



REPORT FOR

THE 1ST HALF 2021

X-TRADE BROKERS DM S.A.

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FINANCIAL HIGHLIGHTS





FINANCIAL CONSOLIDATED HIGHLIGHTS

	IN PLN'000		IN EUR'000	
	SIX-MONTH ENDED		SIX-MONTH ENDED	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Consolidated comprehensive income statement:				
Total operating income	241 999	518 158	53 219	116 668
Profit on operating activities	78 713	379 908	17 310	85 540
Profit before tax	78 023	362 216	17 158	81 556
Net profit	65 006	293 459	14 296	66 075
Net profit and diluted net profit per share attributable to shareholders of the Parent Company (in PLN/EUR per share)	0,55	2,50	0,12	0,56
Consolidated cash flow statement:				
Net cash from operating activities	40 371	343 029	8 878	77 236
Net cash from investing activities	248 846	(116 871)	54 725	(26 315)
Net cash from financing activities	(213 093)	(30 161)	(46 862)	(6 791)
Increase/(Decrease) in net cash and cash equivalents	76 124	195 996	16 741	44 130

	IN PLN'000		IN EUR'000	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020
Consolidated statement of financial position:				
Total assets	2 720 700	2 283 526	601 818	494 827
Total liabilities	1 979 087	1 395 221	437 774	302 336
Share capital	5 869	5 869	1 298	1 272
Equity	741 613	888 305	164 045	192 490
Number of shares	117 383 635	117 383 635	117 383 635	117 383 635
Carrying amount and diluted carrying amount per share attributable to shareholders of the Parent Company (in PLN/EUR per share)	6,32	7,57	1,40	1,64

The above data was translated into EUR as follows:

- items in the consolidated comprehensive income statement and consolidated cash flow statement – by the arithmetic average of exchange rates published by the National bank of Poland as of the last day of the month during the reporting period:
 - for the current period: 4,5472;
 - for the comparative period: 4,4413;
- 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: 4,5208;
 - for the comparative period: 4,6148.



FINANCIAL SEPARATE HIGHLIGHTS

	IN PLN'000		IN EUR'000	
	SIX-MONTH ENDED		SIX-MONTH ENDED	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Comprehensive income statement:				
Total operating income	212 710	494 420	46 778	111 323
Profit on operating activities	74 972	378 634	16 488	85 253
Profit before tax	74 605	380 999	16 407	85 785
Net profit	61 961	312 631	13 626	70 392
Net profit and diluted net profit per share attributable to shareholders of the Parent Company (in PLN/EUR per share)	0,53	2,66	0,12	0,60
Cash flow statement:				
Net cash from operating activities	55 662	343 419	12 241	77 324
Net cash from investing activities	245 187	(113 289)	53 920	(25 508)
Net cash from financing activities	(212 557)	(29 691)	(46 745)	(6 685)
Increase/(Decrease) in net cash and cash equivalents	88 292	200 439	19 417	45 131

	IN PLN'000		IN EUR'000	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020
Statement of financial position:				
Total assets	2 560 270	2 155 631	566 331	467 113
Total liabilities	1 821 033	1 266 648	402 812	274 475
Share capital	5 869	5 869	1 298	1 272
Equity	739 237	888 983	163 519	192 637
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)	6,30	7,57	1,39	1,64

The above data was translated into EUR as follows:

- items in the comprehensive income statement and 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: 4,5472;
 - for the comparative period: 4,4413;
- items of 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: 4,5208;
 - for the comparative period: 4,6148.

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**HALF-YEAR CONDENSED
CONSOLIDATED FINANCIAL
STATEMENTS**





HALF-YEAR CONDENSED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(IN PLN'000)	NOTE	THREE-MONTH PERIOD ENDED		SIX-MONTH PERIOD ENDED	
		30.06.2021 (UNAUDITED)	30.06.2020 (UNAUDITED)	30.06.2021 (UNAUDITED)	30.06.2020 (UNAUDITED)
Result of operations on financial instruments	6.1	53 777	210 389	239 173	515 398
Income from fees and charges	6.2	1 215	1 097	2 511	2 681
Other income		310	8	315	79
Total operating income	6	55 302	211 494	241 999	518 158
Salaries and employee benefits	7	(27 799)	(26 904)	(58 691)	(65 686)
Marketing	8	(25 078)	(22 260)	(58 128)	(39 000)
Other external services	9	(10 198)	(5 465)	(18 926)	(13 232)
Costs of maintenance and lease of buildings		(1 086)	(933)	(1 889)	(1 901)
Amortisation and depreciation	16,17	(2 361)	(1 954)	(4 313)	(3 815)
Taxes and fees		(1 181)	(723)	(2 463)	(1 392)
Commission expenses	10	(8 080)	(5 984)	(17 791)	(10 524)
Other costs		(601)	(1 498)	(1 085)	(2 700)
Total operating expenses		(76 384)	(65 721)	(163 286)	(138 250)
Profit on operating activities		(21 082)	145 773	78 713	379 908
Finance income	11	(7 618)	2 022	660	3 065
Finance costs	11	(1 236)	(7 853)	(1 350)	(20 757)
Profit before tax		(29 936)	139 942	78 023	362 216
Income tax	26	5 891	(22 452)	(13 017)	(68 757)
Net profit (loss)		(24 045)	117 490	65 006	293 459
Other comprehensive income		(1 887)	(1 405)	(1 581)	22 014
Items which were reclassified to profit (loss)		-	-	-	21 880
- foreign exchange differences on translation of foreign operations		-	-	-	21 880
Items which will be reclassified to profit (loss) after meeting specific conditions		(1 887)	(1 405)	(1 581)	134
- foreign exchange differences on translation of foreign operations		(850)	(749)	(831)	(1 358)
- foreign exchange differences on valuation of separated equity		(1 281)	(810)	(927)	1 842
- deferred income tax		244	154	177	(350)
Total comprehensive income		(25 932)	116 085	63 425	315 473
Net profit attributable to shareholders of the Parent Company		(24 045)	117 490	65 006	293 459
Total comprehensive income attributable to shareholders of the Parent Company		(25 932)	116 085	63 425	315 473
Earnings per share:					
- basic profit per year attributable to shareholders of the Parent Company (in PLN)	25	(0,21)	1,00	0,55	2,50
- basic profit from continued operations per year attributable to shareholders of the Parent Company (in PLN)	25	(0,21)	1,00	0,55	2,50
- diluted profit of the year attributable to shareholders of the Parent Company (in PLN)	25	(0,21)	1,00	0,55	2,50
- diluted profit from continued operations of the year attributable to shareholders of the Parent Company (in PLN)	25	(0,21)	1,00	0,55	2,50

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



HALF-YEAR CONDENSED STATEMENT OF FINANCIAL POSITION

(IN PLN'000)	NOTE	30.06.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.06.2020 (UNAUDITED)
ASSETS				
Cash and cash equivalents	13	2 113 339	1 575 807	1 427 816
Financial assets at fair value through P&L	14	551 405	663 133	312 078
Income tax receivables		10 472	2 593	283
Financial assets at amortized cost	15	14 312	13 310	8 496
Prepayments and deferred costs		6 960	5 397	5 378
Intangible assets	16	704	639	640
Property, plant and equipment	17	14 510	13 260	12 977
Deferred income tax assets	26.2	8 998	9 387	9 177
Total assets		2 720 700	2 283 526	1 776 845
EQUITY AND LIABILITIES				
Liabilities				
Amounts due to clients	18	1 751 502	1 203 243	862 345
Financial liabilities held for trading	19	140 963	96 632	63 133
Income tax liabilities		993	1 329	904
Liabilities due to lease	20	9 126	8 654	9 516
Other liabilities	21	32 842	54 167	44 012
Provisions for liabilities	22	6 287	7 939	4 064
Deferred income tax provision	26.2	37 374	23 257	14 826
Total liabilities		1 979 087	1 395 221	998 800
Equity				
Share capital	23	5 869	5 869	5 869
Supplementary capital	23	71 608	71 608	71 608
Other reserves	23	598 789	390 730	390 730
Foreign exchange differences on translation	23	(1 572)	9	(1 623)
Retained earnings		66 919	420 089	311 461
Equity attributable to the owners of the Parent Company		741 613	888 305	778 045
Total equity		741 613	888 305	778 045
Total equity and liabilities		2 720 700	2 283 526	1 776 845

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



HALF-YEAR CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Half-year condensed consolidated statement of changes in equity for the period from 1 January 2021 to 30 June 2021

(IN PLN'000)	SHARE CAPITAL	SUPPLEMENTARY CAPITAL	OTHER RESERVES	FOREIGN EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS AND SEPARATE FUNDS	RETAINED EARNINGS	EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY	TOTAL EQUITY
NOTE	23	23	23,24	23	24		
As at 1 January 2021	5 869	71 608	390 730	9	420 089	888 305	888 305
Total comprehensive income for the financial year							
Net profit	-	-	-	-	65 006	65 006	65 006
Other comprehensive income	-	-	-	(1 581)	-	(1 581)	(1 581)
Total comprehensive income for the financial year	-	-	-	(1 581)	65 006	63 425	63 425
Transactions with Parent Company's owners recognized directly in equity							
Appropriation of profit/offset of loss							
- dividend payment	-	-	-	-	(210 117)	(210 117)	(210 117)
- transfer to other reserves	-	-	208 059	-	(208 059)	-	-
Increase (decrease) in equity	-	-	208 059	(1 581)	(353 170)	(146 692)	(146 692)
As at 30 June 2021 (unaudited)	5 869	71 608	598 789	(1 572)	66 919	741 613	741 613

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



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

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

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



Half-year condensed consolidated statement of changes in equity for the period from 1 January 2020 to 30 June 2020

(IN PLN'000)	SHARE CAPITAL	SUPPLEMENTARY CAPITAL	OTHER RESERVES	FOREIGN EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS AND SEPARATE FUNDS	RETAINED EARNINGS	EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY	TOTAL EQUITY
NOTE	23	23	23, 24	23	24		
As at 1 January 2020	5 869	71 608	364 757	(23 637)	72 147	490 744	490 744
Total comprehensive income for the financial year							
Net profit	-	-	-	-	293 459	293 459	293 459
Other comprehensive income	-	-	-	22 014	-	22 014	22 014
- including foreign exchange differences on the translation of a subsidiary in Turkey	-	-	-	21 880	-	21 880	21 880
Total comprehensive income for the financial year	-	-	-	22 014	293 459	315 473	315 473
Transactions with Parent Company's owners recognized directly in equity							
Appropriation of profit/offset of loss							
- dividend advance payment	-	-	-	-	(28 172)	(28 172)	(28 172)
- transfer to other reserves	-	-	25 973	-	(25 973)	-	-
Increase (decrease) in equity	-	-	25 973	22 014	239 314	287 301	287 301
As at 30 June 2020 (unaudited)	5 869	71 608	390 730	(1 623)	311 461	778 045	778 045

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



HALF-YEAR CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(IN PLN'000)	NOTE	SIX-MONTH PERIOD ENDED	
		30.06.2021 (UNAUDITED)	30.06.2020 (UNAUDITED)
Cash flows from operating activities			
Profit before tax		78 023	362 216
Adjustments:		(31 082)	51 322
(Profit) Loss on investment activity		1 129	(1 493)
Amortization and depreciation	16,17	4 313	3 815
Foreign exchange (gains) losses from translation of own cash		(3 478)	(995)
Other adjustments	28.1	(1 477)	21 799
Changes			
Change in provisions		(1 652)	935
Change in balance of financial assets at fair value through P&L and financial liabilities held for trading		(96 358)	(6 672)
Change in balance of restricted cash		(457 928)	(275 629)
Change in financial assets at amortised cost		(1 002)	(2 022)
Change in balance of prepayments and accruals		(1 563)	(1 305)
Change in balance of amounts due to customers		548 259	288 553
Change in balance of other liabilities		(21 325)	24 336
Cash from operating activities		46 941	413 538
Income tax paid		(6 726)	(70 672)
Interests		156	163
Net cash from operating activities		40 371	343 029
Cash flow from investing activities			
Expenses relating to payments for property, plant and equipment	17	(2 272)	(1 740)
Expenses relating to payments for intangible assets	16	(196)	(186)
Expenses relating purchase of bonds		(348 897)	(118 477)
Proceeds from sale of bonds		599 140	2 628
Interests on bonds		1 071	904
Net cash from investing activities		248 846	(116 871)
Cash flow from financing activities			
Payments of liabilities under finance lease agreements		(2 820)	(1 826)
Interest paid under lease		(156)	(163)
Dividend paid to owners		(210 117)	(28 172)
Net cash from financing activities		(213 093)	(30 161)
Cash flow from financing activities			
Increase (Decrease) in net cash and cash equivalents		76 124	195 996
Cash and cash equivalents – opening balance		542 205	484 351
Effect of FX rates fluctuations on balance of cash in foreign currencies		3 480	995
Cash and cash equivalents – closing balance	13	621 809	681 342

The half-year condensed consolidated cash flow statement should be read together with the supplementary notes which are an integral part of these half-year condensed consolidated financial statements.



ADDITIONAL NOTES TO THE HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

The half-year condensed consolidated financial statements cover the following foreign branches which form the Parent Company:

- X-Trade Brokers Dom Maklerski Spółka Akcyjna, organizační složka – a branch established on 7 March 2007 in the Czech Republic. The branch was registered in the commercial register maintained by the City Court in Prague under No. 56720 and was granted the following tax identification number: CZK 27867102.
- X-Trade Brokers Dom Maklerski Spółka Akcyjna, Sucursal en Espana – a branch established on 19 December 2007 in Spain. On 16 January 2008, the branch was registered by the Spanish authorities and was granted the tax identification number ES W0601162A.
- X-Trade Brokers Dom Maklerski Spółka Akcyjna, organizačná zložka – a branch established on 1 July 2008 in the Slovak Republic. On 6 August 2008, the branch was registered in the commercial register maintained by the City Court in Bratislava under No. 36859699 and was granted the following tax identification number: SK4020230324.
- X-Trade Brokers Dom Maklerski S.A. Sucursala Bucuresti Romania (branch in Romania) – a branch established on 31 July 2008 in Romania. On 4 August 2008, the branch was registered in the Commercial Register under No. 402030 and was granted the following tax identification number: R027187343.
- X-Trade Brokers Dom Maklerski S.A., German Branch (branch in Germany) – a branch established on 5 September 2008 in the Federal Republic of Germany. On 24 October 2008, the branch was registered in the Commercial Register under No. HRB 84148 and was granted the following tax identification number: DE266307947.
- X-Trade Brokers Dom Maklerski Spółka Akcyjna a branch in France – a branch established on 21 April 2010 in the Republic of France. On 31 May 2010, the branch was registered in the Commercial Register under No. 522758689 and was granted the following tax identification number FR61522758689.
- X-Trade Brokers Dom Maklerski S.A., Sucursal Portugesa (branch in Portugal) – a branch established on 7 July 2010 in Portugal. On 7 July 2010, the branch was registered in the Commercial Register and as tax identification number under No. PT980436613.



1.2 Composition of the Group

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

NAME OF SUBSIDIARY	CONSOLIDATION METHOD	COUNTRY OF REGISTERED OFFICE	PERCENTAGE SHARE IN THE CAPITAL		
			30.06.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.06.2020 (UNAUDITED)
XTB Limited (UK)	Full	Great Britain	100%	100%	100%
X Open Hub Sp. z o.o.	Full	Poland	100%	100%	100%
XTB Limited (CY)	Full	Cyprus	100%	100%	100%
Tasfiye Halinde XTB Yönetim Danışmanlığı A.Ş.	Full	Turkey	100%	100%	100%
XTB International Limited	Full	Belize	100%	100%	100%
XTB Chile SpA	Full	Chile	100%	100%	100%
XTB Services Limited	Full	Cyprus	100%	100%	100%
Lirsar S.A. en liquidacion	Full	Uruguay	100%	100%	100%
XTB Africa (PTY) Ltd.	Full	South Africa	100%	100%	100%
XTB Services Asia Pte. Ltd	Full	Singapore	-	-	100%
XTB MENA Limited	Full	UAE	100%	-	-

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

On 30 June 2021, amount of negative foreign exchange differences on translation of balances in foreign currencies of Turkish company amounted PLN (3 252) thousand, on 31 December 2020 PLN (3 022) thousand, on 30 June 2020 PLN (2 746) thousand (ref note 23). Exchange differences will be recognized in consolidated financial statement at the date of liquidation of the company.

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

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

On 9 January 2021 XTB MENA Limited with its seat in United Arab Emirates was registered. the Parent Company will acquire 100% of shares in the subsidiary. On 13 April 2021 shared of XTB MENA Limited with its seat in United Arab Emirates were paid by the Company. Capital was contributed in the amount of USD 1 million.

1.3 Composition of the Management Board

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

NAME AND SURNAME	FUNCTION	DATE OF FIRST APPOINTMENT	TERM OF OFFICE
Omar Arnaout	Chairman of the Management Board	23.03.2017	from the 23 March 2017 appointed for the position of the Chairman of the Management Board; term of office ends on 30 June 2022
Paweł Szejko	Board Member	28.01.2015	from the 30 June 2019 appointed for the 3-years term of office ending 30 June 2022
Filip Kaczmarzyk	Board Member	10.01.2017	from the 30 June 2019 appointed for the 3-years term of office ending 30 June 2022
Jakub Kubacki	Board Member	10.07.2018	from the 30 June 2019 appointed for the 3-years term of office ending 30 June 2022
Andrzej Przybylski	Board Member	01.05.2019	from the 30 June 2019 appointed for the 3-years term of office ending 30 June 2022



2. Basis for drafting the financial statements

2.1 Compliance statement

The half-year condensed consolidated financial statements of the X-Trade Brokers Dom Maklerski S.A. Group prepared for the period from 1 January 2021 to 30 June 2021 with comparative data for the period ended 30 June 2020 and 31 December 2020 cover the Parent Company's financial data and financial data of the subsidiaries comprising the "Group".

These half-year condensed consolidated financial statements have been prepared according to the International Accounting Standard 34 "Interim Financial Reporting" approved by the European Union, taking into account the principle of recognizing the income tax burden based on the best possible estimate of the weighted average annual income tax rate applied by the Group Equity expected in the full fiscal year.

To prepare the half-year condensed consolidated financial statements, the Group applied the accounting principles and calculation methods consistent with the principles applicable in the financial year ended December 31, 2020.

The half-year 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 X-Trade Brokers Dom Maklerski S.A. Group for the year 2020.

The half-year condensed consolidated financial statements were approved by the Management Board of the Parent Company on 19 August 2021. Drafting these half-year condensed consolidated financial statements, the Parent Company decided that none of the standards would be applied retrospectively.

The half-year 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 condensed consolidated financial statements, the Management Board of X-Trade Brokers Dom Maklerski S.A. does not state any circumstances that would threaten the Group companies' continued operations with the exception of subsidiaries Tasfiye Halinde XTB Yönetim Danışmanlığı A.Ş in Turkey described in note 1.2.

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 half-year condensed consolidated financial statements include adjustments not recognised in the Group companies' accounting records, made in order to reconcile their financial statements with IFRS.

2.2 Functional currency and reporting currency

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

2.3 Comparability of data and consistency of the policies applied

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

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

In March 2020 the World Health Organization determined that COVID disease can be treated as a pandemic. Due to significant increase of this disease all over the world, countries take numerous action to limit or delay it's spread. Undertaken measures have increasing impact on global economy.

The Group has adapted to applicable regulations related to the COVID-19 pandemic in 2021 and not identify any further impact on the Group's operations.



2.5 Changes in the accounting policies

The accounting policies applied in the preparation of the half-year 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 2020, except for the application of new or amended standards and interpretations applicable to annual periods beginning on or after 1 January 2021.

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

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

The new or amended standards and interpretations that are applicable for the first time in 2021 do not have a significant impact on the Group's half-year condensed consolidated financial statements.

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

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

- Annual amendments to various standards due to “Improvements to IFRS (Cycle 2018-2020)” – not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2022;
- Amendments to IAS 37 - Onerous Contracts—Cost of Fulfilling a Contract– not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2022;
- Amendments to IAS 16 - Property, Plant and Equipment – Proceeds before Intended Use– not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2022;
- Amendments to IFRS 3 – Reference to the Conceptual Framework– not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2022;
- Amendments to IFRS 17 “Insurance contracts” (issued on 18 May 2017) – not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2023;
- Amendments to IAS 8 “Accounting policies, changes in accounting estimates and errors”- not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2023;
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture (issued on 11 September 2014) - the endorsement process of these Amendments has been postponed by EU - the effective date was deferred indefinitely by IASB;
- Amendments to IAS 1 – Classification of liabilities as current or non- current - not yet endorsed by EU at the date of approval of these financial statements –effective for financial years beginning on or after 1 January 2023.

3. Professional judgement

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

Amortisation periods of intangible assets

Amortisation period of the isolated intangible asset in the form of the licence for conducting brokerage activities on the foreign markets 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 foreign markets 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 half-year condensed consolidated financial statements are consistent with the accounting policies applied in the preparation of the annual consolidated financial statements for the financial year ended 31 December 2020, except for the new or amended standards and new interpretations binding for the annual periods starting on or after 1 January 2021.

5. Seasonality of operations

The Group's operations are not seasonal.

6. Operating income

6.1 Result of operations in financial instruments

(IN PLN'000)	SIX-MONTH PERIOD ENDED	
	30.06.2021 (UNAUDITED)	30.06.2020 (UNAUDITED)
Financial instruments (CFD)		
Commodity CFDs	154 247	210 043
Index CFDs	101 622	252 818
Stock and ETF CFDs	10 222	4 400
Bond CFDs	77	138
Currency CFDs including:	(19 333)	44 743
- <i>Cryptocurrency CFDs</i>	(46 593)	4 004
Total CFDs	246 835	512 142
Stocks and ETFs	(1 467)	5 998
Gross gain on transactions in financial instruments	245 368	518 140
Bonuses and discounts paid to customers	(1 102)	(459)
Commission paid to cooperating brokers	(5 093)	(2 283)
Net gain on transactions in financial instruments	239 173	515 398

Due to the significant negative impact on the result of operations on financial instruments, the result on CFDs on cryptocurrencies was presented separately within the category. In mid-May this year XTB has decided to change the business model for CFD instruments based on cryptocurrencies, i.e. fully securing the market position on cryptocurrencies. Currently, the entire open position of the Group on these instruments is covered in hedging transactions with liquidity providers.

Bonuses paid to clients are strictly related to trading in financial instruments by the customer with Group. Until 1 August 2018, i.e. until the date of temporary restriction on contracts for differences in the European Union retail clients received discounts and bonuses under bonus campaigns where the condition for awarding a bonus is the generation of a top-down determined trade volume in financial instruments in a specified period. On the territory of European Union from 1 August 2018 bonuses and discounts are given only to clients classified as professional clients.

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)	SIX-MONTH PERIOD ENDED	
	30.06.2021 (UNAUDITED)	30.06.2020 (UNAUDITED)
Fees and charges from institutional clients	1 325	1 547
Fees and charges from retail clients	1 186	1 134
Total income from fees and charges	2 511	2 681

6.3 Geographical areas

(IN PLN'000)	SIX-MONTH PERIOD ENDED	
	30.06.2021 (UNAUDITED)	30.06.2020 (UNAUDITED)
Operating income		
Central and Eastern Europe	116 310	257 124
- including Poland	67 504	176 930
Western Europe	76 162	215 532
- including Spain	39 477	92 005
Latin America	49 527	45 502
Total operating income	241 999	518 158

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

The Group breaks its revenue down into geographical area by the XTB office's country in which a given customer was acquired.

7. Salaries and employee benefits

(IN PLN'000)	SIX-MONTH PERIOD ENDED	
	30.06.2021 (UNAUDITED)	30.06.2020 (UNAUDITED)
Salaries	(48 364)	(55 109)
Social insurance and other benefits	(8 473)	(9 086)
Employee benefits	(1 854)	(1 491)
Total salaries and employee benefits	(58 691)	(65 686)

8. Marketing

(IN PLN'000)	SIX-MONTH PERIOD ENDED	
	30.06.2021 (UNAUDITED)	30.06.2020 (UNAUDITED)
Marketing online	(55 699)	(37 882)
Marketing offline	(2 429)	(1 108)
Competitions for clients	-	(10)
Total marketing expense	(58 128)	(39 000)

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)	SIX-MONTH PERIOD ENDED	
	30.06.2021 (UNAUDITED)	30.06.2020 (UNAUDITED)
Support database systems	(6 825)	(4 280)
Legal and advisory services	(3 546)	(2 391)
Market data delivery	(3 322)	(2 843)
Internet and telecommunications	(1 495)	(1 362)
IT support services	(1 478)	(586)
Accounting and audit services	(1 079)	(1 008)
Recruitment	(363)	(241)
Postal and courier services	(282)	(183)
Translation	(25)	(60)
Other external services	(511)	(278)
Total other external services	(18 926)	(13 232)

10. Commission expenses

(IN PLN'000)	SIX-MONTH PERIOD ENDED	
	30.06.2021 (UNAUDITED)	30.06.2020 (UNAUDITED)
Bank commissions	(15 477)	(8 517)
Stock exchange fees and charges	(1 981)	(1 837)
Commissions of foreign brokers	(333)	(170)
Total commission expenses	(17 791)	(10 524)

11. Finance income and costs

(IN PLN'000)	SIX-MONTH PERIOD ENDED	
	30.06.2021 (UNAUDITED)	30.06.2020 (UNAUDITED)
Interest income		
Interest on own cash	184	839
Interest on clients' cash	-	619
Total interest income	184	1 458
Positive exchange differences	435	-
Income on bonds	-	1 539
Other finance income	41	68
Total finance income	660	3 065

(IN PLN'000)	SIX-MONTH PERIOD ENDED	
	30.06.2021 (UNAUDITED)	30.06.2020 (UNAUDITED)
Interest expense		
Interest paid to clients	-	(1)
Interest paid under lease agreements	(157)	(163)
Other interest	(91)	(12)
Total interest expense	(248)	(176)
Loss on bonds	(1 102)	-
Foreign exchange losses	-	(20 581)
Total finance costs	(1 350)	(20 757)

Foreign exchange losses presented in first half of 2020 result mainly from reduction the share capital of subsidiary in Turkey.

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



12. Segment information

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

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

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

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

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

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

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



CONSOLIDATED COMPREHENSIVE INCOME STATEMENT SIX-MONTH PERIOD ENDED 30.06.2021 (IN PLN'000) (UNAUDITED)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	CONSOLIDATED COMPREHENSIVE INCOME STATEMENT
Net result on transactions in financial instruments	226 574	12 599	239 173	239 173
CFDs				
Commodity CFDs	150 443	3 804	154 247	154 247
Index CFDs	91 198	10 424	101 622	101 622
Stock and ETF CFDs	11 957	(1 735)	10 222	10 222
Currency CFDs	(19 428)	95	(19 333)	(19 333)
Bond CFDs	66	11	77	77
Stocks and ETFs	(1 467)	-	(1 467)	(1 467)
Bonuses and discounts paid to customers	(1 102)	-	(1 102)	(1 102)
Commission paid to cooperating brokers	(5 093)	-	(5 093)	(5 093)
Fee and commission income	1 186	1 325	2 511	2 511
Other income	315	-	315	315
Total operating income	228 075	13 924	241 999	241 999
Salaries and employee benefits	(57 841)	(850)	(58 691)	(58 691)
Marketing	(57 829)	(299)	(58 128)	(58 128)
Other external services	(18 171)	(755)	(18 926)	(18 926)
Cost of maintenance and lease of buildings	(1 872)	(17)	(1 889)	(1 889)
Amortization and depreciation	(4 271)	(42)	(4 313)	(4 313)
Taxes and fees	(2 446)	(17)	(2 463)	(2 463)
Commission expense	(17 784)	(7)	(17 791)	(17 791)
Other expenses	(1 080)	(5)	(1 085)	(1 085)
Total operating expenses	(161 294)	(1 992)	(163 286)	(163 286)
Operating profit	66 781	11 932	78 713	78 713
Finance income	-	-	-	660
Finance costs	-	-	-	(1 350)
Profit before tax	-	-	-	78 023
Income tax	-	-	-	(13 017)
Net profit	-	-	-	65 006



ASSETS AND LIABILITIES AS AT 30.06.2021 (IN PLN'000) (UNAUDITED)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	CONSOLIDATED COMPREHENSIVE INCOME STATEMENT
Clients' cash and cash equivalents	1 431 496	60 034	1 491 530	1 491 530
Financial assets at fair value through P&L	532 926	18 479	551 405	551 405
Other assets	677 353	412	677 765	677 765
Total assets	2 641 775	78 925	2 720 700	2 720 700
Amounts due to clients	1 683 332	68 170	1 751 502	1 751 502
Financial liabilities held for trading	129 756	11 207	140 963	140 963
Other liabilities	86 620	2	86 622	86 622
Total liabilities	1 899 708	79 379	1 979 087	1 979 087

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



CONSOLIDATED COMPREHENSIVE INCOME STATEMENT FOR SIX-MONTH PERIOD ENDED 30.06.2020 (IN PLN'000) (UNAUDITED)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	CONSOLIDATED COMPREHENSIVE INCOME STATEMENT
Net result on transactions in financial instruments	427 344	88 054	515 398	515 398
CFDs				
Index CFDs	210 037	42 781	252 818	252 818
Commodity CFDs	165 467	44 576	210 043	210 043
Currency CFDs	42 853	1 890	44 743	44 743
Stock and ETF CFDs	5 744	(1 344)	4 400	4 400
Bond CFDs	(13)	151	138	138
Stocks and ETFs	5 998	-	5 998	5 998
Bonuses and discounts paid to customers	(459)	-	(459)	(459)
Commission paid to cooperating brokers	(2 283)	-	(2 283)	(2 283)
Fee and commission income	1 134	1 547	2 681	2 681
Other income	79	-	79	79
Total operating income	428 557	89 601	518 158	518 158
Salaries and employee benefits	(64 358)	(1 328)	(65 686)	(65 686)
Marketing	(38 598)	(402)	(39 000)	(39 000)
Other external services	(13 039)	(193)	(13 232)	(13 232)
Cost of maintenance and lease of buildings	(1 884)	(17)	(1 901)	(1 901)
Amortization and depreciation	(3 770)	(45)	(3 815)	(3 815)
Taxes and fees	(1 371)	(21)	(1 392)	(1 392)
Commission expense	(10 457)	(67)	(10 524)	(10 524)
Other expenses	(2 569)	(131)	(2 700)	(2 700)
Total operating expenses	(136 046)	(2 204)	(138 250)	(138 250)
Operating profit	292 511	87 397	379 908	379 908
Finance income	-	-	-	3 065
Finance costs	-	-	-	(20 757)
Profit before tax	-	-	-	362 216
Income tax	-	-	-	(68 757)
Net profit	-	-	-	293 459



ASSETS AND LIABILITIES AS AT 30.06.2020 (IN PLN'000) (UNAUDITED)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	CONSOLIDATED COMPREHENSIVE INCOME STATEMENT
Clients' cash and cash equivalents	707 070	39 404	746 474	746 474
Financial assets at fair value through P&L	301 513	10 565	312 078	312 078
Other assets	718 083	210	718 293	718 293
Total assets	1 726 666	50 179	1 776 845	1 776 845
Amounts due to clients	822 933	39 412	862 345	862 345
Financial liabilities held for trading	58 183	4 950	63 133	63 133
Other liabilities	73 006	-	73 006	73 006
Total liabilities	954 122	44 362	998 800	998 800



13. Cash and cash equivalents

Broken down by type:

(IN PLN'000)	30.06.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.06.2020 (UNAUDITED)
In hand	-	1	1
In current bank accounts	2 113 339	1 575 806	1 427 815
Cash and cash equivalents in total	2 113 339	1 575 807	1 427 816

Own cash and restricted cash – clients' cash:

(IN PLN'000)	30.06.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.06.2020 (UNAUDITED)
Clients' cash and cash equivalents	1 491 530	1 033 602	746 474
Own cash and cash equivalents	621 809	542 205	681 342
Cash and cash equivalents in total	2 113 339	1 575 807	1 427 816

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

14. Financial assets at fair value through P&L

(IN PLN'000)	30.06.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.06.2020 (UNAUDITED)
Index CFDs	171 990	133 307	88 443
Commodity CFDs	90 058	43 975	38 029
Currency CFDs	69 158	41 609	21 005
Stock and ETF CFDs	59 116	36 396	25 591
Bond CFDs	36	14	36
Debt instruments	146 199	398 616	131 383
Stocks and ETFs	14 848	9 216	7 591
Total financial assets at fair value through P&L	551 405	663 133	312 078

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)	30.06.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.06.2020 (UNAUDITED)
Trade receivables	9 683	10 366	5 626
Receivables due from clients	4 288	4 453	4 055
Deposits	4 250	2 478	2 436
Statutory receivables	1 009	1 081	1 249
Gross other receivables	19 230	18 378	13 366
Impairment write-downs of receivables	(1 223)	(1 207)	(1 147)
Impairment write-downs of receivables due from clients	(3 695)	(3 861)	(3 723)
Total net other receivables	14 312	13 310	8 496



Movements in impairment write-downs of receivables

(IN PLN'000)	30.06.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.06.2020 (UNAUDITED)
Impairment write-downs of receivables – at the beginning of the reporting period	(5 068)	(4 051)	(4 051)
Write-downs recorded	(438)	(1 095)	(832)
Write-downs reversed	369	46	27
Write-downs utilized	219	32	(14)
Impairment write-downs of receivables – at the end of the reporting period	(4 918)	(5 068)	(4 870)

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



16. Intangible assets

Intangible assets in the period from 1 January 2021 to 30 June 2021 (unaudited)

(IN PLN'000)	LICENCES FOR COMPUTER SOFTWARE	INTANGIBLE ASSETS MANUFACTURED INTERNALLY	OTHER INTANGIBLE ASSETS	TOTAL
Gross value as at 1 January 2021	5 961	10 792	4 814	21 567
Additions	196	-	-	196
Sale and scrapping	-	-	-	-
Net foreign exchange differences	(5)	-	-	(5)
Gross value as at 30 June 2021	6 152	10 792	4 814	21 758
Accumulated amortization as at 1 January 2021	(5 479)	(10 792)	(4 657)	(20 928)
Amortization for the current period	(118)	-	(13)	(131)
Sale and scrapping	-	-	-	-
Net foreign exchange differences	5	-	-	5
Accumulated amortization as at 30 June 2021	(5 592)	(10 792)	(4 670)	(21 054)
Net book value as at 1 January 2021	482	-	157	639
Net book value as at 30 June 2021	560	-	144	704

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



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

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

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



Intangible assets in the period from 1 January 2020 to 30 June 2020 (unaudited)

(IN PLN'000)	LICENCES FOR COMPUTER SOFTWARE	INTANGIBLE ASSETS MANUFACTURED INTERNALLY	OTHER INTANGIBLE ASSETS	TOTAL
Gross value as at 1 January 2020	5 654	10 792	4 814	21 260
Additions	186	-	-	186
Sale and scrapping	(35)	-	-	(35)
Net foreign exchange differences	(6)	-	-	(6)
Gross value as at 30 June 2020	5 799	10 792	4 814	21 405
Accumulated amortization as at 1 January 2020	(5 265)	(10 792)	(4 631)	(20 688)
Amortization for the current period	(105)	-	(13)	(118)
Sale and scrapping	35	-	-	35
Net foreign exchange differences	6	-	-	6
Accumulated amortization as at 30 June 2020	(5 329)	(10 792)	(4 644)	(20 765)
Net book value as at 1 January 2020	389	-	183	572
Net book value as at 30 June 2020	470	-	170	640

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



17. Property, plant and equipment

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

(IN PLN'000)	COMPUTER SYSTEMS	OTHER PROPERTY, PLANT AND EQUIPMENT	RIGHT TO USE		PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION	TOTAL
			OFFICES	VEHICLES		
Gross value as at 1 January 2021	15 882	7 665	15 153	361	23	39 084
Additions	2 227	(20)	-	-	65	2 272
Lease	-	-	3 291	-	-	3 291
Sale and scrapping	-	-	(713)	-	-	(713)
Net foreign exchange differences	(43)	(35)	(139)	(3)	-	(220)
Gross value as at 30 June 2021	18 066	7 610	17 592	358	88	43 714
Accumulated amortization as at 1 January 2021	(12 364)	(6 010)	(7 207)	(243)	-	(25 824)
Amortization for the current period	(1 496)	(279)	(2 341)	(66)	-	(4 182)
Sale and scrapping	-	-	686	-	-	686
Net foreign exchange differences	34	30	49	3	-	116
Accumulated amortization as at 30 June 2021	(13 826)	(6 259)	(8 813)	(306)	-	(29 204)
Net book value as at 1 January 2021	3 518	1 655	7 946	118	23	13 260
Net book value as at 30 June 2021	4 240	1 351	8 779	52	88	14 510



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

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



Property, plant and equipment in the period from 1 January 2020 to 30 June 2020 (unaudited)

(IN PLN'000)	COMPUTER SYSTEMS	OTHER PROPERTY, PLANT AND EQUIPMENT	RIGHT TO USE		PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION	TOTAL
			OFFICES	VEHICLES		
Gross value as at 1 January 2020	11 935	7 049	14 586	334	117	34 021
Additions	1 694	142	-	-	(97)	1 739
Lease	-	-	935	-	-	935
Sale and scrapping	(5)	-	(832)	-	-	(837)
Net foreign exchange differences	22	72	251	10	-	355
Gross value as at 30 June 2020	13 646	7 263	14 940	344	20	36 213
Accumulated amortization as at 1 January 2020	(9 926)	(5 342)	(4 456)	(104)	-	(19 828)
Amortization for the current period	(1 116)	(248)	(2 270)	(63)	-	(3 697)
Sale and scrapping	5	-	422	-	-	427
Net foreign exchange differences	(22)	(64)	(48)	(4)	-	(138)
Accumulated amortization as at 30 June 2020	(11 059)	(5 654)	(6 352)	(171)	-	(23 236)
Net book value as at 1 January 2020	2 009	1 707	10 130	230	117	14 193
Net book value as at 30 June 2020	2 587	1 609	8 588	173	20	12 977



Non-current assets by geographical area

(IN PLN'000)	30.06.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.06.2020 (UNAUDITED)
Central and Eastern Europe	7 256	7 717	7 715
- including Poland	6 360	6 580	6 608
Western Europe	6 883	4 893	4 559
- including Spain	489	732	171
Latin America and Turkey	1 075	1 289	1 343
Total non-current assets	15 214	13 899	13 617

18. Amounts due to clients

(IN PLN'000)	30.06.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.06.2020 (UNAUDITED)
Amounts due to retail clients	1 683 332	1 145 630	822 933
Amounts due to institutional clients	68 170	57 613	39 412
Total amounts due to clients	1 751 502	1 203 243	862 345

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)	30.06.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.06.2020 (UNAUDITED)
Index CFDs	52 315	31 673	22 262
Stock and ETF CFDs	49 859	31 427	12 607
Commodity CFDs	19 451	20 113	24 372
Currency CFDs	19 322	13 414	3 887
Bond CFDs	16	5	5
Total financial liabilities held for trading	140 963	96 632	63 133

20. Liabilities due to lease

(IN PLN'000)	30.06.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.06.2020 (UNAUDITED)
Short-term	4 123	4 628	4 065
Long-term	5 003	4 026	5 451
Total liabilities due to lease	9 126	8 654	9 516

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)	30.06.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.06.2020 (UNAUDITED)
Provisions for other employee benefits	11 659	27 091	23 670
Liabilities due to brokers	9 329	6 842	4 533
Trade liabilities	6 912	15 822	11 572
Statutory liabilities	3 971	3 728	3 685
Liabilities due to employees	773	506	390
Amounts due to the Central Securities Depository of Poland	198	178	162
Total other liabilities	32 842	54 167	44 012



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

Besides leasing liabilities, there are no other long-term liabilities.

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 June 2021, salaries and employee benefits included the provision for variable remuneration elements in the amount of PLN 1 387 thousand (31 December 2020: PLN 3 951 thousand, 30 June 2020: PLN 3 908 thousand).

22. Provisions for liabilities and contingent liabilities

22.1 Provisions for liabilities

(IN PLN'000)	30.06.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.06.2020 (UNAUDITED)
Provisions for retirement benefits	1 590	1 610	1 243
Provisions for legal risk	4 697	6 329	2 821
Total provisions	6 287	7 939	4 064

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 half-year 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 5.4 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 half-year condensed consolidated financial statements.

Movements in provisions in the period from 1 January 2021 to 30 June 2021 (unaudited)

(IN PLN'000)	VALUE AS AT 01.01.2021	INCREASES	DECREASES USE	REVERSAL	VALUE AS AT 30.06.2021
Provisions for retirement benefits	1 610	-	-	20	1 590
Provisions for legal risk	6 329	-	1 334	298	4 697
Total provisions	7 939	-	1 334	318	6 287

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

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



Movements in provisions in the period from 1 January 2020 to 30 June 2020 (unaudited)

(IN PLN'000)	VALUE AS AT 01.01.2020	INCREASES	DECREASES USE	REVERSAL	VALUE AS AT 30.06.2020
Provisions for retirement benefits	1 184	59	–	–	1 243
Provisions for legal risk	1 945	935	–	59	2 821
Total provisions	3 129	994	–	59	4 064

22.2 Contingent liabilities

The Group is party to 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 June 2021 the total value of claims brought against the Group amounted to approx. PLN 14 801 thousand (as at 31 December 2020: PLN 14 801 thousand, as at 30 June 2020: PLN 7 650 thousand). Group has not created provisions for the above proceedings. In the assessment of the Group the probability of loss in these proceedings is low.

On May 9, 2014, the Parent Company issued a guarantee in the amount of PLN 57 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 5 788 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. The agreement has been extended for an unlimited period with the possibility of termination.

23. Equity

Share capital structure as at 30 June 2021, 31 December 2020 and 30 June 2020

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

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

Shareholding structure of the Parent Company

To the best Parent Company's knowledge, the shareholding structure of the Parent Company as at 30 June 2021, 31 December 2020 and 30 June 2020 was as follows:

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



Other capitals

Other capitals consist of:

- supplementary capital in the total amount of PLN 71 608 thousand, mandatorily established from annual profit distribution to be used to cover potential losses that may occur in connection with the Company's operations, up to the amount of at least one third of the share capital, amounting to PLN 1 957 thousand and from surplus of the issue price over the nominal price in the amount of PLN 69 651 thousand, resulting from the capital increase in 2012 with a nominal value of PLN 348 thousand for the price of PLN 69 999 thousand,
- reserve capital in the amount of PLN 598 789 thousand, established from annual distribution of profit as resolved by the General Meeting of Shareholders to be used for financing of further operations of the Company or payment of dividend,
- foreign exchange differences on translation, including foreign exchange differences on translation of balances in foreign currencies of branches and foreign operations in the amount of PLN (1 572) thousand. The detailed specification of foreign exchange differences on translation was presented in the table below.

(IN PLN'000)	30.06.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.06.2020 (UNAUDITED)
Trade Brokers Dom Maklerski Spółka Akcyjna branch in Germany	666	796	593
XTB Limited CY	339	496	248
XTB Limited UK	303	(8)	(595)
X-Trade Brokers Dom Maklerski Spółka Akcyjna branch in Romania	280	287	282
X-Trade Brokers Dom Maklerski Spółka Akcyjna branch in France	184	275	137
XTB Services Limited	63	105	48
X-Trade Brokers Dom Maklerski Spółka Akcyjna	52	20	(198)
XTB Africa (PTY) Ltd.	34	2	(90)
X-Trade Brokers Dom Maklerski Spółka Akcyjna branch in Czech Republic	19	701	394
X-Trade Brokers Dom Maklerski Spółka Akcyjna branch in Spain	4	463	268
X-Trade Brokers Dom Maklerski Spółka Akcyjna branch in Slovakia	2	136	78
X-Trade Brokers Dom Maklerski Spółka Akcyjna branch in Portugal	-	81	49
XTB MENA Limited	(16)	-	-
XTB Chile SpA	(96)	(65)	(275)
XTB International	(154)	(258)	184
Tasfiye Halinde XTB Yönetim Danışmanlığı A.Ş.	(3 252)	(3 022)	(2 746)
Total foreign exchange differences on translation	(1 572)	9	(1 623)

24. Profit distribution and dividend

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

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

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

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

25. Earnings per share

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



(IN PLN'000)	SIX-MONTH PERIOD ENDED	
	30.06.2021 (UNAUDITED)	30.06.2020 (UNAUDITED)
Profit from continuing operations attributable to shareholders of the Parent Company	65 006	293 459
Weighted average number of ordinary shares	117 383 635	117 383 635
Shares causing dilution (share option plan)	-	-
Weighted average number of shares including dilution effect	117 383 635	117 383 635
Basic net profit per share from continuing operations for the year attributable to shareholders of the Parent Company	0,55	2,50
Diluted net profit per share from continuing operations for the year attributable to shareholders of the Parent Company	0,55	2,50

26. Current income tax and deferred income tax

26.1 Current income tax

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

(IN PLN'000)	SIX-MONTH PERIOD ENDED	
	30.06.2021 (UNAUDITED)	30.06.2020 (UNAUDITED)
Income tax – current portion		
Income tax for the reporting period	1 666	(70 016)
Income tax – deferred portion		
Occurrence / reversal of temporary differences	(14 683)	1 259
Income tax disclosed in profit and loss	(13 017)	(68 757)

Reconciliation of the actual tax burden

(IN PLN'000)	SIX-MONTH PERIOD ENDED	
	30.06.2021 (UNAUDITED)	30.06.2020 (UNAUDITED)
Profit before tax	78 023	362 216
Income tax based in the applicable tax rate of 19%	(14 824)	(68 821)
Difference resulting from application of tax rates applicable in other countries	104	55
Non-taxable revenue	503	33
Non-deductible expenses	(509)	(485)
Tax loss for the reporting period not disclosed in the deferred tax	-	-
Realisation of tax losses for the preceding periods	13	37
Writing off tax losses activated in previous years	-	-
Other items affecting the tax burden amount	1 696	424
Income tax disclosed in profit or loss	(13 017)	(68 757)



26.2 Deferred income tax

Change in the balance of deferred tax for the period from 1 January to 30 June 2021 (unaudited)

(IN PLN'000)	AS AT 01.01.2021	PROFIT OR (LOSS)	AS AT 30.06.2021
Deferred income tax assets:			
Property, plant and equipment	138	(5)	133
Financial liabilities held for trading	14 196	6 234	20 430
Provisions for liabilities	670	13	683
Prepayments and deferred costs	3 453	(1 434)	2 019
Other liabilities	3 002	2 724	5 726
Tax losses of previous periods to be settled in future periods	9 217	1 712	10 929
Total deferred income tax assets	30 676	9 244	39 920

(IN PLN'000)	AS AT 01.01.2021	PROFIT OR (LOSS)	AS AT 30.06.2021
Deferred income tax provision:			
Cash and cash equivalents	15	(7)	8
Financial assets at fair value through P&L	43 227	22 690	65 917
Other liabilities	203	1 231	1 434
Financial assets at amortised cost	383	(5)	378
Property, plant and equipment	-	18	18
Total deferred income tax provision	43 828	23 927	67 755
Deferred tax disclosed in profit or (loss)	-	(14 683)	-

(IN PLN'000)	AS AT 01.01.2021	INCLUDED IN EQUITY	AS AT 30.06.2021
Deferred income tax provision included directly in the equity:			
Separate equity of branches	718	(177)	541
Total deferred income tax provision included directly in the equity	718	(177)	541

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

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



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

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

Change in the balance of deferred tax for the period from 1 January to 30 June 2020 (unaudited)

(IN PLN'000)	AS AT 01.01.2020	PROFIT OR (LOSS)	AS AT 30.06.2020
Deferred income tax assets:			
Property, plant and equipment	81	74	155
Financial liabilities held for trading	3 809	4 901	8 710
Provisions for liabilities	24	–	24
Prepayments and deferred costs	1 551	1 991	3 542
Other liabilities	1 829	(19)	1 810
Tax losses of previous periods to be settled in future periods	8 916	78	8 994
Total deferred income tax assets	16 210	7 025	23 235

(IN PLN'000)	AS AT 01.01.2020	PROFIT OR (LOSS)	AS AT 30.06.2020
Deferred income tax provision:			
Financial assets at fair value through P&L	22 325	5 745	28 070
Other liabilities	93	(93)	–
Financial assets at amortised cost	237	114	351
Total deferred income tax provision	22 655	5 766	28 421
Deferred tax disclosed in profit or (loss)	–	1 259	–

(IN PLN'000)	AS AT 01.01.2020	INCLUDED IN EQUITY	AS AT 30.06.2020
Deferred income tax provision included directly in the equity:			
Separate equity of branches	113	350	463
Total deferred income tax provision included directly in the equity	113	350	463



Geographical division of deferred income tax assets

(IN PLN'000)	30.06.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.06.2020 (UNAUDITED)
Central and Eastern Europe	64	153	163
Western Europe	8 923	9 234	9 014
Latin America	11	-	-
Total deferred income tax assets	8 998	9 387	9 177

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 June 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	30 524	67 767	-	37 243
Czech Republic	21	11	10	-
Slovakia	62	9	53	-
Germany	2 609	-	2 609	-
France	4 457	-	4 457	-
Chile	389	378	11	-
Great Britain	1 858	-	1 858	-
Belize	-	131	-	131
Total	39 920	68 296	8 998	37 374

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

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

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 June 2020 (unaudited):

(IN PLN'000)	DATA ACCORDING TO THE NATURE OF ORIGIN		DATA PRESENTED IN THE STATEMENT OF FINANCIAL POSITION	
	DEFERRED INCOME TAX ASSETS	DEFERRED INCOME TAX PROVISION	DEFERRED INCOME TAX ASSETS	DEFERRED INCOME TAX PROVISION
Poland	13 785	28 533	-	14 748
Czech Republic	66	-	66	-
Slovakia	97	-	97	-
Germany	2 756	-	2 756	-
France	4 592	-	4 592	-
Great Britain	1 666	-	1 666	-
Chile	273	351	-	78
Total	23 235	28 884	9 177	14 826



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 June 2021 it holds 66,99% of shares and votes in the General Meeting as per Company's best knowledge. XXZW Investment Group S.A. prepares consolidated financial statements.

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

27.2 Figured concerning related party transactions

As at 30 June 2021 the Company has liabilities to Mr Jakub Zabłocki in the amount of PLN 19 thousand due to his investment account (as at 31 December 2020: PLN 14 thousand, as at 30 June 2020 PLN 2 thousand). In the period from 1 January to 30 June 2021 and in 1 January to 30 June 2020 the Company did not note the results on transactions on financial instruments with Mr Jakub Zabłocki. Moreover Mr Jakub Zabłocki is employed on the basis of work contract in subsidiary in Great Britain. In the period from 1 January to 30 June 2021 the gross salary and bonuses amounted to PLN 446 thousand and in the analogical period of 2020 amounted to PLN 1 942 thousand.

Mr Hubert Walentynowicz receives salary on the basis of work contract. In the period from 1 January to 30 June 2021 the gross salary and bonuses amounted to PLN 230 thousand and in the analogical period of 2020 amounted to PLN 239 thousand.

As at 30 June 2021 the Company has liabilities to Mr Filip Kaczmarzyk in the amount of PLN 79 thousand due to his investment account (as at 31 December 2020: PLN 42 thousand, as at 30 June 2020 PLN 42 thousand).

On March 24, 2021, the Company concluded an agreement with XTB MENA Limited, which concerns a loan of up to PLN 950 thousand, paid in tranches. The loan interest rate was set at WIBOR 3M + 2.0% margin. As at the balance sheet date, the loan was repaid by the subsidiary, the amount of interest received was PLN 5 thousand.

27.3 Benefits to Management Board and Supervisory Board

(IN PLN'000)	SIX-MONTH PERIOD ENDED	
	30.06.2021 (UNAUDITED)	30.06.2020 (UNAUDITED)
Benefits to the Management Board members	(1 318)	(2 389)
Benefits to the Supervisory Board members	(129)	(129)
Total benefits to the Management Board and Supervisory Board	(1 447)	(2 518)

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 half-year condensed consolidated financial statements.

27.4 Loans granted to the Management and Supervisory Board Members

As at 30 June 2021, 31 December 2020 and 30 June 2020 there are no loans granted to the Management and Supervisory Board Members.



28. Supplementary information and explanations to the cash flow statement

28.1 Other adjustments

The "other adjustments" item includes the following adjustments:

(IN PLN'000)	SIX-MONTH PERIOD ENDED	
	30.06.2021 (UNAUDITED)	30.06.2020 (UNAUDITED)
Change in the balance of differences from the conversion of branches and subsidiaries	(1 581)	22 014
Foreign exchange differences on translation of movements in property, plant and equipment, and intangible assets	104	(217)
Change in other adjustments	(1 477)	21 797

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

29. Post balance sheet events

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

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

30. Off-balance sheet items

30.1 Nominal value of financial instruments

(IN PLN'000)	30.06.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.06.2020 (UNAUDITED)
Index CFDs	4 129 586	3 990 495	1 539 549
Currency CFDs	1 952 988	1 481 916	1 101 627
Commodity CFDs	1 697 320	1 143 499	861 512
Stock and ETF CFDs	994 774	876 726	487 938
Bond CFDs	7 544	384 593	140 377
Total financial instruments	8 782 212	7 877 229	4 131 003

The nominal value of instruments presented in the chart above includes transactions with customers and brokers. As at 30 June 2021 transactions with brokers represent 7% of the total nominal value of instruments (as at 31 December 2020: 14% of the total nominal value of instruments, as at 30 June 2020: 7% of the total nominal value of instruments).



30.2 Customers' financial instruments

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

(IN PLN'000)	30.06.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.06.2020 (UNAUDITED)
Listed stocks and rights to stocks registered in customers' securities accounts	1 798 608	871 389	385 575
Other securities registered in customers' securities accounts	207	207	207
Total customers' financial instruments	1 798 815	871 596	385 782

30.3 Transaction limits

The amount of unused transaction limits granted to related entities was PLN 14 468 thousand as at 30 June 2021, at 31 December 2020 PLN 12 403 thousand and as at 30 June 2020 was PLN 11 056 thousand.

31. Items regarding the compensation scheme

(IN PLN'000)	30.06.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.06.2020 (UNAUDITED)
1. Contributions made to the compensation scheme			
a) opening balance	5 654	4 709	4 709
- increases	691	945	435
b) closing balance	6 345	5 654	5 144
2. XTB's share in the profits from the compensation scheme	342	336	315

32. Capital management

The Group's principles of capital management are established in the "Capital management policy at X-Trade Brokers Dom Maklerski S.A.". The document is approved by the Parent Company's Supervisory Board. The policy defines the basic concepts, objectives and rules which constitute the Parent Company's capital strategy. It specifies, in particular, long-term capital objectives, the current and preferred capital structure, contingency plans and basic elements of the internal capital estimation process. The policy is updated as appropriate so as to reflect the development in the Group and its business environment.

The objective of the capital management policy is to ensure balanced long-term growth for the shareholders and to maintain sufficient capital to enable the Group to operate in a prudent and efficient manner. This objective is attained by maintaining an appropriate capital base, taking into account the Group's risk profile and prudential regulations, as well as risk-based capital management in view of the operating goals. Determination of capital-related goals is essential for equity management and serves as a basic reference in the context of capital planning, allocation and contingency plans. The Group establishes capital-related objectives which ensure a stable capital base, achievement of its capital strategy goals (in accordance with its general principles), and also match the Group's risk appetite. To establish its capital-related goals, the Group takes into consideration its strategic plans and expected growth of operations as well as external conditions, including the macroeconomic situation and other business environment factors. The capital-related goals are set for a horizon similar to that of the business strategy and are approved by the Management Board.

Capital planning is focused on an assessment of the Group's current and future capital requirements (both regulatory and internal), and on comparing them with the current and projected levels of available capital. The Group has prepared contingency plans to be launched in the event of a capital liquidity shortage, described in detail in the "Capital management policy at X-Trade Brokers Dom Maklerski S.A." and in the "Recovery Plan" approved by the Polish Financial Supervision Authority.

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



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

- capital requirements:
 - till 25th June 2021 calculated in accordance with the Regulation (EU) of the European Parliament and of the Council No. 575/2013 of 26 June 2013 on prudential requirements for credit institutions and investment firms (CRR)
 - since 26th June 2021 calculated according with Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27th November 2019 on the prudential requirements of investment firms and amending the regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014, (EU) No 806/2014 (IFR)
- internal capital estimated in compliance with the Ordinance of the Minister of Finance of 25 April 2017 on internal capital, risk management system, supervisory assessment program and supervisory examination and evaluation as well as remuneration policy in a brokerage house (Journal of Laws 2017, item 856).

The 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.

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

The principles for calculation of own funds are established in the CRR and IFR Regulations, "Procedure for calculating capital adequacy ratios of X-Trade Brokers Dom Maklerski 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:

- XTB Yönetim Danışmanlığı Anonim Şirketi,
- since 31st Nov 2015 XTB Limited (UK),
- since 30th April 2017 XTB International
- since 31st July 2018 XTB Limited (CY).

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 26th June 2021 the capital buffers requirement ceased to exist for the Group.



Key values in capital management:

(IN PLN'000)	30.06.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.06.2020 (UNAUDITED)
The Group's own funds	653 200	528 869	452 360
Tier I Capital	653 200	528 869	452 360
Common Equity Tier I capital	653 200	528 869	452 360
Total Group's risk exposure *	5 235 359	2 836 093	2 901 906
Total Group's capital requirement*	418 829	226 887	232 152
Capital conservation buffer	-	70 902	72 548
Countercyclical capital buffer	-	3 932	4 640
Combined buffer requirement CRR**	-	74 834	77 188
Total capital ratio CRR**	12,5%	18,6%	15,6%
Total capital ratio CRR ** including buffers	12,5%	16,0%	12,9%
Minimal required total capital ratio including buffers (article 92 section1 letter c) of CRR)	8%	8%	8%
Total capital ratio IFR***	156%	233,1%	194.9%
Minimal required total capital ratio including buffers (article 9 section1 letter c) of IFR)***	100%	100%	100%

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

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

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

The mandatory capital adequacy was not breached in the periods covered by the half-year condensed consolidated financial statements.

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

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



(IN PLN'000)	AS AT 30.06.2021 (UNAUDITED)	AVERAGE MONTHLY VALUE IN THE PERIOD *	AS AT 31.12.2020 (AUDITED)	AS AT 30.06.2020 (UNAUDITED)
1. Capital/Own funds	653 200	584 808	528 869	452 360
1.1. Base capital/Common Equity Tier I without deductions	675 665	603 091	545 606	467 606
1.2. Additional items of common equity/Supplementary capital Tier I	-	-	-	-
1.3. Items decreasing share capitals	(22 465)	(18 283)	(16 737)	(15 246)
2. Amount of Tier II capital included in the value of capital subject to monitoring/Tier II capital	653 200	584 808	-	-
I. Level of capitals subject to monitoring/Own funds	653 200	584 808	528 869	452 360
1. Market risk	-	208 540	123 376	138 942
2. Settlement and delivery risk, contractor's credit risk and the CVA requirement	-	11 132	8 964	9 674
3. Credit risk	-	60 408	46 041	35 029
4. Operating risk	-	68 540	48 507	48 507
5. Exceeding the limit of exposure concentration and the limit of high exposures	-	-	-	-
6. Capital requirement due to fixed overheads CRR	-	not applicable	not applicable	not applicable
Ila. Overall capital requirement **	418 829	348 620	226 888	232 152
Ilb. Total risk exposure CRR**	5 235 359	4 357 753	2 836 093	2 901 906
Capital conservation buffer	-	108 349	70 902	72 548
Countercyclical capital buffer	-	6 377	3 932	4 640
Ilc. Combined buffer requirement	-	114 726	74 834	77 188
1. Risk to Client, including:	6 772	6 302	-	-
1.1. K-AUM	-	-	-	-
1.2. K-CMH	6 207	5 802	-	-
1.3. K-ASA	480	425	-	-
1.4. K-COH	85	75	-	-
2. Risk to Market, including:	268 083	208 540	-	-
2.1. K-NPR	268 083	208 540	-	-
2.2. K-CMG	-	-	-	-
3. Risk to Firm, including:	143 974	146 443	-	-
3.1. K-TCD	142 520	145 065	-	-
3.2. K-DTF	1 454	1 378	-	-
3.3. K-CON	-	-	-	-
III. Total K-factor capital requirement (IFR)	418 829	361 285	-	-

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

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

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

According to IFR from 26th June 2021 the Parent Company calculates the requirement for fixed overheads. However, it is significantly lower than the K-factor capital requirement.

33. Risk management

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

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

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



out by owners of specific risks and the Risk Control Department as part of the risk and ICAAP management system within the Company.

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

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

The Parent Company's Supervisory Board approves risk management system

33.1 Fair value

33.1.1 Carrying amount and fair value

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

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

33.1.2 Fair value hierarchy

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

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

(IN PLN'000)	30.06.2021 (UNAUDITED)			TOTAL
	LEVEL 1	LEVEL 2	LEVEL 3	
Financial assets				
Financial assets at fair value through P&L	161 047	390 358	-	551 405
Total financial assets	161 047	390 358	-	551 405
Financial liabilities				
Financial liabilities held for trading	-	140 963	-	140 963
Total financial liabilities	-	140 963	-	140 963



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

(IN PLN'000)	30.06.2020 (UNAUDITED)			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial assets				
Financial assets at fair value through P&L	138 974	173 104	-	312 078
Total financial assets	138 974	173 104	-	312 078
Financial liabilities				
Financial liabilities held for trading	-	63 133	-	63 133
Total financial liabilities	-	63 133	-	63 133

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

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

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

33.2 Market risk

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

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

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

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

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



33.2.1 Currency risk

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

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



Assets and liabilities denominated in foreign currencies as at 30 June 2021 (unaudited)

(IN PLN'000)	VALUE IN FOREIGN CURRENCIES CONVERTED TO PLN							TOTAL	CARRYING AMOUNT
	USD	EUR	GBP	CZK	HUF	RON	OTHER CURRENCIES		
Assets									
Cash and cash equivalents	425 805	704 330	35 921	167 457	9 449	18 811	32 276	1 394 049	2 113 339
Financial assets at fair value through P&L	89 152	136 695	10 891	39 887	2 989	3 639	11 680	294 933	551 405
Income tax receivables	-	31	-	-	-	-	-	31	10 472
Financial assets at amortised cost	1 546	6 407	174	827	86	826	1 133	10 999	14 312
Prepayments and deferred costs	533	613	110	100	-	19	9	1 384	6 960
Intangible assets	-	1	-	43	-	1	4	49	704
Property, plant and equipment	2 152	4 737	67	729	-	54	922	8 661	14 510
Deferred income tax assets	-	7 119	1 858	10	-	-	11	8 998	8 998
Total assets	519 188	859 933	49 021	209 053	12 524	23 350	46 035	1 719 104	2 720 700
Liabilities									
Amounts due to Clients	181 805	679 526	28 359	182 805	9 886	19 340	25 051	1 126 772	1 751 502
Financial liabilities held for trading	45 632	43 437	6 668	8 294	983	742	8 166	113 922	140 963
Income tax liabilities	-	233	-	-	-	-	760	993	993
Liabilities due to lease	2 092	6 317	-	42	-	-	667	9 118	9 126
Other liabilities	(3 557)	15 370	1 937	1 377	6	355	695	16 183	32 842
Provisions for liabilities	-	-	-	-	-	-	1 787	1 787	6 287
Deferred income tax provision	-	-	-	-	-	-	131	131	37 374
Total liabilities	225 972	744 883	36 964	192 518	10 875	20 437	37 257	1 268 906	1 979 087



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

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



Assets and liabilities denominated in foreign currencies as at 30 June 2020 (unaudited)

(IN PLN'000)	VALUE IN FOREIGN CURRENCIES CONVERTED TO PLN							TOTAL	CARRYING AMOUNT
	USD	EUR	GBP	CZK	HUF	RON	OTHER CURRENCIES		
Assets									
Cash and cash equivalents	192 932	431 565	34 379	116 731	4 922	14 098	19 436	814 063	1 427 816
Financial assets at fair value through P&L	32 716	60 078	7 161	16 360	1 269	3 432	12 779	133 795	312 078
Income tax receivables	-	-	-	12	-	-	-	12	283
Financial assets at amortised cost	465	4 740	182	324	35	254	1 241	7 241	8 496
Prepayments and deferred costs	157	642	232	100	-	21	16	1 168	5 378
Intangible assets	-	15	-	49	-	-	6	70	640
Property, plant and equipment	7	4 533	85	982	-	4	1 159	6 770	12 977
Deferred income tax assets	-	7 445	1 666	66	-	-	-	9 177	9 177
Total assets	226 277	509 018	43 705	134 624	6 226	17 809	34 637	972 296	1 776 845
Liabilities									
Amounts due to Clients	74 642	367 549	24 894	102 929	4 574	13 562	13 949	602 099	862 345
Financial liabilities held for trading	19 434	15 422	2 000	4 234	486	508	7 143	49 227	63 133
Income tax liabilities	-	394	-	-	-	-	510	904	904
Liabilities due to lease	-	8 527	-	76	-	-	892	9 495	9 516
Other liabilities	2 087	13 186	3 479	1 496	-	357	1 123	21 728	44 012
Provisions for liabilities	-	-	-	-	-	-	2 616	2 616	4 064
Deferred income tax provision	-	-	-	-	-	-	78	78	14 826
Total liabilities	96 163	405 078	30 373	108 735	5 060	14 427	26 311	686 147	998 800



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)	SIX-MONTH PERIOD ENDED			
	30.06.2021 (UNAUDITED)		30.06.2020 (UNAUDITED)	
	INCREASE IN EXCHANGE RATES	DECREASE IN EXCHANGE RATES	INCREASE IN EXCHANGE RATES	DECREASE IN EXCHANGE RATES
	0 5%	0 5%	0 5%	0 5%
Income (expenses) of the period	23 300	(23 300)	13 481	(13 481)
Equity, of which:	2 701	(2 701)	14 120	7 480
Foreign exchange differences on translation	2 701	(2 701)	14 120	7 480

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

33.2.2 Interest rate risk

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

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

In addition, the source of the Group's profit variability associated with the level of market interest rates, are amounts paid and received in connection with the occurrence of the difference in interest rates for different currencies (swap points) as well as potential debt instruments.

Since the Group maintains a low duration of assets and liabilities and minimises the duration gap, sensitivity of the market value of assets and liabilities to calculations of market interest rates is very low. However, due to the significant involvement of X-Trade Brokers 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)	30.06.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.06.2020 (UNAUDITED)
Financial assets			
Cash and cash equivalents	2 113 339	1 575 807	-
Debt instruments	146 199	398 616	1 427 815
Total financial assets	2 259 538	1 974 423	1 427 815
Financial liabilities			
Amounts due to clients	-	60	-
Other liabilities	9 126	8 654	9 904
Total financial liabilities	9 126	8 714	9 904

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 June 2021 and from 1 January to 30 June 2020, using the average 1M interest rate in a given market.



(IN PLN'000)	SIX-MONTH PERIOD ENDED			
	30.06.2021 (UNAUDITED)		30.06.2020 (UNAUDITED)	
	INCREASE BY 50 PB	DECREASE BY 50 PB	INCREASE BY 50 PB	DECREASE BY 50 PB
Profit/(loss) before tax	2 488	(2 488)	6 097	(6 097)

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

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

(IN PLN'000)	THREE-MONTH PERIOD ENDED			
	30.06.2021 (UNAUDITED)		30.06.2020 (UNAUDITED)	
	INCREASE BY 50 PB	DECREASE BY 50 PB	INCREASE BY 50 PB	DECREASE BY 50 PB
Profit/(loss) before tax	(851)	868	(465)	462

33.2.3 Other price risk

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

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

(IN PLN'000)	30.06.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.06.2020 (UNAUDITED)
Financial assets at fair value through P&L			
Commodity			
Precious metals	36 373	9 490	5 248
Base metals	1 172	508	230
Other	46 676	29 652	28 003
Total commodity	84 221	39 651	33 481
Equity instruments			
Stocks and ETF	65 045	40 930	30 529
Indices	159 351	126 578	78 809
Total equity instruments	224 396	167 508	109 338
Debt instruments	30	12	35
Total financial assets at fair value through P&L	308 647	207 171	142 854
Financial liabilities held for trading			
Commodity			
Precious metals	2 170	7 141	4 178
Base metals	264	94	97
Other	11 093	8 545	15 549
Total commodity	13 527	15 781	19 824
Equity instruments			
Stocks and ETF	41 090	26 835	10 046
Indices	39 722	24 884	12 621
Total equity instruments	80 812	51 719	22 667
Debt instruments	10	3	4
Total financial liabilities held for trading	94 349	67 503	42 495



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

(IN PLN'000)	SIX-MONTH PERIOD ENDED			
	30.06.2021 (UNAUDITED)		30.06.2020 (UNAUDITED)	
	INCREASE BY 5%	DECREASE BY 5%	INCREASE BY 5%	DECREASE BY 5%
Income/(expenses) for the period				
Commodity				
Precious metals	(33 994)	33 994	3 826	(3 826)
Base metals	(1 120)	1 120	(12)	12
Other	5 017	(5 017)	(16 659)	16 659
Total commodity	(30 097)	30 097	(12 845)	12 845
Equity instruments				
Stocks and ETFs	-	-	(55)	55
Indicies	43 321	(43 321)	15 500	(15 500)
Total equity instruments	43 321	(43 321)	15 445	(15 445)
Debt instruments	205	(205)	349	(349)
Total income/(expenses) for the period	13 429	(13 429)	2 949	(2 949)

33.3 Liquidity risk

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

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

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

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

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

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

As part of ongoing business and the tasks related to liquidity risk management, the managers of appropriate organisational units of the Parent Company monitor the balance of funds deposited in the account in the context of planned liquidity needs related to the Parent Company's operating activities. In its liquidity analysis, the existing possibility of generation of liquid assets, future needs, alternative scenarios and payment liquidity contingency plans are taken into consideration. Supervision and control activities over the balance of cash accounts are also carried out by the Risk Control Department on a daily basis.



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

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



Contractual payment periods of financial assets and liabilities as at 30 June 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
Financial assets							
Cash and cash equivalents	2 113 339	2 113 339	2 113 339	-	-	-	-
Financial assets at fair value through P&L							
Listed stocks and ETFs	14 848	14 848	14 848	-	-	-	-
Bonds	146 199	146 199	146 199	-	-	-	-
CFDs	390 358	390 358	390 358	-	-	-	-
Total financial assets at fair value through P&L	551 405	551 405	551 405	-	-	-	-
Financial assets at amortised cost	14 312	14 312	10 062	-	4 250	-	-
Total financial assets	2 679 056	2 679 056	2 674 806	-	4 250	-	-
Financial liabilities							
Amounts due to clients	1 751 502	1 751 502	1 751 502	-	-	-	-
Financial liabilities held for trading							
CFDs	140 963	140 963	140 963	-	-	-	-
Total financial liabilities held for trading	140 963	140 963	140 963	-	-	-	-
Liabilities due to lease	9 126	9 126	1 392	2 731	5 003	-	-
Other liabilities	32 842	32 842	20 985	7 555	-	-	4 302
Total financial liabilities	1 934 433	1 934 433	1 914 842	10 286	5 003	-	4 302
Contractual liquidity gap in maturities (payment dates)			759 964	(10 286)	(753)	-	(4 302)
Contractual cumulative liquidity gap			759 964	749 678	748 925	748 925	744 623



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

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



Contractual payment periods of financial assets and liabilities as at 30 June 2020 (unaudited)

(IN PLN'000)	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	UP TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 – 5 YEARS	OVER 5 YEARS	WITH NO SPECIFIED MATURITY
Financial assets							
Cash and cash equivalents	1 427 816	1 427 816	1 427 816				
Financial assets at fair value through P&L							
Listed stocks and ETFs	7 591	7 591	7 591	-	-	-	-
Bonds	131 383	131 383	131 383				
CFDs	173 104	173 104	173 104	-	-	-	-
Total financial assets at fair value through P&L	312 078	312 078	312 078	-	-	-	-
Financial assets at amortised cost	8 496	8 496	6 060	-	2 436	-	-
Total financial assets	1 748 390	1 748 390	1 745 954	-	2 436	-	-
Financial liabilities							
Amounts due to clients	862 345	862 345	862 345	-	-	-	-
Financial liabilities held for trading							
CFDs	63 133	63 133	63 133	-	-	-	-
Total financial liabilities held for trading	63 133	63 133	63 133	-	-	-	-
Liabilities due to lease	9 516	9 516	998	2 871	5 372	275	-
Other liabilities	44 012	44 012	20 180	19 289	-	-	4 543
Total financial liabilities	979 006	979 006	946 656	22 160	5 372	275	4 543
Contractual liquidity gap in maturities (payment dates)			799 298	(22 160)	(2 936)	(275)	(4 543)
Contractual cumulative liquidity gap			799 298	777 138	774 202	773 927	769 384

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



33.4 Credit risk

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

(IN PLN'000)	30.06.2021 (UNAUDITED)		31.12.2020 (AUDITED)		30.06.2020 (UNAUDITED)	
	CARRYING AMOUNT	MAXIMUM EXPOSURE TO CREDIT RISK	CARRYING AMOUNT	MAXIMUM EXPOSURE TO CREDIT RISK	CARRYING AMOUNT	MAXIMUM EXPOSURE TO CREDIT RISK
Financial assets						
Cash and cash equivalents	2 113 339	2 113 339	1 575 807	1 575 807	1 427 816	1 427 816
Financial assets at fair value through P&L *	551 405	38 418	663 133	20 779	312 078	9 940
Financial assets at amortised cost	14 312	14 312	13 310	13 310	8 496	8 496
Total financial assets	2 679 056	2 166 069	2 252 250	1 609 896	1 748 390	1 446 252

* As at 30 June 2021 the maximum exposure to credit risk for financial assets held for trading, not including the collateral received, was PLN 390 428 thousand (31 December 2020: PLN 234 999 thousand, 30 June 2020: PLN 104 921 thousand). This exposure was collateralised with clients' cash, which, as at 30 June 2021, covered the amount of PLN 319 497 thousand (31 December 2020: PLN 214 221 thousand, 30 June 2020: PLN 190 441 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 June 2021, the Group had deposit accounts in 48 banks and institutions (31 December 2020: in 45 banks and institutions, 30 June 2020: in 43 banks and institutions). The ten largest exposures are presented in the table below (numbering of banks and institutions determined individually for each period):

ENTITY	30.06.2021 (UNAUDITED)		31.12.2020 (AUDITED)		30.06.2020 (UNAUDITED)	
	(IN PLN'000)	ENTITY	(IN PLN'000)	ENTITY	(IN PLN'000)	ENTITY
Bank 1	514 877	Bank 1	443 072	Bank 1	615 416	
Bank 2	480 488	Bank 2	217 016	Bank 2	157 960	
Bank 3	262 680	Bank 3	149 940	Bank 3	140 555	
Bank 4	227 704	Bank 4	112 916	Bank 4	103 084	
Institution 1	150 292	Institution 1	91 259	Bank 5	91 837	
Bank 6	71 367	Bank 6	80 292	Bank 6	54 946	
Bank 7	65 785	Bank 7	58 939	Bank 7	41 451	
Bank 8	54 973	Bank 8	54 793	Bank 8	36 111	
Bank 9	46 143	Bank 9	53 925	Bank 9	31 211	
Bank 10	43 920	Bank 10	49 917	Bank 10	28 502	
Other	195 110	Other	263 738	Other	126 743	
Total	2 113 339	Total	1 575 807	Total	1 427 816	



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)		
	30.06.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.06.2020 (UNAUDITED)
Cash and cash equivalent			
Step 1	1 467 852	1 346 247	1 312 191
Step 2	16 136	10 646	26 946
Step 3	627 214	216 325	83 544
Step 4	2 137	2 589	3 127
Step 5	-	-	-
Step 6	-	-	2 008
Total	2 113 339	1 575 807	1 427 816

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):

30.06.2021 (UNAUDITED)		31.12.2020 (AUDITED)		30.06.2020 (UNAUDITED)	
ENTITY	NET EXPOSURE (IN PLN'000)	ENTITY	NET EXPOSURE (IN PLN'000)	ENTITY	NET EXPOSURE (IN PLN'000)
Entity 1	12 712	Entity 1	8 542	Entity 1	2 578
Entity 2	6 887	Entity 2	4 665	Entity 2	2 003
Entity 3	5 808	Entity 3	747	Entity 3	1 057
Entity 4	4 402	Entity 4	604	Entity 4	542
Entity 5	1 181	Entity 5	566	Entity 5	273
Entity 6	967	Entity 6	528	Entity 6	236
Entity 7	751	Entity 7	440	Entity 7	208
Entity 8	676	Entity 8	258	Entity 8	181
Entity 9	577	Entity 9	247	Entity 9	157
Entity 10	357	Entity 10	211	Entity 10	145
Total	34 318	Total	16 808	Total	7 380



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

Warsaw, 19 August 2021

Omar Arnaout
President of the
Management Board

Filip Kaczmarzyk
Member of the
Management Board

Jakub Kubacki
Member of the
Management Board

Paweł Szejko
Member of the
Management Board

Andrzej Przybylski
Member of the
Management Board

Urszula Tanajewska
The person responsible for
bookkeeping

Information on the company's financial position and results of operations for the first half of 2021

HALF-YEAR CONDENSED FINANCIAL STATEMENTS





HALF-YEAR CONDENSED COMPREHENSIVE INCOME STATEMENT

(IN PLN'000)	NOTE	THREE-MONTH PERIOD ENDED		SIX-MONTH PERIOD ENDED	
		30.06.2021 (UNAUDITED)	30.06.2020 (UNAUDITED)	30.06.2021 (UNAUDITED)	30.06.2020 (UNAUDITED)
Result of operations on financial instruments	6.1	39 555	197 255	210 170	492 290
Income from fees and charges	6.2	1 045	963	2 225	2 051
Other income		310	8	315	79
Total operating income	6	40 910	198 226	212 710	494 420
Salaries and employee benefits	7	(21 263)	(21 422)	(45 977)	(53 225)
Marketing	8	(14 435)	(11 463)	(35 308)	(21 353)
Other external services	9	(18 139)	(14 329)	(36 365)	(27 483)
Costs of maintenance and lease of buildings		(595)	(620)	(1 203)	(1 191)
Amortisation and depreciation	16,17	(1 940)	(1 740)	(3 694)	(3 299)
Taxes and fees		(1 088)	(542)	(2 158)	(1 129)
Commission expenses	10	(5 472)	(3 627)	(12 430)	(7 098)
Other costs		(250)	(309)	(603)	(1 008)
Total operating expenses		(63 182)	(54 052)	(137 738)	(115 786)
Profit on operating activities		(22 272)	144 174	74 972	378 634
Impairment of investments in subsidiaries		(243)	(128)	(460)	(1 626)
Finance income	11	(7 414)	(5 376)	1 375	4 156
Finance costs	11	(1 178)	(81)	(1 282)	(165)
Profit before tax		(31 107)	138 589	74 605	380 999
Income tax	26	6 050	(22 292)	(12 644)	(68 368)
Net profit (loss)		(25 057)	116 297	61 961	312 631
Other comprehensive income		(464)	(331)	(1 590)	772
Items which will be reclassified to profit (loss) after meeting specific conditions		(464)	(331)	(1 590)	772
- foreign exchange differences on translation of foreign operations		574	325	(839)	(720)
- foreign exchange differences on valuation of separated equity		(1 281)	(810)	(927)	1 842
- deferred income tax		243	154	176	(350)
Total comprehensive income		(25 521)	115 966	60 371	313 403
Earnings per share:					
- basic profit per year attributable to shareholders of the Parent Company (in PLN)	25	(0,21)	0,99	0,53	2,66
- basic profit from continued operations per year attributable to shareholders of the Parent Company (in PLN)	25	(0,21)	0,99	0,53	2,66
- diluted profit of the year attributable to shareholders of the Parent Company (in PLN)	25	(0,21)	0,99	0,53	2,66
- diluted profit from continued operations of the year attributable to shareholders of the Parent Company (in PLN)	25	(0,21)	0,99	0,53	2,66

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



HALF-YEAR CONDENSED STATEMENT OF FINANCIAL POSITION

(IN PLN'000)	NOTE	30.06.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.06.2020 (UNAUDITED)
ASSETS				
Cash and cash equivalents	12	1 954 593	1 436 232	1 309 162
Financial assets at fair value through P&L	13	507 630	632 760	285 400
Investments in subsidiaries	14	39 245	35 890	36 507
Income tax receivables		10 472	2 584	278
Financial assets at amortised cost	15	23 227	23 564	24 367
Prepayments and deferred costs		6 276	4 881	4 930
Intangible assets	16	555	477	464
Property, plant and equipment	17	11 143	11 725	11 448
Deferred income tax assets	26.2	7 129	7 518	7 511
Total assets		2 560 270	2 155 631	1 680 067
EQUITY AND LIABILITIES				
Liabilities				
Amounts due to customers	18	1 631 518	1 104 252	781 961
Financial liabilities held for trading	19	105 916	73 398	44 021
Income tax liabilities		232	494	344
Liabilities due to lease	20	6 185	7 544	8 405
Other liabilities	21	35 439	52 883	46 642
Provisions for liabilities	22	4 500	4 911	1 448
Deferred income tax provision	26.2	37 243	23 166	14 748
Total liabilities		1 821 033	1 266 648	897 569
Equity				
Share capital	23	5 869	5 869	5 869
Supplementary capital	23	71 608	71 608	71 608
Other reserves	23	598 651	390 592	390 592
Foreign exchange differences on translation	23	1 148	2 738	1 798
Retained earnings		61 961	418 176	312 631
Total equity		739 237	888 983	782 498
Total equity and liabilities		2 560 270	2 155 631	1 680 067

The half-year condensed statement of financial position should be read together with the supplementary notes which are an integral part of these half-year condensed financial statements.



HALF-YEAR CONDENSED STATEMENT OF CHANGES IN EQUITY

Half-year condensed statement of changes in equity for the period from 1 January 2021 to 30 June 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
NOTE	23	23	23,24	23	23,24	
As at 1 January 2021	5 869	71 608	390 592	2 738	418 176	888 983
Total comprehensive income for the financial year						
Net profit	-	-	-	-	61 961	61 961
Other comprehensive income	-	-	-	(1 590)	-	(1 590)
Total comprehensive income for the financial year	-	-	-	(1 590)	61 961	60 371
Transactions with owners recognized directly in equity						
Appropriation of profit						
- dividend payment	-	-	-	-	(210 117)	(210 117)
- transfer to other reserves	-	-	208 059	-	(208 059)	-
Increase (decrease) in equity	-	-	208 059	(1 590)	(356 215)	(149 746)
As at 30 June 2021 (unaudited)	5 869	71 608	598 651	1 148	61 961	739 237

The half-year condensed statement of changes in equity should be read together with the supplementary notes which are an integral part of these half-year condensed financial statements.



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

(IN PLN'000)	SHARE CAPITAL	SUPPLEMENTARY CAPITAL	OTHER RESERVES	FOREIGN EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS AND SEPARATE FUNDS	RETAINED EARNINGS	TOTAL EQUITY
NOTE	23	23	23,24	23	23,24	
As at 1 January 2020	5 869	71 608	364 619	1 026	54 145	497 267
Total comprehensive income for the financial year						
Net profit	-	-	-	-	418 176	418 176
Other comprehensive income	-	-	-	1 712	-	1 712
Total comprehensive income for the financial year	-	-	-	1 712	418 176	419 888
Transactions with Parent Company's owners recognized directly in equity						
Appropriation of profit						
- dividend payment	-	-	-	-	(28 172)	(28 172)
- transfer to other reserves	-	-	25 973	-	(25 973)	-
Increase (decrease) in equity	-	-	25 973	1 712	364 031	391 716
As at 31 December 2020	5 869	71 608	390 592	2 738	418 176	888 983

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



Half-year condensed statement of changes in equity for the period from 1 January 2020 to 30 June 2020

(IN PLN'000)	SHARE CAPITAL	SUPPLEMENTARY CAPITAL	OTHER RESERVES	FOREIGN EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS AND SEPARATE FUNDS	RETAINED EARNINGS	TOTAL EQUITY
NOTE	23	23	23,24	23	23,24	
As at 1 January 2020	5 869	71 608	364 619	1 026	54 145	497 267
Total comprehensive income for the financial year						
Net profit	-	-	-	-	312 631	312 631
Other comprehensive income	-	-	-	772	-	772
Total comprehensive income for the financial year	-	-	-	772	312 631	313 403
Transactions with owners recognized directly in equity						
Appropriation of profit						
- dividend payment	-	-	-	-	(28 172)	(28 172)
- transfer to other reserves	-	-	25 973	-	(25 973)	-
Increase (decrease) in equity	-	-	25 973	772	258 486	285 231
As at 30 June 2020 (unaudited)	5 869	71 608	390 592	1 798	312 631	782 498

The half-year condensed statement of changes in equity should be read together with the supplementary notes which are an integral part of these half-year condensed financial statements.



HALF-YEAR CONDENSED CASH FLOW STATEMENT

(IN PLN'000)	NOTE	SIX-MONTH PERIOD ENDED	
		30.06.2021 (UNAUDITED)	30.06.2020 (UNAUDITED)
Cash flows from operating activities			
Profit before tax		74 605	380 999
Adjustments:		(12 709)	32 968
Amortization and depreciation	16,17	3 694	3 299
Foreign exchange (gains) losses from translation of cash		(3 481)	(995)
(Gain) Loss on investment activity		1 590	12 940
Other adjustments	28.1	(1 507)	553
Changes			
Change in provisions		(411)	(4)
Change in balance of financial assets at fair value through P&L and financial liabilities held for trading		(94 769)	(7 505)
Change in balance of restricted cash		(426 589)	(251 917)
Change in financial assets at amortised cost		337	(11 620)
Change in balance of prepayments and accruals		(1 395)	(1 389)
Change in balance of amounts due to customers		527 266	262 411
Change in balance of other liabilities		(17 444)	27 195
Cash from operating activities		61 896	413 967
Income tax paid		(6 328)	(70 700)
Interests		94	152
Net cash from operating activities		55 662	343 419
Cash flow from investing activities			
Expenses relating to payments for property, plant and equipment	17	(2 117)	(1 635)
Expenses relating to payments for intangible assets	16	(196)	(186)
Expenses relating to payments for investments in subsidiaries		(3 814)	-
Expenses relating purchase of bonds		(348 897)	(118 477)
Proceeds from sale of bonds		599 140	2 628
Interests on bonds		1 071	904
Dividends received from subsidiaries		-	3 477
Net cash from investing activities		245 187	(113 289)
Cash flow from financing activities			
Payments of liabilities under finance lease agreements		(2 346)	(1 367)
Interest paid under lease		(94)	(152)
Dividend paid to owners		(210 117)	(28 172)
Net cash from financing activities		(212 557)	(29 691)
Increase (Decrease) in net cash and cash equivalents		88 292	200 439
Cash and cash equivalents – opening balance		494 766	435 039
Effect of FX rates fluctuations on balance of cash in foreign currencies		3 480	995
Cash and cash equivalents – closing balance	12	586 538	636 473

The half-year condensed cash flow statement should be read together with the supplementary notes which are an integral part of these half-year condensed financial statements.



ADDITIONAL NOTES TO THE HALF-YEAR CONDENSED FINANCIAL STATEMENTS

1. General information

1.1 Name and registered seat of the Company

Name:	X-Trade Brokers Dom Maklerski Spółka Akcyjna
Legal form:	Joint Stock Company
Country:	Poland
Company registered seat:	Ogrodowa 58, 00-876 Warsaw
Regon statistical number:	015803782
Tax Identification Number:	5272443955
Registration in the National Court Register:	0000217580

1.2 Company business

X-Trade Brokers Dom Maklerski is a joint-stock company established pursuant to a notarial deed of 2 September 2004 - Repertory A-2712/2004. The Company was established for an indefinite period.

On 22 September 2004, the Company was entered in the National Court Register by the District Court for the Capital City of Warsaw, 12th Commercial Department of the National Court Register, under No. 0000217580. The Company was granted a statistical REGON number 015803782 and a tax identification (NIP) number 5272443955.

The Company's operations consist of conducting brokerage activities on the stock exchange (stocks and ETFs) and OTC markets (currency derivatives, commodities, indices, stocks and bonds). The 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.

1.3 Information on the reporting entities in the Company's organizational structure

The half-year condensed financial statements cover the following foreign branches which form the Company:

- X-Trade Brokers Dom Maklerski Spółka Akcyjna, organizační složka – a branch established on 7 March 2007 in the Czech Republic. The branch was registered in the commercial register maintained by the City Court in Prague under No. 56720 and was granted the following tax identification number: CZK 27867102.
- X-Trade Brokers Dom Maklerski Spółka Akcyjna, Sucursal en Espana – a branch established on 19 December 2007 in Spain. On 16 January 2008, the branch was registered by the Spanish authorities and was granted the tax identification number ES W0601162A.
- X-Trade Brokers Dom Maklerski Spółka Akcyjna, organizačná zložka – a branch established on 1 July 2008 in the Slovak Republic. On 6 August 2008, the branch was registered in the commercial register maintained by the City Court in Bratislava under No. 36859699 and was granted the following tax identification number: SK4020230324.
- X-Trade Brokers Dom Maklerski S.A. Sucursala Bucuresti Romania (branch in Romania) – a branch established on 31 July 2008 in Romania. On 4 August 2008, the branch was registered in the Commercial Register under No. 402030 and was granted the following tax identification number: CUI 24270192.
- 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: 4721939029.
- X-Trade Brokers Dom Maklerski Spółka Akcyjna a branch in France – a branch established on 21 April 2010 in the Republic of France. On 31 May 2010, the branch was registered in the Commercial Register under No. 522758689.



- X-Trade Brokers Dom Maklerski S.A., Sucursal Portuguesa (branch in Portugal) – a branch established on 7 July 2010 in Portugal. On 7 July 2010, the branch was registered in the Commercial Register under No. 980436613.

1.4 Composition of the Company's Management Board

In the period covered by these 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 23 March 2017 appointed for the position of the Chairman of the Management Board; term of office ending 30 June 2022
Paweł Szejko	Board Member	28.01.2015	from the 30 June 2019 appointed for the 3-years term of office ending 30 June 2022
Filip Kaczmarzyk	Board Member	10.01.2017	from the 30 June 2019 appointed for the 3-years term of office ending 30 June 2022
Jakub Kubacki	Board Member	10.07.2018	from the 30 June 2019 appointed for the 3-years term of office ending 30 June 2022
Andrzej Przybylski	Board Member	01.05.2019	from the 30 June 2019 appointed for the 3-years term of office ending 30 June 2022

2. Basis for drafting the financial statements

2.1 Compliance statement

The half-year condensed financial statements of the X-Trade Brokers Dom Maklerski S.A. prepared for the period from 1 January 2021 to 30 June 2021 with comparative data for the period from 1 January 2020 to 30 June 2020, as at 31 December 2020 and cover the Company's financial data and financial data of the branch offices.

These half-year condensed financial statements have been prepared according to the International Accounting Standard 34 "Interim Financial Reporting" approved by the European Union. taking into account the principle of recognizing the income tax burden based on the best possible estimate of the weighted average annual income tax rate applied by the Company Equity expected in the full fiscal year.

To prepare the half-year condensed financial statements, the Company applied the accounting principles and calculation methods consistent with the principles applicable in the financial year ended December 31, 2020.

The half-year condensed financial statements do not cover all information and disclosures required by International Financial Reporting Standards approved by European Union (IFRS) to be presented in annual financial statements and they should be read jointly with the financial statements of the X-Trade Brokers Dom Maklerski S.A. for the year 2020.

The half-year condensed financial statements were approved by the Management Board of the Company on 19 August 2021. Drafting these half-year condensed financial statements, the Company decided that none of the standards would be applied retrospectively.

The half-year condensed financial statements were prepared based on the assumption that the Company would continue as a going concern in the foreseeable future. At the date of preparation of these half-year condensed financial statements, the Management Board of X-Trade Brokers Dom Maklerski S.A. does not state any circumstances that would threaten the company's continued operations.

The Company and its branch offices maintain their accounting records in accordance with the accounting principles generally accepted in the countries in which these companies are established. The half-year condensed financial statements include adjustments not recognised in the companies' accounting records, made in order to reconcile their financial statements with the IFRS.



2.2 Functional currency and reporting currency

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

2.3 Comparability of data and consistency of the policies applied

Data presented in the half-year condensed financial statements is comparable and prepared under the same principles for all periods covered by the half-year condensed financial statements, apart from changes described in note 2.5.

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

In March 2020 the World Health Organization determined that COVID disease can be treated as a pandemic. Due to significant increase of this disease all over the world, countries take numerous action to limit or delay it's spread. Undertaken measures have increasing impact on global economy. The Company has adapted to applicable regulations related to the COVID-19 pandemic in 2021 and not identify any further impact on the Company's operations.

2.5 Changes in the accounting policies

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

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

The Company 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.

The new or amended standards and interpretations that are applicable for the first time in 2021 do not have a significant impact on the Company's half-year condensed financial statements.



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

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

- Annual amendments to various standards due to “Improvements to IFRS (Cycle 2018-2020)” – not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2022;
- Amendments to IAS 37 - Onerous Contracts—Cost of Fulfilling a Contract– not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2022;
- Amendments to IAS 16 - Property, Plant and Equipment – Proceeds before Intended Use– not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2022;
- Amendments to IFRS 3 – Reference to the Conceptual Framework– not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2022;
- Amendments to IFRS 17 “Insurance contracts” (issued on 18 May 2017) – not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2023;
- Amendments to IAS 8 “Accounting policies, changes in accounting estimates and errors”- not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2023;
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture (issued on 11 September 2014) - the endorsement process of these Amendments has been postponed by EU - the effective date was deferred indefinitely by IASB;
- Amendments to IAS 1 – Classification of liabilities as current or non- current - not yet endorsed by EU at the date of approval of these financial statements –effective for financial years beginning on or after 1 January 2023.

3. Material estimates and valuations

In order to prepare its financial statements in accordance with the IFRS, the Company 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 Company’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 Company, 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 Company makes estimates are presented below.

3.1 Impairment of assets

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

At each balance sheet date, the Company 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 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, which is described in note 30.2.2.



Period for settlement of the deferred tax asset

The Company 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 Company 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.

3.2 Fair value measurement

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

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

5. Seasonality of operations

The Company's operations are not seasonal.



6. Operating income

6.1 Result of operations in financial instruments

(IN PLN'000)	SIX-MONTH PERIOD ENDED	
	30.06.2021 (UNAUDITED)	30.06.2020 (UNAUDITED)
Financial instruments (CFD)		
Commodity CFDs	154 247	210 043
Index CFDs	101 622	252 818
Stock and ETF CFDs	10 222	4 400
Bond CFDs	77	138
Currency CFDs including:	(19 333)	44 743
- <i>Cryptocurrency CFDs</i>	(46 593)	4 004
Total CFDs	246 835	512 142
Stocks and ETFs	(1 467)	5 999
Dividends from subsidiaries	52	1 348
Gross gain on transactions in financial instruments	245 420	519 489
Intermediary services	(35 035)	(26 747)
Commission paid to cooperating brokers	(215)	(452)
Net gain on transactions in financial instruments	210 170	492 290

Due to the significant negative impact on the result of operations on financial instruments, the result on CFDs on cryptocurrencies was presented separately within the category. In mid-May this year XTB has decided to change the business model for CFD instruments based on cryptocurrencies, i.e. fully securing the market position on cryptocurrencies. Currently, the entire open position of the Company on these instruments is covered in hedging transactions with liquidity providers.

Intermediary services are services performed on the foreign markets by the Company's subsidiaries, directly related to operations on financial instruments. Intermediary services generate costs which, due to their direct link with revenues, are presented jointly under this item.

The Company 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 Company and particular brokers relate to the trade between the broker and customers that are not his customers.

6.2 Income from fees and charges

(IN PLN'000)	SIX-MONTH PERIOD ENDED	
	30.06.2021 (UNAUDITED)	30.06.2020 (UNAUDITED)
Fees and charges from institutional clients	1 333	1 365
Fees and charges from retail clients	892	686
Total income from fees and charges	2 225	2 051

6.3 Geographical areas

(IN PLN'000)	SIX-MONTH PERIOD ENDED	
	30.06.2021 (UNAUDITED)	30.06.2020 (UNAUDITED)
Operating income		
Central and Eastern Europe	116 394	257 191
- <i>including Poland</i>	67 587	176 997
Western Europe	66 234	204 817
- <i>including Spain</i>	39 477	92 005
Latin America and Turkey	30 082	32 412
Total operating income	212 710	494 420



Due to the overall share in the Company's revenue, Poland and Spain were set apart for presentation purposes within the geographical area.

The Company breaks its revenue down into geographical area by the XTB office's country in which a given customer was acquired.

7. Salaries and employee benefits

(IN PLN'000)	SIX-MONTH PERIOD ENDED	
	30.06.2021 (UNAUDITED)	30.06.2020 (UNAUDITED)
Salaries	(37 227)	(44 101)
Social insurance and other benefits	(7 741)	(8 272)
Employee benefits	(1 009)	(852)
Total salaries and employee benefits	(45 977)	(53 225)

8. Marketing

(IN PLN'000)	SIX-MONTH PERIOD ENDED	
	30.06.2021 (UNAUDITED)	30.06.2020 (UNAUDITED)
Marketing online	(33 174)	(20 662)
Marketing offline	(2 134)	(691)
Total marketing	(35 308)	(21 353)

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

9. Other external services

(IN PLN'000)	SIX-MONTH PERIOD ENDED	
	30.06.2021 (UNAUDITED)	30.06.2020 (UNAUDITED)
Intermediary services	(20 564)	(16 429)
Support database systems	(6 683)	(4 275)
Market data delivery	(3 322)	(2 843)
Legal and advisory services	(2 192)	(1 347)
Internet and telecommunications	(1 188)	(980)
Accounting and audit services	(766)	(716)
IT support services	(667)	(230)
Postal and courier services	(276)	(179)
Recruitment	(228)	(155)
Other external services	(479)	(329)
Total other external services	(36 365)	(27 483)

Intermediary services represent remuneration paid to subsidiaries.

10. Commission expenses

(IN PLN'000)	SIX-MONTH PERIOD ENDED	
	30.06.2021 (UNAUDITED)	30.06.2020 (UNAUDITED)
Bank commissions	(10 116)	(5 091)
Stock exchange fees and charges	(1 981)	(1 837)
Commissions of foreign brokers	(333)	(170)
Total commission expenses	(12 430)	(7 098)



11. Finance income and costs

(IN PLN'000)	SIX-MONTH PERIOD ENDED	
	30.06.2021 (UNAUDITED)	30.06.2020 (UNAUDITED)
Interest income		
Interest on own cash	13	27
Interest on customers' cash	-	619
Total interest income	13	646
Foreign exchange gains	1 328	1 969
Income on Bonds	-	1 539
Other finance income	34	2
Total finance income	1 375	4 156

(IN PLN'000)	SIX-MONTH PERIOD ENDED	
	30.06.2021 (UNAUDITED)	30.06.2020 (UNAUDITED)
Interest expense		
Interest paid under lease agreements	(94)	(152)
Other interest	(86)	(12)
Total interest expense	(180)	(164)
Loss on Bonds	(1 102)	-
Other finance costs	-	(1)
Total finance costs	(1 282)	(165)

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

12. Cash and cash equivalents

Broken down by type:

(IN PLN'000)	30.06.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.06.2020 (UNAUDITED)
In current bank accounts	1 954 593	1 436 232	1 309 162
Cash and cash equivalents in total	1 954 593	1 436 232	1 309 162

Own cash and restricted cash – customers' cash:

(IN PLN'000)	30.06.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.06.2020 (UNAUDITED)
Customers' cash and cash equivalents	1 368 055	941 466	672 689
Own cash and cash equivalents	586 538	494 766	636 473
Cash and cash equivalents in total	1 954 593	1 436 232	1 309 162

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

13. Financial assets at fair value through P&L

(IN PLN'000)	30.06.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.06.2020 (UNAUDITED)
Index CFDs	154 239	120 687	75 802
Commodity CFDs	80 415	37 041	32 129
Currency CFDs	62 630	35 974	18 733
Stock and ETF CFDs	49 339	31 295	19 821
Bond CFDs	30	12	34
Debt instruments (treasury bonds)	146 199	398 615	131 383
Stocks and ETF	14 778	9 136	7 498
Total financial assets at fair value through P&L	507 630	632 760	285 400

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



14. Investment in subsidiaries

(IN PLN'000)	30.06.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.06.2020 (UNAUDITED)
At the beginning of the reporting period	35 890	54 463	54 463
Increase	3 814	-	-
Decrease	-	(36 409)	(36 410)
Utilization	-	20 080	-
Impairment of investments in subsidiaries	(459)	(2 244)	18 454
At the end of the reporting period	39 245	35 890	36 507

Impairment of investments in subsidiaries

(IN PLN'000)	30.06.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.06.2020 (UNAUDITED)
Impairment write-downs of investments in subsidiaries – at the beginning of the reporting period	(3 074)	(20 910)	(20 910)
Write-downs utilized	-	20 080	20 080
Write-downs recorded	(459)	(2 244)	(1 626)
Impairment write-downs of investments in subsidiaries – at the end of the reporting period	(3 533)	(3 074)	(2 456)

Detailed information on subsidiaries

NAME OF SUBSIDIARY	COUNTRY OF REGISTERED OFFICE	30.06.2021 (UNAUDITED)		31.12.2020 (AUDITED)		30.06.2020 (UNAUDITED)	
		CARRYING AMOUNT OF SHARES (IN PLN'000)	SHARE IN CAPITAL %	CARRYING AMOUNT OF SHARES (IN PLN'000)	SHARE IN CAPITAL %	CARRYING AMOUNT OF SHARES (IN PLN'000)	SHARE IN CAPITAL %
XTB Limited	Great Britain	20 139	100%	20 139	100%	20 139	100%
X Open Hub Sp. z o.o.	Poland	5	100%	5	100%	5	100%
XTB Limited	Cyprus	7 560	100%	7 560	100%	7 560	100%
Tasfiye Halinde XTB Yönetim Danışmanlığı A.Ş.	Turkey	1 425	100%	1 883	100%	2 501	100%
XTB International Limited	Belize	4 420	100%	4 420	100%	4 420	100%
XTB Chile SpA	Chile	403	100%	403	100%	403	100%
XTB Services Limited	Cyprus	337	100%	337	100%	337	100%
XTB Africa (PTY) Ltd.	South Africa	1 142	100%	1 142	100%	1 142	100%
XTB MENA Limited	UAE	3 814	100%	-	-	-	-
Lirsar S.A. en liquidacion	Uruguay	-	100%	-	100%	-	100%
XTB Services Asia Pte. Ltd	Singapore	-	100%	-	100%	-	100%
Total		39 245		35 889		36 507	

On 14 October 2019 the Company acquired 100 shares in the increased capital of subsidiary. As a result of the above transaction the Company kept 100% share in subsidiary's capital. As at the date of these financial statements the company has not conduct its operations.

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

On 3 March 2020 general meeting of the company X Trade Brokers Menkul Değerler A.S. with its seat in Turkey took decision to reduce the company's share capital from TRY 22 500 thousand to TRY 100 thousand. On 15 September 2020, the liquidation process of the company in Turkey has begun. The name of the company was changed to Tasfiye Halinde XTB Yönetim Danışmanlığı A.Ş.

On 9 January 2021 XTB MENA Limited with its seat in United Arab Emirates was registered. the Parent Company will acquire 100% of shares in the subsidiary. On 13 April 2021 shared of XTB MENA Limited with its seat in United Arab Emirates were paid by the Company. Capital was contributed in the amount of USD 1 million.



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
- XTB Services Asia Pte Ltd – the company did not start operating activities, was liquidated in 2020
- X Trading Technologies Sp. z o.o. in liquidation – the company did not conduct its operations, was liquidated in 2020.

Impairment of investments in subsidiaries

As at 30 June 2021 due to the circumstances indicating value impairment as decrease of value of net assets value below purchase price, the Company recognized a write-off due to impairment of its investment in a subsidiary in Turkey in the amount of PLN 3 533 thousand. The impairment was recognized due to the decision made by the Company's Management Board on the 18 May 2017 to withdraw from activity in Turkey through taking actions intended to phase out XTB's activity on this market and liquidation of the subsidiary in Turkey. The impairment write-off was created up to the amount of net assets for which almost entirely cash is held in the bank. As at 30 June 2020 the write-off due to impairment of Turkish subsidiary amounted to PLN 2 456 thousand, as at 31 December 2020 the write-off due to impairment of Turkish subsidiary amounted to PLN 3 074 thousand. As at the balance sheet date the process of withdrawing the activity was not finalized. Since December 2019 Tasfiye Halinde XTB Yönetim Danışmanlığı A.Ş does not have an active license to running business.

15. Financial assets at amortized cost

(IN PLN'000)	30.06.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.06.2020 (UNAUDITED)
Receivables due from clients	14 973	16 008	20 190
Trade receivables	6 726	7 806	3 472
Deposits	3 573	1 991	1 802
Statutory receivables	323	347	328
Trade receivables due from related parties	224	300	1 403
Gross other receivables	25 819	26 452	27 195
Impairment write-downs of receivables	(30)	(9)	(29)
Impairment write-downs of receivables due from clients	(2 562)	(2 879)	(2 799)
Total net other receivables	23 227	23 564	24 367

Movements in impairment write-downs of receivables

(IN PLN'000)	30.06.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.06.2020 (UNAUDITED)
Impairment write-downs of receivables – at the beginning of the reporting period	(2 889)	(2 573)	(2 573)
Write-downs recorded	(302)	(357)	(284)
Write-downs reversed	364	40	27
Write-downs utilized	235	1	-
Impairment write-downs of receivables – at the end of the reporting period	(2 592)	(2 889)	(2 830)

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



16. Intangible assets

Intangible assets in the period from 1 January 2021 to 30 June 2021 (unaudited)

(IN PLN'000)	LICENCES FOR COMPUTER SOFTWARE	INTANGIBLE ASSETS MANUFACTURED INTERNALLY	OTHER INTANGIBLE ASSETS
Gross value as at 1 January 2021	5 883	10 792	16 675
Additions	196	-	196
Sale and scrapping	-	-	-
Net foreign exchange differences	5	-	5
Gross value as at 30 June 2021	6 084	10 792	16 876
Accumulated amortization as at 1 January 2021	(5 406)	(10 792)	(16 198)
Amortization for the current period	(117)	-	(117)
Sale and scrapping	-	-	-
Net foreign exchange differences	(6)	-	(6)
Accumulated amortization as at 30 June 2021	(5 529)	(10 792)	(16 321)
Net book value as at 1 January 2021	477	-	477
Net book value as at 30 June 2021	555	-	555

Intangible assets manufactured internally relate to a financial instrument trading platform and applications compatible with this platform.



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

(IN PLN'000)	LICENCES FOR COMPUTER SOFTWARE	INTANGIBLE ASSETS MANUFACTURED INTERNALLY	OTHER INTANGIBLE ASSETS
Gross value as at 1 January 2020	5 556	10 792	16 348
Additions	324	-	324
Sale and scrapping	(47)	-	(47)
Net foreign exchange differences	50	-	50
Gross value as at 31 December 2020	5 883	10 792	16 675
Accumulated amortization as at 1 January 2020	(5 176)	(10 792)	(15 968)
Amortization for the current period	(220)	-	(220)
Sale and scrapping	37	-	37
Net foreign exchange differences	(47)	-	(47)
Accumulated amortization as at 31 December 2020	(5 406)	(10 792)	(16 198)
Net book value as at 1 January 2020	380	-	380
Net book value as at 31 December 2020	477	-	477

Intangible assets manufactured internally relate to a financial instrument trading platform and applications compatible with this platform.



Intangible assets in the period from 1 January 2020 to 30 June 2020 (unaudited)

(IN PLN'000)	LICENCES FOR COMPUTER SOFTWARE	INTANGIBLE ASSETS MANUFACTURED INTERNALLY	OTHER INTANGIBLE ASSETS
Gross value as at 1 January 2020	5 556	10 792	16 348
Additions	186	-	186
Sale and scrapping	(35)	-	(35)
Net foreign exchange differences	3	-	3
Gross value as at 30 June 2020	5 710	10 792	16 502
Accumulated amortization as at 1 January 2020	(5 176)	(10 792)	(15 968)
Amortization for the current period	(104)	-	(104)
Sale and scrapping	35	-	35
Net foreign exchange differences	(1)	-	(1)
Accumulated amortization as at 30 June 2020	(5 246)	(10 792)	(16 038)
Net book value as at 1 January 2020	380	-	380
Net book value as at 30 June 2020	464	-	464

Intangible assets manufactured internally relate to a financial instrument trading platform and applications compatible with this platform.



17. Property, plant and equipment

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

(IN PLN'000)	COMPUTER SYSTEMS	OTHER PROPERTY, PLANT AND EQUIPMENT	RIGHT TO USE		PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION	TOTAL
			OFFICES	VEHICLES		
Gross value as at 1 January 2021	14 846	7 049	13 485	361	23	35 764
Additions	2 162	(22)	-	-	(23)	2 117
Lease	-	-	987	-	-	987
Sale and scrapping	-	-	(713)	-	-	(713)
Net foreign exchange differences	(27)	(41)	(113)	(3)	-	(184)
Gross value as at 30 June 2021	16 981	6 986	13 646	358	-	37 971
Accumulated amortization as at 1 January 2021	(11 685)	(5 471)	(6 640)	(243)	-	(24 039)
Amortization for the current period	(1 405)	(255)	(1 851)	(66)	-	(3 577)
Sale and scrapping	-	-	686	-	-	686
Net foreign exchange differences	22	37	40	3	-	102
Accumulated amortization as at 30 June 2021	(13 068)	(5 689)	(7 765)	(306)	-	(26 828)
Net book value as at 1 January 2021	3 161	1 578	6 845	118	23	11 725
Net book value as at 30 June 2021	3 913	1 297	5 881	52	-	11 143



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

(IN PLN'000)	COMPUTER SYSTEMS	OTHER PROPERTY, PLANT AND EQUIPMENT	RIGHT TO USE		PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION	TOTAL
			OFFICES	VEHICLES		
Gross value as at 1 January 2020	10 979	6 454	13 089	334	117	30 973
Additions	3 846	407	-	-	(94)	4 159
Lease	-	-	1 078	3	-	1 081
Sale and scrapping	(88)	-	(1 183)	-	-	(1 271)
Net foreign exchange differences	109	188	501	24	-	822
Gross value as at 31 December 2020	14 846	7 049	13 485	361	23	35 764
Accumulated amortization as at 1 January 2020	(9 315)	(4 850)	(3 566)	(104)	-	(17 835)
Amortization for the current period	(2 356)	(459)	(3 719)	(127)	-	(6 661)
Sale and scrapping	88	-	820	-	-	908
Net foreign exchange differences	(102)	(162)	(175)	(12)	-	(451)
Accumulated amortization as at 31 December 2020	(11 685)	(5 471)	(6 640)	(243)	-	(24 039)
Net book value as at 1 January 2020	1 664	1 604	9 523	230	117	13 138
Net book value as at 31 December 2020	3 161	1 578	6 845	118	23	11 725



Property, plant and equipment in the period from 1 January 2020 to 30 June 2020 (unaudited)

(IN PLN'000)	COMPUTER SYSTEMS	OTHER PROPERTY, PLANT AND EQUIPMENT	RIGHT TO USE		PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION	TOTAL
			OFFICES	VEHICLES		
Gross value as at 1 January 2020	10 979	6 454	13 089	334	117	30 973
Additions	1 614	118	-	-	(97)	1 635
Lease	-	-	19	-	-	19
Sale and scrapping	(5)	-	(366)	-	-	(371)
Net foreign exchange differences	55	89	260	10	-	414
Gross value as at 30 June 2020	12 643	6 661	13 002	344	20	32 670
Accumulated amortization as at 1 January 2020	(9 315)	(4 850)	(3 566)	(104)	-	(17 835)
Amortization for the current period	(1 020)	(221)	(1 891)	(63)	-	(3 195)
Sale and scrapping	5	-	-	-	-	5
Net foreign exchange differences	(48)	(79)	(66)	(4)	-	(197)
Accumulated amortization as at 30 June 2020	(10 378)	(5 150)	(5 523)	(171)	-	(21 222)
Net book value as at 1 January 2020	1 664	1 604	9 523	230	117	13 138
Net book value as at 30 June 2020	2 265	1 511	7 479	173	20	11 448



Non-current assets by geographical area

(IN PLN'000)	30.06.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.06.2020 (UNAUDITED)
Non-current assets			
Central and Eastern Europe	7 250	7 712	7 709
- including Poland	6 355	6 574	6 601
Western Europe	4 448	4 490	4 203
- including Spain	489	732	171
Total non-current assets	11 698	12 202	11 912

18. Amounts due to clients

(IN PLN'000)	30.06.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.06.2020 (UNAUDITED)
Amounts due to retail clients	1 568 874	1 051 609	746 037
Amounts due to institutional clients	62 644	52 643	35 924
Total amounts due to clients	1 631 518	1 104 252	781 961

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

19. Financial liabilities held for trading

(IN PLN'000)	30.06.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.06.2020 (UNAUDITED)
Stock and ETF CFDs	40 213	25 578	9 892
Index CFDs	38 335	24 053	12 444
Currency CFDs	13 942	8 625	2 194
Commodity CFDs	13 417	15 139	19 487
Bond CFDs	9	3	4
Total financial liabilities held for trading	105 916	73 398	44 021

20. Liabilities due to lease

(IN PLN'000)	30.06.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.06.2020 (UNAUDITED)
Short-term	3 012	4 094	3 613
Long-term	3 173	3 450	4 792
Total liabilities due to lease	6 185	7 544	8 405

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)	30.06.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.06.2020 (UNAUDITED)
Trade liabilities	11 073	18 894	17 275
Provisions for other employee benefits	10 582	22 722	20 595
Liabilities due to brokers	9 329	6 842	4 533
Statutory liabilities	3 928	3 833	3 786
Liabilities due to employees	329	414	291
Amounts due to the Central Securities Depository of Poland	198	178	162
Total other liabilities	35 439	52 883	46 642

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 Company, the employees of the 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 June 2021, salaries and employee benefits included the provision for variable remuneration elements in the amount of PLN 1 387 thousand (31 December 2020: PLN 3 951 thousand, 30 June 2020: PLN 3 908 thousand).

22. Provisions for liabilities and contingent liabilities

22.1 Provisions for liabilities

(IN PLN'000)	30.06.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.06.2020 (UNAUDITED)
Provisions for retirement benefits	196	196	126
Provisions for legal risk	4 304	4 715	1 322
Total provisions	4 500	4 911	1 448

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 Company is a party.

Movements in provisions in the period from 1 January 2021 to 30 June 2021 (unaudited)

(IN PLN'000)	VALUE AS AT 01.01.2021	INCREASES	DECREASES		VALUE AS AT 30.06.2021
			USE	REVERSAL	
Provisions for retirement benefits	196	-	-	-	196
Provisions for legal risk	4 715	-	113	298	4 304
Total provisions	4 911	-	113	298	4 500

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

(IN PLN'000)	VALUE AS AT 01.01.2020	INCREASES	DECREASES		VALUE AS AT 31.12.2020
			USE	REVERSAL	
Provisions for retirement benefits	126	70	-	-	196
Provisions for legal risk	1 326	3 481	28	64	4 715
Total provisions	1 452	3 551	28	64	4 911

Movements in provisions in the period from 1 January 2020 to 30 June 2020 (unaudited)

(IN PLN'000)	VALUE AS AT 01.01.2020	INCREASES	DECREASES		VALUE AS AT 30.06.2020
			USE	REVERSAL	
Provisions for retirement benefits	126	-	-	-	126
Provisions for legal risk	1 326	-	-	4	1 322
Total provisions	1 452	-	-	4	1 448

22.2 Contingent liabilities

The Group is party to 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 June 2021 the total value of claims brought against the Group amounted to approx. PLN 14 801 thousand (as at 31 December 2020: PLN 14 801 thousand, as at 30 June 2020: PLN 7



650 thousand). Group has not created provisions for the above proceedings. In the assessment of the Group the probability of loss in these proceedings is low.

On May 9, 2014, the Parent Company issued a guarantee in the amount of PLN 57 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 5 788 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. The agreement has been extended for an unlimited period with the possibility of termination.

23. Equity

Share capital structure as at 30 June 2021, 31 December 2020 and 30 June 2020

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

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

Shareholding structure of the Parent Company

To the best Company's knowledge, the shareholding structure of the Parent Company as at 30 June 2021, 31 December 2020 and 30 June 2020 was as follows:

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

Other capitals

Other capitals consist of:

- supplementary capital in the total amount of PLN 71 608 thousand, mandatorily established from annual profit distribution to be used to cover potential losses that may occur in connection with the Company's operations, up to the amount of at least one third of the share capital, amounting to PLN 1 957 thousand and from surplus of the issue price over the nominal price in the amount of PLN 69 651 thousand, resulting from the capital increase in 2012 with a nominal value of PLN 348 thousand for the price of PLN 69 999 thousand,
- reserve capital in the amount of PLN 598 789 thousand, established from annual distribution of profit as resolved by the General Meeting of Shareholders to be used for financing of further operations of the Company or payment of dividend,
- foreign exchange differences on translation, including foreign exchange differences on translation of balances in foreign currencies of branches and foreign operations in the amount of PLN 1 148 thousand. The detailed specification of foreign exchange differences on translation was presented in the table below.



(IN PLN'000)	30.06.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.06.2020 (UNAUDITED)
Trade Brokers Dom Maklerski Spółka Akcyjna branch in Germany	665	795	593
X-Trade Brokers Dom Maklerski Spółka Akcyjna branch in Romania	280	287	282
X-Trade Brokers Dom Maklerski Spółka Akcyjna branch in France	184	275	137
X-Trade Brokers Dom Maklerski Spółka Akcyjna branch in Czech Republic	19	701	394
X-Trade Brokers Dom Maklerski Spółka Akcyjna branch in Spain	4	463	268
X-Trade Brokers Dom Maklerski Spółka Akcyjna branch in Slovakia	2	136	78
X-Trade Brokers Dom Maklerski Spółka Akcyjna branch in Portugal	-	81	49
X-Trade Brokers Dom Maklerski Spółka Akcyjna	(6)	-	(3)
Total foreign exchange differences on translation	1 148	2 738	1 798

24. Profit distribution and dividend

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

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

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

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

25. Earnings per share

Basic earnings per share are calculated by dividing the net profit for the period attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. When calculating both basic and diluted earnings per share, the Company uses the amount of net profit attributable to shareholders of the 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)	SIX-MONTH PERIOD ENDED	
	30.06.2021 (UNAUDITED)	30.06.2020 (UNAUDITED)
Profit from continuing operations attributable to shareholders of the Company	61 961	312 631
Weighted average number of ordinary shares	117 383 635	117 383 635
Shares causing dilution (share option plan)	-	-
Weighted average number of shares including dilution effect	117 383 635	117 383 635
Basic net profit per share from continuing operations for the year attributable to shareholders of the Company	0,53	2,66
Diluted net profit per share from continuing operations for the year attributable to shareholders of the Company	0,53	2,66



26. Current income tax and deferred tax

26.1 Income tax

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

(IN PLN'000)	SIX-MONTH PERIOD ENDED	
	30.06.2021 (UNAUDITED)	30.06.2020 (UNAUDITED)
Income tax – current portion		
Income tax for the reporting period	1 999	(69 853)
Income tax – deferred portion		
Occurrence / reversal of temporary differences	(14 643)	1 485
Income tax disclosed in profit and loss	(12 644)	(68 368)

Reconciliation of the actual tax burden

(IN PLN'000)	SIX-MONTH PERIOD ENDED	
	30.06.2021 (UNAUDITED)	30.06.2020 (UNAUDITED)
Profit before tax	74 605	380 999
Income tax based in the applicable tax rate of 19%	(14 175)	(72 390)
Difference resulting from application of tax rates applicable in other countries	(86)	(74)
Non-taxable revenue	169	269
Non-deductible expenses	(260)	(484)
Tax loss for the reporting period not disclosed in the deferred tax	-	-
Realisation of tax losses for the preceding periods	13	37
Other items affecting the tax burden amount	1 695	4 274
Income tax disclosed in profit or loss	(12 644)	(68 368)

26.2 Deferred income tax

Change in the balance of deferred tax for the period from 1 January to 30 June 2021 (unaudited)

(IN PLN'000)	AS AT 01.01.2021	PROFIT OR (LOSS)	AS AT 30.06.2021
Deferred income tax assets:			
Property, plant and equipment	138	(5)	133
Financial liabilities held for trading	14 196	6 234	20 430
Provisions for liabilities	670	13	683
Prepayments and deferred costs	3 103	(1 474)	1 629
Other liabilities	3 002	2 724	5 726
Tax losses of previous periods to be settled in future periods	7 348	1 724	9 072
Total deferred income tax assets	28 457	9 216	37 673

(IN PLN'000)	AS AT 01.01.2021	PROFIT OR (LOSS)	AS AT 30.06.2021
Deferred income tax provision:			
Cash and cash equivalents	15	(7)	8
Financial assets at fair value through P&L	43 227	22 690	65 917
Other liabilities	145	1 158	1 303
Property, plant and equipment	-	18	18
Total deferred income tax provision	43 387	23 859	67 246
Deferred tax disclosed in profit or (loss)	-	(14 643)	-



(IN PLN'000)	AS AT 01.01.2021	INCLUDED IN EQUITY	AS AT 30.06.2021
Deferred income tax provision included directly in the equity:			
Separate equity of branches	718	(177)	541
Total deferred income tax provision included directly in the equity	718	(177)	541

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

(IN PLN'000)	AS AT 01.01.2020	PROFIT OR (LOSS)	AS AT 31.12.2020
Deferred income tax assets:			
Property, plant and equipment	81	57	138
Financial liabilities held for trading	3 809	10 387	14 196
Provisions for liabilities	24	646	670
Prepayments and deferred costs	1 304	1 799	3 103
Other liabilities	1 829	1 173	3 002
Tax losses of previous periods to be settled in future periods	7 111	237	7 348
Total deferred income tax assets	14 158	14 299	28 457

(IN PLN'000)	AS AT 01.01.2020	PROFIT OR (LOSS)	AS AT 31.12.2020
Deferred income tax provision:			
Cash and cash equivalents	-	15	15
Financial assets at fair value through P&L	22 324	20 903	43 227
Other liabilities	93	52	145
Total deferred income tax provision	22 417	20 970	43 387
Deferred tax disclosed in profit or (loss)	-	(6 671)	-

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

Change in the balance of deferred tax for the period from 1 January to 30 June 2020 (unaudited)

(IN PLN'000)	AS AT 01.01.2020	PROFIT OR (LOSS)	AS AT 30.06.2020
Deferred income tax assets:			
Property, plant and equipment	81	74	155
Financial liabilities held for trading	3 809	4 901	8 710
Provisions for liabilities	24	-	24
Prepayments and deferred costs	1 304	1 966	3 270
Other liabilities	1 829	(19)	1 810
Tax losses of previous periods to be settled in future periods	7 111	216	7 327
Total deferred income tax assets	14 158	7 138	21 296



(IN PLN'000)	AS AT 01.01.2020	PROFIT OR (LOSS)	AS AT 30.06.2020
Deferred income tax provision:			
Financial assets at fair value through P&L	22 324	5 746	28 070
Prepayments and deferred costs	93	(93)	-
Total deferred income tax provision	22 417	5 653	28 070
Deferred tax disclosed in profit or (loss)	-	1 485	-

(IN PLN'000)	AS AT 01.01.2020	INCLUDED IN EQUITY	AS AT 30.06.2020
Deferred income tax provision included directly in the equity:			
Separate equity of branches	113	350	463
Total deferred income tax provision included directly in the equity	113	350	463

Geographical division of deferred income tax assets

(IN PLN'000)	30.06.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.06.2020 (UNAUDITED)
Central and Eastern Europe	64	153	163
Western Europe	7 065	7 365	7 348
Total deferred income tax assets	7 129	7 518	7 511

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 June 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	30 524	67 767	-	37 243
Czech Republic	21	11	10	-
Slovakia	62	9	53	-
Germany	2 609	-	2 609	-
France	4 457	-	4 457	-
Total	37 673	67 787	7 129	37 243

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

(IN PLN'000)	DATA ACCORDING TO THE NATURE OF ORIGIN		DATA PRESENTED IN THE STATEMENT OF FINANCIAL POSITION	
	DEFERRED INCOME TAX ASSETS	DEFERRED INCOME TAX PROVISION	DEFERRED INCOME TAX ASSETS	DEFERRED INCOME TAX PROVISION
Poland	20 923	44 089	-	23 166
Czech Republic	67	-	67	-
Slovakia	102	16	86	-
Germany	2 718	-	2 718	-
France	4 647	-	4 647	-
Total	28 457	44 105	7 518	23 166



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 June 2020 (unaudited):

(IN PLN'000)	DATA ACCORDING TO THE NATURE OF ORIGIN		DATA PRESENTED IN THE STATEMENT OF FINANCIAL POSITION	
	DEFERRED INCOME TAX ASSETS	DEFERRED INCOME TAX PROVISION	DEFERRED INCOME TAX ASSETS	DEFERRED INCOME TAX PROVISION
Poland	13 785	28 533	-	14 748
Czech Republic	66	-	66	-
Slovakia	97	-	97	-
Germany	2 756	-	2 756	-
France	4 592	-	4 592	-
Total	21 296	28 533	7 511	14 748

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 June 2020 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 ultimate company for the Company and XXZW Investment Group S.A.

27.2 Figured concerning related party transactions

As at 30 June 2021 the Company has liabilities to Mr Jakub Zabłocki in the amount of PLN 19 thousand due to his investment account (as at 31 December 2020: PLN 14 thousand, as at 30 June 2020 PLN 2 thousand). In the period from 1 January to 30 June 2021 and in 1 January to 30 June 2020 the Company did not note the results on transactions on financial instruments with Mr Jakub Zabłocki. Moreover Mr Jakub Zabłocki is employed on the basis of work contract in subsidiary in Great Britain.

Mr Hubert Walentynowicz receives salary on the basis of work contract. In the period from 1 January to 30 June 2021 the gross salary and bonuses amounted to PLN 230 thousand and in the analogical period of 2020 amounted to PLN 239 thousand.

As at 30 June 2021 the Company has liabilities to Mr Filip Kaczmarzyk in the amount of PLN 79 thousand due to his investment account (as at 31 December 2020: PLN 42 thousand, as at 30 June 2020 PLN 42 thousand).

On March 24, 2021, the Company concluded an agreement with XTB MENA Limited, which concerns a loan of up to PLN 950 thousand, paid in tranches. The loan interest rate was set at WIBOR 3M + 2.0% margin. As at the balance sheet date, the loan was repaid by the subsidiary, the amount of interest received was PLN 5 thousand.

27.3 Incomes and costs

The below table presents incomes and costs with related parties regarding the intermediary and liquidity agreements performed for the Company.

(IN PLN'000)	1.01.2021 – 30.06.2021		1.01.2020 – 30.06.2020	
	INCOMES	COSTS	INCOMES	COSTS
XTB Limited (UK)	6 305	(7 710)	29 416	(8 117)
XTB Limited (CY)	3 561	(1 699)	6 030	(1 360)
XTB International (BZ)	59 998	(24 606)	47 597	(16 494)
XTB MENA Limited (UAE)	-	(665)	-	-

The below table presents incomes and costs with related parties regarding the trading infrastructure software and service agreements performed for the Company.



(IN PLN'000)		1.01.2021 – 30.06.2021		1.01.2020 – 30.06.2020	
		INCOMES	COSTS	INCOMES	COSTS
XTB Limited (UK)	infrastructure software	262	(355)	91	(778)
X Open Hub Sp. z o.o. (PL)	infrastructure software	925	(1 116)	1 145	(578)
XTB Services Limited (CY)	marketing	-	(19 449)	-	(15 851)

27.4 Receivables

The below table presents receivables from related parties regarding the intermediary and liquidity agreements performed for the Company.

(IN PLN'000)	30.06.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.06.2020 (UNAUDITED)
XTB Limited (UK)	9 086	11 087	12 549
XTB Limited (CY)	767	97	34
XTB International (BZ)	2 016	1 388	4 481

The below table presents receivables from related parties regarding the trading infrastructure software and service agreements performed for the Company.

(IN PLN'000)	30.06.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.06.2020 (UNAUDITED)
XTB Limited (UK)	44	8	10
X Open Hub Sp. z o.o. (PL)	179	292	1 393

27.5 Liabilities

The below table presents liabilities due to related parties regarding the intermediary and liquidity agreements performed for the Company.

(IN PLN'000)	30.06.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.06.2020 (UNAUDITED)
XTB Limited (UK)	10 329	5 055	5 667
XTB Limited (CY)	436	1 456	490
XTB International (BZ)	25 644	7 415	12 957
XTB MENA Limited (UAE)	648	-	-

The below table presents liabilities due to related parties regarding the trading infrastructure software and service agreements performed for the Company.

(IN PLN'000)	30.06.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.06.2020 (UNAUDITED)
XTB Limited (UK)	57	103	50
X Open Hub Sp. z o.o. (PL)	302	323	61
XTB Services Limited (CY)	2 311	1 763	2 668



27.6 Benefits to Management Board and Supervisory Board

(IN PLN'000)	SIX-MONTH PERIOD ENDED	
	30.06.2021 (UNAUDITED)	30.06.2020 (UNAUDITED)
Benefits to the Management Board members	(1 318)	(2 389)
Benefits to the Supervisory Board members	(129)	(129)
Total benefits to the Management Board and Supervisory Board	(1 447)	(2 518)

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

Members of the Management Board of the Company are included in the scheme of variable remuneration elements specified in note 21 of the half-year condensed financial statements

27.7 Loans granted to the Management and Supervisory Board Members

As at 30 June 2021, 31 December 2020 and 30 June 2020 there are no loans granted to the Management and Supervisory Board Members.

28. Supplementary information and explanations to the cash flow statement

28.1 Other adjustments

The "other adjustments" item includes the following adjustments:

(IN PLN'000)	SIX-MONTH PERIOD ENDED	
	30.06.2021 (UNAUDITED)	30.06.2020 (UNAUDITED)
Change in the balance of differences from the conversion of branches and subsidiaries	(1 590)	772
Foreign exchange differences on translation of movements in property, plant and equipment, and intangible assets	83	(219)
Change in other adjustments	(1 507)	553

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 Company's foreign entities and the difference between the rate applied to value amortization and depreciation cost of fixed assets and intangible assets in the Company's foreign entities and the rate of translation of amortization and depreciation amounts on such assets. This value results from the chart of movements in tangible and intangible assets.

29. Post balance sheet events

There were no events after the balance sheet date.



30. Off-balance sheet items

30.1 Nominal value of financial instruments

(IN PLN'000)	30.06.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.06.2020 (UNAUDITED)
Index CFDs	4 043 802	3 937 302	1 499 256
Currency CFDs	1 921 767	1 451 853	1 084 774
Commodity CFDs	1 669 577	1 108 519	848 987
Stock and ETF CFDs	992 948	875 122	455 132
Bond CFDs	7 544	384 593	140 377
Total financial instruments	8 635 638	7 757 389	4 028 526

The nominal value of instruments presented in the chart above includes transactions with customers and brokers. As at 30 June 2021 transactions with brokers represent 7% of the total nominal value of instruments (as at 31 December 2020: 15% of the total nominal value of instruments, as at 30 June 2020: 7% of the total nominal value of instruments).

30.2 Customers' financial instruments

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

(IN PLN'000)	30.06.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.06.2020 (UNAUDITED)
Listed stocks and rights to stocks registered in customers' securities accounts	1 798 608	871 389	385 575
Other securities registered in customers' securities accounts	207	207	207
Total customers' financial instruments	1 798 815	871 596	385 782

30.3 Transaction limits

The amount of unused transaction limits granted to related entities was as at 30 June 2021 PLN 72 598 thousand, as at 31 December 2020 PLN 61 956 thousand and as at 30 June 2020 was PLN 47 192 thousand.

31. Items regarding the compensation scheme

(IN PLN'000)	30.06.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.06.2020 (UNAUDITED)
1. Contributions made to the compensation scheme			
a) opening balance	5 654	4 709	4 709
- increases	691	945	435
b) closing balance	6 345	5 654	5 144
2. XTB's share in the profits from the compensation scheme	342	336	315

32. Capital management

The Company's principles of capital management are established in the "Capital management policy in X-Trade Brokers Dom Maklerski S.A.". The document is approved by the Company's Supervisory Board. The policy defines the basic concepts, objectives and rules which constitute the 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 Company 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 Company to operate in a prudent and efficient manner. This objective is attained by maintaining an appropriate capital base, taking into account the Company'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 Company 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 Company's risk appetite. To establish its capital-related goals, the Company 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 Company's current and future capital requirements (both regulatory and internal), and on comparing them with the current and projected levels of available capital. The Company has prepared contingency plans to be launched in the event of a capital adequacy problem, described in detail in the "Capital management policy in X-Trade Brokers Dom Maklerski S.A."

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

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

- capital requirements:
 - till 25th June 2021 calculated in accordance with the Regulation (EU) of the European Parliament and of the Council No. 575/2013 of 26 June 2013 on the prudential requirements for credit institutions and investment firms (CRR) and
 - since 26th June 2021 calculated according with Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27th November 2019 on the prudential requirements of investment firms and amending the regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014, (EU) No 806/2014 (IFR)
- internal capital estimated in compliance with the Ordinance of the Minister of Finance of 25 April 2017 on internal capital, risk management system, supervisory assessment program and supervisory examination and evaluation as well as remuneration policy in a brokerage house (Journal of Laws 2017, item 856).

The 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 Company is the K-factor capital requirement.

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

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

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

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 Company was obliged to hold a capital conservation buffer and a countercyclical capital buffer. Due to entry into force of IFR from 26th June 2021 the capital buffers requirement ceased to exist for the Company.



Key values in capital management:

(IN PLN'000)	30.06.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.06.2020 (UNAUDITED)
The Group's own funds	625 134	534 031	457 641
Tier I Capital	625 134	534 031	457 641
Common Equity Tier I capital	625 134	534 031	457 641
Total risk exposure *	5 032 423	2 689 969	2 775 019
Total capital requirement*	402 594	215 198	222 002
Capital conservation buffer	-	67 249	69 376
Countercyclical capital buffer	-	7 402	11 240
Combined buffer requirement CRR**	-	74 651	80 616
Total capital ratio CRR**	12,4%	19,9%	16,5%
Total capital ratio CRR ** including buffers	12,4%	17,1%	13,6%
Minimal required total capital ratio including buffers (article 92 section1 letter c) of CRR)	8%	8%	8%
Total capital ratio IFR***	155,3%	213,8%	170%
Minimal required total capital ratio including buffers (article 9 section1 letter c) of IFR)***	100%	100%	100%

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

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

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

The mandatory capital adequacy was not breached in the periods covered by the half-year condensed financial statements.

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

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

(IN PLN'000)	AS AT 30.06.2021 (UNAUDITED)	AVERAGE MONTHLY VALUE IN THE PERIOD*	AS AT 31.12.2020 (AUDITED)	AS AT 30.06.2020 (UNAUDITED)
1. Capital/Own funds	625 134	587 609	534 031	457 641
1.1. Base capital/Common Equity Tier I without deductions	675 665	603 090	545 606	467 606
1.2. Additional items of common equity/Supplementary capital Tier I	-	-	-	-
1.3. Items decreasing share capitals	(50 531)	(15 481)	(11 575)	(9 965)
I. Level of capitals subject to monitoring/Own funds	625 134	587 609	534 031	457 641
1. Market risk	-	206 328	120 769	136 532
2. Settlement and delivery risk, contractor's credit risk and the CVA requirement	-	13 807	11 382	11 421
3. Credit risk	-	60 346	47 601	38 604
4. Operating risk	-	55 856	35 445	35 445
5. Exceeding the limit of exposure concentration and the limit of high exposures	-	-	-	-
6. Capital requirement due to fixed overheads CRR	-	not applicable	not applicable	not applicable
Ila. Overall capital requirement **	402 594	336 337	215 197	222 002
Ilb. Total risk exposure CRR**	5 032 423	4 204 210	2 689 969	2 775 019
Capital conservation buffer	-	104 512	67 249	69 376
Countercyclical capital buffer	-	11 399	7 402	11 240
Combined buffer requirement	-	115 911	74 651	80 616



(IN PLN'000)	AS AT 30.06.2021 (UNAUDITED)	AVERAGE MONTHLY VALUE IN THE PERIOD*	AS AT 31.12.2020 (AUDITED)	AS AT 30.06.2020 (UNAUDITED)
1. Risk to Client, including:	6 296	5 854	-	-
1.1. K-AUM	-	-	-	-
1.2. K-CMH	5 736	5 359	-	-
1.3. K-ASA	475	420	-	-
1.4. K-COH	85	75	-	-
2. Risk to Market, including:	265 802	206 328	-	-
2.1. K-NPR	265 802	206 328	-	-
2.2. K-CMG	-	-	-	-
3. Risk to Firm, including:	130 496	133 243	-	-
3.1. K-TCD	129 042	131 865	-	-
3.2. K-DTF	1 454	1 378	-	-
3.3. K-CON	-	-	-	-
III. Total K-factor capital requirement (IFR)	402 594	345 425	-	-

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

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

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

According to IFR from 26th June 2021 the Company calculates the requirement for fixed overheads. However, it is significantly lower than the K-factor capital requirement.

33. Risk management

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

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

The Company has appointed a Risk Management Committee. Its key tasks include performing supervisory, consultative and advisory functions for the Company's statutory bodies in the area of capital management strategy, risk management policy, risk measurement methods, capital planning and the Company's capital adequacy.

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

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

The Company's Supervisory Board approves risk management system.

33.1 Fair value

33.1.1 Carrying amount and fair value

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

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



33.1.2 Fair value hierarchy

The Company 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)	30.06.2021 (UNAUDITED)			TOTAL
	LEVEL 1	LEVEL 2	LEVEL 3	
Financial assets				
Financial assets at fair value through P&L	160 977	346 653	-	507 630
Total financial assets	160 977	346 653	-	507 630
Financial liabilities				
Financial liabilities held for trading	-	105 916	-	105 916
Total financial liabilities	-	105 916	-	105 916

(IN PLN'000)	31.12.2020 (AUDITED)			TOTAL
	LEVEL 1	LEVEL 2	LEVEL 3	
Financial assets				
Financial assets at fair value through P&L	407 751	225 009	-	632 760
Total financial assets	407 751	225 009	-	632 760
Financial liabilities				
Financial liabilities held for trading	-	73 398	-	73 398
Total financial liabilities	-	73 398	-	73 398

(IN PLN'000)	30.06.2020 (UNAUDITED)			TOTAL
	LEVEL 1	LEVEL 2	LEVEL 3	
Financial assets				
Financial assets at fair value through P&L	138 881	146 519	-	285 400
Total financial assets	138 881	146 519	-	285 400
Financial liabilities				
Financial liabilities held for trading	-	44 021	-	44 021
Total financial liabilities	-	44 021	-	44 021

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

The fair value of contracts for differences (CFDs) is determined based on the market prices of underlying instruments, derived from independent sources, ie. from reliable liquidity suppliers and reputable news, adjusted for the spread specified by the Company. 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 Company, was insignificant from the point of view of the general estimation of derivative transactions concluded by the Company. Therefore, the Company does not recognise the impact of unobservable input data used for the estimation of derivative transactions as significant and, pursuant to IFRS 13.73, does not classify such transactions as level 3 of the fair value hierarchy.



33.2 Market risk

In the period covered by these financial statements, the Company entered into OTC contracts for differences (CFDs) and digital options. The Company 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 Company'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 Company applies limits to mitigate market risk connected with maintaining open positions on financial instruments. These are, in particular: a maximum open position on a given instrument, currency exposure limits, maximum value of a single instruction. The Trading Department monitors open positions subject to limits on a current basis, and in case of excesses, enters into appropriate hedging transactions. The Risk Control Department reviews the limit usage on a regular basis, and controls the hedges entered into.

33.2.1 Currency risk

The Company enters into transactions principally in instruments bearing currency risk. Aside from transactions where the FX rate is an underlying instrument, the Company also offers instruments which price is denominated in foreign currencies. Also, the Company 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 Company'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 June 2021 (unaudited)

(IN PLN'000)	VALUE IN FOREIGN CURRENCIES CONVERTED TO PLN							TOTAL	CARRYING AMOUNT
	USD	EUR	GBP	CZK	HUF	RON	OTHER CURRENCIES		
Assets									
Cash and cash equivalents	372 219	660 908	10 347	167 457	3 311	18 811	2 479	1 235 532	1 954 593
Financial assets at fair value through P&L	66 949	131 651	2 590	39 887	1 291	3 639	5 149	251 156	507 630
Income tax receivables	-	-	-	-	-	-	-	-	39 245
Financial assets at amortised cost	-	31	-	-	-	-	-	31	10 472
Prepayments and deferred costs	6 058	7 427	1 518	827	2 408	826	856	19 920	23 227
Intangible assets	-	587	-	100	-	19	-	706	6 276
Property, plant and equipment	-	1	-	43	-	1	-	45	555
Deferred income tax assets	-	4 516	-	729	-	54	-	5 299	11 143
Total assets	-	7 119	-	10	-	-	-	7 129	7 129
	445 226	812 240	14 455	209 053	7 010	23 350	8 484	1 519 818	2 560 270
Liabilities									
Amounts due to Clients									
Financial liabilities held for trading	142 020	650 940	7 323	182 805	3 107	19 340	1 253	1 006 788	1 631 518
Income tax liabilities	23 716	40 760	3 335	8 294	302	742	1 727	78 876	105 916
Liabilities due to lease	-	232	-	-	-	-	-	232	232
Other liabilities	-	6 136	-	42	-	-	-	6 178	6 185
Provisions for liabilities	(189)	15 580	1 799	1 377	-	355	29	18 951	35 439
Deferred income tax provision	-	-	-	-	-	-	-	-	4 500
Total liabilities	-	-	-	-	-	-	-	-	37 243
Assets	165 547	713 648	12 457	192 518	3 409	20 437	3 009	1 111 025	1 821 033



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

(IN PLN'000)	VALUE IN FOREIGN CURRENCIES CONVERTED TO PLN							TOTAL	CARRYING AMOUNT
	USD	EUR	GBP	CZK	HUF	RON	OTHER CURRENCIES		
Assets									
Cash and cash equivalents	255 179	521 357	13 478	140 083	3 778	17 971	1 684	953 530	1 436 232
Financial assets at fair value through P&L	28 894	91 536	2 527	26 356	1 205	3 093	8 341	161 952	632 760
Income tax receivables	-	-	-	-	-	-	-	-	35 890
Financial assets at amortised cost	-	-	-	-	-	-	-	-	2 584
Prepayments and deferred costs	8 206	8 477	1 365	401	2 241	554	638	21 882	23 564
Intangible assets	-	273	-	88	-	15	-	376	4 881
Property, plant and equipment	-	1	-	58	-	1	-	60	477
Deferred income tax assets	-	4 633	-	883	-	52	-	5 568	11 725
Total assets	-	7 451	-	67	-	-	-	7 518	7 518
	292 279	633 728	17 370	167 936	7 224	21 686	10 663	1 150 886	2 155 631
Liabilities									
Amounts due to Clients									
Financial liabilities held for trading	75 174	470 467	3 863	126 293	3 870	15 900	1 881	697 448	1 104 252
Income tax liabilities	14 817	26 439	1 085	8 327	140	765	1 812	53 385	73 398
Liabilities due to lease	-	494	-	-	-	-	-	494	494
Other liabilities	-	7 468	-	63	-	-	-	7 531	7 544
Provisions for liabilities	8 690	15 848	3 474	1 977	-	465	115	30 569	52 883
Deferred income tax provision	-	-	-	-	-	-	-	-	4 911
Total liabilities	-	-	-	-	-	-	-	-	23 166
Assets	98 681	520 716	8 422	136 660	4 010	17 130	3 808	789 427	1 266 648



Assets and liabilities denominated in foreign currencies as at 30 June 2020 (unaudited)

(IN PLN'000)	VALUE IN FOREIGN CURRENCIES CONVERTED TO PLN							TOTAL	CARRYING AMOUNT
	USD	EUR	GBP	CZK	HUF	RON	OTHER CURRENCIES		
Assets									
Cash and cash equivalents	151 667	400 901	8 400	116 731	2 559	14 098	1 729	696 085	1 309 162
Financial assets at fair value through P&L	21 973	57 894	571	16 360	751	3 432	6 134	107 115	285 400
Income tax receivables	-	-	-	-	-	-	-	-	36 507
Financial assets at amortised cost	-	-	-	12	-	-	-	12	278
Prepayments and deferred costs	12 211	6 303	1 190	324	2 257	254	701	23 240	24 367
Intangible assets	-	617	-	100	-	21	-	738	4 930
Property, plant and equipment	-	15	-	49	-	-	-	64	464
Deferred income tax assets	-	4 261	-	982	-	4	-	5 247	11 448
Total assets	-	7 445	-	66	-	-	-	7 511	7 511
	185 851	477 436	10 161	134 624	5 567	17 809	8 564	840 012	1 680 067
Liabilities									
Amounts due to Clients									
Financial liabilities held for trading	43 894	351 859	4 244	102 929	2 383	13 562	2 843	521 714	781 961
Income tax liabilities	8 927	14 389	1 141	4 234	241	508	675	30 115	44 021
Liabilities due to lease	-	344	-	-	-	-	-	344	344
Other liabilities	-	8 308	-	76	-	-	-	8 384	8 405
Provisions for liabilities	7 673	13 535	1 335	1 496	-	357	67	24 463	46 642
Deferred income tax provision	-	-	-	-	-	-	-	-	1 448
Total liabilities	-	-	-	-	-	-	-	-	14 748
Assets	60 494	388 435	6 720	108 735	2 624	14 427	3 585	585 020	897 569



A change in exchange rates, in particular, the PLN exchange rate, affects the balance sheet valuation of the Company'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 Company's equity and profit before tax to a 5% increase or decrease of the PLN exchange rate is presented below:

(IN PLN'000)	SIX-MONTH PERIOD ENDED			
	30.06.2021 (UNAUDITED)		30.06.2020 (UNAUDITED)	
	INCREASE IN EXCHANGE RATES	DECREASE IN EXCHANGE RATES	INCREASE IN EXCHANGE RATES	DECREASE IN EXCHANGE RATES
	BY 5%	BY 5%	BY 5%	BY 5%
Income (expenses) of the period	23 453	(23 453)	13 109	(13 109)
Equity, of which:	646	(646)	1 190	(1 190)
Foreign exchange differences on translation	646	(646)	1 190	(1 190)

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

33.2.2 Interest rate risk

Interest rate risk is the risk of exposure of the current and future financial result and equity of the Company to the adverse impact of exchange rate fluctuations. Such risk may result from the contracts entered into by the Company, 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 Company is the volatility of interest rates on bank accounts and bank deposits in which the Company invests its own cash, and the impact of the volatility of interest rates on the valuation of Treasury bonds held by the Company and the volatility.

In addition, the source of the Company'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 Company 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 X-Trade Brokers in Treasury bonds, the interest rate risk was considered insignificant in the Company'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)	30.06.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.06.2020 (UNAUDITED)
Financial assets			
Cash and cash equivalents	1 954 593	1 436 232	1 309 162
Debt instruments	146 199	398 616	-
Total financial assets	2 100 792	1 834 848	1 309 162
Financial liabilities			
Amounts due to customers	-	-	-
Other liabilities	6 185	7 544	8 405
Total financial liabilities	6 185	7 544	8 405

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 June 2021 and from 1 January to 30 June 2020, using the average 1M interest rate in a given market.



(IN PLN'000)	SIX-MONTH PERIOD ENDED			
	30.06.2021 (UNAUDITED)		30.06.2020 (UNAUDITED)	
	INCREASE BY 50 PB	DECREASE BY 50 PB	INCREASE BY 50 PB	DECREASE BY 50 PB
Profit/(loss) before tax	2 396	(2 396)	5 445	(5 445)

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

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

(IN PLN'000)	THREE-MONTH PERIOD ENDED			
	30.06.2021 (UNAUDITED)		30.06.2020 (UNAUDITED)	
	INCREASE BY 50 PB	DECREASE BY 50 PB	INCREASE BY 50 PB	DECREASE BY 50 PB
Profit/(loss) before tax	(851)	868	(465)	462

33.2.3 Other price risk

Other price risk is exposure of the Company'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)	30.06.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.06.2020 (UNAUDITED)
Financial assets at fair value through P&L			
Commodity			
Precious metals	34 897	8 766	5 026
Base metals	1 142	470	218
Other	44 480	27 821	26 887
Total commodity	80 519	37 057	32 131
Equity instruments			
Stocks and ETF	64 019	40 412	27 319
Indices	154 255	120 751	75 806
Total equity instruments	218 274	161 163	103 125
Debt instruments	30	12	34
Total financial assets at fair value through P&L	298 823	198 232	135 290
Financial liabilities held for trading			
Commodity			
Precious metals	2 224	6 927	4 133
Base metals	267	95	95
Other	10 944	8 124	15 260
Total commodity	13 435	15 146	19 488
Equity instruments			
Stocks and ETF	40 195	25 570	9 892
Indices	38 397	24 057	12 445
Total equity instruments	78 592	49 627	22 337
Debt instruments	9	3	4
Total financial liabilities held for trading	92 036	64 776	41 829

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



(IN PLN'000)	SIX-MONTH PERIOD ENDED			
	30.06.2021 (UNAUDITED)		30.06.2020 (UNAUDITED)	
	WZROST O 5%	SPADEK O 5%	WZROST O 5%	SPADEK O 5%
Income/(expenses) for the period				
Commodity				
Precious metals	(33 995)	33 995	3 825	(3 825)
Base metals	(1 120)	1 120	(12)	12
Other	5 016	(5 016)	(16 660)	16 660
Total commodity	(30 099)	30 099	(12 847)	12 847
Equity instruments				
Stocks and ETFs	9	(9)	(57)	57
Indicies	43 318	(43 318)	15 500	(15 500)
Total equity instruments	43 327	(43 327)	15 443	(15 443)
Debt instruments	205	(205)	349	(349)
Total income/(expenses) for the period	13 433	(13 433)	2 945	(2 945)

33.3 Liquidity risk

For the Company, 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 Company takes into consideration current possibility of generation of liquid assets, future needs, alternative scenarios and payment liquidity contingency plans.

The objective of liquidity management in X-Trade Brokers is to maintain the amount of cash on the appropriate bank accounts that will cover all the operations necessary to be carried on such accounts.

In order to manage liquidity in relation to certain bank accounts associated with the operations of financial instruments, the 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 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 Company's Accounting Department in order to make certain operations in the accounts.

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 Company's Management. Information on deviations is transmitted to the Risk Control Department of the Company.

The 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 Company monitor the balance of funds deposited in the account in the context of planned liquidity needs related to the 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 operations concerning the balance of cash accounts are also performed by the Risk Control Department of Company on a daily basis.

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



Contractual payment periods of financial assets and liabilities as at 30 June 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
Financial assets							
Cash and cash equivalents	1 954 593	1 954 593	1 954 593	-	-	-	-
Financial assets at fair value through P&L							
Listed stocks and ETFs	14 778	14 778	14 778	-	-	-	-
Bonds	146 199	146 199	146 199	-	-	-	-
CFDs	346 653	346 653	346 653	-	-	-	-
Total financial assets at fair value through P&L	507 630	507 630	507 630	-	-	-	-
Investments in subsidiaries	39 245	39 245	-	-	-	-	39 245
Financial assets at amortised cost	23 227	23 227	19 654	-	3 573	-	-
Total financial assets	2 524 695	2 524 695	2 481 877	-	3 573	-	39 245
Financial liabilities							
Amounts due to clients	1 631 518	1 631 518	1 631 518	-	-	-	-
Financial liabilities held for trading	105 916	105 916	105 916	-	-	-	-
CFDs	-	-	-	-	-	-	-
Total financial liabilities held for trading	105 916	105 916	105 916	-	-	-	-
Liabilities due to lease	6 185	6 185	1 076	1 935	3 174	-	-
Other liabilities	35 439	35 439	24 659	6 894	-	-	3 886
Total financial liabilities	1 779 058	1 779 058	1 763 169	8 829	3 174	-	3 886
Contractual liquidity gap in maturities (payment dates)			718 708	(8 829)	399	-	35 359
Contractual cumulative liquidity gap			718 708	709 879	710 278	710 278	745 637



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

(IN PLN'000)	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	UP TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 – 5 YEARS	OVER 5 YEARS	WITH NO SPECIFIED MATURITY
Financial assets							
Cash and cash equivalents	1 436 232	1 436 232	1 436 232	-	-	-	-
Financial assets at fair value through P&L							
Listed stocks and ETFs	9 136	9 136	9 136	-	-	-	-
Bonds	398 616	398 616	398 616	-	-	-	-
CFDs	225 008	225 008	225 008	-	-	-	-
Total financial assets at fair value through P&L	632 760	632 760	632 760	-	-	-	-
Investments in subsidiaries	35 890	35 890	-	-	-	-	35 890
Financial assets at amortised cost	23 564	23 564	21 573	-	1 991	-	-
Total financial assets	2 128 446	2 128 446	2 090 565	-	1 991	-	35 890
Financial liabilities							
Amounts due to clients	1 104 252	1 104 252	1 104 252	-	-	-	-
Financial liabilities held for trading							
CFDs	73 398	73 398	73 398	-	-	-	-
Total financial liabilities held for trading	73 398	73 398	73 398	-	-	-	-
Liabilities due to lease	7 544	7 544	1 098	2 995	2 974	477	-
Other liabilities	52 883	52 883	29 983	19 705	-	-	3 195
Total financial liabilities	1 238 077	1 238 077	1 208 731	22 700	2 974	477	3 195
Contractual liquidity gap in maturities (payment dates)			881 834	(22 700)	(983)	(477)	32 695
Contractual cumulative liquidity gap			881 834	859 134	858 151	857 674	890 369



Contractual payment periods of financial assets and liabilities as at 30 June 2020 (unaudited)

(IN PLN'000)	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	UP TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 – 5 YEARS	OVER 5 YEARS	WITH NO SPECIFIED MATURITY
Financial assets							
Cash and cash equivalents	1 309 162	1 309 162	1 309 162	-	-	-	-
Financial assets at fair value through P&L							
Listed stocks and ETFs	7 498	7 498	7 498	-	-	-	-
Bonds	131 383	131 383	131 383	-	-	-	-
CFDs	146 519	146 519	146 519	-	-	-	-
Total financial assets at fair value through P&L	285 400	285 400	285 400	-	-	-	-
Investments in subsidiaries	36 507	36 507	-	-	-	-	36 507
Financial assets at amortised cost	24 367	24 367	22 565	-	1 802	-	-
Total financial assets	1 655 436	1 655 436	1 617 127	-	1 802	-	36 507
Financial liabilities							
Amounts due to clients	781 961	781 961	781 961	-	-	-	-
Financial liabilities held for trading							
CFDs	44 021	44 021	44 021	-	-	-	-
Total financial liabilities held for trading	44 021	44 021	44 021	-	-	-	-
Liabilities due to lease	8 405	8 405	885	2 531	4 714	275	-
Other liabilities	46 642	46 642	25 885	16 548	-	-	4 209
Total financial liabilities	881 029	881 029	852 752	19 079	4 714	275	4 209
Contractual liquidity gap in maturities (payment dates)			764 375	(19 079)	(2 912)	(275)	32 298
Contractual cumulative liquidity gap			764 375	745 296	742 384	742 109	774 407

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



33.1 Credit risk

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

(IN PLN'000)	30.06.2021 (UNAUDITED)		31.12.2020 (AUDITED)		30.06.2020 (UNAUDITED)	
	CARRYING AMOUNT	MAXIMUM EXPOSURE TO CREDIT RISK	CARRYING AMOUNT	MAXIMUM EXPOSURE TO CREDIT RISK	CARRYING AMOUNT	MAXIMUM EXPOSURE TO CREDIT RISK
Financial assets						
Cash and cash equivalents	1 954 593	1 954 593	1 436 232	1 436 232	1 309 162	1 309 162
Financial assets at fair value through P&L *	507 630	47 932	632 760	30 603	285 400	16 794
Investments in subsidiaries	39 245	39 245	35 890	35 890	36 507	36 507
Financial assets at amortised cost	23 227	23 227	23 564	23 564	24 367	24 367
Total financial assets	2 524 695	2 064 997	2 128 446	1 526 289	1 655 436	1 386 830

* As at 30 June 2021 the maximum exposure to credit risk for financial assets held for trading, not including the collateral received, was PLN 349 653 thousand (31 December 2020: PLN 30 603 thousand, 30 June 2020: PLN 96 222 thousand). This exposure was collateralised with clients' cash, which, as at 30 June 2021, covered the amount of PLN 298 721 thousand (31 December 2020: PLN 194 406 thousand, 30 June 2020: PLN 165 994 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 Company'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 Company's assets fall within the following credit rating brackets:

- Fitch Ratings – from F1+ to F2B
- Standard & Poor's Ratings Services – from A-1+ to A-2
- Moody's – from P-1 to P-2

Cash and cash equivalents

Credit risk connected with cash and cash equivalents is related to the fact that own cash and customers' 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 June 2021, the Company had deposit accounts in 22 banks and institutions (31 December 2020: in 22 banks and institutions, 30 June 2020: in 24 banks and institutions). The ten largest exposures are presented in the table below (numbering of banks and institutions determined individually for each period):

30.06.2021 (UNAUDITED)		31.12.2020 (AUDITED)		30.06.2020 (UNAUDITED)	
ENTITY	(IN PLN'000)	ENTITY	(IN PLN'000)	ENTITY	(IN PLN'000)
Bank 1	514 877	Bank 1	395 339	Bank 1	612 470
Bank 2	426 302	Bank 2	217 016	Bank 2	176 763
Bank 3	262 680	Bank 3	149 940	Bank 3	113 567
Bank 4	227 704	Bank 4	110 339	Bank 4	69 433
Bank 5	150 292	Institution 1	91 259	Bank 5	62 691
Bank 6	70 908	Bank 5	80 292	Bank 6	56 227
Bank 7	65 785	Bank 6	58 939	Bank 7	45 663
Bank 8	54 973	Bank 7	54 327	Bank 8	44 393
Bank 9	46 143	Bank 8	53 925	Bank 9	28 502
Bank 10	41 746	Bank 9	49 917	Bank 10	25 071
Other	93 183	Other	174 939	Other	74 382
Total	1 954 593	Total	1 436 232	Total	1 309 162

The table below presents a short-term assessment of the credit quality of the Company'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)		
	30.06.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.06.2020 (UNAUDITED)
Cash and cash equivalent			
Step 1	1 418 360	1 293 916	1 246 506
Step 2	3 153	2 250	20 362
Step 3	533 080	140 066	42 294
Total	1 954 593	1 436 232	1 309 162

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 Company'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 Company'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 percent 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 Company 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 Company'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):

30.06.2021 (UNAUDITED)		31.12.2020 (AUDITED)		30.06.2020 (UNAUDITED)	
ENTITY	NET EXPOSURE (IN PLN'000)	ENTITY	NET EXPOSURE (IN PLN'000)	ENTITY	NET EXPOSURE (IN PLN'000)
Entity 1	12 712	Entity 1	10 163	Entity 1	8 186
Entity 2	9 715	Entity 2	8 542	Entity 2	2 578
Entity 3	6 887	Entity 3	4 665	Entity 3	2 003
Entity 4	5 808	Entity 4	747	Entity 4	657
Entity 5	4 402	Entity 5	685	Entity 5	542
Entity 6	1 181	Entity 6	604	Entity 6	273
Entity 7	967	Entity 7	566	Entity 7	208
Entity 8	751	Entity 8	528	Entity 8	181
Entity 9	676	Entity 9	258	Entity 9	157
Entity 10	667	Entity 10	247	Entity 10	145
Total	43 766	Total	27 005	Total	14 930



Other receivables

Other receivables do not show a significant concentration, and they arose in the normal course of the Company'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 Company.

Warsaw, 19 August 2010

Omar Arnaout
President of the
Management Board

Filip Kaczmarzyk
Member of the
Management Board

Jakub Kubacki
Member of the
Management Board

Paweł Szejko
Member of the
Management Board

Andrzej Przybylski
Member of the
Management Board

Urszula Tanajewska
The person responsible for
bookkeeping

**MANAGEMENT BOARD
REPORT ON THE OPERATIONS
OF THE GROUP**





MANAGEMENT BOARD REPORT ON THE OPERATIONS OF THE GROUP AND COMPANY

1. Basic information

1.1 General information

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

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



On July 11, 2021 XTB MENA Limited received a notification from Dubai Financial Services Authority on granting the company a license to operate in the UAE with the effective date on July 8, 2021. Additionally, on August 10, 2021, XTB Africa (PTY) Ltd. received a license from the Financial Sector Conduct Authority to operate in South Africa. The obtained licenses are the next step in the international geographical expansion of XTB, which is part of the Group's development strategy, leading to building a global brand.

XTB Group continuously conducts activities aimed at extending the offer for its clients and optimizing internal and external processes. Extending the offer mainly concerns the stock offer and ETF, while there are currently over 3 000 instruments available. There are also CFD products, which gives in total over 5 300 instruments available for trade by the Group's clients. Process optimization is mainly about speeding up on-boarding and development of self-service processes through xStation platform. The Management Board believes that the platform is currently one of the most developed trading platform on the CFD and stock market. The company is constantly trying to develop the platform with elements supporting transactions on OTC markets. The Management Board believes that the Group has built solid foundations ensuring it's a good position to generate growth in the future.

In the first half of 2021 XTB reported a consolidated net profit of PLN 65,0 million compared to PLN 293,5 million a year earlier. Consolidated revenue amounted to PLN 242,0 million (H1 2020: PLN 518,2 million) and operating expenses amounted to PLN 163,3 million (H1 2020: PLN 138,3 million). In this period the Group noted a record number of new clients i.e. 108k compared to 52k a year earlier (an increase of 105,7% y/y).

These semi-annual condensed financial statements for the first half of 2021 (separate and consolidated) have been prepared in accordance with the requirements of International Accounting Standards 34 "Interim Financial Reporting" as endorsed by the European Union. Other standards, amendments to existing standards and interpretations of the International Financial Reporting Interpretations Committee recently adopted or awaiting adoption have no bearing on the Group's business or its impact would not be material. Detailed description of the rules for preparing the abovementioned of financial statements has been included in item 2 of the Semi-Annual Condensed Consolidated Financial Statements as well as in the separate financial statements.



Products and services

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

The Group offers two trading platforms to both retail clients and institutional clients:

- xStation
- MetaTrader 4 (MT4) – platform offered to new clients until January 18, 2021,

which are supported by the Group's advanced, proprietary technology infrastructure. The Group's retail clients are given access to one of the above-mentioned front-end trading platforms and to the range of its components, along with access to back-office systems. Institutional clients are granted full access to the set-up and management facilities, the branding system and the risk management tools.

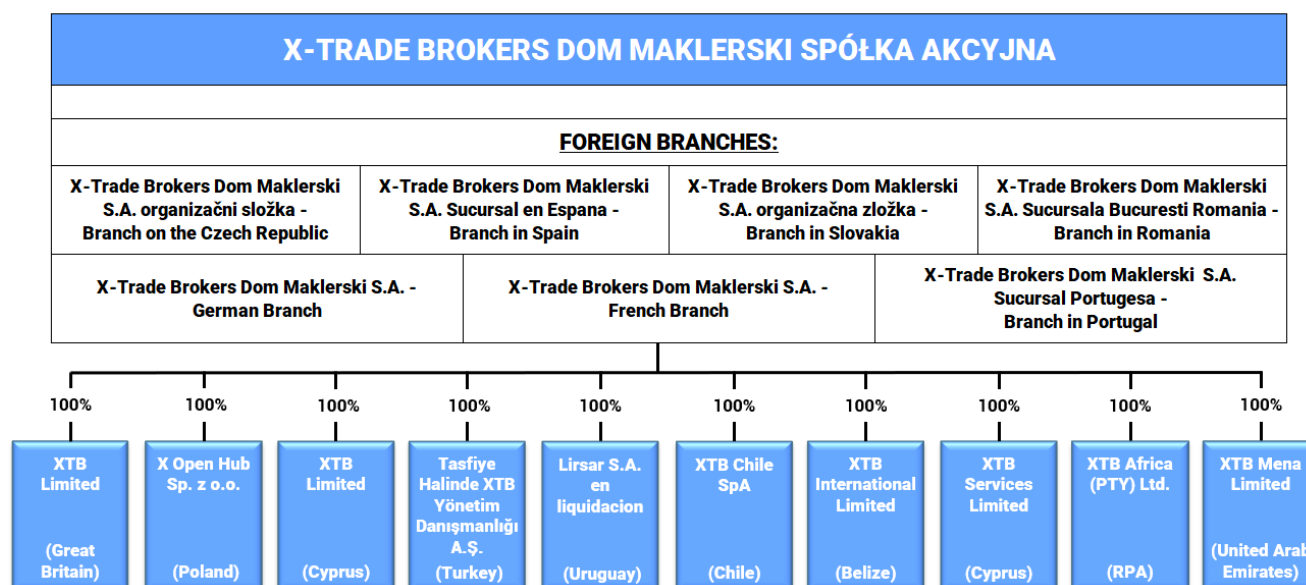
The Group also offers its clients various trading alternatives based on the level of client sophistication (from beginner to expert) and on the mode of access (from smartphones to web-based interfaces to desktop applications). These applications provide retail clients investing in CFDs based on various financial instruments with tools, including charts, analytics, research and online trading. The functionality of the Group's offer enables clients to open and deposit funds in accounts, place and move orders and request statements via the Internet. The Group's core technology uses software products designed for their functionality and scalability. The Group is actively introducing new improvements to the transaction platform that make it more intuitive and easy to use.

As at the end of I half of 2021, the Group offered more than 2 000 CFDs with leverage, including approximately 50 instruments based on currency pairs, approximately 20 based on commodities, approximately 30 based on indices, almost 1 900 based on shares of companies listed on stock exchanges in 12 countries and over 100 based on American and European ETFs. Currently, the stock offer includes over 3 000 instruments, including over 2 900 shares and over 200 ETFs. Currently, the group offers its clients almost 5 300 instruments. Institutional clients may also use the xRisk platform, which provides a complete risk management system.

1.2 Description of the Group's organization

As at 30 June 2021 the Group comprised Parent Company and 10 subsidiaries. The Company has 7 foreign branches.

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





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

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

Subsidiaries

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

XTB Limited, Great Britain

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

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

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

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

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

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

In the first half of 2021 XTB Yönetim Danışmanlığı Anonim Şirketi did not conduct any operating activities. In the past the company business encompassed among other.:

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

On 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, X-Trade Brokers Dom Maklerski S.A. Group, on the basis of Management Board decision of 15 April 2020, made a decision on recognition in accounting records reclassification of the part of negative foreign exchange differences in the amount of 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 H1 2021 amounted to PLN (-) 3,3 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 in liquidacion, Uruguay

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



XTB Chile SpA, Chile

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

XTB International Limited, Belize

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

XTB Services Limited, Cyprus

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

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 holds 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.

In the reporting period, i.e. from 1 January to 30 June 2021 and until the date of submission of this report, there were no changes in the structure of the X-Trade Brokers Dom Maklerski S.A. Capital Group other than those described above.

2. Summary and analysis of the results of the Group

In the first half of 2021 XTB reported a consolidated net profit of PLN 65,0 million compared to PLN 293,5 million a year earlier. Consolidated revenue amounted to PLN 242,0 million (H1 2020: PLN 518,2 million) and operating expenses amounted to PLN 163,3 million (H1 2020: PLN 138,3 million). In this period the Group noted a record number of new clients i.e. 108k compared to 52k a year earlier (an increase of 105,7% y/y).

2.1 Factors affecting operating and financial results

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

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



- competition in the FX/CFD market and
- regulatory environment.

The key factors influencing the Group's financial and operating results for the 6 months ended 30 June of 2021 are discussed below. According to the Management Board, these factors have and may have an impact on the Group's operations, operational and financial results, financial situation and prospects in the future.

2.2 Discussion of the Group's result for the I half of 2021

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

(in PLN'000)	SIX-MONTH PERIOD ENDED				
	30.06.2021	31.12.2020	CHANGE IN VALUE	CHANGE %	30.06.2020
Result of operations on financial instruments	239 173	277 390	(38 217)	(13,8)	515 398
Income from fees and charges	2 511	2 158	353	16,4	2 681
Other income	315	44	271	615,9	79
Total operating income	241 999	279 592	(37 593)	(13,4)	518 158
Salaries and employee benefits	(58 691)	(53 455)	5 236	9,8	(65 686)
Marketing	(58 128)	(48 731)	9 397	19,3	(39 000)
Other external services	(18 926)	(16 211)	2 715	16,7	(13 232)
Costs of maintenance and lease of buildings	(1 889)	(1 887)	2	0,1	(1 901)
Amortisation	(4 313)	(3 938)	375	9,5	(3 815)
Taxes and fees	(2 463)	(2 331)	132	5,7	(1 392)
Commission expenses	(17 791)	(12 015)	5 776	48,1	(10 524)
Other expenses	(1 085)	(5 186)	(4 101)	(79,1)	(2 700)
Total operating expenses	(163 286)	(143 754)	19 532	13,6	(138 250)
Operating profit (EBIT)	78 713	135 838	(57 125)	(42,1)	379 908
Finance income	660	2 792	(2 132)	(76,4)	3 065
Finance costs	(1 350)	(2 149)	(799)	(37,2)	(20 757)
Profit before tax	78 023	136 481	(58 458)	(42,8)	362 216
Income tax	(13 017)	(27 853)	(14 836)	(53,3)	(68 757)
Net profit	65 006	108 628	(43 622)	(40,2)	293 459

Revenues

In the first half of 2021, the Group's revenues decreased by 53,3% y/y, from PLN 518,2 million to PLN 242,0 million. This was due to the lower profitability per lot by PLN 199, which amounted to PLN 122 (H1 2020: PLN 321). This decrease is mainly due to: (i) low volatility in the financial and commodity markets in the second quarter of 2021 and (ii) the high base effect from the first half of 2020, when the markets experienced above-average volatility caused, among others, by the global COVID-19 pandemic.

After a good first quarter of 2021, when the Group generated PLN 186,7 million in operating revenues, the second quarter (April and May) brought low volatility on the financial and commodity markets, which translated into a decline in revenues and profitability per lot. Along with lower volatility, the transaction activity of clients also decreased. There was a more predictable trend with the market moving within a limited price range. This led to market trends that were more likely to be predicted than in the case of greater market volatility, which created favourable conditions for range trading. In this case, XTb recorded a greater number of profitable transactions, which led to a decrease in XTb's market making result. As a consequence, the profitability per lot amounted to PLN 63 and reached the lowest level in the last 5 years. Since XTb's presence on the WSE, a lower level was recorded only in the second quarter of 2016 - PLN 59, which only confirms the exceptional nature of the last quarter.



	THREE-MONTH PERIOD ENDED							
	30.06.2021	31.03.2021	31.12.2020	30.09.2020	30.06.2020	31.03.2020	31.12.2019	30.09.2019
Total operating income (in PLN'000)	55 302	186 697	139 962	139 630	211 494	306 664	89 571	60 952
Transaction volume in CFD instruments in lots ¹	871 300	1 115 389	800 935	760 373	829 017	784 840	394 146	423 333
Profitability per lot (in PLN) ²	63	167	175	184	255	391	227	144
Transaction volume in CFD instruments in nominal value (in USD'000000)	366 257	386 347	292 000	275 144	206 037	248 655	132 376	140 168
Profitability for 1 million USD transaction volume in CFD instruments in nominal value (in USD) ³	40	127	126	135	253	309	176	110

¹⁾ 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.

²⁾ Total operating income divided by the transaction volume in CFDs in lots.

³⁾ 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).

From the point of view of the conditions in the financial markets in the first half of this year it is worth noting that this was the period in which the upward trend in the cryptocurrency market continued until mid-May. This market is characterized by the fact that clients investing in CFDs on cryptocurrencies are willing to hold their open positions much longer and not close profits in a short time, as in the case with other instruments. Such market characteristics had a negative impact on the Group's revenues (PLN 46,6 million loss on CFDs on cryptocurrencies in the first half of 2021). As a consequence, in mid-May this year XTB has decided to change the business model for CFD instruments based on cryptocurrencies, i.e. fully securing the market position on cryptocurrencies. Currently, the entire open position of the Company on these instruments is covered in hedging transactions with liquidity providers. The company plans to maintain this model indefinitely. The negative result from CFDs on cryptocurrencies can be attributed to the period when the market making model was still used, and the cryptocurrency markets continued to grow dynamically. When there is a correction in these markets in the second half of May, the market position of XTB was almost completely reduced.

(in PLN'000)	SIX-MONTH PERIOD ENDED			
	30.06.2021	31.12.2020	CHANGE %	30.06.2020
Commodity CFDs	154 247	53 906	186,1	210 043
Index CFDs	101 622	173 099	(41,3)	252 818
Currency CFDs, including:	(19 333)	47 208	(141,0)	44 743
- <i>Cryptocurrency CFDs</i>	(46 593)	1 511	(3 183,6)	4 004
Stock CFDs and ETFs	10 222	8 485	20,5	4 400
Bond CFDs	77	60	28,3	138
Total CFDs	246 835	282 758	(12,7)	512 142
Shares and ETFs	(1 467)	(1 010)	45,2	5 998
Gross gain on transactions in financial instruments	245 368	281 748	(12,9)	518 140
Bonuses and discounts paid to clients	(1 102)	(1 121)	(1,7)	(459)
Commission paid to cooperating brokers	(5 093)	(3 237)	57,3	(2 283)
Net gain on transactions in financial instruments	239 173	277 390	(13,8)	515 398

Looking at the stock and index markets in the second quarter of this year, it should be noted that they were characterized by much lower volatility than in the previous quarter. The DAX index in April and May unsuccessfully tried to break above the record levels, which was only achieved at the beginning of June. Additionally, the entire range of movement of this instrument in the second quarter closed to around 800 points. Price changes were much more pronounced in the case of instruments based on US indices, which translated into an increase in revenues in this group q/q, but to a much lesser extent than a decrease in revenues on the DE30 instrument.



The group also reported a decrease in revenues on CFD instruments based on oil and precious metals. During the period, these instruments recorded upward trends, but it was largely due to long positions concluded by XTB clients. Additionally, in the case of oil-based instruments, the extent of price movement was lower than in the previous quarter.

REVENUE BY ASSET CLASS (IN MM PLN)



XTB has a solid foundation in the form of constantly growing client base and the number of active clients. This is the key to the amount of recurring income in the future. In the H1 of 2021 the Group reported a new record in the number of new clients amounting to 107 854 compared to 52 434 a year earlier i.e. an increase by 105,7%. This is the effect of continuing the optimized sales and marketing strategy, bigger penetration of already existing markets, successive introduction of new products to the offer and expansion into new geographic markets. Similarly to the number of new clients, the number of active clients was also record high. The number of active clients increased from 52 084 to 105 005, i.e. by 101,6% y/y.

	30.06.2021	31.03.2021	31.12.2020	30.09.2020	30.06.2020	31.03.2020	31.12.2019	30.09.2019
New clients ¹	40 623	67 231	38 413	21 178	30 523	21 911	10 424	10 042
Average number of active clients ²	105 005	103 446	58 069	53 309	52 084	45 660	26 582	25 171

¹⁾ The number of new Group's clients in the individual periods.

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

The increase in the number of active clients translates into an increase in the volume of their turnover, measured both by the number of contracts concluded in lots and the nominal value of the turnover. As a consequence, trading in derivative instruments amounted to PLN 1 986,7k lots (H1 2020: 1 613,9k lots) and was higher by 372,8k lots y/y.

The priority of the Management Board is to further increase the client base, leading to strengthen the market position of XTB in the world. These activities will be supported by a number of initiatives, including introduced on 5th October 2020 a new offer for shares and ETFs (Exchange-Traded Funds) "0% commission" for monthly volumes up to EUR 100 000. This offer was received with great enthusiasm by current and new XTB clients. The company aims to be the first choice and comprehensive solution for every investor. Over the past few years, XTB has done a great deal of work – from expanding the offer by around 3,8k financial instruments (from 1 500 to 5 300 currently), to the continuous improvement of the web and mobile version of the award-winning xStation platform. Now with a free offer, XTB has opened the door wide to anyone interested in investing in both real stocks and



ETFs. XTB currently allows clients to invest in over 2 900 real stocks from 16 of the world's largest stock exchanges, including New York Stock Exchange, London Stock Exchange, Spanish Bolsa de Madrid, German Börse Frankfurt and of course Warsaw Stock Exchange. Besides stocks, XTB offers over 270 ETFs, including commodities, real estate and bonds.

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

The Company expects on the effectiveness of the new offer for shares and ETFs as well as the campaign with José Mourinho. In particular, the ambition of the Management Board is to acquire in 2021 at least 120 thousand new clients, that is an average 30 thousand new clients quarterly. The Management Board assumes that in the next quarter, the growth of new clients will approach the aforementioned assumptions due to the holiday season. In July 2021, the Group acquired a total of 12.7k new clients.



XTB places great importance on the geographical diversification of revenues. The countries from which the Group derives more than 15% of revenues are Poland and Spain with the share of 27,9% (H1 2020: 34,1%) and 16,3% (H1 2020: 17,8%). The share of other countries in the geographical structure of revenues does not exceed in any case 15%.

(in PLN'000)	SIX-MONTH PERIOD ENDED			
	30.06.2021	31.12.2020	CHANGE %	30.06.2020
Central and Eastern Europe	116 310	147 290	(21,0)	257 124
- including Poland	67 504	118 218	(42,9)	176 930
Western Europe	76 162	87 645	(13,1)	215 532
- including Spain	39 477	35 750	10,4	92 005
Latin America	49 527	44 657	10,9	45 502
Total operating income	241 999	279 592	(13,4)	518 158

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

(in PLN'000)	SIX-MONTH PERIOD ENDED			
	30.06.2021	31.12.2020	CHANGE %	30.06.2020
Retail segment	228 075	264 262	(13,7)	428 557
Institutional segment (X Open Hub)	13 924	15 330	(9,2)	89 601
Total operating income	241 999	279 592	(13,4)	518 158

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 at such times it achieves the highest revenues. Therefore, high activity of financial



and commodities markets 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 for the Group's business model.

Expenses

In the H1 of 2021 operating expenses amounted to PLN 163,3 million and were higher by PLN 25,0 million in relation to the same period a year earlier (H1 2020: PLN 138,3 million). The most significant changes occurred in:

- marketing costs, an increase of PLN 19,1 million mainly due to higher expenditures on marketing online campaigns;
- commission expenses, an increase of PLN 7,3 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 5,7 million as a result of mainly higher expenditure on: (i) IT systems and licenses (increase by PLN 2,5 million y/y); (ii) legal and advisory services (increase by PLN 1,2 million y/y) and (iii) IT support services (increase by PLN 0,9 million y/y);
- costs of salaries and employee benefits, a decrease of PLN 7,0 million mainly due to lower provisions established for variable components of remuneration (bonuses) and an increase in employment;

(in PLN'000)	SIX-MONTH PERIOD ENDED			
	30.06.2021	31.12.2020	CHANGE %	30.06.2020
Salaries and employee benefits	58 691	53 455	9,8	65 686
Marketing	58 128	48 731	19,3	39 000
Other external services	18 926	16 211	16,7	13 232
Costs of maintenance and lease of buildings	1 889	1 887	0,1	1 901
Amortization	4 313	3 938	9,5	3 815
Taxes and fees	2 463	2 331	5,7	1 392
Commission expenses	17 791	12 015	48,1	10 524
Other expenses	1 085	5 186	(79,1)	2 700
Total operating expenses	163 286	143 754	13,6	138 250

In q/q terms, operating costs decreased by PLN 10,5 million, mainly due to lower marketing expenditure by PLN 8,0 million and lower costs of salaries and employee benefits by PLN 3,1 million, mainly due to the release of provisions for variable components salaries (bonuses) and commission costs lower by PLN 1,6 million, resulting from lower amounts paid to payment service providers through which clients deposit their funds in transaction accounts, and higher costs of other external services by PLN 1,5 million.

	THREE-MONTH PERIOD ENDED							
	30.06.2021	31.03.2021	31.12.2020	30.09.2020	30.06.2020	31.03.2020	31.12.2019	30.09.2019
Total operating expenses including: (in PLN'000)	76 384	86 902	83 616	60 138	65 721	72 529	47 324	42 980
- marketing	25 078	33 050	30 861	17 870	22 260	16 740	10 222	8 735
New clients	40 623	67 231	38 413	21 178	30 523	21 911	10 424	10 042
Average number of active clients	106 563	103 446	72 346	55 760	58 508	45 660	30 815	28 136

Due to the dynamic Group development, the Management Board estimates that in 2021 the total costs of operating activities may be about a dozen percent higher than what we noticed in 2020. The priority of the Management Board is to further increase



the client base and build a global brand. As a consequence of the implemented activities marketing expenditures may increase by over 20% compared to the previous year.

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

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

Dividend and capital requirements

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.

For example, the Polish Financial Supervision Authority, in its last Statement on dividend policy in 2021, published on December 16, 2020, recommended that the dividend in 2021 should be paid only by brokerage houses that have met, among others, the following criteria:

- A. Dividend in the amount not exceeding 75% of the net profit for 2020:
- I. for entities subject to capital adequacy standards pursuant to Regulation (EU) No 575/2013 of the European Parliament and the Council of the European Union of 26 June 2013 on prudential requirements for credit institutions and investment firms amending Regulation (EU) No 648/2012 (EU Official Journal of the EU L 176 of June 27, 2013, hereinafter referred to as: "Regulation 575/2013") as of December 31, 2020:
 - Common Equity Tier I ratio was at least 6%;
 - Tier I capital ratio was at least 9%;
 - the total capital ratio is at least 14%;
 - II. for entities not subject to capital adequacy standards pursuant to Regulation 575/2013 as at 31 December 2020, the ratio being the share of equity in total assets is at least 50%;
 - III. the last supervisory grade assigned in the BION process is 1 or 2;
 - IV. the entity in 2020 and until the date of approval of the financial report and adoption of the resolution on the distribution of profit for 2020 did not violate the provisions on capital requirements contained in Regulation 575/2013 and the Law of July 29, 2005 on trading in financial instruments (OJ, 2020, item 89) and the provisions on limits on large exposures, excluding breaches of limits relating to clients' funds.
- B. Dividend in the amount not exceeding 100% of the net profit for 2020:
- I. meets all the criteria listed in A;
 - II. for entities subject to capital adequacy standards in accordance with Regulation 575/2013, the criteria referred to in point (a) And points I are met at the end of each quarter in 2020;
 - III. for entities not subject to capital adequacy standards in accordance with Regulation 575/2013, the criterion referred to in point (a) A point II is met at the end of each quarter in 2020.

On June 28, 2021, the Company received a supervisory grade (BION) of 2 [2,46] from the Polish Financial Supervision Authority. The assessment was given on December 31, 2020. Published by the Polish Financial Supervision Authority on May 22, 2018. Announcement on the position regarding the dividend policy in the medium-term, aimed at facilitating financial market entities supervised by the Polish Financial Supervision Authority in terms of financial planning related to the payment of dividends in the average indicates that the current supervisory assessment for XTB is in line with the criteria recommended by the Polish Financial Supervision Authority, which should allow the Company to potentially pay dividends for the current financial year in accordance with these criteria.

From June 26, 2021, XTB applies capital adequacy monitoring in accordance with Regulation (EU) 2019/2033 of the European Parliament and of the Council of November 27, 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, hereinafter referred to as "IFR Regulation" It replaced, in the case of XTB, Regulation of the European Parliament and of the Council (EU) No. 575/2013 of 26 June 2013 on prudential requirements for credit institutions and investment firms, amending Regulation (EU) No. 648/201, hereinafter referred to as the "CRR Regulation". Both regulations require maintaining an appropriate ratio of own funds to the risk incurred – in the case of the CRR Regulation, it's measure was the total risk exposure, and the total capital ratio could not be lower than 8%, while in the case of the IFR Regulation, the total measure of the risk incurred is the highest of the values: (i) a fixed overhead requirement, (ii) a fixed minimum capital requirement, or (iii) a "K-factor" requirement related to customer risk, market risk and firm risk; in the case of the IFR Regulation, the ratio of total own funds cannot be lower than 100%.

In order to ensure comparability, the requirements from previous periods have been properly scaled; however, it should be noted that the value of the total risk exposure calculated in accordance with the CRR Regulation is calculated in a different way than the value of the capital requirement calculated in accordance with the IFR Regulation.

The chart below presents the value of the total capital ratio (CRR) in the first half of 2021.



The chart below presents the value of the total capital ratio (IFR) in the first half of 2021.





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. At the end of the first half of this year, the total capital ratio in the Company was 155,3% (the equivalent under the CRR Regulation 12,4%).

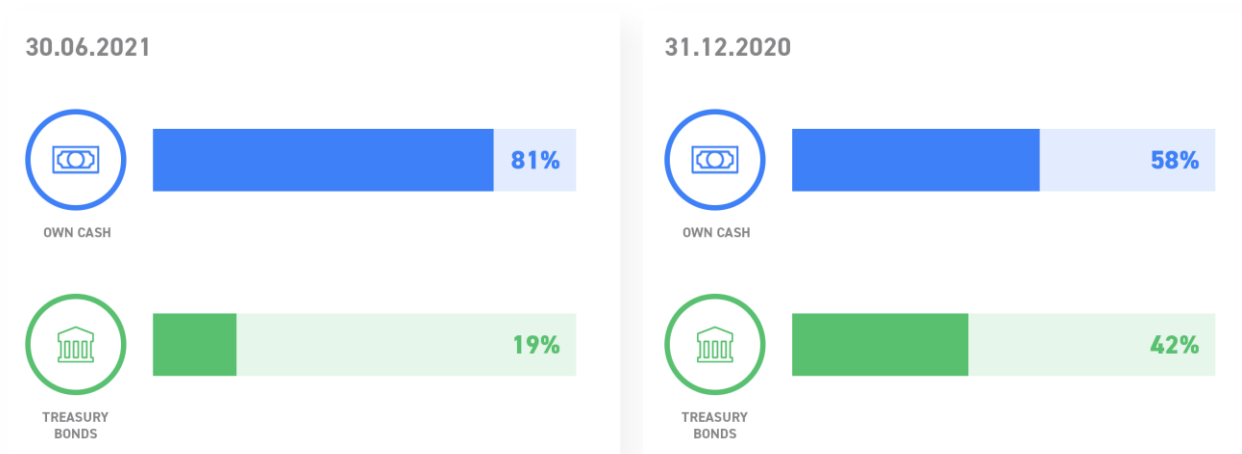
It should be remembered that every year the PFSA publishes updated Positions on dividend policy applicable to brokerage houses when paying dividends for a given year. If the PFSA uses a simple scaling of the ratios in the future, the level of equity and capital requirements above which XTB could pay a dividend could be 175%. It should be noted that the Commission may set the appropriate levels in a completely different way, taking into account the ongoing supervision over brokerage houses. If the criteria are left unchanged in future positions, the position of the PFSA will apply, stating that for entities not subject to capital adequacy standards in accordance with Regulation 575/2013 (CRR Regulation), the ratio being the share of equity in total assets as at 31 December of the previous year was at least 50%.

The Management Board maintains that its intention is to recommend to the General Meeting in the future to adopt resolutions on the payment of dividends, taking into account the factors indicated above, in the amount ranging from 50% to 100% of the Company's standalone net profit for a given financial year. The unit net profit for the first half of 2021 amounted to PLN 62,0 million.

Cash

In an environment of low interest rates, which discourages the maintenance of deposits in banks, XTB started to locate part of its cash in financial instruments with a risk weight of 0% (treasury bonds and bonds guaranteed by the State Treasury). As at 30.06.2021 the total amount of own cash and treasury bonds in the Group amounted to PLN 768,0 million, that includes PLN 621,8 million of own cash and PLN 146,2 million of treasury bonds.

OWN CASH AS AT





2.3 Group's selected financial ratios

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

	SIX-MONTH PERIOD ENDED		
	30.06.2021	31.12.2020	30.06.2020
EBITDA (in PLN'000) ¹	83 026	139 776	383 723
EBITDA margin (%) ²	34,0	50,0	74,1
Net profit margin (%) ³	26,9	38,9	56,6
Return on equity – ROE (%) ⁴	16,0	26,1	92,5
Return on assets – ROA (%) ⁵	5,2	10,7	40,3
Aggregate capital adequacy ratio (IFR) of the Company(%) ⁶	155,3	213,8	170,0
Aggregate capital adequacy ratio (IFR) of the Group (%) ⁶	156,0	233,1	194,9

¹) EBITDA calculated as operating profit, including amortisation and depreciation.

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

³) Calculated as the quotient of net profit and operating income.

⁴) 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 6-month periods have been annualized).

⁵) 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 6-month periods have been annualized).

⁶) 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 x 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.

	SIX-MONTH PERIOD ENDED		
	30.06.2021	31.12.2020	30.06.2020
Retail operations segment	1 729 640	1 403 640	1 460 944
Central and Eastern Europe	838 602	707 503	777 437
Western Europe	499 516	443 315	518 185
Latin America	391 522	252 822	165 322
Institutional operations segment	257 049	157 669	152 913
Total	1 986 689	1 561 309	1 613 857

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 turnover (in PLN) 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.

	SIX-MONTH PERIOD ENDED		
	30.06.2021	31.12.2020	30.06.2020
New clients ¹	107 854	59 591	52 434
Clients in total	352 946	255 791	199 365
Number of active clients ²	133 415	85 232	69 423
Average number of active clients ³	105 005	64 053	52 084
Net deposits (in PLN'000) ⁴	1 601 970	916 057	1 045 185
Average operating income per active client (in PLN'000) ⁵	2,3	4,4	9,9
Transaction volume in CFD instruments in lots ⁶	1 986 689	1 561 309	1 613 857
Profitability per lot (in PLN) ⁷	122	179	321
Transaction volume in CFD instruments in nominal value (in USD million)	752 604	567 144	454 692
Profitability per 1 million USD transaction volume in CFD instruments (in PLN) ⁸	85	130	283
Turnover of shares in nominal value (in USD million)	2 454	1 123	520

¹⁾ The number of new Group's clients in the individual periods.

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

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

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

⁵⁾ 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.

⁶⁾ 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.

⁷⁾ Total operating income divided by the transaction volume in CFDs in lots.

⁸⁾ Total operating income divided by the transaction volume in CFDs in nominal value in PLN

The table below shows data on the Group's revenue by geographical area for the periods indicated.

(in PLN'000)	SIX-MONTH PERIOD ENDED		
	30.06.2021	31.12.2020	30.06.2020
Result from operations on financial instrument:	239 173	277 390	515 398
Central and Eastern Europe	114 069	145 451	255 138
Western Europe	75 725	87 399	214 947
Latin America	49 379	44 540	45 313
Income from fees and charges:	2 511	2 158	2 681
Central and Eastern Europe	1 926	1 795	1 908
Western Europe	438	246	585
Latin America	147	117	188
Other income:	315	44	79
Central and Eastern Europe	315	44	79
Total operating income¹	241 999	279 592	518 158
Central and Eastern Europe	116 310	147 289	257 125
- including Poland ²	67 504	118 218	176 930
Western Europe	76 162	87 645	215 532
- including Spain ²	39 477	35 750	92 005
Latin America	49 527	44 658	45 501

¹⁾ The countries where the Group always generates 15% or more of its revenues include Poland and Spain. The share of any of the other countries in the Group's revenue structure by geographical area does not exceed 15%.

²⁾ The country which generates the highest revenue in the region.



Retail operations segment

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

	SIX-MONTH PERIOD ENDED		
	30.06.2021	31.12.2020	30.06.2020
New clients ¹⁾	107 849	59 585	52 430
Clients in total	352 910	255 752	199 331
Number of active clients ²⁾	133 390	85 206	69 397
Average number of active clients ³⁾	104 983	64 030	52 061
Number of transactions ⁴⁾	37 126 626	30 685 153	30 632 817
Transaction volume in CFD instruments in lots ⁵⁾	1 729 640	1 403 640	1 460 943
Net deposits (in PLN'000) ⁶⁾	1 576 280	885 033	958 053
Average operating income per active client (in PLN'000) ⁷⁾	2,2	4,1	8,2
Average cost of obtaining an client (in PLN'000) ⁸⁾	0,5	0,6	0,7
Profitability per lot (in PLN) ⁹⁾	132	188	293
Transactions volume in CFD at nominal value (in USD million)	691 990	518 937	414 240
Profitability per 1 million turnover in CFD derivatives (in PLN) ¹⁰⁾	87	134	257
Share transaction volume at nominal value (in USD million)	2 454	1 123	520

¹⁾ The number of new clients in the individual periods.

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

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

⁴⁾ Total number of open and closed transactions in a given period.

⁵⁾ 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.

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

⁷⁾ 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.

⁸⁾ Average cost of obtaining a client comprise total marketing costs of the Group divided by the number of new clients in given period.

⁹⁾ Total operating income in retail segment divided by the transaction volume in CFDs in lots.

¹⁰⁾ 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 the average quarterly number of retail clients maintained by the Group on which at least one trade was executed in the last three months, by geographical location. The locations of active clients have been determined based on the location of the Group's office (that maintains the client).

	SIX-MONTH PERIOD ENDED					
	30.06.2021		31.12.2020		30.06.2020	
Central and Eastern Europe	60 938	58%	34 059	53%	27 111	52%
Western Europe	28 234	27%	19 085	30%	17 188	33%
Latin America	15 811	15%	10 886	17%	7 762	15%
Average number of active clients	104 983	100%	64 030	100%	52 061	100%



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.

	SIX-MONTH PERIOD ENDED		
	30.06.2021	31.12.2020	30.06.2020
Average number of active clients	22	23	23
Clients in total	36	39	34

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

	SIX-MONTH PERIOD ENDED		
	30.06.2021	31.12.2020	30.06.2020
Transaction volume in CFD instruments in lots	257 049	157 669	152 914

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

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. Currently, XTB is not involved in any acquisition process.

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

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

- 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 and
- from charged swap points (being the amounts resulting from the difference between the theoretical forward rate and the spot price of the financial instrument).
- from the net result (profits minus losses) on the Group's market making activities;

As a rule, the Group's revenues are positively affected by higher activity of financial markets due to the fact that in such periods, a higher level of turnover is realized by the Group's clients and higher profitability per lot. The periods of clear and long market trends are favourable for the Company and it is at such times that it achieves the highest revenues. Therefore, high activity of financial markets and commodities generally leads to an increased volume of trading on the Group's trading platforms. On the other hand, the decrease in this activity and the related decrease in the transaction activity of the Group's clients leads, as a rule, to a decrease in the Group's operating income. Due to the above,



operating income and the Group's profitability may decrease in periods of low activity of financial and commodity markets. In addition, there may be a more predictable trend in which the market moves within a limited price range. This leads to market trends that can be predicted with a higher probability than in the case of larger directional movements on the markets, which creates favourable conditions for transactions concluded in a narrow range of the market (range trading). In this case, a higher number of transactions that bring profits to clients is observed, which leads to a decrease in the Group's result on market making.

The volatility and activity of markets results from a number of external factors, some of which are characteristic for the market, and some may be related to general macroeconomic 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							
	30.06.2021	31.03.2021	31.12.2020	30.09.2020	30.06.2020	31.03.2020	31.12.2019	30.09.2019
Total operating income (in PLN'000)	55 302	186 697	139 962	139 630	211 494	306 664	89 571	60 952
Transaction volume in CFD instruments in lots ¹	871 300	1 115 389	800 935	760 373	829 017	784 840	394 146	423 333
Profitability per lot (in PLN) ²	63	167	175	184	255	391	227	144
Transactions volume in CFD at nominal value (in USD million)	366 257	386 347	292 000	275 144	206 037	248 655	132 376	140 168
Profitability per 1 million turnover in CFD derivatives (in PLN) ³	40	127	126	135	253	309	176	110

¹⁾ 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.

²⁾ Total operating income divided by the transaction volume in CFDs in lots.

³⁾ 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.

	30.06.2021	2020	2019	2018	2017	2016
% share of operating income from institutional operations in total operating income	5,8%	13,2%	8,7%	6,5%	15,2%	7,8%

The level of volatility on financial and commodity markets, 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 growth of the Group, the Management Board estimates that in 2021 the total operating costs may be about a dozen percent higher than what we observed in 2020. The priority of the Management Board is to further increase the client base and build a global brand. As a consequence of the implemented activities, marketing expenditure may increase by over 20% compared to the previous year.

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

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



- At the end of November 2020, XTB received the preliminary approval of the Dubai Financial Services Authority to conduct brokerage activities in the United Arab Emirates. It was a consent of the principal type, that is, requiring the fulfilment of conditions (mainly of an operational nature) before the actual commencement of operations. One of them was the establishment of XTB MENA Limited in Dubai International Financial Centre, which took place on January 9, 2021. On July 11, 2021 it received a notification from the DFSA confirming the grant of the license with its effective date on July 8 2021.

The official start of operating activities of XTB MENA Limited in the United Arab Emirates took place on July 29, 2021. At the beginning, clients will be given access to approximately 1,6k CFD financial instruments. Over time, this offer will be developed and modified in response to the needs and preferences of local investors. As in other markets, UAE XTB strongly focuses on education and cooperation with established local partners.

XTB MENA Limited is a regional hub through which XTB will reach clients from the entire MENA (Middle East and North Africa) area with its offer of financial instruments. The Middle East and North Africa is a new geographic region in the Group's operations that XTB considers in the long term. It will take at least 9-12 months to evaluate the success of the project. The Group wants to gain the trust of clients from Arab countries so that it can systematically increase its presence in this region and, over time, become a leading player in this part of the world.

- On August 10, 2021 XTB Africa (PTY) Ltd. received a license from the FSCA (Financial Sector Conduct Authority) to operate in South Africa. Obtaining a license in South Africa is another step in the international geographical expansion of XTB as part of our development strategy, leading to building a global brand.

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 30 June 2021 and 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 APPOINTMENT	EXPIRATION DATE OF THE CURRENT TERM
Omar Arnaout*	President of the Management	10.01.2017	30.06.2022
Paweł Szejko	Board Member	28.01.2015	30.06.2022
Filip Kaczmarzyk	Board Member	10.01.2017	30.06.2022
Jakub Kubacki	Board Member	10.07.2018	30.06.2022
Andrzej Przybylski	Board Member	01.05.2019	30.06.2022

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

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

3.2 Supervisory Board

As at 30 June 2021 and as at the date of publication of this periodic report, the composition of the Supervisory Board was as follows:

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



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

4. Information about shares and shareholding

4.1 Equity

As at 30 June 2021 and as at the submission date of this periodic report, share capital of X-Trade Brokers Dom Maklerski S.A. comprised of 117 383 635 A-series ordinary shares. The nominal value of the shares is PLN 0.05 per share.

4.2 Share in the free float

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

4.3 Shareholding structure

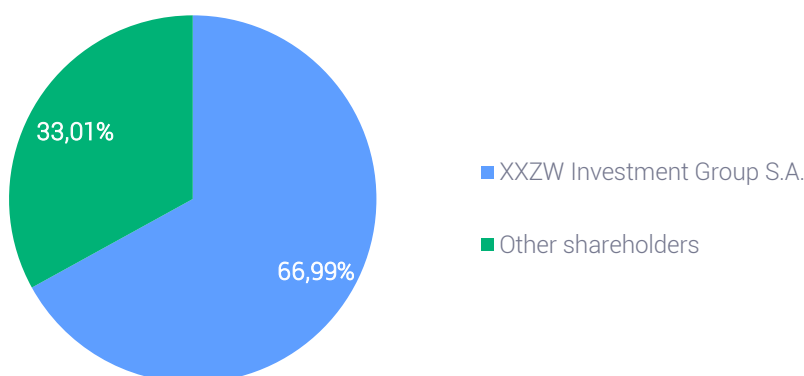
To the best knowledge of the Management Board of the Company as at 7 May 2021 i.e. as at the submission date of the previous periodic report (I quarter report for the 2021), the status of shareholders holding directly or through subsidiaries, at least 5% of the total number of votes at the General Meeting of the Parent Entity, was as follows:

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

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

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

The shareholding structure as at 30 June 2021 is presented on the graph below:



To the best knowledge of the Management Board of the Company, as at June 30, 2021 and as at the date of submitting this periodic report, the share 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 May 7, 2021 year.



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

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

5. Other information

5.1 Information on transactions with related parties

In 6 month period ended 30 June 2021 and 30 June 2020 were no related transactions concluded on other than arm's length basis.

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

(in PLN'000)	30.06.2021	30.06.2021	30.06.2020	31.12.2020	30.06.2020
	REVENUES	RECEIVABLES	REVENUES	RECEIVABLES	RECEIVABLES
Subsidiaries:					
XTB Limited (UK)	6 567	9 130	29 507	11 095	12 559
XTB Limited (CY)	3 561	767	6 030	97	34
X Open Hub Sp. z o.o. (PL)	925	179	1 145	292	1 393
XTB International Limited (Belize)	59 998	2 016	47 597	1 388	4 481

(in PLN'000)	30.06.2021	30.06.2021	30.06.2020	31.12.2020	30.06.2020
	COSTS	LIABILITIES	COSTS	LIABILITIES	LIABILITIES
Subsidiaries:					
XTB Limited (UK)	(8 065)	10 386	(8 895)	5 158	5 717
XTB Limited (CY)	(1 699)	436	(1 360)	1 456	490
X Open Hub Sp. z o.o. (PL)	(1 116)	302	(578)	323	61
XTB International Limited (Belize)	(24 606)	25 644	(16 494)	7 415	12 957
XTB Services Limited (CY)	(19 449)	2 311	(15 851)	1 763	2 668
XTB MENA Limited (UAE)	(665)	648	-	-	-

As at June 30, 2021 the Group shows a balance of liabilities to Mr. Jakub Zabłocki in the amount of PLN 19 thousand due to the investment account held. As at December 31, 2020 the balance of settlements with Mr. Jakub Zabłocki was PLN 14 thousand and as of June 30, 2020 PLN 2 thousand. In the period from 1 January to 30 June 2021 to 1 January 30 June 2020 the Group did not report any result on transactions on financial instruments concluded by Mr. Jakub Zabłocki. In addition, Mr. Jakub Zabłocki receives remuneration under an employment contract with a subsidiary in Great Britain. Gross remuneration with bonuses in the period from January 1 to June 30, 2021 amounted to PLN 440 thousand, and in the corresponding period of 2020 it amounted to PLN 1 942 thousand.

Mr. Hubert Walentynowicz receives remuneration under the employment contract. Gross remuneration with bonuses in the period from January 1 to June 30, 2021 amounted to PLN 230 thousand, and in the corresponding period of 2020 it amounted to PLN 239 thousand.

As at June 30, 2021, the Company shows a balance of liabilities to Mr. Filip Kaczmarzyk in the amount of PLN 79 thousand due to the investment account held. As at December 31, 2020 the balance of settlements with Mr. Filip Kaczmarzyk amounted to PLN 42 thousand, while as at June 30, 2020 it amounted to PLN 42 thousand.

On March 24, 2021, the Company concluded an agreement with XTB MENA Limited, the subject of the agreement is a loan of up to PLN 950 thousand paid in tranches. The loan interest rate was set at WIBOR 3M + 2.0% margin. As at the balance sheet date, the loan was repaid by the subsidiary, the amount of interest received was PLN 5 thousand.



5.2 Information concerning issuing loan and guarantees by an issuer or its subsidiary

As at 30 June 2021 and in the reporting period, i.e. from 1 January 2021 to 30 June 2021, neither the Parent Company nor any of its subsidiaries granted any warranties in respect of loans or advances or any guarantees to any third party or its subsidiary, whose combined value is significant.

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

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

5.4 The information on the significant court proceedings, arbitration authority or public administration authority

As of 30 June 2021 and as at the submission date of this report the Parent company and its subsidiaries were not a party to any significant proceedings pending before arbitration authority. The most important of the ongoing proceedings were indicated below.

Court proceedings

The Company and Group companies are parties to several court proceedings related to the Group's operations. The proceedings in which the Company and Group companies appear as defendants are above all related to employees' claims and clients' claims. As at the submission date of this report the total value of the claims brought against the Company and/or the Group Companies amounted to PLN 15,8 million, which consists of five suits brought by clients with the total value of PLN 7,8 million and moreover, one proceeding brought by ESBANK Bank Spółdzielczy regarding the alleged failure to apply financial security measures by the Company. Below are presented the most significant, in the Company's view:

- on January 5 2018, the Financial Ombudsman received a request from the client to investigate the legitimacy of restoring by the Company of this client's margin in the amount of PLN 131 000, i.e. the amount resulting from the loss of transactions closed by the Company. Their closing took place as a result of the mechanism of closing the position after 365 days from the day of their opening. This mechanism has been described in the regulations on the provision of brokerage services. On February 19, 2019 a lawsuit in the case under consideration was filed with the District Court. On April 26, 2019 the Company lodged an appeal. On December 7, 2020 a judgment has passed, according to which the claim was dismissed, while on February 22, 2021 the Company received the justification of the judgement. At the end of March 2021 the claimant filed an appeal from the judgement issued by the District Court. The Company has filed the response to the delivered appeal.
- 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.

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

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

Administrative and control proceedings

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



- on September 27, 2018, the Company received information about imposition onto the Company pursuant to art. 167 para. 2 point 1 in connection with art. 167 para. 1 point 1 of the act on Trading in Financial Instruments a fine of PLN 9.9 million in connection with the violation of the law, in particular in the area of providing brokerage services to the Company's clients. In the Company's opinion, the imposition of a fine for above-mentioned fraud is not justifiable and is not reflected in the facts. The PFSA refused to take the evidence requested by the Company (including the expert's opinion) and did take into account independent expert's opinions submitted by the Company. Acting in the best interest of the Company, its employees and shareholders, as well as having clients best interest in mind, the Management Board appealed the abovementioned decision by filing on October 29, 2018, complaint against the PFSA decision to Provincial Administrative Court (hereinafter the "PAC"). On June 6, 2019, the PAC dismissed the Company's 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. The Company submitted its clarification in a letter dated November 20th 2020. Administrative proceeding conducted by AMF may lead to the imposition of penalties or other sanctions on the Company under the AMF supervisory powers.

- by letter dated November 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. At the end of the 1st half 2021 the Company was at the stage of preparing a detailed argumentation against the preliminary post-control findings contained in the draft control report of June 20, 2021, received by the Company on June 23, 2021. 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. As of the submission date of this report, the control has not been completed.
- on April 28, 2021, the Romanian branch of the Company was informed by phone about the inspection that is going to be carried out by the Romanian supervision authority Autoritatea de Supraveghere Financiară – ASF. The inspection took place from May 25, 2021 to July 16, 2021 and was a comprehensive assessment of the operations of the Company's Branch for the period from June 7, 2017 to May 24, 2021, based on European and local regulations. The control was completed according to the plan and identified no irregularities.

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, including the act on trading in financial instruments

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

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 will come into force 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.

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

On October 23, 2020 on the website of the Government Legislation System a draft act amending the Trading in financial instruments act and other acts was published. According to the assumptions, the act 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 project is currently at the stage of Legal Service.

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. The drafts are currently at the stage of giving opinions.

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 - according to the draft, the regulation will enter into force 6 months after the date of publication;
- 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 - under the draft, the Regulation will enter into force on 28 February 2022.

5.5 Risk factors and threats

The Group within its operations monitors and assesses risks and undertakes activities in order to minimize their impact on the financial situation.

As at 30 June 2021 and as at the date of this report, the Group identifies the following risks associated with the Group's operations and with the regulatory environment.

Risks associated with the Group's operations:

- Group's revenue and profitability are influenced by trading volume and volatility in financial and commodity markets that are impacted by factors that are beyond the Group's control;
- economic, political and market factors beyond the Group's control may harm its business and profitability;
- the Group may incur material financial losses from its market making model;
- the Group's risk management policies and procedures may prove ineffective;



- the Group may experience disruptions to or corruption of its infrastructure necessary for the conduct of the Group's business;
- the Group's business relies, to a great extent, on the Group's ability to maintain its good reputation and the general perception of the financial instruments;
- the Company may not be able to pay dividends in the future or pay lower dividends than provided in the Group's dividend policy;
- the Group may fail to implement its strategy;
- as a result of implementing its strategy relating to developing its operations in various regions of the world may be exposed to various risks specific to these regions;
- the Group may experience difficulties in attracting new retail clients and maintain its active retail client base;
- the Group may be unable to effectively manage its growth;
- the Group is subject to counterparty credit risk;
- the Group is exposed to client credit risk;
- the Group is exposed to the risk of losing its liquidity;
- the Group may lose access to market liquidity;
- the decline in interest rates may have an adverse impact on the Group's revenue;
- the Group's operations in certain regions are subject to increased risks associated with political instability and the risks that are typical of the developing markets;
- the Group operates on a highly competitive market;
- the Group may not be able to maintain technological competitiveness and respond to dynamically changing client demands;
- the Group may be unable to effectively protect or to ensure the continued use of its current intellectual property rights;
- the development of the Group's product and services portfolio and expansion of the Group's operations to include new lines of business may involve increased risks;
- the Group may not be able to hire or retain qualified staff;
- risks related to the Group's cost structure;
- the Group's insurance coverage relating to its operations may be insufficient or not available;
- within its operations the Group is significantly dependent on third parties;
- the Group may not be able to prevent potential conflicts between its interest connected with its activities and the interests of the clients;
- other factors beyond the Group's control could have negative impact on its operating activities.

Risks associated with the regulatory environment:

- the Group operates in a heavily regulated environment and may fail to comply with the rapidly changing laws and regulations;
- the Group is required to adapt its business to the new PFSA Guidelines and other supervisory authorities (including ESMA), which may force the Group to incur significant financial expenditures and to implement material organisational changes, and may adversely affect the Group's competitive position;
- the Company is required to maintain minimum levels of capital, which could restrict the Company's and as a consequence Group's growth and subject it to regulatory sanctions;
- the Company may be required to maintain higher capital ratios or buffers;
- maximum leverage ratios may be further reduced by regulators;
- the interpretation of the applicable laws may be unclear, and the laws may be subject to change;
- the Group may be exposed to increased administrative burdens and compliance costs as a respect of entering new markets;
- the procedures utilised by the Group, including in respect of anti-money laundering, preventing the financing of terrorism and 'know your client', may not be sufficient to prevent money laundering, the financing of terrorism, market manipulation or to identify other prohibited trades;
- the Group may be exposed to risks related to personal data and other sensitive data processed by the Group;
- a breach of consumer protection regulations may result in adverse consequences for the Group;
- advertising regulations and other regulations may impact the Group's ability to advertise;
- changes in tax law regulations specific for the Group's business, their interpretation or changes to the individual interpretations of tax law regulations could adversely affect the Group;
- the related-party transactions carried out by the Company and the Group Companies could be subject to inspection by the tax or fiscal authorities;



- court, administrative or other proceedings may have an unfavourable impact on the Group's operations, and the Group is exposed, in particular, to the risk of proceedings relating to client complaints and litigation, and regulatory investigation;
- as a brokerage house, XTB may be required to bear additional financial burdens under Polish law, including contributions to the investment compensation scheme established by the NDS and contributions for the purpose of financing the PFSA's supervision of capital markets, as well as fees related to the costs of the Financial Ombudsman and his office;
- risk related to increased reporting obligations due to the applicability of FATCA and the automatic exchange of information on tax matters;
- the Group will be required to observe and to adjust its business to the MiFID II/MiFIR Package after it enters into force, which may be expensive and time-consuming and may result in significant restrictions in terms of the manner and scope in which the Group may offer its products and services;
- the risk related to the application of EU law on the implementation of remedial actions and the resolution of financial institutions.

5.6 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 and for regularly setting appropriate limits to limit the scale of exposure to these risks.

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

The Risk Management Committee, composed of members of the Supervisory Board, was appointed in the Parent Company. The Committee's tasks include: preparation of a draft document regarding risk appetite of the brokerage house, issuing opinions on management strategy developed by the Management Board, supporting the Supervisory Board in supervising the strategy of the brokerage house in risk management by the Management Board, verification of remuneration policy and principles of its implementation in terms of adjusting the remuneration system to the risk the brokerage house is exposed to, its capital, liquidity and probabilities and dates of obtaining income.

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

The Parent Company's Supervisory Board approves procedures for internal capital estimation, capital management and planning.

In the reporting period the most significant change was the entry into force of with Regulation (EU) 2019/2033 of the European Parliament and of the Council of November 27, 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.

This regulation changed the method of calculating capital requirements and capital adequacy; XTB complied with it within the prescribed period.



6. Statement of the Management Board

Statement of the Management Board of X-Trade Brokers Dom Maklerski S.A. on the reliability of preparation of the consolidated and separate financial statements

The Management Board of X-Trade Brokers Dom Maklerski S.A. declares that, to the best of its knowledge, the consolidated and separate financial statements for period of six months ended 30 June 2021 and comparative data have been prepared in accordance with the applicable accounting principles and reflect in a true, reliable and clear financial and financial situation and the financial result of the Group and the Company, respectively. In addition, the Management Board declares that activity report contains a true picture of the development and achievements of the Group and the Company, respectively, including a description of the basic threats and risk.

Warsaw, 19 August 2021

Omar Arnaout
President of the
Management Board

Paweł Szejko
Member of the
Management Board

Filip Kaczmarzyk
Member of the
Management Board

Jakub Kubacki
Member of the
Management Board

Andrzej Przybylski
Member of the
Management Board

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