consolidation method	full	
f) control since	Mar 2007	
g) shares at cost	5,630	5,630
h) valuation adjustments (total)	-	-
i) carrying amount of shares	5,630	5,630
j) percentage of share capital held	100%	100%
k) percentage of total vote at the general meeting	100%	100%
l) basis for control if other than specified in j) or k)		
m) entity's equity, including:	47,325	44,548
- share capital	10,599	10,599
- reserve funds	10,717	10,717
- other components of equity, including:	26,009	23,232
retained earnings (deficit),	-	-
net profit/(loss)	6,753	17,688
n) liabilities and provisions for liabilities of the entity, including:	22,547	33,188
- non-current liabilities	341	316
- current liabilities	14,126	17,096
o) entity's receivables, including:	21,342	40,870
- long-term receivables	-	-
- short-term receivables	21,342	40,870
p) entity's total assets	69,872	77,736

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r) revenue	170,203	172,675
s) value of shares in entity not paid up by the issuer	-	-
t) dividend received or receivable from entity for previous financial year	4,000	-
a) company name and legal form	IPOPEMA Business Consulting Sp. z o.o.	
b) registered office	ul. Próźna 9, 00-107 Warsaw, Poland	
c) business activity	other business and management advisory services, computer facilities management activities, IT advisory services, software-related activities, wholesale of computers, computer peripheral equipment and software.	
d) type of capital link	subsidiary	
e) consolidation method	full	
f) control since	Aug 2008	
g) shares at cost	3,000	3,000
h) valuation adjustments (total)	-	-
i) carrying amount of shares	3,000	3,000
j) percentage of share capital held	50.02%	50.02%
k) percentage of total vote at the general meeting	50.02%	50.02%
l) basis for control / joint control / significant influence, if other than specified in j) or k)		
m) entity's equity, including:	9,731	9,446
- share capital	100	100
- reserve funds	2,950	2,950
- other components of equity, including:	6,681	6,396
retained earnings (deficit),	- 239	- 239
net profit/(loss)	284	897
n) liabilities and provisions for liabilities of the entity, including:	5,991	8,191
- non-current liabilities	128	2,201
- current liabilities	4,846	3,894
o) entity's receivables, including:	11,521	11,761
- long-term receivables	-	610
- short-term receivables	11,521	11,151
p) entity's total assets	15,722	17,637
r) revenue	24,791	28,057
s) value of shares in entity not paid up by the issuer	-	-
t) dividend received or receivable from entity for previous financial year	-	-
a) company name and legal form	IPOPEMA Financial Advisory Sp. z o.o.	
b) registered office	ul. Próźna 9, 00-107 Warsaw, Poland	
c) business activity	support of IFA SK's operations	
d) type of capital link	subsidiary	
e) consolidation method	Not consolidated due to immaterial effect on the Group's financial information	
f) direct control since	May 2016 (date of obtaining direct control)	
g) shares at cost	1	1
h) valuation adjustments (total)	-	-
i) carrying amount of shares	1	1
j) percentage of share capital held by IBC	100%	100%
k) percentage of total vote at the general meeting	100%	100%
l) basis for control / joint control / significant influence, if other than specified in j) or k)		
m) entity's equity, including:	- 1	- 3
- share capital	5	5
- reserve funds	-	-

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- other components of equity, including:	- 6	- 8
retained earnings (deficit),	- 8	- 10
net profit/(loss)	2	2
n) liabilities and provisions for liabilities of the entity, including:	7	8
- non-current liabilities	-	-
- current liabilities	7	8
o) entity's receivables, including:	4	1
- long-term receivables	-	-
- short-term receivables	4	1
p) entity's total assets	6	5
r) revenue	14	14
s) value of shares in entity not paid up by the issuer	-	-
t) dividend received or receivable from entity for previous financial year	-	-
<hr/>		
a) company name and legal form	IPOPEMA Financial Advisory Sp. z o.o. spółka komandytowa	
b) registered office	ul. Próźna 9, 00-107 Warsaw, Poland	
c) business activity	advisory services	
d) type of capital link	indirect subsidiary	
e) consolidation method	full	
f) control since	Jun 2016	
g) shares at cost	8	8
h) valuation adjustments (total)	-	-
i) carrying amount of shares	8	8
j) percentage of share capital held	77%	77%
k) percentage of total vote at the general meeting	N/A	N/A
l) basis for control / joint control / significant influence, if other than specified in j) or k)		
m) entity's equity, including:	803	691
- share capital	10	10
- called-up share capital not paid (negative value)	-	-
- reserve funds	515	467
- other components of equity, including:	278	214
retained earnings (deficit),	- 115	- 115
net profit/(loss)	393	329
n) liabilities and provisions for liabilities of the entity, including:	1,792	1,182
- non-current liabilities	-	-
- current liabilities	1,778	1,173
o) entity's receivables, including:	2,100	1,362
- long-term receivables	-	-
- short-term receivables	2,100	1,362
p) entity's total assets	2,595	1,873
r) revenue	4,835	3,629
s) value of shares in entity not paid up by the issuer	-	-
t) dividend received or receivable from entity for previous financial year	196	294
<hr/>		
a) company name and legal form	MUSCARI Capital Sp. z o.o.	
b) registered office	ul. Próźna 9, 00-107 Warsaw, Poland	
c) business activity	intermediation in offering the Company's brokerage services as an investment firm agent	
d) type of capital link	subsidiary	
e) consolidation method	Not consolidated due to immaterial effect on the Group's financial information	

	Mar 2020	
f) direct control since		
g) shares at cost	66	66
h) valuation adjustments (total)	-	-
i) carrying amount of shares	66	66
j) percentage of share capital held by IBC	100%	100%
k) percentage of total vote at the general meeting	100%	100%
l) basis for control / joint control / significant influence, if other than specified in j) or k)		
m) entity's equity, including:	- 303	- 465
- share capital	50	50
- reserve funds	74	74
- other components of equity, including:	- 427	- 589
retained earnings (deficit),	- 589	- 183
net profit/(loss)	162	- 406
n) liabilities and provisions for liabilities of the entity, including:	968	807
- non-current liabilities	-	-
- current liabilities	968	765
o) entity's receivables, including:	337	88
- long-term receivables	-	-
- short-term receivables	337	88
p) entity's total assets	665	342
r) revenue	2,229	186
s) value of shares in entity not paid up by the issuer	-	-
t) dividend received or receivable from entity for previous financial year	-	-
7. Shares and other equity interests in other entities	-	-

Note 7

As at December 31st 2021, the amount of long-term receivables was PLN 8,691 thousand (December 31st 2020: PLN 8,714 thousand). As at December 31st 2021, the non-current portion of loans was to PLN 106 thousand (December 31st 2020: PLN 217 thousand).

Note 8

As at December 31st 2021, the Company had the following loans and receivables:

Loans and receivables	Dec 31 2021	Dec 31 2020
Loans, including:	1,016	1,479
- non-current portion	106	217
- current portion	900	1,262
Cash and cash equivalents, including:	103,389	279,585
- in hand	1	1
- at banks	103,388	279,581
- cash equivalents	-	3
Interest on loans and receivables	199	106
- realised	156	78
- unrealised, including with payment dates falling in:	43	28
up to 3 months	-	5
from 3 to 12 months	36	15
over 12 months	7	8

Loans and receivables bear interest at either variable or fixed rates. In 2021, an impairment loss on loans of PLN 329 thousand was recognised. No impairment losses were recognised on loans or receivables in 2020. Income from interest on loans and

receivables amounted to PLN 199 thousand in 2021 (of which PLN 43 thousand was interest accrued but not received) (2020: PLN 106 thousand, of which PLN 28 thousand was interest accrued but not received).

Note 9

Intangible assets	Dec 31 2021	Dec 31 2020
1. Intangible assets		
a) goodwill	-	-
b) acquired permits, patents, licenses and similar assets, including:	1,217	1,066
- software	1,217	1,066
c) other intangible assets	-	-
d) prepayments for intangible assets	-	-
Total intangible assets	1,217	1,066
2. Movements in intangible assets (by category)		
a) gross value of intangible assets at beginning of period	9,828	9,430
b) increases - purchase	509	415
c) decrease	262	17
d) gross value of intangible assets at end of period	10,075	9,828
e) accumulated depreciation at beginning of period	8,762	8,330
f) amortisation for period:	358	449
g) liquidation	262	17
h) accumulated amortisation at end of period	8,858	8,762
i) impairment losses at beginning of period	-	-
j) impairment losses at end of period	-	-
k) net value of intangible assets at end of period	1,217	1,066
3. Intangible assets (by ownership)		
a) owned	1,217	1,066
b) used under rental or similar agreement, including lease agreement	-	-
Total intangible assets	1,217	1,066

Note 10

The Company did not carry any goodwill related to subordinates.

Note 11

Property, plant and equipment	Dec 31 2021	Dec 31 2020
1. Property, plant and equipment		
a) tangible assets, including:	810	754
- buildings and premises	131	198
- computer assemblies	384	290
- vehicles	164	55
- other tangible assets	220	211
b) tangible assets under construction	-	100
c) prepayments for tangible assets under construction	-	-
Total property, plant and equipment	810	854
2. Change in property, plant and equipment (by category)		
a) gross value of property, plant and equipment at beginning of period	8,764	8,486
- increase	422	360
- decrease	980	82
b) gross value of property, plant and equipment at end of period	8,206	8,764
c) accumulated depreciation at beginning of period	7,910	7,471
- depreciation for period	466	522
- adjustment to depreciation on leases	-	- 74
- liquidation of property, plant and equipment	980	9
d) accumulated depreciation at end of period	7,396	7,910
e) impairment losses at beginning of period	-	-
- change in impairment losses	-	-
f) impairment losses at end of period	-	-
Net value of property, plant and equipment at end of period	810	854
3. Property, plant and equipment (by ownership)		
a) owned	646	799
b) depreciated leased assets	164	55
c) value of property, plant and equipment used under rental, lease or similar agreement, not depreciated by the brokerage house*	-	-
Total property, plant and equipment	810	854

* In the reporting period, the Company leased office space under a lease contract. The registered office premises of the Company are located at ul. Próżna 9 in Warsaw. The total rent paid for 2021 (including additional charges) was PLN 2,206 thousand (2020: PLN 1,648 thousand). The Company does not have a valuation report regarding the leased premises.

Production cost of tangible assets under construction and tangible assets for own needs:

In the reporting period the Company did not incur any costs to produce property, plant and equipment under construction or for its own needs.

Material transactions to purchase or sell property, plant and equipment

In 2021 and 2020, 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. In 2021 and 2020, the Company did not purchase or sell any material items of property, plant and equipment.

Note 12

Change in deferred tax assets	Dec 31 2021	Dec 31 2020
Change in deferred tax assets		
1. Assets at beginning of period, including:	2,714	3,238
a) charged to net profit/(loss)	2,714	3,238
b) charged to equity	-	-
c) charged to (negative) goodwill	-	-
2. Increase	1,566	2,110
a) charged to net profit/(loss) for period due to deductible temporary differences	1,566	2,110
b) charged to net profit/(loss) for period in connection with current tax loss	-	-
c) charged to equity in connection with deductible temporary differences	-	-
d) charged to equity in connection with tax loss	-	-
e) charged to goodwill or negative goodwill in connection with deductible temporary differences	-	-
3. Decrease	1,685	2,634
a) charged to net profit/(loss) for period due to deductible temporary differences	1,681	2,634
b) charged to net profit/(loss) for period due to tax loss (use of tax loss brought forward)	914	-
c) charged to equity in connection with deductible temporary differences	-	-
d) charged to equity in connection with tax loss	-	-
e) charged to goodwill or negative goodwill in connection with deductible temporary differences	-	-
4. Deferred tax assets at end of period, including:	1,685	2,714
a) charged to net profit/(loss)	1,685	2,714
b) charged to equity	-	-
c) charged to (negative) goodwill	-	-

Note 13

Current liabilities	Dec 31 2021	Dec 31 2020
1. Selected current liabilities	13,318	7,336
1.1. To related entities	306	84
- to subsidiaries	306	84
1.2. To entities operating regulated markets and commodity exchanges	251	356
a) to the Warsaw Stock Exchange	251	356
1.3. To the Central Securities Depository of Poland and exchange clearing houses	228	211
a) under additional payments to the settlement guarantee fund	-	-
b) other	228	211
3a. To CCP	10,129	3,554
- under additional payments to the settlement guarantee fund	10,090	3,497
- other	39	57
1.4. Taxes, customs duties and social security payable	912	2,143
- including under ownership right to buildings and structures	-	-
1.5. Other costs, including:	1,492	988
- finance lease liabilities	75	14
- other liabilities	1,417	974
2. Current liabilities (by currency)		
a) in PLN	258,799	366,661
b) in other currencies (translated into PLN)**	3,996	48,542
Total current liabilities	262,795	415,203

3. Liabilities to banks conducting brokerage activities, other brokerage houses and commodity brokerage houses		
a) under executed stock-exchange transactions (broken down into liabilities under clearing of transactions concluded on each stock exchange):	93,032	85,407
- under transactions executed on the Warsaw Stock Exchange*	92,883	66,719
- under transactions executed on the Toronto Stock Exchange	-	2,422
- under transactions executed on the London Stock Exchange	149	-
- under transactions executed on the New York Stock Exchange	-	7,164
- under transactions executed on the Frankfurt Stock Exchange	-	9,102
b) other	13	94
Liabilities to banks conducting brokerage activities, other brokerage houses and commodity brokerage houses	93,045	85,501
4. Current liabilities by maturity as from the reporting date		
a) up to 1 month	262,667	415,199
b) over 1 month to 3 months	62	2
c) over 3 months to 1 year	-	-
d) over 1 year to 5 years	-	-
e) past due	66	2
Total current liabilities	262,795	415,203
5. Current liabilities under borrowings		
a) non-bank loan	-	-
b) bank credit facility	16,549	16,651
- outstanding amount	16,549	16,651
- interest rate		O/N WIBOR + bank's margin
- repayment date		The terms are described below the table.
- security granted		The terms are described below the table.
6. Current liabilities under debt instruments in issue	1	1
7. Special accounts	-	-

* 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).

** Liabilities by currency are presented in Note 13a.

As at December 31st 2021, the Company's liabilities under bank borrowings related to its brokerage business amounted to PLN 16,549 thousand (December 31st 2020: PLN 16,651 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 2022:

- 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.

Bonds

In 2021, the Company issued fourteen registered bonds with a total nominal value of PLN 2.8 thousand (2020: PLN 0.8 thousand), maturing in 2021-2023. 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. For more details, see the updated version of the document entitled 'Disclosure of information on IPOPEMA Securities S.A.'s capital adequacy', available on the Company's website.

In 2021, the Company redeemed PLN 2.8 thousand worth of bonds (2020: PLN 0.8 thousand).

Note 13a

Definition, objectives and rules of managing risks to which a brokerage house is exposed

Operations on capital markets inherently involve risks which may have a material effect on the Company's operations, as outlined below, as well as in the Directors' report on the operations of the Company and its Group. All types of risk are monitored and controlled with respect to the profitability of the Group's business and the level of capital necessary to ensure security of executed transactions in the context of the capital adequacy requirements.

Credit risk

The Company is exposed to credit risk understood as the risk that the Company's debtors may fail to fulfil their obligations and thus cause losses to the Company. In view of the above, the credit risk was accounted for in the financial statements through recognition of impairment losses. Age of receivables and recognised impairment losses are presented in Note 2.

In the Management Board's opinion, there is no significant concentration of credit risk as the Company renders its services to a large number of clients.

With respect to the Company's other financial assets, such as cash and cash equivalents and financial assets available for sale, credit risk is related to the potential inability of a counterparty to meet its payment obligation, and the maximum exposure to the risk is equal to the carrying amount of those assets. Credit risk connected with bank deposits, financial instruments and other investments is considered low as the Company executed the transactions with institutions of sound financial condition.

Credit risk – value at risk

As at December 31st 2021, the value at risk related to credit risk for loans (specified in Note 8) was PLN 1,006 thousand (December 31st 2020: PLN 1,479 thousand), while for short- and long-term receivables (specified in Note 2.4) the amounts were PLN 218,681 thousand and PLN 199,040 thousand, respectively.

Credit risk related to deposits is considered low, because agreements are executed with banks that have a stable financial position.

Interest rate risk

The Company has liabilities under working capital facilities on which interest accrues at variable rates. This gives rise to the risk that interest rates may increase over their level as at the agreement date. Moreover, the Company invests free cash in variable-rate assets, which may result in reduced return on the investment if interest rates decline. For information on assets and liabilities subject to the interest rate risk, see Note 1 and Note 13.

Given that in the reporting period the Company held both assets and liabilities bearing interest at variable rates (which mitigated the risk) and that interest rates moved only slightly in the past periods and no dramatic changes in interest rates are expected in the following reporting periods, the Company did not hedge its exposure to the interest rate risk, as in its opinion the risk is not significant.

Currency risk

The Company holds foreign-currency cash at bank, and therefore is exposed to currency risk. Currency risk primarily arises from fluctuations in the EUR and USD exchange rates and, to a lesser extent, in the GBP, HUF, CZK, TRY and CAD exchange rates. The Company operates on foreign stock exchanges and uses foreign currencies (EUR, USD, HUF, CZK, TRY, CAD and other) to settle stock-exchange transactions. Owing to the nature of the transaction settlements (with the Company acting as an intermediary), the share of this risk in the overall risk is immaterial.

Foreign-currency amounts (not translated into PLN)	Dec 31 2021	Dec 31 2020
Foreign-currency receivables		
- EUR	1,649	4,444
- USD	125	5,241
- GBP	2	68
- TRY	7,942	-
- CAD	-	822
- CZK	1,219	-
- RON	53	52
Foreign-currency liabilities		
- EUR	173	3,789
- USD	132	7,507
- GBP	4	82
- TRY	7,933	-
- RON	26	1
- CZK	1,221	-
- CAD	-	822
Accrued expenses and deferred income		
- EUR	110	215
Cash in foreign currencies		
- CZK	111	1,010
- EUR	169	1,463
- HUF	16,357	40,546
- RON	18	18
- USD	697	2,926
- GBP	90	135
- SEK	165	326
- DKK	123	96
- NOK	163	269
- CHF	12	52
- TRY	47	195
- CAD	106	96
- AUD	10	1

Price risk

The Group holds financial instruments traded on a regulated market (the Warsaw Stock Exchange), in connection with which it has identified the risk of volatility in the prices of financial instruments listed on stock exchanges. Such instruments are disclosed as financial instruments held for trading in the financial statements.

The amount of investments in financial instruments held for trading is presented in Note 3.

Liquidity risk

The Company is exposed to liquidity risk understood as the risk of failure to meet its liabilities as they fall due. The risk is connected with a potentially limited access to financial markets, resulting in the Group's inability to raise new financing or refinance its debt. The Company's objective is to balance its liquidity position by managing its receivables, liabilities and financial instruments and by using debt financing in the form of short-term bank borrowings.

Note 13 includes a table presenting age of liabilities. The vast majority of the liabilities (about 99%) relate to transactions executed on stock exchanges, in the majority of which the Company acted as intermediary in the purchase or sale of financial instruments on behalf of its clients. A liability under such stock exchange transaction is to a large extent offset by a transaction generating receivables. As at December 31st 2021, the balance of stock exchange transactions (receivables vs liabilities) was PLN 1,043 thousand (December 31st 2020: PLN 8,863 thousand). Liabilities to the Central Securities Depository of Poland/KDPW CCP (the clearing agent) under transactions executed on the WSE may be financed with proceeds from the available credit facilities. In view of the foregoing, the liquidity risk is considered low.

The liquidity risk is identified as one of the typical risks for each business entity and is assessed by the Company under normal market conditions as relatively low given its own cash position (note 1) and the available credit lines used to finance stock exchange transactions (note 13).

Moreover, no assurance can be given that the bank which provides financing for the Company's activities on the stock exchange would not change its approach to the financing due to the general market situation or the possible deterioration of the Company's financial position. In an extreme negative scenario, it cannot be ruled out that the financing might be significantly limited or even withheld, which could adversely affect the scale of the Company's activities in this business segment and consequently further reduce revenue. However, at present the Company has not identified any indications that this risk could materialise to a higher extent than in previous years.

Note 14

Fair value of instruments not measured at fair value

Loans, receivables and liabilities as at Dec 31 2021	carrying amount	balance-sheet item	fair value
Loans and receivables			
- loan	1,006	Increase in loans	1,006
- cash	103,389	Cash	103,389
Financial liabilities (bank credit)	16,549	Liabilities	16,549

Loans, receivables and liabilities as at Dec 31 2020	carrying amount	balance-sheet item	fair value
Loans and receivables			
- loan	1,479	Increase in loans	1,479
- cash	279,585	Cash	279,585
Financial liabilities (bank credit)	16,651	Liabilities	16,651

Note 15

Non-current liabilities included lease liabilities of PLN 176 thousand as at December 31st 2021, compared with PLN 47 thousand as at December 31st 2020.

Non-current liabilities	Dec 31 2021	Dec 31 2020
a) up to 1 year	176	47
b) over 1 year to 3 years	-	-
c) over 3 years to 5 years	-	-
d) over 5 years	-	-
Total non-current liabilities	176	47

Accruals and deferred income were nil at December 31st 2021 (December 31st 2020: nil).

Note 16

Provisions for liabilities	Dec 31 2021	Dec 31 2020
1. Change in non-current provision for retirement and similar benefits	-	-
2. Change in current provision for retirement and similar benefits	159	387
3. Change in other non-current provisions	206	- 14
4. Change in other current provisions	- 1,235	5,953
Other current provisions at beginning of period	8,368	2,415
a) recognised	9,822	10,833
b) used	11,057	4,878
c) reversed	-	2
Other current provisions at end of period	7,133	8,368

Other current provisions at end of period (by items)

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Audit and preparation of financial statements	96	66
Employee benefits*	4,410	6,227
Other	2,627	2,075
Total other current provisions at end of period	7,133	8,368

* As provided for in the Polish Accounting Act and IAS 19, employee benefits include wages, salaries, social security contributions, paid annual leave, paid sick leave, profit-sharing and bonuses, as well as post-employment benefits including pensions, other retirement benefits, termination benefits and non-cash benefits for current employees.

Change in deferred tax liability	Dec 31 2021	Dec 31 2020
1. Deferred tax liability at beginning of period, including:	1,980	909
a) charged to net profit/(loss)	1,980	893
- property, plant and equipment, and intangible assets	128	197
- measurement of financial instruments	7	58
- receivables	1,845	638
b) charged to equity	-	16
c) charged to (negative) goodwill	-	-
2. Increase	161	1,442
a) charged to net profit (loss) of the period under taxable temporary differences:	161	1,441
- property, plant and equipment, and intangible assets	9	-
- measurement of financial instruments	14	60
- receivables	138	1,381
b) charged to equity	-	1
c) charged to (negative) goodwill	-	-
3. Decrease	1,987	371
a) charged to net profit/(loss) of the period under deductible temporary differences:	1,987	354
- property, plant and equipment, and intangible assets	62	69
- measurement of financial instruments	11	111
- receivables	1,914	174
b) charged to equity	-	17
4. Deferred tax liability at end of period, including:	154	1,980
a) charged to net profit/(loss) of the period under temporary differences on:	154	1,980
- property, plant and equipment, and intangible assets	75	128
- measurement of financial instruments	10	7
- receivables	69	1,845
b) charged to equity	-	-
c) charged to (negative) goodwill	-	-

Note 17

Subordinated liabilities – none

Note 18

Changes in individual categories of financial instruments

	Financial instruments available for sale	Financial instruments held for trading		Loans and receivables		Other financial liabilities
		Financial assets	Financial liabilities	Loan	Cash and cash equivalents	Short-term bank borrowings
As at Jan 1 2021	8,714	120	101	1,479	279,585	16,651
Increase:	-	22,232	190	249	-	-
- acquisition of shares	-	22,232	-	-	-	-
- advance of a loan	-	-	-	206	-	-
- interest and foreign exchange differences	-	-	-	43	-	-
- measurement of financial instruments	-	-	190	-	-	-
Decrease:	4	20,905	101	722	176,196	102
- sale of shares/ investment fund shares	4	20,795	-	-	-	-
- measurement of financial instruments	-	110	-	-	-	-
- impairment loss	-	-	-	329	4	-
- repayment / other changes	-	-	101	393	-	102
- change in cash	-	-	-	-	176,192	-
As at Dec 31 2021	8,710	1,447	190	1,006	103,389	16,549

	Financial instruments available for sale	Financial instruments held for trading		Loans and receivables		Other financial liabilities
		Financial assets	Financial liabilities	Loan	Cash and cash equivalents	Short-term bank borrowings
As at Jan 1 2020	10,734	308	-	609	35,080	6,799
Increase:	66	14,830	101	1,049	244,505	9,852
- acquisition of shares	66	14,830	-	-	-	-
- advance of a loan	-	-	-	1,021	-	-
- contracting of a credit facility	-	-	-	-	-	9,838
- measurement of financial instruments	-	-	101	28	-	14
- interest and foreign exchange differences	-	-	-	28	-	14
- change in cash	-	-	-	-	244,505	-
Decrease:	2,086	15,018	-	179	-	-
- sale of shares/ investment fund shares	2,000	14,792	-	-	-	-
- measurement of financial instruments	86	226	-	-	-	-
- repayment	-	-	-	179	-	-
- expiry of leases	-	-	-	-	-	-
As at Dec 31 2020	8,714	120	101	1,479	279,585	16,651

Note 19

Share capital	Dec 31 2021	Dec 31 2020
a) par value per share (PLN)	0.10	0.10
b) series/issue	A, B, C	A, B, C
c) type of shares	ordinary bearer shares	ordinary bearer shares
d) preference attached to shares	none	none
e) restrictions on rights attached to shares	none	none
f) number of shares	29,937,836	29,937,836
g) total par value of series/issue (PLN '000)	2,994	2,994
h) type of contribution	cash	cash
i) dividend right since:	the shares carry the right to profit distribution for 2021 and 2020	the shares carry the right to profit distribution for 2020 and 2019

There were no changes in the Company's share capital in 2021 or 2020.

As at December 31st 2021, 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.

Share capital (structure) – as at December 31st 2021 and the issue date of these financial statements

Shareholder	Number of shares and voting rights	Value of shares subscribed for (PLN)
OFE PZU Złota Jesień*	2,993,684	299,368
IPOPEMA PRE-IPO FIZAN ¹	2,990,789	299,079
IPOPEMA 10 FIZAN ²	2,851,420	285,142
Value FIZ*	2,750,933	275,093
QUERCUS Funds ^{3*}	2,256,200	225,620
Katarzyna Lewandowska	2,136,749	213,675
Jarosław Wikaliński ⁴	1,499,900	149,990
Shareholders holding over 5% of the share capital – total	17,479,675	1,747,967

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

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

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

³ QUERCUS Parasolowy SFIO and QUERCUS Multistrategy FIZ.

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

Share capital structure as at December 31st 2020

Shareholder	Number of shares and voting rights	Value of shares subscribed for (PLN)
OFE PZU Złota Jesień*	2,993,684	299,368
IPOPEMA PRE-IPO FIZAN ¹	2,990,789	299,079
IPOPEMA 10 FIZAN ²	2,851,420	285,142
Value FIZ*	2,750,933	275,093
Katarzyna Lewandowska	2,136,749	213,675
Swiss Capital S.A.	1,539,039	153,904
Jarosław Wikaliński ³	1,499,900	149,990
Shareholders holding over 5% of the share capital – total	16,762,514	1,676,251

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

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

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

³ Pursuant to an oral agreement on unanimous voting at the General Meeting, Jarosław Wikaliński and Małgorzata Wikalińska hold a total of 2,990,789 voting rights, or 9.98% of total voting rights at the General Meeting.

Note 20

Treasury shares

Except for possible transactions executed as part of the Company's brokerage activities (intermediation in equity trading on the WSE), the Company did not purchase any of its own shares.

Note 21

Reserve funds	Dec 31 2021	Dec 31 2020
a) share premium	10,351	10,351
b) statutory reserve funds	998	998
c) reserve funds created pursuant to the Articles of Association (above statutory minimum)	42,369	42,120
Total reserve funds	53,718	53,469

Note 22

Distributions from net profit in the financial year – none

Note 23

Negative goodwill of subordinates – none

Note 24

Book value per share	Dec 31 2021	Dec 31 2020
Equity (PLN '000)	66,166	67,789
Number of shares outstanding	29,937,836	29,937,836
Book value per share (PLN)	2.21	2.26

Book value per share is equal to the ratio of the value of equity as at the reporting date to the number of shares outstanding as at the reporting date.

Note 25

Revaluation capital reserve

Changes in revaluation capital reserve	2021	2020
Revaluation capital reserve as at Jan 1	-	70
Remeasurement of financial assets available for sale	-	
As at Jan 1	-	86
Sale / redemption	-	86
Gain from periodic valuation	-	-
As at Dec 31	-	-
Determination of deferred corporate tax	-	
As at Jan 1	-	16
Change in deferred tax liabilities	-	- 16
As at Dec 31	-	-
Revaluation capital reserve as at Dec 31	-	-

Note 26

Clients' financial instruments	Dec 31 2021	Dec 31 2020
Securities admitted to official listing		
- quantity	296,402	111,608
- amount	2,291,414	1,336,860
Securities not admitted to official listing		
- quantity	4,348	35,666
- amount	172,973	184,204
Designated sponsor		
(i) shares		
- quantity	979	300
- amount	44,803	3,201
(ii) bonds		
- quantity	19,000	0.02
- amount	2,874	2,000
(iii) investment certificates		
- quantity	94,212	15,846
- amount	35,597,600	35,026,561

Notes to the statement of profit or loss

Note 27

Revenue from core activities	2021	2020
Revenue from trading in securities	30,706	33,107
Revenue from investment banking services, including:	25,994	18,042
- offering a financial instruments	16,794	11,104
- advisory services and other investment banking revenue	9,200	6,938
Other revenue	3,684	4,518
Total revenue	60,384	55,667

Revenue from acceptance and transfer of orders to buy or sell investment fund shares or units in collective investment undertakings was PLN 0.4 thousand in 2021, compared with PLN 24 thousand in 2020.

Revenue by country	2021	2020
Poland	56,825	52,523
Germany	3,559	3,144
Total revenue	60,384	55,667

Cost of services	2021	2020
- transaction costs other than cost of clearance through clearing houses or stock exchanges	11,568	5,286
- ICT and information services	4,132	4,345
- other services	2,237	1,022
Total services	17,937	10,653

Note 28

In 2021, income from financial instruments held for trading was PLN 374 thousand (2020: PLN 2,809 thousand).

Note 29

In 2021, costs related to financial instruments held for trading were PLN 1,276 thousand (2020: PLN 3,459 thousand).

Note 30

Income from financial instruments held to maturity – none

Note 31

Costs related to financial instruments held to maturity – none

Note 32

Income from financial instruments available for sale

In 2021, income from financial instruments available for sale was PLN 4,196 thousand (PLN 380 thousand in 2020), of which dividends from subsidiaries were PLN 4,196 thousand (PLN 294 thousand in 2020).

Note 33

Cost related to financial instruments available for sale

Costs of financial instruments available for sale were nil in 2021 (2020: nil).

Note 34

Gain/(loss) on sale of all or some of shares in subordinates – none

Note 35

Other income	2021	2020
a) gain on sale of property, plant and equipment, and intangible assets	-	-
b) provisions reversed	-	1
c) decrease in impairment losses on receivables	59	17
d) other, including:	2,212	820
- re-invoicing of costs	2,199	786
- other	13	34
Total other income	2,271	838

Note 36

Other expenses	2021	2020
a) provisions recognised	-	-
b) increase in impairment losses on receivables	69	73
c) other, including:	2,223	865
- re-invoicing of costs	2,190	807
- other	33	58
Total other expenses	2,292	938

Note 37

Interest on deposits	2021	2020
interest on own deposits, including:	156	75
- unrealised – up to 3 months	-	-
- unrealised – from 3 to 12 months	-	-

Note 38

Interest on borrowings	2021	2020
a) realised	813	752
b) unrealised	25	13
- unrealised – up to 3 months	25	13
- unrealised – from 3 to 12 months	-	-
Total interest on borrowings	838	765

Note 39

Income tax	2021	2020
Current corporate income tax		
1. Profit/(loss) before tax	10,772	14,266
2. Differences between pre-tax profit (loss) and taxable income, by item	354	- 7,277
a/ non-tax-deductible costs	13,577	13,815
entertainment costs	100	77
State Fund for the Disabled	120	99
membership fees	200	159
carrying amount of financial instruments and settlements	1,880	1,422
impairment losses on receivables	69	73
depreciation and amortisation	377	386
provisions	10,235	11,388
other	596	211
b/ non-taxable income	5,989	8,968
released provisions	-	1
reversal of impairment losses on receivables	59	17
interest on deposit, loans and receivables	43	31
dividend	4,196	294
carrying amount of financial instruments and settlements	1,525	1,547
proceeds from the CSDP	65	120
estimated income	16	6,931
other	85	27
c/ costs added statistically	11,956	7,534
use of provision for employee benefits	6,756	1,379
released provisions	3,575	3,068
audit of financial statements	121	147
VAT adjustment	91	-
interest paid	558	513
other	855	2,427
d/ income added statistically	9,533	4,518
interest	7	4
proceeds from the CSDP	48	166
estimated income	9,203	-

other	275	4,348
e/ deduction of loss	4,811	9,108
3. Donation made	-	-
4. Taxable income	11,126	6,989
5. Corporate income tax at 19% rate	2,114	1,328
6. Increases, reliefs, exemptions, allowances, and reductions in/of corporate income tax – tax paid on dividend received	-	-
7. Current corporate income tax disclosed in tax return for period, including:	2,114	1,328
- disclosed in statement of profit or loss	2,114	1,328
- referring to items decreasing or increasing equity	-	-
Deferred income tax disclosed in statement of profit or loss:		
- decrease (increase) related to temporary differences and reversal of temporary differences	- 1,566	- 2,110
- decrease (increase) related to changes in tax rates	-	-
- decrease (increase) related to tax loss not recognised earlier, tax relief or temporary differences brought forward	-	-
- decrease (increase) in deferred tax assets	2,595	2,634
- change in deferred tax liabilities	- 1,826	1,088
Total deferred income tax	- 796	1,612

Tax settlements and other regulated areas of activity are subject to inspection by administrative authorities, which are authorised to impose 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 payment deadline expired.

Note 40

Other mandatory decrease of profit (increase of loss) – none

Note 41

Proposed distribution of profit for the current year and profit distributed for the previous year

Distribution of profit	2021	2020
Net profit/(loss)	9,454	11,326
Reserve funds	-	249
Dividend	-	11,077

As at the date of preparation of these financial statements, the Management Board had not made any recommendation concerning the distribution of profit for 2021. This decision will be made at a later date, however not later than by the date of convening of the Annual General Meeting, which pursuant to the Commercial Companies Code must be held within six months from the end of a given financial year.

Note 42

Liabilities secured with the brokerage house's assets:

Both in 2021 and 2020, the Company's assets were used as security for working capital overdraft facilities (see Note 13). The facilities are secured with a PLN 4m security deposit in a bank account (as at December 31st 2021), blank promissory notes with promissory note declarations and powers of attorney over bank accounts.

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.

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 1,791 thousand. Under an amendment of 2020, the guarantee amount was increased to EUR 308 thousand. The guarantee, provided until April 16th 2023, secures liabilities related to the lease of office space.

Note 43

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 13), and paid a deposit of PLN 1.5m as security for settlement of transactions on foreign stock exchanges.

Note 44

Security granted:

In the reporting period, the Company did not grant any security.

Note 45

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

In 2021 and in 2020, 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 the changes in impairment losses on receivables (Note 2).

Note 46

Income, expenses and profit (loss) from discontinued operations or operations intended to be discontinued:

The Company did not identify any discontinued operations in 2021 or 2020. All information presented in the 2021 financial statements relates to continuing operations.

Note 47

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 lease contract providing for the right to use the building was executed for a period of five years, with an option to extend its term for another two years. Pursuant to an annex to the contract, executed in January 2016, the lease was extended until January 2023.

Minimum lease payments are presented in the table below.

Lease liabilities	Dec 31 2021	Dec 31 2020
	Present value of minimum lease payments	
Within 1 year	1 273*	1 198*
In 1 to 5 years	55*	1 250*
Over 5 years	-	-
Total lease liabilities	1,328	2,448

* 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	Dec 31 2021	Dec 31 2020
Net carrying amount	164	55
Present value of minimum lease payments	251	61
Within 1 year	75	14
In 1 to 5 years	176	47
Over 5 years	-	-
Contingent lease payments recognised as expense in the period	35	16

Note 48

Amounts and type of any extraordinary or one-off income or expense items:

In the reporting period, the Company did not recognise any extraordinary gains or losses.

Note 49

Future income tax liabilities:

In the reporting period, the Company had no future income tax liabilities.

Note 50

Items of the statement of cash flows

Breakdown of the Company's activities as assumed for 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	
	Dec 31 2021	Dec 31 2020	Dec 31 2021	Dec 31 2020
Cash and cash equivalents	103,389	279,585	103,387	279,216
1. In hand	1	1	1	1
2. At banks	20,708	12,078	20,708	12,078
3. Other cash	82,680	267,503	82,680	267,503
4. Cash equivalents	-	3	-	-
5. Accrued foreign exchange differences	-	-	- 2	- 366

The difference between the presentation of cash in the balance sheet and the statement of cash flows in 2021 and 2020 follows from presentation of cash net of the effect of foreign exchange differences and received purchase cards presented under cash and cash equivalents.

The item 'Cash and cash equivalents 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 1.

Differences in changes in items of the balance sheet

	Presentation in the balance sheet		Change as disclosed in the balance sheet	Presentation in the statement of cash flows – change
	Dec 31 2021	Dec 31 2020		2021
Gross short- and long-term receivables	218,723	199,146	19,577	19,577

Financial statements of IPOPEMA Securities S.A. for 2021

Net receivables	218,681	199,040		
Impairment losses on receivables	42	106	- 64	- 64
Provisions (net of deferred tax related to equity and provision for unpaid interest)	8,535	11,231	- 2,696	- 2,696
Total change in impairment losses and provisions				- 2,760

Differences in changes in items of the balance sheet

	Presentation in the balance sheet		Change as disclosed in the balance sheet	Presentation in the statement of cash flows – change
	Dec 31 2020	Dec 31 2019		2020
Gross short- and long-term receivables	199,146	154,414	44,732	44,933
Net receivables	199,040	154,283		
Impairment losses on receivables	106	131	- 25	- 25
Provisions (net of deferred tax related to equity and provision for unpaid interest)	11,231	3,817	7,414	7,414
Total change in impairment losses and provisions				7,389

The difference between the change in gross receivables disclosed in the balance sheet and the amount disclosed in the statement of cash flows was due to a decrease in interest receivable as at December 31st 2019, disclosed as security deposit relating to investing activities. The Company received the interest in 2020.

Note 51

Workforce structure

In 2021, the average workforce (employees and regular associates) was 81 FTEs (71 FTEs in 2020).

Number of employees in FTEs:

Organisational unit	Dec 31 2021	Dec 31 2020
Management Board	4	4
Other	78	73
Total	82	77

Note 52

Remuneration of members of the Management Board and the Supervisory Board (including profit distribution)

The table below presents the amount of remuneration paid and payable or potentially payable to members of the Supervisory and Management Boards, as well as additional benefits (healthcare services, to the extent they are financed by the Company, and Employee Pension Plan contributions) from IPOPEMA Securities:

Total remuneration (including bonuses)	2021	2020
Management Board	1,980	2,974
Jacek Lewandowski	432	559
Mirosław Borys	553	704
Mariusz Piskorski	529	754
Stanisław Waczkowski	466	957
Supervisory Board	143	166
Jacek Jonak	35	40
Janusz Diemko	28	32
Michał Dobak	16	32
Bogdan Kryca	24	30

Ewa Radkowska-Świętoń	28	28
Andrzej Knigawka	12	-
Zbigniew Mrowiec	-	4

In addition to the remuneration, the Management and Supervisory Board members who are the Company's shareholders receive dividend on the same terms as other shareholders.

Agreements with Mariusz Piskorski and Mirosław Borys of November 4th 2008

Two of the Management Board members, Mariusz Piskorski and Mirosław Borys, entered into agreements with the Company, whereby each of them is entitled to compensation equal to three times their monthly salary if they are removed from the Management Board or not reappointed for another term of office (subject to conditions set forth in the agreements) or their remuneration terms are changed to less favourable.

Note 53

Loans, advances and guarantees granted to members of the Management Board and the Supervisory Board:

In the reporting period, the Company did not grant any loans, advances or guarantees to any of the members of the Management Board or the Supervisory Board.

Note 54

Material transactions executed by the Company (in 2021 and 2020, i.e. in the period for which the comparative data was prepared) with:

a) the parent

not applicable

b) major shareholder

not applicable

c) subordinates

Transactions with IPOPEMA Financial Advisory Sp. z o.o. SK

In 2017, the Company executed a contract for the provision of office and administrative support services to IFA SK – the amount of income recognised by the Company on this account in 2021 and 2020 was less than PLN 0.4m.

Transactions with IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A.

The Company is performing agreements concluded with IPOPEMA TFI for: (i) the provision of services of offering IPOPEMA TFI's investment certificates, (ii) intermediation in the sale and redemption of investment fund shares, (iii) provision of additional services in connection with IPOPEMA TFI's having taken over the management of various funds from other investment fund management companies, (iv) the keeping of shareholder registers, (v) acting as the issue agent under Art. 7a.1a of the Act on Trading in Financial Instruments of July 29th 2005, (vi) the provision of research services. The total amount of fees payable to the Company for the work performed and for its activities related to improving the quality of services provided to investors in the funds was PLN 4.6m in 2021 (PLN 2.3m in 2020).

Transactions with the subsidiary MUSCARI Capital Sp. z o.o.

In 2021, MUSCARI provided financial intermediation services to the Company. The cost of these services incurred by the Company in 2021 was PLN 2.2m (PLN 0.2m in 2020). In 2021, the Company also advanced a loan of PLN 80 thousand to MUSCARI (2020: PLN 740 thousand).

a) members of the Management Board and the Supervisory Board

None.

b) spouses or relatives of members of the Management Board and the Supervisory Board

None.

c) persons related to members of the Management Board and the Supervisory Board through custody, adoption or guardianship

None.

Related-party transactions – income and expenses

Related party	Revenue from core activities	Other operating and finance income	Purchases	Revenue from core activities	Other operating and finance income	Purchases
	2021			2020		
IPOPEMA BC	-	19	-	-	15	-
IPOPEMA TFI	4,590	356	13	2,302	384	-
IFA SK	304	15	-	355	- 5	-
MUSCARI	-	25	2,155	-	4	181
Total	4,894	415	2,168	2,657	398	181

Related-party transactions – receivables and liabilities

Related party	Receivables and loans		Liabilities	
	Dec 31 2021	Dec 31 2020	Dec 31 2021	Dec 31 2020
IPOPEMA BC	410	411	-	-
IPOPEMA TFI	637	551	1	-
IFA SK	375	431	-	-
MUSCARI	714	747	305	84
Total	2,136	2,140	306	84

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

On June 28th 2019, the Annual General Meeting of IBC resolved to allocate a part of the 2018 profit, of PLN 0.8m, to dividend (PLN 399.80 per share). Of this amount, PLN 0.4m is due to the Company as a shareholder, with no dividend paid by the date of these financial statements.

Transactions with related entities not covered by the financial statements

In the reporting period, there were no material transactions with related entities other than disclosed above.

Material related-party transactions other than transactions executed on an arm's-length basis

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

Note 55

Under an agreement concluded in 2020, Grant Thornton Polska Sp. z o.o. Sp. K., with its registered office at ul. Abpa Antoniego Baraniaka 88 E., Poznań, Poland, is the entity authorised to audit the Company's / the Group's full-year separate and consolidated financial statements and to review half-year financial statements. The agreement was concluded for a period of two years.

Auditor's fees payable, in PLN '000 (exclusive of VAT):

Type of service	2021	2020
mandatory audit of financial statements	73	75
other assurance services*	89	68
tax advisory services	-	-
other services	-	-

* 'Other assurance services' included review of the financial statements, assessment of the requirements for the safekeeping of customers' assets, and assessment of the remuneration report.

Note 56

Name and registered office of the parent preparing the consolidated financial statements

Not applicable.

Note 57

Dividends paid and proposed

By the date of preparation of these financial statements, no final decision had been made by the Company's Management Board concerning recommended distribution of the 2021 profit. Any decisions in this respect will be made at a later date, however not later than by the date of convening of the Annual General Meeting, which pursuant to the Commercial Companies Code must be held within six months from the end of a given financial year.

On June 21st 2021, the Annual General Meeting of the Company resolved to pay a dividend from profit for 2020, which amounted to PLN 11,326 thousand. The dividend was PLN 0.37 per share. The dividend record date was set for June 30th 2021, and the dividend payment date – for July 8th 2021. A total of PLN 11,077 thousand was paid out to the shareholders on the dividend payment date.

Dividend received

On July 30th 2021, the Annual General Meeting of IPOPEMA TFI passed a resolution on a conditional dividend payment of PLN 4m from the 2020 profit. The conditions specified in the resolution of the General Meeting were met and the Company received the full dividend amount from IPOPEMA TFI.

On March 16th 2021, the General Meeting of IFA SK resolved to distribute a part of profit for 2019 of PLN 254 thousand. On February 7th 2020, the General Meeting of IFA SK resolved on a distribution from the 2018 profit of PLN 381 thousand. The Company received the full amount of its share in IFA SK's profit.

On February 7th 2020, the General Meeting of IFA SK resolved to distribute profit for 2018 of PLN 381 thousand. The Company received the full amount of its share in the profit of IFA SK.

Note 58

Information on unconsolidated joint ventures

In the reporting period, the Company did not participate in any joint ventures.

Note 59

Litigation

In 2021 and as at the date of issue of these financial statements, the Company was not party to any material litigation.

Note 60

Pending administrative proceedings and inspections

In December 2020, the Polish Financial Supervision Authority commenced a planned inspection, which was completed in April 2021. The inspection was comprehensive and covered by all material areas of the Company's

business. The Company received post-inspection recommendations, all of which have been implemented, with detailed information on how they were implemented provided to the PFSA.

In November 2021, an inspection was carried out at the Company by the Central Securities Depository of Poland concerning records of financial instruments and the operation of the IT systems used to maintain such records. The Company received post-inspection recommendations from the CSDP, which were implemented.

Note 61

Capital adequacy requirements

As an investment firm, the Company is obliged to calculate its own funds and prudential requirements:

- until June 25th 2021 – in accordance with Regulation (EU) No. 575/2013 of the European Parliament and of the Council of June 26th 2013 on prudential requirements for credit institutions and investment firms (“CRR”);
- from June 26th 2021 – in accordance with Regulation (EU) No. 2019/2033 of the European Parliament and of the Council of November 27th 2019 on the prudential requirements of investment firms and amending Regulations (EU) No. 1093/2010, (EU) No. 575/2013, (EU) No. 600/2014 and (EU) No. 806/2014 (“IFR”).

Data as at December 31st 2021 regarding own funds, own funds requirements and capital ratios provided for in the IFR Regulation is presented below. The capital requirement calculated in accordance with the IFR is the highest of:

- fixed overheads requirement,
- permanent minimum initial capital requirement,
- K-factor capital requirement.

As at December 31st 2021, the Company’s K-factor capital requirement was the highest of these amounts.

Item (PLN '000)	Dec 31 2021
Own funds	50,623
Own funds requirements	19,665
- permanent minimum capital requirement	3,450
- fixed overheads requirement	6,768
- K-factor requirement	19,665
Tier 1 common equity ratio	257.42%
Surplus(+)/deficit(-) of common equity Tier 1 capital	39,610
Tier 1 capital ratio	257.42%
Surplus(+)/deficit(-) of Tier 1 capital	35,874
Total capital adequacy ratio	257.42%
Surplus(+)/deficit (-) of total capital	30,957

The key average monthly data concerning the period of calculation of own funds and prudential requirements based on the CRR Regulation is presented in the table below.

Item	Average monthly data					
	Jan 2021	Feb 2021	Mar 2021	Apr 2021	May 2021	Jun 2021
Own funds – (PLN '000)	54,230	53,384	55,215	55,131	55,094	-
Tier 1 Capital	54,230	53,384	55,215	55,131	55,094	-
Tier 1 Common Equity	54,230	53,384	55,215	55,131	55,094	-
Additional Tier 1 Capital	-	-	-	-	-	-
Tier 2 Capital	-	-	-	-	-	-
Total risk exposure (PLN '000)	202,592	258,327	188,184	190,678	174,225	-

Financial statements of IPOPEMA Securities S.A. for 2021

Risk-weighted exposure amounts for credit risk, counterparty credit risk, dilution risk and free deliveries	141,085	187,962	115,180	118,995	103,010	-
Total exposure to settlement/delivery risk	-	-	-	-	-	-
Total exposure to position, currency and commodity price risks	6,602	8,302	10,939	6,794	6,328	-
Total exposure to operational risk	54,903	62,063	62,063	64,887	64,887	-
Additional exposure to risk related to fixed indirect costs	-	-	-	-	-	-
Total exposure to risk related to credit valuation adjustment	2	-	2	2	-	-
Total exposure to risk related to large trading book exposures	-	-	-	-	-	-
Other exposures to risk	-	-	-	-	-	-
Tier 1 common equity ratio	27.45	22.30	29.64	28.91	31.62	-
Tier 1 capital surplus(+)/shortfall(-) (PLN '000)	45,113	41,760	46,746	46,550	47,254	-
Tier 1 capital ratio	27.45	22.30	29.64	28.91	31.62	-
Tier 1 capital surplus(+)/shortfall(-) (PLN '000)	42,074	37,885	43,924	43,690	44,641	-
Total capital adequacy ratio	27.45	22.30	29.64	28.91	31.62	-
Total capital surplus(+)/shortfall(-) (PLN '000)	38,023	32,718	40,160	39,877	41,156	-

Information on breach of capital adequacy ratios and limits on large exposures

In the reporting period, the Company did not identify any non-compliance with capital adequacy ratios on a separate or consolidated basis.

In the reporting period, as regards the provisions of the CRR Regulation, the Company identified exposures which resulted in exceeding the large exposures limit on a separate and consolidated basis. The limit was exceeded for 27 days in January to March 2021 as clients were making payments to their individual accounts held with IPOPEMA Securities. The Company obtained the PFSA's approval to temporarily exceed the limit in the period from January 27th to March 5th 2021.

Note 62

Events subsequent to the reporting date

All events with effect on the 2021 financial statements are disclosed in the accounting books for 2021.

War in Ukraine

At the present moment, the largest risk factor with a bearing, *inter alia*, on the economy is without doubt Russia's aggression and war against Ukraine, which started on February 24th 2022. For obvious reasons, it is difficult to reliably predict how the war will unfold and how long it will last, let alone what its aftermath will be. However, one can expect that it will have an extremely negative impact on the European economy and situation on the Polish market. The consequences of this war can already be seen in some areas of the Company's operations (as discussed in more detail in the Directors' Report), but it is too early now to assess the actual impact of the current developments on the Company's and its Group's business in subsequent periods of 2022.

Investment agreement with ProService Finteco Sp. z o.o.

On March 24th 2022, the Company concluded an investment agreement with ProService Finteco sp. z o.o. of Warsaw ("ProService") and established a joint-stock company whose principal business activity will be the provision of custodian services to closed-end investment funds (within the meaning of the Act on Investment Funds and Management of Alternative Investment Funds of May 27th 2004). Its share capital amounts to PLN 4,125,000 and IPOPEMA and ProService will each subscribe for shares representing 50% of the company's share capital and total voting rights. The investment agreement between IPOPEMA and ProService grants the parties the same rights as regards appointment of members of the Management Board and the Supervisory Board, and includes the customary provisions for agreements of this type, concerning, among other things, the right of pre-emption (if the other shareholder decides to dispose of the shares) and exit scenarios in the event of any significant disagreement between the shareholders. Apart from the obligations to subscribe for shares and make contributions for the share capital of the above amount, the agreement does not provide for any other obligations relating to the financing of the company by IPOPEMA or ProService. Another step in the implementation of the project will be the submission

by the new company to the Polish Financial Supervision Authority of a request for authorisation to conduct brokerage activities, to the extent enabling it to provide custodian services. The request will be submitted as soon as practicable after the company has been entered in the National Court Register.

Coronavirus epidemic

In previous periods, especially in 2020, but and also in 2021, the SARS-CoV-2 epidemic was a factor with potentially the strongest bearing on economy and financial markets and, consequently, on the Company's business. Although Poland has not yet been officially out of the pandemic and the incidence rate is still relatively high, the Covid-19-related risk appears to be low, as demonstrated by the government's decision to lift, as of March 28th 2022, most of the existing coronavirus restrictions. Although the pandemic situation may deteriorate in the coming months due to the possible emergence of new coronavirus mutations, at present the Company has not identified any significant adverse effect of the epidemic on its operations.

These financial statements contain 52 (fifty-two) consecutively numbered pages.

Warsaw, March 29th 2022

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