



TRANSLATORS' EXPLANATORY NOTE

The English content of this report is a free translation of the registered auditor's report of the below-mentioned Polish Company. In Poland statutory accounts as well as the auditor's report should be prepared and presented in Polish and in accordance with Polish legislation and the accounting principles and practices generally adopted in Poland.

The accompanying translation has not been reclassified or adjusted in any way to conform to the accounting principles generally accepted in countries other than Poland, but certain terminology current in Anglo-Saxon countries has been adopted to the extent practicable. In the event of any discrepancies in interpreting the terminology, the Polish language version is binding.

Independent Registered Auditor's Report

To the General Shareholders' Meeting and the Supervisory Board of X-Trade Brokers Dom Maklerski S.A.

Report on the audit of consolidated financial statements

Our opinion

In our opinion, the attached annual financial statements of X-Trade Brokers Dom Maklerski SA ("the Company"):

- give a true and fair view of the financial position of the Company as at 31 December 2019 and financial performance and its cash flows for the year then ended in accordance with the applicable International Financial Reporting Standards as adopted by the European Union and the adopted accounting policies;
- comply in terms of form and content with the laws applicable to the Company and the Company's Articles of Association;
- have been prepared on the basis of properly maintained books of account in accordance with the provisions of Chapter 2 of the Accounting Act of 29 September 1994 ("the Accounting Act" – Consolidated text: Journal of Laws of 2019, item 351, as amended) Our

opinion is consistent with our additional report to the Audit Committee issued on the date of this report on 9 March 2020.

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What we have audited

We have audited the annual financial statements of which comprise:

- the statement of financial position as at 31 December 2019;

and the following prepared for the financial year from 1 January to 31 December 2019:

- the statement of comprehensive income;
- the statement of changes in equity;
- the statement of cash flows, and

the notes comprising a description of the adopted accounting policies and other explanations.

Basis for opinion

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing as adopted as National Standards on Auditing by the National Council of Statutory Auditors (“NSA”) and pursuant to the Act of 11 May 2017 on Registered Auditors, Registered Audit Companies and Public Oversight (“the Act on Registered Auditors” – Journal of Laws of 2019, item 1421, as amended) and Regulation (EU) No. 537/2014 of 16 April 2014 on specific requirements regarding the statutory audit of public-interest entities (“the EU Regulation” – Journal of Laws EU L158). Our responsibilities under those NSA are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report.

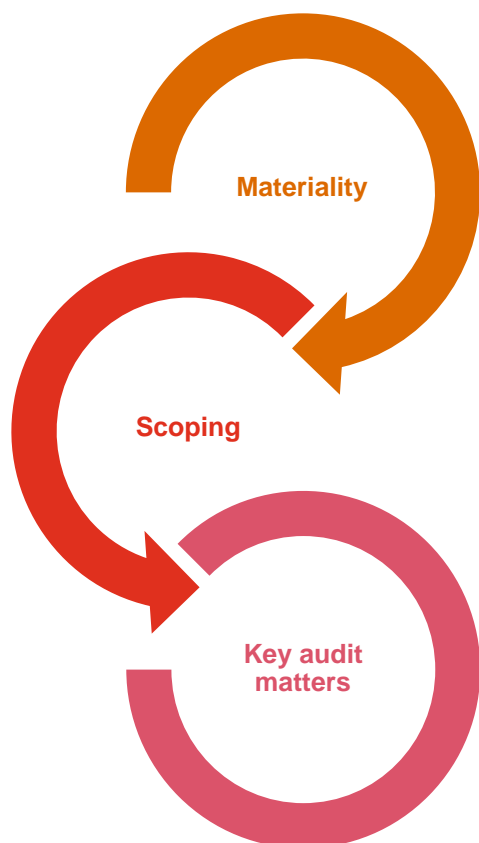
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and ethics

We are independent of the Company in accordance with the International Federation of Accountants’ Code of Ethics for Professional Accountants (“the IFAC Code”) as adopted by resolutions of the National Council of Statutory Auditors and other ethical requirements that are relevant to our audit of the financial statements in Poland. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IFAC’s Code. During the audit, the key registered auditor and the registered audit firm remained independent of the Company in accordance with the independence requirements set out in the Act on Registered Auditors and in the EU Regulation.

Our audit approach

Overview



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- The overall materiality threshold adopted for the purposes of our audit was set at PLN 3.250 thousand, which represents 5% of the profit before tax.
-

- We have audited the annual financial statement of the Company for the period ended 31 December 2019.
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- Valuation of financial assets and liabilities and recognition of the result on financial operations



As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the Company's Management Board made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by the adopted materiality level. Our audit was designed to obtain reasonable assurance that the financial statements as a whole are free from material misstatement. Misstatements may arise due to fraud or error.

They are considered material if, individually or in aggregate, they could reasonably be expected to

influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole. These thresholds, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

The concept of materiality is used by the registered auditor both in planning and conducting an audit, as well as in assessing the effect of the misstatements identified during the audit and the unadjusted misstatements (if any), on the financial statements, and also when forming the registered auditor's report. Therefore, all opinions, assertions and statements contained in the registered auditor's report have been made taking into consideration the quantitative and qualitative materiality levels determined in accordance with the audit standards and the registered auditor's professional judgement

Overall materiality

PLN 3 250 thousand

How we determined it

5% of profit before tax

Rationale for the materiality benchmark applied

We have taken profit before tax as the basis for determining materiality because we believe this measure is commonly used to assess the Company's operations and is a key benchmark for management and supervisory board. We have adopted a materiality level at 5% based on our professional judgement, it is within an acceptable quantitative materiality threshold.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above PLN 162 thousand, as well as misstatements below that amount that, in

our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. They include the most significant identified risks of material

misstatements, including the identified risks of material misstatement resulting from fraud. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon.



We summarized our response to these risks and, when deemed appropriate, presented the most important observations relating to these risks.

We do not provide a separate opinion on these matters. {

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of financial assets and liabilities and recognition of result on operations on financial instruments</p> <p>The result on operations on financial instruments for the year ended December 31, 2019 amounted to PLN 204 479 thousand and constituted the most important item in the consolidated statement of comprehensive income of the Company. The value of financial assets at fair value through profit or loss and financial liabilities held for trading as at December 31, 2019 amounted to PLN 136 549 thousand and PLN 19 159 thousand respectively.</p> <p>The result on operations on financial instruments of the Company consists of realized and unrealized gains or losses and costs related to trading in financial instruments.</p> <p>The process of concluding transactions with customers and valuation of derivative financial instruments is of high volume and requires large amounts of market data. With regard to the above, this area requires substantial work and expertise in the area of financial instruments and information systems.</p> <p>Due to the above, this area requires significant workload and expert knowledge in the field of financial instruments and IT systems and is a key audit matter.</p> <p>Information on accounting policies, as well as quantitative disclosures regarding the result on operations on financial instruments, financial assets at fair value through profit or loss and financial liabilities held for trading are described in notes 4.13, 4.4, 6.1, 16 and 22 respectively</p>	<p>We obtained understanding of the Company's policies and procedures for entering into transactions and valuing financial instruments and recognizing the result thereof. We performed analysis of the design of control mechanisms implemented by the Company in this area, including the process of concluding transactions with customers, the process of valuation, as well as the process of risk management, including the limits on open positions.</p> <p>With regard to IT systems used for executing transactions and valuing financial instruments, with the participation of IT specialists we have gained knowledge on designing internal control mechanisms covering the area of change management and access control to systems processing data on customers' transactions.</p> <p>On selected samples of transactions we have made an independent valuation of financial instruments and an analysis of the correctness of recognition of the valuation in the books as at the balance sheet date. In addition, as regards the result on financial instruments, we conducted tests of details, including reconciliation of selected transactions to source documentation and tests of system reports. In addition, we conducted tests concerning the analysis of customer complaints and turnover on the accounts of customers who are employees of the Company, and on selected sample to adjust the price of the underlying instrument</p> <p>Furthermore, we have assessed the adequacy of disclosures relating to the result of operations on financial instruments, financial assets at fair value through profit or loss and financial liabilities held for trading in the financial statements and their compliance with the International Financial Reporting Standards.</p>

Responsibility of the Management and Supervisory Board for the consolidated financial statements

The Management Board of the Company is responsible for the preparation, based on the properly maintained books of account of financial statements that give a true annual and fair view of the Company's financial position and results of operations, in accordance with the International Financial Reporting Standards as adopted by the European Union the adopted accounting policies, the applicable laws and the Company's Articles of Association, and for such internal control as the Management Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Company's Management Board is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company's Management Board and members of its Supervisory Board are obliged to ensure that the financial statements comply with the requirements specified in the Accounting Act. Members of the Supervisory Board are responsible for overseeing the financial reporting process.

Auditor's responsibility for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the NSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these financial statements.

The scope of the audit does not cover an assurance on the Company's future profitability or the efficiency and effectiveness of the Company's Management Board conducting its affairs, now or in future.

As part of an audit in accordance with the NSA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's Management Board.
- Conclude on the appropriateness of the Company's Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Audit Committee, we determine those matters that were of most significance in the audit of the } financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

Other information, including the Report on the operations

Other information

Other information comprises a Report on the Group and Company's operations for the financial year ended 31 December 2019 ("the Report on the operations") and the corporate governance statement which is a separate part of the Report on the operations (together "Other Information").

Responsibility of the Management and Supervisory Board

The Management Board of the Company is responsible for preparing Other Information in accordance with the law.

The Company's Management Board and the members of the Supervisory Board are obliged to ensure that the Report on the Company's operations complies with the requirements of the Accounting Act.

Registered auditor's responsibility

Our opinion on the audit of the financial statements does not cover Other Information.

In connection with our audit of the financial statements, our responsibility is to read Other Information and, in doing so, consider whether it is materially inconsistent with the information in the } financial statements, our knowledge obtained in our audit, or otherwise appears to be materially misstated. If, based on the work performed, we identified a material misstatement in Other Information, we are obliged to inform about it in our audit report. In accordance with the requirements of the Act on the Registered Auditors, we are also obliged to issue an opinion on whether the Report on the operations has been prepared in accordance with the law and is consistent with information included in annual financial statements.

Moreover, we are obliged to issue an opinion on whether the Company provided the required information in its corporate governance statement and to inform whether the Company prepared

Opinion on the Report on the operations

Based on the work we carried out during the audit, in our opinion, the Report on the Company's operations:

- has been prepared in accordance with the requirements of Article 49 of the Accounting Act and para. 70 of the Regulation of the Minister of Finance dated 29 March 2018 on current and periodical information submitted by issuers of securities and conditions for considering as equivalent the information required under the legislation of a non-Member State ("Regulation on current information" – Journal of Laws 2018, item 757)
- is consistent with the information in the financial statements.

Moreover, based on the knowledge of the Company and its environment obtained during our audit, we have not identified any material misstatements in the Report on the Company's operations.

Opinion on the corporate governance statement

In our opinion, in its corporate governance statement, the Company included information set out in para. 70.6 (5) of the Regulation on current information. In addition, in our opinion, information specified in paragraph 70.6 (5)(c)–(f), (h) and (i) of the said Regulation included in the corporate governance statement are consistent with the



applicable provisions of the law and with information included in the financial statements.

Report on other legal and regulatory requirements

Information on compliance with prudential regulations

The Management Board of the Company is responsible for complying with the applicable prudential regulations set out in separate legislation, and in particular, for the correct determination of the capital ratios.

The capital ratios as at 31 December 2019 have been presented in Note 38 of the financial statements and include core Tier 1 capital ratio, Tier 1 capital ratio and the total capital requirement.

We are obliged to give information in our report on the audit of the financial statements as to whether the Company has complied with the applicable prudential regulations set out in separate legislation, and in particular, whether the Company has correctly determined its capital ratios. For the purposes of the said information, the following legal acts are understood as separate legislation: Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, as amended (“CRR”), the Act of 5 August 2015 on macro-prudential supervision over the financial system and on crisis management in the financial system (“the Act on macro-prudential supervision” – Journal of Laws of 2019, item 483), Regulation of the Minister of Development and Finance of 25 April 2017 on the internal capital, risk management system, supervisory evaluation program and supervisory review and evaluation process, and remuneration policy in a brokerage house; Regulation of the Minister of Finance of 1 July 2016 on the types of brokerage house exposures excluded from large exposure limits, and Regulation of the Minister of Finance of 27 June 2016 on the treatment by brokerage houses of large blocks of shares of non-financial sector entities referred to in Article 89(3) of Regulation 575/2013.

It is not the purpose of an audit of the financial statements to present an opinion on compliance with the applicable prudential regulations specified in the separate legislation specified above, and in particular, on the correct determination of the capital ratios, and therefore, we do not express such an opinion.

Based on the work performed by us, we inform you that we have not identified:

- any cases of non-compliance by the Company with the applicable prudential regulations set out in the separate legislation referred to above, in the period from 1 January to 31 December 2019;
- any irregularities in the determination by the Company of the capital ratios as at 31 December 2019 in accordance with separate legislation referred to above, which would have a material impact on the financial statements.



Statement on the provision of non-audit services

To the best of our knowledge and belief, we declare that the non-audit services we have provided to the Company and its subsidiaries are in accordance with the laws and regulations applicable in Poland and that we have not provided any non-audit services prohibited under Article 5(1) of the EU regulation and Article 136 of the Act on Registered Auditors.

The non-audit services which we have provided to the Company and its subsidiaries in the audited

period are disclosed in the note 32] to the consolidated financial statements.

Appointment

We have been appointed to audit the annual consolidated financial statements of the Company by Resolution of the Supervisory Board 45/2018 of 7 November 2018. The consolidated financial statements of the Company were audited by us for the first time.

The Key Registered Auditor responsible for the audit on behalf of PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k., a company entered on the list of Registered Audit Companies with the number 144., is Agnieszka Accordi.

Agnieszka Accordi
Key Registered Auditor
No. 11665

Warsaw, 9 March 2020