

# REPORT FOR

# THE 3<sup>RD</sup> QUARTER 2022

## XTB S.A. GROUP

This document is an unofficial translation of the Polish version of Periodic Report for the 3<sup>rd</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 2020, item 2080 with subsequent amendments). 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	27
14. Financial assets at fair value through P&L	27
15. Financial assets at amortised cost	27
16. Intangible assets	29
17. Property, plant and equipment	32
18. Amounts due to customers	35
19. Financial liabilities held for trading	35
20. Liabilities due to lease	35
21. Other liabilities	35
22. Provisions for liabilities and contingent liabilities	36
23. Equity	37
24. Profit distribution and dividend	38
25. Earnings per share	38
26. Current tax and deferred income tax	39
27. Related party transactions	43
28. Employment	44
29. Supplementary information and explanations to the cash flow statement	44
30. Post balance sheet events	45
31. Off-balance sheet items	45
32. Items regarding the compensation scheme	46
33. Capital management	46
34. Risk management	48
<b>NOTES TO THE QUARTERLY REPORT</b>	<b>64</b>
1. Information about the Group's activities	64
2. Summary and analysis of the results of the Group	64
3. Company's authorities	78
4. Information about shares and shareholding	79
5. XTB as FinTech	81
6. Strategy of XTB	82
7. Other information	83
<b>INTERIM CONDENSED FINANCIAL STATEMENTS</b>	<b>94</b>
INTERIM CONDENSED COMPREHENSIVE INCOME STATEMENT	95
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION	96
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY	97
INTERIM CONDENSED CASH FLOW STATEMENT	100

# FINANCIAL CONSOLIDATED HIGHLIGHTS





## FINANCIAL CONSOLIDATED HIGHLIGHTS

	IN PLN'000		IN EUR'000	
	NINE-MONTH ENDED		NINE-MONTH ENDED	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
<b>Consolidated comprehensive income statement:</b>				
Total operating income	1 227 503	442 028	261 839	96 968
Profit on operating activities	827 171	193 971	176 444	42 551
Profit before tax	876 194	206 211	186 901	45 237
Net profit	715 789	169 311	152 685	37 142
Net profit and diluted net profit per share attributable to shareholders of the Parent Company (in PLN/EUR per share)	6,10	1,44	1,30	0,32
<b>Consolidated cash flow statement:</b>				
Net cash from operating activities	856 349	163 105	182 668	35 780
Net cash from investing activities	(23 214)	250 209	(4 952)	54 888
Net cash from financing activities	(179 254)	(214 532)	(38 237)	(47 062)
Increase/(Decrease) in net cash and cash equivalents	653 881	198 782	139 480	43 607

	IN PLN'000		IN EUR'000	
	30.09.2022	31.12.2021	30.09.2022	31.12.2021
<b>Consolidated statement of financial position:</b>				
Total assets	4 176 511	3 147 743	857 635	684 381
Total liabilities	2 714 148	2 232 183	557 343	485 320
Share capital	5 869	5 869	1 205	1 276
Equity	1 462 363	915 560	300 292	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)	12,46	7,80	2,56	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: 4,6880;
  - for the comparative period: 4,5585;
- 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: 4,8698;
  - for the comparative period: 4,5994.

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

**INTERIM CONDENSED  
CONSOLIDATED FINANCIAL  
STATEMENTS**





## INTERIM CONDENSED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(IN PLN'000)	NOTE	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
		30.09.2022 (UNAUDITED)	30.09.2021 (UNAUDITED)	30.09.2022 (UNAUDITED)	30.09.2021 (UNAUDITED)
Result of operations on financial instruments	6.1	389 568	198 731	1 222 684	437 904
Income from fees and charges	6.2	1 719	1 269	4 800	3 780
Other income		2	29	19	344
<b>Total operating income</b>	<b>6</b>	<b>391 289</b>	<b>200 029</b>	<b>1 227 503</b>	<b>442 028</b>
Marketing	8	(48 579)	(24 772)	(153 891)	(82 900)
Salaries and employee benefits	7	(49 036)	(36 613)	(142 014)	(95 858)
Commission expenses	10	(12 995)	(8 620)	(40 585)	(26 411)
Other external services	9	(12 737)	(8 762)	(35 102)	(27 134)
Amortisation and depreciation	16,17	(3 080)	(2 284)	(8 735)	(6 597)
Taxes and fees		(2 899)	(1 595)	(7 645)	(4 058)
Costs of maintenance and lease of buildings		(1 958)	(1 081)	(5 923)	(2 970)
Other costs		(1 262)	(1 044)	(6 437)	(2 129)
<b>Total operating expenses</b>		<b>(132 546)</b>	<b>(84 771)</b>	<b>(400 332)</b>	<b>(248 057)</b>
<b>Profit (loss) on operating activities</b>		<b>258 743</b>	<b>115 258</b>	<b>827 171</b>	<b>193 971</b>
Finance income	11	32 081	13 064	49 812	13 724
Finance costs	11	(277)	(134)	(789)	(1 484)
<b>Profit (loss) before tax</b>		<b>290 547</b>	<b>128 188</b>	<b>876 194</b>	<b>206 211</b>
Income tax	26	(54 328)	(23 883)	(160 405)	(36 900)
<b>Net profit (loss)</b>		<b>236 219</b>	<b>104 305</b>	<b>715 789</b>	<b>169 311</b>
<b>Other comprehensive income</b>		<b>4 670</b>	<b>1 316</b>	<b>7 089</b>	<b>(265)</b>
Items which will be reclassified to profit (loss) after meeting specific conditions		4 670	1 316	7 089	(265)
- foreign exchange differences on translation of foreign operations		3 273	502	5 084	(329)
- foreign exchange differences on valuation of separated equity		1 726	1 006	2 475	79
- deferred income tax		(329)	(192)	(470)	(15)
<b>Total comprehensive income</b>		<b>240 889</b>	<b>105 621</b>	<b>722 878</b>	<b>169 046</b>
<b>Net profit attributable to shareholders of the Parent Company</b>		<b>236 219</b>	<b>104 305</b>	<b>715 789</b>	<b>169 311</b>
<b>Total comprehensive income attributable to shareholders of the Parent Company</b>		<b>240 889</b>	<b>105 621</b>	<b>722 878</b>	<b>169 046</b>
<b>Earnings per share:</b>					
- basic profit per year attributable to shareholders of the Parent Company (in PLN)	25	2,01	0,89	6,10	1,44
- basic profit from continued operations per year attributable to shareholders of the Parent Company (in PLN)	25	2,01	0,89	6,10	1,44
- diluted profit of the year attributable to shareholders of the Parent Company (in PLN)	25	2,01	0,89	6,10	1,44
- diluted profit from continued operations of the year attributable to shareholders of the Parent Company (in PLN)	25	2,01	0,89	6,10	1,44

The interim condensed consolidated comprehensive income statement should be read together with the supplementary notes which are an integral part of these interim condensed consolidated financial statements.



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(IN PLN'000)	NOTE	30.09.2022 (UNAUDITED)	31.12.2021 (AUDITED)	30.09.2021 (UNAUDITED)
<b>ASSETS</b>				
Cash and cash equivalents	13	3 121 441	2 376 261	2 355 705
Financial assets at fair value through P&L	14	957 700	703 546	570 021
Income tax receivables		3	7 247	30
Financial assets at amortized cost	15	37 205	26 568	21 303
Prepayments and deferred costs		14 416	8 637	9 469
Intangible assets	16	1 111	585	638
Property, plant and equipment	17	36 336	16 206	13 121
Deferred income tax assets	26.2	8 299	8 693	9 130
<b>Total assets</b>		<b>4 176 511</b>	<b>3 147 743</b>	<b>2 979 417</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Liabilities</b>				
Amounts due to clients	18	2 371 055	2 010 490	1 903 659
Financial liabilities held for trading	19	131 571	127 712	123 595
Income tax liabilities		11 479	783	5 041
Liabilities due to lease	20	25 737	7 437	8 110
Other liabilities	21	94 596	48 377	41 601
Provisions for liabilities	22	4 402	4 965	6 004
Deferred income tax provision	26.2	75 308	32 419	44 173
<b>Total liabilities</b>		<b>2 714 148</b>	<b>2 232 183</b>	<b>2 132 183</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	657 555	598 789	598 789
Foreign exchange differences on translation	23	6 640	(449)	(256)
Retained earnings		720 691	239 743	171 224
<b>Equity attributable to the owners of the Parent Company</b>		<b>1 462 363</b>	<b>915 560</b>	<b>847 234</b>
<b>Total equity</b>		<b>1 462 363</b>	<b>915 560</b>	<b>847 234</b>
<b>Total equity and liabilities</b>		<b>4 176 511</b>	<b>3 147 743</b>	<b>2 979 417</b>

The interim condensed consolidated statement of financial position should be read together 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 2022 to 30 September 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
<b>NOTE</b>	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	-	-	-	-	715 789	715 789	715 789
Other comprehensive income	-	-	-	7 089	-	7 089	7 089
<b>Total comprehensive income for the financial year</b>	-	-	-	7 089	715 789	722 878	722 878
<b>Transactions with Parent Company's owners recognized directly in equity</b>							
Appropriation of profit/offset of loss							
- dividend payment	-	-	-	-	(176 075)	(176 075)	(176 075)
- transfer to other reserves	-	-	58 766	-	(58 766)	-	-
<b>Increase (decrease) in equity</b>	-	-	58 766	7 089	480 948	546 803	546 803
As at 30 September 2022 (unaudited)	5 869	71 608	657 555	6 640	720 691	1 462 363	1 462 363

The interim condensed consolidated statement of changes in equity should be read together 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 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	EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY	TOTAL EQUITY
<b>NOTE</b>	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)
<b>Total comprehensive income for the financial year</b>	-	-	-	(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
<b>As at 31 December 2021 (audited)</b>	<b>5 869</b>	<b>71 608</b>	<b>598 789</b>	<b>(449)</b>	<b>239 743</b>	<b>915 560</b>	<b>915 560</b>

The consolidated statement of changes in equity should be read together 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 for the period from 1 January 2021 to 30 September 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
<b>NOTE</b>	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	-	-	-	-	169 311	169 311	169 311
Other comprehensive income	-	-	-	(265)	-	(265)	(265)
<b>Total comprehensive income for the financial year</b>	-	-	-	(265)	169 311	169 046	169 046
<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	(265)	(248 865)	(41 071)	(41 071)
As at 30 September 2021 (unaudited)	5 869	71 608	598 789	(256)	171 224	847 234	847 234

The interim condensed consolidated statement of changes in equity should be read together 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	NINE-MONTH PERIOD ENDED	
		30.09.2022 (UNAUDITED)	30.09.2021 (UNAUDITED)
<b>Cash flows from operating activities</b>			
Profit before tax		876 194	206 211
<b>Adjustments:</b>		<b>82 827</b>	<b>(33 894)</b>
(Profit) Loss on investment activity		(4 730)	1 168
Amortization and depreciation	16,17	8 735	6 597
Foreign exchange (gains) losses from translation of own cash		(16 419)	(13 566)
Other adjustments	29.1	6 380	(210)
<b>Changes</b>			
Change in provisions		(563)	(1 935)
Change in balance of financial assets at fair value through P&L and financial liabilities held for trading		(230 200)	(134 183)
Change in balance of restricted cash		(74 881)	(567 550)
Change in financial assets at amortised cost		(6 500)	(7 993)
Change in balance of prepayments and accruals		(5 779)	(4 072)
Change in balance of amounts due to customers		360 565	700 416
Change in balance of other liabilities		46 219	(12 566)
<b>Cash from operating activities</b>		<b>959 021</b>	<b>172 317</b>
Income tax paid		(99 182)	(9 452)
Interests		(3 490)	240
<b>Net cash from operating activities</b>		<b>856 349</b>	<b>163 105</b>
<b>Cash flow from investing activities</b>			
Proceeds from the sale of property, plant and equipment		3	-
Expenses relating to payments for property, plant and equipment	17	(7 357)	(2 715)
Expenses relating to payments for intangible assets	16	(709)	(196)
Expenses relating purchase of bonds		(741 748)	(397 476)
Proceeds from sale of bonds		720 716	648 309
Interests on bonds		5 881	2 287
<b>Net cash from investing activities</b>		<b>(23 214)</b>	<b>250 209</b>
<b>Cash flow from financing activities</b>			
Payments of liabilities under finance lease agreements		(2 533)	(4 176)
Interest paid under lease		(646)	(239)
Dividend paid to owners		(176 075)	(210 117)
<b>Net cash from financing activities</b>		<b>(179 254)</b>	<b>(214 532)</b>
<b>Increase (Decrease) in net cash and cash equivalents</b>		<b>653 881</b>	<b>198 782</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>16 418</b>	<b>13 566</b>
<b>Cash and cash equivalents – closing balance</b>	<b>13</b>	<b>1 259 691</b>	<b>754 553</b>

The interim condensed consolidated cash flow statement should be read together 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", "Company", "Parent Company", "Brokerage") with its headquarters located in Warsaw, at Prosta street 67, 00-838 Warsaw.

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, 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 (shares, ETF) 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 organisational structure**

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

- XTB S.A. organizační složka (formerly: 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. The new branch name was registered in the local registry on 6 April 2022.
- XTB S.A. Sucursal en Espana (formerly: 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. The new branch name was registered in the local registry on 22 July 2022.
- XTB S.A. organizačná zložka (formerly: 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. The new branch name was registered in the local registry on 9 April 2022.
- XTB S.A. Varsovia Sucursala Bucuresti (formerly: 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. The new branch name was registered in the local registry on 22 April 2022.
- 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. As at the date of this report, the registration of the new branch name in the local register is in progress.
- XTB S.A. Succursale Française (formerly: X-Trade Brokers Dom Maklerski Spółka Akcyjna 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. The new branch name was registered in the local registry on 27 May 2022.
- XTB S.A. – Sucursal em Portugal (formerly: 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 was granted the following tax identification number: PT980436613. The new branch name was registered in the local registry on 17 May 2022.



## 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

NAME OF SUBSIDIARY	CONSOLIDATION METHOD	COUNTRY OF REGISTERED OFFICE	PERCENTAGE SHARE IN THE CAPITAL		
			30.09.2022 (UNAUDITED)	31.12.2021 (AUDITED)	30.09.2021 (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	UAE	100%	100%	100%

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

As at the 30 June 2022, amount of negative foreign exchange differences on translation of balances in foreign currencies of Turkish company amounted PLN (3 735), at the 31 December 2021, amount of negative foreign exchange differences on translation of balances in foreign currencies of Turkish company amounted PLN (3 658) thousand, at the 30 June 2021, amount of negative foreign exchange differences on translation of balances in foreign currencies of Turkish company amounted PLN (3 252) 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 in the local register of entrepreneurs. The Parent Company acquired 100% of shares in the subsidiary. On 13 April 2021 shares of XTB MENA Limited with its seat in United Arab Emirates were paid by the Company. Capital was contributed in the amount of USD 1 million. On the 22 March 2022 the Parent Company acquired 1.000 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 conducted 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, 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 1 July 2022 appointed for the new 3-years term of office ending 1 July 2025
Paweł Szejko	Board Member	28.01.2015	from the 1 July 2022 appointed for the new 3-years term of office ending 1 July 2025
Filip Kaczmarzyk	Board Member	10.01.2017	from the 1 July 2022 appointed for the new 3-years term of office ending 1 July 2025
Jakub Kubacki	Board Member	10.07.2018	from the 1 July 2022 appointed for the new 3-years term of office ending 1 July 2025
Andrzej Przybylski	Board Member	01.05.2019	from the 1 July 2022 appointed for the new 3-years term of office ending 1 July 2025

## 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.

These interim condensed consolidated financial statements of the XTB S.A. Group prepared for the period from 1 January 2022 to 30 September 2022 with comparative data for the period ended 30 September 2021 and 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 financial assets at fair value through P&L and financial liabilities held for trading 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 consolidated financial statements include adjustments made in order to reconcile their financial statements with the IFRS.

The interim condensed consolidated financial statements do not cover all information and disclosures required by the International Financial Reporting Standards accepted by the European Union ("IFRS") 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 2022.

The interim condensed consolidated financial statements were approved by the Management Board of the Parent Company on 7 November 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. The Company's Management Board does not identify any further impact of the COVID-19 pandemic on the Company's.

## 2.6 The impact of Russia's invasion of Ukraine on the Company's results

On 24 February 2022, Russian troops crossed the eastern, southern and northern borders of Ukraine, attacking the territory of Ukraine. In connection with hostilities by Russia, representatives of the European Union and many other countries have introduced severe sanctions against Russia, which mainly affect strategic sectors of the Russian economy by blocking access to technology and markets. This situation does not have a significant direct impact on the Company, however, it caused high volatility in the financial markets and declines in the financial and commodity markets around the world, which contributed to the record high results of the Company.

## 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.

Above new standards and interpretations which have been published but are not yet binding do not have a significant impact on the Group’s condensed consolidated financial statements.

### **3. Professional judgement**

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

Amortisation periods of intangible assets

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

#### **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 on financial instruments

(IN PLN'000)	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2022 (UNAUDITED)	30.09.2021 (UNAUDITED)	30.09.2022 (UNAUDITED)	30.09.2021 (UNAUDITED)
<b>Financial instruments (CFD)</b>				
Index CFDs	150 892	45 783	568 788	147 405
Commodity CFDs	111 421	118 572	408 911	267 824
Currency CFDs	124 222	31 986	238 690	12 653
Stock and ETF CFDs	12 550	8 167	35 699	23 384
Bond CFDs	1 778	60	548	137
<b>Total CFDs</b>	<b>400 863</b>	<b>204 568</b>	<b>1 252 636</b>	<b>451 403</b>
<b>Stocks and ETFs</b>	<b>441</b>	<b>(796)</b>	<b>2 592</b>	<b>(2 263)</b>
<b>Gross gain on transactions in financial instruments</b>	<b>401 304</b>	<b>203 772</b>	<b>1 255 228</b>	<b>449 140</b>
Bonuses and discounts paid to customers	(1 497)	(467)	(4 166)	(1 569)
Commission paid to cooperating brokers	(10 239)	(4 574)	(28 378)	(9 667)
<b>Net result on transactions in financial instruments</b>	<b>389 568</b>	<b>198 731</b>	<b>1 222 684</b>	<b>437 904</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 clients that are not his clients.

### 6.2 Income from fees and charges

(IN PLN'000)	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2022 (UNAUDITED)	30.09.2021 (UNAUDITED)	30.09.2022 (UNAUDITED)	30.09.2021 (UNAUDITED)
Fees and charges from institutional clients	840	661	2 199	1 986
Fees and charges from retail clients	879	608	2 601	1 794
<b>Total income from fees and charges</b>	<b>1 719</b>	<b>1 269</b>	<b>4 800</b>	<b>3 780</b>

### 6.3 Geographical areas

(IN PLN'000)	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2022 (UNAUDITED)	30.09.2021 (UNAUDITED)	30.09.2022 (UNAUDITED)	30.09.2021 (UNAUDITED)
<b>Operating income</b>				
Central and Eastern Europe	248 702	106 597	752 790	222 907
- including Poland	193 053	64 413	526 245	131 917
Western Europe	75 104	50 512	293 888	126 674
Latin America *	49 613	40 581	155 271	90 108
Middle East **	17 870	2 339	25 554	2 339
<b>Total operating income</b>	<b>391 289</b>	<b>200 029</b>	<b>1 227 503</b>	<b>442 028</b>

\* The subsidiary XTB International Ltd., with its seat in Belize, acquires clients from Latin America and the rest of the world (without Europe). The item excludes revenues of clients acquired by this company from the Middle East region.

\*\* Revenue from clients from the Middle East, acquired by XTB International Ltd. With its seat in Belize and XTB MENA Limited with its seat in the United Arab Emirates.

The country from which the Group derives each time 20% and over of its revenue is Poland with a share of 42,9% (on 30.09.2021: 29,8%). 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. The exception is the Middle East region, which also presents revenues from clients from this market acquired by the subsidiary XTB International Ltd. based in Belize.

## 7. Salaries and employee benefits

(IN PLN'000)	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2022 (UNAUDITED)	30.09.2021 (UNAUDITED)	30.09.2022 (UNAUDITED)	30.09.2021 (UNAUDITED)
Salaries	(41 987)	(31 311)	(120 311)	(80 229)
Social insurance and other benefits	(5 548)	(4 487)	(17 048)	(12 960)
Employee benefits	(1 501)	(815)	(4 655)	(2 669)
<b>Total salaries and employee benefits</b>	<b>(49 036)</b>	<b>(36 613)</b>	<b>(142 014)</b>	<b>(95 858)</b>

## 8. Marketing

(IN PLN'000)	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2022 (UNAUDITED)	30.09.2021 (UNAUDITED)	30.09.2022 (UNAUDITED)	30.09.2021 (UNAUDITED)
Marketing online	(36 937)	(23 666)	(120 704)	(79 365)
Marketing offline	(11 635)	(1 106)	(33 129)	(3 535)
Competitions for clients	(7)	-	(58)	-
<b>Total marketing expense</b>	<b>(48 579)</b>	<b>(24 772)</b>	<b>(153 891)</b>	<b>(82 900)</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		NINE-MONTH PERIOD ENDED	
	30.09.2022 (UNAUDITED)	30.09.2021 (UNAUDITED)	30.09.2022 (UNAUDITED)	30.09.2021 (UNAUDITED)
Support database systems	(5 333)	(3 850)	(13 660)	(10 675)
Market data delivery	(2 196)	(1 724)	(6 754)	(5 046)
Legal and advisory services	(2 284)	(1 047)	(5 407)	(4 593)
Internet and telecommunications	(1 086)	(872)	(2 918)	(2 367)
Recruitment	(704)	(164)	(2 207)	(527)
Accounting and audit services	(552)	(526)	(1 723)	(1 605)
IT support services	(12)	(359)	(658)	(1 283)
Postal and courier services	(67)	(69)	(216)	(351)
Translations	(48)	(61)	(123)	(86)
Other external services	(455)	(90)	(1 436)	(601)
<b>Total other external services</b>	<b>(12 737)</b>	<b>(8 762)</b>	<b>(35 102)</b>	<b>(27 134)</b>

## 10. Commission expenses

(IN PLN'000)	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2022 (UNAUDITED)	30.09.2021 (UNAUDITED)	30.09.2022 (UNAUDITED)	30.09.2021 (UNAUDITED)
Bank commissions	(11 108)	(7 627)	(34 982)	(23 104)
Stock exchange fees and charges	(1 806)	(921)	(5 337)	(2 902)
Commissions of foreign brokers	(81)	(72)	(266)	(405)
<b>Total commission expenses</b>	<b>(12 995)</b>	<b>(8 620)</b>	<b>(40 585)</b>	<b>(26 411)</b>



## 11. Finance income and costs

(IN PLN'000)	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2022 (UNAUDITED)	30.09.2021 (UNAUDITED)	30.09.2022 (UNAUDITED)	30.09.2021 (UNAUDITED)
Positive exchange differences	19 029	12 871	35 289	13 306
Interest income	9 010	92	9 402	276
Profit on bonds	4 001	-	4 944	-
Other finance income	41	101	177	142
<b>Total finance income</b>	<b>32 081</b>	<b>13 064</b>	<b>49 812</b>	<b>13 724</b>

(IN PLN'000)	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2022 (UNAUDITED)	30.09.2021 (UNAUDITED)	30.09.2022 (UNAUDITED)	30.09.2021 (UNAUDITED)
Interest paid under lease agreements	(210)	(83)	(646)	(240)
Other interest	(65)	(14)	(131)	(105)
Loss on bonds	-	(36)	-	(1 138)
Other finance costs	(2)	(1)	(12)	(1)
<b>Total finance costs</b>	<b>(277)</b>	<b>(134)</b>	<b>(789)</b>	<b>(1 484)</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 customers.
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 customers 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>SKO CONSOLIDATED COMPREHENSIVE INCOME STATEMENT FOR THREE-MONTH PERIOD ENDED 30.09.2022 (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	369 979	19 589	389 568	389 568
<b>CFDs</b>				
Currency CFDs	145 052	5 840	150 892	150 892
Commodity CFDs	118 355	5 867	124 222	124 222
Index CFDs	103 593	7 828	111 421	111 421
Bond CFDs	12 550	-	12 550	12 550
Stock and ETF CFDs	1 724	54	1 778	1 778
Stocks and ETFs	441	-	441	441
Bonuses and discounts paid to customers	(1 497)	-	(1 497)	(1 497)
Commission paid to cooperating brokers	(10 239)	-	(10 239)	(10 239)
Fee and commission income	879	840	1 719	1 719
Other income	2	-	2	2
<b>Total operating income</b>	<b>370 860</b>	<b>20 429</b>	<b>391 289</b>	<b>391 289</b>
Salaries and employee benefits	(48 437)	(599)	(49 036)	(49 036)
Marketing	(48 335)	(244)	(48 579)	(48 579)
Commission expense	(12 992)	(3)	(12 995)	(12 995)
Other external services	(12 569)	(168)	(12 737)	(12 737)
Amortization and depreciation	(3 069)	(11)	(3 080)	(3 080)
Taxes and fees	(2 895)	(4)	(2 899)	(2 899)
Cost of maintenance and lease of buildings	(1 958)	-	(1 958)	(1 958)
Other expenses	(1 303)	41	(1 262)	(1 262)
<b>Total operating expenses</b>	<b>(131 558)</b>	<b>(988)</b>	<b>(132 546)</b>	<b>(132 546)</b>
<b>Operating profit</b>	<b>239 302</b>	<b>19 441</b>	<b>258 743</b>	<b>258 743</b>
Finance income	-	-	-	32 081
Finance costs	-	-	-	(277)
<b>Profit before tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>290 547</b>
Income tax	-	-	-	(54 328)
<b>Net profit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>236 219</b>



<b>CONSOLIDATED COMPREHENSIVE INCOME STATEMENT FOR NINE-MONTH PERIOD ENDED 30.09.2022 (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	1 204 533	18 151	1 222 684	1 222 684
<b>CFDs</b>				
Index CFDs	567 944	844	568 788	568 788
Commodity CFDs	396 325	12 586	408 911	408 911
Currency CFDs	233 847	4 843	238 690	238 690
Stock and ETF CFDs	35 699	-	35 699	35 699
Bond CFDs	670	(122)	548	548
Stocks and ETFs	2 592	-	2 592	2 592
Bonuses and discounts paid to customers	(4 166)	-	(4 166)	(4 166)
Commission paid to cooperating brokers	(28 378)	-	(28 378)	(28 378)
Fee and commission income	2 601	2 199	4 800	4 800
Other income	19	-	19	19
<b>Total operating income</b>	<b>1 207 153</b>	<b>20 350</b>	<b>1 227 503</b>	<b>1 227 503</b>
Marketing	(153 226)	(665)	(153 891)	(153 891)
Salaries and employee benefits	(140 556)	(1 458)	(142 014)	(142 014)
Commission expense	(40 576)	(9)	(40 585)	(40 585)
Other external services	(34 266)	(836)	(35 102)	(35 102)
Amortization and depreciation	(8 714)	(21)	(8 735)	(8 735)
Taxes and fees	(7 632)	(13)	(7 645)	(7 645)
Cost of maintenance and lease of buildings	(5 923)	-	(5 923)	(5 923)
Other expenses	(6 288)	(149)	(6 437)	(6 437)
<b>Total operating expenses</b>	<b>(397 181)</b>	<b>(3 151)</b>	<b>(400 332)</b>	<b>(400 332)</b>
<b>Operating profit</b>	<b>809 972</b>	<b>17 199</b>	<b>827 171</b>	<b>827 171</b>
Finance income	-	-	-	49 812
Finance costs	-	-	-	(789)
<b>Profit before tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>876 194</b>
Income tax	-	-	-	(160 405)
<b>Net profit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>715 789</b>



<b>ASSETS AND LIABILITIES AS AT 30.09.2022 (UNAUDITED) (IN PLN'000)</b>	<b>RETAIL OPERATIONS</b>	<b>INSTITUTIONAL OPERATIONS</b>	<b>TOTAL REPORTING SEGMENTS</b>	<b>CONSOLIDATED COMPREHENSIVE INCOME STATEMENT</b>
Clients' cash and cash equivalents	1 771 437	90 313	1 861 750	1 861 750
Financial assets at fair value through P&L	934 427	23 273	957 700	957 700
Other assets	1 356 691	370	1 357 061	1 357 061
<b>Total assets</b>	<b>4 062 555</b>	<b>113 956</b>	<b>4 176 511</b>	<b>4 176 511</b>
Amounts due to clients	2 264 982	106 073	2 371 055	2 371 055
Financial liabilities held for trading	124 051	7 520	131 571	131 571
Other liabilities	211 521	1	211 522	211 522
<b>Total liabilities</b>	<b>2 600 554</b>	<b>113 594</b>	<b>2 714 148</b>	<b>2 714 148</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 COMPREHENSIVE INCOME STATEMENT</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>CONSOLIDATED COMPREHENSIVE INCOME STATEMENT FOR THREE-MONTH PERIOD ENDED 30.09.2021 (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	205 935	(7 204)	198 731	198 731
<b>CFDs</b>				
Commodity CFDs	117 733	839	118 572	118 572
Index CFDs	54 842	(9 059)	45 783	45 783
Currency CFDs	31 775	211	31 986	31 986
Stock and ETF CFDs	7 350	817	8 167	8 167
Bond CFDs	72	(12)	60	60
Stocks and ETFs	(796)	-	(796)	(796)
Bonuses and discounts paid to customers	(467)	-	(467)	(467)
Commission paid to cooperating brokers	(4 574)	-	(4 574)	(4 574)
Fee and commission income	608	661	1 269	1 269
Other income	29	-	29	29
<b>Total operating income</b>	<b>206 572</b>	<b>(6 543)</b>	<b>200 029</b>	<b>200 029</b>
Salaries and employee benefits	(36 381)	(232)	(36 613)	(36 613)
Marketing	(24 771)	(1)	(24 772)	(24 772)
Other external services	(8 468)	(294)	(8 762)	(8 762)
Commission expense	(8 620)	-	(8 620)	(8 620)
Amortization and depreciation	(2 261)	(23)	(2 284)	(2 284)
Taxes and fees	(1 587)	(8)	(1 595)	(1 595)
Cost of maintenance and lease of buildings	(1 072)	(9)	(1 081)	(1 081)
Other expenses	(1 032)	(12)	(1 044)	(1 044)
<b>Total operating expenses</b>	<b>(84 192)</b>	<b>(579)</b>	<b>(84 771)</b>	<b>(84 771)</b>
<b>Operating profit</b>	<b>122 380</b>	<b>(7 122)</b>	<b>115 258</b>	<b>115 258</b>
Finance income	-	-	-	13 064
Finance costs	-	-	-	(134)
<b>Profit before tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>127 188</b>
Income tax	-	-	-	(23 883)
<b>Net profit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>104 305</b>





<b>CONSOLIDATED COMPREHENSIVE INCOME STATEMENT FOR NINE-MONTH PERIOD ENDED 30.09.2021 (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 gain on transactions in financial instruments	432 509	5 395	437 904	437 904
<b>CFDs</b>				
Commodity CFDs	263 181	4 643	267 824	267 824
Index CFDs	146 040	1 365	147 405	147 405
Stock and ETF CFDs	24 302	(918)	23 384	23 384
Currency CFDs	12 347	306	12 653	12 653
Bond CFDs	138	(1)	137	137
Stocks and ETFs	(2 263)	-	(2 263)	(2 263)
Bonuses and discounts paid to customers	(1 569)	-	(1 569)	(1 569)
Commission paid to cooperating brokers	(9 667)	-	(9 667)	(9 667)
Fee and commission income	1 794	1 986	3 780	3 780
Other income	344	-	344	344
<b>Total operating income</b>	<b>434 647</b>	<b>7 381</b>	<b>442 028</b>	<b>442 028</b>
Salaries and employee benefits	(94 776)	(1 082)	(95 858)	(95 858)
Marketing	(82 600)	(300)	(82 900)	(82 900)
Other external services	(26 085)	(1 049)	(27 134)	(27 134)
Commission expense	(26 404)	(7)	(26 411)	(26 411)
Amortization and depreciation	(6 532)	(65)	(6 597)	(6 597)
Taxes and fees	(4 033)	(25)	(4 058)	(4 058)
Cost of maintenance and lease of buildings	(2 944)	(26)	(2 970)	(2 970)
Other expenses	(2 112)	(17)	(2 129)	(2 129)
<b>Total operating expenses</b>	<b>(245 486)</b>	<b>(2 571)</b>	<b>(248 057)</b>	<b>(248 057)</b>
<b>Operating profit</b>	<b>189 161</b>	<b>4 810</b>	<b>193 971</b>	<b>193 971</b>
Finance income	-	-	-	13 724
Finance costs	-	-	-	(1 484)
<b>Profit before tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>206 211</b>
Income tax	-	-	-	(36 900)
<b>Net profit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>169 311</b>



<b>ASSETS AND LIABILITIES AS AT 30.09.2021 (UNAUDITED) (IN PLN'000)</b>	<b>RETAIL OPERATIONS</b>	<b>INSTITUTIONAL OPERATIONS</b>	<b>TOTAL REPORTING SEGMENTS</b>	<b>CONSOLIDATED COMPREHENSIVE INCOME STATEMENT</b>
Clients' cash and cash equivalents	1 539 155	61 997	1 601 152	1 601 152
Financial assets at fair value through P&L	554 660	15 361	570 021	570 021
Other assets	807 830	414	808 244	808 244
<b>Total assets</b>	<b>2 901 645</b>	<b>77 772</b>	<b>2 979 417</b>	<b>2 979 417</b>
Amounts due to clients	1 835 196	68 463	1 903 659	1 903 659
Financial liabilities held for trading	113 716	9 879	123 595	123 595
Other liabilities	104 924	5	104 929	104 929
<b>Total liabilities</b>	<b>2 053 836</b>	<b>78 347</b>	<b>2 132 183</b>	<b>2 132 183</b>



### 13. Cash and cash equivalents

Broken down by type:

(IN PLN'000)	30.09.2022 (UNAUDITED)	31.12.2021 (AUDITED)	30.09.2021 (UNAUDITED)
In current bank accounts	2 821 441	2 376 261	2 355 705
Short-term deposits in bank	300 000	-	-
<b>Cash and cash equivalents in total</b>	<b>3 121 441</b>	<b>2 376 261</b>	<b>2 355 705</b>

Own cash and restricted cash – clients' cash:

(IN PLN'000)	30.09.2022 (UNAUDITED)	31.12.2021 (AUDITED)	30.09.2021 (UNAUDITED)
Clients' cash and cash equivalents	1 861 750	1 786 869	1 601 152
Own cash and cash equivalents	1 259 691	589 392	754 553
<b>Cash and cash equivalents in total</b>	<b>3 121 441</b>	<b>2 376 261</b>	<b>2 355 705</b>

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

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

(IN PLN'000)	30.09.2022 (UNAUDITED)	31.12.2021 (AUDITED)	30.09.2021 (UNAUDITED)
<b>Financial instruments (CFD)</b>			
Index CFDs	232 586	113 353	165 828
Currency CFDs	133 600	89 476	68 088
Commodity CFDs	115 354	67 036	95 793
Stock and ETF CFDs	111 904	80 244	76 145
Bond CFDs	2 054	28	29
<b>Debt instruments</b>	<b>352 021</b>	<b>331 926</b>	<b>144 357</b>
<b>Stocks and ETFs</b>	<b>10 181</b>	<b>21 483</b>	<b>19 781</b>
<b>Total financial assets at fair value through P&amp;L</b>	<b>957 700</b>	<b>703 546</b>	<b>570 021</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)	30.09.2022 (UNAUDITED)	31.12.2021 (AUDITED)	30.09.2021 (UNAUDITED)
Trade receivables	23 827	21 864	16 540
Receivables due from Central Securities Depository of Poland	7 089	-	-
Receivables due from clients	6 315	4 629	4 414
Deposits	4 552	4 289	4 318
Statutory receivables	1 732	968	1 192
<b>Gross other receivables</b>	<b>43 515</b>	<b>31 750</b>	<b>26 464</b>
Impairment write-downs of receivables	(517)	(1 108)	(1 282)
Impairment write-downs of receivables due from clients	(5 793)	(4 074)	(3 879)
<b>Total net other receivables</b>	<b>37 205</b>	<b>26 568</b>	<b>21 303</b>



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

(IN PLN'000)	30.09.2022 (UNAUDITED)	31.12.2021 (AUDITED)	30.09.2021 (UNAUDITED)
<b>Impairment write-downs of receivables – at the beginning of the reporting period</b>	<b>(5 181)</b>	<b>(5 068)</b>	<b>(5 068)</b>
Write-downs recorded	(1 642)	(791)	(587)
Write-downs reversed	193	361	346
Write-downs utilized	322	316	148
<b>Impairment write-downs of receivables – at the end of the reporting period</b>	<b>(6 308)</b>	<b>(5 182)</b>	<b>(5 161)</b>

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



## 16. Intangible assets

Intangible assets in the period from 1 January 2022 to 30 September 2022 (unaudited)

(IN PLN'000)	LICENCES FOR COMPUTER SOFTWARE	INTANGIBLE ASSETS MANUFACTURED INTERNALLY	OTHER INTANGIBLE ASSETS	TOTAL
<b>Gross value as at 1 January 2022</b>	<b>5 422</b>	<b>10 792</b>	<b>4 814</b>	<b>21 028</b>
Additions	709	-	-	709
Sale and scrapping	(2)	-	-	(2)
Net foreign exchange differences	10	-	-	10
<b>Gross value as at 30 September 2022</b>	<b>6 139</b>	<b>10 792</b>	<b>4 814</b>	<b>21 745</b>
<b>Accumulated amortization as at 1 January 2022</b>	<b>(4 968)</b>	<b>(10 792)</b>	<b>(4 683)</b>	<b>(20 443)</b>
Amortization for the current period	(164)	-	(19)	(183)
Sale and scrapping	2	-	-	2
Net foreign exchange differences	(10)	-	-	(10)
<b>Accumulated amortization as at 30 September 2022</b>	<b>(5 140)</b>	<b>(10 792)</b>	<b>(4 702)</b>	<b>(20 634)</b>
<b>Net book value as at 1 January 2022</b>	<b>454</b>	<b>-</b>	<b>131</b>	<b>585</b>
<b>Net book value as at 30 September 2022</b>	<b>999</b>	<b>-</b>	<b>112</b>	<b>1 111</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 30 September 2021 (unaudited)

(IN PLN'000)	LICENCES FOR COMPUTER SOFTWARE	INTANGIBLE ASSETS MANUFACTURED INTERNALLY	OTHER INTANGIBLE ASSETS	TOTAL
Gross value as at 1 January 2021	5 961	10 792	4 814	21 567
Additions	196	-	-	196
Sale and scrapping	(493)	-	-	(493)
Net foreign exchange differences	19	-	-	19
Gross value as at 30 September 2021	5 683	10 792	4 814	21 289
Accumulated amortization as at 1 January 2021	(5 479)	(10 792)	(4 657)	(20 928)
Amortization for the current period	(179)	-	(19)	(198)
Sale and scrapping	493	-	-	493
Net foreign exchange differences	(18)	-	-	(18)
Accumulated amortization as at 30 September 2021	(5 183)	(10 792)	(4 676)	(20 651)
Net book value as at 1 January 2021	482	-	157	639
Net book value as at 30 September 2021	500	-	138	638

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 30 September 2022 (unaudited)

(IN PLN'000)	COMPUTER SYSTEMS	OTHER PROPERTY, PLANT AND EQUIPMENT	RIGHT TO USE		PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION	COMPUTER SYSTEMS
			OFFICES	VEHICLES		
Gross value as at 1 January 2022	19 436	8 385	12 347	413	336	
Additions	5 718	1 968	-	-	(329)	
Lease	-	-	20 527	306	-	
Sale and scrapping	(478)	(778)	(1 551)	(105)	-	
Net foreign exchange differences	147	241	1 142	26	-	
<b>Gross value as at 30 September 2022</b>	<b>24 823</b>	<b>9 816</b>	<b>32 465</b>	<b>640</b>	<b>7</b>	
Accumulated amortization as at 1 January 2022	(14 626)	(4 489)	(5 373)	(223)	-	
Amortization for the current period	(2 297)	(647)	(5 523)	(85)	-	
Sale and scrapping	473	590	1 528	104	-	
Net foreign exchange differences	(106)	(175)	(548)	(18)	-	
<b>Accumulated amortization as at 30 September 2022</b>	<b>(16 556)</b>	<b>(4 721)</b>	<b>(9 916)</b>	<b>(222)</b>	<b>-</b>	
Net book value as at 1 January 2022	4 810	3 896	6 974	190	336	
Net book value as at 30 September 2022	8 267	5 095	22 549	418	7	





## 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	COMPUTER SYSTEMS
<b>Gross value as at 1 January 2021</b>	<b>15 882</b>	<b>7 665</b>	<b>15 153</b>	<b>361</b>	<b>23</b>	<b>39 084</b>
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>
<b>Accumulated amortization as at 1 January 2021</b>	<b>(12 364)</b>	<b>(6 010)</b>	<b>(7 207)</b>	<b>(243)</b>	<b>-</b>	<b>(25 824)</b>
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>
<b>Net book value as at 1 January 2021</b>	<b>3 518</b>	<b>1 655</b>	<b>7 946</b>	<b>118</b>	<b>23</b>	<b>13 260</b>
<b>Net book value as at 31 December 2021</b>	<b>4 810</b>	<b>3 896</b>	<b>6 974</b>	<b>190</b>	<b>336</b>	<b>16 206</b>



## Property, plant and equipment in the period from 1 January 2021 to 30 September 2021 (unaudited)

(IN PLN'000)	COMPUTER SYSTEMS	OTHER PROPERTY, PLANT AND EQUIPMENT	RIGHT TO USE		PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION	COMPUTER SYSTEMS
			OFFICES	VEHICLES		
Gross value as at 1 January 2021	15 882	7 665	15 153	361	23	39 084
Additions	2 592	(8)	-	-	131	2 715
Lease	-	-	3 436	196	-	3 632
Sale and scrapping	(510)	(51)	(731)	(151)	-	(1 443)
Net foreign exchange differences	(5)	32	(5)	5	-	27
<b>Gross value as at 30 September 2021</b>	<b>17 959</b>	<b>7 638</b>	<b>17 853</b>	<b>411</b>	<b>154</b>	<b>44 015</b>
Accumulated amortization as at 1 January 2021	(12 364)	(6 010)	(7 207)	(243)	-	(25 824)
Amortization for the current period	(2 248)	(428)	(3 627)	(96)	-	(6 399)
Sale and scrapping	509	51	703	149	-	1 412
Net foreign exchange differences	(3)	(29)	(46)	(5)	-	(83)
<b>Accumulated amortization as at 30 September 2021</b>	<b>(14 106)</b>	<b>(6 416)</b>	<b>(10 177)</b>	<b>(195)</b>	<b>-</b>	<b>(30 894)</b>
Net book value as at 1 January 2021	3 518	1 655	7 946	118	23	13 260
Net book value as at 30 September 2021	3 853	1 222	7 676	216	154	13 121



## Non-current assets by geographical area

(IN PLN'000)	30.09.2022 (UNAUDITED)	31.12.2021 (AUDITED)	30.09.2021 (UNAUDITED)
<b>Non-current assets</b>			
Central and Eastern Europe	29 470	8 900	6 100
- including Poland	28 719	8 136	5 261
Western Europe	6 754	6 373	6 733
Latin America and Turkey	1 223	1 518	926
<b>Total non-current assets</b>	<b>37 447</b>	<b>16 791</b>	<b>13 759</b>

## 18. Amounts due to customers

(IN PLN'000)	30.09.2022 (UNAUDITED)	31.12.2021 (AUDITED)	30.09.2021 (UNAUDITED)
Amounts due to retail customers	2 264 010	1 943 368	1 835 196
Amounts due to institutional customers	107 045	67 122	68 463
<b>Total amounts due to customers</b>	<b>2 371 055</b>	<b>2 010 490</b>	<b>1 903 659</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)	30.09.2022 (UNAUDITED)	31.12.2021 (AUDITED)	30.09.2021 (UNAUDITED)
<b>Financial instruments (CFD)</b>			
Index CFDs	46 985	34 492	28 566
Stock and ETF CFDs	46 245	47 536	52 751
Currency CFDs	19 455	28 083	25 447
Commodity CFDs	18 696	17 356	16 798
Bond CFDs	190	245	33
<b>Total financial liabilities held for trading</b>	<b>131 571</b>	<b>127 712</b>	<b>123 595</b>

## 20. Liabilities due to lease

(IN PLN'000)	30.09.2022 (UNAUDITED)	31.12.2021 (AUDITED)	30.09.2021 (UNAUDITED)
Short-term	5 924	2 894	3 451
Long-term	19 813	4 543	4 659
<b>Total liabilities due to lease</b>	<b>25 737</b>	<b>7 437</b>	<b>8 110</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)	30.09.2022 (UNAUDITED)	31.12.2021 (AUDITED)	30.09.2021 (UNAUDITED)
Provisions for other employee benefits	35 557	21 588	19 382
Trade liabilities	27 904	18 982	9 524
Liabilities due to brokers	17 582	3 692	7 562
Statutory liabilities	8 185	3 237	4 035
Amounts due to the Central Securities Depository of Poland	4 603	204	199
Liabilities due to employees	765	674	899
<b>Total other liabilities</b>	<b>94 596</b>	<b>48 377</b>	<b>41 601</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 Company 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 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 30 September 2022, salaries and employee benefits included the provision for variable remuneration elements in the amount of PLN 6 458 thousand, as at 31 December 2021 in the amount of PLN 3 013 thousand and as at 30 September 2021 in the amount of PLN 2 494 thousand.

## 22. Provisions for liabilities and contingent liabilities

### 22.1 Provisions for liabilities

(IN PLN'000)	30.09.2022 (UNAUDITED)	31.12.2021 (AUDITED)	30.09.2021 (UNAUDITED)
Provisions for retirement benefits	191	177	1 192
Provisions for legal risk	4 211	4 788	4 812
<b>Total provisions</b>	<b>4 402</b>	<b>4 965</b>	<b>6 004</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 the interim condensed consolidated 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 Management Board report on the operations of the Group and Company. 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 the interim condensed consolidated financial statements.

#### Movements in provisions in the period from 1 January 2022 to 30 September 2022 (unaudited)

(IN PLN'000)	AS AT 01.01.2022	INCREASES	DECREASES		AS AT 30.09.2022
			USE	REVERSAL	
Provisions for retirement benefits	177	14	-	-	191
Provisions for legal risk	4 788	836	1 380	33	4 211
<b>Total provisions</b>	<b>4 965</b>	<b>850</b>	<b>1 380</b>	<b>33</b>	<b>4 402</b>

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

(IN PLN'000)	AS AT 01.01.2021	INCREASES	DECREASES		AS AT 31.12.2021
			USE	REVERSAL	
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 30 September 2021 (unaudited)

(IN PLN'000)	AS AT 01.01.2021	INCREASES	DECREASES USE	REVERSAL	AS AT 30.09.2021
Provisions for retirement benefits	1 610	-	-	418	1 192
Provisions for legal risk	6 329	-	1 334	183	4 812
<b>Total provisions</b>	<b>7 939</b>	<b>-</b>	<b>1 334</b>	<b>601</b>	<b>6 004</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 30 September 2022 the total value of claims brought against the Group amounted to approx. PLN 15 225 thousand (as at 31 December 2021: PLN 15 693 thousand, as at 30 June 2021: PLN 15 057 thousand). Company has not created provisions for the above proceedings. In the assessment of the Group there is low probability of loss in these proceedings.

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

On 7 July 2017 the Parent Company issued a guarantee in the amount of PLN 5 902 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 30 September 2022, 31 December 2021 and 30 September 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 Parent 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 Company

To the best Parent Company's knowledge, the shareholding structure of the Parent Company as at 30 September 2022, 31 December 2021 and 30 September 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 657 555 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 6 640 thousand. The detailed specification of foreign exchange differences on translation was presented in the table below.

(IN PLN'000)	30.09.2022 (UNAUDITED)	31.12.2021 (AUDITED)	30.09.2021 (UNAUDITED)
XTB International	3 637	495	328
XTB MENA Limited	1 727	217	147
XTB Spółka Akcyjna branch in Germany	1 177	777	824
XTB Limited UK	1 041	859	561
XTB Limited CY	926	471	528
XTB Spółka Akcyjna	534	62	32
XTB Spółka Akcyjna branch in France	507	258	294
XTB Spółka Akcyjna branch in Romania	319	283	287
XTB Services Limited	194	114	124
XTB Spółka Akcyjna branch in Czech Republic	129	47	32
XTB Africa (PTY) Ltd.	122	(33)	27
XTB Spółka Akcyjna branch in Spain	121	20	30
XTB Spółka Akcyjna branch in Slovakia	51	8	12
XTB Spółka Akcyjna branch in Portugal	23	2	3
XTB Chile SpA	(130)	(371)	(268)
Tasfiye Halinde XTB Yönetim Danışmanlığı A.Ş.	(3 738)	(3 658)	(3 217)
<b>Total foreign exchange differences on translation</b>	<b>6 640</b>	<b>(449)</b>	<b>(256)</b>

## 24. Profit distribution and dividend

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 176 075 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 was paid on the 16 May 2022.

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		NINE-MONTH PERIOD ENDED	
	30.09.2022 (UNAUDITED)	30.09.2021 (UNAUDITED)	30.09.2022 (UNAUDITED)	30.09.2021 (UNAUDITED)
Profit from continuing operations attributable to shareholders of the Company	236 219	104 305	715 789	169 311
Weighted average number of ordinary shares	117 383 635	117 383 635	117 383 635	117 383 635
Weighted average number of shares including dilution effect	-	-	-	-
Profit from continuing operations attributable to shareholders of the Company	117 383 635	117 383 635	117 383 635	117 383 635
Basic net profit per share from continuing operations for the year attributable to shareholders of the Company	2,01	0,89	6,10	1,44
Diluted net profit per share from continuing operations for the year attributable to shareholders of the Company	2,01	0,89	6,10	1,44

## 26. Current tax and deferred income tax

### 26.1 Income tax

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

(IN PLN'000)	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2022 (UNAUDITED)	30.09.2021 (UNAUDITED)	30.09.2022 (UNAUDITED)	30.09.2021 (UNAUDITED)
<b>Income tax – current portion</b>				
Income tax for the reporting period	(42 577)	(17 408)	(117 590)	(15 742)
<b>Income tax – deferred portion</b>				
Occurrence / reversal of temporary differences	(11 751)	(6 475)	(42 815)	(21 158)
<b>Income tax disclosed in profit and loss</b>	<b>(54 328)</b>	<b>(23 883)</b>	<b>(160 405)</b>	<b>(36 900)</b>

Reconciliation of the actual tax burden

(IN PLN'000)	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2022 (UNAUDITED)	30.09.2021 (UNAUDITED)	30.09.2022 (UNAUDITED)	30.09.2021 (UNAUDITED)
Profit before tax	290 547	128 188	876 194	206 211
Income tax based in the applicable tax rate of 19%	(55 204)	(24 356)	(166 477)	(39 180)
Difference resulting from application of tax rates applicable in other countries	455	231	1 221	335
Non-taxable revenue	231	39	277	542
Non-deductible expenses	(1 629)	338	(2 293)	(171)
Tax loss for the reporting period not disclosed in the deferred tax	(203)	(94)	(203)	(94)
Realisation of tax losses for the preceding periods	-	13	-	26
Writing off tax losses activated in previous years	(4)	-	(475)	-
Other items affecting the tax burden amount	2 026	(54)	7 545	1 642
<b>Income tax disclosed in profit or loss</b>	<b>(54 328)</b>	<b>(23 883)</b>	<b>(160 405)</b>	<b>(36 900)</b>



## 26.2 Deferred income tax

Change in the balance of deferred tax for the period from 1 January to 30 September 2022 (unaudited)

(IN PLN'000)	AS AT 01.01.2022	PROFIT OR (LOSS)	AS AT 30.09.2022
<b>Deferred income tax assets:</b>			
Cash and cash equivalents	23	111	134
Property, plant and equipment	24	469	493
Financial liabilities held for trading	18 969	(2 275)	16 694
Provisions for liabilities	468	77	545
Prepayments and deferred costs	2 521	2 293	4 814
Other liabilities	6 909	(43)	6 866
Tax losses of previous periods to be settled in future periods	8 525	(499)	8 026
<b>Total deferred income tax assets</b>	<b>37 439</b>	<b>133</b>	<b>37 572</b>

(IN PLN'000)	AS AT 01.01.2022	PROFIT OR (LOSS)	AS AT 30.09.2022
<b>Deferred income tax provision:</b>			
Cash and cash equivalents	25	46	71
Financial assets at fair value through P&L	59 249	42 009	101 258
Other liabilities	246	360	606
Financial assets at amortised cost	670	488	1 158
Accruals	-	-	-
Property, plant and equipment	299	45	344
<b>Total deferred income tax provision</b>	<b>60 489</b>	<b>42 948</b>	<b>103 437</b>
<b>Deferred tax disclosed in profit or (loss)</b>	<b>-</b>	<b>(42 815)</b>	<b>-</b>

(IN PLN'000)	AS AT 01.01.2022	INCLUDED IN EQUITY	AS AT 30.09.2022
<b>Deferred income tax provision included directly in the equity:</b>			
Separate equity of branches	674	470	1 144
<b>Total deferred income tax provision included directly in the equity</b>	<b>674</b>	<b>470</b>	<b>1 144</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
Accruals	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 30 September 2021 (unaudited)

(IN PLN'000)	AS AT 01.01.2021	PROFIT OR (LOSS)	AS AT 30.09.2021
<b>Deferred income tax assets:</b>			
Property, plant and equipment	138	35	173
Financial liabilities held for trading	14 196	2 734	16 930
Provisions for liabilities	670	-	670
Prepayments and deferred costs	3 453	(932)	2 521
Other liabilities	3 002	3 540	6 542
Tax losses of previous periods to be settled in future periods	9 217	(204)	9 013
<b>Total deferred income tax assets</b>	<b>30 676</b>	<b>5 173</b>	<b>35 849</b>

(IN PLN'000)	AS AT 01.01.2021	PROFIT OR (LOSS)	AS AT 30.09.2021
<b>Deferred income tax provision:</b>			
Cash and cash equivalents	15	22	37
Financial assets at fair value through P&L	43 227	25 136	68 363
Other liabilities	203	1 179	1 382
Financial assets at amortised cost	383	(26)	357
Property, plant and equipment	-	20	20
<b>Total deferred income tax provision</b>	<b>43 828</b>	<b>26 331</b>	<b>70 159</b>
<b>Deferred tax disclosed in profit or (loss)</b>	<b>-</b>	<b>(21 158)</b>	<b>-</b>

(IN PLN'000)	AS AT 01.01.2021	INCLUDED IN EQUITY	AS AT 30.09.2021
<b>Deferred income tax provision included directly in the equity:</b>			
Separate equity of branches	718	15	733
<b>Total deferred income tax provision included directly in the equity</b>	<b>718</b>	<b>15</b>	<b>733</b>



#### Geographical division of deferred income tax assets

(IN PLN'000)	30.09.2022 (UNAUDITED)	31.12.2021 (AUDITED)	30.09.2021 (UNAUDITED)
Central and Eastern Europe	255	153	100
Western Europe	8 044	8 540	9 030
<b>Total deferred income tax assets</b>	<b>8 299</b>	<b>8 693</b>	<b>9 130</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 30 September 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	28 906	103 532	-	74 626
Czech Republic	99	19	80	-
Slovakia	227	52	175	-
Germany	2 571	-	2 571	-
France	3 727	-	3 727	-
Great Britain	1 746	-	1 746	-
Chile	296	372	-	76
Belize	-	606	-	606
<b>Total</b>	<b>37 572</b>	<b>104 581</b>	<b>8 299</b>	<b>75 308</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	-
Great Britain	1 873	-	1 873	-
Chile	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 30 September 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	26 376	70 311	-	43 935
Czech Republic	42	19	23	-
Slovakia	95	18	77	-
Germany	2 641	-	2 641	-
France	4 527	-	4 527	-
Great Britain	1 862	-	1 862	-
Chile	306	358	-	52
Belize	-	186	-	186
<b>Total</b>	<b>35 849</b>	<b>70 892</b>	<b>9 130</b>	<b>44 173</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 30 September 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 Figured concerning related party transactions

As at 30 September 2022 the Company has liabilities to Mr. Jakub Zabłocki in the amount of PLN 24 thousand due to his investment account (as at 31 December 2021: PLN 19 thousand, as at 30 September 2021 PLN 19 thousand). In the period from 1 January to 30 September 2022 the Company note profit on transactions on financial instruments with Mr. Jakub Zabłocki in the amount of PLN 177 and in 1 January to 30 September 2021 the Company note profit on transactions on financial instruments with Mr. Jakub Zabłocki in the amount of PLN 405,87. Moreover Mr. Jakub Zabłocki is employed on the basis of work contract in subsidiary in Great Britain. In the period from 1 January to 30 September 2022 the gross salary and bonuses amounted to PLN 1 565 thousand and in the analogical period of 2021 amounted to PLN 1 166 thousand.

Mr. Hubert Walentynowicz receives salary on the basis of work contract. In the period from 1 January to 30 September 2022 the gross salary and bonuses amounted to PLN 374 thousand and in the analogical period of 2021 amounted to PLN 364 thousand.

As at 30 September 2022 the Company has liabilities to Mr. Filip Kaczmarzyk in the amount of PLN 74 thousand due to his investment account (as at 31 December 2021: PLN 79 thousand, as at 30 September 2021 PLN 80 thousand).

As at 30 September 2022 the Company has liabilities to Mr. Paweł Szejko in the amount of PLN 171 due to his investment account, as at 31 December 2021 in the amount of PLN 7 thousand and as at 30 June 2021 in the amount of PLN 0.

As at 30 September 2022 the Company has liabilities to Mr. Jakub Kubacki in the amount of PLN 1 thousand due to his investment account. As at 31 December 2021 and 30 June 2021 the Company had no settlements with Mr. Jakub Kubacki due to his investment account.

The table below presents the total number and nominal value of the Company's shares held directly by the Company's management and supervisory bodies, as at the date of submitting this report:

NAME AND SURNAME	FUNCTION	NUMBER OF SHARES HELD	TOTAL NOMINAL VALUE OF SHARES (in PLN)
Paweł Szejko	Member of the Management Board	4 000	200
Jakub Kubacki	Member of the Management Board	2 400	120

During the reporting period and until the date of submission of this report, the following changes in the ownership of the Company's shares by managing and supervising persons took place:

- on the 9 May 2022 Paweł Szejko acquired jointly 3 300 shares of Company;
- on the 28 June 2022 Paweł Szejko acquired jointly 700 shares of Company;
- on the 1 July 2022 Jakub Kubacki acquired jointly 2 400 shares of Company.

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



## 27.3 Benefits to Management Board and Supervisory Board

(IN PLN'000)	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2022 (UNAUDITED)	30.09.2021 (UNAUDITED)	30.09.2022 (UNAUDITED)	30.09.2021 (UNAUDITED)
Benefits to the Management Board members	(2 049)	(1 553)	(5 614)	(2 871)
Benefits to the Supervisory Board members	(65)	(64)	(187)	(193)
<b>Total benefits to the Management Board and Supervisory Board</b>	<b>(2 114)</b>	<b>(1 617)</b>	<b>(5 801)</b>	<b>(3 064)</b>

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

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

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

As at 30 September 2022, 31 December 2021 and 30 September 2021 there are no loans granted to the Management and Supervisory Board members.

## 28. Employment

Total employment in the Group as at 30 September 2022, 31 December 2021 and 30 September 2021 presented as a full-time jobs. The list does not include employees on maternity, parental and benefits leaves (leaves longer than 33 days).

	30.09.2022 (UNAUDITED)	31.12.2021 (AUDITED)	30.09.2021 (UNAUDITED)
Parent Company with branches	638	517	503
Other subsidiaries	150	124	124
<b>Group</b>	<b>788</b>	<b>641</b>	<b>627</b>

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

### 29.1 Other adjustments

The "other adjustments" item includes the following adjustments:

(IN PLN'000)	NINE-MONTH PERIOD ENDED	
	30.09.2022 (UNAUDITED)	30.09.2021 (UNAUDITED)
Change in the balance of differences from the conversion of branches and subsidiaries	7 089	(265)
Foreign exchange differences on translation of movements in property, plant and equipment, and intangible assets	(709)	55
<b>Change in other adjustments</b>	<b>6 380</b>	<b>(210)</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.



## 29.2 Changes in the balance of granted loans and other receivables

The following items were shown in the cash flow statement under "Changes in loans and other receivables":

(W TYS. PLN)	NINE-MONTH PERIOD ENDED	
	30.09.2022 (UNAUDITED)	30.09.2021 (UNAUDITED)
Balance sheet change in loans granted and other receivables	(10 637)	(7 993)
Accrued interest on deposits	4 137	-
<b>Change in granted loans and other receivables in the cash flow statement</b>	<b>(6 500)</b>	<b>(7 993)</b>

## 30. Post balance sheet events

There were no events after the balance sheet date.

## 31. Off-balance sheet items

### 31.1 Nominal value of financial instruments

(IN PLN'000)	30.09.2022 (UNAUDITED)	31.12.2021 (AUDITED)	30.09.2021 (UNAUDITED)
Index CFDs	2 962 338	3 554 525	4 410 533
Currency CFDs	2 573 828	2 585 954	2 284 684
Commodity CFDs	1 501 406	1 600 229	1 600 912
Stock and ETF CFDs	577 855	910 224	956 657
Bond CFDs	30 685	3 813	5 733
<b>Total financial instruments</b>	<b>7 646 112</b>	<b>8 654 745</b>	<b>9 258 519</b>

The nominal value of instruments presented in the chart above includes transactions with customers and brokers. As at 30 September 2022 transactions with brokers represent 4% of the total nominal value of instruments (as at 31 December 2021: 9% of the total nominal value of instruments, as at 30 September 2021: 6% of the total nominal value of instruments).

### 31.2 Customers' financial instruments

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

(IN PLN'000)	30.09.2022 (UNAUDITED)	31.12.2021 (AUDITED)	30.09.2021 (UNAUDITED)
Listed stocks and rights to stocks registered in customers' securities accounts	3 182 565	2 452 113	1 798 608
Other securities registered in customers' securities accounts	207	207	207
<b>Total customers' financial instruments</b>	<b>3 182 772</b>	<b>2 452 320</b>	<b>1 798 815</b>

### 31.3 Transaction limits

The amount of unused transaction limits granted to related entities was PLN 19 085 thousand as at 30 September 2022, at 31 December 2021 PLN 15 521 thousand and as at 30 September 2021 was PLN 18 898 thousand.



## 32. Items regarding the compensation scheme

(IN PLN'000)	30.09.2022 (UNAUDITED)	31.12.2021 (AUDITED)	30.09.2021 (UNAUDITED)
<b>1. Contributions made to the compensation scheme</b>			
a) opening balance	7 412	5 654	5 654
- increases	2 311	1 758	1 224
b) closing balance	9 723	7 412	6 878
<b>2. XTB's share in the profits from the compensation scheme</b>	<b>485</b>	<b>372</b>	<b>350</b>

## 33. 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.".

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

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

- capital requirements calculated in accordance with 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 (IFR);
- internal capital 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, risk management system, supervisory audit and evaluation, as well as 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 statement the highest of the above values for the Parent Company is the K-factor capital requirement.

The parent company calculates own funds in accordance with Part Two of the European Parliament and of the Council (EU) 2019/2033 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 ("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:

- since 31st Nov 2015 XTB Limited (UK),
- since 30th April 2017 XTB International,
- since 31st July 2018 XTB Limited (CY),
- since 31st July 2021 XTB MENA Limited,
- since 31st August 2021 XTB Africa (PTY) Ltd and
- till 30 July 2021 Tasfiye Halinde XTB Yönetim Danışmanlığı A.Ş.

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)	30.09.2022 (UNAUDITED)	31.12.2021 (AUDITED)	30.09.2021 (UNAUDITED)
<b>The Group's own funds</b>	<b>713 569</b>	<b>659 765</b>	<b>659 209</b>
Tier I Capital	713 569	659 765	659 209
Common Equity Tier I capital	713 569	659 765	659 209
<b>Total capital requirement IFR</b>	<b>441 716</b>	<b>329 638</b>	<b>509 604</b>
<b>Total capital ratio IFR</b>	<b>161,5%</b>	<b>200,1%</b>	<b>129,4%</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>

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 PLN'000)	AS AT 30.09.2022 (UNAUDITED)	AVERAGE MONTHLY VALUE IN THE PERIOD	AS AT 31.12.2021 (AUDITED)	AS AT 30.09.2021 (UNAUDITED)
1. Own funds	713 569	693 405	659 765	659 209
1.1. Base capital Tier I without deductions	734 431	709 891	675 665	675 665
1.2. Supplementary capital Tier I	-	-	-	-
1.3. Items decreasing share capitals	(20 862)	(16 487)	(15 900)	(16 456)
<b>I. Own funds</b>	<b>713 569</b>	<b>693 405</b>	<b>659 765</b>	<b>659 209</b>
1. Risk to Client, including:	9 828	8 893	7 930	8 432
1.1. K-AUM	-	-	-	-
1.2. K-CMH	8 510	7 771	7 010	7 671
1.3. K-ASA	1 261	1 057	868	701
1.4. K-COH	57	66	52	60
2. Risk to Market, including:	294 365	252 982	197 267	345 222
2.1. K-NPR	294 365	252 982	197 267	345 222
2.2. K-CMG	-	-	-	-
3. Risk to Firm, including:	137 523	131 495	124 441	155 950
3.1. K-TCD	134 759	129 201	122 592	154 340
3.2. K-DTF	2 764	2 294	1 849	1 610
3.3. K-CON	-	-	-	-
<b>II. Total K-factor capital requirement (IFR)</b>	<b>441 716</b>	<b>393 370</b>	<b>329 638</b>	<b>509 604</b>

The parent company calculates the requirement for fixed indirect costs. However, it is significantly lower than the capital requirement for the K-factor.



## 34. 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.

A Risk Management Committee composed of members of the Supervisory Board has been established in the Parent Company. The tasks of the Committee include the development of a document on risk appetite, giving opinions on the risk management strategy, supporting the Supervisory Board in supervising the implementation of the risk management strategy by the Management Board, verifying the remuneration policy and its implementation rules in terms of adjusting the remuneration system to the risk faced by the Management Board. exposed brokerage house, to its capital, liquidity, and the probability and timing of earning income.

The Risk Control Department supports the Management Board in shaping, reviewing and updating the ICAAP rules in the event of the emergence of new types of risk, significant changes in the strategy and action plans. This department also monitors suitability and effectiveness of the implemented risk management system, identifies, monitors and controls the risks of the Group's own investments, determines the total capital requirement and estimates internal capital. The Risk Control Department is headed by a Member of the Management Board who exercises permanent supervision over the risk management system in the Company.

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.

### 34.1 Fair value

#### 34.1.1 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.

#### 34.1.2 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)	30.09.2022 (UNAUDITED)			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
<b>Financial assets</b>				
Financial assets at fair value through P&L	362 202	595 498	-	957 700
<b>Total financial assets</b>	<b>362 202</b>	<b>595 498</b>	<b>-</b>	<b>957 700</b>
<b>Financial liabilities</b>				
Financial liabilities held for trading	-	131 571	-	131 571
<b>Total financial liabilities</b>	<b>-</b>	<b>131 571</b>	<b>-</b>	<b>131 571</b>





(IN PLN'000)	31.12.2021 (AUDITED)			TOTAL
	LEVEL 1	LEVEL 2	LEVEL 3	
<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)	30.09.2021 (UNAUDITED)			TOTAL
	LEVEL 1	LEVEL 2	LEVEL 3	
<b>Financial assets</b>				
Financial assets at fair value through P&L	164 138	405 883	-	570 021
<b>Total financial assets</b>	<b>164 138</b>	<b>405 883</b>	-	<b>570 021</b>
<b>Financial liabilities</b>				
Financial liabilities held for trading	-	123 595	-	123 595
<b>Total financial liabilities</b>	-	<b>123 595</b>	-	<b>123 595</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.

## 34.2 Market risk

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

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

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

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

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



### **34.2.1 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 30 September 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	546 322	1 010 945	38 413	212 281	7 301	19 932	33 229	1 868 423	3 121 441
Financial assets at fair value through P&L	120 000	189 625	10 152	74 832	4 881	8 687	18 080	426 257	957 700
Income tax receivables	-	-	-	-	-	-	-	-	3
Financial assets at amortised cost	3 408	12 543	187	1 145	217	230	2 866	20 596	37 205
Prepayments and deferred costs	2 755	1 614	454	601	-	34	15	5 473	14 416
Intangible assets	-	-	-	7	-	-	2	9	1 111
Property, plant and equipment	1 854	4 903	86	598	-	58	1 107	8 606	36 336
Deferred income tax assets	-	6 472	1 747	80	-	-	-	8 299	8 299
<b>Total assets</b>	<b>674 339</b>	<b>1 226 102</b>	<b>51 039</b>	<b>289 544</b>	<b>12 399</b>	<b>28 941</b>	<b>55 299</b>	<b>2 337 663</b>	<b>4 176 511</b>
<b>Liabilities</b>									
Amounts due to Clients	313 095	971 787	21 652	249 322	9 347	23 585	27 820	1 616 608	2 371 055
Financial liabilities held for trading	63 404	30 226	2 840	5 740	1 442	764	10 241	114 657	131 571
Income tax liabilities	-	346	-	104	-	16	113	579	11 479
Liabilities due to lease	-	23 019	-	155	-	-	2 563	25 737	25 737
Other liabilities	17 867	24 394	5 127	3 016	3	871	3 828	55 106	94 596
Provisions for liabilities	-	-	-	-	-	-	281	281	4 402
Deferred income tax provision	-	-	-	-	-	-	682	682	75 308
<b>Total liabilities</b>	<b>394 366</b>	<b>1 049 772</b>	<b>29 619</b>	<b>258 337</b>	<b>10 792</b>	<b>25 236</b>	<b>45 528</b>	<b>1 813 650</b>	<b>2 714 148</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 at fair value through P&L	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 Clients	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
Liabilities due to lease	-	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 30 September 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	473 244	801 156	41 409	190 267	11 491	21 891	37 007	1 576 465	2 355 705
Financial assets at fair value through P&L	82 852	139 923	11 368	43 138	3 238	4 975	17 561	303 055	570 021
Income tax receivables	-	30	-	-	-	-	-	30	30
Financial assets at amortised cost	884	7 583	320	1 500	126	1 273	1 418	13 104	21 303
Prepayments and deferred costs	434	667	372	150	-	18	35	1 676	9 469
Intangible assets	-	-	-	37	-	1	3	41	638
Property, plant and equipment	2 145	4 594	61	688	-	50	780	8 318	13 121
Deferred income tax assets	-	7 245	1 862	23	-	-	-	9 130	9 130
<b>Total assets</b>	<b>559 559</b>	<b>961 198</b>	<b>55 392</b>	<b>235 803</b>	<b>14 855</b>	<b>28 208</b>	<b>56 804</b>	<b>1 911 819</b>	<b>2 979 417</b>
<b>Liabilities</b>									
Amounts due to Clients	203 352	750 650	27 607	201 519	10 677	23 069	28 523	1 245 397	1 903 659
Financial liabilities held for trading	52 266	24 830	6 024	7 914	975	709	10 969	103 687	123 595
Income tax liabilities	-	253	-	-	-	-	735	988	5 041
Liabilities due to lease	-	5 510	-	32	-	-	2 564	8 106	8 110
Other liabilities	431	17 690	2 874	1 323	46	510	1 162	24 036	41 601
Provisions for liabilities	-	-	-	-	-	-	1 399	1 399	6 004
Deferred income tax provision	-	-	-	-	-	-	238	238	44 173
<b>Total liabilities</b>	<b>256 049</b>	<b>798 933</b>	<b>36 505</b>	<b>210 788</b>	<b>11 698</b>	<b>24 288</b>	<b>45 590</b>	<b>1 383 851</b>	<b>2 132 183</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)	NINE-MONTH PERIOD ENDED			
	30.09.2022 (UNAUDITED)		30.09.2021 (UNAUDITED)	
	INCREASE IN EXCHANGE RATES BY 5%	DECREASE IN EXCHANGE RATES BY 5%	INCREASE IN EXCHANGE RATES BY 5%	DECREASE IN EXCHANGE RATES BY 5%
Income (expenses) of the period	50 861	(50 861)	38 967	(38 967)
Equity, of which:	3 557	(3 557)	2 640	(2 640)
Foreign exchange differences on translation	3 557	(3 557)	2 640	(2 640)

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

### 34.2.2 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)	30.09.2022 (UNAUDITED)	31.12.2021 (AUDITED)	30.09.2021 (UNAUDITED)
<b>Financial assets</b>			
Cash – in current bank accounts	2 821 441	2 376 261	2 355 705
Cash – short-term deposits in bank	300 000	-	-
Debt instruments	352 021	331 926	144 357
<b>Total financial assets</b>	<b>3 473 462</b>	<b>2 708 187</b>	<b>2 500 062</b>
<b>Financial liabilities</b>			
Other liabilities	25 737	7 437	8 110
<b>Total financial liabilities</b>	<b>25 737</b>	<b>7 437</b>	<b>8 110</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 30 September 2022 and from 1 July to 30 September 2021, using the average 1M interest rate in a given market.



(IN PLN'000)	THREE-MONTH PERIOD ENDED			
	30.09.2022 (UNAUDITED)		30.09.2021 (UNAUDITED)	
	INCREASE BY 50 PB	DECREASE BY 50 PB	INCREASE BY 50 PB	DECREASE BY 50 PB
Profit/(loss) before tax	3 737	(3 737)	3 115	(3 115)
Short-term deposits	374	(374)	-	-

The analysis was carried out on the basis of average balances of cash in the period from 1 January to 30 September 2022 and from 1 January to 30 September 2021, using the average 1M interest rate in a given market.

(IN PLN'000)	NINE-MONTH PERIOD ENDED			
	30.09.2022 (UNAUDITED)		30.09.2021 (UNAUDITED)	
	INCREASE BY 50 PB	DECREASE BY 50 PB	INCREASE BY 50 PB	DECREASE BY 50 PB
Profit/(loss) before tax	10 562	(10 562)	2 791	(2 791)
Short-term deposits	378	(378)	-	-

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

In the period covered by these interim condensed consolidated financial statements and in the comparative period, the Group hold financial assets which fair value would be exposed to the risk of changes in interest rates as a Treasury bonds. Sensitivity analysis exposed to interest rate risk by 50 base points (BP) - shift of yield curves- on profit before tax is presented below.

(IN PLN'000)	NINE-MONTH PERIOD ENDED			
	30.09.2022 (UNAUDITED)		30.09.2021 (UNAUDITED)	
	WZROST O 50 PB	SPADEK O 50 PB	WZROST O 50 PB	SPADEK O 50 PB
Profit/(loss) before tax	(1 447)	1 475	(625)	631

### 34.2.3 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)	30.09.2022 (UNAUDITED)	31.12.2021 (AUDITED)	30.09.2021 (UNAUDITED)
<b>Financial assets at fair value through P&amp;L</b>			
<b>Commodity</b>			
Precious metals	38 973	26 802	42 292
Base metals	2 237	868	1 618
Other	62 671	34 115	46 399
<b>Total commodity</b>	<b>103 881</b>	<b>61 785</b>	<b>90 309</b>
<b>Equity instruments</b>			
Stocks and ETF	108 207	89 716	83 893
Indicies	218 434	108 309	154 875
<b>Total equity instruments</b>	<b>326 641</b>	<b>198 025</b>	<b>238 768</b>
<b>Debt instruments</b>	<b>2 017</b>	<b>19</b>	<b>21</b>
<b>Total financial assets at fair value through P&amp;L</b>	<b>432 539</b>	<b>259 829</b>	<b>329 098</b>



(IN PLN'000)	30.09.2022 (UNAUDITED)	31.12.2021 (AUDITED)	30.09.2021 (UNAUDITED)
<b>Financial liabilities held for trading</b>			
<b>Commodity</b>			
Precious metals	2 012	5 855	1 875
Base metals	132	361	308
Other	5 079	5 932	9 128
<b>Total commodity</b>	<b>7 223</b>	<b>12 148</b>	<b>11 311</b>
<b>Equity instruments</b>			
Stocks and ETF	32 410	35 567	40 788
Indicies	32 833	29 551	17 694
<b>Total equity instruments</b>	<b>65 243</b>	<b>65 118</b>	<b>58 482</b>
<b>Debt instruments</b>	<b>152</b>	<b>32</b>	<b>25</b>
<b>Total financial liabilities held for trading</b>	<b>72 618</b>	<b>77 298</b>	<b>69 818</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)	NINE-MONTH PERIOD ENDED			
	30.09.2022 (UNAUDITED)		30.09.2021 (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	(11 790)	11 790	(26 278)	26 278
Base metals	(19)	19	(532)	532
Other	(13 755)	13 755	7 855	(7 855)
<b>Total commodity</b>	<b>(25 564)</b>	<b>25 564</b>	<b>(18 955)</b>	<b>18 955</b>
<b>Equity instruments</b>				
Stocks and ETFs	27	(27)	32	(32)
Indicies	(54 267)	54 267	(92 794)	92 794
<b>Total equity instruments</b>	<b>(54 240)</b>	<b>54 240</b>	<b>(92 762)</b>	<b>92 762</b>
<b>Debt instruments</b>	<b>(1 136)</b>	<b>1 136</b>	<b>(10)</b>	<b>10</b>
<b>Total income/(expenses) for the period</b>	<b>(80 940)</b>	<b>80 940</b>	<b>(111 727)</b>	<b>111 727</b>

### 34.3 Liquidity risk

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

The objective of liquidity management in 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. For this purpose, the Company has implemented, among others, limits for the concentration of cash in banks by forming one banking group in order to limit excessive liquidity concentration in related parties. In order to manage liquidity in relation to certain bank accounts associated with the operations of financial instruments, the Company 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 Company 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 Company 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.

In accordance with the IFR regulation, from June 26, 2021, the Parent Company maintains an amount of liquid assets equivalent to at least one third of the requirement for fixed indirect costs. The parent company's liquid assets for the purposes of IFR include, inter alia, unencumbered own funds deposited in bank accounts and Treasury bonds or bonds guaranteed by the Treasury denominated in PLN. As at September 30, 2022, the Parent Company had a much higher level of liquid assets than required by the IFR regulation.

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 30 September 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	3 121 441	3 121 441	3 121 441	-	-	-	-
Financial assets at fair value through P&L							
Listed stocks and ETFs	10 181	10 181	10 181	-	-	-	-
Bonds	352 021	352 021	352 021	-	-	-	-
CFDs	595 498	595 498	595 498	-	-	-	-
Total financial assets at fair value through P&L	957 700	957 700	957 700	-	-	-	-
Financial assets at amortised cost	37 205	37 205	25 564	-	4 552	-	7 089
<b>Total financial assets</b>	<b>4 116 346</b>	<b>4 116 346</b>	<b>4 104 705</b>	<b>-</b>	<b>4 552</b>	<b>-</b>	<b>7 089</b>
<b>Financial liabilities</b>							
Amounts due to clients	2 371 055	2 371 055	2 371 055	-	-	-	-
Financial liabilities held for trading							
CFDs	131 571	131 571	131 571	-	-	-	-
Total financial liabilities held for trading	131 571	131 571	131 571	-	-	-	-
Liabilities due to lease	25 737	25 737	1 517	4 407	19 813	-	-
Other liabilities	94 596	94 596	54 438	30 088	-	-	10 070
<b>Total financial liabilities</b>	<b>2 622 959</b>	<b>2 622 959</b>	<b>2 558 581</b>	<b>34 495</b>	<b>19 813</b>	<b>-</b>	<b>10 070</b>
Contractual liquidity gap in maturities (payment dates)			1 546 124	(34 495)	(15 261)	-	(2 981)
Contractual cumulative liquidity gap			1 546 124	1 511 629	1 496 368	1 496 368	1 493 387



## 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 30 September 2021 (unaudited)

(IN PLN'000)	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	UP TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 – 5 YEARS	OVER 5 YEARS	WITH NO SPECIFIED MATURITY
<b>Financial assets</b>							
Cash and cash equivalents	2 355 705	2 355 705	2 355 705	-	-	-	-
Financial assets at fair value through P&L							
Listed stocks and ETFs	19 781	19 781	19 781	-	-	-	-
Bonds	144 357	144 357	144 357	-	-	-	-
CFDs	405 883	405 883	405 883	-	-	-	-
Total financial assets at fair value through P&L	570 021	570 021	570 021	-	-	-	-
Financial assets at amortised cost	21 303	21 303	16 985	-	4 318	-	-
<b>Total financial assets</b>	<b>2 947 029</b>	<b>2 947 029</b>	<b>2 942 711</b>	<b>-</b>	<b>4 318</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>							
Amounts due to clients	1 903 659	1 903 659	1 903 659	-	-	-	-
Financial liabilities held for trading							
CFDs	123 595	123 595	123 595	-	-	-	-
Total financial liabilities held for trading	123 595	123 595	123 595	-	-	-	-
Liabilities due to lease	8 110	8 110	1 520	1 931	4 659	-	-
Other liabilities	41 601	41 601	22 020	15 387	-	-	4 194
<b>Total financial liabilities</b>	<b>2 076 965</b>	<b>2 076 965</b>	<b>2 050 794</b>	<b>17 318</b>	<b>4 659</b>	<b>-</b>	<b>4 194</b>
Contractual liquidity gap in maturities (payment dates)			891 917	(17 318)	(341)	-	(4 194)
Contractual cumulative liquidity gap			891 917	874 599	874 258	874 258	870 064

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



## 34.4 Credit risk

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

(IN PLN'000)	30.09.2022 (UNAUDITED)		31.12.2021 (AUDITED)		30.09.2021 (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	3 121 441	3 121 441	2 376 261	2 376 261	2 355 705	2 355 705
Financial assets at fair value through P&L *	957 658	15 585	703 546	24 152	570 021	21 802
Financial assets at amortised cost	37 205	37 205	26 568	26 568	21 303	21 303
<b>Total financial assets</b>	<b>4 116 304</b>	<b>3 174 231</b>	<b>3 106 375</b>	<b>2 426 981</b>	<b>2 947 029</b>	<b>2 398 810</b>

\* As at 30 September 2022 the maximum exposure to credit risk for financial assets held for trading, not including the collateral received, was PLN 544 457 thousand (31 December 2021: PLN 350 185 thousand, 30 September 2021: PLN 370 922 thousand). This exposure was collateralised with clients' cash, which, as at 30 September 2022, covered the amount of PLN 528 872 thousand (31 December 2021: PLN 272 046 thousand, 30 September 2021: PLN 349 121 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 30 September 2022, the Group had deposit accounts in 51 banks and institutions (31 December 2021: in 49 banks and institutions, 30 September 2021: in 50 banks and institutions). The ten largest exposures are presented in the table below (numbering of banks and institutions determined individually for each period):

ENTITY	30.09.2022 (UNAUDITED)		31.12.2021 (AUDITED)		30.09.2021 (UNAUDITED)	
	(IN PLN'000)	ENTITY	(IN PLN'000)	ENTITY	(IN PLN'000)	ENTITY
Bank 1	1 141 678	Bank 1	682 155	Bank 1	569 689	
Bank 2	381 987	Bank 2	326 417	Bank 2	513 170	
Bank 3	362 394	Institution 1	313 432	Bank 3	305 578	
Bank 4	200 591	Bank 3	279 383	Bank 4	270 307	
Bank 5	156 405	Institution 2	123 257	Bank 5	141 939	
Bank 6	117 755	Bank 4	105 612	Bank 6	81 592	
Bank 7	111 644	Bank 5	88 649	Bank 7	75 950	
Institution 1	97 563	Bank 6	73 255	Bank 8	66 182	
Bank 8	78 672	Institution 3	67 669	Bank 9	54 949	
Institution 2	74 290	Institution 4	59 801	Bank 10	54 221	
Other	398 462	Other	256 631	Other	222 128	
<b>Total</b>	<b>3 121 441</b>	<b>Total</b>	<b>2 376 261</b>	<b>Total</b>	<b>2 355 705</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)		
	30.09.2022 (UNAUDITED)	31.12.2021 (AUDITED)	30.09.2021 (UNAUDITED)
<b>Cash and cash equivalent</b>			
Step 1	2 686 649	1 952 898	1 674 316
Step 2	70 648	23 265	20 040
Step 3	361 902	397 446	659 263
Step 4	2 242	2 652	2 086
Step 5	-	-	-
Step 6	-	-	-
<b>Total</b>	<b>3 121 441</b>	<b>2 376 261</b>	<b>2 355 705</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):

30.09.2022 (UNAUDITED)		31.12.2021 (AUDITED)		30.09.2021 (UNAUDITED)	
ENTITY	NET EXPOSURE (IN PLN'000)	ENTITY	NET EXPOSURE (IN PLN'000)	ENTITY	NET EXPOSURE (IN PLN'000)
Entity 1	5 038	Entity 1	12 206	Entity 1	9 641
Entity 2	3 003	Entity 2	8 837	Entity 2	7 043
Entity 3	2 108	Entity 3	1 242	Entity 3	1 310
Entity 4	473	Entity 4	435	Entity 4	696
Entity 5	378	Entity 5	161	Entity 5	342
Entity 6	278	Entity 6	134	Entity 6	300
Entity 7	234	Entity 7	106	Entity 7	282
Entity 8	197	Entity 8	97	Entity 8	255
Entity 9	174	Entity 9	59	Entity 9	183
Entity 10	170	Entity 10	58	Entity 10	126
<b>Total</b>	<b>12 053</b>	<b>Total</b>	<b>23 335</b>	<b>Total</b>	<b>20 178</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 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.

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

The Group operates on the basis of licences granted by regulators in Poland, the UK, Cyprus, 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.

At the end of the third quarter of 2022 the Group offered more than 5 600 financial instruments from all over the world. This number consisted of over 2 200 leveraged CFDs, including approximately 50 based on currency pairs, approximately 20 based on commodities, approximately 30 based on indices, 50 based on cryptocurrency, approximately 1 900 based on shares of companies listed on stock exchanges in 16 countries and over 150 based on American and European ETFs. Second part of the XTB's offer consists of over 3 400 cash instruments, including over 3 100 equity instruments and almost 300 ETF instruments from European markets. During the 9 months ended 2022, the Company focused mainly on improving the existing processes of acquiring new clients, optimizing transaction costs for both clients and the Company, as well as all processes leading to the start of trading by clients and the experience of concluding transactions in XTB. The Group is actively introducing new improvements to the trading platform that make it more intuitive and easier to use.

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

In the third quarter of 2022 XTB reported a consolidated net profit of PLN 236,2 million compared to PLN 104,3 million a year earlier. This is an increase by PLN 131,9 million, i.e. by 126,5% y/y. Consolidated revenue amounted to PLN 391,3 million (Q3 2021: PLN 200,0 million), and operating expenses amounted to PLN 132,5 million (Q3 2021: PLN 84,8 million). The number of active clients amounted to 151,7 thousand compared to 110,9 thousand a year earlier, which means an increase by 36,8% y/y.

(in PLN'000)	THREE-MONTH PERIOD ENDED							
	30.09.2022	30.06.2022	31.03.2022	31.12.2021	30.09.2021	30.06.2021	31.03.2021	31.12.2020
Total operating income	391 289	396 410	439 804	183 567	200 029	55 302	186 697	139 962
Total operating expenses	(132 546)	(136 750)	(131 036)	(100 715)	(84 771)	(76 384)	(86 902)	(83 616)
Profit (loss) on operating activities (EBIT)	258 743	259 660	308 768	82 852	115 258	(21 082)	99 795	56 346
Net profit (loss)	236 219	226 931	252 639	68 519	104 305	(24 045)	89 051	40 231

In Q1-Q3 2022, the Company generated PLN 715,8 million of consolidated net profit compared to PLN 169,3 million of profit a year earlier.





## 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 and 9 months ended 30 September 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

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

(in PLN'000)	30.09.2022	30.09.2021	THREE-MONTH PERIOD ENDED	
			CHANGE IN VALUE	CHANGE %
Result of operations on financial instruments	389 568	198 731	190 837	96,0
Income from fees and charges	1 719	1 269	450	35,5
Other income	2	29	(27)	(93,1)
<b>Total operating income</b>	<b>391 289</b>	<b>200 029</b>	<b>191 260</b>	<b>95,6</b>
Salaries and employee benefits	(49 036)	(36 613)	12 423	33,9
Marketing	(48 579)	(24 772)	23 807	96,1
Commission expenses	(12 995)	(8 620)	4 375	50,8
Other expenses	(12 737)	(8 762)	3 975	45,4
Amortisation	(3 080)	(2 284)	796	34,9
Taxes and Fees	(2 899)	(1 595)	1 304	81,8
Costs of maintenance and lease of buildings	(1 958)	(1 081)	877	81,1
Other expenses	(1 262)	(1 044)	218	20,9
<b>Total operating expenses</b>	<b>(132 546)</b>	<b>(84 771)</b>	<b>47 775</b>	<b>56,4</b>
<b>Profit on operating activities (EBIT)</b>	<b>258 743</b>	<b>115 258</b>	<b>143 485</b>	<b>124,5</b>
Finance income	32 081	13 064	19 017	145,6
Finance costs	(277)	(134)	143	106,7
<b>Profit before tax</b>	<b>290 547</b>	<b>128 188</b>	<b>162 359</b>	<b>126,7</b>
Income tax	(54 328)	(23 883)	30 445	127,5
<b>Net profit</b>	<b>236 219</b>	<b>104 305</b>	<b>131 914</b>	<b>126,5</b>



(in PLN'000)	NINE-MONTH PERIOD ENDED			
	30.09.2022	30.09.2021	CHANGE IN VALUE	CHANGE %
Result of operations on financial instruments	1 222 684	437 904	784 780	179,2
Income from fees and charges	4 800	3 780	1 020	27,0
Other income	19	344	(325)	(94,5)
<b>Total operating income</b>	<b>1 227 503</b>	<b>442 028</b>	<b>785 475</b>	<b>177,7</b>
Marketing	(153 891)	(82 900)	70 991	85,6
Salaries and employee benefits	(142 014)	(95 858)	46 156	48,2
Commission expenses	(40 585)	(26 411)	14 174	53,7
Other expenses	(35 102)	(27 134)	7 968	29,4
Amortisation	(8 735)	(6 597)	2 138	32,4
Taxes and Fees	(7 645)	(4 058)	3 587	88,4
Other expenses	(6 437)	(2 129)	4 308	202,3
Costs of maintenance and lease of buildings	(5 923)	(2 970)	2 953	99,4
<b>Total operating expenses</b>	<b>(400 332)</b>	<b>(248 057)</b>	<b>152 275</b>	<b>61,4</b>
<b>Profit on operating activities (EBIT)</b>	<b>827 171</b>	<b>193 971</b>	<b>633 200</b>	<b>326,4</b>
Finance income	49 812	13 724	36 088	263,0
Finance costs	(789)	(1 484)	(695)	(46,8)
<b>Profit before tax</b>	<b>876 194</b>	<b>206 211</b>	<b>669 983</b>	<b>324,9</b>
Income tax	(160 405)	(36 900)	123 505	334,7
<b>Net profit</b>	<b>715 789</b>	<b>169 311</b>	<b>546 478</b>	<b>322,8</b>

## Revenues

In the third quarter of 2022, the Group's revenues increase by 95,6% y/y, i.e. from PLN 200,0 million to PLN 391,3 million. Significant factors determining their level were high volatility in the financial and commodity markets and the constantly growing number of active clients (increase by 36,8% y/y), connected with their high transaction activity expressed in the number of contracts concluded in lots. As a consequence, the transaction volume in CFD instruments amounted to 1 595 thousand lots (Q3 2021: 1 044 thousand lots), and a profitability per lot amounted to PLN 245 (Q3 2021: PLN 192).

	THREE-MONTH PERIOD ENDED							
	30.09.2022	30.06.2022	31.03.2022	31.12.2021	30.09.2021	30.06.2021	31.03.2021	31.12.2020
Total operating income (in PLN'000)	391 289	396 410	439 804	183 567	200 029	55 302	186 697	139 962
Transaction volume in CFD instruments in lots <sup>1</sup>	1 594 606	1 489 917	1 560 739	1 073 549	1 044 329	871 300	1 115 389	800 935
Profitability per lot (in PLN) <sup>2</sup>	245	266	282	171	192	63	167	175
Transaction volume in CFD instruments in nominal value (in USD'000000)	539 879	539 673	631 255	482 097	502 650	366 257	386 347	292 000
Profitability for 1 million USD transaction volume in CFD instruments in nominal value (in USD) <sup>3</sup>	152	168	167	94	102	40	127	126

<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. From the beginning of the year, the Group acquired 145 826 new clients compared to 146 427 a year earlier, which means a slight decrease by 0,4% mainly due to high base from the first quarter of 2021, while the number of active clients was record high and reached the level of 224,3 thousand compared to 160,6 thousand a year earlier, which means an increase by 39,7% y/y.

	PERIOD ENDED							
	30.09.2022	30.06.2022	31.03.2022	31.12.2021	30.09.2021	30.06.2021	31.03.2021	31.12.2020
New clients <sup>1)</sup>	44 796	45 697	55 333	42 760	38 573	40 623	67 231	38 413
Clients in total <sup>2)</sup>	567 387	525 287	481 931	429 157	388 973	352 946	316 658	255 791
Number of active clients <sup>3)</sup>	224 339	190 088	149 726	190 452	160 608	133 415	103 446	107 287
Average number of active clients <sup>4)</sup>	150 444	149 824	149 726	112 015	106 961	105 005	103 446	58 069

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

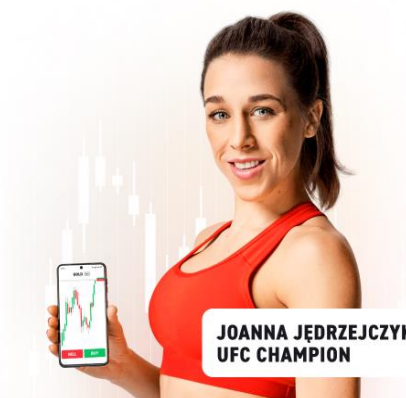
<sup>2)</sup> Number of clients at the end of individual quarters.

<sup>3)</sup> Number of active clients respectively in the 9, 6 and 3 months of 2022 and 12, 9, 6 and 3 months of 2021 and 12 months of 2020, respectively. An active client is a client who carried out at least one transaction in a period.

<sup>4)</sup> The average quarterly number of clients respectively for 9, 6 and 3 months of 2022 and 12, 9, 6 and 3 months of 2021 and 12 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 in the first quarter of this year 55,3 thousand new clients and in the second quarter of this year nearly 45,7 thousand new clients, while in the third quarter of this year, almost 44,8 thousand new clients. In turn, in October 2022, XTB acquired 17,6 thousand new clients.

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 with the participation of new XTB brand ambassadors. In February 2022, an advertising campaign was launched with the participation of the titled martial arts competitor, the first Polish woman in the UFC organization and the champion of this organization, as well as the three-time world champion in Thai boxing – Joanna Jędrzejczyk.



**JOANNA JĘDRZEJCZYK  
UFC CHAMPION**

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.



In September 2022, promotional activities were launched with the participation of Conor McGregor, another XTB brand ambassador – an Irish mixed martial arts (MMA) fighter and the UFC. Conor McGregor is the biggest martial arts star in the world and the best rewarded athlete according to Forbes' list. Conor is not only a fighter, but also a successful person in business as an investor in many interesting projects.

The face of the XTB brand is also Jiří Procházka, a Czech fighter, one of the leading MMA fighters, UFC champion. Thanks to this cooperation, XTB plans to continue its intense promotional activities.



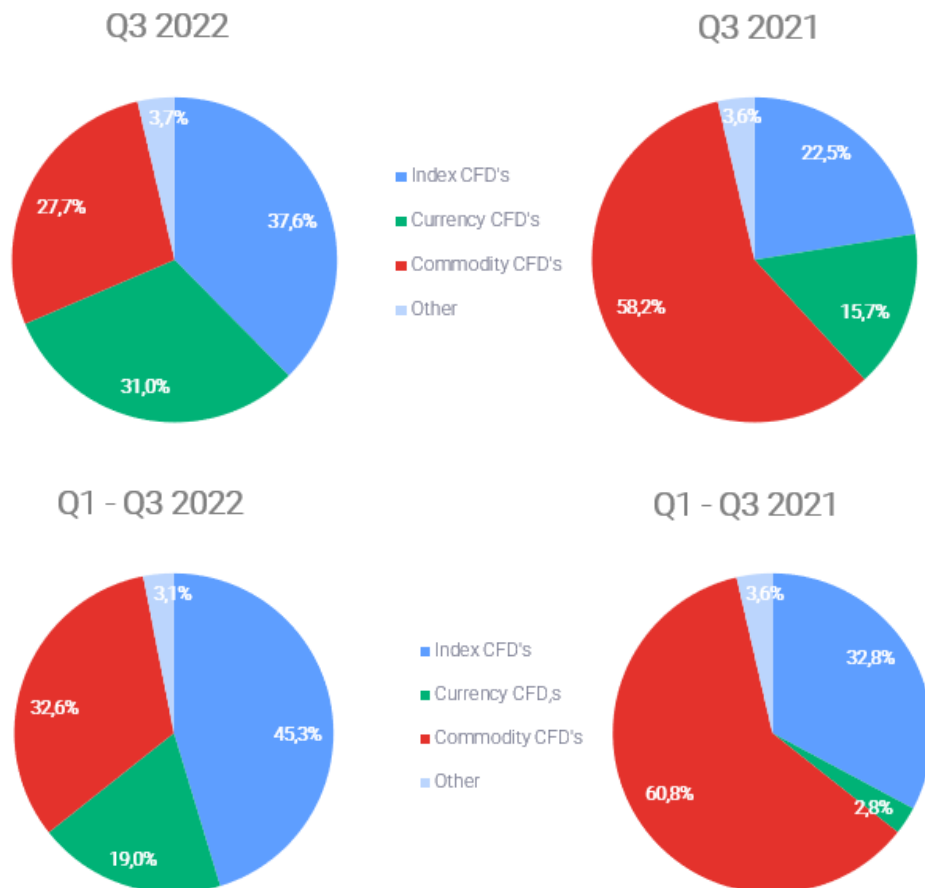


The team of XTB ambassadors was also joined in 2022 by Iker Casillas, a former Real Madrid footballer, considered one of the best goalkeepers of all time. He is currently the Deputy Director General of the Real Madrid Foundation.

XTB, thanks to the cooperation with such personalities as Joanna Jędrzejczyk, Conor McGregor, Jiří Procházka or Iker Casillas 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 third quarter of 2022 CFDs based on index were in the lead. Their share in the structure of revenues on financial instruments reached 37,6%. This is a consequence of high profitability on CFD instruments based on the US 100 index, Warsaw Stock Exchange index WIG20, the German DAX index (DE30) or the US 500 index. The second most profitable asset class was CFD based on currencies. Their share in the revenue structure in the third quarter of 2022 was 31,0%. The most profitable instruments in this class were CFDs on currency pairs EURUSD, USDPLN and GBPUSD. Revenues on CFDs based on commodities accounted for 27,7% of all revenues, where the most profitable financial instruments in this class were CFD based on gold, oil prices and natural gas prices.

**The structure of revenue by asset class (in %)**





(in PLN'000)	THREE-MONTH PERIOD ENDED			NINE-MONTH PERIOD ENDED		
	30.09.2022	30.09.2021	CHANGE %	30.09.2022	30.09.2021	CHANGE %
Index CFDs	150 892	45 783	229,6	568 788	147 405	285,9
Currency CFDs	124 222	31 986	288,4	238 690	12 653	1 786,4
Commodity CFDs	111 421	118 572	(6,0)	408 911	267 824	52,7
Stock CFDs and ETFs	12 550	8 167	53,7	35 699	23 384	52,7
Bond CFDs	1 778	60	2 863,3	548	137	300,0
<b>Total CFDs</b>	<b>400 863</b>	<b>204 568</b>	<b>96,0</b>	<b>1 252 636</b>	<b>451 403</b>	<b>177,5</b>
Shares and ETFs	441	(796)	155,4	2 592	(2 263)	214,5
<b>Gross gain on transactions in financial instruments</b>	<b>401 304</b>	<b>203 772</b>	<b>96,9</b>	<b>1 255 228</b>	<b>449 140</b>	<b>179,5</b>
Bonuses and discounts paid to clients	(1 497)	(467)	220,6	(4 166)	(1 569)	165,5
Commission paid to cooperating brokers	(10 239)	(4 574)	123,9	(28 378)	(9 667)	193,6
<b>Net gain on transactions in financial instruments</b>	<b>389 568</b>	<b>198 731</b>	<b>96,0</b>	<b>1 222 684</b>	<b>437 904</b>	<b>179,2</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 49,3% in the third quarter of 2022 (III quarter 2021 r.: 32,2%). 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. The exception is the Middle East region, which also presents revenues from clients from this market acquired by the subsidiary XTB International Ltd. based in Belize.

(in PLN'000)	THREE-MONTH PERIOD ENDED			NINE-MONTH PERIOD ENDED		
	30.09.2022	30.09.2021	CHANGE %	30.09.2022	30.09.2021	CHANGE %
<b>Central and Eastern Europe</b>	<b>248 702</b>	<b>106 597</b>	<b>133,3</b>	<b>752 790</b>	<b>222 907</b>	<b>237,7</b>
- including Poland	193 053	64 413	199,7	526 245	131 917	298,9
<b>Western Europe</b>	<b>75 104</b>	<b>50 512</b>	<b>48,7</b>	<b>293 888</b>	<b>126 674</b>	<b>132,0</b>
<b>Latin America<sup>1</sup></b>	<b>49 613</b>	<b>40 581</b>	<b>22,3</b>	<b>155 271</b>	<b>90 108</b>	<b>72,3</b>
<b>Middle East<sup>2</sup></b>	<b>17 870</b>	<b>2 339</b>	<b>664,0</b>	<b>25 554</b>	<b>2 339</b>	<b>992,5</b>
<b>Total operating income</b>	<b>391 289</b>	<b>200 029</b>	<b>95,6</b>	<b>1 227 503</b>	<b>442 028</b>	<b>177,7</b>

<sup>1)</sup> The subsidiary XTB International Ltd., with its seat in Belize, acquires clients from Latin America and the rest of the world (without Europe). The item excludes revenues from clients acquired by this company from the Middle East region.

<sup>2)</sup> Revenue from clients from the Middle East, acquired by XTB International Ltd. with its seat in Belize and XTB MENA Limited with its seat in the United Arab Emirates.

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			NINE-MONTH PERIOD ENDED		
	30.09.2022	30.09.2021	CHANGE %	30.09.2022	30.09.2021	CHANGE %
Retail segment	370 860	206 572	79,5	1 207 153	434 647	177,7
Institutional segment (X Open Hub)	20 429	(6 543)	412,2	20 350	7 381	175,7
<b>Total operating income</b>	<b>391 289</b>	<b>200 029</b>	<b>95,6</b>	<b>1 227 503</b>	<b>442 028</b>	<b>177,7</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

In the third quarter of 2022 operating expenses amounted to PLN 132,5 million and were higher PLN 47,7 million to the same period a year earlier (Q3 2021: PLN 84,8 million). The most significant changes occurred in:

- marketing costs, an increase of PLN 23,8 million mainly due to higher expenditures on marketing online and offline campaigns;
- costs of salaries and employee benefits, an increase of PLN 12,4 million mainly due to the increase in employment;
- commission expenses, an increase of PLN 4,4 million as a result of larger amounts paid to payment service providers through which clients deposit their funds on transaction accounts;
- other external services, an increase by PLN 4,0 million as a result of mainly higher expenditure on: (i) IT systems and licenses (increase by PLN 1,5 million y/y); (ii) legal and advisory services (increase by PLN 1,2 million y/y) and (iii) recruitment costs (increase by PLN 0,5 million y/y).

(in PLN'000)	THREE-MONTH PERIOD ENDED			NINE-MONTH PERIOD ENDED		
	30.09.2022	30.09.2021	CHANGE %	30.09.2022	30.09.2021	CHANGE %
Salaries and employee benefits	49 036	36 613	33,9	142 014	95 858	48,2
Marketing	48 579	24 772	96,1	153 891	82 900	85,6
Commission expenses	12 995	8 620	50,8	40 585	26 411	53,7
Other external services	12 737	8 762	45,4	35 102	27 134	29,4
Amortization and depreciation	3 080	2 284	34,9	8 735	6 597	32,4
Taxes and fees	2 899	1 595	81,8	7 645	4 058	88,4
Costs of maintenance and lease of buildings	1 958	1 081	81,1	5 923	2 970	99,4
Other costs	1 262	1 044	20,9	6 437	2 129	202,3
<b>Total operating expenses</b>	<b>132 546</b>	<b>84 771</b>	<b>56,4</b>	<b>400 332</b>	<b>248 057</b>	<b>61,4</b>

In q/q terms, operating costs decreased by PLN 4,2 million, mainly due to the offline marketing expenditure lower by PLN 6,1 million and the costs of remuneration and employee benefits higher by PLN 2,6 million, mainly due to employment growth.





	THREE-MONTH PERIOD ENDED							
	30.09.2022	30.06.2022	31.03.2022	31.12.2022	30.09.2021	30.06.2021	31.03.2021	31.12.2020
Total operating expenses including: (in PLN'000)	132 546	136 750	131 036	100 715	84 771	76 384	86 902	83 616
- Marketing	48 579	54 662	50 650	37 201	24 772	25 078	33 050	30 861
New clients	44 796	45 697	55 333	42 760	38 573	40 623	67 231	38 413
Clients in total <sup>1)</sup>	567 387	525 287	481 931	429 157	388 973	352 946	316 658	255 791
Number of active clients <sup>2)</sup>	224 339	190 088	149 726	190 452	160 608	133 415	103 446	107 287
Average number of active clients <sup>3)</sup>	151 685	149 922	149 726	127 174	110 875	106 563	103 446	72 346

<sup>1)</sup> The total number of the Group's clients at the end of individual periods.

<sup>2)</sup> Number of active clients respectively in the 9, 6 and 3 months of 2022 and 12, 9, 6 and 3 months of 2021 and 12 months of 2020, respectively. An active client is a client who carried out at least one transaction in a period.

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

Due to the dynamic development of XTB, the Management Board estimates that in 2022 the total costs of operating activities may even be about 50-55% 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 expenditures may increase in 2022 by nearly 70-75% compared to the previous year.

The final level of operating costs depends on the level of marketing expenses, changes in the level of employment in the Group, the amount of variable components paid to employees and the pace of geographic expansion into new markets.

The level of marketing expenditures depends on their impact on the Group's results and profitability, the rate of foreign expansion and on client's responsiveness to the actions taken. The employment growth in the Group will be driven by its dynamic development, both on the existing and new markets. The amount of variable remuneration components is influenced by the Group's results.

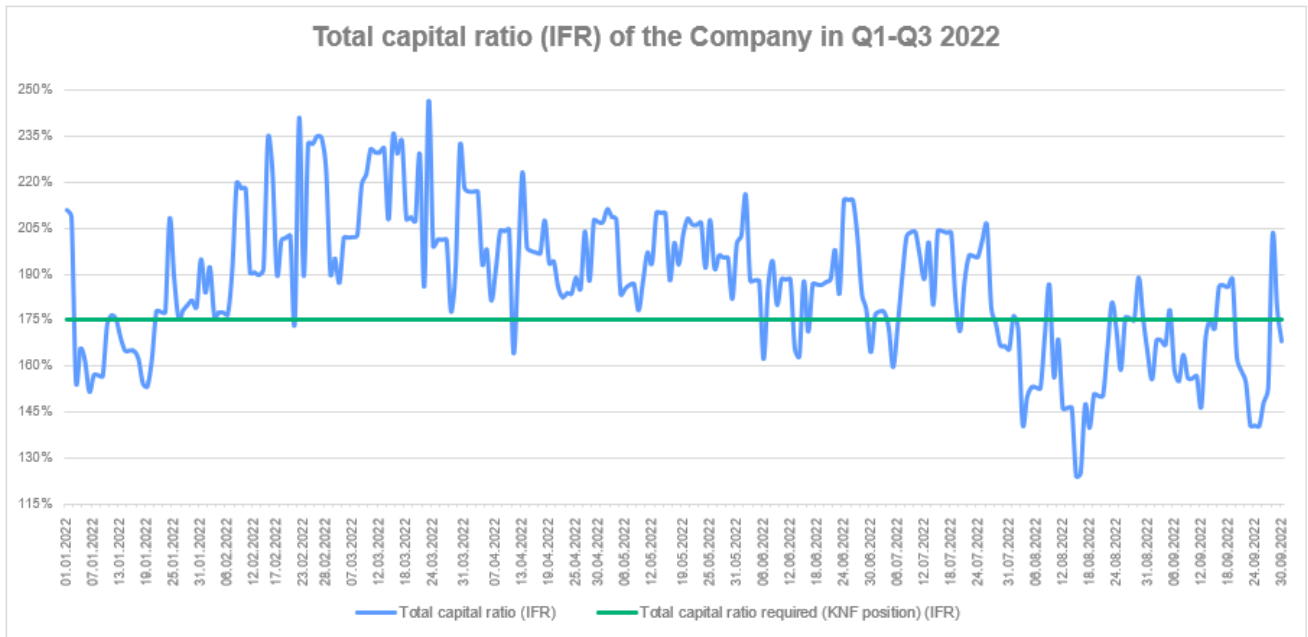
## Dividend

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 9-month period of 2022 amounted to PLN 712,7 million.



The levels of the total capital ratio (IFR) of XTB on individual days in Q1-Q3 2022 are presented in the chart below.

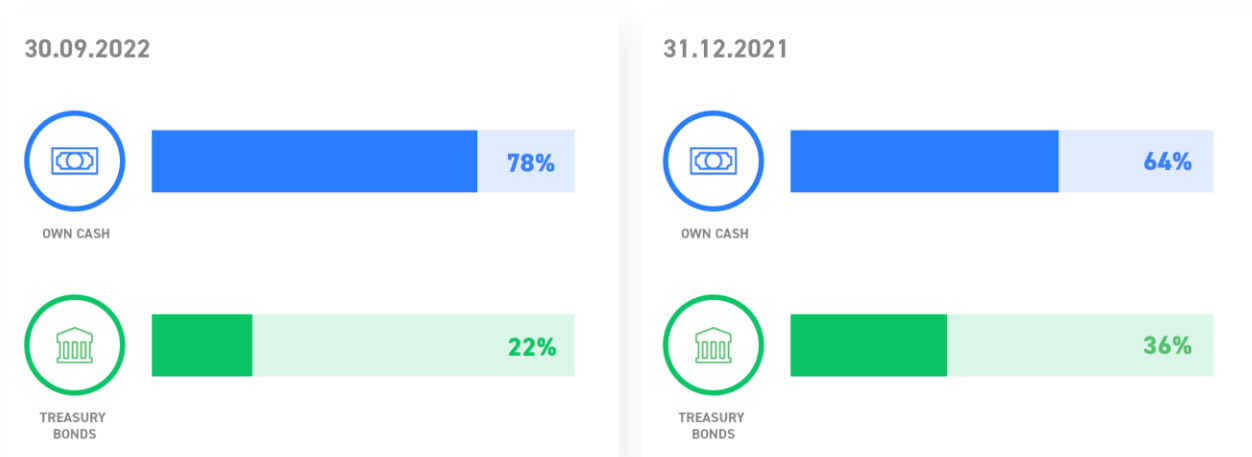


At the end of the third quarter of this year the total capital ratio in the Company amounted to 168,0%. The total capital ratio informs about the ratio of own funds to risk-weighted assets, in other words, it shows whether the brokerage house is able to cover the minimum capital requirement for market, credit, operational and other risks with its own funds.

**Cash and cash equivalents**

XTB invests part of its cash in bank deposits and in financial instruments with a 0% risk weight, i.e. in treasury bonds and bonds guaranteed by the State Treasury. As at September 30, 2022 the total value of own cash and bonds in the XTB Group was PLN 1 611,7 million, which PLN 1 259,7 million was cash and PLN 352,0 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		NINE-MONTH PERIOD ENDED	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
EBITDA (in PLN'000) <sup>1</sup>	261 823	117 542	835 906	200 568
EBITDA margin (%) <sup>2</sup>	66,9	58,8	68,1	45,4
Net profit margin (%) <sup>3</sup>	60,4	52,1	58,3	38,3
Return on equity – ROE (%) <sup>4</sup>	85,7	52,5	80,3	26,0
Return on assets – ROA (%) <sup>5</sup>	27,4	14,6	26,1	8,6
Aggregate capital adequacy ratio (IFR) of the Company (%) <sup>6</sup>	168,0	126,9	168,0	126,9
Aggregate capital adequacy ratio (IFR) of the Group (%) <sup>6</sup>	161,5	129,4	161,5	129,4

<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 and 9-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 and 9-month periods have been annualized).

<sup>6)</sup> For comparability of presentation in the period until June 25, 2021, the IFR capital ratio calculated as the capital ratio CRR, taking into account buffers, multiplied by 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. Transaction volumes in lots have been determined based on the location of the Group's office.

	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
<b>Retail operations segment</b>	<b>1 427 855</b>	<b>982 193</b>	<b>4 063 080</b>	<b>2 711 833</b>
Central and Eastern Europe	719 556	444 379	2 004 808	1 282 981
Western Europe	286 795	279 995	913 168	779 511
Latin America <sup>1</sup>	326 715	223 972	930 570	615 494
Middle East <sup>2</sup>	94 788	33 848	214 534	33 848
<b>Institutional operations segment</b>	<b>166 751</b>	<b>62 136</b>	<b>582 182</b>	<b>319 184</b>
<b>Total</b>	<b>1 594 606</b>	<b>1 044 329</b>	<b>4 645 262</b>	<b>3 031 018</b>

<sup>1)</sup> The subsidiary XTB International Ltd., with its seat in Belize, acquires clients from Latin America and the rest of the world (without Europe). The item excludes lots from clients acquired by this company from the Middle East region.

<sup>2)</sup> Lots from clients from the Middle East, acquired by XTB International Ltd. with its seat in Belize and XTB MENA Limited with its seat in the United Arab Emirates.

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.

	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
New clients <sup>1)</sup>	44 796	38 573	145 826	146 427
Clients in total	567 387	388 973	567 387	388 973
Number of active clients <sup>2)</sup>	151 685	110 875	224 339	160 608
Average number of active clients <sup>3)</sup>	151 685	110 875	150 444	106 961
Net deposits (in PLN'000) <sup>4)</sup>	796 899	559 334	2 746 487	2 161 304
Average operating income per active client (in PLN'000) <sup>5)</sup>	2,6	1,8	8,2	4,1
Transaction volume in CFD instruments in lots <sup>6)</sup>	1 594 606	1 044 329	4 645 262	3 031 018
Profitability per lot (in PLN) <sup>7)</sup>	245	192	264	146
Transaction volume in CFD instruments in nominal value (in USD'000000)	539 879	502 650	1 710 807	1 255 254
Profitability for 1 million USD transaction volume in CFD instruments in nominal value (in USD) <sup>8)</sup>	152	102	162	92
Turnover of shares in nominal value (in USD'000000)	678	898	2 615	3 352

<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		NINE-MONTH PERIOD ENDED	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
New clients <sup>1</sup>	44 796	38 573	145 823	146 422
Clients in total	567 348	388 936	567 348	388 936
Number of active clients <sup>2</sup>	151 662	110 852	224 311	160 581
Average number of active clients <sup>3</sup>	151 662	110 852	150 422	106 939
Number of transactions <sup>4</sup>	33 395 211	20 227 693	100 695 920	57 354 319
Transaction volume in CFD instruments in lots <sup>5</sup>	1 427 855	982 193	4 063 080	2 711 834
Net deposits (in PLN'000) <sup>6</sup>	783 376	567 247	2 695 934	2 143 527
Average operating income per active client (in PLN'000) <sup>7</sup>	2,4	1,9	8,0	4,1
Average cost of obtaining a client (in PLN'000) <sup>8</sup>	1,1	0,6	1,1	0,6
Profitability per lot (in PLN) <sup>9</sup>	260	210	297	160
Transactions volume in CFD at nominal value (in USD million)	506 154	473 515	1 598 508	1 165 505
Profitability per 1 million turnover in CFD derivatives (in PLN) <sup>10</sup>	153	112	170	98
Share transaction volume at nominal value (in USD million)	678	898	2 615	3 352

<sup>1)</sup> The number of new 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> Total number of open and closed transactions in a given period.

<sup>5)</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. The presented value does not include CFDs on stocks and ETFs, where 1 lot equals 1 share.

<sup>6)</sup> Net deposits comprise deposits placed by clients less amounts withdrawn by the clients in a given period.

<sup>7)</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>8)</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>9)</sup> Total operating income in retail segment divided by the transaction volume in CFDs in lots.

<sup>10)</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 table below presents data broken down by geography for the average quarterly number of retail clients 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). The exception is the Middle East region, which also presents clients from this market who were acquired by the subsidiary XTB International Ltd. in Belize.

	THREE-MONTH PERIOD ENDED			
		30.09.2022		30.09.2021
Central and Eastern Europe	89 350	58,9%	61 710	55,7%
Western Europe	31 925	21,1%	27 551	24,9%
Latin America <sup>1</sup>	30 032	19,8%	20 812	18,8%
Middle East <sup>2</sup>	355	0,2%	779	0,7%
<b>Average number of active clients</b>	<b>151 662</b>	<b>100,0%</b>	<b>110 852</b>	<b>100,0%</b>

<sup>1)</sup> The subsidiary XTB International Ltd., with its seat in Belize, acquires clients from Latin America and the rest of the world (without Europe). The item excludes clients acquired by this company from the Middle East region.

<sup>2)</sup> Clients from the Middle East, acquired by XTB International Ltd. with its seat in Belize and XTB MENA Limited with its seat in the United Arab Emirates.



	<b>NINE-MONTH PERIOD ENDED</b>			
	<b>30.09.2022</b>		<b>30.09.2021</b>	
Central and Eastern Europe	88 897	59,1%	61 195	57,2%
Western Europe	32 457	21,6%	28 006	26,2%
Latin America <sup>1</sup>	27 776	18,5%	17 478	16,3%
Middle East <sup>2</sup>	1 292	0,9%	260	0,2%
<b>Average number of active clients</b>	<b>150 422</b>	<b>100,0%</b>	<b>106 939</b>	<b>100,0%</b>

<sup>1)</sup> The subsidiary XTB International Ltd., with its seat in Belize, acquires clients from Latin America and the rest of the world (without Europe). The item excludes clients acquired by this company from the Middle East region.

<sup>2)</sup> Clients from the Middle East, acquired by XTB International Ltd. with its seat in Belize and XTB MENA Limited with its seat in the United Arab Emirates.

### 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.

	<b>THREE-MONTH PERIOD ENDED</b>		<b>NINE-MONTH PERIOD ENDED</b>	
	<b>30.09.2022</b>	<b>30.09.2021</b>	<b>30.09.2022</b>	<b>30.09.2021</b>
Average number of active clients	23	23	22	22
Clients in total	39	37	39	37

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

	<b>THREE-MONTH PERIOD ENDED</b>		<b>NINE-MONTH PERIOD ENDED</b>	
	<b>30.09.2022</b>	<b>30.09.2021</b>	<b>30.09.2022</b>	<b>30.09.2021</b>
Transaction volume in CFD instruments in lots	166 751	62 136	582 182	319 184

## 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 and commodity 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							
	30.09.2022	30.06.2022	31.03.2022	31.12.2021	30.09.2021	30.06.2021	31.03.2021	31.12.2020
Total operating income (in PLN'000)	391 289	396 410	439 804	183 567	200 029	55 302	186 697	139 962
Transaction volume in CFD instruments in lots <sup>1</sup>	1 594 606	1 489 917	1 560 739	1 073 549	1 044 329	871 300	1 115 389	800 935
Profitability per lot (in PLN) <sup>2</sup>	245	266	282	171	192	63	167	175
Transactions volume in CFD at nominal value (in USD million)	539 879	539 673	631 255	482 097	502 650	366 257	386 347	292 000
Profitability per 1 million turnover in CFD derivatives (in USD) <sup>3</sup>	152	168	167	94	102	40	127	126

<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.

	01.01.2022-30.09.2022	2021	2020	2019	2018	2017
% share of operating income from institutional operations in total operating income	1,7%	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 50-55% 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 expenditures may increase in 2022 by nearly 70-75% compared to the previous year.



The final level of operating costs will depend on the level of marketing expenditures, changes in the level of employment in the Group, the level of variable remuneration components paid to employees and the dynamics of geographical expansion into new markets.

The level of marketing expenses will depend on the assessment of their impact on the Group's results and profitability, on the rate of foreign expansion and the degree of client responsiveness to the undertaken activities. To increase employment the Group's dynamic development will contribute to both the existing and new markets. In turn, the amount of variable remuneration components will be influenced by the Group's results.

- 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 intention of the Management Board is to start operating in South Africa in mid-2023.
- 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 September 30, 2022 as at the date of publication of this periodic report, 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 <sup>1</sup>	President of the Management Board	10.01.2017	01.07.2025
Paweł Szejko	Board Member	28.01.2015	01.07.2025
Filip Kaczmarzyk	Board Member	10.01.2017	01.07.2025
Jakub Kubacki	Board Member	10.07.2018	01.07.2025
Andrzej Przybylski	Board Member	01.05.2019	01.07.2025

<sup>1)</sup> 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 President of the Management Board.

On June 2, 2022, the Supervisory Board of the Company adopted a resolution on the appointment of the existing five-person composition of the Management Board of the Company for a new joint term of office, which is three years, i.e. from July 1, 2022 to the end of July 1, 2025.

In the reporting period and until the date of submission of this report, there were no changes in the composition of the Management Board other than those described above.



## 3.2 Supervisory Board

As at September 30, 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 September 30, 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 August 19, 2022, i.e. the submission of the previous periodic report (i.e. the report for the first half of 2022) 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:

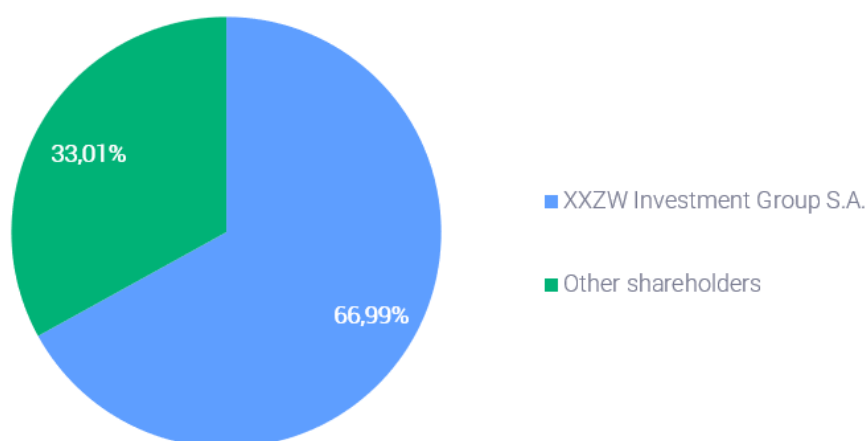
	NUMBER OF SHARES	NOMINAL SHARE VALUE (in PLN'000)	SHARE IN CAPITAL
XXZW Investment Group S.A. <sup>1</sup>	78 629 794	3 932	66,99%
Other shareholders	38 753 841	1 937	33,01%
<b>Total</b>	<b>117 383 635</b>	<b>5 869</b>	<b>100%</b>

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

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



The shareholding structure as at September 30, 2022 is presented on the graph below:



According to the best knowledge of the Management Board of the Company, as at September 30, 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 August 19, 2022 year.

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

The table below presents the total number and nominal value of the Company's shares held directly by the Company's managing and supervising persons, as at the date of this report:

<b>NAME AND SURNAME</b>	<b>FUNCTION</b>	<b>OWNED THE NUMBER OF ACTIONS</b>	<b>TOTAL VALUE NOMINAL SHARE (IN PLN)</b>
Paweł Szejko	Board Member	4 000	200
Jakub Kubacki	Board Member	2 400	120

In the reporting period and until the date of submission of this report, the following changes in the ownership of the Company's shares by managing and supervising persons took place:

- on May 9, 2022 Paweł Szejko acquired a total of 3 300 shares of the Company;
- on June 28, 2022, Paweł Szejko acquired a total of 700 shares of the Company;
- on June 28, 2022, Paweł Szejko acquired a total of 700 shares of the Company.

The 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. XTB as FinTech

XTB, as a technological entity operating in the financial sector, realise continuous development work and developing highly innovative, comprehensive solutions in the field of online transactions and investments in financial instruments ("research and development"; "R&D"). This makes the Company a FinTech organization. The aim of the above works is to develop innovative technologies and solutions allowing, in particular, the further development of the product offer. XTB owns a number of proprietary technological solutions, including the modern xStation transaction platform.

### Original platform xStation



The R&D works realised in 2022 were aimed at the development of tools necessary for the efficient functioning of XTB transaction systems, as well as the modernization of CRM systems in accordance with the identified development needs. Research areas focused primarily on eliminating errors and ensuring the functionality and security of systems and databases. R&D works aimed at the development of new electronic trading systems were also conducted. The main types of R&D activities include:

- development of IT infrastructure, e.g. in order to ensure a sufficiently effective network, continuous modernization of servers and other devices active in XTB,
- creating new or improving the current software solutions supporting the activities of XTB,
- creating and developing key transactional applications and CRM systems,
- developing solutions to increase the security of work in the network and external access,
- developing solutions for the security of data storage,
- creating and implementing new, innovative hardware-software and software solutions in the company,
- analysis of product development opportunities in terms of current technological solutions,
- work on increasing the level of security of the processed data, both in terms of data storage and transmission protocols,
- creating new or improving existing software solutions used by XTB clients in the process of trading on financial instruments,
- creating new or improving existing software solutions used by XTB clients in the process of opening an account and when using the back-office modules (deposits, withdrawals, account updates, etc.).

Due to the adopted business strategy based on the development of new technologies, the IT Development Department has been separated within the XTB structure, in which a great part of the staff are people performing R&D works. The R&D works have a significant, almost strategic impact on the business activities realised by XTB, which not only translate into the level of revenues generated by XTB, but are also crucial in the process of building and maintaining the highly competitive position of the Company on the global capital market. It should be emphasized that XTB is one of the largest FX & CFD brokers in the world, operating on the OTC (over-the-counter) market and on the stock market.

The table below presents the number of people employed in the IT Development department and the related costs incurred with the development and development of highly innovative, extensive solutions in the field of Internet transactions and investments on a quarterly basis:

	THREE-MONTH PERIOD ENDED							
	30.09.2022	30.06.2022	31.03.2022	31.12.2021	30.09.2021	30.06.2021	31.03.2021	31.12.2020
Related costs with technology development (in PLN'000)	15 172	14 000	13 201	10 371	10 459	7 648	8 139	6 257
Number of employees in the IT Development Department IT*	236	201	195	161	150	134	130	118

\* Employees hired on the basis of an employment contract, contract of mandate and providing services based on a B2B contract.



## 6. Strategy of XTB

Strategy of XTB S.A. Group is based on the following areas of development:

- **The development of operations on the markets where the Group is present in Central and Eastern Europe and Western Europe**

A key element of the Group's strategy is the use of its competitive advantages in the markets in which it is present, i.e. in the countries of Central and Eastern Europe and Western Europe, in order to increase its market share and take advantage of the growing demand for online investment services.

In Central and Eastern Europe, where XTB has a leading position (Poland, Romania, Czech Republic and Slovakia), the Group intends to continue expanding its customer base through sales and marketing activities aimed at increasing market share and taking advantage of high demand for CFD derivatives.

In Western Europe, where XTB is successfully operating in Spain, Portugal, Germany and France, the Group also intends to increase market share and satisfy demand using a combination of online marketing and educational programs for investors, which will enable to direct the Group's offer to clients with a specific profile.

The Group also expects its activities in online marketing will result in an increase in the number of international active accounts obtained through XTB Limited in the United Kingdom, which come from outside the markets constituting the main area of the Group's operations.

- **Expanding the Group's international presence by expanding into new markets, including markets in Latin America, Africa and Asia**

The Group intends to develop its operations by expanding into new markets in Latin America, Africa and Asia. The Management believes that both Latin America, Africa and Asia are attractive regions for the FX/CFD market, with high growth potential. Developing operations on these markets, the Group will often be able to take advantage of the first mover advantage. Where it is necessary to conduct business, XTB will apply for the required licenses.

The Group's objective is to expand its operations to new markets by building local sales teams responsible for individual regions, which will enable XTB to adapt marketing campaigns to the specific culture of a given country/region. The Group has the necessary experience in terms of regulatory requirements and practices, it also has a solid capital base and access to advanced technology, which allows it to effectively expand its operations in these markets.

The Group plans to use its presence in Belize as a starting point for expansion and business development in other Latin American countries. Thanks to its presence in Belize, the Group can offer Latin American clients the benefits of a region-specific approach and build their reputation as a trusted institution using sales, marketing and educational methods adapted to local cultural conditions.

The Group also expects its activities in online marketing will result in an increase in the number of international active accounts obtained through XTB International Limited in Belize, which come from outside the markets constituting the main area of the Group's operations.

- **Development of the institutional segment of operations (X Open Hub)**

The Management Board plans to further develop cooperation with institutional clients under X Open Hub offering them two categories of products and services: transaction technology and liquidity or both together. The technologies provided by the Group enable its institutional clients to build a transaction environment to offer the same or similar products and services that are available in the Group's portfolio of products and services, and therefore potentially compete with XTB.

The importance of the Group's institutional business segment is systematically increasing, creating the potential for ensuring stable revenues and cash flows due to the growing size of this segment. A more diversified business profile enables the Group to more easily use new business opportunities in the institutional business segment.

The development of the institutional operations segment depends to a large extent on the acquisition of new clients. Contrary to the segment of retail operations, the acquisition of a potential institutional client is a relatively long process, usually lasting up to one year.

- **Expanding the Group's product and services offer and developing new technologies**

The Group intends to develop its operations by offering new products and services to its customers. For this purpose the Group will introduce financial products and services that will enable its clients to implement various investment strategies using one integrated transaction platform.



The technologies developed by the Group on its own are designed to ensure its competitive advantage over other suppliers of transaction systems in the field of system quality, as well as to enable to offer to customers more competitive products and services.

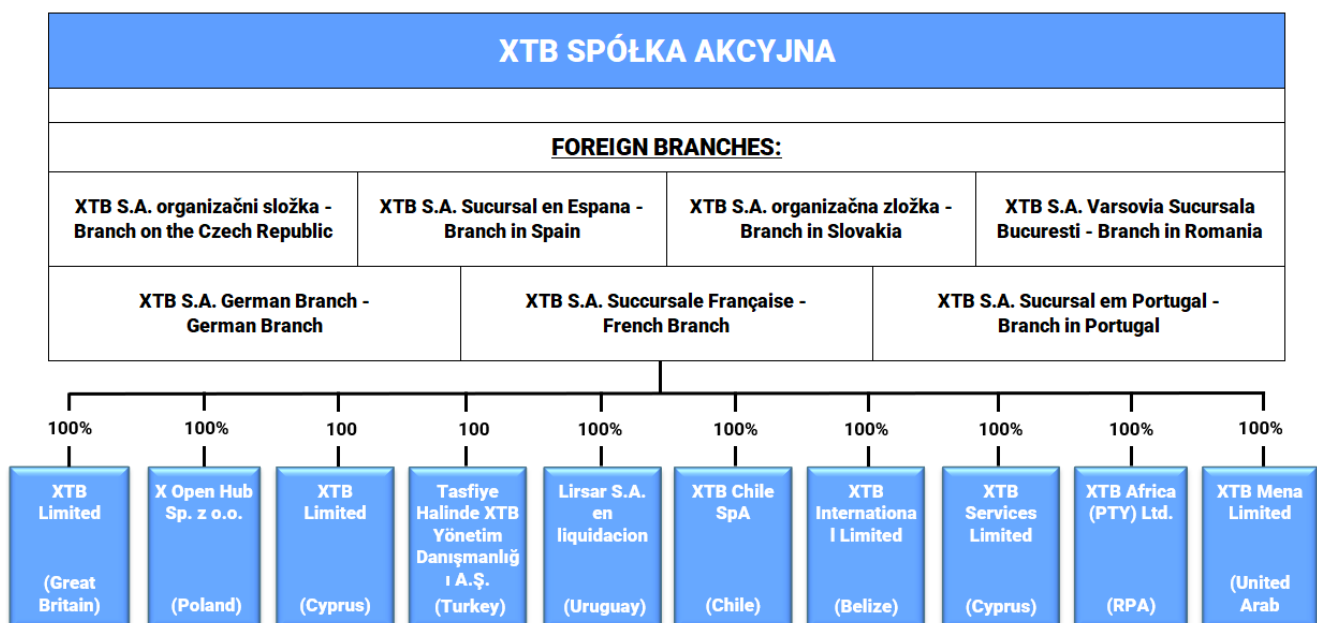
- **Development through mergers and acquisitions of other entities attractive for the Group, as well as joint ventures**

The Group allows investments in attractive companies offering products and services similar to the Group's products and services, which may complement its product, service and geographical offer. It is however assumed, that the main growth of XTB will be organic growth.

## 7. Other information

### 7.1 Information on transactions with related parties

As at the balance sheet date, i.e. September 30, 2022 the Group comprised Parent Company and 10 subsidiaries. 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.

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 the 9-month period ended September 30, 2022 XTB Yönetim Danışmanlığı Anonim Şirketi did not conduct any operating activities. In the past the company business encompassed among other:

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

On February 10, 2017, the Turkish regulatory authority, i.e. the Capital Markets Board of Turkey (CMB), introduced changes in regulations concerning the activities of investment services, investment activities and additional services. As a result, the Management Board decided to terminate the activities 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 of the 3rd quarter of 2022 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 September 15, 2020 the liquidation process of the company in Turkey began. The name of the company was 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 with its seat in Belize. On 20 March 2017 the company changed its name from CFDs Prime Limited to XTB International Limited. On 26 September 2019 the Parent Company acquired 500 000 shares in the increased share capital of the subsidiary while maintaining a 100% share in its capital. The company provides brokerage services based on the obtained permission issued by the International Financial Service Commission.

#### **XTB Services Limited. Cyprus**

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



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

On 10 July of 2018 the Parent Company established a subsidiary of XTB Africa (PTY) Ltd with its seat in RPA. The company hold 100% shares in a subsidiary. On 14 October 2019 the Parent Company acquired 100 shares in the increased capital of the subsidiary, maintaining 100% share in its capital.

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

As at the date of report publication, the company did not conduct any operating activities.

### XTB Foundation, Poland

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

The subject of foundation activity is:

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

### XTB MENA Limited, United Arab Emirates

On January 9, 2021 XTB MENA Limited headquartered 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 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 September 30, 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.

## **7.2 Information on transactions with related parties**

In the 9-month period ended September 30, 2022 and September 30, 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)	01.01.2022- 30.09.2022 REVENUES	30.09.2022 RECEIVABLES	01.01.2021- 30.09.2021 REVENUES	31.12.2021 RECEIVABLES	30.09.2021 RECEIVABLES
<b>Related parties:</b>					
XTB Limited (UK)	36 797	19 079	13 594	9 829	10 163
XTB Limited (CY)	23 312	-	5 953	-	414
X Open Hub Sp. z o.o. (PL)	1 478	297	1 394	261	189
XTB International Limited (Belize)	250 701	22 449	105 394	8 628	4 607
XTB MENA Limited (UAE)	-	1	460	5 545	178



(in PLN'000)	01.01.2022- 30.09.2022 COSTS	30.09.2022 LIABILITIES	01.01.2021- 30.09.2021 COSTS	31.12.2021 LIABILITIES	30.09.2021 LIABILITIES
<b>Related parties:</b>					
XTB Limited (UK)	(15 858)	2 950	(12 559)	11 608	11 960
XTB Limited (CY)	(2 550)	1 922	(2 402)	2 200	386
X Open Hub Sp. z o.o. (PL)	(1 495)	177	(1 581)	-	128
XTB International Limited (Belize)	(90 798)	32 078	(40 335)	38 237	27 159
XTB Services Limited (CY)	(26 884)	2 056	(27 191)	2 390	2 293
XTB MENA Limited (UAE)	(21 210)	2 915	(4 496)	748	1 693

As at September 30, 2022 the Company has liabilities to Mr Jakub Zabłocki in the amount of PLN 24 thousand due to his investment account (as at December 31, 2021: PLN 19 thousand, as at September 30, 2021 PLN 19 thousand). In the period from January 1 to September 30, 2022, the Company realized profit on transactions on financial instruments with Mr Jakub Zabłocki in the amount of PLN 177. In the period from January 1 to September 30, 2021, the Company realized profit on transactions on financial instruments with Mr Jakub Zabłocki in the amount of PLN 406. Moreover Mr Jakub Zabłocki is employed on the basis of work contract in subsidiary in Great Britain. In the period from January 1 to September 30, 2022, the paid gross salary and bonuses amounted to PLN 1 565 thousand and in the analogical period of 2021 amounted to PLN 1 166 thousand.

Mr Hubert Walentynowicz receives salary on the basis of work contract as Regional Director. In the period from January 1, 2022 to September 30, 2022 the paid gross salary and bonuses amounted to PLN 374 thousand and in the analogical period of 2021 amounted to PLN 364 thousand.

As at September 30, 2022 the Company has liabilities to Mr. Filip Kaczmarzyk in the amount of PLN 74 thousand due to his investment account, as at December 31, 2021 in the amount of PLN 79 thousand and as at September 30, 2021 in the amount of PLN 80 thousand.

As at September 30, 2022 the Company has liabilities to Mr. Paweł Szejko in the amount of PLN 171 due to his investment account, as at December 31, 2021 in the amount of PLN 7 thousand and as at September 30, 2021: PLN 0.

As at September 30, 2022 the Company has liabilities to Mr. Jakub Kubacki in the amount of PLN 1 thousand due to his investment account. As at December 31, 2021 and September 30, 2021 the Company had no settlements with Mr. Jakub Kubacki due to his investment account.

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

As at September, 30 2022 and in the reporting period, i.e. from January 1, 2022 to September 30, 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.

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

Management Board of XTB S.A. did not publish forecasts of financial results for 2022.

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

As at September 30, 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 17,2 million, which consists of two proceedings on employee claims, with a value of approximately PLN 570 thousand, nine suits brought by clients with the total value of PLN 9 million and moreover, one proceeding brought by ESBANK Bank Spółdzielczy regarding the alleged failure to apply financial security measures by the Company. Below are presented the most significant, in the Company's view:

- 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 and 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 and 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.

XTRADE EUROPE Ltd., currently under the name of Guma Holding Ltd., filed a complaint with the General Court of the European Union against the decision of the Fifth Board of Appeal of EUIPO of November 8, 2021, in which it applied for the amendment of this decision in its entirety by dismissing the application for annulment. The company responded to the complaint on May 26, 2022. Guma Holding Ltd. applied to the General Court of the European Union for a hearing, but at the moment, the Court has not issued a decision on the above-mentioned application.

### **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 complaint 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. On March 25, 2022, the company received post-inspection report with recommendations, which will be implemented in the Portuguese branch.
- 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.
- on May 11, 2022, an inspection by the Polish Financial Supervision Authority commenced in the scope of compliance with the obligations arising from the Act of March 1, 2018 on counteracting money laundering and financing of terrorism. The scope of the inspection covers the activities of the Company as an obligated institution within the meaning of the provisions of the above-mentioned Act. In its response to the draft protocol received, sent to the supervisory authority, the company referred in detail to the preliminary post-inspection findings. And as of the date of publication of this report, the company is awaiting the Commission's response to the comments and the final audit protocol.
- on October 14, 2022, the Company received a notice from the President of the Office of Competition and Consumer Protection on the initiation of proceedings against the Company for recognizing a provision of the standard agreement as prohibited in relation to two provisions of the Regulations for the Provision of Services of the Execution of Orders for the Purchase or Sale of Property Rights and Securities, Maintenance of Property Rights Accounts and Cash Accounts by XTB S.A., which may be considered prohibited contractual provisions within the meaning of the Civil Code. The Company assesses the risk of recognizing the provisions in question as prohibited and incurring negative consequences as a result of their use as low.

## 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 entered 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.

The Company exercised due diligence in order to comply with these regulations. 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 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. July 7 this year another version of the bill was published on the website of the Government Legislation Center. It is estimated that the act will enter into force in the third or fourth quarter of 2022. The company is already making efforts to adjust its internal procedures on to the requirements of the draft Act.

## **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.



## Changes to the Commercial Companies Code

As of October 13, 2022, amendments to the Commercial Companies Code, introduced by the Act of February 9, 2022, amending the Act - Commercial Companies Code and certain other acts came into force. The new regulations introduce provisions for groups of joint-stock companies (the so-called "holding law"), but also increase the powers and responsibilities of a joint-stock company's supervisory board by also granting it the tools to exercise supervision more autonomously. The most important changes include:

- An obligation to exercise due diligence arising from the professional nature of their activities and to maintain loyalty to the company while serving as a member of the board of directors or a member of the supervisory board, including not disclosing company secrets even after the termination of this function, which makes it possible to hold these persons liable for damage caused to the company and acting contrary to the company's interests if they fail to fulfil these duties.
- The introduction of the business judgement rule, which excludes the liability of management and supervisory board members for damage caused to the company if they acted in loyalty to the company and within the limits of reasonable business risk, including on the basis of information, analysis and opinions that should have been taken into account under the circumstances in making a careful assessment.
- Introduction of an obligation to prepare and submit an annual report on the activities of the supervisory board to the general meeting of shareholders.
- Introduction of the power of the supervisory board to require the management board, proxies and persons employed by the company to prepare or submit any documents and explanations concerning the group of companies, and introduction of criminal sanctions for failure to do so
- The possibility of appointing, by resolution of the supervisory board (at the company's expense), an independent advisor and entrusting him with the examination of a specific matter concerning the company's business or assets. The contract with the advisor shall be signed by the supervisory board.
- Introduction of the possibility of adopting a resolution on the formation of a "group of companies" guided by common interest, which will allow the parent company to issue binding instructions to its subsidiaries.

The company is exercising due diligence to adapt to the new legal obligations, among other things, it is planned to make appropriate amendments to the articles of association and regulations of its corporate bodies.

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

**INTERIM CONDENSED  
FINANCIAL STATEMENTS**







## INTERIM CONDENSED COMPREHENSIVE INCOME STATEMENT

(IN PLN'000)	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2022 (UNAUDITED)	30.09.2021 (UNAUDITED)	30.09.2022 (UNAUDITED)	30.09.2021 (UNAUDITED)
Result of operations on financial instruments	366 497	183 967	1 143 596	394 137
Income from fees and charges	1 364	1 083	4 083	3 308
Other income	2	29	19	344
<b>Total operating income</b>	<b>367 863</b>	<b>185 079</b>	<b>1 147 698</b>	<b>397 789</b>
Marketing	(37 340)	(14 503)	(118 089)	(49 811)
Salaries and employee benefits	(37 853)	(28 184)	(109 601)	(74 161)
Other external services	(18 298)	(15 110)	(58 599)	(51 475)
Commission expenses	(7 920)	(5 218)	(23 692)	(17 648)
Amortization and depreciation	(2 514)	(1 908)	(7 149)	(5 602)
Taxes and statutory fees	(2 215)	(986)	(6 416)	(3 144)
Costs associated with maintenance and lease of buildings	(855)	(693)	(2 926)	(1 896)
Other costs	(1 032)	(477)	(4 577)	(1 080)
<b>Total operating expenses</b>	<b>(108 027)</b>	<b>(67 079)</b>	<b>(331 049)</b>	<b>(204 817)</b>
<b>Profit (loss) on operating activities</b>	<b>259 836</b>	<b>118 000</b>	<b>816 649</b>	<b>192 972</b>
<b>Impairment of investments in subsidiaries</b>	<b>(184)</b>	<b>36</b>	<b>(513)</b>	<b>(424)</b>
Finance income	35 036	12 942	56 703	14 317
Finance costs	(240)	(97)	(658)	(1 379)
<b>Profit (loss) before tax</b>	<b>294 448</b>	<b>130 881</b>	<b>872 181</b>	<b>205 486</b>
Income tax	(53 965)	(23 665)	(159 456)	(36 309)
<b>Net profit (loss)</b>	<b>240 483</b>	<b>107 216</b>	<b>712 725</b>	<b>169 177</b>
<b>Other comprehensive income</b>	<b>929</b>	<b>338</b>	<b>1 165</b>	<b>(1 252)</b>
Items which will be reclassified to profit (loss) after meeting specific conditions	929	338	1 165	(1 252)
- foreign exchange differences on translation of foreign operations	(468)	(477)	(839)	(1 316)
- foreign exchange differences on valuation of separated equity	1 725	1 006	2 474	79
- deferred income tax	(328)	(191)	(470)	(15)
<b>Total comprehensive income</b>	<b>241 412</b>	<b>107 554</b>	<b>713 890</b>	<b>167 925</b>
<b>Earnings per share:</b>				
- basic profit per year attributable to shareholders of the Parent Company (in PLN)	2,05	0,91	6,07	1,44
- basic profit from continued operations per year attributable to shareholders of the Parent Company (in PLN)	2,05	0,91	6,07	1,44
- diluted profit of the year attributable to shareholders of the Parent Company (in PLN)	2,05	0,91	6,07	1,44
- diluted profit from continued operations of the year attributable to shareholders of the Parent Company (in PLN)	2,05	0,91	6,07	1,44



## INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

(IN PLN'000)	30.09.2022 (UNAUDITED)	31.12.2021 (AUDITED)	30.09.2021 (UNAUDITED)
<b>ASSETS</b>			
Cash and cash equivalents	2 875 776	2 185 986	2 183 103
Financial assets at fair value through P&L	894 738	663 725	523 271
Investments in subsidiaries	43 610	39 879	39 280
Income tax receivables	-	7 247	26
Financial assets at amortised cost	74 176	47 796	33 786
Prepayments and deferred costs	11 049	7 093	8 538
Intangible assets	997	450	496
Property, plant and equipment	32 864	12 562	9 957
Deferred income tax assets	6 553	6 820	7 268
<b>Total assets</b>	<b>3 939 763</b>	<b>2 971 558</b>	<b>2 805 725</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Liabilities</b>			
Amounts due to clients	2 200 568	1 879 191	1 771 685
Financial liabilities held for trading	78 616	94 469	86 428
Income tax liabilities	11 317	132	4 267
Liabilities due to lease	22 762	4 382	5 411
Other liabilities	97 519	44 429	42 603
Provisions for liabilities	4 121	4 665	4 605
Deferred income tax provision	74 626	31 871	43 935
<b>Total liabilities</b>	<b>2 489 529</b>	<b>2 059 139</b>	<b>1 958 934</b>
<b>Equity</b>			
Share capital	5 869	5 869	5 869
Supplementary capital	71 608	71 608	71 608
Other reserves	657 417	598 651	598 651
Foreign exchange differences on translation	2 615	1 450	1 486
Retained earnings	712 725	234 841	169 177
<b>Total equity</b>	<b>1 450 234</b>	<b>912 419</b>	<b>846 791</b>
<b>Total equity and liabilities</b>	<b>3 939 763</b>	<b>2 971 558</b>	<b>2 805 725</b>





## INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

Interim condensed statement of changes in equity for the period from 1 January 2022 to 30 September 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
<b>Total comprehensive income for the financial year</b>						
Net profit	-	-	-	-	712 725	712 725
Other comprehensive income	-	-	-	1 165	-	1 165
<b>Total comprehensive income for the financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 165</b>	<b>712 725</b>	<b>713 890</b>
<b>Transactions with Parent Company's owners recognized directly in equity</b>						
Appropriation of profit						
- dividend payment	-	-	-	-	(176 075)	(176 075)
- transfer to other reserves	-	-	58 766	-	(58 766)	-
<b>Increase (decrease) in equity</b>	<b>-</b>	<b>-</b>	<b>58 766</b>	<b>1 165</b>	<b>477 884</b>	<b>537 815</b>
As at 30 September 2022 (unaudited)	5 869	71 608	657 417	2 615	712 725	1 450 234



**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)	<b>234 841</b>	<b>233 553</b>
<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>	-	-	<b>208 059</b>	<b>(1 288)</b>	<b>(183 335)</b>	<b>23 436</b>
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 30 September 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 (loss)	-	-	-	-	169 177	169 177
Other comprehensive income	-	-	-	(1 252)	-	(1 252)
<b>Total comprehensive income for the financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1 252)</b>	<b>169 177</b>	<b>167 925</b>
<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>	<b>-</b>	<b>-</b>	<b>208 059</b>	<b>(1 252)</b>	<b>(248 999)</b>	<b>(42 192)</b>
As at 30 September 2021 (unaudited)	5 869	71 608	598 651	1 486	169 177	846 791



## INTERIM CONDENSED CASH FLOW STATEMENT

(IN PLN'000)	NINE-MONTH PERIOD ENDED	
	30.09.2022 (UNAUDITED)	30.09.2021 (UNAUDITED)
<b>Cash flows from operating activities</b>		
Profit before tax	872 181	205 486
<b>Adjustments:</b>	<b>10 290</b>	<b>(31 732)</b>
Amortization and depreciation	7 149	5 602
Foreign exchange (gains) losses from translation of cash	(16 419)	(13 566)
(Gain) Loss on investment activity	(12 617)	(3 506)
Other adjustments	937	(1 275)
<b>Changes</b>		
Change in provisions	(544)	(306)
Change in balance of financial assets at fair value through P&L and financial liabilities held for trading	(226 771)	(131 739)
Change in balance of restricted cash	(89 713)	(530 216)
Change in financial assets at amortised cost	(22 243)	(10 222)
Change in balance of prepayments and accruals	(3 956)	(3 657)
Change in balance of amounts due to customers	321 377	667 433
Change in balance of other liabilities	53 090	(10 280)
<b>Cash from operating activities</b>	<b>882 471</b>	<b>173 754</b>
Income tax paid	(98 002)	(8 959)
Interests	(3 623)	139
<b>Net cash from operating activities</b>	<b>780 846</b>	<b>164 934</b>
<b>Cash flow from investing activities</b>		
Proceeds from the sale of property, plant and equipment	3	-
Expenses relating to payments for property, plant and equipment	(7 103)	(2 462)
Expenses relating to payments for intangible assets	(709)	(196)
Expenses relating to payments for investments in subsidiaries	(4 244)	(3 814)
Expenses relating purchase of bonds	(741 748)	(397 476)
Proceeds from sale of bonds	720 716	648 309
Interests on bonds	5 881	2 287
Dividends received from subsidiaries	8 401	5 100
<b>Net cash from investing activities</b>	<b>(18 803)</b>	<b>251 748</b>
<b>Cash flow from financing activities</b>		
Payments of liabilities under finance lease agreements	(1 795)	(3 337)
Interest paid under lease	(514)	(139)
Dividend paid to owners	(176 075)	(210 117)
<b>Net cash from financing activities</b>	<b>(178 384)</b>	<b>(213 593)</b>
<b>Increase (Decrease) in net cash and cash equivalents</b>	<b>583 659</b>	<b>203 089</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>16 418</b>	<b>13 566</b>
<b>Cash and cash equivalents – closing balance</b>	<b>1 150 948</b>	<b>711 421</b>

[WWW.XTB.COM](http://WWW.XTB.COM)

