



# REPORT FOR

# THE 1<sup>ST</sup> QUARTER 2022

## XTB S.A.

This document is an unofficial translation of the Polish version of Periodic Report for the 1<sup>st</sup> Quarter 2022 and does not constitute a current or periodical report as defined under the Regulation of the Minister of Finance on the current and periodical information provided by issuers of securities and the conditions for considering the information required by the provisions of law of the state not being a member state as equivalent thereto that was issued in accordance with the Polish Act on Public Offering, the Conditions Governing the Introduction of Finance Instruments to Organised Trading, and Public Companies dated 29 July 2005 (amended and restated: Journal of Laws of 2018, item 512). This document is for informational purposes only. Neither the Company, its shareholders, nor any of their advisors are responsible for translation errors, if any, or for any discrepancies between the original report and this translation into English. If there are any discrepancies between the English translation and the Polish version, the latter shall prevail.

# TABLE OF CONTENTS

<b>FINANCIAL CONSOLIDATED HIGHLIGHTS</b>	<b>3</b>
<b>INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS</b>	<b>5</b>
INTERIM CONDENSED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT	6
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	7
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	8
INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT	11
ADDITIONAL EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	12
1. Information about the Parent Company and composition of the Group	12
2. Basis for drafting the financial statements	14
3. Professional judgement	16
4. Adopted accounting principles	17
5. Seasonality of operations	17
6. Operating income	18
7. Salaries and employee benefits	19
8. Marketing	19
9. Other external services	19
10. Commission expenses	19
11. Finance income and costs	20
12. Segment information	20
13. Cash and cash equivalents	25
14. Financial assets at fair value through P&L	25
15. Financial assets at amortised cost	25
16. Intangible assets	27
17. Property, plant and equipment	30
18. Amounts due to customers	33
19. Financial liabilities held for trading	33
20. Liabilities due to lease	33
21. Other liabilities	33
22. Provisions for liabilities and contingent liabilities	34
23. Equity	35
24. Profit distribution and dividend	36
25. Earnings per share	36
26. Current income tax and deferred income tax	37
27. Related party transactions	40
28. Supplementary information and explanations to the cash flow statement	41
29. Post balance sheet events	41
30. Off balance sheet items	42
31. Items regarding the compensation scheme	42
32. Capital management	42
33. Risk management	45
<b>NOTES TO THE QUARTERLY REPORT</b>	<b>60</b>
1. Information about the Group's activities	61
2. Summary and analysis of the results of the Group	61
3. Company's authorities	73
4. Information about shares and shareholding	73
5. Other information	75
<b>INTERIM CONDENSED FINANCIAL STATEMENTS</b>	<b>84</b>
INTERIM CONDENSED COMPREHENSIVE INCOME STATEMENT	85
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION	86
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY	87
INTERIM CONDENSED CASH FLOW STATEMENT	90

# FINANCIAL CONSOLIDATED HIGHLIGHTS





## FINANCIAL CONSOLIDATED HIGHLIGHTS

	IN PLN'000		IN EUR'000	
	THREE-MONTH ENDED		THREE-MONTH ENDED	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
<b>Consolidated comprehensive income statement:</b>				
Total operating income	439 804	186 697	94 638	40 834
Profit on operating activities	308 768	99 795	66 442	21 827
Profit before tax	308 647	107 959	66 416	23 613
Net profit	252 639	89 051	54 364	19 477
Net profit and diluted net profit per share attributable to shareholders of the Parent Company (in PLN/EUR per share)	2,15	0,76	0,46	0,17
<b>Consolidated cash flow statement:</b>				
Net cash from operating activities	356 361	96 604	76 683	21 129
Net cash from investing activities	(5 574)	(6 764)	(1 199)	(1 479)
Net cash from financing activities	(1 116)	(1 216)	(240)	(266)
Increase/(Decrease) in net cash and cash equivalents	349 671	88 624	75 243	19 384

	IN PLN'000		IN EUR'000	
	31.03.2022	31.12.2021	31.03.2022	31.12.2021
<b>Consolidated statement of financial position:</b>				
Total assets	3 626 672	3 147 743	779 510	684 381
Total liabilities	2 457 356	2 232 183	528 180	485 320
Share capital	5 869	5 869	1 261	1 276
Equity	1 169 316	915 560	209 785	199 061
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)	9,96	7,80	2,14	1,70

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: 4,6472;
  - for the comparative period: 4,5721;
- 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: 4,6525;
  - for the comparative period: 4,5994.

**INTERIM CONDENSED  
CONSOLIDATED FINANCIAL  
STATEMENTS**





## INTERIM CONDENSED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(IN PLN'000)	NOTE	THREE-MONTH PERIOD ENDED	
		31.03.2022 (UNAUDITED)	31.03.2021 (UNAUDITED)
Result of operations on financial instruments	6.1	438 125	185 396
Income from fees and charges	6.2	1 668	1 296
Other income		11	5
<b>Total operating income</b>	<b>6</b>	<b>439 804</b>	<b>186 697</b>
Marketing	8	(50 650)	(33 050)
Salaries and employee benefits	7	(46 492)	(30 892)
Commission expenses	10	(13 267)	(9 711)
Other external services	9	(11 373)	(8 728)
Amortisation and depreciation	16,17	(2 867)	(1 952)
Costs of maintenance and lease of buildings		(2 048)	(803)
Taxes and fees		(1 532)	(1 282)
Other costs		(2 807)	(484)
<b>Total operating expenses</b>		<b>(131 036)</b>	<b>(86 902)</b>
<b>Profit on operating activities</b>		<b>308 768</b>	<b>99 795</b>
Finance income	11	1 437	8 278
Finance costs	11	(1 558)	(114)
<b>Profit before tax</b>		<b>308 647</b>	<b>107 959</b>
Income tax	26	(56 008)	(18 908)
<b>Net profit</b>		<b>252 639</b>	<b>89 051</b>
<b>Other comprehensive income</b>		<b>1 117</b>	<b>306</b>
Other comprehensive income net of tax		1 210	373
Items which may be reclassified to profit (loss) after meeting specific conditions, net of tax		1 210	373
Foreign exchange differences on translation of foreign operations		1 210	373
- items which will be reclassified to profit (loss)- foreign exchange differences on translation of foreign operations		722	19
- items which will be reclassified to profit (loss)- foreign exchange differences on valuation of separated equity		488	354
Deferred income tax		(93)	(67)
<b>Other comprehensive income</b>		<b>253 756</b>	<b>89 357</b>
<b>Net profit attributable to shareholders of the Parent Company</b>		<b>252 639</b>	<b>89 051</b>
<b>Total comprehensive income attributable to shareholders of the Parent Company</b>		<b>253 756</b>	<b>89 357</b>
<b>Earnings per share:</b>			
- basic profit per year attributable to shareholders of the Parent Company (in PLN)	25	2,15	0,76
- basic profit from continued operations per year attributable to shareholders of the Parent Company (in PLN)	25	2,15	0,76
- diluted profit of the year attributable to shareholders of the Parent Company (in PLN)	25	2,15	0,76
- diluted profit from continued operations of the year attributable to shareholders of the Parent Company (in PLN)	25	2,15	0,76

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	31.03.2022 (UNAUDITED)	31.12.2021 (AUDITED)	31.03.2021 (UNAUDITED)
<b>ASSETS</b>				
Cash and cash equivalents	13	2 825 802	2 376 261	1 988 092
Financial assets at fair value through P&L	14	714 767	703 546	778 812
Income tax receivables		106	7 247	201
Financial assets at amortised cost	15	33 048	26 568	16 856
Prepayments and deferred costs		10 155	8 637	6 741
Intangible assets	16	523	585	771
Property, plant and equipment	17	34 166	16 206	12 544
Deferred income tax assets	26	8 105	8 693	9 347
<b>Total assets</b>		<b>3 626 672</b>	<b>3 147 743</b>	<b>2 813 364</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Liabilities</b>				
Amounts due to customers	18	2 166 927	2 010 490	1 580 572
Financial liabilities held for trading	19	112 545	127 712	152 517
Income tax liabilities		21 528	783	4 361
Liabilities due to lease	20	25 301	7 437	7 508
Other liabilities	21	92 334	48 377	48 887
Provisions for liabilities	22	3 612	4 965	6 855
Deferred income tax provision	26	35 109	32 419	35 002
<b>Total liabilities</b>		<b>2 457 356</b>	<b>2 232 183</b>	<b>1 835 702</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	598 789	598 789	390 730
Foreign exchange differences on translation	23	668	(449)	315
Retained earnings		492 382	239 743	509 140
<b>Equity attributable to the owners of the Parent Company</b>		<b>1 169 316</b>	<b>915 560</b>	<b>977 662</b>
<b>Total equity</b>		<b>1 169 316</b>	<b>915 560</b>	<b>977 662</b>
<b>Total equity and liabilities</b>		<b>3 626 672</b>	<b>3 147 743</b>	<b>2 813 364</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 2022

(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 2022	5 869	71 608	598 789	(449)	239 743	915 560	915 560
<b>Total comprehensive income for the financial year</b>							
Net profit	-	-	-	-	252 639	252 639	252 639
Other comprehensive income	-	-	-	1 117	-	1 117	1 117
<b>Total comprehensive income for the financial period</b>	-	-	-	1 117	252 639	253 756	253 756
<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>	-	-	-	1 117	252 639	253 756	253 756
As at 31 March 2022 (unaudited)	5 869	71 608	598 789	668	492 382	1 169 316	1 169 316

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 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	-	-	-	-	237 830	237 830	237 830
Other comprehensive income	-	-	-	(458)	-	(458)	(458)
- including foreign exchange differences on the translation of a subsidiary in Turkey	-	-	-	(458)	237 830	237 372	237 372
<b>Transactions with Parent Company's owners recognized directly in equity</b>							
Appropriation of profit/offset of loss							
- dividend payment	-	-	-	-	(210 117)	(210 117)	(210 117)
- transfer to other reserves	-	-	208 059	-	(208 059)	-	-
<b>Increase (decrease) in equity</b>	-	-	208 059	(458)	(180 346)	27 255	27 255
As at 31 December 2021 (audited)	5 869	71 608	598 789	(449)	239 743	915 560	915 560

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 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
<b>Total comprehensive income for the financial period</b>	-	-	-	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.



## INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(IN PLN'000)	NOTE	THREE-MONTH PERIOD ENDED	
		31.03.2022 (UNAUDITED)	31.03.2021 (UNAUDITED)
<b>Cash flows from operating activities</b>			
Profit before tax		308 647	107 959
<b>Adjustments:</b>		<b>72 348</b>	<b>(9 711)</b>
(Profit) Loss on investment activity		1 518	(42)
Amortization and depreciation	16, 17	2 867	1 952
Foreign exchange (gains) losses from translation of own cash		1 752	(12 002)
Other adjustments	28.2	842	223
<b>Changes</b>			
Change in provisions		(1 353)	(1 084)
Change in balance of financial assets at fair value through P&L and financial liabilities held for trading		(24 055)	(54 258)
Change in balance of restricted cash		(101 619)	(311 659)
Change in financial assets at amortised cost		(6 480)	(3 546)
Change in balance of prepayments and accruals		(1 518)	(1 344)
Change in balance of amounts due to customers		156 437	377 329
Change in balance of other liabilities	28.1	43 957	(5 280)
<b>Cash from operating activities</b>		<b>380 995</b>	<b>98 248</b>
Income tax paid		(24 844)	(1 699)
Interests		210	55
<b>Net cash from operating activities</b>		<b>356 361</b>	<b>96 604</b>
<b>Cash flow from investing activities</b>			
Expenses relating to payments for property, plant and equipment	17	(1 932)	(1 077)
Expenses relating to payments for intangible assets	16	-	(196)
Expenses relating purchase of bonds		(316 203)	(210 130)
Proceeds from sale of bonds		311 156	203 852
Interests on bonds		1 405	787
<b>Net cash from investing activities</b>		<b>(5 574)</b>	<b>(6 764)</b>
<b>Cash flow from financing activities</b>			
Payments of liabilities under finance lease agreements		(904)	(1 161)
Interest paid under lease		(212)	(55)
<b>Net cash from financing activities</b>		<b>(1 116)</b>	<b>(1 216)</b>
<b>Increase (Decrease) in net cash and cash equivalents</b>		<b>349 671</b>	<b>88 624</b>
<b>Cash and cash equivalents – opening balance</b>		<b>589 392</b>	<b>542 205</b>
<b>Effect of FX rates fluctuations on balance of cash in foreign currencies</b>		<b>(1 749)</b>	<b>12 002</b>
<b>Cash and cash equivalents – closing balance</b>	13	<b>937 314</b>	<b>642 831</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 XTB S.A Group (the "Group") is XTB S.A. (hereinafter: the "Parent Entity", "Parent Company", "Brokerage") with its headquarters located in Warsaw at Prosta street 67, 00-838 Warszawa, Polska.

On the 5 January 2022 the change of the company's name in the current wording from "X-Trade Brokers Dom Maklerski S.A." to "XTB Spółka Akcyjna" was registered at the District Court for the Capital City of Warsaw in Warsaw, XII Commercial Division of the National Court Register (hereinafter also referred to as "XTB S.A.").

XTB S.A. is entered in the Commercial Register of the National Court Register by the District Court for the Capital City of Warsaw, Poland, 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 Portuguesa – 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 XTB S.A. Group is composed of XTB S.A. as the Parent Company and the following subsidiaries:

COMPANY NAME	CONSOLIDATION METHOD	COUNTRY OF REGISTERED OFFICE	PERCENTAGE SHARE IN THE CAPITAL		
			31.03.2022 (UNAUDITED)	31.12.2021 (AUDITED)	31.03.2021 (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	South Africa	100%	100%	100%
XTB MENA Limited	full	United Arab Emirates	100%	100%	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 2022, amount of negative foreign exchange differences on translation of balances in foreign currencies of Turkish company amounted PLN (3 698) thousand (ref note 23). Exchange differences will be recognized in consolidated financial statement at the date of liquidation of the company.

On 9 January 2021 XTB MENA Limited with its seat in United Arab Emirates was registered. The Parent Company acquired 100% of shares in the subsidiary. On 13 April 2021 shared 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. On the 22 March 2022 the Parent Company acquired 100% of ordinary shares in the increased capital of subsidiary keeping 100% share in subsidiary's capital.

On 8 November 2021 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.

The scope of activities of subsidiaries:

- XTB Limited (UK) – brokerage activity
- X Open Hub Sp. z o.o. – applications and electronic trading technology offering
- XTB Limited (CY) – brokerage activity
- XTB International Limited – brokerage activity
- XTB Chile SpA – the activity of acquiring clients
- XTB Services Limited – marketing, marketing and sales activities (sales support)
- XTB MENA Limited – brokerage activity
- XTB Africa (PTY) Ltd. – the company has not yet conducted operations
- Tasfiye Halinde XTB Yönetim Danışmanlığı A.Ş.– the company does not conduct its operations, is in the process of liquidation.



## 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 XTB S.A. Group prepared for the period from 1 January 2022 to 31 March 2022 with comparative data for the period from 1 January 2021 to 31 March 2021 and as at 31 December 2021 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 XTB S.A. Group for the year 2021.

The interim condensed consolidated financial statements were approved by the Management Board of the Parent Company on 5 May 2022.

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 XTB 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 The impact of Russian invasion on Ukraine on the Company's results**

On February 24, 2022, Russian troops crossed the eastern, southern and northern borders of Ukraine, attacking Ukraine's military infrastructure. In connection with the hostilities of Russia, the representatives of the European Union imposed sanctions which were severe on Russia, which mainly concern strategic sectors of the Russian economy by blocking access to technology and markets. This situation does not have a material direct impact on the Group, however it has caused high volatility in financial markets and declines in financial and commodity exchanges around the world, which as a result influenced the Group's results.

## **2.7 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 2021, except for the application of new or amended standards and interpretations applicable to annual periods beginning on or after 1 January 2022.

- Annual amendments to various standards due to "Improvements to IFRS (Cycle 2018-2020)"
- Amendments to IAS 37 - Onerous Contracts—Cost of Fulfilling a Contract
- Amendments to IAS 16 - Property, Plant and Equipment — Proceeds before Intended Use
- Amendments to IFRS 3 – Reference to the Conceptual Framework

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.

## **2.8 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:

- Amendments to IFRS 17 "Insurance contracts" (issued on 18 May 2017) –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 Presentation of Financial Statements - 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;
- Amendments to IAS 12 Income Taxes - deferred tax related to assets and liabilities arising from a single transaction – 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 17 “Insurance Contracts” - initial application of IFRS 17 and IFRS 9 – comparative information – 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.

The Group does not anticipate any significant impact of the above published standards and interpretations, which have not yet come into force, on the annual consolidated financial statements of the Group

### **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.

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 financial statements in accordance with the IFRS, the Group has to make certain estimates and assumptions that affect the amounts disclosed in the 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. The most important areas for which the Group makes estimates are presented below.

#### **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 2021, except for the new or amended standards and new interpretations binding for the annual periods starting on or after 1 January 2022.

## **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	
	31.03.2022 (UNAUDITED)	31.03.2021 (UNAUDITED)
<b>Financial instruments (CFD)</b>		
Index CFDs	256 907	75 127
Commodity CFDs	135 079	101 483
Currency CFDs	41 847	5 031
Stock and ETF CFDs	12 130	6 649
Bond CFDs	(1 379)	78
<b>Total CFDs</b>	<b>444 584</b>	<b>188 368</b>
<b>Stocks and ETFs</b>	<b>2 723</b>	<b>139</b>
<b>Gross gain on transactions in financial instruments</b>	<b>447 307</b>	<b>188 507</b>
Bonuses and discounts paid to customers	(1 183)	(651)
Commission paid to cooperating brokers	(7 999)	(2 460)
<b>Net gain on transactions in financial instruments</b>	<b>438 125</b>	<b>185 396</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	
	31.03.2022 (UNAUDITED)	31.03.2021 (UNAUDITED)
Fees and charges from institutional clients	745	732
Fees and charges from retail clients	923	564
<b>Total income from fees and charges</b>	<b>1 668</b>	<b>1 296</b>

### 6.3 Geographical areas

(IN PLN'000)	THREE-MONTH PERIOD ENDED	
	31.03.2022 (UNAUDITED)	31.03.2021 (UNAUDITED)
<b>Operating income</b>		
Central and Eastern Europe	216 856	110 412
- including Poland	119 974	70 495
Western Europe	146 374	53 339
Latin America *	76 381	22 946
Middle East	193	-
<b>Total operating income</b>	<b>439 804</b>	<b>186 697</b>

\* Subsidiary XTB International Ltd. with its seat in Belize acquires its customers from Latin America and the rest of the world.

The country from which the Group derives each time 20% and over of its revenue is Poland with a share of 27.3% (1Q2021: 37.8%). Due to the overall share in the Group's revenue Poland was set apart for presentation purposes within the geographical



area. The share of other countries in the structure of the Group's revenue by geographical area does not in any case exceed 20%.

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	
	31.03.2022 (UNAUDITED)	31.03.2021 (UNAUDITED)
Salaries	(39 222)	(25 448)
Social insurance and other benefits	(5 997)	(4 532)
Employee benefits	(1 273)	(912)
<b>Total salaries and employee benefits</b>	<b>(46 492)</b>	<b>(30 892)</b>

## 8. Marketing

(IN PLN'000)	THREE-MONTH PERIOD ENDED	
	31.03.2022 (UNAUDITED)	31.03.2021 (UNAUDITED)
Marketing online	(45 101)	(31 906)
Marketing offline	(5 549)	(1 144)
<b>Total marketing</b>	<b>(50 650)</b>	<b>(33 050)</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	
	31.03.2022 (UNAUDITED)	31.03.2021 (UNAUDITED)
Support database systems	(4 186)	(3 183)
Market data delivery	(2 048)	(1 363)
Legal and advisory services	(1 720)	(1 710)
Internet and telecommunications	(1 004)	(725)
Recruitment	(967)	(163)
Accounting and audit services	(528)	(551)
IT support services	(383)	(568)
Postal and courier services	(81)	(189)
Translation	(33)	(9)
Other external services	(423)	(267)
<b>Total other external services</b>	<b>(11 373)</b>	<b>(8 728)</b>

## 10. Commission expenses

(IN PLN'000)	THREE-MONTH PERIOD ENDED	
	31.03.2022 (UNAUDITED)	31.03.2021 (UNAUDITED)
Bank commissions	(11 243)	(8 197)
Stock exchange fees and charges	(1 762)	(1 208)
Commissions of foreign brokers	(262)	(306)
<b>Total commission expenses</b>	<b>(13 267)</b>	<b>(9 711)</b>



## 11. Finance income and costs

(IN PLN'000)	THREE-MONTH PERIOD ENDED	
	31.03.2022 (UNAUDITED)	31.03.2021 (UNAUDITED)
<b>Interest income</b>		
Interest on own cash	143	86
Interest on customers' cash	1	-
<b>Total interest income</b>	<b>144</b>	<b>86</b>
Foreign exchange gains	1 273	8 144
Income on bonds	-	45
Other finance income	20	3
<b>Total finance income</b>	<b>1 437</b>	<b>8 278</b>

(IN PLN'000)	THREE-MONTH PERIOD ENDED	
	31.03.2022 (UNAUDITED)	31.03.2021 (UNAUDITED)
<b>Interest expense</b>		
Interest paid under lease agreements	(212)	(55)
Interest paid to customers	(36)	(59)
Other interest	<b>(248)</b>	<b>(114)</b>
Loss on bonds	(1 308)	-
Other finance costs	(2)	-
<b>Total finance costs</b>	<b>(1 558)</b>	<b>(114)</b>

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>INTERIM CONSOLIDATED COMPREHENSIVE INCOME STATEMENT FOR THREE-MONTH PERIOD ENDED 31.03.2022 (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	423 214	14 911	438 125	438 125
<b>CFDs</b>				
Index CFDs	248 843	8 064	256 907	256 907
Commodity CFDs	133 346	1 733	135 079	135 079
Currency CFDs	42 417	(570)	41 847	41 847
Stock and ETFs CFDs	6 371	5 759	12 130	12 130
Bond CFDs	(1 304)	(75)	(1 379)	(1 379)
Stocks and ETFs	2 723	-	2 723	2 723
Bonuses and discounts paid to customers	(1 183)	-	(1 183)	(1 183)
Commission paid to cooperating brokers	(7 999)	-	(7 999)	(7 999)
Fee and commission income	923	745	1 668	1 668
Other income	11	-	11	11
<b>Total operating income</b>	<b>424 148</b>	<b>15 656</b>	<b>439 804</b>	<b>439 804</b>
Marketing	(50 437)	(213)	(50 650)	(50 650)
Salaries and employee benefits	(45 975)	(517)	(46 492)	(46 492)
Commission expense	(13 264)	(3)	(13 267)	(13 267)
Other external services	(10 417)	(956)	(11 373)	(11 373)
Amortization and depreciation	(2 864)	(3)	(2 867)	(2 867)
Cost of maintenance and lease of buildings	(2 048)	-	(2 048)	(2 048)
Taxes and fees	(1 528)	(4)	(1 532)	(1 532)
Other expenses	(2 712)	(95)	(2 807)	(2 807)
<b>Total operating expenses</b>	<b>(129 245)</b>	<b>(1 791)</b>	<b>(131 036)</b>	<b>(131 036)</b>
<b>Operating profit</b>	<b>294 903</b>	<b>13 865</b>	<b>308 768</b>	<b>308 768</b>
Finance income	-	-	-	1 437
Finance costs	-	-	-	(1 558)
<b>Profit before tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>308 647</b>
Income tax	-	-	-	(56 008)
<b>Net profit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>252 639</b>



<b>ASSETS AND LIABILITIES AS AT 31.03.2022 (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	1 825 470	63 018	1 888 488	1 888 488
Financial assets at fair value through P&L	691 068	23 699	714 767	714 767
Other assets	1 023 010	407	1 023 417	1 023 417
<b>Total assets</b>	<b>3 539 548</b>	<b>87 124</b>	<b>3 626 672</b>	<b>3 626 672</b>
Amounts due to clients	2 065 667	101 260	2 166 927	2 166 927
Financial liabilities held for trading	101 463	11 082	112 545	112 545
Other liabilities	177 883	1	177 884	177 884
<b>Total liabilities</b>	<b>2 345 013</b>	<b>112 343</b>	<b>2 457 356</b>	<b>2 457 356</b>



<b>INTERIM 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	(9 708)	(3)	(9 711)	(9 711)
Cost of maintenance and lease of buildings	(8 389)	(339)	(8 728)	(8 728)
Amortization and depreciation	(1 932)	(20)	(1 952)	(1 952)
Taxes and fees	(1 274)	(8)	(1 282)	(1 282)
Commission expense	(794)	(9)	(803)	(803)
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 31.12.2021 (AUDITED) (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	1 719 559	67 310	1 786 869	1 786 869
Financial assets at fair value through P&L	686 492	17 054	703 546	703 546
Other assets	656 866	462	657 328	657 328
<b>Total assets</b>	<b>3 062 917</b>	<b>84 826</b>	<b>3 147 743</b>	<b>3 147 743</b>
Amounts due to clients	1 943 368	67 122	2 010 490	2 010 490
Financial liabilities held for trading	114 555	13 157	127 712	127 712
Other liabilities	93 980	1	93 981	93 981
<b>Total liabilities</b>	<b>2 151 903</b>	<b>80 280</b>	<b>2 232 183</b>	<b>2 232 183</b>

<b>AKTYWA I ZOBOWIĄZANIA NA DZIEŃ 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>





## 13. Cash and cash equivalents

Broken down by type:

(IN PLN'000)	31.03.2022 (UNAUDITED)	31.12.2021 (AUDITED)	31.03.2021 (UNAUDITED)
In hand	-	-	1
In current bank accounts	2 825 802	2 376 261	1 988 091
<b>Cash and cash equivalents in total</b>	<b>2 825 802</b>	<b>2 376 261</b>	<b>1 988 092</b>

Own cash and restricted cash – customers' cash:

(IN PLN'000)	31.03.2022 (UNAUDITED)	31.12.2021 (AUDITED)	31.03.2021 (UNAUDITED)
Customers' cash and cash equivalents	1 888 488	1 786 869	1 345 261
Own cash and cash equivalents	937 314	589 392	642 831
<b>Cash and cash equivalents in total</b>	<b>2 825 802</b>	<b>2 376 261</b>	<b>1 988 092</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)	31.03.2022 (UNAUDITED)	31.12.2021 (AUDITED)	31.03.2021 (UNAUDITED)
Index CFDs	124 764	113 353	178 892
Commodity CFDs	85 543	67 036	83 049
Stock and ETF CFDs	79 714	80 244	53 134
Currency CFDs	75 233	89 476	48 680
Bond CFDs	270	28	37
Debt instruments	334 259	331 926	404 152
Stocks and ETFs	14 984	21 483	10 868
<b>Total financial assets at fair value through P&amp;L</b>	<b>714 767</b>	<b>703 546</b>	<b>778 812</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)	31.03.2022 (UNAUDITED)	31.12.2021 (AUDITED)	31.03.2021 (UNAUDITED)
Receivables due from clients	26 287	21 862	4 142
Trade receivables	5 521	4 629	13 544
Deposits	5 239	4 289	2 499
Statutory receivables	1 328	968	1 549
<b>Gross other receivables</b>	<b>38 375</b>	<b>31 750</b>	<b>21 734</b>
Impairment write-downs of receivables due from clients	(4 135)	(4 074)	(3 628)
Impairment write-downs of other receivables	(1 192)	(1 108)	(1 250)
<b>Total net other receivables</b>	<b>33 048</b>	<b>26 568</b>	<b>16 856</b>



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

(IN PLN'000)	31.03.2022 (UNAUDITED)	31.12.2021 (AUDITED)	31.03.2021 (UNAUDITED)
<b>Impairment write-downs of receivables – at the beginning of the reporting period</b>	(5 182)	(5 068)	(5 068)
-write-downs recorded	(791)	(791)	(172)
-write-downs reversed	77	361	260
-write-downs utilized	(31)	316	102
<b>Impairment write-downs of receivables – at the end of the reporting period</b>	<b>(5 927)</b>	<b>(5 182)</b>	<b>(4 878)</b>

Write-downs of receivables in 2022 and 2021 resulted from the debit balances which arose in customers' accounts in those periods.



## 16. Intangible assets

Intangible assets in the period from 1 January 2022 to 31 March 2022 (unaudited)

(IN PLN'000)	LICENCES FOR COMPUTER SOFTWARE	INTANGIBLE ASSETS MANUFACTURED INTERNALLY	OTHER INTANGIBLE ASSETS	TOTAL
Gross value as at 1 January 2022	5 422	10 792	4 814	21 028
Additions	-	-	-	-
Sale and scrapping	-	-	-	-
Net foreign exchange differences	2	-	-	2
<b>Gross value as at 31 March 2022</b>	<b>5 424</b>	<b>10 792</b>	<b>4 814</b>	<b>21 030</b>
Accumulated amortization as at 1 January 2022	(4 968)	(10 792)	(4 683)	(20 443)
Amortization for the current period	(56)	-	(6)	(62)
Sale and scrapping	-	-	-	-
Net foreign exchange differences	(2)	-	-	(2)
<b>Accumulated amortization as at 31 March 2022</b>	<b>(5 026)</b>	<b>(10 792)</b>	<b>(4 689)</b>	<b>(20 507)</b>
Net book value as at 1 January 2022	454	-	131	585
<b>Net book value as at 31 March 2022</b>	<b>398</b>	<b>-</b>	<b>125</b>	<b>523</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 2021 to 31 December 2021 (audited)**

(IN PLN'000)	LICENCES FOR COMPUTER SOFTWARE	INTANGIBLE ASSETS MANUFACTURED INTERNALLY	OTHER INTANGIBLE ASSETS	TOTAL
<b>Gross value as at 1 January 2021</b>	5 961	10 792	4 814	21 567
Additions	210	-	-	210
Sale and scrapping	(760)	-	-	(760)
Net foreign exchange differences	11	-	-	11
<b>Gross value as at 31 December 2021</b>	<b>5 422</b>	<b>10 792</b>	<b>4 814</b>	<b>21 028</b>
<b>Accumulated amortization as at 1 January 2021</b>	<b>(5 479)</b>	<b>(10 792)</b>	<b>(4 657)</b>	<b>(20 928)</b>
Amortization for the current period	(238)	-	(26)	(264)
Sale and scrapping	760	-	-	760
Net foreign exchange differences	(11)	-	-	(11)
<b>Accumulated amortization as at 31 December 2021</b>	<b>(4 968)</b>	<b>(10 792)</b>	<b>(4 683)</b>	<b>(20 443)</b>
<b>Net book value as at 1 January 2021</b>	<b>482</b>	<b>-</b>	<b>157</b>	<b>639</b>
<b>Net book value as at 31 December 2021</b>	<b>454</b>	<b>-</b>	<b>131</b>	<b>585</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 2021 to 31 March 2021 (unaudited)**

(IN PLN'000)	LICENCES FOR COMPUTER SOFTWARE	INTANGIBLE ASSETS MANUFACTURED INTERNALLY	OTHER INTANGIBLE ASSETS	TOTAL
<b>Gross value as at 1 January 2021</b>	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>
<b>Accumulated amortization as at 1 January 2021</b>	<b>(5 479)</b>	<b>(10 792)</b>	<b>(4 657)</b>	<b>(20 928)</b>
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>
<b>Net book value as at 1 January 2021</b>	<b>482</b>	<b>-</b>	<b>157</b>	<b>639</b>
<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.



## 17. Property, plant and equipment

Property, plant and equipment in the period from 1 January 2022 to 31 March 2022 (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 2022	19 436	8 385	12 347	413	336	40 917
Additions	1 464	212	-	-	256	1 932
Lease	-	-	18 762	6	-	18 768
Sale and scrapping	(147)	(354)	(22)	-	-	(523)
Net foreign exchange differences	70	71	367	7	-	515
<b>Gross value as at 31 March 2022</b>	<b>20 823</b>	<b>8 314</b>	<b>31 454</b>	<b>426</b>	<b>592</b>	<b>61 609</b>
Accumulated amortization as at 1 January 2022	(14 626)	(4 489)	(5 373)	(223)	-	(24 711)
Amortization for the current period	(741)	(248)	(1 790)	(26)	-	(2 805)
Sale and scrapping	147	166	-	-	-	313
Net foreign exchange differences	(39)	(52)	(144)	(5)	-	(240)
<b>Accumulated amortization as at 31 March 2022</b>	<b>(15 259)</b>	<b>(4 623)</b>	<b>(7 307)</b>	<b>(254)</b>	<b>-</b>	<b>(27 443)</b>
Net book value as at 1 January 2022	4 810	3 896	6 974	190	336	16 206
Net book value as at 31 March 2022	5 564	3 691	24 147	172	592	34 166



Property, plant and equipment in the period from 1 January 2021 to 31 December 2021 (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 2021	15 882	7 665	15 153	361	23	39 084
Additions	4 214	3 280	-	-	312	7 806
Lease	-	-	4 326	195	-	4 521
Sale and scrapping	(607)	(2 587)	(7 066)	(149)	-	(10 409)
Net foreign exchange differences	(53)	27	(66)	6	1	(85)
<b>Gross value as at 31 December 2021</b>	<b>19 436</b>	<b>8 385</b>	<b>12 347</b>	<b>413</b>	<b>336</b>	<b>40 917</b>
Accumulated amortization as at 1 January 2021	(12 364)	(6 010)	(7 207)	(243)	-	(25 824)
Amortization for the current period	(2 899)	(658)	(4 978)	(122)	-	(8 657)
Sale and scrapping	602	2 203	6 832	147	-	9 784
Net foreign exchange differences	35	(24)	(20)	(5)	-	(14)
<b>Accumulated amortization as at 31 December 2021</b>	<b>(14 626)</b>	<b>(4 489)</b>	<b>(5 373)</b>	<b>(223)</b>	<b>-</b>	<b>(24 711)</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 December 2021	4 810	3 896	6 974	190	336	16 206



## 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		RIGHT TO USE CAR	TANGIBLE FIXED ASSETS UNDER CONSTRUCTION
			OFFICE	CAR		
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





## Non-current assets by geographical area

(IN PLN'000)	31.03.2022 (UNAUDITED)	31.12.2021 (AUDITED)	31.03.2021 (UNAUDITED)
<b>Non-current assets</b>			
Central and Eastern Europe	27 240	8 900	7 591
- including Poland	26 435	8 136	6 558
Western Europe	5 894	6 373	4 491
Latin America and Turkey	1 555	1 518	1 233
<b>Total non-current assets</b>	<b>34 689</b>	<b>16 791</b>	<b>13 315</b>

## 18. Amounts due to clients

(IN PLN'000)	31.03.2022 (UNAUDITED)	31.12.2021 (AUDITED)	31.03.2021 (UNAUDITED)
Amounts due to retail clients	2 099 805	1 943 368	1 514 597
Amounts due to institutional clients	67 122	67 122	65 975
<b>Total amounts due to clients</b>	<b>2 166 927</b>	<b>2 010 490</b>	<b>1 580 572</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)	31.03.2022 (UNAUDITED)	31.12.2021 (AUDITED)	31.03.2021 (UNAUDITED)
Stock and ETF CFDs	45 565	47 536	40 269
Index CFDs	31 644	34 492	53 083
Commodity CFDs	18 876	17 356	21 091
Currency CFDs	15 942	28 083	38 049
Bond CFDs	518	245	25
<b>Total financial liabilities held for trading</b>	<b>112 545</b>	<b>127 712</b>	<b>152 517</b>

## 20. Liabilities due to lease

(IN PLN'000)	31.03.2022 (UNAUDITED)	31.12.2021 (AUDITED)	31.03.2021 (UNAUDITED)
Short-term	4 924	2 894	3 949
Long-term	20 377	4 543	3 559
<b>Total liabilities due to lease</b>	<b>25 301</b>	<b>7 437</b>	<b>7 508</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)	31.03.2022 (UNAUDITED)	31.12.2021 (AUDITED)	31.03.2021 (UNAUDITED)
Trade liabilities	35 006	18 982	7 910
Liabilities due to brokers	24 023	3 692	16 132
Provisions for other employee benefits	23 226	21 588	15 703
Statutory liabilities	9 228	3 237	8 488
Liabilities due to employees	637	674	468
Amounts due to the Central Securities Depository of Poland	214	204	186
<b>Total other liabilities</b>	<b>92 334</b>	<b>48 377</b>	<b>48 887</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 2022, salaries and employee benefits included the provision for variable remuneration elements in the amount of PLN 4 738 thousand, as at 31 December 2021, salaries and employee benefits included the provision for variable remuneration elements in the amount of PLN 3 013 thousand and as at 31 March 2021 in the amount of PLN 4 360 thousand.

## 22. Provisions for liabilities and contingent liabilities

### 22.1 Provisions for liabilities

(IN PLN'000)	31.03.2022 (UNAUDITED)	31.12.2021 (AUDITED)	31.03.2021 (UNAUDITED)
Provisions for retirement benefits	184	177	1 666
Provisions for legal risk	3 428	4 788	5 189
<b>Total provisions</b>	<b>3 612</b>	<b>4 965</b>	<b>6 855</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 2022 to 31 March 2022 (unaudited)

(IN PLN'000)	VALUE AS AT 01.01.2022	INCREASES	DECREASES USE	REVERSAL	VALUE AS AT 31.03.2022
Provisions for retirement benefits	177	7	-	-	184
Provisions for legal risk	4 788	35	-	1 395	3 428
<b>Total provisions</b>	<b>4 965</b>	<b>42</b>	<b>-</b>	<b>1 395</b>	<b>3 612</b>

#### Movements in provisions in the period from 1 January 2021 to 31 December 2021 (audited)

(IN PLN'000)	VALUE AS AT 01.01.2021	INCREASES	DECREASES USE	REVERSAL	VALUE AS AT 31.12.2021
Provisions for retirement benefits	1 610	-	-	1 433	177
Provisions for legal risk	6 329	141	1 127	555	4 788
<b>Total provisions</b>	<b>7 939</b>	<b>141</b>	<b>1 127</b>	<b>1 988</b>	<b>4 965</b>

#### 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>



## 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 2022 the total value of claims brought against the Group amounted to approx. PLN 14 801 thousand (as at 31 December 2021: PLN 15 693 thousand, as at 31 March 2021: PLN 14 801 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 63 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.

On 7 July 2017 the Parent Company issued a guarantee in the amount of PLN 6 033 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 2022, 31 December 2021 and 31 March 2021

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 2022, 31 December 2021 and 31 March 2021 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>

### 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 598 789 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 668 thousand. The detailed specification of foreign exchange differences on translation was presented in the table below.



(IN PLN'000)	31.03.2022 (UNAUDITED)	31.12.2021 (AUDITED)	31.03.2021 (UNAUDITED)
XTB Limited (UK)	856	859	812
X-Trade Brokers Dom Maklerski Spółka Akcyjna branch in Germany	853	777	860
XTB International	815	495	206
XTB Limited (CY)	561	471	573
X-Trade Brokers Dom Maklerski Spółka Akcyjna branch in France	307	258	315
X-Trade Brokers Dom Maklerski Spółka Akcyjna branch in Romania	288	283	288
XTB MENA Limited	255	217	-
XTB Africa (PTY) Ltd.	208	(33)	43
XTB Services Limited	131	114	130
X-Trade Brokers Dom Maklerski Spółka Akcyjna branch in Czech Republic	72	47	20
X-Trade Brokers Dom Maklerski Spółka Akcyjna branch in Spain	36	20	29
X-Trade Brokers Dom Maklerski Spółka Akcyjna branch in Slovakia	15	8	12
X-Trade Brokers Dom Maklerski Spółka Akcyjna branch in Portugal	5	2	92
XTB S.A.	(16)	62	41
XTB Chile SpA	(20)	(371)	17
Tasfiye Halinde XTB Yönetim Danışmanlığı A.Ş	(3 698)	(3 658)	(3 123)
<b>Total foreign exchange differences on translation</b>	<b>668</b>	<b>(449)</b>	<b>315</b>

## 24. Profit distribution and dividend

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 30 April 2021.

## 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	
	31.03.2022 (UNAUDITED)	31.03.2021 (UNAUDITED)
Profit from continuing operations attributable to shareholders of the Parent Company	252 639	89 051
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	2,15	0,76
Diluted net profit per share from continuing operations for the year attributable to shareholders of the Parent Company	2,15	0,76



## 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	
	31.03.2022 (UNAUDITED)	31.03.2021 (UNAUDITED)
Income tax – current portion		
Income tax for the reporting period	(52 823)	(7 190)
Income tax – deferred portion		
Occurrence / reversal of temporary differences	(3 185)	(11 718)
<b>Income tax disclosed in profit and loss</b>	<b>(56 008)</b>	<b>(18 908)</b>

Reconciliation of the actual tax burden

(IN PLN'000)	THREE-MONTH PERIOD ENDED	
	31.03.2022 (UNAUDITED)	31.03.2021 (UNAUDITED)
Profit before tax	308 647	107 959
Income tax based in the applicable tax rate of 19%	(58 643)	(20 512)
Difference resulting from application of tax rates applicable in other countries	363	131
Non-taxable revenue	36	190
Non-deductible expenses	(124)	(339)
Tax loss for the reporting period not disclosed in the deferred tax	11	8
Write-off of tax losses deferred in previous years	(471)	-
Other items affecting the tax burden amount	2 820	1 614
<b>Income tax disclosed in profit or loss</b>	<b>(56 008)</b>	<b>(18 908)</b>

### 26.2 Deferred income tax

Change in the balance of deferred tax for the period from 1 January to 31 March 2022 (unaudited)

(IN PLN'000)	AS AT	PROFIT	AS AT
	01.01.2022	OR (LOSS)	31.03.2022
<b>Deferred income tax assets</b>			
Cash and cash equivalents	23	(9)	14
Property, plant and equipment	24	129	153
Financial liabilities held for trading	18 969	(2 465)	16 504
Provisions for liabilities	468	216	684
Prepayments and deferred costs	2 521	1 009	3 530
Other liabilities	6 909	(43)	6 866
Tax losses of previous periods to be settled in future periods	8 524	(548)	7 976
<b>Total deferred income tax assets</b>	<b>37 438</b>	<b>(1 711)</b>	<b>35 727</b>

(IN PLN'000)	AS AT	PROFIT	AS AT
	01.01.2022	OR (LOSS)	31.03.2022
<b>Deferred income tax provision</b>			
Cash and cash equivalents	25	286	311
Financial assets at fair value through P&L	59 249	1 540	60 789
Other liabilities	246	233	479
Financial assets at amortised cost	671	(286)	385
Property, plant and equipment	299	(299)	-
<b>Total deferred income tax provision</b>	<b>60 490</b>	<b>1 474</b>	<b>61 964</b>
<b>Deferred tax disclosed in profit or (loss)</b>	<b>-</b>	<b>(3 185)</b>	<b>-</b>



(IN PLN'000)	AS AT 01.01.2022	INCLUDED IN EQUITY	AS AT 31.03.2022
<b>Deferred income tax provision included directly in the equity:</b>			
Separate equity of branches	674	93	767
<b>Total deferred income tax provision included directly in the equity</b>	<b>674</b>	<b>93</b>	<b>767</b>

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

(IN PLN'000)	AS AT 01.01.2021	PROFIT OR (LOSS)	AS AT 31.12.2021
<b>Deferred income tax assets</b>			
Cash and cash equivalents	-	23	23
Property, plant and equipment	138	(114)	24
Financial liabilities held for trading	14 196	4 773	18 969
Provisions for liabilities	670	(202)	468
Prepayments and deferred costs	3 453	(932)	2 521
Other liabilities	3 002	3 907	6 909
Tax losses of previous periods to be settled in future periods	9 217	(693)	8 524
<b>Total deferred income tax assets</b>	<b>30 676</b>	<b>6 762</b>	<b>37 438</b>

(IN PLN'000)	AS AT 01.01.2021	PROFIT OR (LOSS)	AS AT 31.12.2021
<b>Deferred income tax provision</b>			
Cash and cash equivalents	15	10	25
Financial assets at fair value through P&L	43 227	16 022	59 249
Other liabilities	203	43	246
Prepayments and deferred costs	383	(383)	-
Financial assets at amortised cost	-	671	671
Property, plant and equipment	-	299	299
<b>Total deferred income tax provision</b>	<b>43 828</b>	<b>16 662</b>	<b>60 490</b>
<b>Deferred tax disclosed in profit or (loss)</b>	<b>-</b>	<b>(9 900)</b>	<b>-</b>

(IN PLN'000)	AS AT 01.01.2021	INCLUDED IN EQUITY	AS AT 31.12.2021
<b>Deferred income tax provision included directly in the equity:</b>			
Separate equity of branches	718	(44)	674
<b>Total deferred income tax provision included directly in the equity</b>	<b>718</b>	<b>(44)</b>	<b>674</b>

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

(IN PLN'000)	AS AT 01.01.2021	PROFIT OR (LOSS)	AS AT 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
Deferred income tax provision			
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>
Deferred tax disclosed in profit or (loss)	-	(11 718)	-

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

#### Geographical division of deferred income tax assets

(IN PLN'000)	31.03.2022 (UNAUDITED)	31.12.2021 (AUDITED)	31.03.2021 (UNAUDITED)
Deferred income tax assets			
Central and Eastern Europe	113	153	44
Western Europe	7 992	8 540	9 303
<b>Total deferred income tax assets</b>	<b>8 105</b>	<b>8 693</b>	<b>9 347</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 2022 (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	27 342	61 990	-	34 648
Czech Republic	74	21	53	-
Slovakia	59	-	59	-
Germany	2 550	-	2 550	-
France	3 630	-	3 630	-
Chile	259	384	-	125
Great Britain	1 813	-	1 813	-
Belize	-	336	-	336
<b>Total</b>	<b>35 727</b>	<b>62 731</b>	<b>8 105</b>	<b>35 109</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 2021 (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	28 676	60 547	-	31 871
Czech Republic	80	20	60	-
Slovakia	99	6	93	-
Germany	2 566	-	2 566	-
France	4 101	-	4 101	-
Chile	1 873	-	1 873	-
Great Britain	43	345	-	302
Belize	-	246	-	246
<b>Total</b>	<b>37 438</b>	<b>61 164</b>	<b>8 693</b>	<b>32 419</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>

## 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 2022 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 2022 the Company has liabilities to Mr Jakub Zabłocki in the amount of PLN 19 thousand due to his investment account (as at 31 December 2021: PLN 19 thousand, as at 31 March 2021 PLN 19 thousand). In the period from 1 January to 31 March 2022 the Company realized profit on transactions on financial instruments with Mr Jakub Zabłocki in the amount of PLN 1 thousand. In the period from 1 January to 31 March 2021 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 2022 the paid gross salary and bonuses amounted to PLN 1 003 thousand and in the analogical period of 2021 amounted to PLN 1 802 thousand.

Mr Hubert Walentynowicz receives salary on the basis of work contract as Regional Director. In the period from 1 January to 31 March 2022 the paid gross salary and bonuses amounted to PLN 124 thousand and in the analogical period of 2021 amounted to PLN 118 thousand.

In the periods from 1 January to 31 March 2022 and from 1 January to 31 March 2021 the Company noted no transactions with Mr Paweł Szejko. As at 31 March 2022 the Company has liabilities to Mr Paweł Szejko in the amount of PLN 42,50 due to his investment account, as at 31 December 2021 in the amount of PLN 7 thousand and as at 31 March 2021 in the amount of PLN 244,89.

In the periods from 1 January to 31 March 2022 and from 1 January to 31 March 2021 the Company noted no transactions with Mr Filip Kaczmarzyk. As at 31 March 2022 the Company has liabilities to Mr Filip Kaczmarzyk in the amount of PLN 95 thousand due to his investment account, as at 31 December 2021 in the amount of PLN 79 thousand and as at 31 March 2021 in the amount of PLN 42 thousand.





## 27.3 Benefits to Management Board and Supervisory Board

(IN PLN'000)	THREE-MONTH PERIOD ENDED	
	31.03.2022 (UNAUDITED)	31.03.2021 (UNAUDITED)
Benefits to the Management Board members	(2 092)	(695)
Benefits to the Supervisory Board members	(55)	(65)
<b>Total benefits to the Management Board and Supervisory Board</b>	<b>(2 147)</b>	<b>(760)</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 Company are included in the scheme of variable remuneration elements specified in note 21 of the financial statements.

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

As at 31 March 2022, 31 December 2021 and 31 March 2021 there are no loans granted to the Management and Supervisory Board members.

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

### 28.1 Other adjustments

The "other adjustments" item includes the following adjustments:

(IN PLN'000)	THREE-MONTH PERIOD ENDED	
	31.03.2022 (UNAUDITED)	31.03.2021 (UNAUDITED)
Change in the balance of differences from the conversion of branches and subsidiaries	1 117	306
Foreign exchange differences on translation of movements in property, plant and equipment, and intangible assets	(275)	(83)
<b>Change in other adjustments</b>	<b>842</b>	<b>223</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 2021 in the amount of PLN 234 841 thousand was partially earmarked for the payment of a dividend in the amount of PLN 176 076 thousand, the remaining amount was transferred to reserve capital.

The amount of dividend per share paid for 2021 was equal to PLN 1,50. The dividend will be paid on the 16 May 2022.



## 30. Off-balance sheet items

### 30.1 Nominal value of financial instruments

(IN PLN'000)	31.03.2022 (UNAUDITED)	31.12.2021 (AUDITED)	31.03.2021 (UNAUDITED)
Index CFDs	3 312 487	3 554 525	5 719 561
Currency CFDs	2 079 140	2 585 954	2 197 573
Commodity CFDs	1 593 053	1 600 229	2 051 924
Stock and ETF CFDs	768 434	910 224	1 295 029
Bond CFDs	36 246	3 813	395 723
<b>Total financial instruments</b>	<b>7 789 360</b>	<b>8 654 745</b>	<b>11 659 810</b>

The nominal value of instruments presented in the chart above includes transactions with clients and brokers. As at 31 March 2022 transactions with brokers represent 7% of the total nominal value of instruments (as at 31 December 2021: 9% of the total nominal value of instruments, as at 31 March 2021: 15% 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)	31.03.2022 (UNAUDITED)	31.12.2021 (AUDITED)	31.03.2021 (UNAUDITED)
Listed stocks and rights to stocks registered in clients' securities accounts	2 890 139	2 452 113	1 406 713
Other securities registered in clients' securities accounts	207	207	207
<b>Total clients' financial instruments</b>	<b>2 890 346</b>	<b>2 452 320</b>	<b>1 406 920</b>

### 30.3 Transaction limits

The amount of unused transaction limits granted to related entities was PLN 16 005 thousand as at 31 March 2022, at 31 December 2021 PLN 15 521 thousand and as at 31 March 2021 was PLN 12 981 thousand.

## 31. Items regarding the compensation scheme

(IN PLN'000)	31.03.2022 (UNAUDITED)	31.12.2021 (AUDITED)	31.03.2021 (UNAUDITED)
<b>1. Contributions made to the compensation scheme</b>			
a) opening balance	7 412	5 654	5 654
- increases	732	1 758	346
b) closing balance	8 144	7 412	6 000
<b>2. XTB's share in the profits from the compensation scheme</b>	<b>379</b>	<b>372</b>	<b>351</b>

## 32. Capital management

The Group's principles of capital management are established in the "Capital management policy at XTB 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 XTB 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:
  - till 25<sup>th</sup> June 2021 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)
  - since 26<sup>th</sup> June 2021 calculated according with Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27<sup>th</sup> November 2019 on the prudential requirements of investment firms and amending the regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014, (EU) No 806/2014 (IFR)
- internal capital
  - Until December 23, 2021, estimated in accordance with the Regulation of the Minister of Development and Finance of April 25, 2017 on internal capital, risk management system, supervisory assessment program and supervisory review and evaluation, as well as the remuneration policy in a brokerage house (Journal U. of 2017, item 856)
  - From December 24, 2021, estimated in accordance with the Regulation of the Minister of Development and Finance of December 8, 2021. on the assessment of internal capital and liquid assets, the risk management system, audit and supervisory review, as well as the remuneration policy in a brokerage house and a small brokerage house.

The capital requirement calculated in accordance with the IFR regulation is the higher of:

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

At date of preparation of the financial statements the highest of the above values for the Parent Company is the K-factor capital requirement.

Till 25<sup>th</sup> June 2021 the Parent Company calculated own funds in accordance to second part of the European Parliament and of the Council (EU) No 575/2013 of 26<sup>th</sup> 2013 on prudential requirements for credit institutions and investment firms, amending Regulation (EU) No 648/2012 ("CRR"). Starting from 26<sup>th</sup> June 2021 the Parent Company calculate own funds according to the second part of Regulation (EU) 2019/2033 of the European Parliament and of the Council 2019/2033 of 27<sup>th</sup> November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014 ("IFR").

The principles for calculation of own funds are established in the CRR and IFR Regulations, "Procedure for calculating capital adequacy ratios of XTB S.A." the Parent company and are not regulated by IFRS.

The Group currently has only own funds of the best category - Tier I.

Prudential consolidation in accordance with IFR covers subsidiaries that are investment firms, financial institutions, ancillary services undertakings or tied agents. When applied to the Group, the Parent Company includes the following subsidiaries in prudential consolidation:

- till 30 July 2021 XTB Yönetim Danışmanlığı Anonim Şirketi,
- since 31<sup>st</sup> Nov 2015 XTB Limited (UK),
- since 30<sup>th</sup> April 2017 XTB International



- since 31st July 2018 XTB Limited (CY)
- since 31st July 2021 XTB MENA Limited and
- since 31st August 2021 XTB Africa (PTY) Ltd.

Pursuant to the Act of 5 August 2015 on macroprudential supervision of the financial system and crisis management, from 1st Jan 2016 the Group was obliged to hold capital buffers requirement. In the period covered by this financial statement the Group was obliged to hold a capital conservation buffer and a countercyclical capital buffer. Due to entry into force of IFR from 26<sup>th</sup> June 2021 the capital buffers requirement ceased to exist for the Group.

**Key values in capital management:**

(IN PLN'000)	31.03.2022 (UNAUDITED)	31.12.2021 (AUDITED)	31.03.2021 (UNAUDITED)
<b>The Group's own funds</b>	<b>659 850</b>	<b>659 765</b>	<b>527 644</b>
Tier I Capital	659 850	659 765	527 644
Common Equity Tier I capital	659 850	659 765	527 644
<b>Total Group's risk exposure *</b>	<b>3 966 793</b>	<b>4 120 479</b>	<b>4 350 557</b>
<b>Total Group's capital requirement*</b>	<b>317 343</b>	<b>329 638</b>	<b>348 045</b>
Capital conservation buffer	-	-	108 764
Countercyclical capital buffer	-	-	4 189
<b>Combined buffer requirement CRR**</b>	<b>-</b>	<b>-</b>	<b>112 953</b>
<b>Total capital ratio CRR**</b>	<b>16,6%</b>	<b>16,0%</b>	<b>12,1%</b>
<b>Total capital ratio CRR ** including buffers</b>	<b>16,6%</b>	<b>16,0%</b>	<b>9,5%</b>
<b>Minimal required total capital ratio including buffers (article 92 section1 letter c) of CRR)</b>	<b>8%</b>	<b>8%</b>	<b>8%</b>
<b>Total capital ratio IFR***</b>	<b>207,9%</b>	<b>200,1%</b>	<b>118,8%</b>
<b>Minimal required total capital ratio including buffers (article 9 section1 letter c) of IFR)***</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

\* For comparativeness in the period from 26th June 2021 total risk exposure is presented as 12.5 \* K-factor capital requirement. Till 25th June 2021 total capital requirement is presented as 8% of total risk exposure.

\*\* For comparativeness in the period from 26th June 2021 total capital ratio CRR is calculated as the IFR capital requirement divided by 12.5.

\*\*\* For comparativeness in the period till 25th June 2021 total capital ratio IFR is calculated as total capital ratio CRR including buffers multiplied by 12.5.

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 31.03.2022 (UNAUDITED)	AVERAGE MONTHLY VALUE IN THE PERIOD	AS AT 31.12.2021 (AUDITED)	AS AT 31.03.2021 (UNAUDITED)
1. Capital/Own funds	659 850	664 440	659 765	527 644
1.1. Base capital/Common Equity Tier I without deductions	675 665	675 665	675 665	545 606
1.2. Additional items of common equity/Supplementary capital Tier I	-	-	-	-
1.3. Items decreasing share capitals	(15 815)	(11 225)	(15 900)	(17 962)
2. Amount of Tier II capital included in the value of capital subject to monitoring/Tier II capital	659 850	664 440	-	-
<b>I. Level of capitals subject to monitoring/Own funds</b>	<b>659 850</b>	<b>664 440</b>	<b>659 765</b>	<b>527 644</b>
1. Market risk	-	-	-	194 355
2. Settlement and delivery risk, contractor's credit risk and the CVA requirement	-	-	-	13 488
3. Credit risk	-	-	-	67 038
4. Operating risk	-	-	-	73 164
5. Exceeding the limit of exposure concentration and the limit of high exposures	-	-	-	-
6. Capital requirement due to fixed overheads CRR	N/A	N/A	N/A	N/A
<b>Ila. Overall capital requirement **</b>	<b>317 343</b>	<b>228 485</b>	<b>329 638</b>	<b>348 045</b>



(IN PLN'000)	AS AT 31.03.2022 (UNAUDITED)	AVERAGE MONTHLY VALUE IN THE PERIOD	AS AT 31.12.2021 (AUDITED)	AS AT 31.03.2021 (UNAUDITED)
<b>IIb. Total risk exposure CRR**</b>	<b>3 966 793</b>	<b>2 856 067</b>	<b>4 120 479</b>	<b>4 350 557</b>
Capital conservation buffer	-	-	-	108 764
Countercyclical capital buffer	-	-	-	4 189
<b>IIc. Combined buffer requirement</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>112 953</b>
1. Risk to Client, including:	8 698	8 209	7 930	-
1.1. K-AUM	-	-	-	-
1.2. K-CMH	7 613	7 228	7 010	-
1.3. K-ASA	1 019	922	868	-
1.4. K-COH	66	59	52	-
2. Risk to Market, including:	187 618	228 485	197 267	-
2.1. K-NPR	187 618	228 485	197 267	-
2.2. K-CMG	-	-	-	-
3. Risk to Firm, including:	121 027	120 807	124 441	-
3.1. K-TCD	118 862	118 852	122 592	-
3.2. K-DTF	2 165	1 955	1 849	-
3.3. K-CON	-	-	-	-
<b>III. Total K-factor capital requirement (IFR)</b>	<b>317 343</b>	<b>357 501</b>	<b>329 638</b>	<b>-</b>

\*Average monthly values in the period in part II is calculated based on values till 25<sup>th</sup> June 2021. In part III average monthly values in the period is calculated based on values since 26<sup>th</sup> June 2021. Averages for market risk requirement, which is equivalent to K-NPR requirement, is calculated based on data from whole period covered by this financial statement.

\*\* For comparativeness in the period from 26th June 2021 total risk exposure is presented as 12.5 \* K-factor capital requirement. Till 25th June 2021 total capital requirement is presented as 8% of total risk exposure.

Pursuant to CRR the duty to calculate the capital requirement in respect of fixed overheads arises only in the event that the entity does not calculate the capital requirement in respect of operating risk. According to IFR from 26<sup>th</sup> June 2021 the Parent Company calculates the requirement for fixed overheads. However, it is significantly lower than the K-factor capital requirement.

### 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)	31.03.2022 (UNAUDITED)			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
<b>Financial assets</b>				
Financial assets at fair value through P&L	349 244	365 523	–	714 767
<b>Total financial assets</b>	<b>349 244</b>	<b>365 523</b>	–	<b>714 767</b>
<b>Financial liabilities</b>				
Financial liabilities held for trading	–	112 545	–	112 545
<b>Total financial liabilities</b>	–	<b>112 545</b>	–	<b>112 545</b>

(IN PLN'000)	31.12.2021 (AUDITED)			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
<b>Financial assets</b>				
Financial assets at fair value through P&L	353 409	350 137	–	703 546
<b>Total financial assets</b>	<b>353 409</b>	<b>350 137</b>	–	<b>703 546</b>
<b>Financial liabilities</b>				
Financial liabilities held for trading	–	127 712	–	127 712
<b>Total financial liabilities</b>	–	<b>127 712</b>	–	<b>127 712</b>

(IN PLN'000)	31.03.2021 (UNAUDITED)			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
<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 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, i.e. 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 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 2022 (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	567 291	912 529	38 914	227 078	9 346	21 936	74 809	1 851 903	2 825 802
Financial assets held for trading	87 606	111 010	11 073	41 104	4 720	4 142	17 435	277 090	714 767
Income tax receivables	-	82	-	-	-	-	-	82	106
Financial assets at amortised cost	3 916	8 179	190	1 166	100	1 339	1 789	16 679	33 048
Prepayments and deferred costs	1 287	1 484	232	261	-	3	8	3 275	10 155
Intangible assets	-	-	-	23	-	1	2	26	523
Property, plant and equipment	1 945	3 995	95	584	-	61	1 425	8 105	34 166
Deferred income tax assets	-	6 239	1 813	53	-	-	-	8 105	8 105
<b>Total assets</b>	<b>662 045</b>	<b>1 043 518</b>	<b>52 317</b>	<b>270 269</b>	<b>14 166</b>	<b>27 482</b>	<b>95 468</b>	<b>2 165 265</b>	<b>3 626 672</b>
<b>Liabilities</b>									
Amounts due to customers	304 421	822 938	23 434	235 982	12 133	23 135	28 504	1 450 547	2 166 927
Financial liabilities held for trading	42 887	24 538	3 289	10 124	1 165	408	10 252	92 663	112 545
Income tax liabilities	-	236	-	-	-	-	591	827	21 528
Lease liabilities	-	22 433	-	10	-	-	2 858	25 301	25 301
Other liabilities	18 941	25 445	3 941	2 164	-	1 534	2 892	54 917	92 334
Provisions for liabilities	-	-	-	-	-	-	292	292	3 612
Deferred income tax provision	-	-	-	-	-	-	461	461	35 109
<b>Total liabilities</b>	<b>366 249</b>	<b>895 590</b>	<b>30 664</b>	<b>248 280</b>	<b>13 298</b>	<b>25 077</b>	<b>45 850</b>	<b>1 625 008</b>	<b>2 457 356</b>





**Assets and liabilities denominated in foreign currencies as at 31 December 2021 (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	534 146	816 290	39 251	207 735	13 343	22 838	34 282	1 667 885	2 376 261
Financial assets held for trading	79 147	112 877	9 971	41 993	3 168	3 756	14 843	265 755	703 546
Income tax receivables	-	72	-	-	-	-	-	72	7 247
Financial assets at amortised cost	1 679	7 355	213	1 640	114	562	1 212	12 775	26 568
Prepayments and deferred costs	1 024	1 141	452	126	-	10	8	2 761	8 637
Intangible assets	-	-	-	30	-	1	2	33	585
Property, plant and equipment	2 052	4 285	87	626	-	60	1 381	8 491	16 206
Deferred income tax assets	-	6 760	1 873	60	-	-	-	8 693	8 693
<b>Total assets</b>	<b>618 048</b>	<b>948 780</b>	<b>51 847</b>	<b>252 210</b>	<b>16 625</b>	<b>27 227</b>	<b>51 728</b>	<b>1 966 465</b>	<b>3 147 743</b>
<b>Liabilities</b>									
Amounts due to customers	232 610	769 782	28 381	226 312	12 139	23 019	28 123	1 320 366	2 010 490
Financial liabilities held for trading	55 882	26 585	3 830	9 361	1 018	854	9 986	107 516	127 712
Income tax liabilities	-	167	-	-	-	-	616	783	783
Lease liabilities	-	4 444	-	21	-	-	2 972	7 437	7 437
Other liabilities	8 118	13 247	4 503	1 750	10	471	1 052	29 151	48 377
Provisions for liabilities	-	1 380	-	-	-	-	300	1 680	4 965
Deferred income tax provision	-	-	-	-	-	-	548	548	32 419
<b>Total liabilities</b>	<b>296 610</b>	<b>815 605</b>	<b>36 714</b>	<b>237 444</b>	<b>13 167</b>	<b>24 344</b>	<b>43 597</b>	<b>1 467 481</b>	<b>2 232 183</b>



**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>



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			
	31.03.2022 (UNAUDITED)		31.03.2021 (UNAUDITED)	
	INCREASE IN EXCHANGE	DECREASE IN EXCHANGE	INCREASE IN EXCHANGE	DECREASE IN EXCHANGE
	BY 5%	BY 5%	BY 5%	BY 5%
Income (expenses) of the period	33 578	(33 578)	24 071	(24 071)
Equity, of which:	3 299	(3 299)	2 584	(2 584)
Foreign exchange differences on translation	3 299	(3 299)	2 584	(2 584)

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.

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. However, due to the significant involvement of XTB in Treasury bonds, the interest rate risk was considered significant in 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)	31.03.2022 (UNAUDITED)	31.12.2021 (AUDITED)	31.03.2021 (UNAUDITED)
<b>Financial assets</b>			
Cash and cash equivalents	2 825 802	2 376 261	1 988 092
Debt instruments	334 259	331 926	363 793
<b>Total financial assets</b>	<b>3 160 061</b>	<b>2 708 187</b>	<b>2 351 885</b>
<b>Financial liabilities</b>			
Amounts due to clients	-	-	-
Other liabilities	25 301	7 437	7 508
<b>Total financial liabilities</b>	<b>25 301</b>	<b>7 437</b>	<b>7 508</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 the period from 1 January to 31 December 2021 and from 1 January to 31 December 2020, using the average 1M interest rate in a given market.



(IN PLN'000)	THREE-MONTH PERIOD ENDED			
	31.03.2022 (UNAUDITED)		31.03.2021 (UNAUDITED)	
	INCREASE BY 50 PB	DECREASE BY 50 PB	INCREASE BY 50 PB	DECREASE BY 50 PB
Profit/(loss) before tax	3 450	(3 450)	8 827	(8 827)

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

In the period covered by these 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 PLN'000)	THREE-MONTH PERIOD ENDED			
	31.03.2022 (UNAUDITED)		31.03.2021 (UNAUDITED)	
	INCREASE BY 50 PB	DECREASE BY 50 PB	INCREASE BY 50 PB	DECREASE BY 50 PB
Profit/(loss) before tax	(1 093)	1 099	(4 099)	7 096

### 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)	31.03.2022 (UNAUDITED)	31.12.2021 (AUDITED)	31.03.2021 (UNAUDITED)
<b>Financial assets at fair value through P&amp;L</b>			
<b>Commodity</b>			
Precious metals	28 594	26 802	38 842
Base metals	1 732	868	682
Other	46 436	34 115	38 213
<b>Total commodity</b>	<b>76 762</b>	<b>61 785</b>	<b>77 737</b>
<b>Equity instruments</b>			
Stocks and ETF	84 462	89 716	56 956
Indicies	116 909	108 309	170 410
<b>Total equity instruments</b>	<b>201 371</b>	<b>198 025</b>	<b>227 366</b>
<b>Debt instruments</b>	<b>220</b>	<b>19</b>	<b>31</b>
<b>Total financial assets at fair value through P&amp;L</b>	<b>278 353</b>	<b>259 829</b>	<b>305 134</b>
<b>Financial liabilities held for trading</b>			
<b>Commodity</b>			
Precious metals	2 844	5 855	6 731
Base metals	756	361	121
Other	6 793	5 932	8 922
<b>Total commodity</b>	<b>10 393</b>	<b>12 148</b>	<b>15 774</b>
<b>Equity instruments</b>			
Stocks and ETF	35 378	35 567	33 305
Indicies	23 753	29 551	44 628
<b>Total equity instruments</b>	<b>59 131</b>	<b>65 118</b>	<b>77 933</b>
<b>Debt instruments</b>	<b>106</b>	<b>32</b>	<b>19</b>
<b>Total financial liabilities held for trading</b>	<b>69 630</b>	<b>77 298</b>	<b>93 726</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			
	31.03.2022 (UNAUDITED)		31.03.2021 (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	(14 561)	14 561	(11 911)	11 911
Base metals	(261)	261	(174)	174
Other	(2 700)	2 700	(213)	213
<b>Total commodity</b>	<b>(17 522)</b>	<b>17 522</b>	<b>(12 298)</b>	<b>12 298</b>
<b>Equity instruments</b>				
Stocks and ETFs	16	(16)	29	(29)
Indicies	(725)	725	(511)	511
<b>Total equity instruments</b>	<b>(709)</b>	<b>709</b>	<b>10 534</b>	<b>(10 534)</b>
<b>Debt instruments</b>	<b>1 337</b>	<b>(1 337)</b>	<b>(17)</b>	<b>17</b>
<b>Total income/(expenses) for the period</b>	<b>(16 894)</b>	<b>16 894</b>	<b>(1 751)</b>	<b>1 751</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 at XTB 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. Supervision and control activities over the balance of cash accounts are also carried out by the Risk Control Department on a daily basis.

According to IFR from 26<sup>th</sup> June 2021 the Parent Company holds the amount of liquid assets equivalent to at least one third of the fixed overhead requirement. For the purpose of this requirement the Parent Company recognized as the liquid assets inter alia unencumbered short-term own deposits at credit institutions and denominated in PLN investments in Polish Government Treasury bonds and bonds with a guarantee by the Polish Government Treasury. At date of preparation of the financial statement the Parent Company holds over a dozen times higher level of liquid assets than required by IFR.



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 2022 (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	2 825 802	2 825 802	2 825 802	-	-	-	-
Financial assets at fair value through P&L							
Listed stocks and ETFs	14 984	14 984	14 984	-	-	-	-
Bonds	334 259	334 259	334 259	-	-	-	-
CFDs	365 524	365 524	365 524	-	-	-	-
Total financial assets at fair value through P&L	714 767	714 767	714 767	-	-	-	-
Financial assets at amortised cost	33 048	33 048	27 809	-	-	-	-
<b>Total financial assets</b>	<b>3 573 617</b>	<b>3 573 617</b>	<b>3 568 378</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>							
Amounts due to clients	2 166 927	2 166 927	2 166 927	-	-	-	-
Financial liabilities held for trading							
CFDs	112 545	112 545	112 545	-	-	-	-
Total financial liabilities held for trading	112 545	112 545	112 545	-	-	-	-
Liabilities due to lease	25 301	25 301	1 248	3 676	20 377	-	-
Other liabilities	92 334	92 334	68 891	17 722	-	-	5 721
<b>Total financial liabilities</b>	<b>2 397 107</b>	<b>2 397 107</b>	<b>2 349 611</b>	<b>21 398</b>	<b>20 377</b>	<b>-</b>	<b>5 721</b>
Contractual liquidity gap in maturities (payment dates)			1 218 767	(21 398)	(15 138)	-	(5 721)
Contractual cumulative liquidity gap			1 218 767	1 197 369	1 182 231	1 182 231	1 176 510



Contractual payment periods of financial assets and liabilities as at 31 December 2021 (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	2 376 261	2 376 261	2 376 261	-	-	-	-
Financial assets at fair value through P&L							
Listed stocks and ETFs	21 483	21 483	21 483	-	-	-	-
Bonds	331 926	331 926	331 926	-	-	-	-
CFDs	350 137	350 137	350 137	-	-	-	-
Total financial assets at fair value through P&L	703 546	703 546	703 546	-	-	-	-
Financial assets at amortised cost	26 568	26 568	22 279	-	4 289	-	-
<b>Total financial assets</b>	<b>3 106 375</b>	<b>3 106 375</b>	<b>3 102 086</b>	<b>-</b>	<b>4 289</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>							
Amounts due to clients	2 010 490	2 010 490	2 010 490	-	-	-	-
Financial liabilities held for trading							
CFDs	127 712	127 712	127 712	-	-	-	-
Total financial liabilities held for trading	127 712	127 712	127 712	-	-	-	-
Liabilities due to lease	7 437	7 437	837	2 057	4 543	-	-
Other liabilities	48 377	48 377	26 586	16 330	-	-	5 461
<b>Total financial liabilities</b>	<b>2 194 016</b>	<b>2 194 016</b>	<b>2 165 625</b>	<b>18 387</b>	<b>4 543</b>	<b>-</b>	<b>5 461</b>
Contractual liquidity gap in maturities (payment dates)			936 461	(18 387)	(254)	-	(5 461)
Contractual cumulative liquidity gap			936 461	918 074	917 820	917 820	912 359





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

<b>(IN PLN'000)</b>	<b>CARRYING AMOUNT</b>	<b>CONTRACTUAL CASH FLOWS</b>	<b>UP TO 3 MONTHS</b>	<b>3 MONTHS TO 1 YEAR</b>	<b>1 – 5 YEARS</b>	<b>OVER 5 YEARS</b>	<b>WITH NO SPECIFIED MATURITY</b>
<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

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)	31.03.2022 (UNAUDITED)		31.12.2021 (AUDITED)		31.03.2021 (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	2 825 802	2 825 802	2 376 261	2 376 261	1 988 092	1 988 092
Financial assets at fair value through P&L *	714 767	28 194	703 546	24 152	778 812	28 200
Financial assets at amortised cost	25 996	25 996	26 568	26 568	16 856	16 856
<b>Total financial assets</b>	<b>3 566 565</b>	<b>2 879 992</b>	<b>3 106 375</b>	<b>2 426 981</b>	<b>2 783 760</b>	<b>2 033 148</b>

\* As at 31 March 2022 the maximum exposure to credit risk for financial assets held for trading, not including the collateral received, was PLN 331 570 thousand (31 December 2021: PLN 350 185 thousand, 31 March 2021: PLN 335 196 thousand). This exposure was collateralised with clients' cash, which, as at 31 March 2022, covered the amount of PLN 303 376 thousand (31 December 2021: PLN 272 046 thousand, 31 March 2021: PLN 306 996 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 2022, the Group had deposit accounts in 48 banks and institutions (31 December 2021: in 49 banks and institutions, 31 March 2021: in 46 banks and institutions). The ten largest exposures are presented in the table below (numbering of banks and institutions determined individually for each period):

ENTITY	31.03.2022 (UNAUDITED)		31.12.2021 (AUDITED)		31.03.2021 (UNAUDITED)	
	(IN PLN'000)	ENTITY	(IN PLN'000)	ENTITY	(IN PLN'000)	ENTITY
Bank 1	858 771	Bank 1	682 155	Bank 1	481 054	
Bank 2	362 768	Bank 2	326 417	Bank 2	294 015	
Bank 3	328 755	Bank 3	313 432	Bank 3	231 907	
Bank 4	312 405	Bank 4	279 383	Bank 4	192 068	
Institution 1	122 082	Institution 1	123 257	Bank 5	188 900	
Bank 5	121 396	Bank 5	105 612	Bank 6	117 684	
Bank 6	110 055	Bank 6	88 649	Bank 7	65 622	
Bank 7	104 910	Bank 7	73 255	Bank 8	64 707	
Bank 8	74 322	Bank 8	67 669	Bank 9	52 489	
Bank 9	60 274	Bank 9	59 801	Bank 10	52 198	
Other	370 064	Other	256 631	Other	247 448	
<b>Total</b>	<b>2 825 802</b>	<b>Total</b>	<b>2 376 261</b>	<b>Total</b>	<b>1 988 092</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)		
	31.03.2022 (UNAUDITED)	31.12.2021 (AUDITED)	31.03.2021 (UNAUDITED)
<b>Cash and cash equivalent</b>			
Step 1	2 068 726	1 952 898	1 558 848
Step 2	126 026	23 265	14 399
Step 3	628 374	397 446	412 478
Step 4	2 676	2 652	2 367
Step 5	-	-	-
<b>Total</b>	<b>2 825 802</b>	<b>2 376 261</b>	<b>1 988 092</b>

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

Financial assets at fair value through P&L result from transactions in financial instruments entered into with the Group's customers and the related hedging transactions.

Credit risk involving financial assets at fair value through P&L is connected with the risk of customer or counterparty insolvency. With regard to OTC transactions with customers, 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 customers. In addition, in order to mitigate counterparty credit risk, the Group includes special clauses in agreements with selected customers, 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 at fair value through P&L 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):

31.03.2022 (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	12 938	Entity 1	12 206	Entity 1	10 669
Entity 2	8 184	Entity 2	8 837	Entity 2	6 002
Entity 3	2 210	Entity 3	1 242	Entity 3	2 726
Entity 4	1 914	Entity 4	435	Entity 4	703
Entity 5	1 171	Entity 5	161	Entity 5	515
Entity 6	288	Entity 6	134	Entity 6	499
Entity 7	228	Entity 7	106	Entity 7	442
Entity 8	184	Entity 8	97	Entity 8	333
Entity 9	161	Entity 9	59	Entity 9	285
Entity 10	105	Entity 10	58	Entity 10	278
<b>Total</b>	<b>27 383</b>	<b>Total</b>	<b>23 335</b>	<b>Total</b>	<b>22 452</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 Capital Group XTB S.A. (the „Group”, „Capital Group”) is XTB S.A. (hereinafter: the „Company”, „Parent Entity”, „Parent Company”, „Brokerage”, „XTB”) with its headquarters located in Warsaw, at Prosta street 67, 00-838 Warsaw.

On January 1, 2022, the registered office of the Parent Company changed from Ogrodowa street 58, 00-876 Warsaw to the following address: Prosta street 67, 00-838 Warsaw. On January 5, 2022, in the District Court for the Capital City of Warsaw XII Commercial Division of the National Court Register, the change of the name of the company in the current wording “X-Trade Brokers Dom Maklerski Spółka Akcyjna” to “XTB Spółka Akcyjna” (hereinafter also referred to as “XTB S.A.”) was registered.

The Group is an international provider of trading and investment products, services and solutions, specialising 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 also offers investments in shares and ETF instruments on the same trading platform. The Group operates in two segments: retail and institutional segment. The Group's retail operations mainly include online trading of derivatives based on assets and underlying instruments that are traded on the financial and commodity markets. Institutional customers of the Group offers technologies thanks to which they can offer their clients the possibility of trading in financial instruments under their own brand. The Group also acts as a liquidity provider for institutional clients.

The Group operates on the basis of licences granted by regulators in Poland, the UK, Cyprus, Belize and in the United Arab Emirates (UAE). 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.

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 efforts of the Management Board are focused on expansion into the markets of the Middle East and Africa.

In the three-month period of 2022, the Group continued the process of expanding its product offer. The aim of these activities was to meet the expectations of clients in order to meet their anticipations regarding the availability of individual financial instruments. At the end of the first quarter of 2022, the Group offered a total of over 5 400 financial instruments from around the world.

The Management Board is of the opinion that the Group has built solid foundations that ensure it is well positioned to generate growth in the future.

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

In the first quarter of 2022 XTB reported a consolidated net profit of PLN 252,6 million compared to PLN 89,1 million a year earlier. This is an increase of PLN 163,5 million. Consolidated revenues amounted to PLN 439,8 million (Q1 2021: PLN 186,7 million), and operating expenses amounted to PLN 131,0 million (Q1 2021: PLN 86,9 million). During the period, the average number of active clients increased by 46,3 thousand clients, which means an increase by 44,7% y/y.



## 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 2022 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 1<sup>st</sup> quarter of 2022

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

(in PLN'000)	THREE-MONTH PERIOD ENDED				
	31.03.2022	31.12.2021	CHANGE IN VALUE	CHANGE %	31.03.2021
Result of operations on financial instruments	438 125	180 549	257 576	143	185 396
Income from fees and charges	1 668	1 254	414	33	1 296
Other income	11	1 764	(1 753)	(99)	5
<b>Total operating income</b>	<b>439 804</b>	<b>183 567</b>	<b>256 237</b>	<b>140</b>	<b>186 697</b>
Marketing	(50 650)	(37 201)	13 449	36	(33 050)
Salaries and employee benefits	(46 492)	(35 404)	11 088	31	(30 892)
Commission expenses	(13 267)	(9 776)	3 491	36	(9 711)
Other external services	(11 373)	(11 300)	73	1	(8 728)
Amortisation	(2 867)	(2 324)	543	23	(1 952)
Other expenses	(2 807)	(1 958)	849	43	(484)
Costs of maintenance and lease of buildings	(2 048)	(1 437)	611	43	(803)
Taxes and Fees	(1 532)	(1 315)	217	17	(1 282)
<b>Total operating expenses</b>	<b>(131 036)</b>	<b>(100 715)</b>	<b>30 321</b>	<b>30</b>	<b>(86 902)</b>
<b>Profit on operating activities (EBIT)</b>	<b>308 768</b>	<b>82 852</b>	<b>225 916</b>	<b>273</b>	<b>99 795</b>
Finance income	1 437	4 167	(2 730)	(66)	8 278
Finance costs	(1 558)	(2 774)	(1 216)	(44)	(114)
<b>Profit before tax</b>	<b>308 647</b>	<b>84 245</b>	<b>224 402</b>	<b>266</b>	<b>107 959</b>
Income tax	(56 008)	(15 726)	40 282	256	(18 908)
<b>Net profit</b>	<b>252 639</b>	<b>68 519</b>	<b>184 120</b>	<b>269</b>	<b>89 051</b>

### Revenues

In the first quarter of 2022, XTB reported a record increase in revenues by 135,6% y/y, i.e. by PLN 253,1 million from PLN 186,7 million to PLN 439,8 million. The significant factors determining their level were high volatility in the financial and commodity markets and the constantly growing average number of active clients (increase by 44,7% y/y), combined with their high transactional activity expressed in the number of contracts concluded in lots. Consequently, trading in derivative instruments amounted to PLN 1 560,7 thousand lots (Q1 2021: 1 115,4 thousand lots), and the profitability per lot increased by 68,4%.



	THREE-MONTH PERIOD ENDED							
	31.03.2022	31.12.2021	30.09.2021	30.06.2021	31.03.2021	31.12.2020	30.09.2020	30.06.2020
Total operating income (in PLN'000)	439 804	183 567	200 029	55 302	186 697	139 962	139 630	211 494
Transaction volume in CFD instruments in lots <sup>1</sup>	1 560 739	1 073 549	1 044 329	871 300	1 115 389	800 935	760 373	829 017
Profitability per lot (in PLN) <sup>2</sup>	282	171	192	63	167	175	184	255
Transaction volume in CFD instruments in nominal value (in USD'000000)	631 255	482 097	502 650	366 257	386 347	292 000	275 144	206 037
Profitability for 1 million USD transaction volume in CFD instruments in nominal value (in USD) <sup>3</sup>	167	94	102	40	127	126	135	253

<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 first quarter of 2022, the Group acquired 55 333 new clients compared to 42 760 a quarter earlier, which means an increase of 29,4%. This is the effect of continuing the optimized sales and marketing strategy, bigger penetration of already existing markets, successive introduction of new products to the offer and expansion into new geographic markets. The number of active clients was record high in the analysed period. It increased from 127 174 to 149 726, i.e. by 17,7% q/q.

	PERIOD ENDED							
	31.03.2022	31.12.2021	30.09.2021	30.06.2021	31.03.2021	31.12.2020	30.09.2020	30.06.2020
New clients <sup>1</sup>	55 333	42 760	38 573	40 623	67 231	38 413	21 178	30 523
Average number of active clients <sup>2</sup>	149 726	112 015	106 961	105 005	103 446	58 069	53 309	52 084

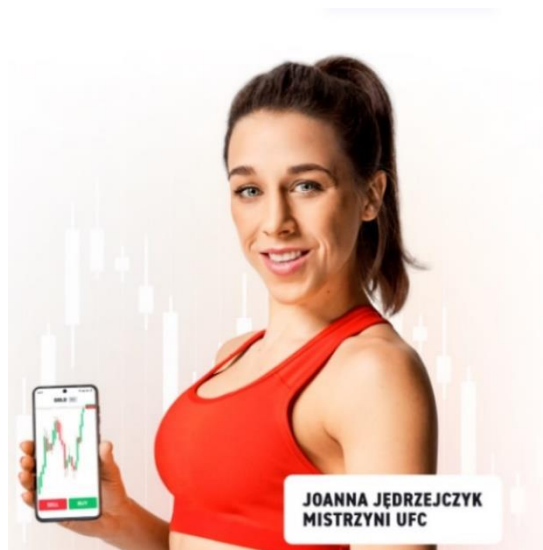
<sup>1)</sup> The number of new Group's clients in the individual periods.

<sup>2)</sup> The average quarterly number of clients respectively for the 3 months of 2022 and 12, 9, 6 and 3 months of 2021 and 12, 9 and 6 months of 2020.

The ambition of the Management Board in 2022 is to acquire, on average, at least 40 thousand new clients quarterly. As a result of the implemented activities, the Group acquired a total of 55,3 thousand new clients in the first quarter of 2022, while in April 2022, 15,3 thousand new clients were acquired.

The priority of the Management Board is to further increase the client base leading to the strengthening of XTB's market position in the world. These activities will be supported by a number of initiatives, including the new advertising campaign launched on February 14, 2022 with the participation of the new XTB brand ambassador – Joanna Jędrzejczyk – a titled martial arts competitor, the first Polish woman in the UFC organization and a champion in this organization, as well as a three-time world champion in Thai boxing.

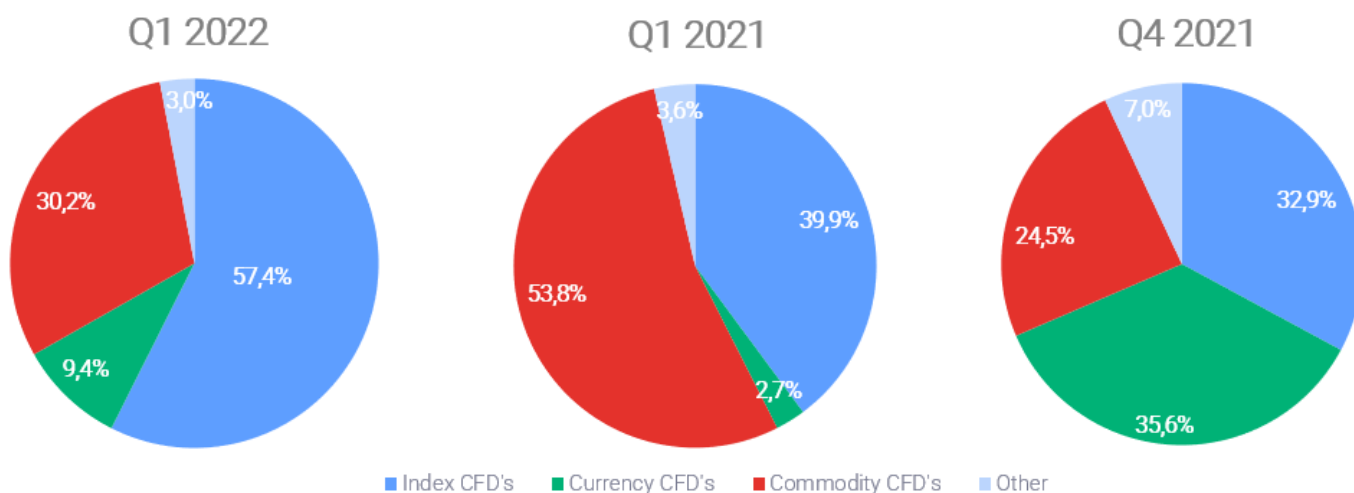
XTB, thanks to the cooperation with Joanna Jędrzejczyk, started promoting the offered investment solutions, in particular, convincing that investing in various types of assets is available to everyone, using the tools provided that facilitate entry into the world of investments: through daily market analysis, as well as numerous educational materials.





Looking at XTB's revenues in terms of the classes of instruments responsible for their creation, it can be seen that in the first quarter of 2022, CFDs based on index were in the lead. Their share in the structure of revenues on financial instruments reached 57,4% compared to 39,9% a year earlier. This is a consequence of high profitability on CFD instruments based on the US 100 and US 500 indexes, the German DAX stock index (DE30) or the Russian RUS 50 index. The second most profitable asset class was commodity CFDs. Their share in the structure of revenues in the 1st quarter of 2022 was 30,2% (Q1 2021: 53,8%). The most profitable instruments in this class were CFDs based on quotations of crude oil, gold and natural gas prices. Revenues on CFDs based on currencies accounted for 9,4% of all revenues, compared to 2,7% a year earlier, where the most profitable financial instruments in this class were based on the EURUSD currency pair.

The structure of revenue by asset class (in %)



(IN PLN'000)	THREE-MONTH PERIOD ENDED			
	31.03.2022	31.12.2021	CHANGE %	31.03.2021
Index CFDs	256 907	61 899	315	75 127
Commodity CFDs	135 079	46 124	193	101 483
Currency CFDs	41 847	67 108	(38)	5 031
Stock CFDs and ETFs	12 130	11 501	5	6 649
Bond CFDs	(1 379)	86	(1 703)	78
<b>Total CFDs</b>	<b>444 584</b>	<b>186 718</b>	<b>138</b>	<b>188 368</b>
Shares and ETFs	2 723	1 574	73	139
<b>Gross gain on transactions in financial instruments</b>	<b>447 307</b>	<b>188 292</b>	<b>138</b>	<b>188 507</b>
Bonuses and discounts paid to customers	(1 183)	(1 131)	5	(651)
Commission paid to cooperating brokers	(7 999)	(6 612)	21	(2 460)
<b>Net gain on transactions in financial instruments</b>	<b>438 125</b>	<b>180 549</b>	<b>143</b>	<b>185 396</b>

XTB places great importance on the geographical diversification of revenues, consistently implementing the strategy of building a global brand. The country from which the Group derives more than 20% of revenues each time is Poland, with a share of 27,3% (Q1 2021: 37,8%). Due to the overall share in the Group's revenues, Poland was separated for presentation purposes as the largest market in terms of revenues in the Group. The Group breaks down its revenues by geographic area according to the country of the XTB office in which the client was acquired.





(IN PLN'000)	THREE-MONTH PERIOD ENDED			
	31.03.2022	31.12.2021	CHANGE %	31.03.2021
<b>Central and Eastern Europe</b>	<b>216 856</b>	<b>104 382</b>	<b>108</b>	<b>110 412</b>
- including Poland	119 974	77 887	54	70 495
<b>Western Europe</b>	<b>146 374</b>	<b>38 675</b>	<b>278</b>	<b>53 339</b>
<b>Latin America<sup>1</sup></b>	<b>76 381</b>	<b>35 758</b>	<b>114</b>	<b>22 946</b>
<b>Middle East</b>	<b>193</b>	<b>4 752</b>	<b>(96)</b>	<b>-</b>
<b>Total operating income</b>	<b>439 804</b>	<b>183 567</b>	<b>140</b>	<b>186 697</b>

<sup>1)</sup> The subsidiary XTB International Ltd., headquartered in Belize, acquires clients from Latin America and the rest of the world (without Europe).

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

(IN PLN'000)	THREE-MONTH PERIOD ENDED			
	31.03.2022	31.12.2021	CHANGE %	31.03.2021
Retail segment	424 148	188 963	124	176 396
Institutional segment (X Open Hub)	15 656	(5 396)	390	10 301
<b>Total operating income</b>	<b>439 804</b>	<b>183 567</b>	<b>140</b>	<b>186 697</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.

## Operating expenses

The operating costs in the first quarter of 2022 amounted to PLN 131,0 million and were PLN 44,1 million higher compared to the comparable period (Q1 2021: PLN 86,9 million). The most important y/y changes occurred in:

- marketing costs, an increase by PLN 17,6 million resulting mainly from higher expenditure on online marketing campaigns;
- costs of salaries and employee benefits, an increase by PLN 15,6 million mainly due to the increase in employment and provisions for variable remuneration components (bonuses);
- commission costs, an increase by PLN 3,6 million resulting from higher amounts paid to payment service providers through which clients deposit their funds in transaction accounts;
- other external services, an increase by PLN 2,6 million as a result of mainly higher expenditure on: (i) IT systems and licenses (increase by PLN 1,0 million y/y); (ii) legal and advisory services (increase by PLN 0,8 million y/y) and (iii) market data delivery services (increase by PLN 0,7 million y/y).



(in PLN'000)	THREE-MONTH PERIOD ENDED			
	31.03.2022	31.12.2021	CHANGE %	31.03.2021
Marketing	50 650	37 201	36	33 050
Salaries and employee benefits	46 492	35 404	31	30 892
Commission costs	13 267	9 776	36	9 711
Other external services	11 373	11 300	1	8 728
Amortization	2 867	2 324	23	1 952
Other expenses	2 807	1 958	43	484
Costs of maintenance and lease of buildings	2 048	1 437	43	803
Taxes and fees	1 532	1 315	17	1 282
<b>Total operating expenses</b>	<b>131 036</b>	<b>100 715</b>	<b>30</b>	<b>86 902</b>

In q/q terms, operating costs increased by PLN 30,3 million, mainly due to higher marketing costs by PLN 13,4 million, mainly related to higher expenditure on online marketing campaigns, and higher by PLN 11,1 million costs of remuneration and employee benefits resulting mainly from the increase in employment and an increase in provisions created for variable remuneration components (bonuses) and commission costs higher by PLN 3,5 million, resulting from the amounts paid to payment service providers through which clients deposit their funds in transaction accounts.

	THREE-MONTH PERIOD ENDED							
	31.03.2022	31.12.2021	30.09.2021	30.06.2021	31.03.2021	31.12.2020	30.09.2020	30.06.2020
Total operating expenses including: (in PLN'000)	131 036	100 715	84 771	76 384	86 902	83 616	60 138	65 721
- Marketing	50 650	37 201	24 772	25 078	33 050	30 861	17 870	22 260
New clients	55 333	42 760	38 573	40 623	67 231	38 413	21 178	30 523
Average number of active clients	149 726	127 174	110 875	106 563	103 425	72 346	55 760	58 508

Due to the dynamic development of XTB, the Management Board estimates that in 2022 the total costs of operating activities may even be about a third higher than that observed in 2021. 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 expenditure may increase by over 40% 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.

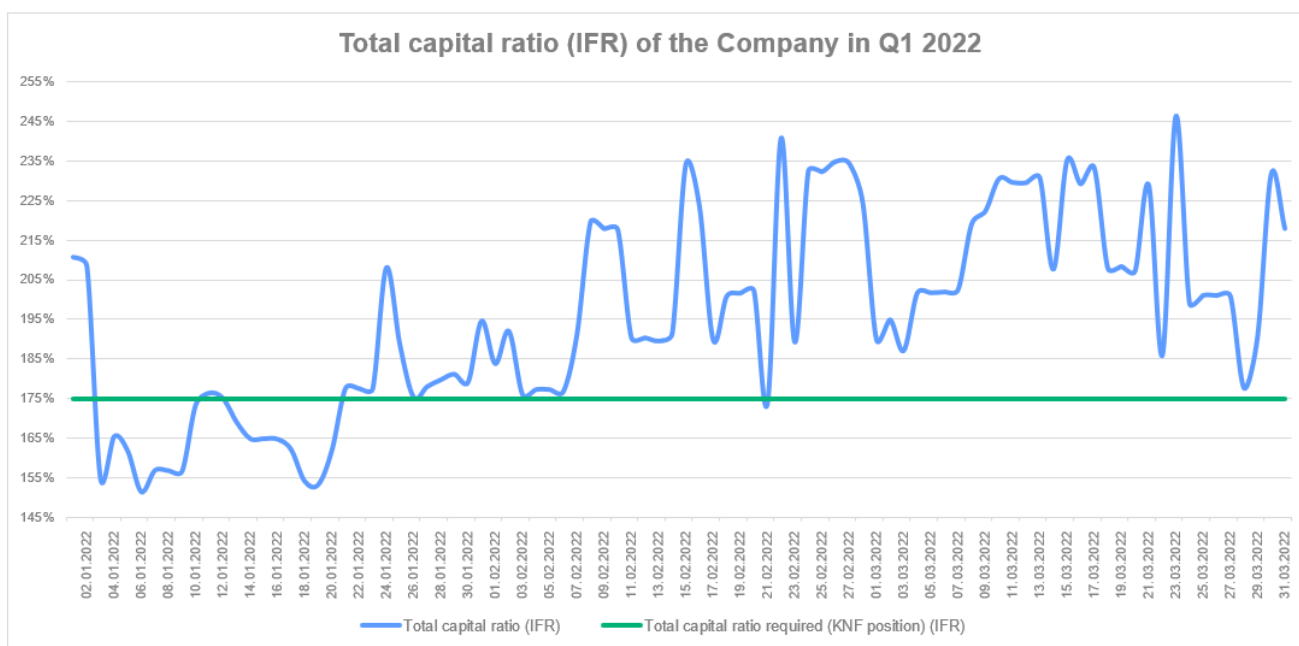
## Dividend

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 to the General Meeting in the future to adopt resolutions on the payment of dividends, taking into account the factors indicated above, in the amount ranging from 50% to 100% of the Company's standalone net profit for a given financial year. The unit net profit for the first quarter of 2022 amounted to PLN 249,0 million.



The levels of the total capital ratio (IFR) of XTB on individual days in the first quarter of 2022 are presented in the chart below.

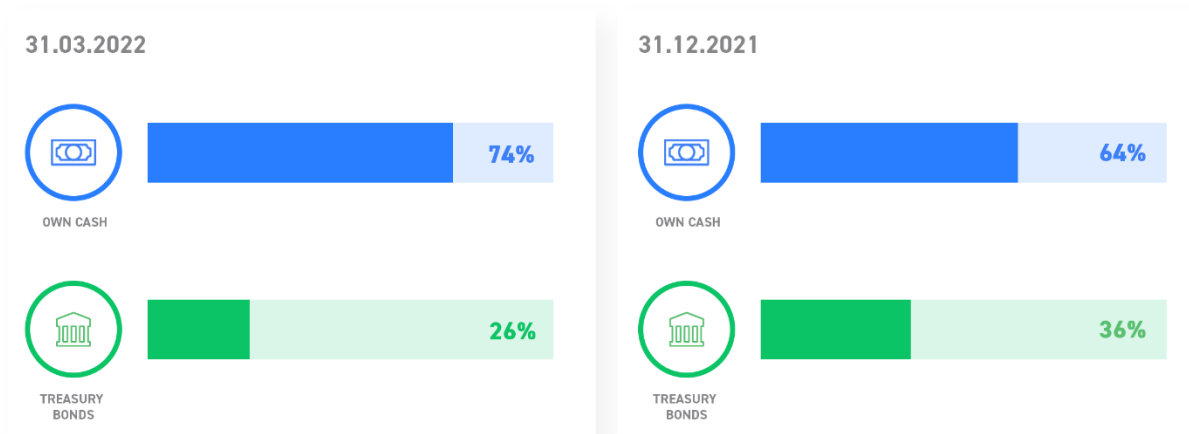


At the end of the first quarter of this year the total capital ratio in the Company was 218,0%. The total capital ratio informs about the ratio of own funds to risk-weighted assets, in other words, it shows whether the brokerage house is able to cover the minimum capital requirement for market, credit, operational and other risks with its own funds.

### Cash and cash equivalents

XTB place part of its cash in financial instruments with a 0% risk weight, i.e. in treasury bonds and bonds guaranteed by the State Treasury. As at March 31, 2022, the total value of own cash and bonds in the XTB Group was PLN 1 271,6 million, of which PLN 937,3 million was cash and PLN 334,3 million for 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		
	31.03.2022	31.12.2021	31.03.2021
EBITDA (in PLN'000) <sup>1</sup>	311 635	85 176	101 747
EBITDA margin (%) <sup>2</sup>	70,9	46,4	54,5
Net profit margin (%) <sup>3</sup>	57,4	37,3	47,7
Return on equity – ROE (%) <sup>4</sup>	96,9	31,1	38,2
Return on assets – ROA (%) <sup>5</sup>	29,8	8,9	14,0
Aggregate capital adequacy ratio (IFR) of the Company(%) <sup>6</sup>	218,0	211,5	123,8
Aggregate capital adequacy ratio (IFR) of the Group (%) <sup>6</sup>	207,9	200,1	118,8

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

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

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

<sup>4)</sup> Calculated as the quotient of net profit 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; the ratios for the 3-month periods have been annualized).

<sup>5)</sup> Calculated as the quotient of net profit 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; the ratios for the 3-month periods have been annualized).

<sup>6)</sup> For comparability and presentation in the period until June 25, 2021, the capital ratio IFR was calculated as the capital ratio CRR including buffers \* 12.5.

## 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		
	31.03.2022	31.12.2021	31.03.2021
<b>Retail operations segment</b>	<b>1 341 189</b>	<b>1 000 881</b>	<b>905 656</b>
Central and Eastern Europe	659 005	461 022	464 672
Western Europe	344 274	251 621	267 276
Latin America <sup>1</sup>	336 404	269 914	173 708
Middle East	1 505	18 324	-
<b>Institutional operations segment</b>	<b>219 551</b>	<b>72 668</b>	<b>209 733</b>
<b>Total</b>	<b>1 560 739</b>	<b>1 073 549</b>	<b>1 115 389</b>

<sup>1)</sup> The subsidiary XTB International Ltd., headquartered in Belize, acquires clients from Latin America and the rest of the world (without Europe).

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 of CFD derivatives at nominal value (in USD million);
- Profitability per 1 million USD transaction volume in CFD instruments (in USD) and;
- the volume of share transactions at 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.

	<b>THREE-MONTH PERIOD ENDED</b>		
	<b>31.03.2022</b>	<b>31.12.2021</b>	<b>31.03.2021</b>
New clients <sup>1</sup>	55 333	42 760	67 231
Clients in total	481 931	429 157	316 658
Number of active clients <sup>2</sup>	149 726	127 174	103 446
Average number of active clients <sup>3</sup>	149 726	127 174	103 446
Net deposits (in PLN'000) <sup>4</sup>	1 104 974	772 117	951 295
Average operating income per active client (in PLN'000) <sup>5</sup>	2,9	1,4	1,8
Transaction volume in CFD instruments in lots <sup>6</sup>	1 560 739	1 073 549	1 115 389
Profitability per lot (in PLN) <sup>7</sup>	282	171	167
Transaction volume in CFD instruments in nominal value (in USD'000000)	631 255	482 097	386 347
Profitability for 1 million USD transaction volume in CFD instruments in nominal value (in USD) <sup>8</sup>	167	94	127
Turnover of shares in nominal value (in USD'000000)	1 166	1 085	1 417

<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> 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		
	31.03.2022	31.12.2021	31.03.2021
New clients <sup>1)</sup>	55 333	42 760	67 231
Average number of active clients <sup>2)</sup>	149 704	127 154	103 425
Clients in total	481 893	429 119	316 620
Number of transactions <sup>3)</sup>	34 298 060	22 774 891	19 969 523
Transaction volume in CFD instruments in lots <sup>4)</sup>	1 341 189	1 000 881	905 656
Net deposits (in PLN'000) <sup>5)</sup>	1 095 206	773 409	931 852
Average operating income per active client (in PLN'000) <sup>6)</sup>	2,8	1,5	1,7
Average cost of obtaining an client (in PLN'000) <sup>7)</sup>	0,9	0,9	0,5
Profitability per lot (in PLN) <sup>8)</sup>	316	189	195
Transactions volume in CFD at nominal value (in USD million)	587 813	450 107	344 142
Profitability for 1 million USD transaction volume in CFD instruments in nominal value (in USD) <sup>9)</sup>	173	104	134
Turnover of shares in nominal value (in USD'000000)	1 166	1 085	1 417

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

<sup>2)</sup> Average quarterly number of clients who at least one transaction has been concluded over the three month period.

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

<sup>4)</sup> 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. The presented value does not include CFDs on stocks 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 the retail segment converted into USD, based on the exchange rate being the arithmetic mean of the average rates determined by the National Bank of Poland on the last day of each month of the reporting period, divided by the transaction volume in CFDs at nominal value (in USD million).

The table below presents data broken down by geography for the average quarterly number of retail customers of the Group who made at least one transaction during the three-month period. The location of active clients was determined based on the location of the Group's office (that serves the client).

	THREE-MONTH PERIOD ENDED					
	31.03.2022		31.12.2021		31.03.2021	
Central and Eastern Europe	88 682	59%	72 802	24%	59 768	58%
Western Europe	33 258	22%	30 369	57%	28 397	27%
Latin America <sup>1)</sup>	27 724	19%	23 963	19%	15 260	15%
Middle East	40	0%	20	0%	-	-
<b>Average number of active clients</b>	<b>149 704</b>	<b>100%</b>	<b>127 154</b>	<b>100%</b>	<b>103 425</b>	<b>100%</b>

<sup>1)</sup> The subsidiary XTB International Ltd., headquartered in Belize, acquires clients from Latin America and the rest of the world (without Europe).

## Institutional operations segment

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

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



	THREE-MONTH PERIOD ENDED		
	31.03.2022	31.12.2021	31.03.2021
Average number of active clients	22	20	21
Clients in total	38	38	38

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

	THREE-MONTH PERIOD ENDED		
	31.03.2022	31.12.2021	31.03.2021
Transaction volume in CFD instruments in lots	219 550	72 668	209 733

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 efforts of the Management Board are focused on expansion to the markets of the Middle East and Africa.

## 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 2022 and in some cases also longer:

- The business model used by the Group combines the features of the agency model and the market making principal model in which the Group is a party to a transaction concluded and initiated by the client. The Group does not engage in proprietary trading awaiting changes in prices or values of the underlying instruments.

The group offers both CFD instruments and stocks/ETFs from the cash markets. In the case of selected CFD instruments, e.g. based on share prices, the position of XTB is fully hedged with external brokers. For equity instruments and ETFs, the Group transmits the client's order to be executed directly on the regulated market or in an alternative trading system .

The Group's operating income is generated:

- from spreads (the difference between the selling price – offer and the buying price - bid);  
from commissions and fees charged to clients by the Group;
- from charged swap points (being the amounts resulting from the difference between the theoretical forward rate and the spot price of the financial instrument) and
- from the net result (profits minus losses) on the Group's market making activities;

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, economic or geopolitical 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.

	THREE-MONTH PERIOD ENDED							
	31.03.2022	31.12.2021	30.09.2021	30.06.2021	31.03.2021	31.12.2020	30.09.2020	30.06.2020
Total operating income (in PLN'000)	439 804	183 567	200 029	55 302	186 697	139 962	139 630	211 494
Transaction volume in CFD instruments in lots <sup>1)</sup>	1 560 739	1 073 549	1 044 329	871 300	1 115 389	800 935	760 373	829 017
Profitability per lot (in PLN) <sup>2)</sup>	282	171	192	63	167	175	184	255
Transactions volume in CFD at nominal value (in USD million)	631 255	482 097	502 650	366 257	386 347	292 000	275 144	206 037
Profitability per 1 million turnover in CFD derivatives (in PLN) <sup>3)</sup>	167	94	102	40	127	126	135	253

<sup>1)</sup> 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. The presented value does not include CFDs on stocks 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, based on the exchange rate being the arithmetic mean of the average rates determined by the National Bank of Poland on the last day of each month of the reporting period, divided by the transaction volume in CFDs at nominal value (in USD million).

- 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. The table below illustrates the percentage share of the institutional business segment in total operating income.

	31.03.2022	2021	2020	2019	2018	2017
% share of operating income from institutional operations in total operating income	3,6%	0,3%	13,2%	8,7%	6,5%	15,2%

The level of volatility on financial and commodity markets in 2022, 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 development of XTB, the Management Board estimates that in 2022 the total costs of operating activities may even be about a third higher than that observed in 2021. 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 expenditure may increase by over 40% 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.

- 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 efforts of the Management Board are focused on expansion into the markets of the Middle East and Africa.





- 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 2022 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	10.01.2017	30.06.2022
Paweł Szejko	Board Member	28.01.2015	30.06.2022
Filip Kaczmarzyk	Board Member	10.01.2017	30.06.2022
Jakub Kubacki	Board Member	10.07.2018	30.06.2022
Andrzej Przybylski	Board Member	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 Chairman of the Board. On 23.03.2017 he was appointed the Chairman 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 March 31, 2022 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 FIRST APPOINTMENT	EXPIRATION DATE OF THE CURRENT TERM
Jan Byrski	President of the Supervisory Board	22.11.2021	19.11.2024
Jakub Leonkiewicz	Member of the Supervisory Board	19.11.2021	19.11.2024
Łukasz Baszczyński	Member of the Supervisory Board	19.11.2021	19.11.2024
Bartosz Zabłocki	Member of the Supervisory Board	19.11.2021	19.11.2024
Grzegorz Grabowicz	Member of the Supervisory Board	19.11.2021	19.11.2024

There were no changes in the composition of the Supervisory Board in the reporting period.

### 4. Information about shares and shareholding

#### 4.1 Equity

As at March 31, 2022 and as at the date of submitting this annual report, the share capital of XTB S.A. consisted of 117 383 635 A-series ordinary shares. Nominal value of each XTB S.A. share is PLN 0,05.



## 4.2 Shares on the stock exchange

On 4 May 2016, the Warsaw Stock Exchange (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

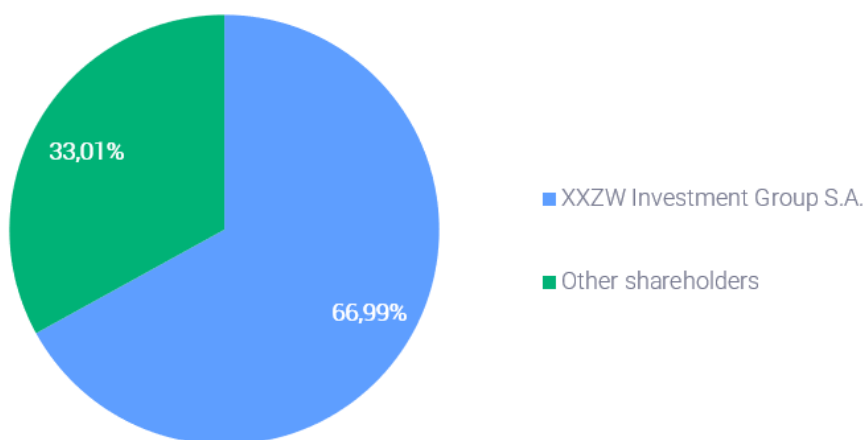
To the best knowledge of the Management Board of the Company as of March 9, 2022, i.e. the submission of the previous periodic report (i.e. the annual report for 2021) the number of shareholders holding, directly or through subsidiaries, at least 5% of the total number of votes at the General Meeting 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 Zablocki, 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 March 31, 2022 and as at the date of this report is presented in the chart below:



According to the best knowledge of the Management Board of the Company, as at March 31, 2022 and as at the date of submitting this periodic report, the number of shareholders holding, directly or through subsidiaries, at least 5% of the total number of votes at the General Meeting of the Parent Company did not change compared to the status as at March 09, 2022 year.



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

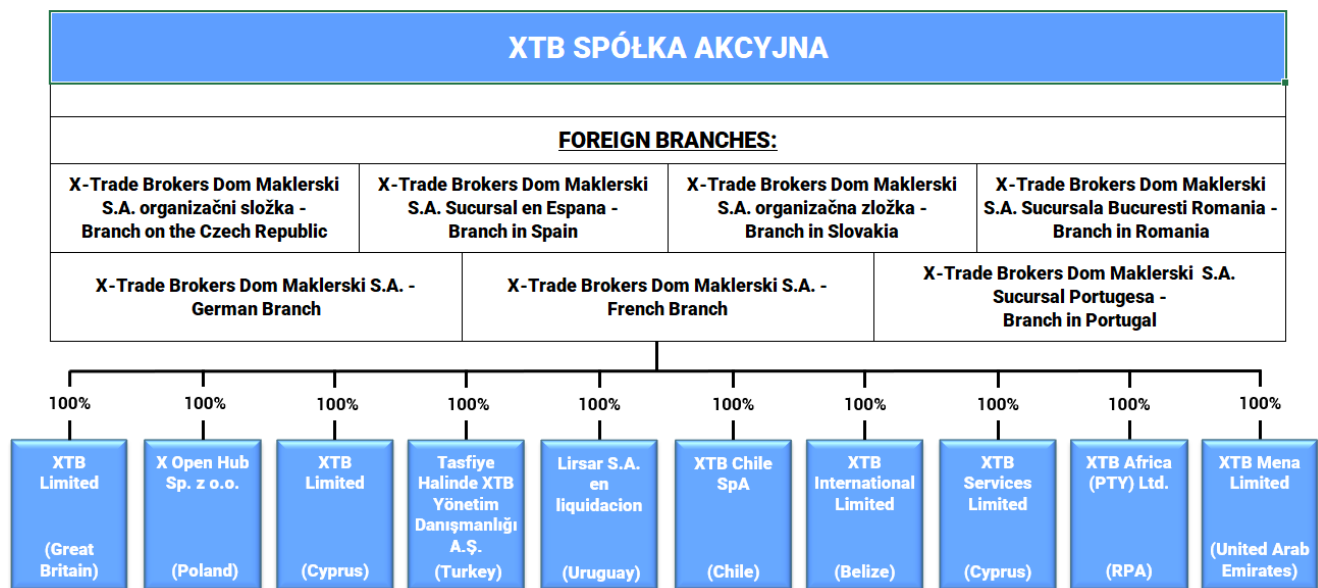
The managing and supervising persons did not have any shares or rights to the Company's shares as at the end of the reporting period and as at the date of submitting this report.

## 5. Other information

### 5.1 Description of the Group's organization

As at the date of publication of this report, the Group was composed of Parent Company and 10 subsidiaries of the Company. The company owns 7 foreign branches.

The diagram below shows the structure of the Group, including the Company's foreign branches, along with the share in the share capital / number of votes at the general meeting or shareholders' meeting to which the shareholder or partner 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 2021 XTB Yönetim Danışmanlığı Anonim Şirketi did not conduct any operating activities. In the past the company business encompassed among others:

- 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. As a result, the Management Board decided to terminate the activity on the Turkish market and liquidate the subsidiary in Turkey.

On 3 March 2020 the General Meeting of company 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, XTB 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 PLN 21,9 million 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 2021 amounted to PLN (-) 3,7 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 en 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 based 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 South Africa. 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.

On August 10, 2021, XTB Africa (PTY) Ltd. received a license from the (ang. Financial Sector Conduct Authority) to operate in South Africa.

As at the date of publishing this report, the Company did not conduct any operating activities.

### Fundacja XTB, Poland

On 23 December 2020 Fundacja XTB 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

On January 9, 2021, the company XTB MENA Limited based in the United Arab Emirates was registered in the local register of entrepreneurs. The parent company acquired 100% of shares in the subsidiary. On April 13, 2021, the shares in XTB MENA Limited based in the United Arab Emirates (UAE) were paid for. The contributed capital amounted to USD 1 million.

On July 11, 2021, XTB MENA Limited received a notification from DFSA (Dubai Financial Services Authority) on granting the company a license to operate in the UAE with its effective date on July 8, 2021. The company provides brokerage services.

In the reporting period, i.e. from January 1 to March 31, 2022 and until the date of submission of this report, there were no changes in the structure of the XTB S.A. other than those described above.

## 5.2 Information on transactions with related parties

In the three-month period ended March 31, 2022 and March 31, 2021, there were no concluded transactions in the Group with related entities on terms other than market conditions.

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

(in PLN'000)	31.03.2022	31.03.2022	31.03.2021	31.12.2021	31.03.2021
	REVENUES	RECEIVABLES	REVENUES	RECEIVABLES	RECEIVABLES
<b>Related parties:</b>					
XTB Limited (UK)	14 758	14 533	5 965	9 829	8 829
XTB Limited (CY)	9 122	244	1 322	-	185
X Open Hub Sp. z o.o. (PL)	507	202	613	261	248
XTB International Limited (Belize)	87 914	26 112	25 871	8 628	1 919
XTB MENA Limited (UAE)	-	5 068	-	5 545	-

(in PLN'000)	31.03.2022	31.03.2022	31.03.2021	31.12.2021	31.03.2021
	COSTS	LIABILITIES	COSTS	LIABILITIES	LIABILITIES
<b>Related parties:</b>					
XTB Limited (UK)	(5 901)	7 299	(4 481)	11 608	12 137
XTB Limited (CY)	(953)	1 722	(764)	2 200	2 191
X Open Hub Sp. z o.o. (PL)	(696)	412	(567)	-	288
XTB International Limited (Belize)	(27 315)	27 068	(12 530)	38 237	26 573
XTB Services Limited (CY)	(10 353)	3 256	(10 331)	2 390	2 818
XTB MENA Limited (UAE)	(3 579)	1 331	-	748	-



Details of transactions with related entities are presented in detail in note 27.2 to the interim condensed consolidated financial statements.

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

As at March 31, 2022 and in the reporting period, i.e. from January 1, 2022 to March 31, 2022 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 XTB S.A. did not publish any forecasts of the results for 2022.

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

As of 31 March 2022 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 16,5 million, which consists of three proceedings on employee claims, with a value of approximately PLN 600 thousand, five suits brought by clients with the total value of PLN 7,8 million and moreover, one proceeding brought by ESBANK Bank Spółdzielczy regarding the alleged failure to apply financial security measures by the Company and one proceeding of a non-client of the Company with a value of approximately PLN 170 thousand. Below are presented the most significant, in the Company's view:

- 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.

On 5 January 2022 the Court of Appeal ruled on the Company's appeal against the judgment of the Court of First Instance. The appeal was upheld for the most part: the Court amended the judgment of the Court of First Instance and prohibited XTRADE Europe from using a further 3 word and graphic signs, as claimed in the lawsuit. The appeal regarding the claim for publishing an apology in the media was dismissed. The proceeding is legally closed.

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. On 8 November 2021 the EUIPO Board of Appeal issued its decision and upheld the arguments and evidence submitted by the Company and found that the Company's sign was used in Germany in the course of trade of more than local significance prior to the date of application for the disputed mark and that the Company's sign was used for "brokerage and financial services". For the rest, the Board of Appeal remitted the case back to the first instance, the Cancellation Division, which will re-examine the application in question. In its re-examination, the Cancellation Division will be bound by the arguments and reasoning of the Board of Appeal. In addition, the Cancellation Division should analyse whether the other grounds for invalidity of the contested mark which were not analysed by the Board of Appeal in its decision are fulfilled. Only after this analysis and reconsideration will the Cancellation Division issue a decision on the merits of the application and the cancellation. This decision will again be subject to appeal by either party. The proceeding before EUIPO is pending.



## 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. On November 8, 2021, the AMF issued a warning and at the same time imposed a fine of EUR 300,000 on the Company, which the Company subsequently paid.

- by letter dated November 27th, 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 2nd, 2020. As of the submission date of this report, the control has been completed. On June 23, 2021, the Company received the draft inspection report of June 20, 2021. In the reply sent to the supervisory authority to the draft report received, the Company addressed in detail the preliminary post-inspection findings. It cannot be ruled out, that the irregularities identified during the control may result in the application of supervisory measures and sanctions to the Company provided for in the applicable regulations and may result in the must for the Company to bear significant financial expenses, as well as to implement significant organizational changes.
- 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. February 8, 2022, CMVM provided XTB with a summary of its inspection activities. As at the date of the report, the Company is awaiting further information from CMVM.
- on January 10, 2022, a customs and tax inspection held by the Head of the Masovian Customs and Tax Office in Warsaw regarding the correctness and reliability of XTB settlements for corporate income tax for 2019 began. The inspection, in accordance with the authorization to carry out control should be completed within three months from the date of initiation. As at the date of publication of this report, the inspection is still in progress.

## 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.

### **Act amending the Banking Law and certain other acts**

On December 28, 2020, the parliament received a draft act amending the Banking Law and certain other acts, including the act on trading in financial instruments and 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 effective date of the Act has been split, with some provisions taking effect within 14 days of the Act's promulgation, some taking effect on June 28, 2021, and the remainder taking effect on January 1, 2023.

The Company exercised due diligence in order to comply with obligation under Act amending the Banking law and certain other acts. 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.

### **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 and on April 30, 2021 announced in the Journal of Laws. The entry into force of the Act has been staggered - some of the provisions came into force 14 days after the date of announcement, some 3 months after the date of announcement, and some 6 months after the date of announcement.

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.

## **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 was 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 Bill was passed in session on 1 October 2021 and was transmitted to the President and the Speaker of the Senate on 4 October 2021, and on 25 November 2021 it was promulgated. The entry into force of the Act has been staggered - some provisions entered into force on the day after the date of promulgation, some on 1 January 2022 and some will enter into force on 1 January 2023.

The Company exercised due diligence in order to comply with obligation under Act amending the Trading in financial instruments act and other acts. 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 regulations amending the regulation on the scope, procedure, form and deadlines for submitting information to the Polish Financial Supervision Authority by investment firms, banks referred to in art. 70 sec. 2 of the Act on Trading in Financial Instruments, and custodian banks**

On 18 June 2021 and 7 July 2021, draft regulations amending the regulation on the scope, mode and form of and deadlines for the provision of information to the Polish Financial Supervision Authority by investment firms, banks referred to in Article 70(2) of the Act on Trading in Financial Instruments, and custodian banks were published. Both regulations were announced.

The most important assumptions of the regulations:

- draft dated 18 June 2021 - amendments to the current regulation with respect to the quarterly sales activity report, which is prepared in accordance with the template set out in Annex 10 to the regulation – The regulation was promulgated on 15 December 2021 and will enter into force on 1 June 2022;
- draft dated 7 July 2021 - amendments to the regulation currently in force are aimed at making the necessary changes to the national legal order in connection with the entry into force of Directive (EU) 2021/338 of the European Parliament and of the Council of 16 February 2021 amending Directive 2014/65/EU as regards information requirements, product governance and position limits and Directives 2013/36/EU and (EU) 2019/878 as regards their application to investment firms in order to support the recovery from the COVID-19 crisis and consists in (i) incorporating the EU regulations on the prudential supervision of investment firms into the text of the Regulation, (ii) specifying the obligations of investment firms



in the event of an inability to comply with certain disclosure obligations, (iii) specifying certain obligations relating to the use of research services and (iv) introducing new responsibilities for the compliance function - the regulation was promulgated on 14 December 2021 and entered into force on 28 February 2022.

### **Draft act on the protection of whistleblowers**

On 18 October 2021, the Draft Act on the Protection of Whistleblowers was published on the website of the Government Legislation Centre. The Draft act aims to implement Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons reporting infringements of Union law.

The guarantees and remedies provided for in the act will be available to the whistleblower, regardless of the basis and form of work provision (including, but not limited to, an employment contract, civil law contract, business activity by an individual, management contract, voluntary work, internship and traineeship), including those providing work to entities with which the employer has a business relationship, such as contractors, subcontractors or suppliers, and other whistleblowers in a work-related context, such as shareholders and partners and members of bodies of a legal entity. It will be possible to report violations of the law through internal reporting channels established by private and public entities, through external reporting channels to the relevant state authorities and through public disclosure. The draft act will set out the requirements for the establishment and organisation of internal and external channels (procedures and organisational arrangements) for reporting violations and the rules for making public disclosures.

According to the draft, the Act will enter into force after 14 days from the date of its publication. Implementation of the obligation to establish internal notification rules by entities in the private sector with at least 50 and less than 250 employees will take place by 17 December 2023. The draft has gone through the stage of issuing opinions and public consultations and is currently at the stage of final arrangements.

### **Regulation of the Minister of Finance on estimation of internal capital and liquid assets, risk management system, supervisory examination and assessment, and remuneration policy in a brokerage house and a small brokerage house**

On 9 December 2021, the Regulation of the Minister of Finance of 8 December 2021 on estimation of internal capital and liquid assets, risk management system, supervisory examination and assessment, as well as remuneration policy in a brokerage house and a small brokerage house was published in the Journal of Laws. The Regulation implements the IFD/IFR package, i.e. Directive (EU) 2019/2034 of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU and 2014/65/EU (OJ L 314, 05.12.2019, p. 64, as amended) and Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on prudential requirements for investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014 (OJ L 314, 05.12.2019, p. 1, as amended). The main objectives of the Regulation: (i) clarification of the rules for the preparation and implementation by a brokerage house, as part of its risk management system, of internal policies, strategies and procedures and systems and processes for the identification, measurement or estimation, monitoring and control, and mitigation of risk, in line with the principle of proportionality in risk management in a brokerage house; (ii) the principles for the preparation and implementation by the brokerage house of the process for estimating and maintaining internal capital and liquid assets, are intended to ensure that the brokerage house has internal capital adequate in quantity, quality and structure to cover the risks to which it is or may be exposed. The regulations also impose obligations on the brokerage to ensure that the internal capital and liquid assets estimation process is regularly reviewed, adapted to changes in the business, and independently assessed and reviewed by internal audit and appropriately documented. Definition of the detailed scope of the remuneration policy and the way it is determined in order to adapt the remuneration level to the risk profile of the brokerage house - this is done by defining the principles of the remuneration policy on variable components of remuneration and setting the criteria for determining the fixed and variable components of remuneration, (iii) introduction of clear criteria for identification of brokerage houses and persons to whom the requirements for deferral and payment of remuneration in financial instruments do not apply, which is necessary to ensure compliance with the supervision exercised by the Financial Supervision Committee and equal conditions for their operation; (iv) those who perform internal control functions, those who perform compliance monitoring functions, those who perform internal audit functions and those who perform risk management functions shall be remunerated for the achievement of the objectives of their tasks, independent of the performance of the activities they control. Their remuneration will be directly overseen by the remuneration committee, or by the supervisory board where no such committee has been established. The provisions of the regulation do not apply to variable components of remuneration due for 2021 and previous years. The regulation entered into force within 14 days of its publication.

The Company exercised due diligence in order to comply with obligation under Regulation of the Minister of Finance on estimation of internal capital and liquid assets, risk management system, supervisory examination and assessment, and remuneration policy in a brokerage house and a small brokerage house. 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.

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 of the page, there is a small grid of six grey squares arranged in two rows of three.

**INTERIM CONDENSED  
FINANCIAL STATEMENTS**





## INTERIM CONDENSED COMPREHENSIVE INCOME STATEMENT

(IN PLN'000)	THREE-MONTH PERIOD ENDED	
	31.03.2022 (UNAUDITED)	31.03.2021 (UNAUDITED)
Result of operations on financial instruments	409 758	170 615
Income from fees and charges	1 491	1 180
Other income	11	5
<b>Total operating income</b>	<b>411 260</b>	<b>171 800</b>
Salaries and employee benefits	(35 455)	(24 714)
Marketing expense	(37 653)	(20 873)
Other external services	(20 697)	(18 226)
Commission expenses	(8 287)	(6 958)
Amortization and depreciation	(2 372)	(1 754)
Taxes and statutory fees	(1 333)	(1 070)
Costs of maintenance and lease of buildings	(1 134)	(608)
Other costs	(1 606)	(353)
<b>Total operating expenses</b>	<b>(108 537)</b>	<b>(74 556)</b>
<b>Profit (loss) on operating activities</b>	<b>302 723</b>	<b>97 244</b>
<b>Impairment of investments in subsidiaries</b>	<b>(184)</b>	<b>(217)</b>
Finance income	3 728	8 789
Finance costs	(1 520)	(104)
<b>Profit (loss) before tax</b>	<b>304 747</b>	<b>105 712</b>
Income tax	(55 716)	(18 694)
<b>Net profit (loss)</b>	<b>249 031</b>	<b>87 018</b>
<b>Other comprehensive income</b>	<b>113</b>	<b>(1 126)</b>
Items which will be reclassified to profit (loss) after meeting specific conditions	113	(1 126)
- foreign exchange differences on translation of foreign operations	(283)	(1 413)
- foreign exchange differences on valuation of separated equity	488	354
- deferred income tax	(93)	(67)
<b>Total comprehensive income</b>	<b>249 144</b>	<b>85 892</b>
<b>Earnings per share:</b>		
- basic profit (loss) per year attributable to shareholders of the Parent Company (in PLN)	2,12	0,74
- basic profit (loss) from continued operations per year attributable to shareholders of the Parent Company (in PLN)	2,12	0,74
- diluted profit (loss) of the year attributable to shareholders of the Parent Company (in PLN)	2,12	0,74
- diluted profit (loss) from continued operations of the year attributable to shareholders of the Parent Company (in PLN)	2,12	0,74



## INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

(IN PLN'000)	31.03.2022 (UNAUDITED)	31.12.2021 (AUDITED)	31.03.2021 (UNAUDITED)
<b>ASSETS</b>			
Cash and cash equivalents	2 550 761	2 185 986	1 843 439
Financial assets at fair value through P&L	668 708	663 725	738 879
Investments in subsidiaries	43 940	39 879	35 672
Income tax receivables	80	7 247	7
Financial assets at amortised cost	73 464	47 796	24 931
Prepayments and deferred costs	8 548	7 093	5 961
Intangible assets	396	450	616
Property, plant and equipment	30 629	12 562	11 110
Deferred income tax assets	6 292	6 820	7 407
<b>Total assets</b>	<b>3 382 818</b>	<b>2 971 558</b>	<b>2 668 022</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Liabilities</b>			
Amounts due to clients	1 971 422	1 879 191	1 472 808
Financial liabilities held for trading	76 415	94 469	120 633
Income tax liabilities	20 887	132	3 959
Liabilities due to lease	22 411	4 382	6 498
Other liabilities	92 152	44 429	49 426
Provisions for liabilities	3 320	4 665	4 956
Deferred income tax provision	34 648	31 871	34 867
<b>Total liabilities</b>	<b>2 221 255</b>	<b>2 059 139</b>	<b>1 693 147</b>
<b>Equity</b>			
Share capital	5 869	5 869	5 869
Supplementary capital	71 608	71 608	71 608
Other reserves	598 651	598 651	390 592
Foreign exchange differences on translation	1 563	1 450	1 612
Retained earnings	483 872	234 841	505 194
<b>Total equity</b>	<b>1 161 563</b>	<b>912 419</b>	<b>974 875</b>
<b>Total equity and liabilities</b>	<b>3 382 818</b>	<b>2 971 558</b>	<b>2 668 022</b>



## INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

Interim condensed statement of changes in equity for the period from 1 January 2022 to 31 March 2022

(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 2022	5 869	71 608	598 651	1 450	234 841	912 419
Total comprehensive income for the financial year						
Net profit	-	-	-	-	249 031	249 031
Other comprehensive income	-	-	-	113	-	113
Total comprehensive income for the financial year	-	-	-	113	249 031	249 144
Transactions with Parent Company's owners recognized directly in equity						
Appropriation of profit	-	-	-	-	-	-
- dividend payment	-	-	-	-	-	-
- transfer to other reserves	-	-	-	-	-	-
Increase (decrease) in equity	-	-	-	113	249 031	249 144
As at 31 March 2022 (unaudited)	5 869	71 608	598 651	1 563	483 872	1 161 563



**Statement of changes in equity for the period from 1 January 2021 to 31 December 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
<b>Total comprehensive income for the financial year</b>						
Net profit	-	-	-	-	234 841	234 841
Other comprehensive income	-	-	-	(1 288)	-	(1 288)
<b>Total comprehensive income for the financial year</b>	-	-	-	(1 288)	234 841	233 553
<b>Transactions with Parent Company's owners recognized directly in equity</b>						
Appropriation of profit						
- dividend payment	-	-	-	-	(210 117)	(210 117)
- transfer to other reserves	-	-	208 059	-	(208 059)	-
<b>Increase (decrease) in equity</b>	-	-	208 059	(1 288)	(183 335)	23 436
As at 31 December 2021 (audited)	5 869	71 608	598 651	1 450	234 841	912 419





## 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)
<b>Total comprehensive income for the financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1 126)</b>	<b>87 018</b>	<b>85 892</b>
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>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1 126)</b>	<b>87 018</b>	<b>85 892</b>
As at 31 March 2021 (unaudited)	5 869	71 608	390 592	1 612	505 194	974 875



## INTERIM CONDENSED CASH FLOW STATEMENT

(IN PLN'000)	THREE-MONTH PERIOD ENDED	
	31.03.2022 (UNAUDITED)	31.03.2021 (UNAUDITED)
<b>Cash flows from operating activities</b>		
Profit (loss) before tax	304 747	105 712
<b>Adjustments:</b>	<b>21 481</b>	<b>13 359</b>
Amortization and depreciation	2 372	1 754
Foreign exchange (gains) losses from translation of own cash	1 751	(12 002)
(Gain) Loss on investment activity	1 701	177
Other adjustments	45	(1 177)
<b>Changes</b>		
Change in provisions	(1 345)	45
Change in balance of financial assets at fair value through P&L and financial liabilities held for trading	(20 704)	(53 348)
Change in balance of restricted cash	(75 170)	(284 742)
Change in financial assets at amortised cost	(25 668)	(1 367)
Change in balance of prepayments and accruals	(1 455)	(1 080)
Change in balance of amounts due to clients	92 231	368 556
Change in balance of other liabilities	47 723	(3 457)
<b>Cash from operating activities</b>	<b>326 228</b>	<b>119 071</b>
Income tax paid	(24 489)	(840)
Interests	174	45
<b>Net cash from operating activities</b>	<b>301 913</b>	<b>118 276</b>
<b>Cash flow from investing activities</b>		
Expenses relating to payments for property, plant and equipment	(1 803)	(1 031)
Expenses relating to payments for intangible assets	-	(196)
Expenses relating to payments for investments in subsidiaries	(4 244)	-
Expenses relating purchase of bonds	(316 203)	(210 130)
Proceeds from sale of bonds	311 156	203 852
Interests on bonds	1 405	787
<b>Net cash from investing activities</b>	<b>(9 689)</b>	<b>(6 718)</b>
<b>Cash flow from financing activities</b>		
Payments of liabilities under finance lease agreements	(696)	(1 050)
Interest paid under lease	(174)	(45)
<b>Net cash from financing activities</b>	<b>(870)</b>	<b>(1 095)</b>
<b>Increase (Decrease) in net cash and cash equivalents</b>	<b>291 354</b>	<b>110 463</b>
<b>Cash and cash equivalents – opening balance</b>	<b>550 871</b>	<b>494 766</b>
<b>Effect of FX rates fluctuations on balance of cash in foreign currencies</b>	<b>(1 749)</b>	<b>12 002</b>
<b>Cash and cash equivalents – closing balance</b>	<b>840 476</b>	<b>617 231</b>

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