



# REPORT FOR

# THE 1<sup>ST</sup> QUARTER 2021

X-TRADE BROKERS DM S.A.

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# FINANCIAL CONSOLIDATED HIGHLIGHTS





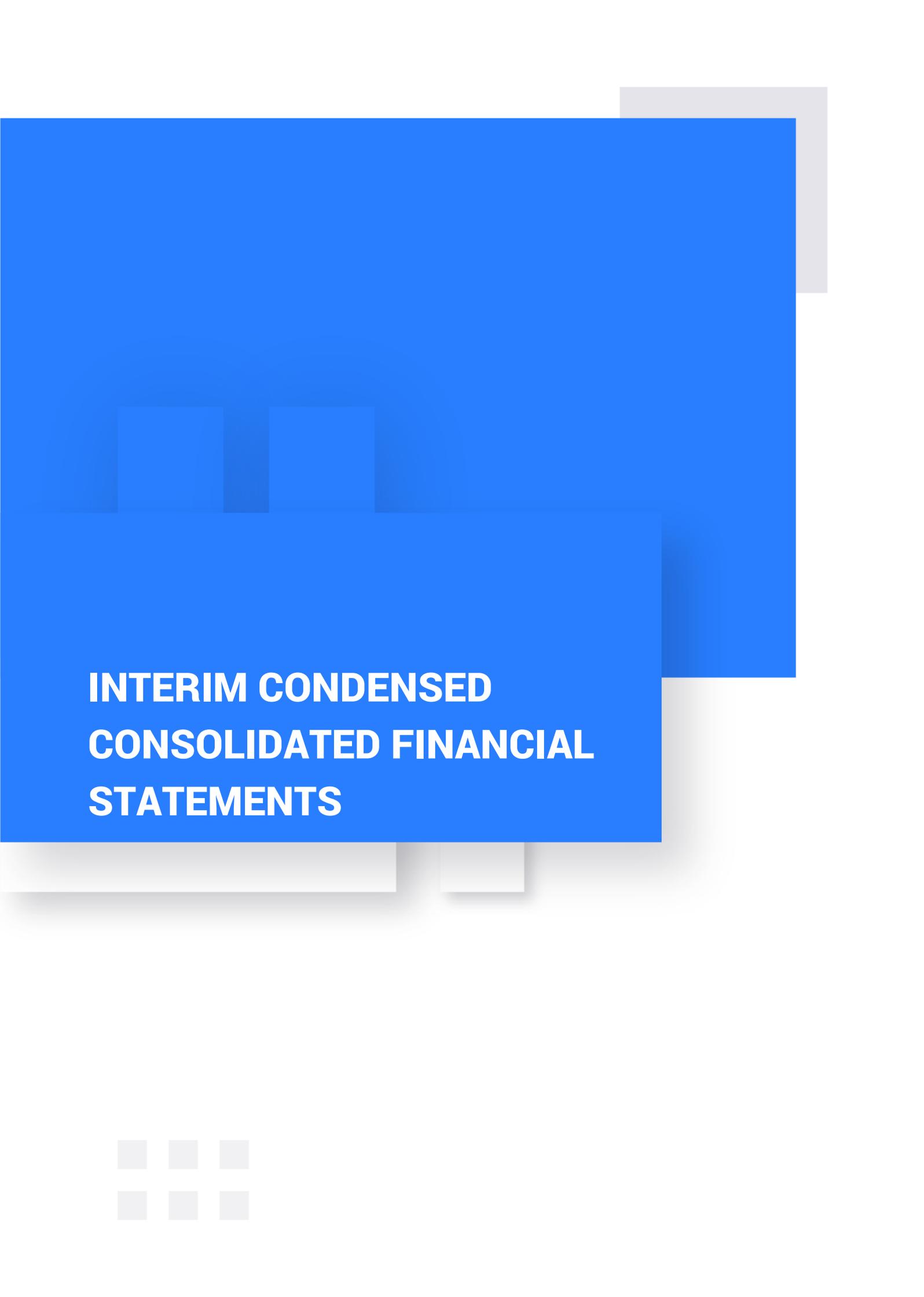
## FINANCIAL CONSOLIDATED HIGHLIGHTS

	IN PLN'000		IN EUR'000	
	THREE-MONTH ENDED		THREE-MONTH ENDED	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
<b>Consolidated comprehensive income statement:</b>				
Total operating income	186 697	306 664	40 834	69 755
Profit on operating activities	99 795	234 135	21 827	53 257
Profit before tax	107 959	222 274	23 613	50 559
Net profit	89 051	175 969	19 477	40 027
Net profit and diluted net profit per share attributable to shareholders of the Parent Company (in PLN/EUR per share)	0,76	1,50	0,17	0,34
<b>Consolidated cash flow statement:</b>				
Net cash from operating activities	96 604	254 351	21 129	57 856
Net cash from investing activities	(6 764)	(384)	(1 479)	(87)
Net cash from financing activities	(1 216)	(694)	(266)	(158)
Increase/(Decrease) in net cash and cash equivalents	88 624	241 952	19 384	55 035

	IN PLN'000		IN EUR'000	
	31.03.2021	31.12.2020	31.03.2021	31.12.2020
<b>Consolidated statement of financial position:</b>				
Total assets	2 813 364	2 283 526	603 687	494 827
Total liabilities	1 835 702	1 395 221	393 902	302 336
Share capital	5 869	5 869	1 259	1 272
Equity	977 662	888 305	209 785	192 490
Number of shares	117 383 635	117 383 635	117 383 635	117 383 635
Carrying amount and diluted carrying amount per share attributable to shareholders of the Parent Company (in PLN/EUR per share)	8,33	7,57	1,79	1,64

The above data was translated into EUR as follows:

- items in the consolidated comprehensive income statement and consolidated cash flow statement – by the arithmetic average of exchange rates published by the National bank of Poland as of the last day of the month during the reporting period:
  - for the current period: 4,5721;
  - for the comparative period: 4,3963;
- items of consolidated statement of financial position – by the average exchange rate published by the National Bank of Poland as of the end of the reporting period:
  - for the current period: 4,6603;
  - for the comparative period: 4,6148.

The image features a large blue rectangular area on the left side, which serves as a background for the text. To the right of this blue area, there are several overlapping light gray rectangular shapes that create a layered, architectural effect. The text is centered within the blue area and is written in a bold, white, sans-serif font. At the bottom left of the page, there is a small, light gray decorative element consisting of six squares arranged in a 2x3 grid.

**INTERIM CONDENSED  
CONSOLIDATED FINANCIAL  
STATEMENTS**





## INTERIM CONDENSED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(IN PLN'000)	NOTE	THREE-MONTH PERIOD ENDED	
		31.03.2021 (UNAUDITED)	31.03.2020 (UNAUDITED)
Result of operations on financial instruments	6.1	185 396	305 009
Income from fees and charges	6.2	1 296	1 584
Other income		5	71
<b>Total operating income</b>	<b>6</b>	<b>186 697</b>	<b>306 664</b>
Salaries and employee benefits	7	(30 892)	(38 782)
Marketing	8	(33 050)	(16 740)
Other external services	9	(8 728)	(7 767)
Costs of maintenance and lease of buildings		(803)	(968)
Amortisation and depreciation	16,17	(1 952)	(1 861)
Taxes and fees		(1 282)	(669)
Commission expenses	10	(9 711)	(4 540)
Other costs		(484)	(1 202)
<b>Total operating expenses</b>		<b>(86 902)</b>	<b>(72 529)</b>
<b>Profit on operating activities</b>		<b>99 795</b>	<b>234 135</b>
Finance income	11	8 278	1 043
Finance costs	11	(114)	(12 904)
<b>Profit before tax</b>		<b>107 959</b>	<b>222 274</b>
Income tax	26	(18 908)	(46 305)
<b>Net profit</b>		<b>89 051</b>	<b>175 969</b>
<b>Inne całkowite dochody</b>		<b>306</b>	<b>23 419</b>
Items which were reclassified to profit (loss)		-	21 880
- foreign exchange differences on translation of foreign operations		-	21 880
Items which will be reclassified to profit (loss) after meeting specific conditions		306	1 539
- foreign exchange differences on translation of foreign operations		19	(609)
- foreign exchange differences on valuation of separated equity		354	2 652
- deferred income tax		(67)	(504)
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>89 357</b>	<b>199 388</b>
<b>Net profit attributable to shareholders of the Parent Company</b>		<b>89 051</b>	<b>175 969</b>
<b>Total comprehensive income attributable to shareholders of the Parent Company</b>		<b>89 357</b>	<b>199 388</b>
<b>Earnings per share:</b>			
- basic profit per year attributable to shareholders of the Parent Company (in PLN)	25	0,76	1,50
- basic profit from continued operations per year attributable to shareholders of the Parent Company (in PLN)	25	0,76	1,50
- diluted profit of the year attributable to shareholders of the Parent Company (in PLN)	25	0,76	1,50
- diluted profit from continued operations of the year attributable to shareholders of the Parent Company (in PLN)	25	0,76	1,50

The interim condensed consolidated financial statements should be read in conjunction with the supplementary notes to the interim condensed consolidated financial statements, which are an integral part of these interim condensed consolidated financial statements.



## INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

(IN PLN'000)	NOTE	31.03.2021 (UNAUDITED)	31.12.2020 (AUDITED)	31.03.2020 (UNAUDITED)
<b>ASSETS</b>				
Cash and cash equivalents	13	1 988 092	1 575 807	1 270 563
Financial assets at fair value through P&L	14	778 812	663 133	194 507
Income tax receivables		201	2 593	46
Financial assets at amortised cost	15	16 856	13 310	12 617
Prepayments and deferred costs		6 741	5 397	5 453
Intangible assets	16	771	639	623
Property, plant and equipment	17	12 544	13 260	13 029
Deferred income tax assets	26	9 347	9 387	9 455
<b>Total assets</b>		<b>2 813 364</b>	<b>2 283 526</b>	<b>1 506 293</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Liabilities</b>				
Amounts due to customers	18	1 580 572	1 203 243	670 395
Financial liabilities held for trading	19	152 517	96 632	39 942
Income tax liabilities		4 361	1 329	26 041
Liabilities due to lease	20	7 508	8 654	10 216
Other liabilities	21	48 887	54 167	49 163
Provisions for liabilities	22	6 855	7 939	3 152
Deferred income tax provision	26	35 002	23 257	17 252
<b>Total liabilities</b>		<b>1 835 702</b>	<b>1 395 221</b>	<b>816 161</b>
<b>Equity</b>				
Share capital	23	5 869	5 869	5 869
Supplementary capital	23	71 608	71 608	71 608
Other reserves	23	390 730	390 730	364 757
Foreign exchange differences on translation	23	315	9	(218)
Retained earnings		509 140	420 089	248 116
<b>Equity attributable to the owners of the Parent Company</b>		<b>977 662</b>	<b>888 305</b>	<b>690 132</b>
<b>Total equity</b>		<b>977 662</b>	<b>888 305</b>	<b>690 132</b>
<b>Total equity and liabilities</b>		<b>2 813 364</b>	<b>2 283 526</b>	<b>1 506 293</b>

The interim condensed consolidated statement of financial position should be read in conjunction with the supplementary notes to the interim condensed consolidated financial statements, which are an integral part of these interim condensed consolidated financial statements.



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Interim condensed consolidated statement of changes in equity for the period from 1 January 2021 to 31 March 2021

(IN PLN'000)	SHARE CAPITAL	SUPPLEMENTARY CAPITAL	OTHER RESERVES	FOREIGN EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS AND SEPARATE FUNDS	RETAINED EARNINGS	EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY	TOTAL EQUITY
NOTE	23	23	23,24	23	24		
As at 1 January 2021	5 869	71 608	390 730	9	420 089	888 305	888 305
<b>Total comprehensive income for the financial year</b>							
Net profit	-	-	-	-	89 051	89 051	89 051
Other comprehensive income	-	-	-	306	-	306	306
As at 1 January 2021	-	-	-	306	89 051	89 357	89 357
<b>Transactions with Parent Company's owners recognized directly in equity</b>							
Appropriation of profit/offset of loss	-	-	-	-	-	-	-
- dividend payment	-	-	-	-	-	-	-
- transfer to other reserves	-	-	-	-	-	-	-
<b>Increase (decrease) in equity</b>	-	-	-	306	89 051	89 357	89 357
As at 31 March 2021 (unaudited)	5 869	71 608	390 730	315	509 140	977 662	977 662

The interim condensed consolidated statement of changes in equity should be read in conjunction with the supplementary notes to the interim condensed consolidated financial statements, which are an integral part of these interim condensed consolidated financial statements.



Consolidated statement of changes in equity for the period from 1 January 2020 to 31 December 2020

(IN PLN'000)	SHARE CAPITAL	SUPPLEMENTARY CAPITAL	OTHER RESERVES	FOREIGN EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS AND SEPARATE FUNDS	RETAINED EARNINGS	EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY	TOTAL EQUITY
NOTE	23	23	23,24	23	24		
As at 1 January 2020	5 869	71 608	364 757	(23 637)	72 147	490 744	490 744
<b>Total comprehensive income for the financial year</b>							
Net profit	-	-	-	-	402 087	402 087	402 087
Other comprehensive income	-	-	-	23 646	-	23 646	23 646
- including foreign exchange differences on the translation of a subsidiary in Turkey	-	-	-	21 880	-	21 880	21 880
<b>Total comprehensive income for the financial year</b>	-	-	-	<b>23 646</b>	<b>402 087</b>	<b>425 733</b>	<b>425 733</b>
<b>Transactions with Parent Company's owners recognized directly in equity</b>							
Appropriation of profit/offset of loss							
- dividend payment	-	-	-	-	(28 172)	(28 172)	(28 172)
- transfer to other reserves	-	-	25 973	-	(25 973)	-	-
<b>Increase (decrease) in equity</b>	-	-	<b>25 973</b>	<b>23 646</b>	<b>347 942</b>	<b>397 561</b>	<b>397 561</b>
As at 31 December 2020 (audited)	5 869	71 608	390 730	9	420 089	888 305	888 305

The consolidated statement of changes in equity should be read together with the supplementary notes to the consolidated financial statements, which are an integral part of these consolidated financial statements.



Interim condensed consolidated statement of changes in equity for the period from 1 January 2020 to 31 March 2020

(IN PLN'000)	SHARE CAPITAL	SUPPLEMENTARY CAPITAL	OTHER RESERVES	FOREIGN EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS AND SEPARATE FUNDS	RETAINED EARNINGS	EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY	TOTAL EQUITY
NOTE	23	23	23,24	23	24		
As at 1 January 2020	5 869	71 608	364 757	(23 637)	72 147	490 744	490 744
<b>Total comprehensive income for the financial year</b>							
Net profit	-	-	-	-	175 969	175 969	175 969
Other comprehensive income	-	-	-	23 419	-	23 419	23 419
- including foreign exchange differences on the translation of a subsidiary in Turkey	-	-	-	21 880	-	21 880	21 880
<b>Total comprehensive income for the financial year</b>	-	-	-	23 419	175 969	199 388	199 388
<b>Transactions with Parent Company's owners recognized directly in equity</b>							
Appropriation of profit/offset of loss	-	-	-	-	-	-	-
- dividend payment	-	-	-	-	-	-	-
- transfer to other reserves	-	-	-	-	-	-	-
<b>Increase (decrease) in equity</b>	-	-	-	23 419	175 969	199 388	199 388
As at 31 March 2020 (unaudited)	5 869	71 608	364 757	(218)	248 116	690 132	690 132

The interim condensed consolidated statement of changes in equity should be read in conjunction with the supplementary notes to the interim condensed consolidated financial statements, which are an integral part of these interim condensed consolidated financial statements.



## INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(IN PLN'000)	NOTA	THREE-MONTH PERIOD ENDED	
		31.03.2021 (UNAUDITED)	31.03.2020 (UNAUDITED)
<b>Cash flows from operating activities</b>			
Profit before tax		107 959	222 274
<b>Adjustments:</b>		<b>(9 711)</b>	<b>52 692</b>
(Profit) Loss on investment activity		(42)	8
Amortization and depreciation	16, 17	1 952	1 861
Foreign exchange (gains) losses from translation of own cash		(12 002)	(4 871)
Other adjustments	28.2	223	23 109
<b>Changes</b>			
Change in provisions		(1 084)	23
Change in balance of financial assets at fair value through P&L and financial liabilities held for trading		(54 258)	(17 462)
Change in balance of restricted cash		(311 659)	(68 543)
Change in financial assets at amortised cost		(3 546)	(6 143)
Change in balance of prepayments and accruals		(1 344)	(1 380)
Change in balance of amounts due to customers		377 329	96 603
Change in balance of other liabilities	28.1	(5 280)	29 487
<b>Cash from operating activities</b>		<b>98 248</b>	<b>274 966</b>
Income tax paid		(1 699)	(20 698)
Interests		55	83
<b>Net cash from operating activities</b>		<b>96 604</b>	<b>254 351</b>
<b>Cash flow from investing activities</b>			
Expenses relating to payments for property, plant and equipment	17	(1 077)	(275)
Expenses relating to payments for intangible assets	16	(196)	(109)
Expenses relating purchase of bonds		(210 130)	(14 074)
Proceeds from sale of bonds		203 852	2 628
Interests on bonds		787	125
<b>Net cash from investing activities</b>		<b>(6 764)</b>	<b>(11 705)</b>
<b>Cash flow from financing activities</b>			
Payments of liabilities under finance lease agreements		(1 161)	(611)
Interest paid under lease		(55)	(83)
<b>Net cash from financing activities</b>		<b>(1 216)</b>	<b>(694)</b>
<b>Increase (Decrease) in net cash and cash equivalents</b>		<b>88 624</b>	<b>241 952</b>
<b>Cash and cash equivalents – opening balance</b>		<b>542 205</b>	<b>484 351</b>
<b>Effect of FX rates fluctuations on balance of cash in foreign currencies</b>		<b>12 002</b>	<b>4 872</b>
<b>Cash and cash equivalents – closing balance</b>		<b>642 831</b>	<b>731 175</b>

The interim condensed consolidated cash flow statement should be read in conjunction with the supplementary notes to the interim condensed consolidated financial statements, which are an integral part of these interim condensed consolidated financial statements.



## **ADDITIONAL EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

### **1. Information about the Parent Company and composition of the Group**

The Parent Company in the X-Trade Brokers Dom Maklerski S.A. Group (the "Group") is X-Trade Brokers Dom Maklerski S.A. (hereinafter: the "Parent Entity", "Company", "Parent Company", "Brokerage") with its headquarters located in Warsaw, at Ogrodowa street 58, 00-876 Warsaw.

X-Trade Brokers Dom Maklerski S.A. is registered in the Commercial Register of the National Court Register by the District Court for the Capital City of Warsaw, XII Commercial Division of the National Court Register, under No. KRS 0000217580. The Parent Company was granted a statistical REGON number and a tax identification (NIP) number 5272443955.

The Parent Company's operations consist of conducting brokerage activities on the stock exchange and OTC markets (currency derivatives, commodities, indices, stocks and bonds). The Parent Company is supervised by the Polish Financial Supervision Authority and conducts regulated activities pursuant to a permit dated 8 November 2005, No. DDM-M-4021-57-1/2005.

#### **1.1 Information on the reporting entities in the Parent Company's organizational structure**

The interim condensed consolidated financial statements cover the following foreign branches which form the Parent Company:

- X-Trade Brokers Dom Maklerski Spółka Akcyjna, organizační složka – a branch established on 7 March 2007 in the Czech Republic. The branch was registered in the commercial register maintained by the City Court in Prague under No. 56720 and was granted the following tax identification number: CZK 27867102.
- X-Trade Brokers Dom Maklerski Spółka Akcyjna, Sucursal en Espana – a branch established on 19 December 2007 in Spain. On 16 January 2008, the branch was registered by the Spanish authorities and was granted the tax identification number ES W0601162A.
- X-Trade Brokers Dom Maklerski Spółka Akcyjna, organizačná zložka – a branch established on 1 July 2008 in the Slovak Republic. On 6 August 2008, the branch was registered in the commercial register maintained by the City Court in Bratislava under No. 36859699 and was granted the following tax identification number: SK4020230324.
- X-Trade Brokers Dom Maklerski S.A. Sucursala Bucuresti Romania (branch in Romania) – a branch established on 31 July 2008 in Romania. On 4 August 2008, the branch was registered in the Commercial Register under No. 402030 and was granted the following tax identification number: RO27187343.
- X-Trade Brokers Dom Maklerski S.A., German Branch (branch in Germany) – a branch established on 5 September 2008 in the Federal Republic of Germany. On 24 October 2008, the branch was registered in the Commercial Register under No. HRB 84148 and was granted the following tax identification number: DE266307947.
- X-Trade Brokers Dom Maklerski Spółka Akcyjna a branch in France – a branch established on 21 April 2010 in the Republic of France. On 31 May 2010, the branch was registered in the Commercial Register under No. 522758689 and was granted the following tax identification number FR61522758689.
- X-Trade Brokers Dom Maklerski S.A., Sucursal Portugesa – a branch established on 7 July 2010 in Portugal. On 7 July 2010, the branch was registered in the Commercial Register and as tax identification number under No. PT980436613.



## 1.2 Composition of the Group

The X-Trade Brokers Dom Maklerski S.A. Group is composed of X-Trade Brokers Dom Maklerski S.A. as the Parent Company and the following subsidiaries:

COMPANY NAME	CONSOLIDATION METHOD	COUNTRY OF REGISTERED OFFICE	PERCENTAGE SHARE IN THE CAPITAL		
			31.03.2021 (UNAUDITED)	31.12.2020 (AUDITED)	31.03.2020 (UNAUDITED)
XTB Limited (UK)	full	Great Britain	100%	100%	100%
X Open Hub Sp. z o.o.	full	Poland	100%	100%	100%
XTB Limited (CY)	full	Cyprus	100%	100%	100%
Tasfiye Halinde XTB Yönetim Danışmanlığı A.Ş.	full	Turkey	100%	100%	100%
XTB International Limited	full	Belize	100%	100%	100%
XTB Chile SpA	full	Chile	100%	100%	100%
XTB Services Limited	full	Cyprus	100%	100%	100%
Lirsar S.A. en liquidacion	full	Uruguay	100%	100%	100%
XTB Africa (PTY) Ltd.	full	Poland	100%	100%	100%
XTB Services Asia Pte. Ltd	full	South Africa	-	-	100%
XTB MENA Limited	full	United Arab Emirates	100%	-	-

On 15 September 2020, the liquidation process of the company in Turkey Tasfiye Halinde XTB Yönetim Danışmanlığı A.Ş. has begun.

On 31 March 2021, amount of negative foreign exchange differences on translation of balances in foreign currencies of Turkish company amounted PLN (3 123) thousand (ref note 23). Exchange differences will be recognized in consolidated financial statement at the date of liquidation of the company.

On 10 July 2018 the Parent Company established XTB Africa (PTY) Ltd. with its seat in South Africa. The Parent Company owns 100% of shares in subsidiary. As at the date of publication of this report the company did not conduct any operating activities. On 14 October 2019 the Company acquired 100 shares in the increased capital of subsidiary. As a result of the above transaction the Company kept 100% share in subsidiary's capital. As at the date of these financial statements the company has not conduct its operations.

On 19 August 2019 the Company established XTB Services Asia Pte. Ltd. with its seat in Singapore in which it owns 100% of shares. As at the date of these financial statements the company has not conduct its operations On April 2020 the Parent Company has started liquidation of XTB Services Asia Pte. Ltd. with its seat in Singapore by Accounting and Corporate Regulatory Authority and on 23 September 2020 decision regarding deletion of XTB Services Asia Pte. Ltd from ACRA was legalized.

In September 2020 the Company established XTB Foundation. On 23 December 2020 foundation was entered into the National Court Register. As at the date of these financial statements the foundation has not conduct its statutory activity.

On 9 January 2021 XTB MENA Limited with its seat in United Arab Emirates was registered. the Parent Company will acquire 100% of shares in the subsidiary. As at 31 March 2021 shares weren't paid.



## 1.3 Composition of the Management Board

In the period covered by the interim condensed consolidated financial statements and in the comparative period, the Management Board was composed of the following persons:

NAME AND SURNAME	FUNCTION	DATE OF FIRST APPOINTMENT	TERM OF OFFICE
Omar Arnaout	Chairman of the Management Board	23.03.2017	from the 23 March 2017 appointed for the position of the Chairman of the Management Board; term of office ends on 30 June 2022
Paweł Szejko	Board Member	28.01.2015	from the 30 June 2019 appointed for the 3-years term of office ending 30 June 2022
Filip Kaczmarzyk	Board Member	10.01.2017	from the 30 June 2019 appointed for the 3-years term of office ending 30 June 2022
Jakub Kubacki	Board Member	10.07.2018	from the 30 June 2019 appointed for the 3-years term of office ending 30 June 2022
Andrzej Przybylski	Board Member	01.05.2020	from the 30 June 2019 appointed for the 3-years term of office ending 30 June 2022

## 2. Basis for drafting the financial statements

### 2.1 Compliance statement

These interim condensed consolidated financial statements have been prepared according to the International Accounting Standard 34 "Interim Financial Reporting" approved by the European Union.

The interim condensed consolidated financial statements of the X-Trade Brokers Dom Maklerski S.A. Group prepared for the period from 1 January 2021 to 31 March 2021 with comparative data for the period from 1 January 2020 to 31 March 2020 and as at 31 December 2020 cover the Parent Company's financial data and financial data of the subsidiaries comprising the "Group".

These interim condensed consolidated financial statements have been prepared on the historical cost basis, with the exception of assets and liabilities held for trading and financial instruments held for sale which are measured at fair value. The Group's assets are presented in the statement of financial position according to their liquidity, and its liabilities according to their maturities.

The Group companies maintain their accounting records in accordance with the accounting principles generally accepted in the countries in which these companies are established. The interim condensed consolidated financial statements include adjustments not recognised in the Group companies' accounting records, made in order to reconcile their financial statements with IFRS.

The interim condensed consolidated financial statements do not cover all information and disclosures required to be presented in annual consolidated financial statements and they should be read jointly with the consolidated financial statements of the X-Trade Brokers Dom Maklerski S.A. Group for the year 2020.

The interim condensed consolidated financial statements were approved by the Management Board of the Parent Company on 6 May 2021.

Drafting these interim condensed consolidated financial statements, the Parent Company decided that none of the standards would be applied retrospectively.

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

### 2.2 Functional currency and reporting currency

The functional currency and the presentation currency of these interim condensed consolidated financial statements is the Polish zloty ("PLN"), and unless stated otherwise, all amounts are shown in thousands of zloty (PLN'000).



## 2.3 Going concern

The interim condensed consolidated financial statements were prepared based on the assumption that the Group would continue as a going concern in the foreseeable future. At the date of preparation of these consolidated financial statements, the Management Board of X-Trade Brokers Dom Maklerski S.A. does not state any circumstances that would threaten the Group companies' continued operations with the exception of subsidiaries Tasfiye Halinde XTB Yönetim Danışmanlığı A.Ş. in Turkey and Lirsar S.A. en liquidacion in Uruguay described in note 1.2.

## 2.4 Comparability of data and consistency of the policies applied

Data presented in the interim condensed consolidated financial statements is comparable and prepared under the same principles for all periods covered by the interim condensed consolidated financial statements.

## 2.5 The impact of COVID-19 on the Company's results

In March 2020 the World Health Organization determined that COVID disease can be treated as a pandemic. Due to significant increase of this disease all over the world, countries take numerous action to limit or delay it's spread. Undertaken measures have increasing impact on global economy. This situation has influence on the above average volatility in the financial and commodity markets which resulted in high transaction activity of customers and converted to growth of Group's revenues and customer base

## 2.6 Changes in the accounting policies

The accounting policies applied in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the preparation of the consolidated financial statements of the Group for the year ended 31 December 2019, except for the application of new or amended standards and interpretations applicable to annual periods beginning on or after 1 January 2021.

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Reform of reference interest rate – stage 2  
The amendments complement the changes introduced in Phase 1 and relate to the following areas: changes in cash flows, hedge accounting and disclosures. The change in cash flows resulting from reform will only require updating the EIR, without affecting the gross carrying amount of the financial instrument or the need to derecognise it.
- Amendments to IFRS 16– COVID-19 - Related Rent Concessions  
The amendments provide the possibility of exempting lessees from recognizing rental concessions as modifications in accordance with IFRS 16, if they meet certain conditions and result from COVID-19. Extension by one year for rent concessions beyond 30 June 2021 ( May 2020 amendment)

The Group has not decided to apply earlier any Standard, Interpretation or Amendment that has been issued, but has not yet become effective in light of the EU regulations.

## 2.7 New standards and interpretations which have been published but are not yet binding

The following standards and interpretations have been published by the International Accounting Standards Board but are not yet binding:

- Annual amendments to various standards due to "Improvements to IFRS (Cycle 2018-2020)" – not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2022;
- Amendments to IAS 37 - Onerous Contracts—Cost of Fulfilling a Contract– not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2022;
- Amendments to IAS 16 - Property, Plant and Equipment – Proceeds before Intended Use– not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2022;



- Amendments to IFRS 3 – Reference to the Conceptual Framework – not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2022;
- Amendments to IFRS 17 “Insurance contracts” (issued on 18 May 2017) – not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2023;
- Amendments to IAS 8 “Accounting policies, changes in accounting estimates and errors” - not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2023;
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture (issued on 11 September 2014) - the endorsement process of these Amendments - has been postponed by EU - the effective date was deferred indefinitely by IASB;
- Amendments to IAS 1 – Classification of liabilities as current or non-current - not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2023.

### **3. Professional judgement**

In the process of applying the accounting principles (policy), the Management Board of the Parent Company made the following judgements that have the greatest impact on the reported carrying amounts of assets and liabilities.

Amortisation periods of intangible assets

Amortisation period of the isolated intangible asset in the form of the licence for conducting brokerage activities on the Turkish market is assessed based on the expected economic useful life of this asset. The amortisation period was determined according to the expected useful life of the asset on the Turkish market no shorter than 10 years. Should the circumstances leading to a change in the expected useful life change, the amortisation rates also would change, which will have an impact on the value of amortisation charges and the net book value of intangible assets.

Revenue recognition

Transaction price is determined at fair value. Variable remuneration, liabilities due to reimbursements and other in the case of the Group do not occur.

#### **3.1 Material estimates and valuations**

In order to prepare its interim financial statements in accordance with the IFRS, the Group has to make certain estimates and assumptions that affect the amounts disclosed in the interim financial statements. Estimates and assumptions subject to day-to-day evaluation by the Group’s management are based on experience and other factors, including expectations as to future events that seem justified in the given situation. The results are a basis for estimates of carrying amounts of assets and liabilities. Although the estimates are based on best knowledge regarding the current conditions and actions taken by the Group, actual results may differ from the estimates. Adjustments to estimates are recognised during the reporting period in which the adjustment was made provided that such adjustment refers only to the given period or in subsequent periods if the adjustment affects both the current period and subsequent periods.

#### **3.2 Impairment of assets**

As at each balance sheet date, the Group determines whether there are any indications of impairment of a given financial asset or group of financial assets. In particular, the Group tests its past due receivables for impairment and writes down the estimated amount of doubtful and uncollectible receivables.

At each balance sheet date, the Group assesses whether there are objective indications of impairment of other assets, including intangible assets. Impairment is recognised when it is highly likely that all or a significant part of the respective assets will not bring about the expected economic benefits, e.g. as a result of expiry of licences or decommissioning.

Deferred income tax assets

At each balance sheet date, the Parent Company assesses the likelihood of settlement of unused tax credits with the estimated future taxable profit, and recognises the deferred tax asset only to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised.



Period for settlement of the deferred tax asset

The Group recognises a deferred tax asset based on the assumption that a tax profit will be generated in the future enabling its utilisation. Deterioration in tax results in the future might result in the assumption becoming unjustified. The deferred tax asset relates mainly to the losses generated by foreign operations and subsidiaries in the initial period of their operation recognised in the balance sheet. The Group analyses the possibility of recognising such assets, taking into consideration local tax regulations, and analyses future tax budgets assessing the possibility of recovering these assets.

### 3.3 Fair value measurement

Information on estimates relative to fair value measurement is presented in note 33 – Risk management.

### 3.4 Other estimates

Provisions for liabilities connected with retirement, pension and death benefits are calculated using the actuarial method by an independent actuary as the current value of the Group's future amounts due to employees, based on their employment and salaries as at the balance sheet date. The calculation of the provision amount is based on a number of assumptions, regarding both macroeconomic conditions and employee turnover, risk of death, and others.

Provision for unused holidays is calculated on the basis of the estimated payment of holiday benefits, based on the number of unused holidays, and remuneration as at the balance sheet date. Provisions for legal risk are calculated on the basis of the estimated amount of outflow of cash in the case in which it is probable that such outflow will occur, if the given case ends unsuccessfully.

Provisions for disputes is determined individually based on the circumstances of a given case. The Company assesses the chance of winning particular case and consequently assesses the need of establishment of provision in case of a loss in relations to all court cases.

## 4. Adopted accounting principles

The accounting policies applied in the preparation of the interim condensed consolidated financial statements are consistent with the accounting policies applied in the preparation of the annual consolidated financial statements for the financial year ended 31 December 2020, except for the new or amended standards and new interpretations binding for the annual periods starting on or after 1 January 2021.

## 5. Seasonality of operations

The Group's operations are not seasonal.

## 6. Operating income

### 6.1 Result of operations in financial instruments

(IN PLN'000)	THREE-MONTH PERIOD ENDED	
	31.03.2021 (UNAUDITED)	31.03.2020 (UNAUDITED)
<b>Financial instruments (CFD)</b>		
Commodity CFDs	101 483	156 545
Index CFDs	75 127	110 682
Stock and ETF CFDs	6 649	2 500
Currency CFDs	5 031	34 048
Bond CFDs	78	163
<b>Total CFDs</b>	<b>188 368</b>	<b>303 938</b>
<b>Stocks and ETFs</b>	<b>139</b>	<b>1 839</b>
<b>Gross gain on transactions in financial instruments</b>	<b>188 507</b>	<b>305 777</b>
Bonuses and discounts paid to customers	(651)	(119)
Commission paid to cooperating brokers	(2 460)	(649)
<b>Net gain on transactions in financial instruments</b>	<b>185 396</b>	<b>305 009</b>



Bonuses paid to clients are strictly related to trading in financial instruments by the customer with Group.

The Group concludes cooperation agreements with introducing brokers who receive commissions which depend on the trade generated under the cooperation agreements. The income generated and the costs incurred between the Group and particular brokers relate to the trade between the broker and customers that are not his customers.

The Group's operating incomes is generated from: (i) spreads (the differences between the "offer" price and the "bid" price); (ii) net results (gains offset by losses) from Group's market making activities; (iii) fees and commissions charged by the Group to its clients; and (iv) swap points charged (being the amounts resulting from the difference between the notional forward rate and the spot rate of a given financial instrument).

## 6.2 Income from fees and charges

(IN PLN'000)	THREE-MONTH PERIOD ENDED	
	31.03.2021 (UNAUDITED)	31.03.2020 (UNAUDITED)
Fees and charges from institutional clients	732	1 004
Fees and charges from retail clients	564	580
<b>Total income from fees and charges</b>	<b>1 296</b>	<b>1 584</b>

## 6.3 Geographical areas

(IN PLN'000)	THREE-MONTH PERIOD ENDED	
	31.03.2021 (UNAUDITED)	31.03.2020 (UNAUDITED)
<b>Operating income</b>		
Central and Eastern Europe	110 412	151 062
- including Poland	70 495	85 432
Western Europe	53 339	132 390
- including Spain	26 244	58 136
Latin America	22 946	23 212
<b>Total operating income</b>	<b>186 697</b>	<b>306 664</b>

The country from which the Group consistently derives 15% or more of its revenues is Poland. The share of other countries in the structure of the Group's revenue by geographical area does not in any case exceed 15%. Due to the overall share in the Group's revenue, Poland and Spain were set apart for presentation purposes within the geographical area.

The Group breaks its revenue down into geographical area by country in which a given customer was acquired.

## 7. Salaries and employee benefits

(IN PLN'000)	THREE-MONTH PERIOD ENDED	
	31.03.2021 (UNAUDITED)	31.03.2020 (UNAUDITED)
Salaries	(25 448)	(32 427)
Social insurance and other benefits	(4 532)	(5 600)
Employee benefits	(912)	(755)
<b>Total salaries and employee benefits</b>	<b>(30 892)</b>	<b>(38 782)</b>

## 8. Marketing

(IN PLN'000)	THREE-MONTH PERIOD ENDED	
	31.03.2021 (UNAUDITED)	31.03.2020 (UNAUDITED)
Marketing online	(31 906)	(16 086)
Marketing offline	(1 144)	(654)
<b>Total marketing</b>	<b>(33 050)</b>	<b>(16 740)</b>



Marketing activities carried out by the Group are mainly focused on Internet marketing, which is also supported by other marketing activities.

## 9. Other external services

(IN PLN'000)	THREE-MONTH PERIOD ENDED	
	31.03.2021 (UNAUDITED)	31.03.2020 (UNAUDITED)
Support database systems	(3 183)	(2 163)
Legal and advisory services	(1 710)	(1 031)
Market data delivery	(1 363)	(1 332)
Internet and telecommunications	(725)	(596)
IT support services	(568)	(1 895)
Accounting and audit services	(551)	(518)
Postal and courier services	(189)	(65)
Recruitment	(163)	(109)
Translation	(9)	(37)
Other external services	(267)	(21)
<b>Total other external services</b>	<b>(8 728)</b>	<b>(7 767)</b>

## 10. Commission expenses

(IN PLN'000)	THREE-MONTH PERIOD ENDED	
	31.03.2021 (UNAUDITED)	31.03.2020 (UNAUDITED)
Bank commissions	(8 197)	(3 400)
Stock exchange fees and charges	(1 208)	(1 078)
Commissions of foreign brokers	(306)	(62)
<b>Total commission expenses</b>	<b>(9 711)</b>	<b>(4 540)</b>

## 11. Finance income and costs

(IN PLN'000)	THREE-MONTH PERIOD ENDED	
	31.03.2021 (UNAUDITED)	31.03.2020 (UNAUDITED)
<b>Interest income</b>		
Interest on own cash	86	532
Interest on customers' cash	-	507
<b>Total interest income</b>	<b>86</b>	<b>1 039</b>
Foreign exchange gains	8 144	-
Income on bonds	45	-
Other finance income	3	4
<b>Total finance income</b>	<b>8 278</b>	<b>1 043</b>

(IN PLN'000)	THREE-MONTH PERIOD ENDED	
	31.03.2021 (UNAUDITED)	31.03.2020 (UNAUDITED)
<b>Interest expense</b>		
Interest paid under lease agreements	(55)	(83)
Interest paid to customers	-	(1)
Other interest	(59)	(5)
<b>Total interest expense</b>	<b>(114)</b>	<b>(89)</b>
Foreign exchange losses (including)	-	(12 815)
-foreign exchange losses related to subsidiary liquidation	-	(21 880)
-foreign exchange gains	-	9 065
Other finance costs	-	-
<b>Total finance costs</b>	<b>(114)</b>	<b>(12 904)</b>



Foreign exchange losses presented in 2020 result mainly from reduction the share capital of subsidiary in Turkey what is presented in note 1.2 in consolidated financial statements for 2020.

Foreign exchange differences relate to unrealised differences on the measurement of balance sheet items denominated in a currency other than the functional currency.

## **12. Segment information**

For management reporting purposes, the Group's operations are divided into the following two business segments:

1. Retail operations, which include the provision of trading in financial instruments for individual clients.
2. Institutional activity, which includes the provision of trading in financial instruments and offering trade infrastructure to entities (institutions), which in turn provide services of trading in financial instruments for their own clients under their own brand.

These segments do not aggregate other lower-level segments. The management monitors the results of the operating segments separately, in order to decide on the implementation of strategies, allocation of resources and performance assessment. Operations in segment are assessed on the basis of segment profitability and its impact on the overall profitability reported in the financial statements.

Transfer prices between operating segments are based on market prices, according to the principles similar to those applied in settlements with unrelated parties.

The Group concludes transactions only with external clients. Transactions between operating segments are not concluded.

Valuation of assets and liabilities, incomes and expenses of segments is based on the accounting policies applied by the Company.

The Group does not allocate financial activity and corporate income tax burden on business segments



<b>CONSOLIDATED COMPREHENSIVE INCOME STATEMENT FOR THREE-MONTH PERIOD ENDED 31.03.2021 (UNAUDITED) (IN PLN'000)</b>	<b>RETAIL OPERATIONS</b>	<b>INSTITUTIONAL OPERATIONS</b>	<b>TOTAL REPORTING SEGMENTS</b>	<b>CONSOLIDATED COMPREHENSIVE INCOME STATEMENT</b>
Net result on transactions in financial instruments	175 827	9 569	185 396	185 396
<b>CFDs</b>				
Commodity CFDs	95 920	5 563	101 483	101 483
Index CFDs	71 468	3 659	75 127	75 127
Stock and ETFs CFDs	6 877	(228)	6 649	6 649
Currency CFDs	4 472	559	5 031	5 031
Bond CFDs	62	16	78	78
Stocks and ETFs	139	-	139	139
Bonuses and discounts paid to customers	(651)	-	(651)	(651)
Commission paid to cooperating brokers	(2 460)	-	(2 460)	(2 460)
Fee and commission income	564	732	1 296	1 296
Other income	5	-	5	5
<b>Total operating income</b>	<b>176 396</b>	<b>10 301</b>	<b>186 697</b>	<b>186 697</b>
Salaries and employee benefits	(30 453)	(439)	(30 892)	(30 892)
Marketing	(32 861)	(189)	(33 050)	(33 050)
Other external services	(8 389)	(339)	(8 728)	(8 728)
Cost of maintenance and lease of buildings	(794)	(9)	(803)	(803)
Amortization and depreciation	(1 932)	(20)	(1 952)	(1 952)
Taxes and fees	(1 274)	(8)	(1 282)	(1 282)
Commission expense	(9 708)	(3)	(9 711)	(9 711)
Other expenses	(501)	17	(484)	(484)
<b>Total operating expenses</b>	<b>(85 912)</b>	<b>(990)</b>	<b>(86 902)</b>	<b>(86 902)</b>
<b>Operating profit</b>	<b>90 484</b>	<b>9 311</b>	<b>99 795</b>	<b>99 795</b>
Finance income	-	-	-	8 278
Finance costs	-	-	-	(114)
<b>Profit before tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>107 959</b>
Income tax	-	-	-	(18 908)
<b>Net profit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>89 051</b>



<b>ASSETS AND LIABILITIES AS AT 31.03.2021 (UNAUDITED) (IN PLN'000)</b>	<b>RETAIL OPERATIONS</b>	<b>INSTITUTIONAL OPERATIONS</b>	<b>TOTAL REPORTING SEGMENTS</b>	<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>
Clients' cash and cash equivalents	1 287 371	57 890	1 345 261	1 345 261
Financial assets at fair value through P&L	761 155	17 657	778 812	778 812
Other assets	688 996	295	689 291	689 291
<b>Total assets</b>	<b>2 737 522</b>	<b>75 842</b>	<b>2 813 364</b>	<b>2 813 364</b>
Amounts due to clients	1 514 597	65 975	1 580 572	1 580 572
Financial liabilities held for trading	142 713	9 804	152 517	152 517
Other liabilities	102 599	14	102 613	102 613
<b>Total liabilities</b>	<b>1 759 909</b>	<b>75 793</b>	<b>1 835 702</b>	<b>1 835 702</b>



<b>CONSOLIDATED COMPREHENSIVE INCOME STATEMENT FOR THREE-MONTH PERIOD ENDED 31.03.2020 (UNAUDITED) (IN PLN'000)</b>	<b>RETAIL OPERATIONS</b>	<b>INSTITUTIONAL OPERATIONS</b>	<b>TOTAL REPORTING SEGMENTS</b>	<b>CONSOLIDATED COMPREHENSIVE INCOME STATEMENT</b>
Net result on transactions in financial instruments	252 363	52 646	305 009	305 009
<b>CFDs</b>				
Commodity CFDs	123 005	33 540	156 545	156 545
Index CFDs	94 150	16 532	110 682	110 682
Currency CFDs	31 476	2 572	34 048	34 048
Stock and ETF CFDs	2 668	(168)	2 500	2 500
Bond CFDs	(7)	170	163	163
Stocks and ETFs	1 839	-	1 839	1 839
Bonuses and discounts paid to customers	(119)	-	(119)	(119)
Commission paid to cooperating brokers	(649)	-	(649)	(649)
Fee and commission income	580	1 004	1 584	1 584
Other income	71	-	71	71
<b>Total operating income</b>	<b>253 014</b>	<b>53 650</b>	<b>306 664</b>	<b>306 664</b>
Salaries and employee benefits	(37 863)	(919)	(38 782)	(38 782)
Marketing	(16 558)	(182)	(16 740)	(16 740)
Other external services	(7 647)	(120)	(7 767)	(7 767)
Cost of maintenance and lease of buildings	(960)	(8)	(968)	(968)
Amortization and depreciation	(1 838)	(23)	(1 861)	(1 861)
Taxes and fees	(655)	(14)	(669)	(669)
Commission expense	(4 507)	(33)	(4 540)	(4 540)
Other expenses	(1 073)	(129)	(1 202)	(1 202)
<b>Total operating expenses</b>	<b>(71 101)</b>	<b>(1 428)</b>	<b>(72 529)</b>	<b>(72 529)</b>
<b>Operating profit</b>	<b>181 913</b>	<b>52 222</b>	<b>234 135</b>	<b>234 135</b>
Finance income	-	-	-	1 043
Finance costs	-	-	-	(12 904)
<b>Profit before tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>222 274</b>
Income tax	-	-	-	(46 305)
<b>Net profit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>175 969</b>



ASSETS AND LIABILITIES AS AT 31.12.2020 (AUDITED) (IN PLN'000)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Clients' cash and cash equivalents	976 720	56 882	1 033 602	1 033 602
Financial assets at fair value through P&L	648 934	14 199	663 133	663 133
Other assets	586 564	227	586 791	586 791
<b>Total assets</b>	<b>2 212 218</b>	<b>71 308</b>	<b>2 283 526</b>	<b>2 283 526</b>
Amounts due to clients	1 145 630	57 613	1 203 243	1 203 243
Financial liabilities held for trading	86 525	10 107	96 632	96 632
Other liabilities	95 346	-	95 346	95 346
<b>Total liabilities</b>	<b>1 327 501</b>	<b>67 720</b>	<b>1 395 221</b>	<b>1 395 221</b>

ASSETS AND LIABILITIES AS AT 31.03.2020 (UNAUDITED) (IN PLN'000)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Clients' cash and cash equivalents	512 754	26 634	539 388	539 388
Financial assets at fair value through P&L	182 949	11 558	194 507	194 507
Other assets	772 212	186	772 398	772 398
<b>Total assets</b>	<b>1 467 915</b>	<b>38 378</b>	<b>1 506 293</b>	<b>1 506 293</b>
Amounts due to clients	633 015	37 380	670 395	670 395
Financial liabilities held for trading	38 442	1 500	39 942	39 942
Other liabilities	105 824	-	105 824	105 824
<b>Total liabilities</b>	<b>777 281</b>	<b>38 880</b>	<b>816 161</b>	<b>816 161</b>



### 13. Cash and cash equivalents

Broken down by type:

(IN PLN'000)	31.03.2021 (UNAUDITED)	31.12.2020 (AUDITED)	31.03.2020 (UNAUDITED)
In hand	1	1	1
In current bank accounts	1 988 091	1 575 806	1 270 562
<b>Cash and cash equivalents in total</b>	<b>1 988 092</b>	<b>1 575 807</b>	<b>1 270 563</b>

Own cash and restricted cash – customers' cash:

(IN PLN'000)	31.03.2021 (UNAUDITED)	31.12.2020 (AUDITED)	31.03.2020 (UNAUDITED)
Customers' cash and cash equivalents	1 345 261	1 033 602	539 388
Own cash and cash equivalents	642 831	542 205	731 175
<b>Cash and cash equivalents in total</b>	<b>1 988 092</b>	<b>1 575 807</b>	<b>1 270 563</b>

Customers' cash and cash equivalents include the value of clients' open transactions.

### 14. Financial assets at fair value through P&L

(IN PLN'000)	31.03.2021 (UNAUDITED)	31.12.2020 (AUDITED)	31.03.2020 (UNAUDITED)
Index CFDs	178 892	133 307	71 521
Commodity CFDs	83 049	43 975	57 093
Stock and ETF CFDs	53 134	36 396	13 193
Currency CFDs	48 680	41 609	22 552
Bond CFDs	37	14	62
Debt instruments	404 152	398 616	26 212
Stocks and ETFs	10 868	9 216	3 874
<b>Total financial assets at fair value through P&amp;L</b>	<b>778 812</b>	<b>663 133</b>	<b>194 507</b>

Detailed information on the estimated fair value of the instrument is presented in note 33.1.1

### 15. Financial assets at amortised cost

(IN PLN'000)	31.03.2021 (UNAUDITED)	31.12.2020 (AUDITED)	31.03.2020 (UNAUDITED)
Trade receivables	13 544	10 366	2 495
Receivables due from clients	4 142	4 453	4 634
Deposits	2 499	2 478	2 015
Statutory receivables	1 549	1 081	8 225
<b>Gross other receivables</b>	<b>21 734</b>	<b>18 378</b>	<b>17 369</b>
Impairment write-downs of receivables	(1 250)	(1 207)	(1 008)
Impairment write-downs of receivables due from clients	(3 628)	(3 861)	(3 744)
<b>Total net other receivables</b>	<b>16 856</b>	<b>13 310</b>	<b>12 617</b>



#### Movements in impairment write-downs of receivables

<b>(IN PLN'000)</b>	<b>31.03.2021 (UNAUDITED)</b>	<b>31.12.2020 (AUDITED)</b>	<b>31.03.2020 (UNAUDITED)</b>
<b>Impairment write-downs of receivables – at the beginning of the reporting period</b>	<b>(5 068)</b>	<b>(4 051)</b>	<b>(4 051)</b>
-write-downs recorded	(172)	(1 095)	(647)
-write-downs reversed	260	46	23
-write-downs utilized	102	32	(79)
<b>Impairment write-downs of receivables – at the end of the reporting period</b>	<b>(4 878)</b>	<b>(5 068)</b>	<b>(4 754)</b>

Write-downs of receivables in 2021 and 2020 resulted from the debit balances which arose in customers' accounts in those periods.



## 16. Intangible assets

Intangible assets in the period from 1 January 2021 to 31 March 2021 (unaudited)

(IN PLN'000)	LICENCES FOR COMPUTER SOFTWARE	INTANGIBLE ASSETS MANUFACTURED INTERNALLY	OTHER INTANGIBLE ASSETS	TOTAL
Gross value as at 1 January 2021	5 961	10 792	4 814	21 567
Additions	196	-	-	196
Sale and scrapping	-	-	-	-
Net foreign exchange differences	10	-	-	10
<b>Gross value as at 31 March 2021</b>	<b>6 167</b>	<b>10 792</b>	<b>4 814</b>	<b>21 773</b>
Accumulated amortization as at 1 January 2021	(5 479)	(10 792)	(4 657)	(20 928)
Amortization for the current period	(58)	-	(6)	(64)
Sale and scrapping	-	-	-	-
Net foreign exchange differences	(10)	-	-	(10)
<b>Accumulated amortization as at 31 March 2021</b>	<b>(5 547)</b>	<b>(10 792)</b>	<b>(4 663)</b>	<b>(21 002)</b>
Net book value as at 1 January 2021	482	-	157	639
<b>Net book value as at 31 March 2021</b>	<b>620</b>	<b>-</b>	<b>151</b>	<b>771</b>

Intangible assets manufactured internally relate to a financial instrument trading platform and applications compatible with this platform. Other intangible assets relate to the separated licence value under the acquisition of the subsidiary described in note 1.2 and client base purchased by XTB International. Client base was purchased on 18 April 2017 from company in Chile for the amount of USD 540 thousand.



**Intangible assets in the period from 1 January 2020 to 31 December 2020 (audited)**

(IN PLN'000)	LICENCES FOR COMPUTER SOFTWARE	INTANGIBLE ASSETS MANUFACTURED INTERNALLY	OTHER INTANGIBLE ASSETS	TOTAL
<b>Gross value as at 1 January 2020</b>	<b>5 654</b>	<b>10 792</b>	<b>4 814</b>	<b>21 260</b>
Additions	324	-	-	324
Sale and scrapping	(47)	-	-	(47)
Net foreign exchange differences	30	-	-	30
<b>Gross value as at 31 December 2020</b>	<b>5 961</b>	<b>10 792</b>	<b>4 814</b>	<b>21 567</b>
<b>Accumulated amortization as at 1 January 2020</b>	<b>(5 265)</b>	<b>(10 792)</b>	<b>(4 631)</b>	<b>(20 688)</b>
Amortization for the current period	(223)	-	(26)	(249)
Sale and scrapping	37	-	-	37
Net foreign exchange differences	(28)	-	-	(28)
<b>Accumulated amortization as at 31 December 2020</b>	<b>(5 479)</b>	<b>(10 792)</b>	<b>(4 657)</b>	<b>(20 928)</b>
<b>Net book value as at 1 January 2020</b>	<b>389</b>	<b>-</b>	<b>183</b>	<b>572</b>
<b>Net book value as at 31 December 2020</b>	<b>482</b>	<b>-</b>	<b>157</b>	<b>639</b>

Intangible assets manufactured internally relate to a financial instrument trading platform and applications compatible with this platform. Other intangible assets relate to the separated licence value under the acquisition of the subsidiary described in note 1.2 and client base purchased by XTB International. Client base was purchased on 18 April 2017 from company in Chile for the amount of USD 540 thousand.



**Intangible assets in the period from 1 January 2020 to 31 March 2020 (unaudited)**

(IN PLN'000)	LICENCES FOR COMPUTER SOFTWARE	INTANGIBLE ASSETS MANUFACTURED INTERNALLY	OTHER INTANGIBLE ASSETS	TOTAL
<b>Gross value as at 1 January 2020</b>	5 654	10 792	4 814	21 260
Additions	109	-	-	109
Sale and scrapping	-	-	-	-
Net foreign exchange differences	9	-	-	9
<b>Gross value as at 31 March 2020</b>	<b>5 772</b>	<b>10 792</b>	<b>4 814</b>	<b>21 378</b>
<b>Accumulated amortization as at 1 January 2020</b>	<b>(5 265)</b>	<b>(10 792)</b>	<b>(4 631)</b>	<b>(20 688)</b>
Amortization for the current period	(52)	-	(6)	(58)
Sale and scrapping	-	-	-	-
Net foreign exchange differences	(9)	-	-	(9)
<b>Accumulated amortization as at 31 March 2020</b>	<b>(5 326)</b>	<b>(10 792)</b>	<b>(4 637)</b>	<b>(20 755)</b>
<b>Net book value as at 1 January 2020</b>	<b>389</b>	<b>-</b>	<b>183</b>	<b>572</b>
<b>Net book value as at 31 March 2020</b>	<b>446</b>	<b>-</b>	<b>177</b>	<b>623</b>

Intangible assets manufactured internally relate to a financial instrument trading platform and applications compatible with this platform. Other intangible assets relate to the separated licence value under the acquisition of the subsidiary described in note 1.2 and client base purchased by XTB International. Client base was purchased on 18 April 2017 from company in Chile for the amount of USD 540 thousand.



## 17. Property, plant and equipment

Property, plant and equipment in the period from 1 January 2021 to 31 March 2021 (unaudited)

(IN PLN'000)	COMPUTER SYSTEMS	OTHER PROPERTY, PLANT AND EQUIPMENT	RIGHT TO USE OFFICE	RIGHT TO USE CAR	TANGIBLE FIXED ASSETS UNDER CONSTRUCTION	TOTAL
Gross value as at 1 January 2021	15 882	7 665	15 153	361	23	39 084
Additions	1 084	11	-	-	(18)	1 077
Lease	-	-	15	-	-	15
Sale and scrapping	-	-	(3)	-	-	(3)
Net foreign exchange differences	46	60	113	4	-	223
<b>Gross value as at 31 March 2021</b>	<b>17 012</b>	<b>7 736</b>	<b>15 278</b>	<b>365</b>	<b>5</b>	<b>40 396</b>
Accumulated amortization as at 1 January 2021	(12 364)	(6 010)	(7 207)	(243)	-	(25 824)
Amortization for the current period	(665)	(141)	(1 049)	(33)	-	(1 888)
Sale and scrapping	-	-	-	-	-	-
Net foreign exchange differences	(33)	(53)	(51)	(3)	-	(140)
<b>Accumulated amortization as at 31 March 2021</b>	<b>(13 062)</b>	<b>(6 204)</b>	<b>(8 307)</b>	<b>(279)</b>	<b>-</b>	<b>(27 852)</b>
Net book value as at 1 January 2021	3 518	1 655	7 946	118	23	13 260
Net book value as at 31 March 2021	3 950	1 532	6 971	86	5	12 544



Property, plant and equipment in the period from 1 January 2020 to 31 December 2020 (audited)

(IN PLN'000)	COMPUTER SYSTEMS	OTHER PROPERTY, PLANT AND EQUIPMENT	RIGHT TO USE OFFICE	RIGHT TO USE CAR	TANGIBLE FIXED ASSETS UNDER CONSTRUCTION	TOTAL
Gross value as at 1 January 2020	11 935	7 049	14 586	334	117	34 021
Additions	4 018	429	-	-	(94)	4 353
Lease	-	-	2 247	3	-	2 250
Sale and scrapping	(155)	(12)	(2 258)	-	-	(2 425)
Net foreign exchange differences	84	199	578	24	-	885
<b>Gross value as at 31 December 2020</b>	<b>15 882</b>	<b>7 665</b>	<b>15 153</b>	<b>361</b>	<b>23</b>	<b>39 084</b>
Accumulated amortization as at 1 January 2020	(9 926)	(5 342)	(4 456)	(104)	-	(19 828)
Amortization for the current period	(2 516)	(512)	(4 349)	(127)	-	(7 504)
Sale and scrapping	151	17	1 845	-	-	2 013
Net foreign exchange differences	(73)	(173)	(247)	(12)	-	(505)
<b>Accumulated amortization as at 31 December 2020</b>	<b>(12 364)</b>	<b>(6 010)</b>	<b>(7 207)</b>	<b>(243)</b>	<b>-</b>	<b>(25 824)</b>
Net book value as at 1 January 2020	2 009	1 707	10 130	230	117	14 193
Net book value as at 31 December 2020	3 518	1 655	7 946	118	23	13 260



Property, plant and equipment in the period from 1 January 2020 to 31 March 2020 (unaudited)

(IN PLN'000)	COMPUTER SYSTEMS	OTHER PROPERTY, PLANT AND EQUIPMENT	RIGHT TO USE OFFICE	RIGHT TO USE CAR	TANGIBLE FIXED ASSETS UNDER CONSTRUCTION	TOTAL
<b>Gross value as at 1 January 2020</b>	11 935	7 049	14 586	334	117	34 021
Additions	274	83	-	-	(82)	275
Lease	-	-	55	-	-	55
Sale and scrapping	-	-	-	-	-	-
Net foreign exchange differences	83	132	393	14	-	622
<b>Gross value as at 31 March 2020</b>	<b>12 292</b>	<b>7 264</b>	<b>15 034</b>	<b>348</b>	<b>35</b>	<b>34 973</b>
<b>Accumulated amortization as at 1 January 2020</b>	<b>(9 926)</b>	<b>(5 342)</b>	<b>(4 456)</b>	<b>(104)</b>	-	<b>(19 828)</b>
Amortization for the current period	(466)	(123)	(1 183)	(31)	-	(1 803)
Sale and scrapping	(1)	-	-	-	-	(1)
Net foreign exchange differences	(76)	(120)	(110)	(6)	-	(312)
<b>Accumulated amortization as at 31 March 2020</b>	<b>(10 469)</b>	<b>(5 585)</b>	<b>(5 749)</b>	<b>(141)</b>	-	<b>(21 944)</b>
<b>Net book value as at 1 January 2020</b>	<b>2 009</b>	<b>1 707</b>	<b>10 130</b>	<b>230</b>	<b>117</b>	<b>14 193</b>
<b>Net book value as at 31 March 2020</b>	<b>1 823</b>	<b>1 679</b>	<b>9 285</b>	<b>207</b>	<b>35</b>	<b>13 029</b>



## Non-current assets by geographical area

(IN PLN'000)	31.03.2021 (UNAUDITED)	31.12.2020 (AUDITED)	31.03.2020 (UNAUDITED)
<b>Non-current assets</b>			
Central and Eastern Europe	7 591	7 717	8 061
- including Poland	6 558	6 580	6 866
Western Europe	4 491	4 893	5 043
- including Spain	612	732	271
Latin America and Turkey	1 233	1 289	548
<b>Total non-current assets</b>	<b>13 315</b>	<b>13 899</b>	<b>13 652</b>

## 18. Amounts due to clients

(IN PLN'000)	31.03.2021 (UNAUDITED)	31.12.2020 (AUDITED)	31.03.2020 (UNAUDITED)
Amounts due to retail clients	1 514 597	1 145 630	633 015
Amounts due to institutional clients	65 975	57 613	37 380
<b>Total amounts due to clients</b>	<b>1 580 572</b>	<b>1 203 243</b>	<b>670 395</b>

Amounts due to clients are connected with transactions concluded by the clients (including cash deposited in the clients' accounts).

## 19. Financial liabilities held for trading

(IN PLN'000)	31.03.2021 (UNAUDITED)	31.12.2020 (AUDITED)	31.03.2020 (UNAUDITED)
Index CFDs	53 083	31 673	18 296
Commodity CFDs	21 091	20 113	11 633
Currency CFDs	38 049	13 414	5 639
Stock and ETF CFDs	40 269	31 427	4 351
Bond CFDs	25	5	23
<b>Total financial liabilities held for trading</b>	<b>152 517</b>	<b>96 632</b>	<b>39 942</b>

## 20. Liabilities due to lease

(IN PLN'000)	31.03.2021 (UNAUDITED)	31.12.2020 (AUDITED)	31.03.2020 (UNAUDITED)
Short-term	3 949	4 628	4 278
Long-term	3 559	4 026	5 938
<b>Total liabilities due to lease</b>	<b>7 508</b>	<b>8 654</b>	<b>10 216</b>

The Company is the lessee in the case of office space and car rental contracts. The value of the leased assets is reported in note 17.

## 21. Other liabilities

(IN PLN'000)	31.03.2021 (UNAUDITED)	31.12.2020 (AUDITED)	31.03.2020 (UNAUDITED)
Liabilities due to brokers	16 132	6 842	4 419
Provisions for other employee benefits	15 703	27 091	23 227
Statutory liabilities	8 488	3 728	5 708
Trade liabilities	7 910	15 822	15 236
Liabilities due to employees	468	506	422
Amounts due to the Central Securities Depository of Poland	186	178	151
<b>Total other liabilities</b>	<b>48 887</b>	<b>54 167</b>	<b>49 163</b>



Liabilities under employee benefits include estimates, as at the balance sheet date, of bonuses for the reporting period, including from the Program of variable remuneration elements, as well as the provision for unused holiday leave, established in the amount of projected benefits, which the Group is obligated to pay in the event of payment of holiday equivalents.

### Program of variable remuneration elements

Pursuant to the Variable Remuneration Elements policy applied by the Parent Company, the employees of the Parent Company in the top management positions receive annually variable remuneration paid in cash and in financial instruments.

The value of provisions for employee benefits includes variable remuneration granted in cash and based on financial instruments, deferred for payment in three consecutive years.

As at 31 March 2021, salaries and employee benefits included the provision for variable remuneration elements in the amount of PLN 581 thousand (value of the gross variable components PLN 552 thousand and social security expense of the employer PLN 28 thousand), as at 31 December 2020, salaries and employee benefits included the provision for variable remuneration elements in the amount of PLN 3 765 thousand (value of the gross variable components PLN 3 635 thousand and social security expense of the employer PLN 129 thousand) and as at 31 March 2020 in the amount of PLN 3 396 thousand (value of the gross variable components PLN 3 290 thousand and social security expense of the employer PLN 106 thousand).

## 22. Provisions for liabilities and contingent liabilities

### 22.1 Provisions for liabilities

(IN PLN'000)	31.03.2021 (UNAUDITED)	31.12.2020 (AUDITED)	31.03.2020 (UNAUDITED)
Provisions for retirement benefits	1 666	1 610	1 192
Provisions for legal risk	5 189	6 329	1 960
<b>Total provisions</b>	<b>6 855</b>	<b>7 939</b>	<b>3 152</b>

Provisions for retirement benefits are established on the basis of an actuarial valuation carried out in accordance with the applicable regulations and agreements connected with obligatory retirement benefits to be covered by the employer.

Provisions for legal risk include expected amounts of payments to be made in connection with disputes to which the Group is a party. As at the date of preparation of these financial statements, the Company is not able to specify when the above liabilities will be repaid. The information on the significant court proceedings, arbitration authority or public administration authority was described in point 5.5 of the Additional information to the quarterly report. To the best of our knowledge and belief, the procedures described therein and the future resolution of these proceedings in the context of a possible impact on other clients of the Group do not have a material impact on these interim condensed consolidated financial statements.

#### Movements in provisions in the period from 1 January 2021 to 31 March 2021 (unaudited)

(IN PLN'000)	VALUE AS AT 01.01.2021	INCREASES	DECREASES USE	REVERSAL	VALUE AS AT 31.03.2021
Provisions for retirement benefits	1 610	56	-	-	1 666
Provisions for legal risk	6 329	-	1 140	-	5 189
<b>Total provisions</b>	<b>7 939</b>	<b>56</b>	<b>1 140</b>	<b>-</b>	<b>6 855</b>

#### Movements in provisions in the period from 1 January 2020 to 31 December 2020 (audited)

(IN PLN'000)	VALUE AS AT 01.01.2020	INCREASES	DECREASES USE	REVERSAL	VALUE AS AT 31.12.2020
Provisions for retirement benefits	1 184	426	-	-	1 610
Provisions for legal risk	1 945	4 607	28	195	6 329
<b>Total provisions</b>	<b>3 129</b>	<b>5 033</b>	<b>28</b>	<b>195</b>	<b>7 939</b>



## Movements in provisions in the period from 1 January 2020 to 31 March 2020 (unaudited)

(IN PLN'000)	VALUE AS AT 01.01.2020	INCREASES	DECREASES USE	REVERSAL	VALUE AS AT 31.03.2020
Provisions for retirement benefits	1 184	8	-	-	1 192
Provisions for legal risk	1 945	15	-	-	1 960
<b>Total provisions</b>	<b>3 129</b>	<b>23</b>	-	-	<b>3 152</b>

## 22.2 Contingent liabilities

The Group is party to a number of court proceedings associated with the Group's operations. The proceedings in which the Group acts as defendant relate mainly to employees' and clients' claims. As at 31 March 2021 the total value of claims brought against the Group amounted to approx. PLN 14 801 thousand (as at 31 December 2020: PLN 14 801 thousand, as at 31 March 2020: PLN 7 131 thousand). Company has not created provisions for the above proceedings. In the assessment of the Group there is low probability of loss in these proceedings.

On May 9, 2014, the Parent Company issued a guarantee in the amount of PLN 60 thousand to secure an agreement concluded by a subsidiary XTB Limited, based in the UK and PayPal (Europe) Sarl & Cie, SCA based in Luxembourg. The guarantee was granted for the duration of the main contract, which was concluded for an indefinite period.

In 2015 the Parent Company issued a guarantee to secure office lease agreement concluded between subsidiary XTB Limited, based in UK and Canary Wharf Management Limited based in UK. The guarantee is to cover any costs arising from the lease agreement and over the remaining period for which it was concluded, ie. as at the balance sheet date up to the amount of PLN 64 thousand.

On 7 July 2017 the Parent Company issued a guarantee in the amount of PLN 6 015 thousand to secure the agreement concluded between subsidiary XTB Limited based in UK and Worldpay (UK) Limited, Worldpay Limited and Worldpay AP LTD based in UK. The guarantee was issued for the period of the agreement which was concluded for three years with the possibility of further extension.

## 23. Equity

Share capital structure as at 31 March 2021, 31 December 2020 and 31 March 2020

SERIES/ISSUE	NUMBER OF SHARES	NOMINAL VALUE OF SHARES (IN PLN)	NOMINAL VALUE OF ISSUE (IN PLN'000)
Series A	117 383 635	0,05	5 869

All shares in the Company have the same nominal value, are fully paid for, and carry the same voting and profit-sharing rights. No preference is attached to any share series. The shares are A-series ordinary registered shares.

### Shareholding structure of the Parent Company

To the best Parent Company's knowledge, the shareholding structure of the Parent Company as at 31 March 2021 and 31 December 2020 was as follows:

	NUMBER OF SHARES	NOMINAL VALUE OF SHARES (IN PLN'000)	SHARE
XXZW Investment Group S.A.	78 629 794	3 932	66,99%
Other shareholders	38 753 841	1 937	33,01%
<b>Total</b>	<b>117 383 635</b>	<b>5 869</b>	<b>100,00%</b>

To the best Parent Company's knowledge, the shareholding structure of the Parent Company as at 31 March 2020 was as follows:



	NUMBER OF SHARES	NOMINAL VALUE OF SHARES (IN PLN'000)	SHARE
XXZW Investment Group S.A.	78 629 794	3 932	66,99%
Systemax SARL	22 280 207	1 114	18,98%
Quercus TFI S.A.	5 930 000	297	5,05%
Other shareholders	10 543 634	526	8,98%
<b>Total</b>	<b>117 383 635</b>	<b>5 869</b>	<b>100,00%</b>

## Other capitals

Other capitals consist of:

- supplementary capital in the total amount of PLN 71 608 thousand, mandatorily established from annual profit distribution to be used to cover potential losses that may occur in connection with the Company's operations, up to the amount of at least one third of the share capital, amounting to PLN 1 957 thousand and from surplus of the issue price over the nominal price in the amount of PLN 69 651 thousand, resulting from the capital increase in 2012 with a nominal value of PLN 348 thousand for the price of PLN 69 999 thousand,
- reserve capital in the amount of PLN 390 730 thousand, established from annual distribution of profit as resolved by the General Meeting of Shareholders to be used for financing of further operations of the Company or payment of dividend,
- foreign exchange differences on translation, including foreign exchange differences on translation of balances in foreign currencies of branches and foreign operations in the amount of PLN 315 thousand. The detailed specification of foreign exchange differences on translation was presented in the table below.

(IN PLN'000)	31.03.2021 (UNAUDITED)	31.12.2020 (AUDITED)	31.03.2020 (UNAUDITED)
Trade Brokers Dom Maklerski Spółka Akcyjna branch in Germany	860	796	706
XTB Limited (UK)	812	(8)	(331)
XTB Limited (CY)	573	496	390
X-Trade Brokers Dom Maklerski Spółka Akcyjna branch in France	315	275	211
X-Trade Brokers Dom Maklerski Spółka Akcyjna branch in Romania	288	287	284
XTB International	206	(258)	453
XTB Services Limited	130	105	70
X-Trade Brokers Dom Maklerski Spółka Akcyjna branch in Portugal	92	81	69
XTB Africa (PTY) Ltd.	43	2	(86)
X-Trade Brokers Dom Maklerski Spółka Akcyjna	41	20	(281)
X-Trade Brokers Dom Maklerski Spółka Akcyjna branch in Spain	29	463	375
X-Trade Brokers Dom Maklerski Spółka Akcyjna branch in Czech Republic	20	701	391
XTB Chile SpA	17	(65)	(277)
X-Trade Brokers Dom Maklerski Spółka Akcyjna branch in Slovakia	12	136	108
Tasfiye Halinde XTB Yönetim Danışmanlığı A.Ş	(3 123)	(3 022)	(2 541)
<b>Total foreign exchange differences on translation</b>	<b>315</b>	<b>9</b>	<b>(218)</b>

## 24. Profit distribution and dividend

Pursuant to the decision of the General Shareholders' Meeting of the Parent Company, the net profit for 2019 in the amount of PLN 54 145 thousand was partially earmarked for the payment of a dividend in the amount of PLN 28 172 thousand, the remaining amount was transferred to reserve capital.

The amount of dividend per share paid for 2019 was equal to PLN 0,24. The dividend was paid on 15 May 2020.

## 25. Earnings per share

Basic earnings per share are calculated by dividing the net profit for the period attributable to shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the period. When calculating both basic and diluted earnings per share, the Group uses the amount of net profit attributable to shareholders of the Parent Company as the numerator, i.e., there is no dilutive effect influencing the amount of profit (loss). The calculation of basic and diluted earnings per share, together with a reconciliation of the weighted average diluted number of shares is presented below.



(IN PLN'000)	THREE-MONTH PERIOD ENDED	
	31.03.2021 (UNAUDITED)	31.03.2020 (UNAUDITED)
Profit from continuing operations attributable to shareholders of the Parent Company	89 051	175 969
Weighted average number of ordinary shares	117 383 635	117 383 635
Shares causing dilution (share option plan)	–	–
Weighted average number of shares including dilution effect	117 383 635	117 383 635
Basic net profit per share from continuing operations for the year attributable to shareholders of the Parent Company	0,76	1,50
Diluted net profit per share from continuing operations for the year attributable to shareholders of the Parent Company	0,76	1,50

## 26. Current income tax and deferred income tax

### 26.1 Current income tax

Income tax disclosed in the current period's profit and loss

(IN PLN'000)	THREE-MONTH PERIOD ENDED	
	31.03.2021 (UNAUDITED)	31.03.2020 (UNAUDITED)
<b>Income tax – current portion</b>		
Income tax for the reporting period	(7 190)	(45 571)
<b>Income tax – deferred portion</b>		
Occurrence / reversal of temporary differences	(11 718)	(734)
<b>Income tax disclosed in profit and loss</b>	<b>(18 908)</b>	<b>(46 305)</b>

Reconciliation of the actual tax burden

(IN PLN'000)	THREE-MONTH PERIOD ENDED	
	31.03.2021 (UNAUDITED)	31.03.2020 (UNAUDITED)
Profit before tax	107 959	222 274
Income tax based in the applicable tax rate of 19%	(20 512)	(42 232)
Difference resulting from application of tax rates applicable in other countries	131	39
Non-taxable revenue	190	17
Non-deductible expenses	(339)	(400)
Tax loss for the reporting period not disclosed in the deferred tax	8	9
Other items affecting the tax burden amount	1 614	(3 738)
<b>Income tax disclosed in profit or loss</b>	<b>(18 908)</b>	<b>(46 305)</b>

### 26.2 Deferred income tax

Change in the balance of deferred tax for the period from 1 January to 31 March 2021 (unaudited)

(IN PLN'000)	AS AT	PROFIT	AS AT
	01.01.2021	OR (LOSS)	31.03.2021
<b>Deferred income tax assets</b>			
Property, plant and equipment	138	(21)	117
Financial liabilities held for trading	14 196	8 994	23 190
Provisions for liabilities	670	–	670
Prepayments and deferred costs	3 453	(869)	2 584
Other liabilities	3 002	602	3 604
Tax losses of previous periods to be settled in future periods	9 217	69	9 286
<b>Total deferred income tax assets</b>	<b>30 676</b>	<b>8 775</b>	<b>39 451</b>



(IN PLN'000)	AS AT 01.01.2021	PROFIT OR (LOSS)	AS AT 31.03.2021
<b>Deferred income tax provision:</b>			
Cash and cash equivalents	15	(12)	3
Financial assets at fair value through P&L	43 227	18 525	61 752
Other liabilities	203	1 969	2 172
Financial assets at amortised cost	383	11	394
<b>Total deferred income tax provision</b>	<b>43 828</b>	<b>20 493</b>	<b>64 321</b>
<b>Deferred tax disclosed in profit or (loss)</b>	<b>-</b>	<b>(11 718)</b>	<b>-</b>

(IN PLN'000)	AS AT 01.01.2021	INCLUDED IN EQUITY	AS AT 31.03.2021
<b>Deferred income tax assets included directly in the equity:</b>			
Separate equity of branches	718	67	785
<b>Total deferred income tax assets included directly in the equity</b>	<b>718</b>	<b>67</b>	<b>785</b>

Change in the balance of deferred tax for the period from 1 January to 31 December 2020 (audited)

(IN PLN'000)	AS AT 01.01.2020	PROFIT OR (LOSS)	AS AT 31.12.2020
<b>Deferred income tax assets:</b>			
Property, plant and equipment	81	57	138
Financial liabilities held for trading	3 809	10 387	14 196
Provisions for liabilities	24	646	670
Prepayments and deferred costs	1 551	1 902	3 453
Other liabilities	1 829	1 173	3 002
Tax losses of previous periods to be settled in future periods	8 916	301	9 217
<b>Total deferred income tax assets</b>	<b>16 210</b>	<b>14 466</b>	<b>30 676</b>

(IN PLN'000)	AS AT 01.01.2020	PROFIT OR (LOSS)	AS AT 31.12.2020
<b>Deferred income tax provision:</b>			
Cash and cash equivalents	-	15	15
Financial assets at fair value through P&L	22 325	20 902	43 227
Other liabilities	93	110	203
Financial assets at amortised cost	237	146	383
<b>Total deferred income tax provision</b>	<b>22 655</b>	<b>21 173</b>	<b>43 828</b>
<b>Deferred tax disclosed in profit or (loss)</b>	<b>-</b>	<b>(6 707)</b>	<b>-</b>

(IN PLN'000)	AS AT 01.01.2020	INCLUDED IN EQUITY	AS AT 31.12.2020
<b>Deferred income tax assets included directly in the equity:</b>			
Separate equity of branches	113	605	718
<b>Total deferred income tax assets included directly in the equity</b>	<b>113</b>	<b>605</b>	<b>718</b>



Change in the balance of deferred tax for the period from 1 January to 31 March 2020 (unaudited)

(IN PLN'000)	AS AT 01.01.2020	PROFIT OR (LOSS)	AS AT 31.03.2020
<b>Deferred income tax assets</b>			
Property, plant and equipment	81	69	150
Financial assets at amortised cost	3 809	2 063	5 872
Provisions for liabilities	24	-	24
Prepayments and deferred costs	1 551	1 943	3 494
Other liabilities	1 829	24	1 853
Tax losses of previous periods to be settled in future periods	8 916	406	9 322
<b>Total deferred income tax assets</b>	<b>16 210</b>	<b>4 505</b>	<b>20 715</b>

(IN PLN'000)	AS AT 01.01.2020	PROFIT OR (LOSS)	AS AT 31.03.2020
<b>Deferred income tax provision:</b>			
Cash and cash equivalents	-	51	51
Financial assets at fair value through P&L	22 325	5 291	27 616
Other liabilities	93	(93)	-
Financial assets at amortised cost	237	(10)	227
<b>Total deferred income tax provision</b>	<b>22 655</b>	<b>5 239</b>	<b>27 894</b>
<b>Deferred tax disclosed in profit or (loss)</b>	<b>-</b>	<b>(734)</b>	<b>-</b>

(IN PLN'000)	AS AT 01.01.2020	INCLUDED IN EQUITY	AS AT 31.03.2020
<b>Deferred income tax provision included directly in the equity:</b>			
Separate equity of branches	113	504	617
<b>Total deferred income tax provision included directly in the equity</b>	<b>113</b>	<b>504</b>	<b>617</b>

Geographical division of deferred income tax assets

(IN PLN'000)	31.03.2021 (UNAUDITED)	31.12.2020 (AUDITED)	31.03.2020 (UNAUDITED)
Central and Eastern Europe			
- including Poland	44	153	94
Western Europe	-	-	-
- including Spain	9 303	9 234	9 345
Latin America and Turkey	-	-	-
<b>Total deferred income tax assets</b>	<b>-</b>	<b>-</b>	<b>16</b>
Central and Eastern Europe	<b>9 347</b>	<b>9 387</b>	<b>9 455</b>

Data concerning the presentation of deferred income tax by country of origin and reconciliation of presentation in the statement of financial position as at 31 March 2021 (unaudited):

(IN PLN'000)	DATA ACCORDING TO THE NATURE OF ORIGIN		DATA PRESENTED IN THE STATEMENT OF FINANCIAL POSITION	
	DEFERRED INCOME TAX ASSETS	DEFERRED INCOME TAX PROVISION	DEFERRED INCOME TAX ASSETS	DEFERRED INCOME TAX PROVISION
Poland	29 706	64 566	-	34 860
Czech Republic	30	37	-	7
Slovakia	47	3	44	-
Germany	2 717	-	2 717	-
France	4 646	-	4 646	-
Chile	365	394	-	29
Great Britain	1 940	-	1 940	-
Belize	-	106	-	106
<b>Total</b>	<b>39 451</b>	<b>65 106</b>	<b>9 347</b>	<b>35 002</b>



Data concerning the presentation of deferred income tax by country of origin and reconciliation of presentation in the statement of financial position as at 31 December 2020 (audited):

(IN PLN'000)	DATA ACCORDING TO THE NATURE OF ORIGIN		DATA PRESENTED IN THE STATEMENT OF FINANCIAL POSITION	
	DEFERRED INCOME TAX ASSETS	DEFERRED INCOME TAX PROVISION	DEFERRED INCOME TAX ASSETS	DEFERRED INCOME TAX PROVISION
Poland	20 923	44 089	-	23 166
Czech Republic	67	-	67	-
Slovakia	102	16	86	-
Germany	2 718	-	2 718	-
France	4 647	-	4 647	-
Great Britain	1 869	-	1 869	-
Chile	350	383	-	33
Belize	-	58	-	58
<b>Total</b>	<b>30 676</b>	<b>44 546</b>	<b>9 387</b>	<b>23 257</b>

Data concerning the presentation of deferred income tax by country of origin and reconciliation of presentation in the statement of financial position as at 31 March 2020 (unaudited):

(IN PLN'000)	DATA ACCORDING TO THE NATURE OF ORIGIN		DATA PRESENTED IN THE STATEMENT OF FINANCIAL POSITION	
	DEFERRED INCOME TAX ASSETS	DEFERRED INCOME TAX PROVISION	DEFERRED INCOME TAX ASSETS	DEFERRED INCOME TAX PROVISION
Poland	10 982	28 233	-	17 251
Czech Republic	30	-	30	-
Slovakia	114	51	63	-
Germany	2 836	-	2 836	-
France	4 720	-	4 720	-
Great Britain	1 789	-	1 789	-
Chile	244	227	17	-
<b>Total</b>	<b>20 715</b>	<b>28 511</b>	<b>9 455</b>	<b>17 251</b>

## 27. Related party transactions

### 27.1 Parent Company

XXZW Investment Group S.A. with its registered office in Luxembourg is the key shareholder of the Company. As at 31 March 2021 it holds 66,99% of shares and votes in the General Meeting as per Company's best knowledge. XXZW Investment Group S.A. prepares consolidated financial statements.

Mr. Jakub Zabłocki is the majority stakeholder of the Company and XXZW Investment Group S.A.

### 27.2 Figures concerning related party transactions

As at 31 March 2021 the Company has liabilities to Mr Jakub Zabłocki in the amount of PLN 19 thousand due to his investment account (as at 31 December 2020: PLN 14 thousand, as at 31 March 2020 PLN 1 thousand). In the period from 1 January to 31 March 2021 and in 1 January to 31 March 2020 the Company did not note the results on transactions on financial instruments with Mr Jakub Zabłocki. Moreover Mr Jakub Zabłocki is employed on the basis of work contract in subsidiary in Great Britain. In the period from 1 January to 31 March 2021 the paid gross salary and bonuses amounted to PLN 1 802 thousand and in the analogical period of 2020 amounted to PLN 763 thousand.

Mr Hubert Walentynowicz receives salary on the basis of work contract. In the period from 1 January to 31 March 2021 the paid gross salary and bonuses amounted to PLN 118 thousand and in the analogical period of 2020 amounted to PLN 122 thousand.

As at 31 March 2021 the Company has liabilities to Mr Filip Kaczmarzyk in the amount of PLN 42 thousand due to his investment account (as at 31 December 2020: PLN 42 thousand, as at 31 March 2020 PLN 1 thousand).



On March 24, 2021, the Company concluded an agreement with XTB MENA Limited, which concerns a loan of up to PLN 950 thousand, paid in tranches. As at the balance sheet date, the amount of the used loan was PLN 573 thousand. The loan interest rate was set at WIBOR 3M + 2.0% margin. The loan will be returned no later than June 30, 2021.

### 27.3 Benefits to Management Board and Supervisory Board

(IN PLN'000)	THREE-MONTH PERIOD ENDED	
	31.03.2021 (UNAUDITED)	31.03.2020 (UNAUDITED)
Benefits to Management Board members	(695)	(696)
Benefits to Supervisory Board members	(65)	(65)
<b>Total benefits to the Management Board and Supervisory Board</b>	<b>(760)</b>	<b>(761)</b>

These benefits include base salaries, bonuses, contributions to social security paid for by the employer and supplementary benefits (money bills, healthcare, holiday allowances).

Members of the Management Board of the Parent Company are included in the scheme of variable remuneration elements specified in note 21 of the interim condensed consolidated financial statements.

### 27.4 Loans granted to the Management and Supervisory Board Members

As at 31 March 2021, 31 December 2020 and 31 March 2020 there are no loans granted to the Management and Supervisory Board members.

## 28. Supplementary information and explanations to the cash flow statement

### 28.1 Change in the balance of other liabilities

The "other adjustments" item includes the following adjustments:

(IN PLN'000)	THREE-MONTH PERIOD ENDED	
	31.03.2021 (UNAUDITED)	31.03.2020 (UNAUDITED)
Change in the balance of differences from the conversion of branches and subsidiaries	306	23 419
Foreign exchange differences on translation of movements in property, plant and equipment, and intangible assets	(83)	(310)
<b>Change in other adjustments</b>	<b>223</b>	<b>23 109</b>

Foreign exchange differences on translation of movements in tangible and intangible assets include the difference between the rates as at the opening balance and as at the closing balance adopted for valuation of the gross value of tangible and intangible assets in the Group's foreign entities and the difference between the rate applied to value amortization and depreciation cost of fixed assets and intangible assets in the Group's foreign entities and the rate of translation of amortization and depreciation amounts on such assets. This value results from the chart of movements in tangible and intangible assets.

## 29. Post balance sheet events

Pursuant to the decision of the General Shareholders' Meeting of the Parent Company, the net profit for 2020 in the amount of PLN 418 176 thousand was partially earmarked for the payment of a dividend in the amount of PLN 210 117 thousand, the remaining amount was transferred to reserve capital.

The amount of dividend per share paid for 2020 was equal to PLN 1,79. The dividend was paid on the 30 April 2021.

On 13 April 2021 shares of XTB MENA Limited with its seat in United Arab Emirates were paid by the Company. Capital was contributed in the amount of USD 1 million.



## 30. Off-balance sheet items

### 30.1 Nominal value of financial instruments

(IN PLN'000)	31.03.2021 (UNAUDITED)	31.12.2020 (AUDITED)	31.03.2020 (UNAUDITED)
Index CFDs	5 719 561	3 990 495	958 776
Currency CFDs	2 197 573	1 481 916	800 598
Commodity CFDs	2 051 924	1 143 499	450 787
Stock and ETF CFDs	1 295 029	876 726	138 013
Bond CFDs	395 723	384 593	31 848
<b>Total financial instruments</b>	<b>11 659 810</b>	<b>7 877 229</b>	<b>2 380 022</b>

The nominal value of instruments presented in the chart above includes transactions with clients and brokers. As at 31 March 2021 transactions with brokers represent 15% of the total nominal value of instruments (as at 31 December 2020: 14% of the total nominal value of instruments, as at 31 March 2020: 4% of the total nominal value of instruments).

### 30.2 Clients' financial instruments

Presented below is a list of clients' instruments deposited in the accounts of the brokerage house:

(IN PLN'000)	31.03.2021 (UNAUDITED)	31.12.2020 (AUDITED)	31.03.2020 (UNAUDITED)
Listed stocks and rights to stocks registered in clients' securities accounts	1 406 713	871 389	177 812
Other securities registered in clients' securities accounts	207	207	207
<b>Total clients' financial instruments</b>	<b>1 406 920</b>	<b>871 596</b>	<b>178 019</b>

### 30.3 Transaction limits

The amount of unused transaction limits granted to related entities was PLN 12 981 thousand as at 31 March 2021, at 31 December 2020 PLN 12 403 thousand and as at 31 March 2020 was PLN 7 074 thousand.

### 30.4 Loans granted to the related entities

The unused part of loan granted to XTB MENA Limited based on the agreement dated 24 March 2021 amounts to PLN 377 thousand.

## 31. Items regarding the compensation scheme

(IN PLN'000)	31.03.2021 (UNAUDITED)	31.12.2020 (AUDITED)	31.03.2020 (UNAUDITED)
<b>1. Contributions made to the compensation scheme</b>			
a) opening balance	5 654	4 709	4 709
- increases	346	945	218
b) closing balance	6 000	5 654	4 927
<b>2. XTB's share in the profits from the compensation scheme</b>	<b>351</b>	<b>336</b>	<b>315</b>

## 32. Capital management

The Group's principles of capital management are established in the "Capital management policy at X-Trade Brokers Dom Maklerski S.A.". The document is approved by the Parent Company's Supervisory Board. The policy defines the basic concepts, objectives and rules which constitute the Parent Company's capital strategy. It specifies, in particular, long-term capital



objectives, the current and preferred capital structure, contingency plans and basic elements of the internal capital estimation process. The policy is updated as appropriate so as to reflect the development in the Group and its business environment.

The objective of the capital management policy is to ensure balanced long-term growth for the shareholders and to maintain sufficient capital to enable the Group to operate in a prudent and efficient manner. This objective is attained by maintaining an appropriate capital base, taking into account the Group's risk profile and prudential regulations, as well as risk-based capital management in view of the operating goals.

Determination of capital-related goals is essential for equity management and serves as a basic reference in the context of capital planning, allocation and contingency plans. The Group establishes capital-related objectives which ensure a stable capital base, achievement of its capital strategy goals (in accordance with its general principles), and also match the Group's risk appetite. To establish its capital-related goals, the Group takes into consideration its strategic plans and expected growth of operations as well as external conditions, including the macroeconomic situation and other business environment factors. The capital-related goals are set for a horizon similar to that of the business strategy and are approved by the Management Board. Capital planning is focused on an assessment of the Group's current and future capital requirements (both regulatory and internal), and on comparing them with the current and projected levels of available capital. The Group has prepared contingency plans to be launched in the event of a capital liquidity shortage, described in detail in the "Capital management policy at X-Trade Brokers Dom Maklerski S.A." and in the "Recovery Plan" approved by the Polish Financial Supervision Authority.

As part of ICAAP, the Group assesses its internal capital in order to define the overall capital requirement to cover all significant risks in the Group's operations and evaluates its quality. The Group estimates internal capital necessary to cover identified significant risks in compliance with procedures adopted by the Group and taking into account stress test results.

The Parent Company is obligated to maintain the capitals (equity) to cover the higher of the following values:

- capital requirements calculated in accordance with the Regulation (EU) of the European Parliament and of the Council No. 575/2013 of 26 June 2013 on prudential requirements for credit institutions and investment firms (CRR) and
- internal capital estimated in compliance with the Ordinance of the Minister of Finance of 25 April 2017 on internal capital, risk management system, supervisory assessment program and supervisory examination and evaluation as well as remuneration policy in a brokerage house (Journal of Laws 2017, item 856).

The principles of calculation of own funds are established in the CRR resolution, "The procedure for calculating risk adequacy ratios in X-Trade Brokers Dom Maklerski S.A." and are not regulated by IFRS.

The Parent Company calculated equity in accordance with part two of the Regulation of the European Parliament and of the Council (EU) No. 575/2013 dated 26 June 2013 on prudential requirements for credit institutions and investment firms, amending Regulation (EU) No. 648/2012 ("CRR"). At present, the total equity of the Group belongs to the highest category – Tier 1.

Prudential consolidation according to the CRR applies to subsidiaries in excess of the threshold referred to in Article 19 of the CRR. As regards the Group, the Parent Company includes its subsidiary Tasfiye Halinde XTB Yönetim Danışmanlığı A.Ş. in prudential consolidation, from 31 October 2015 includes its subsidiary XTB Limited in Great Britain, from 30 April 2017 includes its subsidiary XTB International and from 31 July 2018 includes its subsidiary XTB Limited in Cyprus.

In accordance with the Act on macroprudential supervision of the financial system and crisis management in the financial system of 5 August 2015, since 1 January 2016 the Group is obliged to maintain capital buffers. In the period covered by the interim condensed consolidated financial statements the Company was obliged to maintain the capital conservation buffer and countercyclical buffer.



### Key values in capital management:

(IN PLN'000)	31.03.2021 (UNAUDITED)	31.12.2020 (AUDITED)	31.03.2020 (UNAUDITED)
The Group's own funds	527 644	528 869	388 577
Tier I Capital	527 644	528 869	388 577
Common Equity Tier I capital	527 644	528 869	388 577
<b>Total Group's risk exposure</b>	<b>4 350 557</b>	<b>2 836 093</b>	<b>2 190 975</b>
Capital conservation buffer	108 764	70 902	54 774
Countercyclical capital buffer	4 189	3 932	3 220
<b>Combined buffer requirement</b>	<b>112 953</b>	<b>74 834</b>	<b>57 995</b>
<b>Total capital ratio</b>	<b>12,1%</b>	<b>18,6%</b>	<b>17,7%</b>
<b>Total capital ratio including buffers</b>	<b>9,5%</b>	<b>16,0%</b>	<b>15,1%</b>
<b>Minimal required total capital ratio including buffers (art. 92 ust.1 lit. c) CRR)</b>	<b>8%</b>	<b>8%</b>	<b>8%</b>

The mandatory capital adequacy was not breached in the periods covered by the interim condensed consolidated financial statements

The table below presents data on the level of capitals and on the total capital requirement divided into requirements due to specific types of risks calculated in accordance with separate regulations together with average monthly values. Average monthly values were calculated as an estimation of the average values calculated based on statuses at the end of specific days.

In the table below, in order to ensure comparability of the presentation, the total capital requirement was presented as 8% of the total risk exposure, calculated in accordance with the CRR.

(IN PLN'000)	AS AT 31.03.2021 (UNAUDITED)	AVERAGE MONTHLY VALUE IN THE PERIOD	AS AT 31.12.2020 (AUDITED)	AS AT 31.03.2020 (UNAUDITED)
1. Capital/Own funds	527 644	521 838	528 869	388 577
1.1. Base capital/Common Equity Tier I without deductions	545 606	545 606	545 606	441 633
1.2. Additional items of common equity/Supplementary capital Tier I	-	-	-	-
1.3. Items decreasing share capitals	(17 962)	(23 768)	(16 737)	(53 056)
2. Amount of Tier II capital included in the value of capital subject to monitoring/Tier II capital	-	-	-	-
<b>I. Level of capitals subject to monitoring/Own funds</b>	<b>527 644</b>	<b>521 838</b>	<b>528 869</b>	<b>388 577</b>
1. Market risk	194 355	191 193	123 376	88 061
2. Settlement and delivery risk, contractor's credit risk and the CVA requirement	13 488	10 158	8 964	3 793
3. Credit risk	67 038	52 598	46 041	34 917
4. Operating risk	73 164	64 123	48 507	48 507
5. Exceeding the limit of exposure concentration and the limit of high exposures	-	-	-	-
6. Capital requirement due to fixed costs	N/A	N/A	N/A	N/A
<b>Ila. Overall capital requirement</b>	<b>348 045</b>	<b>318 072</b>	<b>226 888</b>	<b>175 278</b>
<b>Ilb. Total risk exposure</b>	<b>4 350 557</b>	<b>3 975 903</b>	<b>2 836 093</b>	<b>2 190 975</b>
Capital conservation buffer	108 764	99 397	70 902	54 774
Countercyclical capital buffer	4 189	7 050	3 932	3 220
<b>Combined buffer requirement</b>	<b>112 953</b>	<b>106 447</b>	<b>74 834</b>	<b>57 995</b>

Pursuant to CRR the duty to calculate the capital requirement in respect of fixed costs arises only in the event that the entity does not calculate the capital requirement in respect of operating risk.

## 33. Risk management

The Group is exposed to a variety of risks connected with its current operations. The purpose of risk management is to make sure that the Group takes risk in a conscious and controlled manner. Risk management policies are formulated in order to identify and measure the risks taken, as well as to establish appropriate limits to mitigate such risk on a regular basis.



At the strategy level, the Management Board is responsible for establishing and monitoring the risk management policy. All risks are monitored and controlled with regard to profitability of the operations as well as the level of capital necessary to ensure safety of operations from the capital requirement perspective.

The Parent Company has appointed a Risk Management Committee. Its key tasks include performing supervisory, consultative and advisory functions for the Company's statutory bodies in the area of capital management strategy, risk management policy, risk measurement methods, capital planning and the Company's capital adequacy. In particular, the Committee supports the Risk Control Department in the area of identifying significant risks within the Company and creating a catalogue of risks, approves policies and procedures of risk and ICAAP management, reviews and approves analyses carried out by owners of specific risks and the Risk Control Department as part of the risk and ICAAP management system within the Company.

The Risk Control Department supports the Management Board in formulating, reviewing and updating ICAAP rules in the event of the occurrence of new types of risk, significant changes in strategy and operating plans. The Department also monitors the appropriateness and efficiency of the implemented risk management system, identifies, monitors and controls the market risk of the Company's own investments, defines the overall capital requirement and estimates internal capital.

The Risk Control Department is managed by the Member of the Management Board responsible for the supervision of the risk management system.

The Parent Company's Supervisory Board approves risk management system.

## 33.1 Fair value

### 33.1.1 Carrying amount and fair value

The fair value of cash and cash equivalents is estimated as being close to their carrying amount.

The fair value of loans granted and other receivables, amounts due to clients and other liabilities is estimated as being close to their carrying amount in view of the short-term maturities of these balance sheet items.

### 33.1.2 Fair value hierarchy

The Group discloses fair value measurement of financial instruments carried at fair value, applying the following fair value hierarchy which reflects the significance of input data used to establish the fair value:

- **Level 1:** quoted prices (unadjusted) in active markets for the assets or liabilities;
- **Level 2:** input data other than quoted prices classified in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. based on prices). This category includes financial assets and liabilities measured using prices quoted in active markets for identical assets, prices quoted in active markets for identical assets considered less active or other valuation methods where all significant inputs originate directly or indirectly from the markets;
- **Level 3:** input data for valuation of a given asset or liability is not based on observable market data (unobservable inputs).

(IN PLN'000)	31.03.2021 (UNAUDITED)			TOTAL
	LEVEL 1	LEVEL 2	LEVEL 3	
<b>Financial assets</b>				
Financial assets at fair value through P&L	415 019	363 793	-	778 812
<b>Total financial assets</b>	<b>415 019</b>	<b>363 793</b>	-	<b>778 812</b>
<b>Financial liabilities</b>				
Financial liabilities held for trading	-	152 517	-	152 517
<b>Total financial liabilities</b>	-	<b>152 517</b>	-	<b>152 517</b>



(IN PLN'000)	31.12.2020 (AUDITED)			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
<b>Financial assets</b>				
Financial assets at fair value through P&L	407 832	255 301	-	663 133
<b>Total financial assets</b>	<b>407 832</b>	<b>255 301</b>	-	<b>663 133</b>
<b>Financial liabilities</b>				
Financial liabilities held for trading	-	96 632	-	96 632
<b>Total financial liabilities</b>	-	<b>96 632</b>	-	<b>96 632</b>

(IN PLN'000)	31.03.2020 (UNAUDITED)			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
<b>Financial assets</b>				
Financial assets at fair value through P&L	30 086	164 421	-	194 507
<b>Total financial assets</b>	<b>30 086</b>	<b>164 421</b>	-	<b>194 507</b>
<b>Financial liabilities</b>				
Financial liabilities held for trading	-	39 942	-	39 942
<b>Total financial liabilities</b>	-	<b>39 942</b>	-	<b>39 942</b>

In the periods covered by the interim condensed consolidated financial statements, there were no transfers of items between the levels of the fair value hierarchy.

The fair value of contracts for differences (CFDs) is determined based on the market prices of underlying instruments, derived from independent sources, ie. from reliable liquidity suppliers and reputable news, adjusted for the spread specified by the Group. The valuation is performed using closing prices or the last bid and ask prices. CFDs are measured as the difference between the current price and the opening price, taking account of accrued commissions and swap points.

The impact of adjustments due to credit risk of the contractor, estimated by the Group, was insignificant from the point of view of the general estimation of derivative transactions concluded by the Group. Therefore, the Group does not recognise the impact of unobservable input data used for the estimation of derivative transactions as significant and, pursuant to IFRS 13.73, does not classify such transactions as level 3 of the fair value hierarchy.

## 33.2 Market risk

In the period covered by these interim condensed consolidated financial statements, the Group entered into OTC contracts for differences (CFDs). The Group may also acquire securities and enter into forward contracts on its own account on regulated stock markets.

The following risks are specified, depending on the risk factor:

- Currency risk connected with fluctuations of exchange rates
- Interest rate risk
- Commodity price risk
- Equity investment price risk

The Group's key market risk management objective is to mitigate the impact of such risk on the profitability of its operations. The Company's practice in this area is consistent with the following principles.

As part of the internal procedures, the Group applies limits to mitigate market risk connected with maintaining open positions on financial instruments. These are, in particular: a maximum open position on a given instrument, currency exposure limits, maximum value of a single instruction. The Trading Department monitors open positions subject to limits on a current basis, and in case of excesses, enters into appropriate hedging transactions. The Risk Control Department reviews the limit usage on a regular basis, and controls the hedges entered into.



### **33.2.1 Currency risk**

The Group enters into transactions principally in instruments bearing currency risk. Aside from transactions where the FX rate is an underlying instrument, the Group also offers instruments which price is denominated in foreign currencies. Also, the Group has assets in foreign currencies, i.e. the so-called currency positions. Currency positions include the brokerage's own funds denominated in foreign currencies held for the purpose of settling transactions in foreign markets and connected with foreign operations.

The carrying amount of the Group's assets and liabilities in foreign currencies as at the balance sheet date is presented below. The values for all base currencies are expressed in PLN'000



Assets and liabilities denominated in foreign currencies as at 31 March 2021 (unaudited)

(IN PLN'000)	VALUE IN FOREIGN CURRENCIES CONVERTED TO PLN							TOTAL	CARRYING AMOUNT
	USD	EUR	GBP	CZK	HUF	RON	OTHER CURRENCIES		
<b>Assets</b>									
Cash and cash equivalents	387 000	639 512	35 463	143 732	8 120	19 421	27 145	1 260 393	1 988 092
Financial assets held for trading	63 565	128 673	11 187	45 622	3 308	3 226	13 980	269 561	778 812
Income tax receivables	-	15	-	-	-	-	186	201	201
Financial assets at amortised cost	1 552	8 317	404	645	98	974	1 493	13 483	16 856
Prepayments and deferred costs	545	564	195	110	-	9	10	1 433	6 741
Intangible assets	-	1	-	51	-	1	4	57	771
Property, plant and equipment	5	4 529	70	813	-	60	1 072	6 549	12 544
Deferred income tax assets	-	7 407	1 940	-	-	-	-	9 347	9 347
<b>Total assets</b>	<b>452 667</b>	<b>789 018</b>	<b>49 259</b>	<b>190 973</b>	<b>11 526</b>	<b>23 691</b>	<b>43 890</b>	<b>1 561 024</b>	<b>2 813 364</b>
<b>Liabilities</b>									
Amounts due to customers	161 395	623 528	28 080	164 967	8 693	18 934	22 055	1 027 652	1 580 572
Financial liabilities held for trading	52 587	42 102	4 722	11 288	1 372	1 142	11 001	124 214	152 517
Income tax liabilities	-	423	-	-	-	-	394	817	4 361
Lease liabilities	-	6 672	-	53	-	-	773	7 498	7 508
Other liabilities	(4 396)	15 488	4 116	1 042	8	445	2 301	19 004	48 887
Provisions for liabilities	-	-	-	-	-	-	1 897	1 897	6 855
Deferred income tax provision	-	-	-	7	-	-	135	142	35 002
<b>Total liabilities</b>	<b>209 586</b>	<b>688 213</b>	<b>36 918</b>	<b>177 357</b>	<b>10 073</b>	<b>20 521</b>	<b>38 556</b>	<b>1 181 224</b>	<b>1 835 702</b>



Assets and liabilities denominated in foreign currencies as at 31 December 2020 (audited)

(IN PLN'000)	VALUE IN FOREIGN CURRENCIES CONVERTED TO PLN							TOTAL	CARRYING AMOUNT
	USD	EUR	GBP	CZK	HUF	RON	OTHER CURRENCIES		
<b>Assets</b>									
Cash and cash equivalents	304 665	556 126	38 769	140 083	7 193	17 973	28 246	1 093 055	1 575 807
Financial assets held for trading	37 744	94 864	10 272	26 356	1 777	3 093	18 218	192 324	663 133
Income tax receivables	-	9	-	-	-	-	-	9	2 593
Financial assets at amortised cost	1 518	6 997	433	401	43	554	1 685	11 631	13 310
Prepayments and deferred costs	226	296	191	88	-	15	41	857	5 397
Intangible assets	-	1	-	58	-	1	4	64	639
Property, plant and equipment	6	4 963	73	883	-	52	1 121	7 098	13 260
Deferred income tax assets	-	7 451	1 869	67	-	-	-	9 387	9 387
<b>Total assets</b>	<b>344 159</b>	<b>670 707</b>	<b>51 607</b>	<b>167 936</b>	<b>9 013</b>	<b>21 688</b>	<b>49 315</b>	<b>1 314 425</b>	<b>2 283 526</b>
<b>Liabilities</b>									
Amounts due to customers	112 057	490 013	23 628	126 293	6 813	15 900	21 735	796 439	1 203 243
Financial liabilities held for trading	23 549	28 568	3 386	8 327	450	765	11 574	76 619	96 632
Income tax liabilities	-	494	-	-	-	-	826	1 320	1 329
Lease liabilities	-	7 752	-	63	-	-	825	8 640	8 654
Other liabilities	7 069	16 361	4 436	1 977	3	465	1 612	31 923	54 167
Provisions for liabilities	-	-	1 127	-	-	-	1 901	3 028	7 939
Deferred income tax provision	-	-	-	-	-	-	90	90	23 257
<b>Total liabilities</b>	<b>142 675</b>	<b>543 188</b>	<b>32 577</b>	<b>136 660</b>	<b>7 266</b>	<b>17 130</b>	<b>38 563</b>	<b>918 059</b>	<b>1 395 221</b>



Assets and liabilities denominated in foreign currencies as at 31 March 2020 (unaudited)

(IN PLN'000)	VALUE IN FOREIGN CURRENCIES CONVERTED TO PLN							TOTAL	CARRYING AMOUNT
	USD	EUR	GBP	CZK	HUF	RON	OTHER CURRENCIES		
<b>Assets</b>									
Cash and cash equivalents	111 416	376 165	21 476	103 198	9 766	15 904	34 190	672 115	1 270 563
Financial assets held for trading	20 602	61 070	2 679	12 335	1 342	3 518	8 850	110 396	194 507
Income tax receivables	-	-	-	46	-	-	-	46	46
Financial assets at amortised cost	841	6 027	181	475	23	647	2 039	10 233	12 617
Prepayments and deferred costs	184	470	90	82	-	15	48	889	5 453
Intangible assets	-	14	-	49	-	-	7	70	623
Property, plant and equipment	8	5 003	133	1 032	-	7	355	6 538	13 029
Deferred income tax assets	-	7 619	1 790	30	-	-	16	9 455	9 455
<b>Total assets</b>	<b>133 051</b>	<b>456 368</b>	<b>26 349</b>	<b>117 247</b>	<b>11 131</b>	<b>20 091</b>	<b>45 505</b>	<b>809 742</b>	<b>1 506 293</b>
<b>Liabilities</b>									
Amounts due to customers	45 010	307 329	10 313	57 028	5 129	12 102	14 751	451 662	670 395
Financial liabilities held for trading	8 483	15 536	478	2 329	181	121	5 293	32 421	39 942
Income tax liabilities	-	183	-	-	-	-	973	1 156	26 041
Lease liabilities	-	9 960	46	86	-	-	101	10 193	10 216
Other liabilities	3 707	13 585	3 763	1 357	96	575	2 067	25 150	49 163
Provisions for liabilities	-	-	-	-	-	-	1 678	1 678	3 152
Deferred income tax provision	-	-	-	-	-	-	-	-	17 252
<b>Total liabilities</b>	<b>57 200</b>	<b>346 593</b>	<b>14 600</b>	<b>60 800</b>	<b>5 406</b>	<b>12 798</b>	<b>24 863</b>	<b>522 260</b>	<b>816 161</b>



A change in exchange rates, in particular, the PLN exchange rate, affects the balance sheet valuation of the Group's financial instruments and the result on translation of foreign currency balances of other balance sheet items. Sensitivity to exchange rate fluctuations was calculated with the assumption that all foreign currency rates change by  $\pm 5\%$  to PLN. The carrying amount of financial instruments was revalued.

The sensitivity of the Group's equity and profit before tax to a 5% increase or decrease of the PLN exchange rate is presented below:

(IN PLN'000)	THREE-MONTH PERIOD ENDED			
	31.03.2021 (UNAUDITED)		31.03.2020 (UNAUDITED)	
	INCREASE IN EXCHANGE RATES	DECREASE IN EXCHANGE RATES	INCREASE IN EXCHANGE RATES	DECREASE IN EXCHANGE RATES
	BY 5%	BY 5%	BY 5%	BY 5%
Income (expenses) of the period	24 071	(24 071)	13 201	(13 201)
Equity, of which:	2 584	(2 584)	3 427	(3 427)
Foreign exchange differences on translation	2 584	(2 584)	3 427	(3 427)

The sensitivity of equity is connected with foreign exchange differences in the translation of value in functional currencies of the foreign operations.

### 33.2.2 Interest rate risk

Interest rate risk is the risk of exposure of the current and future financial result and equity of the Group to the adverse impact of exchange rate fluctuations. Such risk may result from the contracts entered into by the Group, where receivables or liabilities are dependent upon exchange rates as well as from holding assets or liabilities dependent on exchange rates.

The basic interest rate risk for the Group is the mismatch of interest rates paid to clients in connection with funds deposited in cash accounts in the Group, and of the bank account and bank deposits where the Group's clients' funds are invested.

In addition, the source of the Group's profit variability associated with the level of market interest rates, are amounts paid and received in connection with the occurrence of the difference in interest rates for different currencies (swap points) as well as potential debt instruments. As a rule, the change in bank interest rates does not significantly affect the Group's financial position, since the Group determines interest rates for funds deposited in clients' cash accounts based on a variable formula, in an amount not higher than the interest rate received by the Group from the bank maintaining the bank account in which clients' funds are deposited.

Interest rates applicable to cash accounts are floating, and related to WIBID/WIBOR/LIBOR/EURIBOR rates. Therefore, the risk of interest rate mismatch adverse to the brokerage house is very low.

Since the Group maintains a low duration of assets and liabilities and minimises the duration gap, sensitivity of the market value of assets and liabilities to calculations of market interest rates is very low. As part of a significant risk identification process, the Risk Management Committee established that the interest rate risk is not significant for the Group's operations.

#### Sensitivity analysis of financial assets and liabilities where cash flows are exposed to interest rate risk

The structure of financial assets and liabilities where cash flows are exposed to interest rate risk is as follows:

(IN PLN'000)	31.03.2021 (UNAUDITED)	31.12.2020 (AUDITED)	31.03.2020 (UNAUDITED)
<b>Financial assets</b>			
Cash and cash equivalents	1 988 092	1 575 807	1 270 563
Debt instruments	363 793	398 616	-
<b>Total financial assets</b>	<b>2 351 885</b>	<b>1 974 423</b>	<b>1 270 563</b>
<b>Financial liabilities</b>			
Amounts due to clients	-	60	-
Other liabilities	7 508	8 654	6 044
<b>Total financial liabilities</b>	<b>7 508</b>	<b>8 714</b>	<b>6 044</b>

Impact of a change in interest rates by 50 base points (BP) on profit before tax is presented below. The analysis below relies on the assumption that other variables, in particular exchange rates, will remain constant. The analysis was carried out on the basis



of average balances of cash in period of interim condensed consolidated financial statements, using the average 1M interest rate in a given market.

(IN PLN'000)	THREE-MONTH PERIOD ENDED			
	31.03.2021 (UNAUDITED)		31.03.2020 (UNAUDITED)	
	INCREASE BY 50 PB	DECREASE BY 50 PB	INCREASE BY 50 PB	DECREASE BY 50 PB
Profit/(loss) before tax	8 827	(8 827)	5 317	(5 317)

### Sensitivity analysis of financial assets and liabilities whose fair value is exposed to interest rate risk

In the period covered by these interim condensed consolidated financial statements and in the comparative period, the Group hold financial assets which fair value would be exposed to the risk of changes in interest rates as a Treasury bonds. Sensitivity analysis exposed to interest rate risk by 50 base points (BP) - shift of yield curves- on profit before tax is presented below. In the analogical period of time Group did not have such assets.

(IN PLN'000)	THREE-MONTH PERIOD ENDED			
	31.03.2021 (UNAUDITED)		31.03.2020 (UNAUDITED)	
	INCREASE BY 50 PB	DECREASE BY 50 PB	INCREASE BY 50 PB	DECREASE BY 50 PB
Profit/(loss) before tax	(4 099)	7 096	(131)	131

### 33.2.3 Other price risk

Other price risk is exposure of the Group's financial position to unfavourable changes in the prices of commodities, equity investments (equity, indices) and debt instruments (in a scope not resulting from interest rates).

The carrying amount of financial instruments exposed to other price risk is presented below:

(IN PLN'000)	31.03.2021 (UNAUDITED)	31.12.2020 (AUDITED)	31.03.2020 (UNAUDITED)
<b>Financial assets at fair value through P&amp;L</b>			
<b>Commodity</b>			
Precious metals	38 842	9 490	5 490
Base metals	682	508	432
Other	38 213	29 652	47 054
<b>Total commodity</b>	<b>77 737</b>	<b>39 651</b>	<b>52 976</b>
<b>Equity instruments</b>			
Stocks and ETFs	56 956	40 930	16 215
Indicies	170 410	126 578	66 647
<b>Total equity instruments</b>	<b>227 366</b>	<b>167 508</b>	<b>82 862</b>
<b>Debt instruments</b>	<b>31</b>	<b>12</b>	<b>55</b>
<b>Total financial assets at fair value through P&amp;L</b>	<b>305 134</b>	<b>207 171</b>	<b>135 893</b>
<b>Financial liabilities held for trading</b>			
<b>Commodity</b>			
Precious metals	6 731	7 141	1 235
Base metals	121	94	23
Other	8 922	8 545	6 253
<b>Total commodity</b>	<b>15 774</b>	<b>15 781</b>	<b>7 511</b>
<b>Equity instruments</b>			
Stocks and ETFs	33 305	26 835	3 599
Indicies	44 628	24 884	13 412
<b>Total equity instruments</b>	<b>77 933</b>	<b>51 719</b>	<b>17 011</b>
<b>Debt instruments</b>	<b>19</b>	<b>3</b>	<b>15</b>
<b>Total financial liabilities held for trading</b>	<b>93 726</b>	<b>67 503</b>	<b>24 537</b>

The Group's sensitivity to fluctuations in the prices of specific commodities and equity investments by  $\pm 5$  per cent with regard to equity and profit before tax is presented below.



(IN PLN'000)	THREE-MONTH PERIOD ENDED			
	31.03.2021 (UNAUDITED)		31.03.2020 (UNAUDITED)	
	INCREASE BY 5%	DECREASE BY 5%	INCREASE BY 5%	DECREASE BY 5%
<b>Income/(expenses) for the period</b>				
<b>Commodity</b>				
Precious metals	(11 911)	11 911	(2 970)	2 970
Base metals	(174)	174	(142)	142
Other	(213)	213	(9 436)	9 436
<b>Total commodity</b>	<b>(12 298)</b>	<b>12 298</b>	<b>(12 548)</b>	<b>12 548</b>
<b>Equity instruments</b>				
Stocks and ETFs	29	(29)	-	-
Indicies	(511)	511	12	(12)
<b>Total equity instruments</b>	<b>10 534</b>	<b>(10 534)</b>	<b>7 691</b>	<b>(7 691)</b>
<b>Debt instruments</b>	<b>(17)</b>	<b>17</b>	<b>7 703</b>	<b>(7 703)</b>
<b>Total income/(expenses) for the period</b>	<b>(1 751)</b>	<b>1 751</b>	<b>(89)</b>	<b>89</b>

### 33.3 Liquidity risk

For the Group, liquidity risk is the risk of losing its payment liquidity, i.e. the risk of losing capacity to finance its assets and to perform its obligations in a timely manner in the course of normal operations or in other predictable circumstances with no risk of loss. In its liquidity analysis, the Group takes into consideration current possibility of generation of liquid assets, future needs, alternative scenarios and payment liquidity contingency plans.

The objective of liquidity management in X-Trade Brokers is to maintain the amount of cash on the appropriate bank accounts that will cover all the operations necessary to be carried on such accounts. In order to manage liquidity in relation to certain bank accounts associated with the operations of financial instruments, the Group uses the liquidity model of which the essence is to determine the safe area of the state of free cash flow that does not require corrective action. Where the upper limit is achieved, the Group makes a transfer to the appropriate current account corresponding to the surplus above the optimum level. Similarly, if the cash in the account falls to the lower limit, the Group makes a transfer of funds from the current account to the appropriate account in order to bring cash to the optimum level.

Tasks relating to the maintenance and updating of the rules of the liquidity model are performed by the Parent Company's Risk Control Department. Risk Control Department employees are required to analyse liquidity at least once a week, as well as to transfer the relevant information to the Parent Company's Accounting Department in order to make certain operations in the accounts.

The subsidiaries manage liquidity by analysing the anticipated cash flows and by matching the maturities of assets with the maturities of liabilities. The subsidiaries do not use any models for managing liquidity. Liquidity management based on the liquidity gap analysis is effective and sufficient – in subsidiaries, there were no incidents related to lack of liquidity or the lack of possibility of meeting financial obligations. In extraordinary cases, the subsidiaries' liquidity may be provided by the Parent Company.

The procedure also provides for the possibility of deviating from its application, and such procedure requires the consent of at least two members of the Parent Company's Management. Information on deviations is transmitted to the Risk Control Department of the Parent Company.

The Parent Company has also implemented liquidity contingency plans, which were not used in the period covered by the financial statements and in the comparative period, due to the fact that the amount of the most liquid assets (own cash and cash equivalents) greatly exceeds the amount of liabilities.

As part of ongoing business and the tasks related to liquidity risk management, the managers of appropriate organisational units of the Parent Company monitor the balance of funds deposited in the account in the context of planned liquidity needs related to the Parent Company's operating activities. In its liquidity analysis, the existing possibility of generation of liquid assets, future needs, alternative scenarios and payment liquidity contingency plans are taken into consideration.

The contractual payment periods of financial assets and liabilities are presented below. The marginal and cumulative contractual liquidity gap, calculated as the difference between total assets and total liabilities for each maturity bucket, is presented for specific payment periods.



Contractual payment periods of financial assets and liabilities as at 31 March 2021 (unaudited)

(IN PLN'000)	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	UP TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 – 5 YEARS	OVER 5 YEARS	WITH NO SPECIFIED MATURITY
<b>Financial assets</b>							
Cash and cash equivalents	1 988 092	1 988 092	1 988 092	-	-	-	-
Financial assets at fair value through P&L							
Listed stocks and ETFs	10 868	10 868	10 868	-	-	-	-
Bonds	404 152	404 152	404 152	-	-	-	-
CFDs	363 792	363 792	363 792	-	-	-	-
Total financial assets at fair value through P&L	778 812	778 812	778 812	-	-	-	-
Financial assets at amortised cost	16 856	16 856	14 357	-	2 499	-	-
<b>Total financial assets</b>	<b>2 783 760</b>	<b>2 783 760</b>	<b>2 781 261</b>	<b>-</b>	<b>2 499</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>							
Amounts due to clients	1 580 572	1 580 572	1 580 572	-	-	-	-
Financial liabilities held for trading							
CFDs	152 517	152 517	152 517	-	-	-	-
Total financial liabilities held for trading	152 517	152 517	152 517	-	-	-	-
Liabilities due to lease	7 508	7 508	1 085	2 864	3 559	-	-
Other liabilities	48 887	48 887	32 998	11 661	-	-	4 228
<b>Total financial liabilities</b>	<b>1 789 484</b>	<b>1 789 484</b>	<b>1 767 172</b>	<b>14 525</b>	<b>3 559</b>	<b>-</b>	<b>4 228</b>
Contractual liquidity gap in maturities (payment dates)			1 014 089	(14 525)	(1 060)	-	(4 228)
Contractual cumulative liquidity gap			1 014 089	999 564	998 504	998 504	994 276



Contractual payment periods of financial assets and liabilities as at 31 December 2020 (audited)

(IN PLN'000)	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	UP TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 – 5 YEARS	OVER 5 YEARS	WITH NO SPECIFIED MATURITY
<b>Financial assets</b>							
Cash and cash equivalents	1 575 807	1 575 807	1 575 807	-	-	-	-
Financial assets at fair value through P&L							
Listed stocks and ETFs	9 216	9 216	9 216	-	-	-	-
Bonds	398 616	398 616	398 616	-	-	-	-
CFDs	255 301	255 301	255 301	-	-	-	-
Total financial assets at fair value through P&L	663 133	663 133	663 133	-	-	-	-
Financial assets at amortised cost	13 310	13 310	10 832	-	2 478	-	-
<b>Total financial assets</b>	<b>2 252 250</b>	<b>2 252 250</b>	<b>2 249 772</b>	<b>-</b>	<b>2 478</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>							
Amounts due to clients	1 203 243	1 203 243	1 203 243	-	-	-	-
Financial liabilities held for trading							
CFDs	96 632	96 632	96 632	-	-	-	-
Total financial liabilities held for trading	96 632	96 632	96 632	-	-	-	-
Liabilities due to lease	8 654	8 654	1 231	3 397	3 549	477	-
Other liabilities	54 167	54 167	26 898	23 684	-	-	3 585
<b>Total financial liabilities</b>	<b>1 362 696</b>	<b>1 362 696</b>	<b>1 328 004</b>	<b>27 081</b>	<b>3 549</b>	<b>477</b>	<b>3 585</b>
Contractual liquidity gap in maturities (payment dates)			921 768	(27 081)	(1 071)	(477)	(3 585)
Contractual cumulative liquidity gap			921 768	894 687	893 616	893 139	889 554



Contractual payment periods of financial assets and liabilities as at 31 March 2020 (unaudited)

(IN PLN'000)	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	UP TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 – 5 YEARS	OVER 5 YEARS	WITH NO SPECIFIED MATURITY
<b>Financial assets</b>							
Cash and cash equivalents	1 270 563	1 270 563	1 270 563	-	-	-	-
Financial assets at fair value through P&L							
Listed stocks and ETFs	3 874	3 874	3 874	-	-	-	-
Bonds	26 212	26 212	26 212	-	-	-	-
CFDs	164 421	164 421	164 421	-	-	-	-
Total financial assets at fair value through P&L	194 507	194 507	194 507	-	-	-	-
Financial assets at amortised cost	12 617	12 617	10 122	-	2 495	-	-
<b>Total financial assets</b>	<b>1 477 687</b>	<b>1 477 687</b>	<b>1 475 192</b>	<b>-</b>	<b>2 495</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>							
Amounts due to clients	670 395	670 395	670 395	-	-	-	-
Financial liabilities held for trading	39 942	39 942	39 942	-	-	-	-
CFDs	39 942	39 942	39 942	-	-	-	-
Total financial liabilities held for trading	39 942	39 942	39 942	-	-	-	-
Liabilities due to lease	10 216	10 216	1 215	3 078	5 188	735	-
Other liabilities	49 163	49 163	25 785	18 282	-	-	5 096
<b>Total financial liabilities</b>	<b>769 716</b>	<b>769 716</b>	<b>737 337</b>	<b>21 360</b>	<b>5 188</b>	<b>735</b>	<b>5 096</b>
Contractual liquidity gap in maturities (payment dates)			737 855	(21 360)	(2 693)	(735)	(5 096)
Contractual cumulative liquidity gap			737 855	716 495	713 802	713 067	707 971

The Group does not expect the cash flows presented in the maturity analysis to occur significantly earlier or in significantly different amounts.



### 33.4 Credit risk

The chart below shows the carrying amounts of financial assets corresponding to the Group's exposure to credit risk:

(IN PLN'000)	31.03.2021 (UNAUDITED)		31.12.2020 (AUDITED)		31.03.2020 (UNAUDITED)	
	CARRYING AMOUNT	MAXIMUM EXPOSURE TO CREDIT RISK	CARRYING AMOUNT	MAXIMUM EXPOSURE TO CREDIT RISK	CARRYING AMOUNT	MAXIMUM EXPOSURE TO CREDIT RISK
<b>Financial assets</b>						
Cash and cash equivalents	1 988 092	1 988 092	1 575 807	1 575 807	1 270 563	1 270 563
Financial assets at fair value through P&L *	778 812	28 200	663 133	20 779	194 507	39 026
Financial assets at amortised cost	16 856	16 856	13 310	13 310	12 617	12 617
<b>Total financial assets</b>	<b>2 783 760</b>	<b>2 033 148</b>	<b>2 252 250</b>	<b>1 609 896</b>	<b>1 477 687</b>	<b>1 322 206</b>

\* As at 31 March 2021 the maximum exposure to credit risk for financial assets held for trading, not including the collateral received, was PLN 28 124 thousand (31 December 2020: PLN 234 999 thousand, 31 March 2020: PLN 164 529 thousand). This exposure was collateralised with clients' cash, which, as at 31 March 2021, covered the amount of PLN 306 996 thousand (31 December 2020: PLN 214 221 thousand, 31 March 2020: PLN 140 894 thousand). Exposures to credit risk connected with transactions with brokers as well as exposures to the Warsaw Stock Exchange were not collateralised.

The credit quality of the Group's financial assets is assessed based on external credit quality assessments, risk weights assigned based on the CRR, taking account of the mechanisms used to mitigate credit risk, the number of days past due, and the probability of counterparty insolvency.

The Group's assets fall within the following credit rating brackets:

- Fitch Ratings - from F1+ to B
- Standard & Poor's Ratings Services - from A-1+ to B
- Moody's – from P-1 to N/A

#### Cash and cash equivalents

Credit risk connected with cash and cash equivalents is related to the fact that own cash and clients' cash is held in bank accounts. Credit risk involving cash is mitigated by selecting banks with a high credit rating granted by international rating agencies and through diversification of banks with which accounts are opened. As at 31 March 2021, the Group had deposit accounts in 46 banks and institutions (31 December 2021: in 45 banks and institutions, 31 March 2021: in 45 banks and institutions). The ten largest exposures are presented in the table below (numbering of banks and institutions determined individually for each period):

ENTITY	31.03.2021 (UNAUDITED)		31.12.2021 (AUDITED)		31.03.2021 (UNAUDITED)	
	(IN PLN'000)	ENTITY	(IN PLN'000)	ENTITY	(IN PLN'000)	ENTITY
Bank 1	481 054	Bank 1	443 072	Bank 1	373 538	
Bank 2	294 015	Bank 2	217 016	Bank 2	179 213	
Bank 3	231 907	Bank 3	149 940	Bank 3	119 785	
Bank 4	192 068	Bank 4	112 916	Bank 4	118 619	
Bank 5	188 900	Institution 1	91 259	Bank 5	117 979	
Bank 6	117 684	Bank 5	80 292	Bank 6	51 841	
Bank 7	65 622	Bank 6	58 939	Bank 7	39 301	
Bank 8	64 707	Bank 7	54 793	Bank 8	37 967	
Bank 9	52 489	Bank 8	53 925	Bank 9	35 291	
Bank 10	52 198	Bank 9	49 917	Bank 10	28 947	
Other	247 448	Other	263 738	Other	169 624	
<b>Total</b>	<b>1 988 092</b>	<b>Total</b>	<b>1 575 807</b>	<b>Total</b>	<b>1 272 105</b>	

The table below presents a short-term assessment of the credit quality of the Group's cash and cash equivalents according to credit quality steps determined based on external credit quality assessments (where step 1 means the best credit quality and step 6 – the worst) and the risk weights assigned based on the CRR. Long-term assessment of the credit quality were used in case of exposures without short-term assessment of the credit quality or maturity longer than 3 months.



CREDIT QUALITY STEPS	CARRYING AMOUNT (IN PLN'000)		
	31.03.2021 (UNAUDITED)	31.12.2021 (AUDITED)	31.03.2021 (UNAUDITED)
<b>Cash and cash equivalent</b>			
Step 1	1 558 848	1 346 247	1 120 117
Step 2	14 399	10 646	15 114
Step 3	412 478	216 325	112 431
Step 4	2 367	2 589	20 808
Step 5	-	-	2 092
<b>Total</b>	<b>1 988 092</b>	<b>1 575 807</b>	<b>1 270 562</b>

### Financial assets held for trading

Financial assets held for trading result from transactions in financial instruments entered into with the Group's clients and the related hedging transactions.

Credit risk involving financial assets held for trading is connected with the risk of customer or counterparty insolvency. With regard to OTC transactions with clients, the Group's policy is to mitigate the counterparty credit risk through the so-called "stop out" mechanism. Customer funds deposited in the brokerage serve as a security. If a customer's current balance is 50 per cent or less of the security paid in and blocked by the transaction system, the position that generates the highest losses is automatically closed at the current market price. The initial margin amount is established depending on the type of financial instrument, customer account, account currency and the balance of the cash account in the transaction system, as a percent of the transaction's nominal value. A detailed mechanism is set forth in the rules binding on the clients. In addition, in order to mitigate counterparty credit risk, the Group includes special clauses in agreements with selected clients, in particular, requirements regarding minimum balances in cash accounts.

Due to the mechanisms in place, used to mitigate credit risk, the credit quality of financial assets held for trading is high and does not show significant diversity.

The Group's top 10 exposures to counterparty credit risk taking into account collateral (net exposure) are presented in the table below (numbering of counterparties determined individually for each period):

31.03.2021 (UNAUDITED)		31.12.2021 (AUDITED)		31.03.2021 (UNAUDITED)	
ENTITY	NET EXPOSURE (IN PLN'000)	ENTITY	NET EXPOSURE (IN PLN'000)	ENTITY	NET EXPOSURE (IN PLN'000)
Entity 1	10 669	Entity 1	8 542	Entity 1	758
Entity 2	6 002	Entity 2	4 665	Entity 2	715
Entity 3	2 726	Entity 3	747	Entity 3	570
Entity 4	703	Entity 4	604	Entity 4	362
Entity 5	515	Entity 5	566	Entity 5	306
Entity 6	499	Entity 6	528	Entity 6	303
Entity 7	442	Entity 7	440	Entity 7	233
Entity 8	333	Entity 8	258	Entity 8	218
Entity 9	285	Entity 9	247	Entity 9	213
Entity 10	278	Entity 10	211	Entity 10	165
<b>Total</b>	<b>22 452</b>	<b>Total</b>	<b>16 808</b>	<b>Total</b>	<b>3 843</b>

### Other receivables

Other receivables do not show a significant concentration, and they arose in the normal course of the Group's business. Non-overdue other receivables are collected on a regular basis and, from the perspective of credit quality, they do not pose a material risk to the Group.

# NOTES TO THE QUARTERLY REPORT





## NOTES TO THE QUARTERLY REPORT

### 1. Information about the Group's activities

The Parent Company in the X-Trade Brokers Dom Maklerski S.A. Group (the "Group") is X-Trade Brokers Dom Maklerski S.A. (hereinafter: the "Company", "Parent Company", "Parent Entity", "Brokerage", "XTB") with its headquarters located in Warsaw, Ogrodowa 58, 00-876 Warszawa.

The Group is an international provider of trading and investment products, services and solutions, specializing in OTC markets with a particular focus on CFDs, which are investment products with returns linked to the changes in the prices and values of underlying instruments and assets. The Group conducts its operations through two business segments: retail and institutional operations. The Group's retail business is focused on providing online trading in various instruments based on assets and underlying instruments from the financial and commodities markets to individual clients. For its institutional clients, the Group offers technologies that allow clients to set up their own trading environment under their own brands and acts as a liquidity provider to its institutional clients.

The Group operates on the basis of licences granted by regulators in Poland, the UK, Cyprus and Belize. The Group's business is regulated and supervised by competent authorities on the markets on which the Group operates, including EU countries, where it operates on the basis of a single European passport. Currently, the Group is focusing on growing its business in 12 key countries, including Poland, Spain, the Czech Republic, Portugal, France and Germany and has prioritised Latin America, Africa and Asia as a region for future development.

Currently, the Management Board efforts are focused on the start of operational activities in United Arab Emirates and Republic of South Africa. At the end of November 2020 XTB received the preliminary approval of the DFSA regulator to conduct brokerage activities in United Arab Emirates. It is an approval of the „in principal" type, that requires the fulfilment of conditions (mainly operational type) before the actual start of operations. One of the condition was the establishment of the company XTB MENA Limited in DIFC (Dubai International Financial Centre) which took place on 9 January 2021. The process is currently underway over the fulfilment of other conditions. The intention of the Management Board is to start operating activities in United Arab Emirates in the first half of 2021. In terms of Republic of South Africa, due to the complex local formal and legal conditions, the Management Board is currently not able to indicate the expected date of the start of operations on this market. Subsidiary XTB Africa (PTY) has been in the licensing process since February 2019.

In the first three months of 2021, the Group continued the process of expanding the product offer mainly in terms of stock products and ETFs. This activity is aimed at satisfying the needs of clients who expect the widest possible product coverage of the market and instruments giving them exposure to various investment sectors. In the first quarter of 2021 over 400 cash market instruments (shares and ETF) and CFD shares have been introduced. The Management Board believes that xStation is currently one of the most developed trading platforms on the CFD and stock market. The company is constantly improving the transaction system in order to provide clients with the widest range of trading possibilities, technical analysis and fundamental analysis.

The Management Board believes that the Group has built solid foundations ensuring its good position to generate growth in the future.

### 2. Summary and analysis of the results of the Group

In the first quarter of 2021 XTB reported a consolidated net profit of PLN 89,1 million compared to PLN 40,2 million a quarter earlier. It is an increase of PLN 48,9 million. Consolidated revenue amounted to PLN 186,7 million (Q4 2020: PLN 140,0 million) and operating expenses amounted to PLN 86,9 million (Q4 2020: PLN 83,6 million). In this period the Group noted a record number of new clients i.e. 67 231, which is an increase of 75,0% q/q.

#### 2.1 Factors affecting operating and financial results

The Group's operating and financial results are primarily influenced by:

- number of active clients, transaction volume and amount of deposits;
- volatility in financial and commodity markets;
- general market, geopolitical and economic conditions;
- competition in the FX/CFD market; and



- regulatory environment.

The key factors influencing the Group's financial and operating results for the 3 months ended 31 March 2021 are discussed below. According to the Management Board, these factors have and may have an impact on the Group's operations, operational and financial results, financial situation and prospects in the future.

## 2.2 Discussion of the Group's results for the first quarter of 2021

The table below presents selected items of the consolidated statement of comprehensive income in the given periods.

(in PLN'000)	THREE-MONTH PERIOD ENDED				
	31.03.2021	31.12.2020	CHANGE IN VALUE	CHANGE %	31.03.2020
Result of operations on financial instruments	185 396	138 742	46 654	34	305 009
Income from fees and charges	1 296	1 181	115	10	1 584
Other income	5	39	(34)	(87)	71
<b>Total operating income</b>	<b>186 697</b>	<b>139 962</b>	<b>46 735</b>	<b>33</b>	<b>306 664</b>
Salaries and employee benefits	(30 892)	(28 070)	2 822	10	(38 782)
Marketing	(33 050)	(30 861)	2 189	7	(16 740)
Other external services	(8 728)	(9 166)	(438)	(5)	(7 767)
Costs of maintenance and lease of buildings	(803)	(844)	(41)	(5)	(968)
Amortisation and depreciation	(1 952)	(2 106)	(154)	(7)	(1 861)
Taxes and Statutory Fees	(1 282)	(1 305)	(23)	(2)	(669)
Commission expenses	(9 711)	(6 535)	3 176	49	(4 540)
Other expenses	(484)	(4 729)	(4 245)	(90)	(1 202)
<b>Total operating expenses</b>	<b>(86 902)</b>	<b>(83 616)</b>	<b>3 286</b>	<b>4</b>	<b>(72 529)</b>
<b>Profit on operating activities (EBIT)</b>	<b>99 795</b>	<b>56 346</b>	<b>43 449</b>	<b>77</b>	<b>234 135</b>
Finance income	8 278	2 038	6 240	306	1 043
Finance costs, including:	(114)	(1 310)	(1 196)	(91)	(12 904)
- <i>negative foreign exchange differences relating to a company in Turkey</i>	-	-	-	-	(21 880)
<b>Profit before tax</b>	<b>107 959</b>	<b>57 074</b>	<b>50 885</b>	<b>89</b>	<b>222 274</b>
Income tax	(18 908)	(16 843)	2 065	12	(46 305)
<b>Net profit</b>	<b>89 051</b>	<b>40 231</b>	<b>48 820</b>	<b>121</b>	<b>175 969</b>



## Revenues

In the first quarter of 2021 XTB noted a revenue increase by 33,4 % q/q, i.e. by PLN 46,7 million from PLN 140,0 million to PLN 186,7 million. The significant factors determining the level of revenues was a constantly growing client base combined with their high transaction activity noted in the number of concluded transactions in lots and in the nominal value of the realized turnover. As a consequence the transaction volume in CFD instruments amounted to 1 115 thousand lots (Q4 2020: 801 thousand lots) and a profitability per lot amounted to PLN 167 (Q4 2020: PLN 175).

	THREE-MONTH PERIOD ENDED							
	31.03.2021	31.12.2020	30.09.2020	30.06.2020	31.03.2020	31.12.2019	30.09.2019	30.06.2019
Total operating income (in PLN'000)	186 697	139 962	139 630	211 494	306 664	89 571	60 952	47 891
Transaction volume in CFD instruments in lots <sup>1</sup>	1 115 389	800 935	760 373	829 017	784 840	394 146	423 333	385 318
Profitability per lot (in PLN) <sup>2</sup>	167	175	184	255	391	227	144	124
Transaction volume in CFD instruments in nominal value (in USD'000000)	386 347	292 000	275 144	206 037	248 655	132 376	140 168	138 631
Profitability for 1 million USD transaction volume in CFD instruments in nominal value (in USD) <sup>3</sup>	127	126	135	253	309	176	110	91

<sup>1)</sup> A lot is a unit of trading in financial instruments; in the case of foreign currency transactions, a lot corresponds to 100,000 units of the underlying currency; in the case of instruments other than CFDs based on currencies, the amount is specified in the instruments table and varies for various instruments. Presented value does not include CFD turnover on shares and ETFs, where 1 lot equals 1 share.

<sup>2)</sup> Total operating income divided by the transaction volume in CFDs in lots.

<sup>3)</sup> Total operating income converted into USD by the arithmetic average of exchange rates published by the National Bank of Poland on the last day of each month of the reporting period, divided by turnover of CFD in nominal value (in USD'000000).

XTB has a solid foundation in the form of constantly growing client base and the number of active clients. In the Q1 of 2021 the Group reported a new record in the number of new clients amounted to 67 231 compared to 38 413 a quarter earlier i.e. an increase by 75,0%. This is the effect of continuing the optimized sales and marketing strategy, bigger penetration of already existed markets, successive introduction of new products to the offer and expansion into new geographic markets. Similarly to the number of new clients, the number of active clients was also record high. The number of active clients increased from 72 346 to 103 446, i.e. by 43,0% q/q.

	PERIOD ENDED							
	31.03.2021	31.12.2020	30.09.2020	30.06.2020	31.03.2020	31.12.2019	30.09.2019	30.06.2019
New clients <sup>1</sup>	67 231	38 413	21 178	30 523	21 911	10 424	10 042	9 246
Average number of active clients <sup>2</sup>	103 446	58 069	53 309	52 084	45 660	26 582	25 171	23 688

<sup>1)</sup> The number of new Group's clients in the individual periods.

<sup>2)</sup> The average quarterly number of clients respectively for 3 months of 2021 and 12, 9, 6 and 3 months of 2020 and 12, 9 and 6 months of 2019.



The priority of the Management Board is to further increase the client base, leading to strengthen the market position of XTB in the world. These activities will be supported by a number of initiatives, including introduced on 5th October 2020 a new offer for shares and ETFs (Exchange-Traded Funds) "0% commission" for monthly volumes up to EUR 100 000. This offer was received with great enthusiasm by current and new XTB clients. The company aims to be the first choice and comprehensive solution for every investor. Over the past few years, XTB has done a great deal of work – from expanding the offer by around 3,7 thousand financial instruments (from 1 500 to 5 200 currently), to the continuous improvement of the web and mobile version of the award-winning xStation platform. Now with a free offer, XTB has opened the door wide to anyone interested in investing in both real stocks and ETFs.

XTB currently allows client to invest in over 2 800 real stocks from 16 of the world's largest stock exchanges, including New York Stock Exchange, London Stock Exchange, Spanish Bolsa de Madrid, German Börse Frankfurt and of course Warsaw Stock Exchange. Besides stocks, XTB offers over 250 ETFs, including commodities, real estate and bonds.

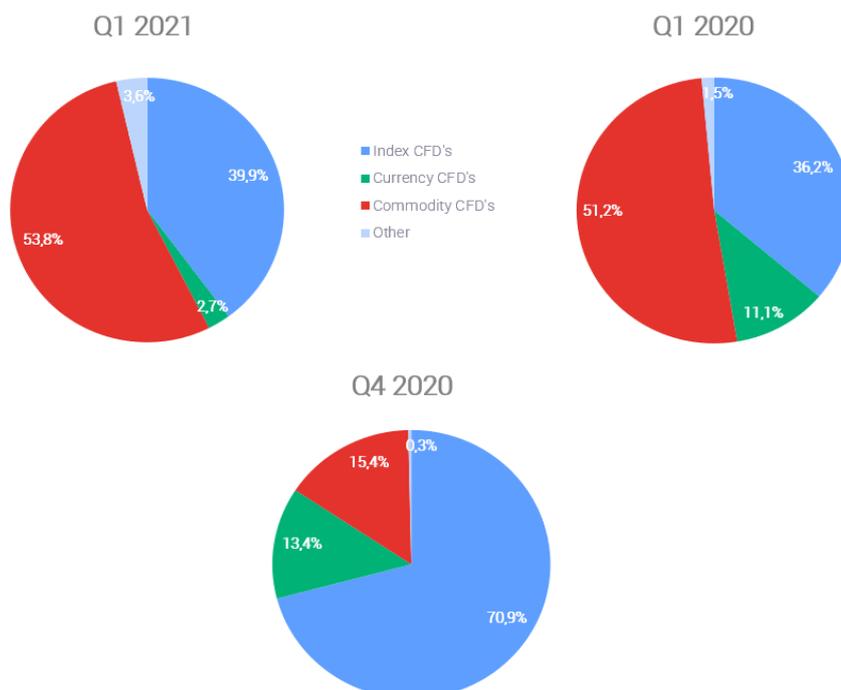
The „0% commission" offer is supported by a marketing and advertising campaign with the participation of the new XTB brand ambassador – one of the best football manager on the world, José Mourinho. The new XTB ambassador is the coach who not only won championships in a record number of countries (Portugal, England, Italy and Spain), but is also one of only three coaches who have won the UEFA Champions League twice with two clubs.



The Company expects on the effectiveness of the new offer for shares and ETFs as well as the campaign with José Mourinho. In particular, the ambition of the Management Board is to acquire in 2021 at least 120 thousand new clients, that is an average 30 thousand new clients quarterly. As a result of the implemented actions, in April 2021 the Group acquired 15,9 thousand new clients in total.

Looking at revenues in terms of the classes of instruments responsible for their creation, it can be seen that in Q1 2021 CFDs based on commodities dominated. Their share in the structure of revenues on financial instruments reached 53,8% against 51,2% a year earlier. This is a consequence of the high interest of XTB clients in CFD instruments based on gold, silver and oil prices. The second most profitable class were CFD instruments based on indices. Their share in the structure of revenues in Q1 2021 reached 39,9% (Q1 2020: 36,2%). The most profitable instruments among this asset class were instruments based on the German DAX stock index (DE30) and American stock index US 100. Revenues of CFD based on currency reached 2,7% of all revenues, compared to 11,1% a year earlier.

The structure of revenue by asset class (in %)





(in PLN'000)	THREE-MONTH PERIOD ENDED			
	31.03.2021	31.12.2020	CHANGE %	31.03.2020
Commodity CFDs	101 483	21 640	369	156 545
Index CFDs	75 127	99 935	(25)	110 682
Stock CFDs and ETFs	6 649	4 373	52	2 500
Currency CFDs	5 031	18 901	(73)	34 048
Bond CFDs	78	6	1 200	163
<b>Total CFDs</b>	<b>188 368</b>	<b>144 855</b>	<b>30</b>	<b>303 938</b>
Shares and ETFs	139	(3 888)	(104)	1 839
<b>Gross gain on transactions in financial instruments</b>	<b>188 507</b>	<b>140 967</b>	<b>34</b>	<b>305 777</b>
Bonuses and discounts paid to clients	(651)	(494)	32	(119)
Commission paid to cooperating brokers	(2 460)	(1 731)	42	(649)
<b>Net gain on transaction in financial instruments</b>	<b>185 396</b>	<b>138 742</b>	<b>34</b>	<b>305 009</b>

XTB places great importance on the geographical diversification of revenues. The country from which the Group derives more than 15% of revenues is Poland with the share of 37,8% (Q1 2020: 27,9%). The share of other countries in the geographical structure of revenues does not exceed in any case 15%.

(in PLN'000)	THREE-MONTH PERIOD ENDED			
	31.03.2021	31.12.2020	CHANGE %	31.03.2020
<b>Central and Eastern Europe</b>	<b>110 412</b>	<b>87 840</b>	<b>26</b>	<b>151 062</b>
- including Poland	70 495	70 038	1	85 432
<b>Western Europe</b>	<b>53 339</b>	<b>33 095</b>	<b>61</b>	<b>132 390</b>
- including Spain	26 244	13 561	94	58 136
<b>Latin America</b>	<b>22 946</b>	<b>19 027</b>	<b>21</b>	<b>23 212</b>
<b>Total operating income</b>	<b>186 697</b>	<b>139 962</b>	<b>33</b>	<b>306 664</b>

XTB also puts a strong emphasis on diversification of segment revenues. Therefore the Group develops institutional activities (X Open Hub), under which it provides liquidity and technology to other financial institutions, including brokerage houses. Revenues from this segment are subject to significant fluctuations from quarter to quarter, analogically to the retail segment, which is typical for the business model adopted by the Group.

(in PLN'000)	THREE-MONTH PERIOD ENDED			
	31.03.2021	31.12.2020	CHANGE %	31.03.2020
Retail segment	176 396	135 179	30	253 014
Institutional segment (X Open Hub)	10 301	4 783	115	53 650
<b>Total operating income</b>	<b>186 697</b>	<b>139 962</b>	<b>33</b>	<b>306 664</b>

XTB's business model includes high volatility of revenues depending on the period. Operating results are mainly affected by: (i) volatility on financial and commodity markets; (ii) the number of active clients; (iii) volume of concluded transactions on financial instruments; (iv) general market, geopolitical and economic conditions; (v) competition on the FX/CFD market and (vi) regulatory environment.

As a rule, the Group's revenues are positively affected by higher activity of financial markets due to the fact that in such periods, a higher level of turnover is realized by the Group's clients and higher profitability per lot. The periods of clear and long market trends are favourable for the Company and it is at such times that it achieves the highest revenues. Therefore, high activity of financial markets and commodities generally leads to an increased volume of trading on the Group's trading platforms. On the other hand, the decrease in this activity and the related decrease in the transaction activity of the Group's clients leads, as a rule, to a decrease in the Group's operating income. Due to the above, operating income and the Group's profitability may decrease in periods of low activity of financial and commodity markets. In addition, there may be a more predictable trend in which the market moves within a limited price range. This leads to market trends that can be predicted with a higher probability than in the case of larger directional movements on the markets, which creates favourable conditions for transactions concluded in



a narrow range trading. In this case, a greater number of transactions that bring profits to clients is observed, which leads to a decrease in the Group's result on *market making*.

The volatility and activity of markets results from a number of external factors, some of which are characteristic for the market, and some may be related to general macroeconomic conditions. It can significantly affect the revenues generated by the Group in the subsequent quarters. This is characteristic of the Group's business model.

## Expenses

In the Q1 of 2021 operating expenses amounted to PLN 86,9 million and were higher by PLN 14,4 million in relation to the same period a year earlier (Q1 2020: PLN 72,5 million). The most significant changes occurred in:

- marketing costs, an increase of PLN 16,3 million mainly due to higher expenditures on marketing online campaigns;
- costs of salaries and employee benefits, a decrease of PLN 7,9 million mainly due to lower provisions established for variable components of remuneration (bonuses);
- commission expenses, an increase of PLN 5,2 million as a result of larger amounts paid to payment service providers through which clients deposit their funds on transaction accounts.

(in PLN'000)	THREE-MONTH PERIOD ENDED			
	31.03.2021	31.12.2020	CHANGE %	31.03.2020
Salaries and employee benefits	30 892	28 070	10	38 782
Marketing	33 050	30 861	7	16 740
Other external services	8 728	9 166	(5)	7 767
Costs of maintenance and lease of buildings	803	844	(5)	968
Amortization and depreciation	1 952	2 106	(7)	1 861
Taxes and Statutory Fees	1 282	1 305	(2)	669
Commission expenses	9 711	6 535	49	4 540
Other expenses	484	4 729	(90)	1 202
<b>Total operating expenses</b>	<b>86 902</b>	<b>83 616</b>	<b>4</b>	<b>72 529</b>

In q/q terms, operating costs increased of PLN 3,3 million mainly due to higher by PLN 3,2 million commission expenses as a result of larger amounts paid to payment service providers through which clients deposit their funds on transaction accounts and higher by PLN 2,8 costs of salaries and employee benefits resulting from an increase in employment and higher by PLN 2,2 million marketing costs mainly due to higher expenditures on marketing online campaigns, and also lower by PLN 4,2 million other costs and lower by PLN 0,4 million other external services.

	PERIOD ENDED							
	31.03.2021	31.12.2020	30.09.2020	30.06.2020	31.03.2020	31.12.2019	30.09.2019	30.06.2019
Total operating income including: (in PLN'000)	86 902	83 616	60 138	65 721	72 529	47 324	42 980	42 490
- marketing	33 050	30 861	17 870	22 260	16 740	10 222	8 735	9 581
New clients	67 231	38 413	21 178	30 523	21 911	10 424	10 042	9 246
Average number of active clients	103 446	72 346	55 760	58 508	45 660	30 815	28 136	25 131

Due to the dynamic Group development, the Management Board estimates that in 2021 the total costs of operating activities may be about a dozen percent higher than what we noticed in 2020. The priority of the Management Board is to further increase the client base and build a global brand. As a consequence of the implemented activities marketing expenditures may increase by over 20% compared to the previous year.

The final level of operating costs will depend on the level of variable remuneration components paid to employees, the level of marketing expenditures, the dynamics of geographical expansion into new markets and the impact of potential product interventions and other external factors on the level of revenues generated by the Group.

The value of variable remuneration components will be influenced by the results of the Group. The level of marketing expenditures depends on their impact on the Group's results and profitability, the rate of foreign expansion and on clients



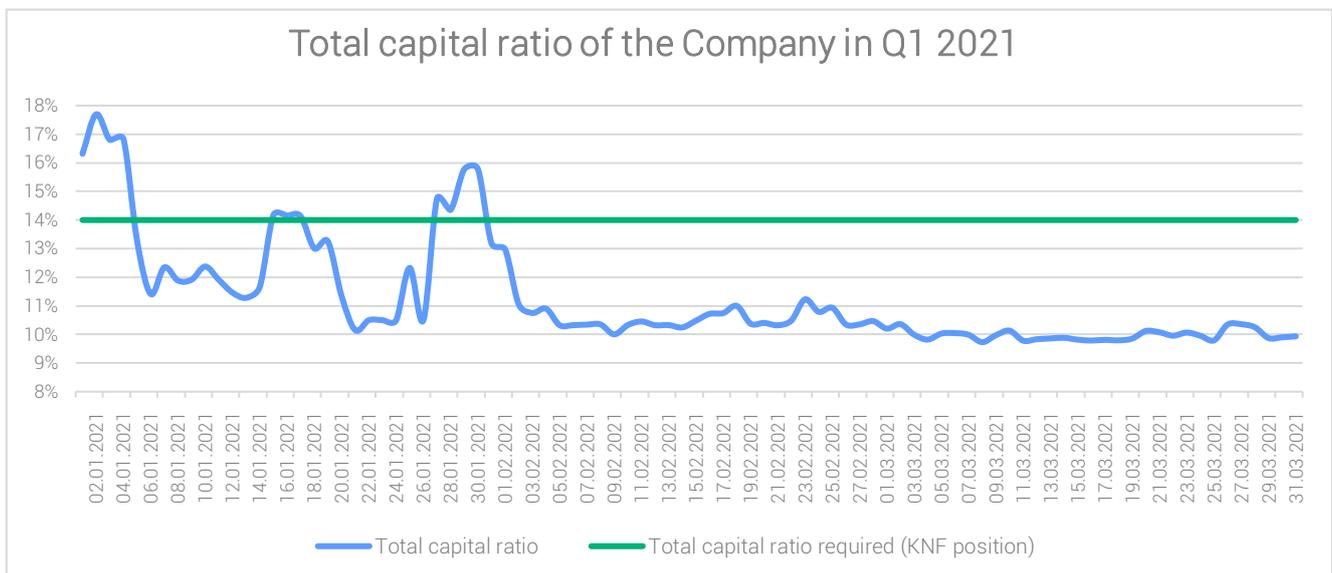
responsiveness to the actions taken. The impact of a new product intervention on the Group's revenues will determine, if necessary, a revision of the cost assumptions.

## Dividend

The XTB dividend policy assumes recommendation by the Management Board to the General Meeting a dividend payment in the amount taking into account the level of net profit presented in the standalone annual financial report of the Company and a variety of factors relating to the Company, including prospects for further operations, future net profits, demand for cash, financial situation, the level of capital adequacy ratios, expansion plans, legal requirements in this area and KNF guidelines. In particular, the Management Board, when submitting proposals for dividend payment, will be guided by the need to ensure an appropriate level of the Company's capital adequacy ratios and the capital necessary for the development of the Group.

The Management Board maintains that its intention is to recommend in the future the adoption of resolutions to the General Meeting on dividend payment taking into account factors mentioned above, at the level of 50% to 100% of Company's standalone net profit of a given financial year. The standalone net profit for Q1 2021 amounted to PLN 87,0 million.

The chart below presents levels of the total capital ratio in Q1 2021.



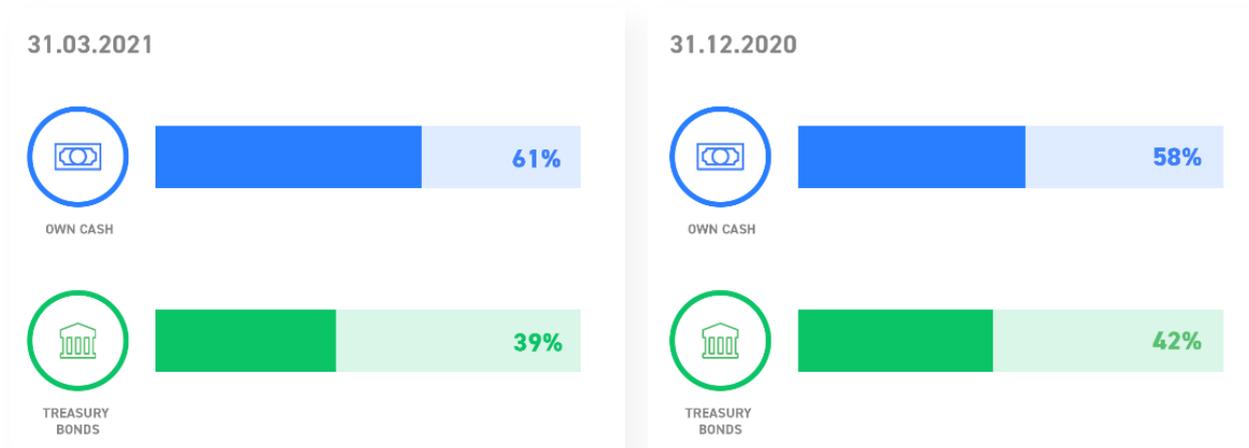
As at the end of Q1 of the current year the total capital ratio amounted to 9,9%. The total capital ratio informs about the relation between own funds and risk-weighted assets. It shows whether the brokerage house is able to cover the minimum capital requirement for market, credit, operational and other risks with its own funds.



## Own cash and cash equivalents

In an environment of low interest rates, which discourages the maintenance of deposits in banks, XTB started to locate part of its cash in financial instruments with a risk weight of 0% i.e. treasury bonds and bonds guaranteed by the State Treasury. As at 31.03.2021 the total amount of own cash and treasury bonds in the Group amounted to PLN 1 047,0 million, that includes PLN 642,8 million of own cash and PLN 404,2 million of treasury bonds.

### OWN CASH AS AT



## 2.3 Group's selected financial ratios

The financial ratios presented in the following table are not a measure of the financial results in accordance with the IFRS nor should they be treated as a measure of the financial results or cash flows from operating activities, or considered an alternative to a profit. These indicators are not uniformly defined and may not be comparable to ratios presented by other companies, including companies operating in the same sector as the Group.

	THREE-MONTH PERIOD ENDED		
	31.03.2021	31.12.2020	31.03.2020
EBITDA (in PLN'000) <sup>1)</sup>	101 747	58 452	235 996
EBITDA margin (%) <sup>2)</sup>	54,5	41,8	77,0
Net profit margin (%) <sup>3)</sup>	47,7	28,7	57,4
Return on equity –ROE (%) <sup>4)</sup>	38,2	18,6	119,2
Return on assets – ROA (%) <sup>5)</sup>	14,0	7,6	53,2
Standalone capital adequacy ratio, including buffers <sup>6)</sup>	9,9	17,1	18,0
Aggregate capital adequacy ratio of the Group including buffers (%) <sup>7)</sup>	9,5	16,0	15,1

<sup>1)</sup> EBITDA calculated as operating profit (loss), including amortisation and depreciation.

<sup>2)</sup> Calculated as the quotient of operating profit (loss), including amortisation and depreciation, and operating income.

<sup>3)</sup> Calculated as the quotient of net profit (loss) and operating income.

<sup>4)</sup> Calculated as the quotient of net profit (loss) and average balance of equity (calculated as the arithmetic mean of the total equity as at the end of the prior period and as at the end of the current reporting period; ratios for 3-months periods were annualized).

<sup>5)</sup> Calculated as the quotient of net profit (loss) and average balance of total assets (calculated as the arithmetic mean of the total assets as at the end of the prior period and as at the end of the current reporting period; ratios for 3-months periods were annualized).

<sup>6)</sup> Calculated as the quotient of equity and total risk exposure of Company, including buffers.

<sup>7)</sup> Calculated as the quotient of equity and total risk exposure of Group, including buffers.



## 2.4 Selected operating data

The table below shows data on the Group's transaction volumes (in lots) by geographical area for the periods indicated.

	THREE-MONTH PERIOD ENDED		
	31.03.2021	31.12.2020	31.03.2020
<b>Retail operations segment</b>	<b>905 656</b>	<b>705 200</b>	<b>706 282</b>
Central and Eastern Europe	464 672	355 474	382 713
Western Europe	267 276	220 704	250 952
Latin America	173 708	129 021	72 617
<b>Institutional operations segment</b>	<b>209 733</b>	<b>95 736</b>	<b>78 558</b>
<b>Total</b>	<b>1 115 389</b>	<b>800 935</b>	<b>784 840</b>

The table below presents:

- the number of new clients in individual periods;
- the number of clients who at least one transaction has been concluded over the individual periods;
- the average quarterly number of clients who at least one transaction has been concluded over the last three months;
- the aggregate number of clients;
- the amount of net deposits in the individual periods;
- average operating income per one active client;
- the transaction volume in lots;
- profitability per lot;
- transaction volume in CFD instruments in nominal value (in USD million);
- profitability for 1 million USD transaction volume in CFD instruments in nominal value (in USD) and;
- turnover of shares in nominal value (in USD million).

The information presented in the table below is related to the aggregate operations in the retail and institutional operations segments.

	THREE-MONTH PERIOD ENDED		
	31.03.2021	31.12.2020	31.03.2020
New clients <sup>1</sup>	67 231	38 413	21 911
Clients in total	316 658	255 791	170 290
Number of active clients <sup>2</sup>	103 425	72 346	45 660
Average number of active clients <sup>3</sup>	103 425	72 346	45 660
Net deposits (in PLN'000) <sup>4</sup>	951 295	619 798	454 360
Average operating income per active client (in PLN'000) <sup>5</sup>	1,8	1,9	6,7
Transaction volume in CFD instruments in lots <sup>6</sup>	1 115 389	800 935	784 840
Profitability per lot (in PLN) <sup>7</sup>	167	175	391
Transaction volume in CFD instruments in nominal value (in USD million)	386 347	292 000	248 655
Profitability for 1 million USD transaction volume in CFD instruments in nominal value (in USD) <sup>8</sup>	127	126	309
Turnover of shares in nominal value (in USD million)	1 417	777	157

<sup>1)</sup> The number of new Group's clients in the individual periods.

<sup>2)</sup> The number of clients who at least one transaction has been concluded over the individual periods..

<sup>3)</sup> The average quarterly number of clients who at least one transaction has been concluded over the last three months.

<sup>4)</sup> Net deposits comprise deposits placed by clients less amounts withdrawn by the clients in a given period.

<sup>5)</sup> The Group's operating income in a given period divided by the average quarterly number of clients who at least one transaction has been concluded over the last three months.

<sup>6)</sup> A lot is a unit of trading in financial instruments; in the case of foreign currency transactions, a lot corresponds to 100,000 units of the underlying currency; in the case of instruments other than CFDs based on currencies, the amount is specified in the instruments table and varies for various instruments. Presented value does not include CFD turnover on shares and ETFs, where 1 lot equals 1 share

<sup>7)</sup> Total operating income divided by the transaction volume in CFDs in lots.

<sup>8)</sup> Total operating income converted into USD by the arithmetic average of exchange rates published by the National Bank of Poland on the last day of each month of the reporting period, divided by turnover of CFD in nominal value (in USD'000000).



## Retail operations segment

The table below presents key operational data in the retail operations segment of the Group for the respective periods indicated.

	THREE-MONTH PERIOD ENDED		
	31.03.2021	31.12.2020	31.03.2020
New clients <sup>1)</sup>	67 231	38 409	21 908
Average number of active clients <sup>2)</sup>	103 425	72 324	45 636
Clients in total	316 620	255 752	170 253
Number of transactions <sup>3)</sup>	19 969 523	15 979 747	13 899 774
Transaction volume in CFD instruments in lots <sup>4)</sup>	905 656	705 199	706 282
Net deposits (in PLN'000) <sup>5)</sup>	931 852	601 198	411 080
Average operating income per active client (in PLN'000) <sup>6)</sup>	1,7	1,9	5,5
Average cost of obtaining an client (in PLN'000) <sup>7)</sup>	0,5	0,8	0,8
Profitability per lot (in PLN) <sup>8)</sup>	195	192	358
Transaction volume in CFD instruments in nominal value (in USD'000000)	344 142	265 493	225 878
Profitability for 1 million USD transaction volume in CFD instruments in nominal value (in USD) <sup>9)</sup>	134	133	281
Turnover of shares in nominal value (in USD'000000)	1 417	777	157

<sup>1)</sup> The number of new clients in the individual periods.

<sup>2)</sup> The average quarterly number of clients via which at least one transaction has been concluded over the last three months.

<sup>3)</sup> Total number of open and closed transactions in a given period.

<sup>4)</sup> A lot is a unit of trading in financial instruments; in the case of foreign currency transactions, a lot corresponds to 100,000 units of the underlying currency; in the case of instruments other than CFDs based on currencies, the amount is specified in the instruments table and varies for various instruments. Presented value does not include CFD turnover on shares and ETFs, where 1 lot equals 1 share

<sup>5)</sup> Net deposits comprise deposits placed by clients less amounts withdrawn by the clients in a given period.

<sup>6)</sup> The Group's operating income in a given period divided by the average quarterly number of clients via which at least one transaction has been concluded over the last three months.

<sup>7)</sup> Average cost of obtaining a client comprise total marketing costs of the Group divided by the number of new clients in given period.

<sup>8)</sup> Total operating income in retail segment divided by the transaction volume in CFDs in lots.

<sup>9)</sup> Total operating income in retail segment converted into USD by the arithmetic average of exchange rates published by the National Bank of Poland on the last day of each month of the reporting period, divided by turnover of CFD in nominal value (in USD'000000).

The table below presents the average quarterly number of retail clients maintained by the Group on which at least one trade was executed in the last three months, by geographical location. The locations of active clients have been determined based on the location of the Group's office (that maintains the client) except for clients maintained by XTB Limited (Great Britain), XTB Limited (Cyprus) and XTB International Limited. The clients maintained by XTB Limited (Great Britain), XTB Limited (Cyprus) and XTB International Limited have been classified based on the client's country of residence rather than the location of the Group's office.

	THREE-MONTH PERIOD ENDED					
	31.03.2021		31.12.2020		31.03.2020	
Central and Eastern Europe	60 553	59%	40 265	56%	24 845	54%
Western Europe	29 480	28%	21 897	30%	15 931	35%
Latin America and other	13 392	13%	10 162	14%	4 860	11%
<b>Average number of active clients</b>	<b>103 425</b>	<b>100%</b>	<b>72 324</b>	<b>100%</b>	<b>45 636</b>	<b>100%</b>



## Institutional operations segment

The Group provides its services to institutional clients, including brokerage houses and other financial institutions.

The table below presents information regarding the number of clients in the Group's institutional operations segment in the periods indicated.

	THREE-MONTH PERIOD ENDED		
	31.03.2021	31.12.2020	31.03.2020
Average number of active clients	21	22	24
Clients in total	38	39	37

The table below presents the Group's turnover (in lots) in the institutional operations segment in the periods indicated.

	THREE-MONTH PERIOD ENDED		
	31.03.2021	31.12.2020	31.03.2020
Transaction volume in CFD instruments in lots	209 733	95 736	78 558

XTB with its strong market position and dynamically growing client base builds its presence in the non-European markets, consequently implementing a strategy on building a global brand. The XTB Management Board puts the main emphasis on organic development, on the one hand increasing the penetration of European markets, on the other hand successively building its presence in Latin America, Asia and Africa. Following these activities, the composition of the capital group will be expanded by new subsidiaries. It is worth mentioning that geographic expansion is a process carried out by XTB on a continuous basis, the effects of which are spread over time. Therefore, one should not expect sudden, abrupt changes in the group results on this action.

## 2.5 Factors which in the Management's Board opinion may impact the Group's results in the perspective of at least the next quarter

The Management Board believes that the following trends have impact and will maintain and continue to impact the Group's operations until the end of 2021 and in some cases also longer:

- As a rule, the Group's revenues are positively affected by higher activity of financial markets due to the fact that in such periods, a higher level of turnover is realized by the Group's clients and higher profitability per lot. The periods of clear and long market trends are favourable for the Company and it is at such times that it achieves the highest revenues. Therefore, high activity of financial markets and commodities generally leads to an increased volume of trading on the Group's trading platforms. On the other hand, the decrease in this activity and the related decrease in the transaction activity of the Group's clients leads, as a rule, to a decrease in the Group's operating income. Due to the above, operating income and the Group's profitability may decrease in periods of low activity of financial and commodity markets. In addition, there may be a more predictable trend in which the market moves within a limited price range. This leads to market trends that can be predicted with a higher probability than in the case of larger directional movements on the markets, which creates favourable conditions for transactions concluded in a narrow range of the market (range trading). In this case, a higher number of transactions that bring profits to clients is observed, which leads to a decrease in the Group's result on *market making*.

The volatility and activity of markets results from a number of external factors, some of which are characteristic for the market, and some may be related to general macroeconomic conditions. It can significantly affect the revenues generated by the Group in the subsequent quarters. This is characteristic of the Group's business model. To illustrate this impact, the table below presents the historical financial results of the Group on a quarterly basis.



	PERIOD ENDED							
	31.03.2021	31.12.2020	30.09.2020	30.06.2020	31.03.2020	31.12.2019	30.09.2019	30.06.2019
Total operating income (in PLN'000)	186 697	139 962	139 630	211 494	306 664	89 571	60 952	47 891
Transaction volume in CFD instruments in lots <sup>1</sup>	1 115 389	800 935	760 373	829 017	784 840	394 146	423 333	385 318
Profitability per lot (in PLN) <sup>2</sup>	167	175	184	255	391	227	144	124

<sup>1</sup>) A lot is a unit of trading in financial instruments; in the case of foreign currency transactions, a lot corresponds to 100,000 units of the underlying currency; in the case of instruments other than CFDs based on currencies, the amount is specified in the instruments table and varies for various instruments. Presented value does not include CFD turnover on shares and ETFs, where 1 lot equals 1 share

<sup>2</sup>) Total operating income divided by the transaction volume in CFDs in lots.

- The Group provides services for institutional clients, including brokerage houses, start-ups and other financial institutions within the institutional activity segment (X Open Hub). The products and services offered by the Group as part of the X Open Hub differ from those offered as part of the retail segment, which entails different risks and challenges. As a result, the Group's revenues from this segment are exposed to large fluctuations from period to period, just like in the retail segment, which is typical of the business model adopted by the Group. The table below illustrates the percentage share of the institutional business segment in total operating income.

	31.03.2021	2020	2019	2018	2017	2016
% share of operating income from institutional operations in total operating income	5,5%	13,2%	8,7%	6,5%	15,2%	7,8%

The level of volatility on financial and commodity markets in 2021, regulatory changes and other factors (if they occur) may affect the condition of XTB institutional partners, transaction volume in lots and XTB revenues from these clients as well.

- Due to the dynamic Group development, the Management Board estimates that in 2021 the total costs of operating activities may be about a dozen percent higher than what we noticed in 2020. The priority of the Management Board is to further increase the client base and build a global brand. As a consequence of the implemented activities marketing expenditures may increase by over 20% compared to the previous year.

The final level of operating costs will depend on the level of variable remuneration components paid to employees, the level of marketing expenditures, the dynamics of geographical expansion into new markets and the impact of potential product interventions and other external factors on the level of revenues generated by the Group.

The value of variable remuneration components will be influenced by the results of the Group. The level of marketing expenditures depends on their impact on the Group's results and profitability, the rate of foreign expansion and on clients responsiveness to the actions taken. The impact of a new product intervention on the Group's revenues will determine, if necessary, a revision of the cost assumptions.

- On 10 February 2017, the Turkish regulatory body, the Capital Markets Board of Turkey (CMB), introduced changes to the regulations regarding the operation of investment services, investment activities and additional services. This contributed to a significant decrease in the number of clients and, consequently, to a significant reduction in the Group's operations in Turkey. On 19 April 2018 The Management Board decided to resume an action to terminate the activities on Turkish market and liquidation of the subsidiary X Trade Brokers Menkul Değerler A.S. The decision of the Company was made after analysing the situation of the subsidiary and in the absence of the expected relaxation of the restrictions introduced by the Capital Markets Board of Turkey (CMB). As at the date of this report the Company did not have any active licence to operate.

On 15 April 2020 the Management Board made a decision on recognition in accounting records reclassification of the part of negative foreign exchange differences in the amount of 21,9 million PLN arising from the translation of the Tasfiye Halinde XTB Yönetim Danışmanlığı A.Ş. (former: X Trade Brokers Menkul Değerler A.S.) subsidiary's equity from the position "Foreign exchange differences on translation" in equity to income statement. The recognition of reclassification in the above amount as financial cost in accounting records is an accounting operation and was recognized in consolidated financial results for the 1st Half 2020. However, it did not affect the liquidity position of XTB nor the total amount of Group's equity as at the date of its booking. The remaining part of foreign exchange differences arising from the translation of the Turkish company's equity, which as at the end of first quarter of 2021 amounted to PLN 3,1 million and is derived among other the exchange rate of Turkish lira, will be recognized in consolidated result at the date of liquidation of this company.



- The entry into force of product intervention by ESMA creates both opportunities and threats for XTB. The Management Board of XTB is convinced of the business's vitality over a longer time horizon. The natural consequence of ESMA's decision should be a wave of consolidation on the market that would allow XTB to consolidate its strong position on the European market. Less influential brokers, unable to withstand regulatory pressure and strong competition from a very significant brokers, will naturally disappear from the market. Consequently large brokers should expect the client base to grow.

XTB with its strong market position and dynamically growing client base builds its presence in the non-European markets, consequently implementing a strategy on building a global brand. The XTB Management Board puts the main emphasis on organic development, on the one hand increasing the penetration of European markets, on the other hand successively building its presence in Latin America, Asia and Africa. Following these activities, the composition of the capital group will be expanded by new subsidiaries. It is worth mentioning that geographic expansion is a process carried out by XTB on a continuous basis, the effects of which are spread over time. Therefore, one should not expect sudden, abrupt changes in the results on this action.

Currently, the Management Board efforts are focused on the start of operational activities in a chosen Asian country, i.e. United Arab Emirates and Republic of South Africa. At the end of November 2020 XTB received the preliminary approval of the DFSA regulator to conduct brokerage activities in United Arab Emirates. It is an approval of the „in principal" type, that requires the fulfilment of conditions (mainly operational type) before the actual start of operations. One of the condition was the establishment of the company XTB MENA Limited in DIFC (Dubai International Financial Centre) which took place on 9 January 2021. The process is currently underway over the fulfilment of other conditions. The intention of the Management Board is to start operating activities in United Arab Emirates in the first half of 2021. In terms of Republic of South Africa, due to the complex local formal and legal conditions, the Management Board is currently not able to indicate the expected date of the start of operations on this market. Subsidiary XTB Africa (PTY) has been in the licensing process since February 2019.

The development of XTB is also possible through mergers and acquisitions, especially with entities that would allow the Group to achieve geographic synergy (complementary markets). Such transactions will be carried out, only when they will bring measurable benefits for the Company and its shareholders. XTB is currently not involved in any acquisition process.

Due to the uncertainty regarding future economic conditions, the expectations and forecasts of the Management Board are subject to a particularly high level of uncertainty.

### 3. Company's authorities

#### 3.1 Management Board

As at 31 March 2021, the composition of the Management Board was as follows:

NAME AND SURNAME	FUNCTION	DATE OF FIRST APPOINTMENT	EXPIRATION DATE OF THE CURRENT TERM
Omar Arnaout*	President of the Management Board	10.01.2017	30.06.2022
Paweł Szejko	Member of the Management Board	28.01.2015	30.06.2022
Filip Kaczmarzyk	Member of the Management Board	10.01.2017	30.06.2022
Jakub Kubacki	Member of the Management Board	10.07.2018	30.06.2022
Andrzej Przybylski	Member of the Management Board	01.05.2019	30.06.2022

\* Omar Arnaout on 10.01.2017 was appointed as a member of the Management Board for Sales in the rank of Vice President of the Board. On 23.03.2017 he was appointed the President of the Management Board.

In the reporting period and as at the submission date of this report there were no changes in the composition of the Management Board.



## 3.2 Supervisory Board

As at 31 March 2021 and as at the date of publication of this periodic report, the composition of the Supervisory Board was as follows:

NAME AND SURNAME	FUNCTION	DATE OF APPOINTMENT	EXPIRATION DATE OF THE CURRENT TERM
Jakub Leonkiewicz	President of the Supervisory Board	10.11.2018	10.11.2021
Łukasz Baszczyński	Member of the Supervisory Board	10.11.2018	10.11.2021
Jarosław Jasik	Member of the Supervisory Board	10.11.2018	10.11.2021
Bartosz Zabłocki	Member of the Supervisory Board	10.11.2018	10.11.2021
Grzegorz Grabowicz	Member of the Supervisory Board	10.11.2018	10.11.2021

In the reporting period and until the date of submission of this report, there were no changes in the composition of the Supervisory Board.

## 4. Information about shares and shareholding

### 4.1 Equity

As at 31 March 2021 and as at the submission date of this periodic report, share capital of X-Trade Brokers Dom Maklerski S.A. comprised of 117 383 635 A-series ordinary shares. The nominal value of the shares is PLN 0,05 per share.

### 4.2 Share in the free float

On 4 May 2016, the WSE Management Board adopted a resolution to admit the Company's shares to trading on the regulated market with the same day. Subsequently, on 5 May 2016, the WSE Management Board adopted a resolution to introduce, as of 6 May 2016, all Company shares for stock exchange trading.

### 4.3 Shareholding structure

To the best knowledge of the Management Board of the Company as at 10 March 2021 i.e. as at the submission date of the previous periodic report (Annual report for 2020), the status of shareholders holding directly or through subsidiaries, at least 5% of the total number of votes at the General Meeting of the Parent Entity, was as follows:

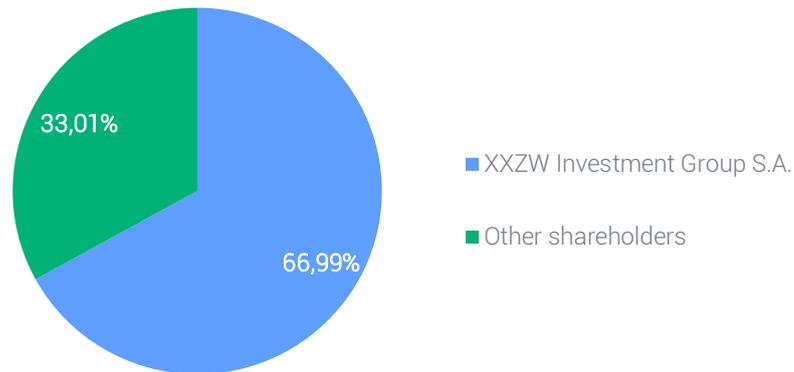
	NUMBER OF SHARES/ VOTES	NOMINAL SHARE VALUE (IN PLN'000)	SHARE IN CAPITAL/ IN TOTAL VOTES
XXZW Investment Group S.A. <sup>1</sup>	78 629 794	3 932	66,99%
Other shareholders	38 753 841	1 937	33,01%
<b>Total</b>	<b>117 383 635</b>	<b>5 869</b>	<b>100,00%</b>

<sup>1</sup>) XXZW Investment Group S.A. with its registered office in Luxembourg is directly controlled by Jakub Zabłocki, who holds shares representing 81,97% of the share capital authorising the exercise of 81,97% of the votes at the general meeting of the shareholders of XXZW.

The percentage share in the share capital of the Parent Company of the abovementioned shareholders is in line with the percentage shares in the number of votes at the General Meeting.



The shareholding structure as at 31 March 2021 is presented in the following chart:



To the best knowledge of the Company's Management Board as at 31 March 2021 and as at the date of this periodic report the condition of shareholders holding directly or through subsidiaries at least 5% of the total number of votes at the General Meeting of the Parent Entity did not change compared to 10 March 2021.

#### **4.4 Shares and rights held by Members of the Management and Supervisory board**

Management and supervisory personnel did not hold, at the end of the reporting period and at the submission date of this report, the Company's shares and the entitlements to the Company's shares.

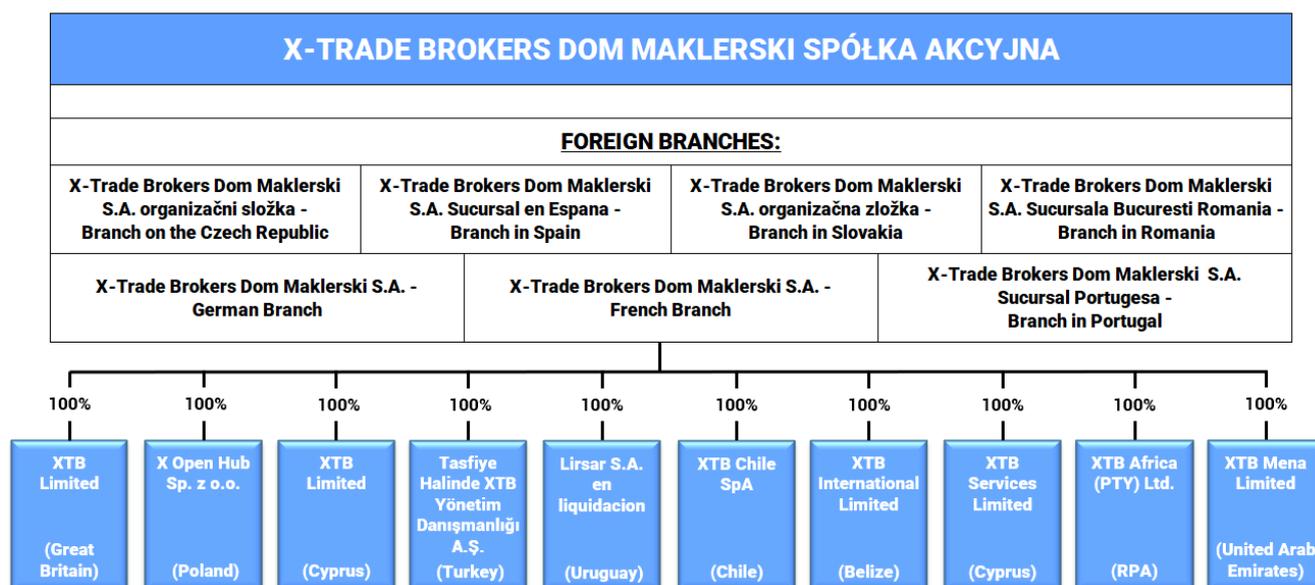


## 5. Other information

### 5.1 Composition of the Group

As at submission date of this report the Group comprised Parent Company and 10 subsidiaries. The Company has 7 foreign branches.

The chart below presents the Group's structure, including the Company's foreign branches, including its share in the share capital/number of votes at the general meeting or the shareholders meeting to which the shareholder or shareholder is entitled.



The results of all subsidiaries are fully consolidated from the date of their creation/acquisition.

Neither the Parent Company nor any Group company holds shares in other companies that may have a material impact on its assets and liabilities, financial position and profit or loss.

#### Subsidiaries

Basic information about the Group companies, which are directly or indirectly dependent on the Company, is provided below.

##### XTB Limited, Great Britain

The company provides brokerage services based on the obtained permission issued by the FCA (Financial Conduct Authority), license no FRN 522157.

##### X Open Hub Sp. z o.o., Poland

Main scope of business of the company is offering electronic applications and trading technology.

##### XTB Limited (formerly: DUB Investments Ltd.), Cyprus

The company provides brokerage services based on the obtained permission issued by the CySEC (Cyprus Securities and Exchange Commission), license no 169/12. On May 3 2018, DUB Investments Limited changed its name to XTB Limited. On June 6 2018, the parent company acquired 1 165 shares in the increased share capital of the subsidiary, maintaining a 100% share in its capital.



### **Tasfiye Halinde XTB Yönetim Danışmanlığı A.Ş. (formerly: X Trade Brokers Menkul Değerler A.Ş.), Turkey**

In 2020 XTB Yönetim Danışmanlığı Anonim Şirketi did not conduct any operating activities. In the past the company business encompassed among other:

- investment consulting,
- trading derivatives,
- leverage trading on the forex market,
- trading intermediation.

On 10 February 2017, the Turkish regulator, the Capital Market Board of Turkey (CMB), amended the regulations governing the activities of investment services, investment activities and additional services. On 19 April 2018 The Management Board decided to resume an action to terminate the activities on Turkish market and liquidation of the subsidiary. The decision of the Company was made after analysing the situation of the subsidiary and in the absence of the expected relaxation of the restrictions introduced by the Capital Markets Board of Turkey (CMB). As at the date of this report the subsidiary did not have active licence to operate.

On 3 March 2020 the General Meeting of company XTB XTB Yönetim Danışmanlığı Anonim Şirketi with its office in Turkey decided to reduce the company's share capital from TRY 22 500 thousands to TRY 100 thousands. Therefore, X-Trade Brokers Dom Maklerski S.A. Group, on the basis of Management Board decision of 15 April 2020, made a decision on recognition in accounting records reclassification of the part of negative foreign exchange differences in the amount of 21,9 million PLN arising from the translation of the XTB Yönetim Danışmanlığı Anonim Şirketi subsidiary's equity from the position "Foreign exchange differences on translation" in equity to income statement.

The recognition of reclassification in the above amount as financial cost in accounting records is an accounting operation and was recognized in consolidated financial results for the 1st Half 2020. However, it did not affect the liquidity position of XTB nor the total amount of Group's equity as at the date of its booking.

The remaining part of foreign exchange differences arising from the translation of the Turkish company's equity, which as at the end of first quarter of 2021 amounted to PLN 3,1 million and is derived among other the exchange rate of Turkish lira, will be recognized in consolidated result at the date of liquidation of this company.

On 12 March 2020 the subsidiary changed its name to XTB Yönetim Danışmanlığı Anonim Şirketi.

On 15 September 2020 the liquidation process of the company in Turkey began. The name of the company has changed to Tasfiye Halinde XTB Yönetim Danışmanlığı A.Ş.

### **Lirsar S.A in liquidacion, Uruguay**

On 21 May 2014 the Parent Company acquired 100% of shares in Lirsar S.A. with its seat in Uruguay. The capital from the subsidiary with accumulated profits was returned to the Parent Company on 14 December 2017. Until the date of report submission the company was not formally liquidated.

### **XTB Chile SpA, Chile**

On 17 February 2017 the Parent Company established XTB Chile SpA. The Company owns 100% of shares in subsidiary. XTB Chile SpA will provide services involving the acquisition of clients from the territory of Chile.

### **XTB International Limited, Belize**

On 23 February 2017 the Parent Company acquired 100% of shares in CFDs Prime with its seat in Belize. On 20 March 2017 the company changed its name from CFDs Prime Limited to XTB International Limited. On 26 September 2019 the Parent Company acquired 500 000 shares in the increased share capital of the subsidiary while maintaining a 100% share in its capital. The company provides brokerage services based on the obtained permission issued by the International Financial Service Commission.

### **XTB Services Limited, Cyprus**

On 27 July 2017 the Parent Company acquired 100% shares in Jupette Limited with its registered office in Cyprus. On 5 August 2017 the subsidiary changed its name to XTB Services Limited. The company provides marketing and marketing-sales services (sales support).



### XTB Africa (PTY) Ltd., South Africa

On 10 July of 2018 the Parent Company established a subsidiary of XTB Africa (PTY) Ltd with its seat in RPA. The company hold 100% shares in a subsidiary. On 14 October 2019 the Parent Company acquired 100 shares in the increased capital of the subsidiary, maintaining 100% share in its capital. As at the date of report publication, the company did not conduct any operating activities and was in the process of obtaining a license to conduct brokerage activities

### XTB Foundation, Poland

On 23 December 2020 XTB Foundation was registered in KRS (National Court Register).

The subject of foundation activity is:

- increase in entrepreneurship and innovation, in particular in the area of new technologies and the financial market,
- raising awareness and knowledge of economic, finance and new technologies,
- scientific and research activity and promotion of solutions developed as part of the activities of the XTB Capital Group.

### XTB MENA Limited, United Arab Emirates

At the end of November 2020 XTB received the preliminary approval of the DFSA regulator to conduct brokerage activities in United Arab Emirates. It is an approval of the „in principal" type, that requires the fulfilment of conditions (mainly operational type) before the actual start of operations.

One of the condition was the establishment of the company XTB MENA Limited in DIFC (Dubai International Financial Centre) after the balance sheet data, i.e. on 9 January 2021. As at the date of this report the process is currently underway over the fulfilment of other conditions.

In the reporting period, i.e. from 1 January to 31 March 2021 and until the date of submitting this report, there were no changes in the structure of the X-Trade Brokers Dom Maklerski S.A. Group other than those described above.

## 5.2 Information on transactions with related parties

In 3-month period ended 31 March 2021 and 31 March 2020 were no related transactions concluded on other than arm's length basis.

The table below shows the Group's transactions and balances of settlements with related parties:

(in PLN'000)	31.03.2021	31.03.2021	31.03.2020	31.12.2020	31.03.2020
	REVENUES	RECEIVABLES	REVENUES	RECEIVABLES	RECEIVABLES
<b>Related parties:</b>					
XTB Limited (UK)	5 965	8 829	20 228	11 095	17 334
XTB Limited (CY)	1 322	185	1 162	97	251
X Open Hub Sp. z o.o. (Poland)	613	248	656	292	840
XTB International Limited (Belize)	25 871	1 919	23 634	1 388	10 224

(in PLN'000)	31.03.2021	31.03.2021	31.03.2020	31.12.2020	31.03.2020
	COSTS	LIABILITIES	COSTS	LIABILITIES	LIABILITIES
<b>Related parties:</b>					
XTB Limited (UK)	(4 481)		(5 271)		4 287
XTB Limited (CY)	(764)		(538)		641
X Open Hub Sp. z o.o. (Poland)	(567)		(346)		166
XTB International Limited (Belize)	(12 530)		(6 025)		8 892
XTB Services Limited (CY)	(10 331)		(6 075)		2 507

As at 31 March 2021 the Company has liabilities to Mr Jakub Zabłocki in the amount of PLN 19 thousand due to his investment account (as at 31 December 2020 PLN 14 thousand, as at 31 March 2020 PLN 1 thousand). In the period from 1 January to 31 March 2021 the Company noted no profit from transactions with Mr Jakub Zabłocki (in the analogical period of 2020 the Company noted no profit from transactions concluded by MR Jakub Zabłocki). Moreover Mr Jakub Zabłocki is employed on



the basis of work contract in subsidiary in Great Britain. In the period from 1 January to 31 March 2021 the paid gross salary and bonuses amounted to PLN 1 802 thousand and in the analogical period of 2020 amounted to PLN 763 thousand.

Mr Hubert Walentynowicz receives remuneration under an employment contract. In the period from 1 January to 31 March 2021 the paid gross salary and bonuses amounted to PLN 118 thousand and in the analogical period of 2020 amounted to PLN 122 thousand.

As at 31 March 2021 the Company has liabilities to Mr Filip Kaczmarzyk in the amount of PLN 42 thousand due to his investment account (as at 31 December 2020 PLN 42 thousand, as at 31 March 2020 PLN 1 thousand).

On 24 March 2021 the Company concluded an agreement with XTB MENA Limited up to the amount of PLN 950 thousand. The loan will be returned no later than 30 June 2021. As at March 31, 2021, the Company shows the balance of receivables on this account in the amount of PLN 573 thousand. PLN.

### **5.3 Information concerning issuing loan and guarantees by an issuer or its subsidiary**

As at 31 March 2021 and in the reporting period, i.e. from 1 January 2021 to 31 March 2021, neither the Parent Company nor any of its subsidiaries granted any warranties in respect of loans or advances or any guarantees to any third party or its subsidiary, whose combined value is significant.

### **5.4 The Management Board's position concerning the realization of previous published forecast of the results for the current**

The Management Board of X-Trade Brokers Dom Maklerski S.A. did not publish any forecasts of the results for 2021.

### **5.5 The information on the significant court proceedings, arbitration authority or public administration authority**

As of 31 March 2021 and as at the submission date of this report the Parent company and its subsidiaries were not a party to any significant proceedings pending before arbitration authority. The most important of the ongoing proceedings were indicated below.

#### **Court proceedings**

The Company and Group companies are parties to several court proceedings related to the Group's operations. The proceedings in which the Company and Group companies appear as defendants are above all related to employees' claims and clients' claims. As at the submission date of this report the total value of the claims brought against the Company and/or the Group Companies amounted to PLN 16 million, which consists of two suits brought by the employee with the total value of PLN 730 thousands, in five suits brought by clients with the total value of PLN 7,7 million and moreover, one proceeding brought by ESBANK Bank Spółdzielczy regarding the alleged failure to apply financial security measures by the Company. Below are presented the most significant, in the Company's view:

- on January 5 2018, the Financial Ombudsman received a request from the client to investigate the legitimacy of restoring by the Company of this client's margin in the amount of PLN 131 000, i.e. the amount resulting from the loss of transactions closed by the Company. Their closing took place as a result of the mechanism of closing the position after 365 days from the day of their opening. This mechanism has been described in the regulations on the provision of brokerage services. On February 19, 2019 a lawsuit in the case under consideration was filed with the District Court. On April 26, 2019 the Company lodged an appeal. On December 7, 2020 a judgment has passed, according to which the claim was dismissed, while on February 22, 2021 the Company received the justification of the judgement. At the end of March 2021 the claimant filed an appeal from the judgement issued by the District Court.
- law suit dated August 2019 regarding Company's alleged illegal actions delivered to the Company in December 2019 – value of the claim is PLN 7 million. In previous reports the Company informed that there was a possibility of filing a suit by one of the Company's clients who accused the Company of improper execution of the agreement concluded with Company for provision of services consisting in the execution of orders to buy or sell property rights, keeping property rights accounts and cash accounts, by allegedly delaying and interrupting execution of the transactions via the trading platforms provided. The management board finds client's claims groundless. The only reason for the loss of the customer was his wrong investment decisions. This has been clearly demonstrated, among others, during the audits of the Polish Financial Supervision Authority (PFSA) in 2016, in the subsequent correspondence of the company with the supervisor, and in the expertise of an independent consultancy company, Roland Berger, which analysed the client's transaction



history. The analysis confirmed that the customer's transactions were not delayed, and the timing of his orders was even faster than the average for other clients;

- law suit brought by ESBANK Bank Spółdzielczy dated July 2020, delivered to the Company in November 2020 – value of the proceeding is approximately PLN 7,6 million. In this case in February 2020 the Company received a pre-trial payment order. The damage was to consist in the Company's failure to apply financial security measures, which lead to effective appropriation of funds by an employee of Bank Spółdzielczy, who was also a client of the Company. The Company considers the charges made in the tender offer to be completely unfounded. In December 2020 the Company filed the response to the law suit.

#### **Proceedings against XFR Financial Ltd. (the company currently operating under the name XTRADE Europe Ltd.)**

On November 18, 2016, the Company filed a lawsuit against XTRADE Europe Ltd. (formerly: XFR Financial Ltd. or "XFR") based in Cyprus for securing claims in connection with violation of the principles of fair competition, in which it brought, among others:

(i) forbidding XFR to use the word and figurative word "XTRADE" and (ii) forbidding XFR to use the word mark "XTRADE" as the domain name. The Court of Appeal in Warsaw secured the Company's claims against XTRADE Europe Ltd. for prohibiting XTRADE Europe Ltd. from using as a company designation or services (i) verbal and word-graphic designations "XTB", "X-Trade", "XTrade", "X" and (ii) the word sign xtrade.eu. The company has applied to the Warsaw-Śródmieście District Court for enforcement due to the fact that XTRADE Europe Ltd. has not ceased to use as a company designation or provided services owned by the company, despite the relevant decision of the Court of Appeal in Warsaw of March 15 2017. On January 12, 2018, the District Court for Warsaw-Śródmieście in Warsaw issued a decision pursuant to which XTRADE Europe Ltd. was ordered to pay PLN 5,000 to the Company. There was also a threat of ordering payment to the Company in the event of any subsequent violation by the debtor of the obligation to comply with the decision of the Court of Appeals in Warsaw of 15 March 2017.

Therefore, on April 19, 2018, the Company applied to the District Court for an order against XTRADE Europe Ltd. for PLN 100 000 in connection with the failure by XTRADE Europe Ltd. to secure the security established by the Court of Appeal. During the enforcement proceedings, XTRADE Europe Ltd. closed its branch in Warsaw and declared that it had ceased to provide services to recipients in Poland. In connection with the decision of November 28, 2018, the District Court dismissed the Company's request and determined that, as at the date of issuing the decision, the XTRADE markings were no longer used in Poland by XTRADE Europe Ltd. By virtue of the decision of March 27, 2019 the District Court in Warsaw, he dismissed the company's complaint.

Before the District Court in Warsaw, from 12 April 2017, proceedings were pending due to the Company's action to prohibit XTRADE Europe Ltd. from violating the principles of fair competition, consisting in the unlawful use by the defendant as a company designation or as financial services, brokerage and consulting services. financial, brokerage and brokerage services, word and word and graphic markings "XTB", "X-Trade", "XTrade" and "X".

On July 12, 2019, the District Court in Warsaw, in a case against Xtrade Europe Ltd., issued a judgment in which: (i) ordered the defendant XTRADE EUROPE LTD to refrain from acts of unfair competition against the plaintiff X-TRADE Brokers Dom Maklerski S.A. in Warsaw, consisting in the unlawful use by the defendant as a company designation or of financial services rendered, financial intermediation and consultancy, brokerage and brokerage services, including services provided via the Internet, using specialized computer software, as well as training services, including in materials advertising and in the name of the Internet domain xtrade.com, as well as on the websites available at: [www.xtrade.eu](http://www.xtrade.eu) and [xtrade.com](http://xtrade.com), the following markings in the territory of the Republic of Poland: (a) the word markings "XTB", "X-Trade", "XTrade", "Xtrade"; (b) the symbols [xtrade.eu](http://xtrade.eu) and [xtrade.com](http://xtrade.com); (ii) ordered the defendant XTRADE EUROPE LTD to submit and publish, at his own expense and with his own effort, within 2 (two) months from the announcement of the final judgment in the case and after changing the name of the defendant's company pursuant to paragraph 1 of the final judgment, the statement on the decision referred to in the judgment content in the following media: a) "Gazeta Giełdy i Inwestorów Parkiet"; b) on the defendant's website - on the home page; c) on websites identified by domains: <http://www.parkiet.com/>, <http://www.gazetaprawna.pl/> and <http://rp.pl> (iii) in the event that before the publication of the statement there was a change of the defendant company, the defendant in the content of the statement in place of the words "XTRADE EUROPE LTD" is obliged to use the name of the company current as of the date of publication statements; and (iv) authorized the plaintiff to publish the statement at the defendant's expense in the event of the defendant's failure to comply with the obligation to publish the statement on the content and within the time limits specified in paragraph 2 of the judgment, and obliged the defendant to reimburse the costs incurred by the plaintiff.

The verdict is partially invalid, an appeal was filed on behalf of the Company to the extent that the court dismissed the action for prohibiting Xtrade Europe Ltd. from using XTRADE graphic signs. As at 25.10.2019, no impact of the appeal from Xtrade Europe Ltd. was noted. To the extent that the judgment became final, an application for an enforcement clause was lodged. The executive title was delivered on October 16 this year. The non-contested judgment is enforceable by Xtrade Europe Ltd. – on February 3, 2020 the Company was requested to provide information on the status of enforcement of the judgement.



In addition, the Munich Regional Court, in a judgment of 25 July 2017, issued a ban on the use of the designations "XTRADE" and "XTRADE EUROPE Ltd." in Germany, confirming that the designations are confusingly similar to the trademarks reserved by the Company. In addition, Xtrade Europe Ltd. was also required to provide information on the extent and number of past use of the marks and to pay damages, the amount of which has not yet been determined. On April 19, 2018, the Court of Appeal dismissed the appeal of the Cypriot company - the verdict prohibiting the use of the XTRADE sign in Germany is final. As at the date of submitting this report, proceedings are still pending to order XTRADE Europe Ltd. to pay the costs of legal representation and to enforce a final judgment. Proceedings enforcing the ruling ban were pending before European Union Intellectual Property Office (EUIPO) as regards the annulment of conflicting marks of Xtrade Europe Ltd. On March 20, 2020, EUIPO issued a decision rejecting the application for a declaration of invalidity. On 19 May 2020, an appeal was filed with the Board of Appeal of EUIPO. Currently we are waiting for the decision of the authority.

### Administrative and control proceedings

The Company and the Group Companies are party to several administrative and control proceedings related to the Group's business. The Company believes that below are presented the most significant among them:

- on September 27, 2018, the Company received information about imposition onto the Company pursuant to art. 167 para. 2 point 1 in connection with art. 167 para. 1 point 1 of the act on Trading in Financial Instruments a fine of PLN 9.9 million in connection with the violation of the law, in particular in the area of providing brokerage services to the Company's clients. In the Company's opinion, the imposition of a fine for above-mentioned fraud is not justifiable and is not reflected in the facts. The PFSA refused to take the evidence requested by the Company (including the expert's opinion) and did take into account independent expert's opinions submitted by the Company. Acting in the best interest of the Company, its employees and shareholders, as well as having clients best interest in mind, the Management Board appealed the abovementioned decision by filing on October 29, 2018, complaint against the PFSA decision to Provincial Administrative Court (hereinafter the "PAC"). On June 6, 2019, the PAC dismissed the Company's plaint against the Commission's decision to impose a financial fine in the amount of PLN 9.9 million. The Court decision is not legally binding yet. After delivery by PAC a copy of the ruling along with its justification, the Company's Management Board decided to lodge a final cassation appeal to Supreme Administrative Court, which was lodged on August 16, 2019.
- by letter dated July 16, 2019, the French supervisory authority, AMF, informed about initiation of control at the Company's French branch pursuant to Article L.621-9 of the French Monetary and Financial Code in order to verify if the Company respects professional obligations. On July 19, 2019, inspection activities were initiated by AMF. The control was a comprehensive assessment of activity of the Company's branch in France, among others, based on the regulations of the MiFID II Directive, MIFIR Regulations, the European Securities and Markets Authority (ESMA) requirements and the French anti-corruption law Sapin II.

On February 10, 2020, the Company received a control report indicating that the inspectors found irregularities and deficiencies in the implementation and enforcement of the applicable laws and regulations by the Company's branch in France, in the response to which on March 9, 2020 the Company lodged substantiated objections in accordance with the provisions in force. In a letter of October 9, 2020, the Company was notified of the commencement of administrative proceeding initiated by AMF, with regard to the irregularities detected during the AMF's inspection at the Company's branch in France. The Company was requested to present its position regarding the detected irregularities and the conducted implementations resulting from the protocol of February 10, 2020. The Company submitted its clarification in a letter dated November 20<sup>th</sup> 2020. Administrative proceeding conducted by AMF may lead to the imposition of penalties or other sanctions on the Company under the AMF supervisory powers.

- by letter dated November 27<sup>th</sup>, 2020, the French Branch of the Company was informed of the initiation of control by the French supervisory authority Autorité de contrôle prudentiel et de résolution – ACPR Banque de France against the Company's Branch, pursuant to articles L. 612-23 and R.612- 22 of the Monetary and Financial Code. The audit was intended to assess the compliance of the anti-money laundering and anti-terrorist financing system. The inspection activities started on December 2<sup>nd</sup>, 2020. As of the submission date of this report, the control has been completed, however, the Company's Branch is still awaiting the final control report .
- on March 25, 2021, the Company's branch in Portugal was informed about the initiation of an inspection by the Portuguese supervision authority Comissão do Mercado de Valores Mobiliários – CMVM. The inspection shall be considered as a comprehensive assessment of the operations of the Company's Branch, based, inter alia, on the regulations of the MiFID II Directive as well as the delegated regulations that were issued on the basis of the previously mentioned Directive. As of the submission date of this report, the control has not been completed.
- on April 28, 2021, the Romanian branch of the Company was informed by phone about the inspection that is going to be carried out by the Romanian supervision authority Autoritatea de Supraveghere Financiară – ASF. The inspection will take place from May 25, 2021 to July 16, 2021 and is supposed to be a comprehensive assessment of the operations of the Company's Branch for the period from June 7, 2017 to May 24, 2021, based on European and local regulations.



## **Regulatory environment**

The Group operates in a highly regulated environment imposing on it certain obligations regarding the respect of complying with many international and local regulatory and law provisions. The Group is subject to regulations concerning inter alia (i) sales practices, including customer acquisition and marketing activities, (ii) maintaining the capital at a certain level, (iii) practices applied in the scope of preventing money laundering and terrorist financing and procedures for customer identification (KYC), (iv) reporting duties to the regulatory authorities and reporting to the trade repository, (v) the obligations regarding the protection of personal data and professional secrecy, (vi) the obligations in the scope of investors protection and communicating of relevant information on the risks associated with the brokerage services, (vii) supervision over the Group's activity, (viii) inside information and insider dealing, preventing the unlawful disclosure of inside information, preventing market manipulation, and (ix) providing information to the public as the issuer.

The sections below describe the most relevant, from the Company's point of view, changes of regulatory obligations occurring during the last period covered by this report and the changes that will enter into force in the forthcoming period.

### **The draft regulation of the Minister of Finance amending the regulation on internal capital, risk management system, supervisory and supervisory review and evaluation program, as well as the remuneration policy in a brokerage house**

On April 9, 2020, the draft regulation of the Minister of Finance amending the regulation on internal capital, risk management system, supervisory and supervisory review and evaluation program, as well as the remuneration policy in a brokerage house, was published on the website of the Government Legislation Centre. The most important assumptions of the project: (i) determining the necessary changes in the national legal order in connection with the entry into force of the European Union legal regulations on capital requirements for financial institutions, the so-called CRD V/CRR II package; (ii) changing the settlement period of variable remuneration components; (iii) introducing additional criteria for the payment of variable remuneration components for members of the management board and senior management of the brokerage house. The project is currently at the review stage.

### **The draft act amending the Banking Law and certain other acts, including the act on trading in financial instruments**

On April 9, the draft act amending the Banking Law and certain other acts, including the act on trading in financial instruments, was published on the website of the Government Legislation Centre. The most important assumptions of the project: (i) implementation of EU law in connection with the entry into force of European Union legal regulations on capital requirements for financial institutions, the so-called CRD V / CRR II package; (ii) introducing a standard methodology and a simplified standard methodology for the assessment of interest rate risk; (iii) authorizing the Polish Financial Supervision Authority to dismiss a member of the management board of the brokerage house if a given person does not meet the requirements necessary to perform a given function; and (iv) clarifying the definition of a person whose professional activity has a significant impact on the risk profile of the brokerage house.. On February 25, 2021, the act was adopted by Sejm and then submitted to the President and the Marshal of the Senate. On April 1, 2021, the act was signed by the President.

### **The draft Act on the liability of collective entities for acts prohibited under penalty**

On 11 January 2019, the government bill on the liability of collective entities for acts prohibited under penalty was submitted to the Sejm. The purpose of the draft Act is to increase the effectiveness of a tool for administering sanctions to collective entities, especially in the case of combating serious economic and fiscal crimes. The most important assumptions: (i) broadening the foundations of collective entities' responsibility - the inclusion in the act of behaviours recognized as the own behaviour of collective entities that characterizes the offense; (ii) the collective entity's liability for all acts prohibited under penalty as a crime or fiscal offense; (iii) resignation from the requirement to obtain a prior request, i.e. a conviction of a natural person; (iv) the company is also liable if the identity of the perpetrator has not been established; (v) unlimited, open catalogue of crimes; (vi) the company has the burden of proving that due diligence has been exercised; (vii) extension of the catalogue of penalties; (viii) compulsory management as a preventive measure; and (ix) whistle-blower protection. The project was directed to consultations.

### **Preventing use of the financial system for money laundering or terrorist financing - the so-called V AML Directive**

On July 9, 2018, the Directive (EU) 2018/843 of the European Parliament and of the Council (hereinafter referred to as the "Directive V AML"), amending the Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (hereinafter referred to as the "IV AML Directive") and amending the Directives 2009/138/EC and 2013/36/EU came into force. The main assumption of the directive is to create within the European Union conditions for the efficient exchange of information in order to increase the effectiveness of counteracting money laundering and terrorist financing. In accordance with the assumptions of the Directive V AML, European Union member states were obliged to implement the provisions of the Directive V AML until January 10, 2020.



Polish legislator failed to transpose the provisions of Directive V AML within the required deadline. On March 4, 2020, a draft act amending the Act on Counteracting Money Laundering and Financing of Terrorism and some other acts (hereinafter referred to as the "Project") was published, which aims to implement the provisions of the AML V Directive into the Polish legal order. also numerous details of the provisions of the Act of March 1, 2018 on counteracting money laundering and terrorist financing (under the AML IV Directive. The most important assumptions of the Project include: (i) extension of the list of obligated institutions, (ii) changes in definitions, including the definition of the actual beneficiary and the group, (iii) extension of the catalogue of cases in whose obligated institutions apply financial security measures, (iv) expanding the catalogue of premises for a higher risk of money laundering and terrorist financing, and (v) changes in the scope of applying financial security measures. On February 25, 2021, the act was adopted by the Sejm and then submitted to the President and the Marshal of the Senate. On April 8, 2021, the act was signed by the President.

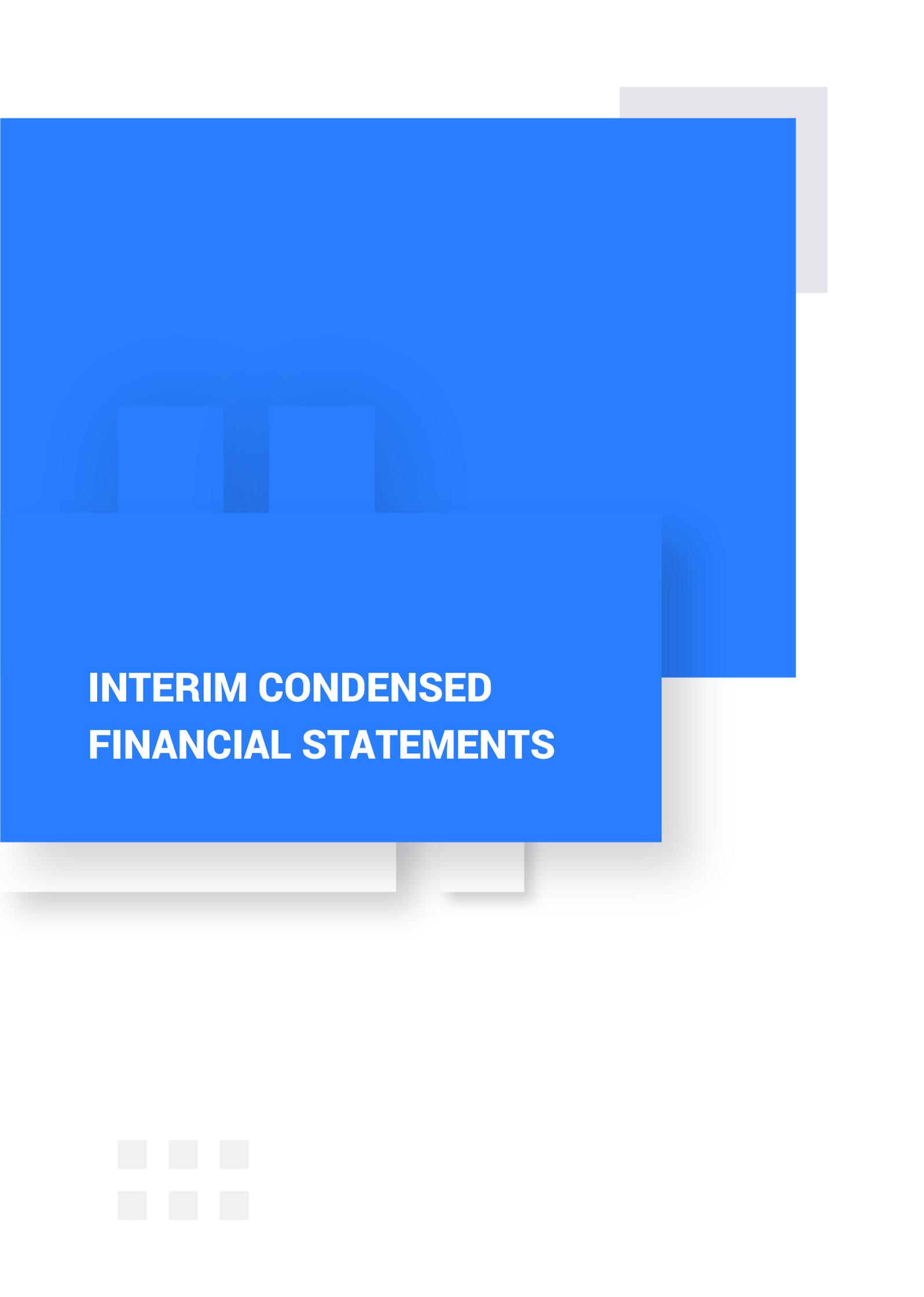
The Company exercised due diligence in order to comply with obligation under act on prevention of money laundering practices and financing of terrorism and the regulation on the transfer of information about transactions and a form identifying the obligated institution. However, it cannot be excluded that a given rule or requirement will be interpreted by the Group in a manner inconsistent with the act which may be connected with risk of supervisory activities and other administrative measures specified in binding laws and may require incurring by the Company further significant financial outlays and implementation of the significant organizational changes.

#### **Draft act on the consideration of complaints and disputes of clients of financial market entities and on the Financial Education Fund**

On September 21, 2020 on the website of the Government Legislation System a draft act on the consideration of complaints and disputes of clients of financial markets entities and on the Financial Education Fund was published. The purpose of the act is to increase the effectiveness of the proceedings in matters of protection of collective consumer interests. According to the assumptions, the act is to enter into force on January 1, 2021, except for some provisions which will come into force accordingly on November 16, 2020 and December 31, 2020. Main assumptions of the project: (i) most of the existing competences of the Financial Ombudsman will be passed to the President of the Office of Competition and Consumer Protection; (ii) the President of the Office of Competition and Consumer Protection will obtain competence to protect financial market entities' clients, which will include, *inter alia*, the possibility of intervening in individual cases arising from the submission of complaints; and (iii) out-of-court proceedings will be held by the coordinator for out-of-court dispute resolution between the client and the financial market entity, who will be working next to the President of the Office of Competition and Consumer Protection. The project is currently at the stage of review. The Project is currently in Sejm after the stage of I reading.

#### **Draft act amending the Trading in financial instruments act and other acts**

On October 23, 2020 on the website of the Government Legislation System a draft act amending the Trading in financial instruments act and other acts was published. According to the assumptions, the act is to enter into force of June 26, 2021. Main assumptions of the project: (i) division of the investment firms into the categories based on their size and connections with other financial and economic entities; (ii) the application of prudential supervision for investment firms which, due to their size and interconnectedness with other financial and economic entities, are not considered systemically important entities; (iii) regulating, by appropriate application of the provisions of the CRR, the structure of own funds of investment companies; (iv) an obligation for small and unrelated investment firms to hold their own funds equal to their fixed minimum capital requirement or one quarter of their fixed overheads calculated on the basis of their activities in the previous year; (v) setting a minimum own funds requirement for tier two investment firms corresponding to their fixed minimum capital requirement, one quarter of their fixed overheads for the previous year or the sum of their requirement on the basis of a set of risk factors tailored to the specificity of investment firms; (vi) obliging investment firms to comply with liquidity requirements, resulting in mandatory internal procedures to monitor and manage liquidity requirements; (vii) an obligation to disclose relevant information, for example on own funds and liquidity requirements; (viii) making the capital requirements of the investment firm dependent on the type of activity authorized or authorized by the investment firm to provide or operate; and (ix) obliging investment firms to demonstrate compliance with a fixed minimum capital requirement at all times equal to the required share capital. The project is currently at the stage of European Affair Committee.

The image features a large blue rectangular area on the left side, which serves as a background for the text. To the right of this blue area, there is a grey L-shaped graphic element. Below the blue area, there are two white rectangular shapes, one larger than the other, positioned as if they are floating or overlapping. At the bottom left, there is a small grid of six grey squares arranged in two rows and three columns.

**INTERIM CONDENSED  
FINANCIAL STATEMENTS**





## INTERIM CONDENSED COMPREHENSIVE INCOME STATEMENT

(IN PLN'000)	THREE-MONTH PERIOD ENDED	
	31.03.2021 (UNAUDITED)	31.03.2020 (UNAUDITED)
Result of operations on financial instruments	170 615	295 035
Income from fees and charges	1 180	1 088
Other income	5	71
<b>Total operating income</b>	<b>171 800</b>	<b>296 194</b>
Salaries and employee benefits	(24 714)	(31 803)
Marketing expense	(20 873)	(9 890)
Other external services	(18 226)	(13 154)
Costs associated with maintenance and lease of buildings	(608)	(571)
Amortization and depreciation	(1 754)	(1 559)
Taxes and statutory fees	(1 070)	(587)
Commission expenses	(6 958)	(3 471)
Other costs	(353)	(699)
<b>Total operating expenses</b>	<b>(74 556)</b>	<b>(61 734)</b>
<b>Profit (loss) on operating activities</b>	<b>97 244</b>	<b>234 460</b>
<b>Impairment of investments in subsidiaries</b>	<b>(217)</b>	<b>(1 498)</b>
Finance income	8 789	9 532
Finance costs	(104)	(84)
<b>Profit (loss) before tax</b>	<b>105 712</b>	<b>242 410</b>
Income tax	(18 694)	(46 076)
<b>Net profit (loss)</b>	<b>87 018</b>	<b>196 334</b>
<b>Other comprehensive income</b>	<b>(1 126)</b>	<b>1 103</b>
Items which will be reclassified to profit (loss) after meeting specific conditions	(1 126)	1 103
- foreign exchange differences on translation of foreign operations	(1 413)	(1 045)
- foreign exchange differences on valuation of separated equity	354	2 652
- deferred income tax	(67)	(504)
<b>Total comprehensive income</b>	<b>85 892</b>	<b>197 437</b>
<b>Earnings per share:</b>		
- basic profit (loss) per year attributable to shareholders of the Parent Company (in PLN)	0,74	1,67
- basic profit (loss) from continued operations per year attributable to shareholders of the Parent Company (in PLN)	0,74	1,67
- diluted profit (loss) of the year attributable to shareholders of the Parent Company (in PLN)	0,74	1,67
- diluted profit (loss) from continued operations of the year attributable to shareholders of the Parent Company (in PLN)	0,74	1,67



## INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

(IN PLN'000)	31.03.2021 (UNAUDITED)	31.12.2020 (AUDITED)	31.03.2020 (UNAUDITED)
<b>ASSETS</b>			
Cash and cash equivalents	1 843 439	1 436 232	1 152 036
Financial assets at fair value through P&L	738 879	632 760	175 333
Investments in subsidiaries	35 672	35 890	36 636
Income tax receivables	7	2 584	46
Financial assets at amortised cost	24 931	23 564	55 110
Prepayments and deferred costs	5 961	4 881	5 065
Intangible assets	616	477	439
Property, plant and equipment	11 110	11 725	12 199
Deferred income tax assets	7 407	7 518	7 649
<b>Total assets</b>	<b>2 668 022</b>	<b>2 155 631</b>	<b>1 444 513</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Liabilities</b>			
Amounts due to clients	1 472 808	1 104 252	621 648
Financial liabilities held for trading	120 633	73 398	28 788
Income tax liabilities	3 959	494	25 034
Liabilities due to lease	6 498	7 544	9 802
Other liabilities	49 426	52 883	45 813
Provisions for liabilities	4 956	4 911	1 473
Deferred income tax provision	34 867	23 166	17 251
<b>Total liabilities</b>	<b>1 693 147</b>	<b>1 266 648</b>	<b>749 809</b>
<b>Equity</b>			
Share capital	5 869	5 869	5 869
Supplementary capital	71 608	71 608	71 608
Other reserves	390 592	390 592	364 619
Foreign exchange differences on translation	1 612	2 738	2 129
Retained earnings	505 194	418 176	250 479
<b>Total equity</b>	<b>974 875</b>	<b>888 983</b>	<b>694 704</b>
<b>Total equity and liabilities</b>	<b>2 668 022</b>	<b>2 155 631</b>	<b>1 444 513</b>



## INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

Interim condensed statement of changes in equity for the period from 1 January 2021 to 31 March 2021

(IN PLN'000)	SHARE CAPITAL	SUPPLEMENTARY CAPITAL	OTHER RESERVES	FOREIGN EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS AND SEPARATE FUNDS	RETAINED EARNINGS	TOTAL EQUITY
As at 1 January 2021	5 869	71 608	390 592	2 738	418 176	888 983
Total comprehensive income for the financial year						
Net profit	-	-	-	-	87 018	87 018
Other comprehensive income	-	-	-	(1 126)	-	(1 126)
Total comprehensive income for the financial year	-	-	-	(1 126)	87 018	85 892
Transactions with Parent Company's owners recognized directly in equity						
Appropriation of profit	-	-	-	-	-	-
- dividend payment	-	-	-	-	-	-
- transfer to other reserves	-	-	-	-	-	-
Increase (decrease) in equity	-	-	-	(1 126)	87 018	85 892
As at 31 March 2021 (unaudited)	5 869	71 608	390 592	1 612	505 194	974 875



**Statement of changes in equity for the period from 1 January 2020 to 31 December 2020**

(IN PLN'000)	SHARE CAPITAL	SUPPLEMENTARY CAPITAL	OTHER RESERVES	FOREIGN EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS AND SEPARATE FUNDS	RETAINED EARNINGS	TOTAL EQUITY
As at 1 January 2020	5 869	71 608	364 619	1 026	54 145	497 267
<b>Total comprehensive income for the financial year</b>						
Net profit	-	-	-	-	418 176	418 176
Other comprehensive income	-	-	-	1 712	-	1 712
<b>Total comprehensive income for the financial year</b>	-	-	-	<b>1 712</b>	<b>418 176</b>	<b>419 888</b>
<b>Transactions with Parent Company's owners recognized directly in equity</b>						
Appropriation of profit						
- dividend payment	-	-	-	-	(28 172)	(28 172)
- transfer to other reserves	-	-	25 973	-	(25 973)	-
<b>Increase (decrease) in equity</b>	-	-	<b>25 973</b>	<b>1 712</b>	<b>364 031</b>	<b>391 716</b>
As at 31 December 2020 (audited)	5 869	71 608	390 592	2 738	418 176	888 983



**Interim condensed statement of changes in equity for the period from 1 January 2020 to 31 March 2020**

(IN PLN'000)	SHARE CAPITAL	SUPPLEMENTARY CAPITAL	OTHER RESERVES	FOREIGN EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS AND SEPARATE FUNDS	RETAINED EARNINGS	TOTAL EQUITY
As at 1 January 2020	5 869	71 608	364 619	1 026	54 145	497 267
Total comprehensive income for the financial year						
Net profit	-	-	-	-	196 334	196 334
Other comprehensive income	-	-	-	1 103	-	1 103
<b>Total comprehensive income for the financial year</b>	-	-	-	1 103	196 334	197 437
Transactions with Parent Company's owners recognized directly in equity						
Appropriation of profit	-	-	-	-	-	-
- dividend payment	-	-	-	-	-	-
- transfer to other reserves	-	-	-	-	-	-
<b>Increase (decrease) in equity</b>	-	-	-	1 103	196 334	197 437
As at 31 March 2020 (unaudited)	5 869	71 608	364 619	2 129	250 479	694 704



## INTERIM CONDENSED CASH FLOW STATEMENT

(IN PLN'000)	THREE-MONTH PERIOD ENDED	
	31.03.2021 (UNAUDITED)	31.03.2020 (UNAUDITED)
<b>Cash flows from operating activities</b>		
Profit (loss) before tax	105 712	242 410
<b>Adjustments:</b>	<b>13 359</b>	<b>(32 404)</b>
Amortization and depreciation	1 754	1 559
Foreign exchange (gains) losses from translation of own cash	(12 002)	(4 873)
(Gain) Loss on investment activity	177	(22 051)
Other adjustments	(1 177)	802
<b>Changes</b>		
Change in provisions	45	21
Change in balance of financial assets at fair value through P&L and financial liabilities held for trading	(53 348)	(17 841)
Change in balance of restricted cash	(284 742)	(74 599)
Change in financial assets at amortised cost	(1 367)	(42 363)
Change in balance of prepayments and accruals	(1 080)	(1 524)
Change in balance of amounts due to clients	368 556	102 098
Change in balance of other liabilities	(3 457)	26 367
<b>Cash from operating activities</b>	<b>119 071</b>	<b>210 006</b>
Income tax paid	(840)	(21 122)
Interests	45	78
<b>Net cash from operating activities</b>	<b>118 276</b>	<b>188 962</b>
<b>Cash flow from investing activities</b>		
Expenses relating to payments for property, plant and equipment	(1 031)	(218)
Expenses relating to payments for intangible assets	(196)	(109)
Expenses relating to payments for investments in subsidiaries	-	36 409
Expenses relating purchase of bonds	(210 130)	(14 074)
Proceeds from sale of bonds	203 852	2 628
Interests on bonds	787	125
Dividends received from subsidiaries	-	3 477
<b>Net cash from investing activities</b>	<b>(6 718)</b>	<b>28 238</b>
<b>Cash flow from financing activities</b>		
Payments of liabilities under finance lease agreements	(1 050)	(368)
Interest paid under lease	(45)	(78)
<b>Net cash from financing activities</b>	<b>(1 095)</b>	<b>(446)</b>
<b>Increase (Decrease) in net cash and cash equivalents</b>	<b>110 463</b>	<b>216 754</b>
<b>Cash and cash equivalents – opening balance</b>	<b>494 766</b>	<b>435 039</b>
<b>Effect of FX rates fluctuations on balance of cash in foreign currencies</b>	<b>12 002</b>	<b>4 872</b>
<b>Cash and cash equivalents – closing balance</b>	<b>617 231</b>	<b>656 665</b>

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