

# REPORT FOR

# THE 1<sup>ST</sup> QUARTER 2023

## XTB S.A. GROUP

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# FINANCIAL CONSOLIDATED HIGHLIGHTS





## FINANCIAL CONSOLIDATED HIGHLIGHTS

	IN PLN'000		IN EUR'000	
	THREE-MONTH ENDED		THREE-MONTH ENDED	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
<b>Consolidated comprehensive income statement:</b>				
Total operating income	531 607	439 804	113 096	94 638
Profit on operating activities	347 388	308 768	73 904	66 442
Profit before tax	367 012	308 647	78 079	66 416
Net profit	302 814	252 639	64 422	54 364
Net profit and diluted net profit per share attributable to shareholders of the Parent Company (in PLN/EUR per share)	2,58	2,15	0,55	0,46
<b>Consolidated cash flow statement:</b>				
Net cash from operating activities	138 011	356 361	29 361	76 683
Net cash from investing activities	174 734	(5 574)	37 173	(1 199)
Net cash from financing activities	(2 006)	(1 116)	(427)	(240)
Increase in net cash and cash equivalents	310 739	349 671	66 108	75 243

	IN PLN'000		IN EUR'000	
	31.03.2023	31.12.2022	31.03.2023	31.12.2022
<b>Consolidated statement of financial position:</b>				
Total assets	4 514 440	4 114 323	965 552	877 273
Total liabilities	2 706 067	2 608 254	578 776	556 143
Share capital	5 869	5 869	1 255	1 251
Equity	1 808 373	1 506 069	386 776	321 130
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)	15,41	12,83	3,30	2,74

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: 4,7005;
  - for the comparative period: 4,6472;
- 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: 4,6755;
  - for the comparative period: 4,6899.

**INTERIM CONDENSED  
CONSOLIDATED FINANCIAL  
STATEMENTS**





## INTERIM CONDENSED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(IN PLN'000)	NOTE	THREE-MONTH PERIOD ENDED 31.03.2023 (UNAUDITED)	THREE-MONTH PERIOD ENDED 31.03.2022 (UNAUDITED)
Result of operations on financial instruments	6.1	528 546	438 125
Income from fees and charges	6.2	3 050	1 668
Other income		11	11
<b>Total operating income</b>	<b>5</b>	<b>531 607</b>	<b>439 804</b>
Marketing	8	(81 435)	(50 650)
Salaries and employee benefits	7	(63 367)	(46 492)
Commission expenses	9	(15 079)	(13 267)
Other external services		(14 062)	(11 373)
Amortisation and depreciation	16,17	(3 746)	(2 867)
Taxes and fees		(3 004)	(1 532)
Costs of maintenance and lease of buildings		(1 926)	(2 048)
Other costs		(1 600)	(2 807)
<b>Total operating expenses</b>		<b>(184 219)</b>	<b>(131 036)</b>
<b>Profit on operating activities</b>		<b>347 388</b>	<b>308 768</b>
Finance income, including:	11	27 400	1 437
- <i>interest income at amortized cost</i>	<i>11</i>	<i>17 427</i>	<i>145</i>
Finance costs	11	(7 776)	(1 558)
<b>Profit before tax</b>		<b>367 012</b>	<b>308 647</b>
Income tax	26	(64 198)	(56 008)
<b>Net profit</b>		<b>302 814</b>	<b>252 639</b>
<b>Other comprehensive income</b>		<b>(510)</b>	<b>1 117</b>
Items which will be reclassified to profit (loss) after meeting specific conditions		(510)	1 117
Currency translation differences:		(510)	1 117
- <i>positions that will be reclassified to profit on valuation of foreign companies</i>		<i>(403)</i>	<i>722</i>
- <i>positions that will be reclassified to profit on valuation of separated equity</i>		<i>(132)</i>	<i>488</i>
- <i>deferred income tax</i>		<i>25</i>	<i>(93)</i>
<b>Total comprehensive income</b>		<b>302 304</b>	<b>253 756</b>
<b>Net profit attributable to shareholders of the Parent Company</b>		<b>302 814</b>	<b>252 639</b>
<b>Total comprehensive income attributable to shareholders of the Parent Company</b>		<b>302 304</b>	<b>253 756</b>
<b>Earnings per share:</b>			
- basic profit per year attributable to shareholders of the Parent Company (in PLN)	25	2,58	2,15
- basic profit from continued operations per year attributable to shareholders of the Parent Company (in PLN)	25	2,58	2,15
- diluted profit of the year attributable to shareholders of the Parent Company (in PLN)	25	2,58	2,15
- diluted profit from continued operations of the year attributable to shareholders of the Parent Company (in PLN)	25	2,58	2,15

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



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(IN PLN'000)	NOTE	31.03.2023 (UNAUDITED)	31.12.2022 (AUDITED)	31.03.2022 (UNAUDITED)
<b>ASSETS</b>				
Cash and cash equivalents	13	3 462 511	3 161 002	2 825 802
Financial assets at fair value through P&L	14	923 062	842 509	714 767
Income tax receivables		9 103	-	106
Financial assets at amortised cost	15	44 975	41 675	33 048
Prepayments and deferred costs		16 145	14 524	10 155
Intangible assets	16	1 441	1 441	523
Property, plant and equipment	17	49 568	45 303	34 166
Deferred income tax assets	26	7 635	7 869	8 105
<b>Total assets</b>		<b>4 514 440</b>	<b>4 114 323</b>	<b>3 626 672</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Liabilities</b>				
Amounts due to customers	18	2 398 456	2 327 728	2 166 927
Financial liabilities held for trading	19	107 498	105 552	112 545
Income tax liabilities		1 000	1 827	21 528
Liabilities due to lease	20	33 494	30 450	25 301
Other liabilities	21	88 123	79 705	92 334
Provisions for liabilities	22	4 055	4 256	3 612
Deferred income tax provision	26	73 441	58 736	35 109
<b>Total liabilities</b>		<b>2 706 067</b>	<b>2 608 254</b>	<b>2 457 356</b>
<b>Equity</b>				
Share capital	23	5 869	5 869	5 869
Supplementary capital	23	71 608	71 608	71 608
Other reserves	23	657 555	657 555	598 789
Foreign exchange differences on translation	23	(470)	40	668
Retained earnings		1 073 811	770 997	492 382
<b>Equity attributable to the owners of the Parent Company</b>		<b>1 808 373</b>	<b>1 506 069</b>	<b>1 169 316</b>
<b>Total equity</b>		<b>1 808 373</b>	<b>1 506 069</b>	<b>1 169 316</b>
<b>Total equity and liabilities</b>		<b>4 514 440</b>	<b>4 114 323</b>	<b>3 626 672</b>

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



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Interim condensed consolidated statement of changes in equity for the period from 1 January 2023 to 31 March 2023 (UNAUDITED)

(IN PLN'000)	SHARE CAPITAL	SUPPLEMENTARY CAPITAL	OTHER RESERVES	FOREIGN EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS AND SEPARATE FUNDS	RETAINED EARNINGS	EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY	TOTAL EQUITY
<b>NOTE</b>	<b>23</b>	<b>23</b>	<b>23, 24</b>	<b>23</b>	<b>24</b>		
<b>As at 1 January 2023</b>	<b>5 869</b>	<b>71 608</b>	<b>657 555</b>	<b>40</b>	<b>770 997</b>	<b>1 506 069</b>	<b>1 506 069</b>
<b>Total comprehensive income for the financial year</b>							
Net profit	-	-	-	-	302 814	302 814	<b>302 814</b>
Other comprehensive income	-	-	-	(510)	-	(510)	<b>(510)</b>
<b>Total comprehensive income for the financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(510)</b>	<b>302 814</b>	<b>302 304</b>	<b>302 304</b>
<b>Transactions with Parent Company's owners recognized directly in equity</b>							
Appropriation of profit/offset of loss							
- dividend payment	-	-	-	-	-	-	-
- transfer to other reserves	-	-	-	-	-	-	-
<b>Increase (decrease) in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(510)</b>	<b>302 814</b>	<b>302 304</b>	<b>302 304</b>
<b>As at 31 March 2023</b>	<b>5 869</b>	<b>71 608</b>	<b>657 555</b>	<b>(470)</b>	<b>1 073 811</b>	<b>1 808 373</b>	<b>1 808 373</b>

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




**Consolidated statement of changes in equity for the period from 1 January 2022 to 31 December 2022 (AUDITED)**

(IN PLN'000)	SHARE CAPITAL	SUPPLEMENTARY CAPITAL	OTHER RESERVES	FOREIGN EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS AND SEPARATE FUNDS	RETAINED EARNINGS	EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY	TOTAL EQUITY
<b>NOTE</b>	<b>23</b>	<b>23</b>	<b>23, 24</b>	<b>23</b>	<b>24</b>		
<b>As at 1 January 2022</b>	<b>5 869</b>	<b>71 608</b>	<b>598 789</b>	<b>(449)</b>	<b>239 743</b>	<b>915 560</b>	<b>915 560</b>
<b>Total comprehensive income for the financial year</b>							
Net profit	-	-	-	-	766 096	766 096	<b>766 096</b>
Other comprehensive income	-	-	-	489	-	489	<b>489</b>
<b>Total comprehensive income for the financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>489</b>	<b>766 096</b>	<b>766 585</b>	<b>766 585</b>
<b>Transactions with Parent Company's owners recognized directly in equity</b>							
Appropriation of profit/offset of loss							
- dividend payment	-	-	-	-	(176 076)	(176 076)	<b>(176 076)</b>
- transfer to other reserves	-	-	58 766	-	(58 766)	-	<b>-</b>
<b>Increase (decrease) in equity</b>	<b>-</b>	<b>-</b>	<b>58 766</b>	<b>489</b>	<b>531 254</b>	<b>590 509</b>	<b>590 509</b>
<b>As at 31 December 2022</b>	<b>5 869</b>	<b>71 608</b>	<b>657 555</b>	<b>40</b>	<b>770 997</b>	<b>1 506 069</b>	<b>1 506 069</b>

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


**Interim condensed consolidated statement of changes in equity for the period from 1 January 2022 to 31 March 2022 (UNAUDITED)**

(IN PLN'000)	SHARE CAPITAL	SUPPLEMENTARY CAPITAL	OTHER RESERVES	FOREIGN EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS AND SEPARATE FUNDS	RETAINED EARNINGS	EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY	TOTAL EQUITY
<b>NOTE</b>	<b>23</b>	<b>23</b>	<b>23, 24</b>	<b>23</b>	<b>24</b>		
<b>As at 1 January 2022</b>	<b>5 869</b>	<b>71 608</b>	<b>598 789</b>	<b>(449)</b>	<b>239 743</b>	<b>915 560</b>	<b>915 560</b>
<b>Total comprehensive income for the financial year</b>							
Net profit	-	-	-	-	252 639	252 639	<b>252 639</b>
Other comprehensive income	-	-	-	1 117	-	1 117	<b>1 117</b>
<b>Total comprehensive income for the financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 117</b>	<b>252 639</b>	<b>253 756</b>	<b>253 756</b>
<b>Transactions with Parent Company's owners recognized directly in equity</b>							
Appropriation of profit/offset of loss							
- dividend payment	-	-	-	-	-	-	-
- transfer to other reserves	-	-	-	-	-	-	-
<b>Increase (decrease) in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 117</b>	<b>252 639</b>	<b>253 756</b>	<b>253 756</b>
<b>As at 31 March 2022</b>	<b>5 869</b>	<b>71 608</b>	<b>598 789</b>	<b>668</b>	<b>492 382</b>	<b>1 169 316</b>	<b>1 169 316</b>

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



## INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(IN PLN'000)	NOTE	THREE-MONTH PERIOD ENDED 31.03.2023 (UNAUDITED)	THREE-MONTH PERIOD ENDED 31.03.2022 (UNAUDITED)
<b>Cash flows from operating activities</b>			
Profit before tax		367 012	308 647
<b>Adjustments:</b>		<b>216 125</b>	<b>72 348</b>
(Profit) Loss on investment activity		190 093	1 518
Amortization and depreciation	16, 17	3 746	2 867
Foreign exchange (gains) losses from translation of own cash		(1 932)	1 752
Other adjustments	29.1	(506)	842
<b>Changes</b>			
Change in provisions		(201)	(1 353)
Change in balance of financial assets at fair value through P&L and financial liabilities held for trading		(69 229)	(24 055)
Change in balance of restricted cash		11 162	(101 619)
Change in financial assets at amortised cost		5 467	(6 480)
Change in balance of prepayments and accruals		(1 621)	(1 518)
Change in balance of amounts due to customers		70 728	156 437
Change in balance of other liabilities		8 418	43 957
<b>Cash from operating activities</b>		<b>583 137</b>	<b>380 995</b>
Income tax paid		(59 189)	(24 844)
Interests		(8 559)	210
<b>Net cash from operating activities</b>		<b>515 389</b>	<b>356 361</b>
<b>Cash flow from investing activities</b>			
Proceeds from sale of items of property, plant and equipment		-	-
Expenses relating to payments for property, plant and equipment	17	(3 122)	(1 932)
Expenses relating to payments for intangible assets	16	(93)	-
Expenses relating purchase of bonds		(190 363)	(316 203)
Expenses relating opened deposits		(200 000)	-
Proceeds from sale of bonds		194 843	311 156
Interests on bonds		(3 909)	1 405
<b>Net cash from investing activities</b>		<b>(202 644)</b>	<b>(5 574)</b>
<b>Cash flow from financing activities</b>			
Payments of liabilities under finance lease agreements		(1 797)	(904)
Interest paid under lease		(209)	(212)
Dividend paid to owners		-	-
<b>Net cash from financing activities</b>		<b>(2 006)</b>	<b>(1 116)</b>
<b>Increase (Decrease) in net cash and cash equivalents</b>		<b>310 739</b>	<b>349 671</b>
<b>Cash and cash equivalents - opening balance</b>		<b>1 222 499</b>	<b>589 392</b>
<b>Increase (Decrease) in net cash and cash equivalents</b>		<b>310 739</b>	<b>349 671</b>
<b>Effect of FX rates fluctuations on balance of cash in foreign currencies</b>		<b>1 932</b>	<b>(1 749)</b>
<b>Cash and cash equivalents - closing balance</b>	13	<b>1 535 170</b>	<b>937 314</b>

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



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

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

The Parent Company in the XTB S.A Group (the "Group") is XTB S.A. (hereinafter: the "Parent Entity", "Parent Company", "Brokerage") with its headquarters located in Warsaw at Prosta street 67, 00-838 Warszawa, Polska. On January 1, 2022, the address of the registered office of XTB S.A. from Ogrodowa street 58, 00-876 Warsaw at Prosta street 67, 00-838 Warsaw, Poland.

On 5 January 2022, the District Court for the Capital City of Warsaw in Warsaw, 12th Commercial Division of the National Court Register, registered a change of the company's name in the current wording "X-Trade Brokers Dom Maklerski Spółka Akcyjna" to "XTB Spółka Akcyjna" (hereinafter also as "XTB S.A.").

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

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

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

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

- XTB S.A. organizační složka (formerly: X-Trade Brokers Dom Maklerski Spółka Akcyjna, organizační složka) – a branch established on 7 March 2007 in the Czech Republic. The branch was registered in the commercial register maintained by the City Court in Prague under No. 56720 and was granted the following tax identification number: CZK 27867102. The new branch name was registered in the local registry on 6 April 2022.
- XTB S.A. Sucursal en Espana (formerly: X-Trade Brokers Dom Maklerski Spółka Akcyjna, Sucursal en Espana) – a branch established on 19 December 2007 in Spain. On 16 January 2008, the branch was registered by the Spanish authorities and was granted the tax identification number ES W0601162A. The new branch name was registered in the local registry on 22 July 2022.
- XTB S.A. organizačná zložka (formerly: X-Trade Brokers Dom Maklerski Spółka Akcyjna, organizačná zložka) - a branch established on 1 July 2008 in the Slovak Republic. On 6 August 2008, the branch was registered in the commercial register maintained by the City Court in Bratislava under No. 36859699 and was granted the following tax identification number: SK4020230324. The new branch name was registered in the local registry on 9 April 2022.
- XTB S.A. Varsovia Sucursala Bucuresti (formerly: X-Trade Brokers Dom Maklerski S.A. Sucursala Bucuresti Romania) – a branch established on 31 July 2008 in Romania. On 4 August 2008, the branch was registered in the Commercial Register under No. 402030 and was granted the following tax identification number: RO27187343. The new branch name was registered in the local registry on 22 April 2022.
- XTB S.A. German Branch (formerly: X-Trade Brokers Dom Maklerski S.A., German Branch) - 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. The new branch name was registered in the local registry on 19 December 2022.
- XTB S.A. Succursale Française (formerly: X-Trade Brokers Dom Maklerski Spółka Akcyjna branch in France) – a branch established on 21 April 2010 in the Republic of France. On 31 May 2010, the branch was registered in the Commercial Register under No 522758689 and was granted the following tax identification number: FR61522758689. The new branch name was registered in the local registry on 27 May 2022.
- XTB S.A. – Sucursal em Portugal (formerly: X-Trade Brokers Dom Maklerski S.A., Sucursal Portuguesa) – a branch established on 7 July 2010 in Portugal. On 7 July 2010, the branch was registered in the Commercial Register and was granted the following tax identification number: PT980436613. The new branch name was registered in the local registry on 17 May 2022.



## 1.2 Composition of the Group

The XT B S.A. Group is composed i XT B S.A. as the Parent Company and the following subsidiaries:

NAME OF SUBSIDIARY	CONSOLIDATION METHOD	COUNTRY OF REGISTERED OFFICE	PERCENTAGE SHARE IN THE CAPITAL	PERCENTAGE SHARE IN THE CAPITAL	PERCENTAGE SHARE IN THE CAPITAL
			31.03.2023 (UNAUDITED)	31.12.2022 (AUDITED)	31.03.2022 (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 XT B Yönetim Danışmanlığı A.Ş.	Full	Turkey	100%	100%	100%
XTB International Limited	Full	Belize	100%	100%	100%
XTB Chile SpA	Full	Chile	100%	100%	100%
XTB Services Limited	Full	Cyprus	100%	100%	100%
Lirsar S.A. en liquidacion	Full	Uruguay	100%	100%	100%
XTB Africa (PTY) Ltd.	Full	South Africa	100%	100%	100%
XTB MENA Limited	Full	UAE	100%	100%	100%
XTB S. C. Limited	-	Seychelles	-	-	-
XTB Digital Ltd.	-	Cyprus	-	-	-

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

As at the 31 March 2023, amount of negative foreign exchange differences on translation of balances in foreign currencies of Turkish company amounted PLN (3 768) thousand, at the 31 December 2022 PLN (3 767) thousand, at the 31 March 2022 PLN (3 698) thousand. Exchange differences will be recognized in consolidated financial statement at the date of liquidation of the company.

On 9 January 2021 XT B MENA Limited with its seat in United Arab Emirates was registered in the local register of entrepreneurs. The Parent Company will acquire 100% of shares in the subsidiary. On 13 April 2021 shared of XT B MENA Limited with its seat in United Arab Emirates were paid by the Parent Company. Capital was contributed in the amount of USD 1 million. On 22 March 2022, the Parent Company acquired 1,000 ordinary shares in the increased capital of the subsidiary XT B MENA Limited, maintaining 100% of its capital.

On 8 November 2021 the Parent Company acquired 100 shares in the increased capital of subsidiary XT B Africa (PTY). As a result of the above transaction the Parent Company kept 100% share in subsidiary's capital As at the date of these interim condensed consolidated financial statements the company has not conduct its operations.

On 6 October 2022, XT B S. C. Limited with its seat in Republic of Seychelles was registered in the local register of entrepreneurs. The shares in this company have not yet been paid up. As at the date of these interim condensed consolidated financial statements the company did not conduct its operations.

On 5 December 2022, XT B Digital Ltd. with its seat in Republic of Seychelles was registered in the local register of entrepreneurs. The shares in this company have not yet been paid up. As at the date of these interim condensed consolidated financial statements the company did not conduct its operations.

The scope of activities of subsidiaries:

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



## 1.3 Composition of the Management Board

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

NAME AND SURNAME	FUNCTION	DATE OF FIRST APPOINTMENT	TERM OF OFFICE
Omar Arnaout	Chairman of the Management Board	23.03.2017	From the 1 July 2022 appointed for the new 3-years term of office ending 1 July 2025
Paweł Szejko	Board Member	28.01.2015	From the 1 July 2022 appointed for the new 3-years term of office ending 1 July 2025
Filip Kaczmarzyk	Board Member	10.01.2017	From the 1 July 2022 appointed for the new 3-years term of office ending 1 July 2025
Jakub Kubacki	Board Member	10.07.2018	From the 1 July 2022 appointed for the new 3-years term of office ending 1 July 2025
Andrzej Przybylski	Board Member	01.05.2019	From the 1 July 2022 appointed for the new 3-years term of office ending 1 July 2025

## 2. Basis for drafting the financial statements

### 2.1 Compliance statement

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

The interim condensed consolidated financial statements of the XTB S.A. Group prepared for the period from 1 January 2023 to 31 March 2023 with comparative data for the period from 1 January 2022 to 31 March 2022 and as at 31 December 2022 cover the Parent Company's financial data and financial data of the subsidiaries comprising the "Group".

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

The Group companies maintain their accounting records in accordance with the accounting principles generally accepted in the countries in which these companies are established. The interim condensed consolidated financial statements include adjustments made in order to reconcile their financial statements with the IFRS.

The interim condensed consolidated financial statements were approved by the Management Board of the Parent Company on 5 May 2023.

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

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

### 2.2 Functional currency and reporting currency

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

### 2.3 Going concern

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



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

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

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

In March 2020 the World Health Organization determined that COVID disease can be treated as a pandemic. In first two years since the outbreak of pandemic, countries around the world have taken numerous action to limit or delay its spread. The Parent Company's Management Board does not identify any further impact of the COVID-19 pandemic on the Group's operations.

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

On 24 February 2022, Russian troops crossed the eastern, southern and northern borders of Ukraine, attacking the territory of Ukraine. In connection with hostilities by Russia, representatives of the European Union and many other countries have introduced severe sanctions against Russia, which mainly affect strategic sectors of the Russian economy by blocking access to technology and markets. This situation has no significant impact on the Group, however, it caused high volatility in the financial and commodity markets around the world, which affected the transaction activity of XTB clients and the Group's results.

## 2.7 Changes in the accounting policies

The accounting policies applied in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the preparation of the consolidated financial statements of the Group for the year ended 31 December 2022, except for the application of new or amended standards and interpretations applicable to annual periods beginning on or after 1 January 2023.

- Amendments to IFRS 17 "Insurance contracts" and amendments to IFRS 17,
- Amendments to IAS 1 "Presentation of financial statements" and IFRS Board Guidelines on disclosures regarding accounting policies in practice - the issue of materiality in relation to accounting policies,
- Amendments to IAS 8 "Accounting policies, changes in accounting estimates and errors" - definition of estimates,
- Amendments to IAS 12 Income Taxes - deferred tax related to assets and liabilities arising from a single transaction,
- Amendments to IFRS 17 "Insurance Contracts" - initial application of IFRS 17 and IFRS 9.

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. New or amended standards and interpretations that are applicable for the first time in 2023 do not have a significant impact on the Group's annual consolidated financial statements.

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

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

- Amendments to IFRS 16 "Leases" - lease liabilities in sale and leaseback transactions – not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2024,
- Amendments to IAS 1 "Presentation of Financial Statements" - classification of liabilities as current or non-current – not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2024,
- Amendments to IFRS 14 "Regulatory Accruals" – the endorsement process of these Amendments has been postponed by EU - the effective date was deferred indefinitely by IASB,



- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture – the endorsement process of these Amendments has been postponed by EU - the effective date was deferred indefinitely by IASB.

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

### 3. Professional judgement

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

#### *Revenue recognition*

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

#### *Amortization periods of intangible assets*

Amortization period of the isolated intangible asset in the form of the licence for conducting brokerage activities on the Belizean market is assessed based on the expected economic useful life of this asset. The amortization period was determined according to the expected useful life of the asset on the Belizean market no shorter than 10 years. Should the circumstances leading to a change in the expected useful life change, the amortization rates also would change, which will have an impact on the value of amortization 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 utilized, which is described in note 26.2.2.

#### *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 34 – 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 determined individually based on the circumstances of a given case. The Company assesses the chance of winning particular case and consequently assesses the need of establishment of provision in case of a loss in relations to all court cases.

## 4. Adopted accounting principles

The accounting policies applied in the preparation of the interim condensed consolidated financial statements are consistent with the accounting policies applied in the preparation of the annual consolidated financial statements for the financial year ended 31 December 2022, except for the new or amended standards and new interpretations binding for the annual periods starting on or after 1 January 2023.

## 5. Seasonality of operations

The Group's operations are not seasonal.

## 6. Operating income

### 6.1 Result of operations in financial instruments

(IN PLN'000)	THREE-MONTH PERIOD ENDED 31.03.2023 (UNAUDITED)	THREE-MONTH PERIOD ENDED 31.03.2022 (UNAUDITED)
<b>Financial instruments (CFD)</b>		
Commodity CFDs	264 713	135 079
Index CFDs	245 812	256 907
Currency CFDs	22 852	41 847
Stock and ETF CFDs	6 943	12 130
Bond CFDs	177	(1 379)
<b>Total CFDs</b>	<b>540 497</b>	<b>444 584</b>
<b>Stocks and ETFs</b>	<b>2 398</b>	<b>2 723</b>
<b>Gross gain on transactions in financial instruments</b>	<b>542 895</b>	<b>447 307</b>
Bonuses and discounts paid to customers	(2 598)	(1 183)
Commission paid to cooperating brokers	(11 751)	(7 999)
<b>Net gain on transactions in financial instruments</b>	<b>528 546</b>	<b>438 125</b>

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

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



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

## 6.2 Income from fees and charges

(IN PLN'000)	THREE-MONTH PERIOD ENDED	THREE-MONTH PERIOD ENDED
	31.03.2023 (UNAUDITED)	31.03.2022 (UNAUDITED)
Fees and charges from institutional clients	1 742	745
Fees and charges from retail clients	1 308	923
<b>Total income from fees and charges</b>	<b>3 050</b>	<b>1 668</b>

## 6.3 Geographical areas

(IN PLN'000)	THREE-MONTH PERIOD ENDED	THREE-MONTH PERIOD ENDED
	31.03.2023 (UNAUDITED)	31.03.2022 (UNAUDITED)
<b>Operating income</b>		
Central and Eastern Europe	339 187	216 856
- including Poland	274 092	119 974
Western Europe	125 935	146 374
Latin America *	38 705	66 399
Middle East**	27 780	10 175
<b>Total operating income</b>	<b>531 607</b>	<b>439 804</b>

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

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

The country from which the Group derives each time 20% and over of its revenue is Poland with a share of 51,6% (in 1Q2022: 27,3%). Due to the overall share in the Group's revenue Poland was set apart for presentation purposes within the geographical area. The share of other countries in the structure of the Group's revenue by geographical area does not in any case exceed 20%.

The Group breaks its revenue down into geographical area by country in which a given customer was acquired. The exception is the Middle East region, which also presents revenues from clients from this market acquired by the subsidiary XTBS International Ltd. based in Belize.

## 7. Salaries and employee benefits

(IN PLN'000)	THREE-MONTH PERIOD ENDED	THREE-MONTH PERIOD ENDED
	31.03.2023 (UNAUDITED)	31.03.2022 (UNAUDITED)
Salaries	(54 008)	(39 222)
Social insurance and other benefits	(7 441)	(5 997)
Employee benefits	(1 918)	(1 273)
<b>Total salaries and employee benefits</b>	<b>(63 367)</b>	<b>(46 492)</b>



## 8. Marketing

(IN PLN'000)	THREE-MONTH PERIOD ENDED 31.03.2023 (UNAUDITED)	THREE-MONTH PERIOD ENDED 31.03.2022 (UNAUDITED)
Marketing online	(61 016)	(45 101)
Marketing offline	(20 407)	(5 549)
Competitions for clients	(12)	-
<b>Total marketing</b>	<b>(81 435)</b>	<b>(50 650)</b>

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

## 9. Other external services

(IN PLN'000)	THREE-MONTH PERIOD ENDED 31.03.2023 (UNAUDITED)	THREE-MONTH PERIOD ENDED 31.03.2022 (UNAUDITED)
Support database systems	(5 345)	(4 186)
Market data delivery	(2 696)	(2 048)
Legal and advisory services	(2 194)	(1 720)
Internet and telecommunications	(947)	(1 004)
Recruitment	(868)	(967)
IT support services	(712)	(383)
Accounting and audit services	(620)	(528)
Postal and courier services	(77)	(33)
Translation	(39)	(81)
Other external services	(564)	(423)
<b>Total other external services</b>	<b>(14 062)</b>	<b>(11 373)</b>

## 10. Commission expenses

(IN PLN'000)	THREE-MONTH PERIOD ENDED 31.03.2023 (UNAUDITED)	THREE-MONTH PERIOD ENDED 31.03.2022 (UNAUDITED)
Bank commissions	(6 598)	(6 428)
Stock exchange fees and charges	(2 712)	(1 746)
Commissions of foreign brokers	(118)	(113)
<b>Total commission expenses</b>	<b>(9 428)</b>	<b>(8 287)</b>

## 11. Finance income and costs

(IN PLN'000)	THREE-MONTH PERIOD ENDED 31.03.2023 (UNAUDITED)	THREE-MONTH PERIOD ENDED 31.03.2022 (UNAUDITED)
Interest income at amortized cost	17 427	144
Foreign exchange gains	9 949	-
Income on bonds	-	1 273
Other finance income	24	20
<b>Total finance income</b>	<b>27 400</b>	<b>1 437</b>



(IN PLN'000)	THREE-MONTH PERIOD ENDED 31.03.2023 (UNAUDITED)	THREE-MONTH PERIOD ENDED 31.03.2022 (UNAUDITED)
Foreign exchange losses	(7 503)	-
Interest paid under lease agreements	(209)	(212)
Other interest	(22)	(36)
Loss on bonds	-	(1 308)
Other finance costs	(42)	(2)
<b>Total finance costs</b>	<b>(7 776)</b>	<b>(1 558)</b>

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

## 12. Segment information

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

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

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

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

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

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

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



<b>CONSOLIDATED COMPREHENSIVE INCOME STATEMENT FOR THREE-MONTH PERIOD ENDED 31.03.2023 (UNAUDITED) (IN PLN'000)</b>	<b>RETAIL OPERATIONS</b>	<b>INSTITUTIONAL OPERATIONS</b>	<b>TOTAL REPORTING SEGMENTS</b>	<b>CONSOLIDATED COMPREHENSIVE INCOME STATEMENT</b>
Net result on transactions in financial instruments	476 761	51 785	528 546	528 546
<b>CFDs</b>				
Commodity CFDs	237 625	27 088	264 713	264 713
Index CFDs	222 330	23 482	245 812	245 812
Currency CFDs	21 663	1 189	22 852	22 852
Stock and ETF CFDs	6 943	-	6 943	6 943
Bond CFDs	151	26	177	177
Stocks and ETFs	2 398	-	2 398	2 398
Bonuses and discounts paid to customers	(2 598)	-	(2 598)	(2 598)
Commission paid to cooperating brokers	(11 751)	-	(11 751)	(11 751)
Fee and commission income	1 308	1 742	3 050	3 050
Other income	11	-	11	11
<b>Total operating income</b>	<b>478 080</b>	<b>53 527</b>	<b>531 607</b>	<b>531 607</b>
Marketing	(81 105)	(330)	(81 435)	(81 435)
Salaries and employee benefits	(62 411)	(956)	(63 367)	(63 367)
Commission expense	(15 075)	(4)	(15 079)	(15 079)
Other external services	(13 474)	(588)	(14 062)	(14 062)
Amortization and depreciation	(3 734)	(12)	(3 746)	(3 746)
Taxes and fees	(2 996)	(8)	(3 004)	(3 004)
Cost of maintenance and lease of buildings	(1 926)	-	(1 926)	(1 926)
Other expenses	(1 559)	(41)	(1 600)	(1 600)
<b>Total operating expenses</b>	<b>(182 280)</b>	<b>(1 939)</b>	<b>(184 219)</b>	<b>(184 219)</b>
<b>Operating profit</b>	<b>295 800</b>	<b>51 588</b>	<b>347 388</b>	<b>347 388</b>
Finance income	-	-	-	27 400
Finance costs	-	-	-	(7 776)
<b>Profit before tax</b>	-	-	-	<b>367 012</b>
Income tax	-	-	-	(64 198)
<b>Net profit</b>	-	-	-	<b>302 814</b>

**XTB S.A. Group**Report for the 1<sup>st</sup> Quarter 2023

(Translation of a document originally issued in Polish)



<b>ASSETS AND LIABILITIES AS AT 31.03.2023 (UNAUDITED) (IN PLN'000)</b>	<b>RETAIL OPERATIONS</b>	<b>INSTITUTIONAL OPERATIONS</b>	<b>TOTAL REPORTING SEGMENTS</b>	<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>
Customers' cash and cash equivalents	1 846 097	81 244	1 927 341	1 927 341
Financial assets at fair value through P&L	908 820	14 242	923 062	923 062
Other assets	1 663 287	750	1 664 037	1 664 037
<b>Total assets</b>	<b>4 418 204</b>	<b>96 236</b>	<b>4 514 440</b>	<b>4 514 440</b>
Amounts due to customers	2 295 074	103 382	2 398 456	2 398 456
Financial liabilities held for trading	103 794	3 704	107 498	107 498
Other liabilities	200 112	1	200 113	200 113
<b>Total liabilities</b>	<b>2 598 980</b>	<b>107 087</b>	<b>2 706 067</b>	<b>2 706 067</b>



<b>CONSOLIDATED COMPREHENSIVE INCOME STATEMENT FOR THREE-MONTH PERIOD ENDED 31.03.2022 (UNAUDITED) (IN PLN'000)</b>	<b>RETAIL OPERATIONS</b>	<b>INSTITUTIONAL OPERATIONS</b>	<b>TOTAL REPORTING SEGMENTS</b>	<b>CONSOLIDATED COMPREHENSIVE INCOME STATEMENT</b>
Net result on transactions in financial instruments	423 214	14 911	438 125	438 125
<b>CFDs</b>				
Index CFDs	248 843	8 064	256 907	256 907
Commodity CFDs	133 346	1 733	135 079	135 079
Currency CFDs	42 417	(570)	41 847	41 847
Stock and ETF CFDs	6 371	5 759	12 130	12 130
Bond CFDs	(1 304)	(75)	(1 379)	(1 379)
Stocks and ETFs	2 723	-	2 723	2 723
Bonuses and discounts paid to customers	(1 183)	-	(1 183)	(1 183)
Commission paid to cooperating brokers	(7 999)	-	(7 999)	(7 999)
Fee and commission income	923	745	1 668	1 668
Other income	11	-	11	11
<b>Total operating income</b>	<b>424 148</b>	<b>15 656</b>	<b>439 804</b>	<b>439 804</b>
Marketing	(50 437)	(213)	(50 650)	(50 650)
Salaries and employee benefits	(45 975)	(517)	(46 492)	(46 492)
Commission expense	(13 264)	(3)	(13 267)	(13 267)
Other external services	(10 417)	(956)	(11 373)	(11 373)
Amortization and depreciation	(2 864)	(3)	(2 867)	(2 867)
Cost of maintenance and lease of buildings	(2 048)	-	(2 048)	(2 048)
Taxes and fees	(1 528)	(4)	(1 532)	(1 532)
Other expenses	(2 712)	(95)	(2 807)	(2 807)
<b>Total operating expenses</b>	<b>(129 245)</b>	<b>(1 791)</b>	<b>(131 036)</b>	<b>(131 036)</b>
<b>Operating profit</b>	<b>294 903</b>	<b>13 865</b>	<b>308 768</b>	<b>308 768</b>
Finance income	-	-	-	1 437
Finance costs	-	-	-	(1 558)
<b>Profit before tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>308 647</b>
Income tax	-	-	-	(56 008)
<b>Net profit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>252 639</b>



ASSETS AND LIABILITIES AS AT 31.12.2022 (AUDITED) (IN PLN'000)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Customers' cash and cash equivalents	1 852 516	85 987	1 938 503	1 938 503
Financial assets at fair value through P&L	823 687	18 822	842 509	842 509
Other assets	1 332 037	1 274	1 333 311	1 333 311
<b>Total assets</b>	<b>4 008 240</b>	<b>106 083</b>	<b>4 114 323</b>	<b>4 114 323</b>
Amounts due to customers	2 215 470	112 258	2 327 728	2 327 728
Financial liabilities held for trading	115 321	(9 769)	105 552	105 552
Other liabilities	174 974	-	174 974	174 974
<b>Total liabilities</b>	<b>2 505 765</b>	<b>102 489</b>	<b>2 608 254</b>	<b>2 608 254</b>

ASSETS AND LIABILITIES AS AT 31.03.2022 (UNAUDITED) (IN PLN'000)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Customers' cash and cash equivalents	1 825 470	63 018	1 888 488	1 888 488
Financial assets at fair value through P&L	691 068	23 699	714 767	714 767
Other assets	1 023 010	407	1 023 417	1 023 417
<b>Total assets</b>	<b>3 539 548</b>	<b>87 124</b>	<b>3 626 672</b>	<b>3 626 672</b>
Amounts due to customers	2 065 667	101 260	2 166 927	2 166 927
Financial liabilities held for trading	101 463	11 082	112 545	112 545
Other liabilities	177 883	1	177 884	177 884
<b>Total liabilities</b>	<b>2 345 013</b>	<b>112 343</b>	<b>2 457 356</b>	<b>2 457 356</b>





## 13. Cash and cash equivalents

Broken down by type:

(IN PLN'000)	31.03.2023 (UNAUDITED)	31.12.2022 (AUDITED)	31.03.2022 (UNAUDITED)
Cash in current accounts in bank and their equivalents	3 333 749	2 853 883	2 825 802
Short-term deposits in bank	128 762	307 119	-
<b>Cash and cash equivalents in total</b>	<b>3 462 511</b>	<b>3 161 002</b>	<b>2 825 802</b>

The Group classifies as cash equivalents short-term deposits with maturities of less than 3 months and accrued interest thereon. Other deposits, i.e., with maturity over 3 months, together with interest, are presented in the item "Short-term deposits in bank".

Own cash and restricted cash – customers' cash:

(IN PLN'000)	31.03.2023 (UNAUDITED)	31.12.2022 (AUDITED)	31.03.2022 (UNAUDITED)
Customers' cash and cash equivalents	1 927 341	1 938 503	1 888 488
Own cash and cash equivalents	1 535 170	1 222 499	937 314
<b>Cash and cash equivalents in total</b>	<b>3 462 511</b>	<b>3 161 002</b>	<b>2 825 802</b>

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

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

(IN PLN'000)	31.03.2023 (UNAUDITED)	31.12.2022 (AUDITED)	31.03.2022 (UNAUDITED)
<b>CFDs</b>			
Index CFDs	198 389	157 533	124 764
Commodity CFDs	178 877	120 387	85 543
Stock and ETF CFDs	82 059	91 867	79 714
Currency CFDs	77 587	98 145	75 233
Bond CFDs	2 219	2 219	270
<b>Debt instruments</b>	<b>371 452</b>	<b>362 074</b>	<b>334 259</b>
<b>Stocks and ETFs</b>	<b>12 479</b>	<b>10 284</b>	<b>14 984</b>
<b>Total financial assets at fair value through P&amp;L</b>	<b>923 062</b>	<b>842 509</b>	<b>714 767</b>

Detailed information on the estimated fair value of the instrument is presented in note 34.1.1.

## 15. Financial assets at amortised cost

(IN PLN'000)	31.03.2023 (UNAUDITED)	31.12.2022 (AUDITED)	31.03.2022 (UNAUDITED)
Trade receivables	28 353	21 058	26 279
Amounts due from the Central Securities Depository of Poland	9 565	13 650	-
Receivables due from clients	7 124	5 990	6 129
Deposits	5 225	5 640	5 239
Statutory receivables	1 621	1 648	1 328
<b>Gross other receivables</b>	<b>51 888</b>	<b>47 986</b>	<b>38 975</b>
Impairment write-downs of receivables	(621)	(843)	(1 186)
Impairment write-downs of receivables due from clients	(6 292)	(5 468)	(4 741)
<b>Total net other receivables</b>	<b>44 975</b>	<b>41 675</b>	<b>33 048</b>



### Movements in impairment write-downs of receivables

(IN PLN'000)	31.03.2023 (UNAUDITED)	31.12.2022 (AUDITED)	31.03.2022 (UNAUDITED)
<b>Impairment write-downs of receivables – at the beginning of the reporting period</b>	<b>(6 311)</b>	<b>(5 181)</b>	<b>(5 181)</b>
Write-downs recorded	(219)	(1 645)	(791)
Write-downs reversed	182	193	77
Write-downs utilized	(565)	322	(31)
<b>Impairment write-downs of receivables – at the end of the reporting period</b>	<b>(6 313)</b>	<b>(6 311)</b>	<b>(5 926)</b>

Write-downs of receivables in 2023 and 2022 resulted from the debit balances which arose in customers' accounts in those periods.



## 16. Intangible assets

Intangible assets in the period from 1 January 2023 to 31 March 2023 (UNAUDITED)

(IN PLN'000)	LICENCES FOR COMPUTER SOFTWARE	INTANGIBLE ASSETS MANUFACTURED INTERNALLY	OTHER INTANGIBLE ASSETS	TOTAL
<b>Gross value as at 1 January 2023</b>	<b>6 405</b>	<b>10 792</b>	<b>4 814</b>	<b>22 011</b>
Additions	93	-	-	93
Sale and scrapping	-	-	-	-
Net foreign exchange differences	-	-	-	-
<b>Gross value as at 31 March 2023</b>	<b>6 498</b>	<b>10 792</b>	<b>4 814</b>	<b>22 104</b>
<b>Accumulated amortization as at 1 January 2023</b>	<b>(5 069)</b>	<b>(10 792)</b>	<b>(4 709)</b>	<b>(20 570)</b>
Amortization for the current period	(87)	-	(6)	(93)
Sale and scrapping	-	-	-	-
Net foreign exchange differences	-	-	-	-
<b>Accumulated amortization as at 31 March 2023</b>	<b>(5 156)</b>	<b>(10 792)</b>	<b>(4 715)</b>	<b>(20 663)</b>
<b>Net book value as at 1 January 2023</b>	<b>1 336</b>	<b>-</b>	<b>105</b>	<b>1 441</b>
<b>Net book value as at 31 March 2023</b>	<b>1 342</b>	<b>-</b>	<b>99</b>	<b>1 441</b>

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


**Intangible assets in the period from 1 January 2022 to 31 December 2022 (AUDITED)**

(IN PLN'000)	LICENCES FOR COMPUTER SOFTWARE	INTANGIBLE ASSETS MANUFACTURED INTERNALLY	OTHER INTANGIBLE ASSETS	TOTAL
<b>Gross value as at 1 January 2022</b>	<b>5 422</b>	<b>10 792</b>	<b>4 814</b>	<b>21 028</b>
Additions	1 117	-	-	1 117
Sale and scrapping	(132)	-	-	(132)
Net foreign exchange differences	(2)	-	-	(2)
<b>Gross value as at 31 December 2022</b>	<b>6 405</b>	<b>10 792</b>	<b>4 814</b>	<b>22 011</b>
<b>Accumulated amortization as at 1 January 2022</b>	<b>(4 968)</b>	<b>(10 792)</b>	<b>(4 683)</b>	<b>(20 443)</b>
Amortization for the current period	(235)	-	(26)	(261)
Sale and scrapping	132	-	-	132
Net foreign exchange differences	2	-	-	2
<b>Accumulated amortization as at 31 December 2022</b>	<b>(5 069)</b>	<b>(10 792)</b>	<b>(4 709)</b>	<b>(20 570)</b>
<b>Net book value as at 1 January 2022</b>	<b>454</b>	<b>-</b>	<b>131</b>	<b>585</b>
<b>Net book value as at 31 December 2022</b>	<b>1 336</b>	<b>-</b>	<b>105</b>	<b>1 441</b>

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


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

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

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



## 17. Property, plant and equipment

Property, plant and equipment in the period from 1 January 2023 to 31 March 2023 (UNAUDITED)

(IN PLN'000)	COMPUTER SYSTEMS	OTHER PROPERTY, PLANT AND EQUIPMENT	RIGHT TO USE OFFICE	RIGHT TO USE CAR	TANGIBLE FIXED ASSETS UNDER CONSTRUCTION	TOTAL
<b>Gross value as at 1 January 2023</b>	<b>28 428</b>	<b>9 305</b>	<b>38 980</b>	<b>620</b>	<b>1 187</b>	<b>78 520</b>
Additions	1 663	1 851	-	-	(392)	3 122
Lease	-	-	4 841	-	-	4 841
Sale and scrapping	(28)	(285)	(1 187)	-	-	(1 500)
Net foreign exchange differences	32	18	36	6	(3)	89
<b>Gross value as at 31 March 2023</b>	<b>30 095</b>	<b>10 889</b>	<b>42 670</b>	<b>626</b>	<b>792</b>	<b>85 072</b>
<b>Accumulated amortization as at 1 January 2023</b>	<b>(17 188)</b>	<b>(4 431)</b>	<b>(11 353)</b>	<b>(245)</b>	-	<b>(33 217)</b>
Amortization for the current period	(1 238)	(305)	(2 080)	(30)	-	(3 653)
Sale and scrapping	28	244	1 187	-	-	1 459
Net foreign exchange differences	(21)	(15)	(54)	(3)	-	(93)
<b>Accumulated amortization as at 31 March 2023</b>	<b>(18 419)</b>	<b>(4 507)</b>	<b>(12 300)</b>	<b>(278)</b>	-	<b>(35 504)</b>
<b>Net book value as at 1 January 2023</b>	<b>11 240</b>	<b>4 874</b>	<b>27 627</b>	<b>375</b>	<b>1 187</b>	<b>45 303</b>
<b>Net book value as at 31 March 2023</b>	<b>11 676</b>	<b>6 382</b>	<b>30 370</b>	<b>348</b>	<b>792</b>	<b>49 568</b>


**Property, plant and equipment in the period from 1 January 2022 to 31 December 2022 (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
<b>Gross value as at 1 January 2022</b>	<b>19 436</b>	<b>8 385</b>	<b>12 347</b>	<b>413</b>	<b>336</b>	<b>40 917</b>
Additions	9 702	2 072	-	-	851	12 625
Lease	-	-	27 731	297	-	28 028
Sale and scrapping	(758)	(1 243)	(1 622)	(102)	-	(3 725)
Net foreign exchange differences	48	91	524	12	-	675
<b>Gross value as at 31 December 2022</b>	<b>28 428</b>	<b>9 305</b>	<b>38 980</b>	<b>620</b>	<b>1 187</b>	<b>78 520</b>
<b>Accumulated amortization as at 1 January 2022</b>	<b>(14 626)</b>	<b>(4 489)</b>	<b>(5 373)</b>	<b>(223)</b>	-	<b>(24 711)</b>
Amortization for the current period	(3 293)	(941)	(7 387)	(115)	-	(11 736)
Sale and scrapping	752	1 055	1 600	101	-	3 508
Net foreign exchange differences	(21)	(56)	(193)	(8)	-	(278)
<b>Accumulated amortization as at 31 December 2022</b>	<b>(17 188)</b>	<b>(4 431)</b>	<b>(11 353)</b>	<b>(245)</b>	-	<b>(33 217)</b>
<b>Net book value as at 1 January 2022</b>	<b>4 810</b>	<b>3 896</b>	<b>6 974</b>	<b>190</b>	<b>336</b>	<b>16 206</b>
<b>Net book value as at 31 December 2022</b>	<b>11 240</b>	<b>4 874</b>	<b>27 627</b>	<b>375</b>	<b>1 187</b>	<b>45 303</b>


**Property, plant and equipment in the period from 1 January 2022 to 31 March 2022 (UNAUDITED)**

(IN PLN'000)	COMPUTER SYSTEMS	OTHER PROPERTY, PLANT AND EQUIPMENT	RIGHT TO USE OFFICE	RIGHT TO USE CAR	TANGIBLE FIXED ASSETS UNDER CONSTRUCTION	TOTAL
<b>Gross value as at 1 January 2022</b>	<b>19 436</b>	<b>8 385</b>	<b>12 347</b>	<b>413</b>	<b>336</b>	<b>40 917</b>
Additions	1 464	212	-	-	256	1 932
Lease	-	-	18 762	6	-	18 768
Sale and scrapping	(147)	(354)	(22)	-	-	(523)
Net foreign exchange differences	70	71	367	7	-	515
<b>Gross value as at 31 March 2022</b>	<b>20 823</b>	<b>8 314</b>	<b>31 454</b>	<b>426</b>	<b>592</b>	<b>61 609</b>
<b>Accumulated amortization as at 1 January 2022</b>	<b>(14 626)</b>	<b>(4 489)</b>	<b>(5 373)</b>	<b>(223)</b>	-	<b>(24 711)</b>
Amortization for the current period	(741)	(248)	(1 790)	(26)	-	(2 805)
Sale and scrapping	147	166	-	-	-	313
Net foreign exchange differences	(39)	(52)	(144)	(5)	-	(240)
<b>Accumulated amortization as at 31 March 2022</b>	<b>(15 259)</b>	<b>(4 623)</b>	<b>(7 307)</b>	<b>(254)</b>	-	<b>(27 443)</b>
<b>Net book value as at 1 January 2022</b>	<b>4 810</b>	<b>3 896</b>	<b>6 974</b>	<b>190</b>	<b>336</b>	<b>16 206</b>
<b>Net book value as at 31 March 2022</b>	<b>5 564</b>	<b>3 691</b>	<b>24 147</b>	<b>172</b>	<b>592</b>	<b>34 166</b>





## Non-current assets by geographical area

(IN PLN'000)	31.03.2023 (UNAUDITED)	31.12.2022 (AUDITED)	31.03.2022 (UNAUDITED)
<b>Non-current assets</b>			
Central and Eastern Europe	35 608	31 773	27 240
- including Poland	31 537	31 013	26 435
Western Europe	14 457	13 911	5 894
Latin America and Turkey	944	1 060	1 555
<b>Total non-current assets</b>	<b>51 009</b>	<b>46 744</b>	<b>34 689</b>

## 18. Amounts due to customers

(IN PLN'000)	31.03.2023 (UNAUDITED)	31.12.2022 (AUDITED)	31.03.2022 (UNAUDITED)
Amounts due to retail customers	2 295 074	2 215 470	2 099 805
Amounts due to institutional customers	103 382	112 258	67 122
<b>Total amounts due to customers</b>	<b>2 398 456</b>	<b>2 327 728</b>	<b>2 166 927</b>

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)	31.03.2023 (UNAUDITED)	31.12.2022 (AUDITED)	31.03.2022 (UNAUDITED)
<b>Financial instruments (CFD)</b>			
Index CFDs	27 407	35 118	31 644
Stock and ETF CFDs	30 327	32 030	45 565
Currency CFDs	23 353	20 507	15 942
Commodity CFDs	26 387	17 791	18 876
Bond CFDs	24	106	518
<b>Total financial liabilities held for trading</b>	<b>107 498</b>	<b>105 552</b>	<b>112 545</b>

## 20. Liabilities due to lease

(IN PLN'000)	31.03.2023 (UNAUDITED)	31.12.2022 (AUDITED)	31.03.2022 (UNAUDITED)
Short- term	8 144	6 600	4 924
Long- term	25 350	23 850	20 377
<b>Total liabilities due to lease</b>	<b>33 494</b>	<b>30 450</b>	<b>25 301</b>

Liabilities due to lease do not include short-term leasing contracts and lease of low-value assets. In the period from 1 January to 31 March 2023 the cost related to short-term leasing included in the interim condensed consolidated statement of comprehensive income amounted to PLN 398 thousand, the cost related to lease of low-value assets included in the statement of comprehensive income amounted to PLN 5 thousand. In the period from 1 January to 31 December 2022 the cost related to short-term leasing included in the statement of comprehensive income amounted to PLN 1 128 thousand, the cost related to lease of low-value assets included in the statement of comprehensive income amounted to PLN 7 thousand. In the period from 1 January to 31 March 2022 the cost related to short-term leasing included in the statement of comprehensive income amounted to PLN 183 thousand, the cost related to lease of low-value assets included in the statement of comprehensive income amounted to PLN 58 thousand. The Company is a lessee in the case of lease agreements for office space and cars. The value of the leased item is presented in Note 17.



## 21. Other liabilities

(IN PLN'000)	31.03.2023 (UNAUDITED)	31.12.2022 (AUDITED)	31.03.2022 (UNAUDITED)
Trade liabilities	33 892	30 035	35 006
Provisions for other employee benefits	31 749	37 959	23 226
Statutory liabilities	13 656	7 452	9 228
Liabilities due to brokers	7 766	2 550	24 023
Liabilities due to employees	783	1 453	637
Amounts due to the Central Securities Depository of Poland	277	256	214
<b>Total other liabilities</b>	<b>88 123</b>	<b>79 705</b>	<b>92 334</b>

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

### Program of variable remuneration elements

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

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

As at 31 March 2023, salaries and employee benefits included the provision for variable remuneration elements in the amount of PLN 8 418 thousand, as at 31 December 2022 in the amount of PLN 6 604 thousand and as at 31 March 2022 in the amount of PLN 4 738 thousand.

## 22. Provisions for liabilities and contingent liabilities

### 22.1 Provisions for liabilities

(IN PLN'000)	31.03.2023 (UNAUDITED)	31.12.2022 (AUDITED)	31.03.2022 (UNAUDITED)
Provisions for retirement benefits	226	215	184
Provisions for legal risk	3 829	4 041	3 428
<b>Total provisions</b>	<b>4 055</b>	<b>4 256</b>	<b>3 612</b>

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

Provisions for legal risk include expected amounts of payments to be made in connection with disputes to which the Group is a party. As at the date of preparation of these interim condensed consolidated financial statements, the Company is not able to specify when the above liabilities will be repaid. The information on the significant court proceedings, arbitration authority or public administration authority was described in point 5.2 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 interim condensed consolidated financial statements.

### Movements in provisions in the period from 1 January 2023 to 31 March 2023 (UNAUDITED)

(IN PLN'000)	VALUE AS AT 01.01.2023	INCREASES	DECREASES		VALUE AS AT 31.03.2023
			USE	REVERSAL	
Provisions for retirement benefits	215	11	-	-	226
Provisions for legal risk	4 041	70	260	22	3 829
<b>Total provisions</b>	<b>4 256</b>	<b>81</b>	<b>260</b>	<b>22</b>	<b>4 055</b>



## Movements in provisions in the period from 1 January 2022 to 31 December 2022 (AUDITED)

(IN PLN'000)	VALUE AS AT 01.01.2022	INCREASES	DECREASES		VALUE AS AT 31.12.2022
			USE	REVERSAL	
Provisions for retirement benefits	177	38	-	-	215
Provisions for legal risk	4 788	694	1 380	61	4 041
<b>Total provisions</b>	<b>4 965</b>	<b>732</b>	<b>1 380</b>	<b>61</b>	<b>4 256</b>

## Movements in provisions in the period from 1 January 2022 to 31 March 2022 (UNAUDITED)

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

## 22.2 Contingent liabilities

The Group is party to a number of court proceedings associated with the Group's operations. The proceedings in which the Group acts as defendant relate mainly to employees' and customers' claims.

As at 31 March 2023 the total value of claims brought against the Group amounted to approx. PLN 16 137 thousand (as at 31 December 2022: PLN 16 282 thousand, as at 31 March 2022 PLN 15 292 thousand). Company has not created provisions for the above proceedings. In the assessment of the Group there is low probability of loss in these proceedings.

On 9 May 2014, the Parent Company issued a guarantee in the amount of PLN 61 thousand to secure an agreement concluded by a subsidiary XTB Limited, based in the UK and PayPal (Europe) Sarl & Cie, SCA based in Luxembourg. The guarantee was granted for the duration of the main contract, which was concluded for an indefinite period.

On 7 July 2017, the Parent Company issued a guarantee in the amount of PLN 6 033 thousand to secure the agreement concluded between subsidiary XTB Limited based in UK and Worldpay (UK) Limited, Worldpay Limited and Worldpay AP LTD based in UK. The guarantee was issued for the period of the agreement which was concluded for three years with the possibility of further extension.

## 23. Equity

### Share capital structure as at 31 March 2023, 31 December 2022 and 31 March 2022

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

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

### Shareholding structure of the Parent Company

To the best Parent Company's knowledge, the shareholding structure of the Parent Company as at 31 March 2023, 31 December 2022 and 31 March 2022 was as follows:

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



## Other capitals

Other capitals consist of:

- supplementary capital in the total amount of PLN 71 608 thousand, mandatorily established from annual profit distribution to be used to cover potential losses that may occur in connection with the Company's operations, up to the amount of at least one third of the share capital, amounting to PLN 1 957 thousand and from surplus of the issue price over the nominal price in the amount of PLN 69 651 thousand, resulting from the capital increase in 2012 with a nominal value of PLN 348 thousand for the price of PLN 69 999 thousand,
- reserve capital, 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 in the amount of PLN 657 555 thousand,
- foreign exchange differences on translation, including foreign exchange of branches and foreign operations in the amount of PLN (470) thousand. A detailed presentation of exchange differences resulting from translation is presented in the table below.

(IN PLN'000)	31.03.2023 (UNAUDITED)	31.12.2022 (AUDITED)	31.03.2022 (UNAUDITED)
XTB Spółka Akcyjna branch in Germany	885	907	853
XTB Limited (CY)	607	632	561
XTB Limited (UK)	399	361	856
XTB Spółka Akcyjna branch in France	328	343	307
XTB Spółka Akcyjna branch in Romania	287	290	288
XTB MENA Limited	265	654	255
XTB Spółka Akcyjna	250	201	(16)
XTB Chile SpA	167	(122)	(20)
XTB Spółka Akcyjna branch in Czech Republic	146	103	72
XTB Spółka Akcyjna branch in Spain	38	46	36
XTB Services Limited	33	39	131
XTB Spółka Akcyjna branch in Slovakia	16	19	15
XTB Spółka Akcyjna branch in Portugal	4	7	5
XTB International	(11)	322	815
XTB Africa (PTY) Ltd.	(116)	5	208
Tasfiye Halinde XTB Yönetim Danışmanlığı A.Ş.	(3 768)	(3 767)	(3 698)
<b>Total foreign exchange differences on translation</b>	<b>(470)</b>	<b>40</b>	<b>668</b>

## 24. Profit distribution and dividend

Pursuant to the decision of the General Shareholders' Meeting of the Parent Company, the net profit for 2021 in the amount of PLN 234 841 thousand was partially earmarked for the payment of a dividend in the amount of PLN 176 075 thousand, the remaining amount was transferred to reserve capital.

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

## 25. Earnings per share

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



(IN PLN'000)	THREE-MONTH PERIOD ENDED 31.03.2023 (UNAUDITED)	THREE-MONTH PERIOD ENDED 31.03.2022 (UNAUDITED)
Profit from continuing operations attributable to shareholders of the Parent Company	302 814	252 639
Weighted average number of ordinary shares	117 383 635	117 383 635
Shares causing dilution (share option plan)	-	-
Weighted average number of shares including dilution effect	117 383 635	117 383 635
Basic net profit per share from continuing operations for the year attributable to shareholders of the Parent Company	2,58	2,15
Diluted net profit per share from continuing operations for the year attributable to shareholders of the Parent Company	2,58	2,15

## 26. Current income tax and deferred income tax

### 26.1 Current income tax

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

(IN PLN'000)	THREE-MONTH PERIOD ENDED 31.03.2023 (UNAUDITED)	THREE-MONTH PERIOD ENDED 31.03.2022 (UNAUDITED)
<b>Income tax – current portion</b>		
Income tax for the reporting period	(49 225)	(52 823)
<b>Income tax – deferred portion</b>		
Occurrence / reversal of temporary differences	(14 973)	(3 185)
<b>Income tax disclosed in profit and loss</b>	<b>(64 198)</b>	<b>(56 008)</b>

#### Reconciliation of the actual tax burden

(IN PLN'000)	THREE-MONTH PERIOD ENDED 31.03.2023 (UNAUDITED)	THREE-MONTH PERIOD ENDED 31.03.2022 (UNAUDITED)
<b>Profit before tax</b>	<b>367 012</b>	<b>308 647</b>
<b>Income tax based in the applicable tax rate of 19%</b>	<b>(69 732)</b>	<b>(58 643)</b>
Difference resulting from application of tax rates applicable in other countries	303	363
Non-taxable revenue	115	36
Non-deductible expenses	(427)	(124)
Tax losses for the reporting period not included in deferred tax	-	-
Realisation of tax losses for the preceding periods	-	11
Writing off tax losses activated in previous years	-	(471)
Other items affecting the tax burden amount	5 543	2 820
<b>Income tax disclosed in profit or loss</b>	<b>(64 198)</b>	<b>(56 008)</b>

On the basis of art 18d of Act on corporate income tax dated 15 February 1992 with further amendments the Group benefited in the period from 1 January 2023 to 31 March 2023 from the tax burden for research and development in total amounted to PLN 5 103 thousand. In analogical period in 2022 benefits from the tax burden amounted to PLN 2 816 thousand.



## 26.2 Deferred income tax

### 26.2.1 Deferred income tax assets and deferred income tax provision

Change in the balance of deferred tax for the period from 1 January to 31 March 2023 (UNAUDITED)

(IN PLN'000)	AS AT 01.01.2023	PROFIT OR (LOSS)	AS AT 31.03.2023
<b>Deferred income tax assets:</b>			
Cash and cash equivalents	70	(70)	-
Property, plant and equipment	451	88	539
Financial liabilities held for trading	13 805	(1 336)	12 469
Provisions for liabilities	549	156	705
Prepayments and deferred costs	4 994	(543)	4 451
Other liabilities	6 877	(16)	6 861
Tax losses of previous periods to be settled in future periods	7 620	(157)	7 463
<b>Total deferred income tax assets</b>	<b>34 366</b>	<b>(1 878)</b>	<b>32 488</b>

(IN PLN'000)	AS AT 01.01.2023	PROFIT OR (LOSS)	AS AT 31.03.2023
<b>Deferred income tax provision:</b>			
Cash and cash equivalents	19	30	49
Financial assets at fair value through P&L	81 549	12 470	94 019
Other liabilities	638	51	689
Financial assets at amortised cost	1 853	556	2 409
Property, plant and equipment	334	(12)	322
<b>Total deferred income tax provision</b>	<b>84 393</b>	<b>13 095</b>	<b>97 488</b>
<b>Deferred tax disclosed in profit or (loss)</b>	<b>-</b>	<b>(14 973)</b>	<b>-</b>

(IN PLN'000)	AS AT 01.01.2023	INCLUDED IN EQUITY	AS AT 31.03.2023
<b>Deferred income tax assets included directly in the equity:</b>			
Separate equity of branches	838	(32)	806
<b>Total deferred income tax assets included directly in the equity</b>	<b>838</b>	<b>(32)</b>	<b>806</b>

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

(IN PLN'000)	AS AT 01.01.2022	PROFIT OR (LOSS)	AS AT 31.12.2022
<b>Deferred income tax assets:</b>			
Cash and cash equivalents	23	47	70
Property, plant and equipment	24	427	451
Financial liabilities held for trading	18 969	(5 164)	13 805
Provisions for liabilities	468	81	549
Prepayments and deferred costs	2 521	2 473	4 994
Other liabilities	6 909	(32)	6 877
Tax losses of previous periods to be settled in future periods	8 525	(906)	7 619
<b>Total deferred income tax assets</b>	<b>37 439</b>	<b>(3 074)</b>	<b>34 365</b>



(IN PLN'000)	AS AT 01.01.2022	PROFIT OR (LOSS)	AS AT 31.12.2022
<b>Deferred income tax provision:</b>			
Cash and cash equivalents	25	(6)	19
Financial assets at fair value through P&L	59 249	22 300	81 549
Other liabilities	246	392	638
Financial assets at amortised cost	670	1 183	1 853
Property, plant and equipment	299	36	335
<b>Total deferred income tax provision</b>	<b>60 489</b>	<b>23 905</b>	<b>84 394</b>
<b>Deferred tax disclosed in profit or (loss)</b>	<b>-</b>	<b>(26 979)</b>	<b>-</b>

(IN PLN'000)	AS AT 01.01.2022	INCLUDED IN EQUITY	AS AT 31.12.2022
<b>Deferred income tax assets included directly in the equity:</b>			
Separate equity of branches	674	164	838
<b>Total deferred income tax assets included directly in the equity</b>	<b>674</b>	<b>164</b>	<b>838</b>

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

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

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

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



## Geographical division of deferred income tax assets

(IN PLN'000)	31.03.2023 (UNAUDITED)	31.12.2022 (AUDITED)	31.03.2022 (UNAUDITED)
<b>Deferred income tax assets</b>			
Central and Eastern Europe	165	233	113
Western Europe	7 470	7 636	7 992
<b>Total deferred income tax assets</b>	<b>7 635</b>	<b>7 869</b>	<b>8 105</b>

### Data concerning the presentation of deferred income tax by country of origin and reconciliation of presentation in the statement of financial position as at 31 March 2023 (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	24 692	97 162	-	72 470
Czech Republic	106	3	103	-
Slovakia	109	47	62	-
Germany	2 356	-	2 356	-
France	3 488	-	3 488	-
Great Britain	1 626	-	1 626	-
Chile	111	393	-	282
Belize	-	689	-	689
<b>Total</b>	<b>32 488</b>	<b>98 294</b>	<b>7 635</b>	<b>73 441</b>

### Data concerning the presentation of deferred income tax by country of origin and reconciliation of presentation in the statement of financial position as at 31 December 2022 (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	26 364	84 202	-	57 838
Czech Republic	92	19	73	-
Slovakia	160	-	160	-
Germany	2 420	-	2 420	-
France	3 549	-	3 549	-
Great Britain	1 667	-	1 667	-
Chile	113	372	-	259
Belize	-	639	-	639
<b>Total</b>	<b>34 365</b>	<b>85 232</b>	<b>7 869</b>	<b>58 736</b>

### Data concerning the presentation of deferred income tax by country of origin and reconciliation of presentation in the statement of financial position as at 31 March 2022 (UNAUDITED):

(IN PLN'000)	DATA ACCORDING TO THE NATURE OF ORIGIN		DATA PRESENTED IN THE STATEMENT OF FINANCIAL POSITION	
	DEFERRED INCOME TAX ASSETS	DEFERRED INCOME TAX PROVISION	DEFERRED INCOME TAX ASSETS	DEFERRED INCOME TAX PROVISION
Poland	27 342	61 990	-	34 648
Czech Republic	74	21	53	-
Slovakia	59	-	59	-
Germany	2 550	-	2 550	-
France	3 630	-	3 630	-
Great Britain	259	384	-	125
Chile	1 813	-	1 813	-
Belize	-	336	-	336
<b>Total</b>	<b>35 727</b>	<b>62 731</b>	<b>8 105</b>	<b>35 109</b>





## 27. Related party transactions

### 27.1 Parent Company

As at 31 March 2023 XXZW Investment Group S.A. with its registered office in Luxembourg is the key shareholder of the Company, it holds 66,99% of shares and votes in the General Meeting as per Company's best knowledge. XXZW Investment Group S.A. prepares interim condensed consolidated financial statements.

Mr. Jakub Zabłocki is the ultimate parent company for the Company and XXZW Investment Group S.A.

### 27.2 Figures concerning related party transactions

As at 31 March 2023 Group has liabilities to Mr Jakub Zabłocki in the amount of PLN 24 thousand due to his investment account (as at 31 December 2022 PLN 24 thousand, as at 31 March 2022). In the period from 1 January to 31 March 2023 Group has noted loss from transactions with Mr Jakub Zabłocki in the amount PLN 2 thousand (in the analogical period of 2022 there was profit from transactions with Mr Jakub Zabłocki in amount of PLN 1 thousand). Moreover, Mr Jakub Zabłocki is employed on the basis of work contract in subsidiary in Great Britain. In the period from 1 January to 31 March 2023 the paid gross salary and bonuses amounted to PLN 1 898 thousand and in the analogical period of 2022 amounted to PLN 1 003 thousand.

Mr Hubert Walentynowicz receives salary on the basis of work contract. In the period from 1 January to 31 March 2023 the paid gross salary and bonuses amounted to PLN 161 thousand and in the analogical period of 2022 amounted to PLN 124 thousand.

As at 31 March 2023 Group has liabilities to Mr Filip Kaczmarzyk in the amount of PLN 22 thousand due to his investment account. As at 31 December 2022 the Company has liabilities to Mr Filip Kaczmarzyk in the amount of PLN 72 thousand. As at 31 March 2022 the Company has liabilities to Mr Filip Kaczmarzyk in the amount of PLN 95 thousand.

As at 31 March 2023 Group has liabilities to Mr Paweł Szejko in the amount of PLN 1 thousand due to his investment account. As at 31 December 2022 the Company has liabilities to Mr Paweł Szejko in the amount of PLN 4 thousand. As at 31 March 2022 the Company has liabilities to Mr Paweł Szejko in the amount of PLN 42,50.

As at 31 March 2023 Group has liabilities to Mr Jakub Kubacki in the amount of PLN 10 thousand due to his investment account. As at 31 December 2022 Group has liabilities to Mr Jakub Kubacki in the amount of PLN 15 thousand. As at 31 March 2022 the Company has liabilities to Mr Jakub Kubacki in the amount of PLN 52 thousand.

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

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

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

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

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



## 27.3 Benefits to Management Board and Supervisory Board

(IN PLN'000)	THREE-MONTH PERIOD ENDED 31.03.2023 (UNAUDITED)	THREE-MONTH PERIOD ENDED 31.03.2022 (UNAUDITED)
Benefits to the Management Board members	(1 994)	(2 092)
Benefits to the Supervisory Board members	(65)	(55)
<b>Total benefits to the Management Board and Supervisory Board</b>	<b>(2 059)</b>	<b>(2 147)</b>

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

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

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

As at 31 March 2023, 31 December 2022 and 31 March 2022 there are no loans granted to the Management and Supervisory Board members.

## 28. Employment

Total employment in the Group as at 31 March 2023 was 956 people, 860 people as at 31 December 2022 and 716 people as at 31 March 2022. The list does not include persons on maternity leave, parental leave and benefits (dismissals for more than 33 days).

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

### 29.1 Other adjustments

The "other adjustments" item includes the following adjustments:

(IN PLN'000)	THREE-MONTH PERIOD ENDED 31.03.2023 (UNAUDITED)	THREE-MONTH PERIOD ENDED 31.03.2022 (UNAUDITED)
Change in the balance of differences from the conversion of branches and subsidiaries	(510)	1 117
Foreign exchange differences on translation of movements in property, plant and equipment, and intangible assets	4	(275)
<b>Change in other adjustments</b>	<b>(506)</b>	<b>842</b>

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

## 30. Post balance sheet events

On 21 April 2023, the subsidiary company XTB S.C. Limited, received a license from the FSA (Financial Services Authority) no. SD148 to operate in the Republic of Seychelles. The company will provide brokerage services.



## 31. Off-balance sheet items

### 31.1 Nominal value of financial instruments

(IN PLN'000)	31.03.2023 (UNAUDITED)	31.12.2022 (AUDITED)	31.03.2022 (UNAUDITED)
Index CFDs	4 377 744	3 575 327	3 312 487
Currency CFDs	2 132 638	2 165 605	2 079 140
Commodity CFDs	1 664 606	1 377 290	1 593 053
Stock and ETF CFDs	680 972	565 898	768 434
Bond CFDs	36 587	23 264	36 246
<b>Total financial instruments</b>	<b>8 892 547</b>	<b>7 707 384</b>	<b>7 789 360</b>

The nominal value of instruments presented in the chart above includes transactions with customers and brokers. As at 31 March 2023 transactions with brokers represent 4% of the total nominal value of instruments (as at 31 December 2022: 5% of the total nominal value of instruments), as at 31 March 2022: 7% of the total nominal value of instruments).

### 31.2 Customers' financial instruments

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

(IN PLN'000)	31.03.2023 (UNAUDITED)	31.12.2022 (AUDITED)	31.03.2022 (UNAUDITED)
Listed stocks, ETF and rights to stocks registered in customers' securities accounts	4 297 880	3 445 190	2 890 139
Other securities registered in customers' securities accounts	207	207	207
<b>Total customers' financial instruments</b>	<b>4 298 087</b>	<b>3 445 397</b>	<b>2 890 346</b>

### 31.3 Transaction limits

The amount of unused transaction limits granted to related entities was as at 31 March 2023 PLN 13 771 thousand, as at 31 December 2022 PLN 14 178 thousand and as at 31 March 2022 was PLN 16 005 thousand.

## 32. Items regarding the compensation scheme

(IN PLN'000)	31.03.2023 (UNAUDITED)	31.12.2022 (AUDITED)	31.03.2022 (UNAUDITED)
<b>1. Contributions made to the compensation scheme</b>			
a) opening balance	10 569	7 412	7 412
- increases	829	3 157	732
b) closing balance	11 398	10 569	8 144
<b>2. XTB's share in the profits from the compensation scheme</b>	<b>746</b>	<b>626</b>	<b>379</b>

## 33. Capital management

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

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



Determination of capital-related goals is essential for equity management and serves as a basic reference in the context of capital planning, allocation and contingency plans. The 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 Group's current and future capital requirements (both regulatory and internal), and on comparing them with the current and projected levels of available capital. The Group has prepared contingency plans to be launched in the event of a capital liquidity shortage, described in detail in the "Capital management policy at XTB S.A."

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

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

- capital requirements calculated in accordance with Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on prudential requirements for investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014 (IFR)
- internal capital estimated in accordance with the Regulation of the Minister of Development and Finance of 8 December 2021 on the assessment of internal capital and liquid assets, risk management system, supervisory audit and evaluation, as well as remuneration policy in a brokerage house and a small brokerage house.

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

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

At date of preparation of the interim condensed consolidated financial statement the highest of the above values for the Parent Company is the K-factor capital requirement.

The parent company calculates own funds in accordance with Part Two of the European Parliament and of the Council (EU) 2019/2033 of 27 November 2019 on prudential requirements for investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575 / 2013, (EU) No 600/2014 and (EU) No 806/2014 ("IFR").

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

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

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

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

Pursuant to the Act of 5 August 2015 on macroprudential supervision of the financial system and crisis management, from 1st Jan 2016 the Group was obliged to hold capital buffers requirement.

Due to entry into force of IFR from 26<sup>th</sup> June 2021 the capital buffers requirement ceased to exist for the Group.



### Key values in capital management:

(IN PLN'000)	31.03.2023 (UNAUDITED)	31.12.2022 (AUDITED)	31.03.2022 (UNAUDITED)
<b>The Group's own funds</b>	<b>721 882</b>	<b>718 887</b>	<b>659 850</b>
Tier I Capital	721 882	718 887	659 850
Common Equity Tier I capital	721 882	718 887	659 850
<b>Total capital requirement IFR</b>	<b>545 797</b>	<b>329 563</b>	<b>317 343</b>
<b>Total capital ratio IFR</b>	<b>132,3%</b>	<b>218,1%</b>	<b>207,9%</b>
<b>Minimal required total capital ratio including buffers (article 9 section1 letter c) of IFR)</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

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

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

(IN PLN'000)	AS AT 31.03.2023 (UNAUDITED)	AVERAGE MONTHLY VALUE IN THE PERIOD	AS AT 31.12.2022 (AUDITED)	AS AT 31.03.2022 (UNAUDITED)
1. Own funds	721 882	719 319	718 887	659 850
1.1. Base capital Tier I without deductions	734 431	733 008	731 647	675 665
1.2. Supplementary capital Tier I	-	-	-	-
1.3. Items decreasing share capitals	(12 549)	(13 689)	(12 760)	(15 815)
<b>I. Own funds</b>	<b>721 882</b>	<b>719 319</b>	<b>718 887</b>	<b>659 850</b>
1. Risk to Client, including:	10 922	10 582	10 388	8 698
1.1. K-AUM	-	-	-	-
1.2. K-CMH	9 397	9 132	8 974	7 613
1.3. K-ASA	1 525	1 450	1 414	1 019
1.4. K-COH	-	-	-	66
2. Risk to Market, including:	370 125	309 607	181 812	187 618
2.1. K-NPR	370 125	309 607	181 812	187 618
2.2. K-CMG	-	-	-	-
3. Risk to Firm, including:	164 750	155 599	137 363	121 027
3.1. K-TCD	161 891	152 757	134 592	118 862
3.2. K-DTF	2 859	2 842	2 771	2 165
3.3. K-CON	-	-	-	-
<b>II. Total K-factor capital requirement (IFR)</b>	<b>545 797</b>	<b>475 788</b>	<b>329 563</b>	<b>317 343</b>

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

## 34. Risk management

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

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



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

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

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

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

## 34.1 Fair value

### 34.1.1 Carrying amount and fair value

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

### 34.1.2 Fair value hierarchy

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

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

(IN PLN'000)	31.03.2023 (UNAUDITED)			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
<b>Financial assets</b>				
Financial assets at fair value through P&L	383 931	539 131	-	<b>923 062</b>
<b>Total financial assets</b>	<b>383 931</b>	<b>539 131</b>	-	<b>923 062</b>
<b>Financial liabilities</b>				
Financial liabilities held for trading	-	107 498	-	<b>107 498</b>
<b>Total financial liabilities</b>	-	<b>107 498</b>	-	<b>107 498</b>

(IN PLN'000)	31.12.2022 (AUDITED)			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
<b>Financial assets</b>				
Financial assets at fair value through P&L	372 358	470 151	-	<b>842 509</b>
<b>Total financial assets</b>	<b>372 358</b>	<b>470 151</b>	-	<b>842 509</b>
<b>Financial liabilities</b>				
Financial liabilities held for trading	-	105 552	-	<b>105 552</b>
<b>Total financial liabilities</b>	-	<b>105 552</b>	-	<b>105 552</b>



(IN PLN'000)	31.03.2022 (UNAUDITED)			TOTAL
	LEVEL 1	LEVEL 2	LEVEL 3	
<b>Financial assets</b>				
Financial assets at fair value through P&L	349 244	365 523	-	<b>714 767</b>
<b>Total financial assets</b>	<b>349 244</b>	<b>365 523</b>	-	<b>714 767</b>
<b>Financial liabilities</b>				
Financial liabilities held for trading	-	112 545	-	<b>112 545</b>
<b>Total financial liabilities</b>	-	<b>112 545</b>	-	<b>112 545</b>

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

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

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

## 34.2 Market risk

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

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

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

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

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

### 34.2.1 Currency risk

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

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


**Assets and liabilities denominated in foreign currencies as at 31 March 2023 (value in foreign currencies converted to PLN) (UNAUDITED)**

(IN PLN'000)	USD	EUR	GBP	CZK	HUF	RON	OTHER CURRENCIES	TOTAL	CARRYING AMOUNT
<b>Assets</b>									
Cash and cash equivalents	578 009	1 011 721	46 577	206 051	10 635	24 446	38 644	1 916 083	3 462 511
Financial assets held for trading	111 534	176 408	7 342	63 185	3 682	7 990	15 835	385 976	923 062
Income tax receivables	-	36	-	41	-	-	47	124	9 103
Financial assets at amortised cost	6 281	15 540	286	2 124	22	232	1 542	26 027	44 975
Prepayments and deferred costs	603	1 283	263	66	-	84	21	2 320	16 145
Intangible assets	-	3	-	2	-	-	2	7	1 441
Property, plant and equipment	1 203	13 244	132	3 847	-	93	843	19 362	49 568
Deferred income tax assets	-	5 906	1 626	103	-	-	-	7 635	7 635
<b>Total assets</b>	<b>697 630</b>	<b>1 224 141</b>	<b>56 226</b>	<b>275 419</b>	<b>14 339</b>	<b>32 845</b>	<b>56 934</b>	<b>2 357 534</b>	<b>4 514 440</b>
<b>Liabilities</b>									
Amounts due to customers	345 666	962 698	21 509	236 959	10 404	27 874	27 856	1 632 966	2 398 456
Financial liabilities held for trading	46 298	18 560	1 974	4 317	4 563	517	8 913	85 142	107 498
Income tax liabilities	-	427	-	-	-	55	475	957	1 000
Lease liabilities	-	28 844	-	3 093	-	-	1 557	33 494	33 494
Other liabilities	7 200	18 840	5 267	3 449	-	1 208	1 909	37 873	88 123
Provisions for liabilities	-	3 438	-	90	-	-	255	3 783	4 055
Deferred income tax provision	689	-	-	-	-	-	282	971	73 441
<b>Total liabilities</b>	<b>399 853</b>	<b>1 032 807</b>	<b>28 750</b>	<b>247 908</b>	<b>14 967</b>	<b>29 654</b>	<b>41 247</b>	<b>1 795 186</b>	<b>2 706 067</b>




**Assets and liabilities denominated in foreign currencies as at 31 December 2022 (value in foreign currencies converted to PLN) (AUDITED)**

(IN PLN'000)	USD	EUR	GBP	CZK	HUF	RON	OTHER CURRENCIES	TOTAL	CARRYING AMOUNT
<b>Assets</b>									
Cash and cash equivalents	515 807	989 036	42 145	201 199	8 066	20 580	31 595	1 808 428	3 161 002
Financial assets held for trading	96 484	164 530	6 916	57 135	2 242	8 024	14 399	349 730	842 509
Income tax receivables	-	-	-	-	-	-	-	-	-
Financial assets at amortised cost	6 440	13 534	274	1 646	67	232	1 659	23 852	41 675
Prepayments and deferred costs	1 446	1 473	378	135	-	7	11	3 450	14 524
Intangible assets	-	4	-	4	-	-	2	10	1 441
Property, plant and equipment	1 447	12 488	93	530	-	103	952	15 613	45 303
Deferred income tax assets	-	6 129	1 667	73	-	-	-	7 869	7 869
<b>Total assets</b>	<b>621 624</b>	<b>1 187 194</b>	<b>51 473</b>	<b>260 722</b>	<b>10 375</b>	<b>28 946</b>	<b>48 618</b>	<b>2 208 952</b>	<b>4 114 323</b>
<b>Liabilities</b>									
Amounts due to customers	314 053	958 251	19 983	221 498	8 627	23 492	24 937	1 570 841	2 327 728
Financial liabilities held for trading	48 251	22 139	1 883	3 615	1 068	460	8 543	85 959	105 552
Income tax liabilities	-	318	-	138	-	33	502	991	1 827
Lease liabilities	-	27 095	1 169	186	-	-	2 000	30 450	30 450
Other liabilities	10 109	16 416	4 641	3 556	-	640	1 908	37 270	79 705
Provisions for liabilities	-	3 662	68	-	-	-	254	3 984	4 256
Deferred income tax provision	-	-	-	-	-	-	898	898	58 736
<b>Total liabilities</b>	<b>372 413</b>	<b>1 027 881</b>	<b>27 744</b>	<b>228 993</b>	<b>9 695</b>	<b>24 625</b>	<b>39 042</b>	<b>1 730 393</b>	<b>2 608 254</b>


**Assets and liabilities denominated in foreign currencies as at 31 March 2022 (value in foreign currencies converted to PLN) (UNAUDITED)**

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



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

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

(IN PLN'000)	THREE-MONTH PERIOD ENDED 31.03.2023 (UNAUDITED)		THREE-MONTH PERIOD ENDED 31.03.2022 (UNAUDITED)	
	INCREASE IN EXCHANGE RATES BY 5%	DECREASE IN EXCHANGE RATES BY 5%	INCREASE IN EXCHANGE RATES BY 5%	DECREASE IN EXCHANGE RATES BY 5%
Income (expenses) of the period	33 033	(33 033)	33 578	(33 578)
Equity, of which:	3 800	(3 799)	3 299	(3 299)
Foreign exchange differences on translation	3 800	(3 799)	3 299	(3 299)

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

### 34.2.2 Interest rate risk

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

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

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

Since the Group maintains a low duration of assets and liabilities and minimises the duration gap, sensitivity of the market value of assets and liabilities to calculations of market interest rates is very low. However, due to the significant involvement of XTB in Treasury bonds, the interest rate risk was considered significant in the Group's operations.

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

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

(IN PLN'000)	31.03.2023 (UNAUDITED)	31.12.2022 (AUDITED)	31.03.2022 (UNAUDITED)
<b>Financial assets</b>			
Cash – in current bank accounts	3 333 739	2 853 883	2 825 802
Cash – short-term deposits in bank	128 762	307 119	-
Debt instruments	371 452	362 074	334 259
<b>Total financial assets</b>	<b>3 833 953</b>	<b>3 523 076</b>	<b>3 160 061</b>
<b>Financial liabilities</b>			
Amounts due to clients	-	-	-
Other liabilities	33 494	25 597	25 301
<b>Total financial liabilities</b>	<b>33 494</b>	<b>25 597</b>	<b>25 301</b>

Impact of a change in interest rates by 50 base points (BP) on profit before tax is presented below. The analysis below relies on the assumption that other variables, in particular exchange rates, will remain constant. The analysis was carried out on the basis of average balances of cash in the period covered by these interim condensed consolidated financial statements, using the average 1M interest rate in a given market.



(IN PLN'000)	THREE-MONTH PERIOD ENDED		THREE-MONTH PERIOD ENDED	
	31.03.2023 (UNAUDITED)		31.03.2022 (UNAUDITED)	
	INCREASE BY 50 PB	DECREASE BY 50 PB	INCREASE BY 50 PB	DECREASE BY 50 PB
Profit/(loss) before tax	16 539	(16 539)	3 450	(3 450)
Short-term deposits	2 648	(2 648)	-	-

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

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

(IN PLN'000)	THREE-MONTH PERIOD ENDED		THREE-MONTH PERIOD ENDED	
	31.03.2023 (UNAUDITED)		31.03.2022 (UNAUDITED)	
	INCREASE BY 50 PB	DECREASE BY 50 PB	INCREASE BY 50 PB	DECREASE BY 50 PB
Profit/(loss) before tax	(1 870)	1 919	(1 093)	1 099

### 34.2.3 Other price risk

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

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

(IN PLN'000)	31.03.2023 (UNAUDITED)	31.12.2022 (AUDITED)	31.03.2022 (UNAUDITED)
<b>Financial assets at fair value through P&amp;L</b>			
<b>Commodity</b>			
Precious metals	22 201	20 157	28 594
Base metals	1 181	1 482	1 732
Other	142 933	90 323	46 436
<b>Total commodity</b>	<b>166 315</b>	<b>111 962</b>	<b>76 762</b>
<b>Equity instruments</b>			
Stocks and ETF	85 267	91 208	84 462
Indicies	185 893	148 348	116 909
<b>Total equity instruments</b>	<b>271 160</b>	<b>239 556</b>	<b>201 371</b>
<b>Debt instruments</b>	<b>2 205</b>	<b>2 171</b>	<b>220</b>
<b>Total financial assets at fair value through P&amp;L</b>	<b>439 680</b>	<b>353 689</b>	<b>278 353</b>
<b>Financial liabilities held for trading</b>			
<b>Commodity</b>			
Precious metals	5 017	2 829	2 844
Base metals	103	155	756
Other	8 707	6 383	6 793
<b>Total commodity</b>	<b>13 827</b>	<b>9 367</b>	<b>10 393</b>
<b>Equity instruments</b>			
Stocks and ETF	21 095	21 124	35 378
Indicies	14 911	25 934	23 753
<b>Total equity instruments</b>	<b>36 006</b>	<b>47 058</b>	<b>59 131</b>
<b>Debt instruments</b>	<b>9</b>	<b>58</b>	<b>106</b>
<b>Total financial liabilities held for trading</b>	<b>49 842</b>	<b>56 483</b>	<b>69 630</b>



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

(IN PLN'000)	THREE-MONTH PERIOD ENDED 31.03.2023 (UNAUDITED)		THREE-MONTH PERIOD ENDED 31.03.2022 (UNAUDITED)	
	INCREASE BY 5%	DECREASE BY 5%	INCREASE BY 5%	DECREASE BY 5%
<b>Income/(expenses) for the period</b>				
<b>Commodity</b>				
Precious metals	(738)	738	(14 561)	14 561
Base metals	(147)	147	(261)	261
Other	(10 485)	10 485	(2 700)	2 700
<b>Total commodity</b>	<b>(11 370)</b>	<b>11 370</b>	<b>(17 522)</b>	<b>17 522</b>
<b>Equity instruments</b>				
Stocks and ETFs	16	(16)	16	(16)
Indicies	134 758	(134 758)	(725)	725
<b>Total equity instruments</b>	<b>134 774</b>	<b>(134 774)</b>	<b>(709)</b>	<b>709</b>
<b>Debt instruments</b>	<b>(127)</b>	<b>127</b>	<b>1 337</b>	<b>(1 337)</b>
<b>Total income/(expenses) for the period</b>	<b>123 277</b>	<b>(123 277)</b>	<b>(16 894)</b>	<b>16 894</b>

### 34.3 Liquidity risk

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

The objective of liquidity management in XTB is to maintain the amount of cash on the appropriate bank accounts that will cover all the operations necessary to be carried on such accounts. For this purpose, the Company has implemented, among others, limits for the concentration of cash in banks by forming one banking group in order to limit excessive liquidity concentration in related parties. In order to manage liquidity in relation to certain bank accounts associated with the operations of financial instruments, the Company uses the liquidity model of which the essence is to determine the safe area of the state of free cash flow that does not require corrective action. Where the upper limit is achieved, the Company makes a transfer to the appropriate current account corresponding to the surplus above the optimum level. Similarly, if the cash in the account falls to the lower limit, the Company makes a transfer of funds from the current account to the appropriate account in order to bring cash to the optimum level.

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

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

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

In accordance with the IFR regulation, from 26 June 2021, the Parent Company maintains an amount of liquid assets equivalent to at least one third of the requirement for fixed indirect costs. The parent company's liquid assets for the purposes of IFR include, inter alia, unencumbered own funds deposited in bank accounts and Treasury bonds or bonds guaranteed by the Treasury denominated in PLN. As at 31 March 2023, the Parent Company had a much higher level of liquid assets than required by the IFR regulation.

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



**Contractual payment periods of financial assets and liabilities as at 31 March 2023 (UNAUDITED)**

(IN PLN'000)	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	UP TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 – 5 YEARS	OVER 5 YEARS	WITH NO SPECIFIED MATURITY
<b>Financial assets</b>							
Cash and cash equivalents	3 462 511	3 462 511	3 333 749	128 762	-	-	-
Financial assets at fair value through P&L							
Listed stocks and ETFs	12 478	12 478	12 478	-	-	-	-
Bonds	371 452	371 452	371 452	-	-	-	-
CFDs	539 132	539 132	539 132	-	-	-	-
Total financial assets at fair value through P&L	923 062	923 062	923 062	-	-	-	-
Financial assets at amortised cost	44 975	44 975	30 185	-	5 225	-	9 565
<b>Total financial assets</b>	<b>4 430 548</b>	<b>4 430 548</b>	<b>4 286 996</b>	<b>128 762</b>	<b>5 225</b>	-	<b>9 565</b>
<b>Financial liabilities</b>							
Amounts due to clients	2 398 456	2 398 456	2 398 456	-	-	-	-
Financial liabilities held for trading							
CFDs	107 498	107 498	107 498	-	-	-	-
Total financial liabilities held for trading	107 498	107 498	107 498	-	-	-	-
Liabilities due to lease	33 494	33 494	1 647	6 497	21 769	3 581	-
Other liabilities	88 123	88 123	56 097	25 368	-	-	6 658
<b>Total financial liabilities</b>	<b>2 627 571</b>	<b>2 627 571</b>	<b>2 563 698</b>	<b>31 865</b>	<b>21 769</b>	<b>3 581</b>	<b>6 658</b>
Contractual liquidity gap in maturities (payment dates)			1 723 298	96 897	(16 544)	(3 581)	2 907
Contractual cumulative liquidity gap			1 723 298	1 820 195	1 803 651	1 800 070	1 802 977

**Contractual payment periods of financial assets and liabilities as at 31 December 2022 (AUDITED)**

(IN PLN'000)	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	UP TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 – 5 YEARS	OVER 5 YEARS	WITH NO SPECIFIED MATURITY
<b>Financial assets</b>							
Cash and cash equivalents	3 161 002	3 161 002	2 853 883	307 119	-	-	-
Financial assets at fair value through P&L							
Listed stocks and ETFs	10 285	10 285	10 285	-	-	-	-
Bonds	362 074	362 074	362 074	-	-	-	-
CFDs	470 150	470 150	470 150	-	-	-	-
Total financial assets at fair value through P&L	842 509	842 509	842 509	-	-	-	-
Financial assets at amortised cost	41 675	41 675	22 385	-	5 640	-	13 650
<b>Total financial assets</b>	<b>4 045 186</b>	<b>4 045 186</b>	<b>3 718 777</b>	<b>307 119</b>	<b>5 640</b>	-	<b>13 650</b>
<b>Financial liabilities</b>							
Amounts due to clients	2 327 728	2 327 728	2 327 728	-	-	-	-
Financial liabilities held for trading							
CFDs	105 552	105 552	105 552	-	-	-	-
Total financial liabilities held for trading	105 552	105 552	105 552	-	-	-	-
Liabilities due to lease	30 450	30 450	1 579	5 188	23 683	-	-
Other liabilities	79 705	79 705	41 491	31 663	-	-	6 551
<b>Total financial liabilities</b>	<b>2 543 435</b>	<b>2 543 435</b>	<b>2 476 350</b>	<b>36 851</b>	<b>23 683</b>	-	<b>6 551</b>
Contractual liquidity gap in maturities (payment dates)			1 242 427	270 268	(18 043)	-	7 099
Contractual cumulative liquidity gap			1 242 427	1 512 695	1 494 652	1 494 652	1 501 751


**Contractual payment periods of financial assets and liabilities as at 31 March 2022 (UNAUDITED)**

(IN PLN'000)	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	UP TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 – 5 YEARS	OVER 5 YEARS	WITH NO SPECIFIED MATURITY
<b>Financial assets</b>							
Cash and cash equivalents	2 825 802	2 825 802	2 825 802	-	-	-	-
Financial assets at fair value through P&L							
Listed stocks and ETFs	14 984	14 984	14 984	-	-	-	-
Bonds	334 259	334 259	334 259	-	-	-	-
CFDs	365 524	365 524	365 524	-	-	-	-
Total financial assets at fair value through P&L	714 767	714 767	714 767	-	-	-	-
Financial assets at amortised cost	33 048	33 048	27 809	-	-	-	-
<b>Total financial assets</b>	<b>3 573 617</b>	<b>3 573 617</b>	<b>3 568 378</b>	-	-	-	-
<b>Financial liabilities</b>							
Amounts due to clients	2 166 927	2 166 927	2 166 927	-	-	-	-
Financial liabilities held for trading							
CFDs	112 545	112 545	112 545	-	-	-	-
Total financial liabilities held for trading	112 545	112 545	112 545	-	-	-	-
Liabilities due to lease	25 301	25 301	1 248	3 676	20 377	-	-
Other liabilities	92 334	92 334	68 891	17 722	-	-	5 721
<b>Total financial liabilities</b>	<b>2 397 107</b>	<b>2 397 107</b>	<b>2 349 611</b>	<b>21 398</b>	<b>20 377</b>	-	<b>5 721</b>
Contractual liquidity gap in maturities (payment dates)			1 218 767	(21 398)	(15 138)	-	(5 721)
Contractual cumulative liquidity gap			1 218 767	1 197 369	1 182 231	1 182 231	1 176 510

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





## 34.4 Credit risk

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

(IN PLN'000)	31.03.2023 (UNAUDITED)		31.12.2022 (AUDITED)		31.03.2022 (UNAUDITED)	
	CARRYING AMOUNT	MAXIMUM EXPOSURE TO CREDIT RISK	CARRYING AMOUNT	MAXIMUM EXPOSURE TO CREDIT RISK	CARRYING AMOUNT	MAXIMUM EXPOSURE TO CREDIT RISK
<b>Financial assets</b>						
Cash and cash equivalents	3 462 501	3 462 501	3 161 002	3 161 002	2 825 802	2 825 802
Financial assets at fair value through P&L *	923 062	15 821	842 509	15 414	714 767	28 194
Financial assets at amortised cost	39 681	39 681	49 472	49 472	25 996	25 996
<b>Total financial assets</b>	<b>4 425 244</b>	<b>3 518 003</b>	<b>4 052 983</b>	<b>3 225 888</b>	<b>3 566 565</b>	<b>2 879 992</b>

\* As at 31 March 2023 the maximum exposure to credit risk for financial assets held for trading, not including the collateral received, was PLN 495 616 thousand (31 December 2022: PLN 434 125 thousand, as at 31 March 2022: PLN 331 570 thousand). This exposure was collateralized with clients' cash, which, as at 31 March 2023, covered the amount of PLN 479 974 thousand (31 December 2022: PLN 418 710 thousand, as at 31 March 2022: PLN 303 376 thousand). Exposures to credit risk connected with transactions with brokers as well as exposures to the Warsaw Stock Exchange were not collateralized.

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

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

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

### Cash and cash equivalents

Credit risk connected with cash and cash equivalents is related to the fact that own cash and clients' cash is held in bank accounts. Credit risk involving cash is mitigated by selecting banks with a high credit rating granted by international rating agencies and through diversification of banks with which accounts are opened. As at 31 March 2023, the Group had deposit accounts in 49 banks and institutions (as at 31 December 2022: in 50 banks and institutions, as at 31 March 2022: in 48 banks and institutions). The ten largest exposures are presented in the table below (numbering of banks and institutions determined individually for each period):

ENTITY	31.03.2023 (UNAUDITED) (IN PLN'000)	ENTITY	31.12.2022 (AUDITED) (IN PLN'000)	ENTITY	31.03.2022 (UNAUDITED) (IN PLN'000)
Bank 1	1 215 276	Bank 1	1 126 049	Bank 1	858 771
Bank 2	402 609	Bank 2	378 856	Bank 2	362 768
Bank 3	394 102	Bank 3	374 474	Bank 3	328 755
Bank 4	367 910	Bank 4	301 106	Bank 4	312 405
Bank 5	200 864	Bank 5	200 833	Institution 1	122 082
Bank 6	127 881	Bank 6	118 167	Bank 5	121 396
Bank 7	104 932	Bank 7	109 502	Bank 6	110 055
Institution 1	95 767	Institution 1	85 165	Bank 7	104 910
Bank 8	84 178	Bank 8	75 590	Bank 8	74 322
Bank 9	71 878	Bank 9	66 696	Bank 9	60 274
Other	397 104	Other	324 564	Other	370 064
<b>Total</b>	<b>3 462 501</b>	<b>Total</b>	<b>3 161 002</b>	<b>Total</b>	<b>2 825 802</b>



The table below presents a short-term assessment of the credit quality of the Group's cash and cash equivalents according to credit quality steps determined based on external credit quality assessments (where step 1 means the best credit quality and step 6 – the worst) and the risk weights assigned based on the CRR.

Long-term assessment of the credit quality were used in case of exposures without short-term assessment of the credit quality or maturity longer than 3 months.

CREDIT QUALITY STEPS	CARRYING AMOUNT (IN PLN'000)		
	31.03.2023 (UNAUDITED)	31.12.2022 (AUDITED)	31.03.2022 (UNAUDITED)
<b>Cash and cash equivalent</b>			
Step 1	2 401 236	2 345 959	2 068 726
Step 2	77 007	71 381	126 026
Step 3	982 666	741 787	628 374
Step 4	1 592	1 875	2 676
<b>Total</b>	<b>3 462 501</b>	<b>3 161 002</b>	<b>2 825 802</b>

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

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

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

Due to the mechanisms in place, used to mitigate credit risk, the credit quality of financial assets at fair value through P&L is high and does not show significant diversity.

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

ENTITY	31.03.2023	ENTITY	31.12.2022	ENTITY	31.03.2022
	(UNAUDITED) NET EXPOSURE (IN PLN'000)		(AUDITED) NET EXPOSURE (IN PLN'000)		(UNAUDITED) NET EXPOSURE (IN PLN'000)
Entity 1	9 646	Entity 1	5 917	Entity 1	12 938
Entity 2	2 470	Entity 2	4 166	Entity 2	8 184
Entity 3	909	Entity 3	2 740	Entity 3	2 210
Entity 4	368	Entity 4	357	Entity 4	1 914
Entity 5	216	Entity 5	215	Entity 5	1 171
Entity 6	193	Entity 6	166	Entity 6	288
Entity 7	96	Entity 7	110	Entity 7	228
Entity 8	96	Entity 8	96	Entity 8	184
Entity 9	94	Entity 9	89	Entity 9	161
Entity 10	83	Entity 10	88	Entity 10	105
<b>Total</b>	<b>14 171</b>	<b>Total</b>	<b>13 944</b>	<b>Total</b>	<b>27 383</b>

### Other receivables

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

# NOTES TO THE QUARTERLY REPORT





## NOTES TO THE QUARTERLY REPORT

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

The Parent Company in the Capital Group XTB S.A. (the „Group”, „Capital Group”) is XTB S.A. (hereinafter: the „Company” „Parent Entity”, „Parent Company”, „Brokerage”, „XTB”) with its headquarters located in Warsaw, at Prosta street 67, 00-838 Warsaw.

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

XTB S.A. is entered in the Commercial Register of the National Court Register by the District Court for the Capital City of Warsaw, XII Commercial Division of the National Court Register, under No. KRS 0000217580. The Parent Company was granted a statistical REGON number 015803782 and a tax identification number 5272443955.

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 offer technologies thanks to which they can offer their clients the possibility of trading in financial instruments under their own brand. The Group also acts as a liquidity provider for institutional clients.

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

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

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, the Management Board's efforts are focused on reaching mass customers with the offer. This is crucial for further dynamic development of XTB and building a global brand. This goal is to be served by new products added to the offer in 2023 and subsequent years. The Management Board believes that the effects of these works will bring a much greater result than if the possessed resources were invested in launching operations in South Africa. For this reason, the start of operations of XTB Africa (PTY) Ltd. has been postponed until at least 2024.

In the three-month period of 2023, the Group continued the process of expanding its product offer. The aim of these activities was to meet the expectations of clients in order to meet their anticipations regarding the availability of individual financial instruments. At the end of the first quarter of 2023, the Group offered a total of over 5 800 financial instruments from around the world.

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



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

In the first quarter of 2023 was another period of dynamic business development and building a client's base for XTB. The group acquired a record 104,2 thousand new clients, an increase of 88,3% y/y, while the number of active clients increased by 44,1% y/y from 149,7 thousand to 215,7 thousand. This also contributed to the increase in the trading volume of clients on CFD instruments expressed in lots – an increase from 1,6 million to 1,8 million, i.e. 18,2% y/y.

XTB's dynamic operational growth, coupled with favourable market conditions, translated into record-breaking financial results in the first quarter of 2023. Consolidated net profit amounted to PLN 302,8 million compared to PLN 252,6 million a year earlier. This is an increase of PLN 50,2 million. Consolidated revenues amounted to PLN 531,6 million (Q1 2022: PLN 439,8 million) with operating expenses of PLN 184,2 million (Q1 2022: 131,0 million).

### 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 number of deposits;
- volatility in financial and commodity markets;
- general market, geopolitical and economic conditions;
- competition in the FX/CFD market; and
- regulatory environment.

The key factors influencing the Group's financial and operating results for the 3 months ended 31 March 2023 are discussed below. According to the Management Board, these factors have and may have an impact on the Group's operations, operational and financial results, financial situation and prospects in the future.

### 2.2 Discussion of the Group's results for the 1<sup>st</sup> quarter of 2023

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

(in PLN'000)	THREE-MONTH PERIOD ENDED				
	31.03.2023	31.12.2022	CHANGE IN VALUE	CHANGE %	31.03.2022
Result of operations on financial instruments	528 546	214 476	314 070	146	438 125
Income from fees and charges	3 050	2 220	830	37	1 668
Other income	11	50	(39)	(78)	11
<b>Total operating income</b>	<b>531 607</b>	<b>216 746</b>	<b>314 861</b>	<b>145</b>	<b>439 804</b>
Marketing	(81 435)	(68 478)	12 957	19	(50 650)
Salaries and employee benefits	(63 367)	(50 013)	13 354	27	(46 492)
Commission expenses	(15 079)	(13 780)	1 299	9	(13 267)
Other external services	(14 062)	(14 865)	(803)	(5)	(11 373)
Amortisation and depreciation	(3 746)	(3 262)	484	15	(2 867)
Taxes and Fees	(3 004)	(969)	2 035	210	(1 532)
Costs of maintenance and lease of buildings	(1 926)	(1 745)	181	10	(2 048)
Other expenses	(1 600)	(5 123)	(3 523)	(69)	(2 807)
<b>Total operating expenses</b>	<b>(184 219)</b>	<b>(158 235)</b>	<b>25 984</b>	<b>16</b>	<b>(131 036)</b>
<b>Profit on operating activities (EBIT)</b>	<b>347 388</b>	<b>58 511</b>	<b>288 877</b>	<b>494</b>	<b>308 768</b>
Finance income	27 400	761	26 639	3 501	1 437
Finance costs	(7 776)	(208)	7 568	3 638	(1 558)
<b>Profit before tax</b>	<b>367 012</b>	<b>59 064</b>	<b>307 948</b>	<b>521</b>	<b>308 647</b>
Income tax	(64 198)	(8 757)	55 441	633	(56 008)
<b>Net profit</b>	<b>302 814</b>	<b>50 307</b>	<b>252 507</b>	<b>502</b>	<b>252 639</b>



## Revenues

In the first quarter of 2023, XTB recorded a record level of revenue. They increased by 20,9% y/y, i.e. by PLN 91,8 million, from PLN 439,8 million to PLN 531,6 million. Significant factors determining their level were high volatility in the financial and commodity markets and the constantly growing number of active clients (increase by 88,3% y/y), connected with their high transaction activity expressed in the number of CFD contracts concluded in lots. As a consequence the transaction volume in CFD instruments amounted to 1 845,2 thousand lots (Q1 2022: 1 560,7 thousand lots), and a profitability per lot amounted to PLN 288 (Q1 2022: PLN 282).

	THREE-MONTH PERIOD ENDED							
	31.03.2023	31.12.2022	30.09.2022	30.06.2022	31.03.2022	31.12.2021	30.09.2021	30.06.2021
Total operating income (in PLN'000)	531 607	216 746	391 289	396 410	439 804	183 567	200 029	55 302
Transaction volume in CFD instruments in lots <sup>1</sup>	1 845 160	1 720 381	1 594 606	1 489 917	1 560 739	1 073 549	1 044 329	871 300
Profitability per lot (in PLN) <sup>2</sup>	288	126	245	266	282	171	192	63
Transaction volume in CFD instruments in nominal value (in USD'000000)	596 6459	548 781	539 879	539 673	631 255	482 097	502 650	366 257
Profitability for 1 million USD transaction volume in CFD instruments in nominal value (in USD) <sup>3</sup>	204	87	152	168	167	94	102	40

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

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

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

XTB has a solid foundation in the form of constantly growing client base and the number of active clients. In the first quarter of 2023 Group reported another record in this area, acquiring 104 206 new clients compared to 55 333 a year earlier, which means an increase of 88,3%. Similarly to the number of new clients, the number of active clients was also record high. It increased from 149 729 to 215 703, i.e. by 44,1% y/y.

	PERIOD ENDED							
	31.03.2023	31.12.2022	30.09.2022	30.06.2022	31.03.2022	31.12.2021	30.09.2021	30.06.2021
New clients <sup>1</sup>	104 206	51 038	44 796	45 697	55 333	42 760	38 573	40 623
Clients in total <sup>2</sup>	703 928	614 934	567 387	525 287	481 931	429 157	388 973	352 946
Number of active clients <sup>3</sup>	215 703	258 799	224 339	190 088	149 726	190 452	160 608	133 415
Average number of active clients <sup>4</sup>	215 703	153 082	150 444	149 824	149 726	112 015	106 961	105 005

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

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

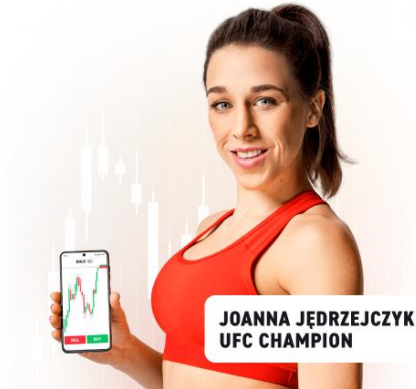
<sup>3</sup>) Number of active clients respectively in the 3 months of 2023 and 12, 9, 6 and 3 months of 2022 and 12, 9 and 6 months of 2021 respectively. An active client is a client who carried out at least one transaction in a period.

<sup>4</sup>) The average quarterly number of clients respectively for 3 months of 2023 and 12, 9, 6 and 3 months of 2022 and 12, 9 and 6 months of 2021.



The priority of the Management Board is to further increase the client base leading to the strengthening of XTB's market position in the world by reaching the mass client with its product offer. The ambition of the Management Board in 2023 is to acquire, on average, at least 40-60 thousand new clients quarterly. As a result of the implemented activities, the Group acquired in the first quarter of this year 104,2 thousand new clients, while in April 2023, 20,6 thousand new clients were acquired.

In order to strengthen its market position and worldwide recognition, XTB cooperates with titled athletes who are the ambassadors of the XTB brand. In February 2022, an advertising campaign was launched with the participation of the titled martial arts competitor, the first Polish woman in the UFC organization and the champion of this organization, as well as the three-time world champion in Thai boxing – Joanna Jędrzejczyk.



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

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



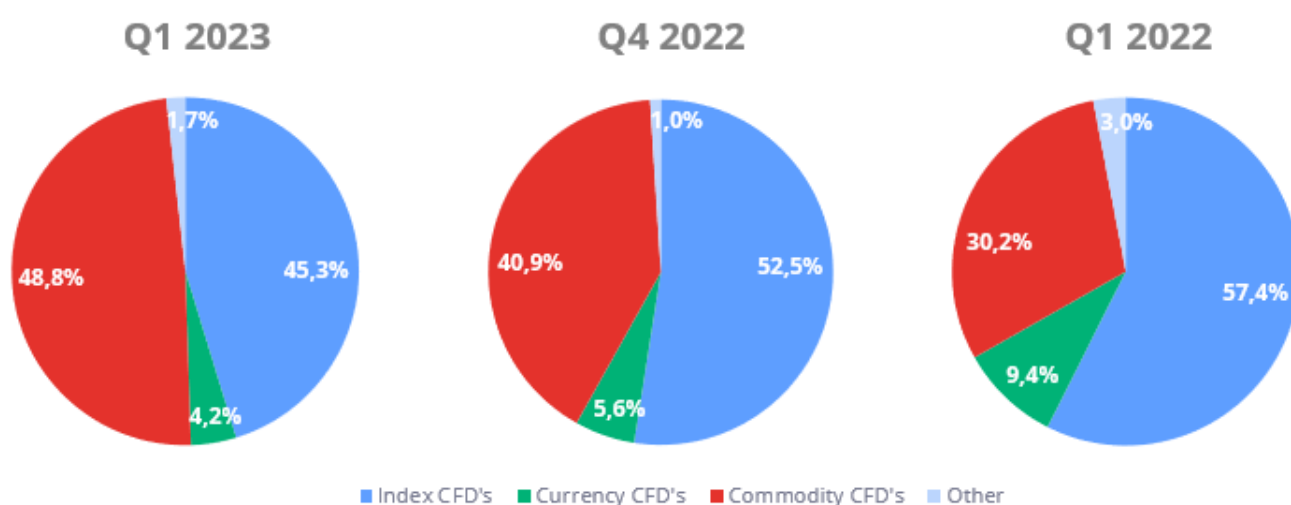
The team of XTB ambassadors was also joined in 2022 by Iker Casillas, a former Real Madrid footballer, considered one of the best goalkeepers of all time. He is currently the Deputy Director General of the Real Madrid Foundation.



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

Looking at XTB's revenues in terms of the classes of instruments responsible for their creation, it can be seen that in the first quarter of 2023 CFDs based on commodities. Their share in the structure of revenues on financial instruments reached 48,8% compared to 30,2% a year earlier. The most profitable instruments in this class were CFDs instruments based on quotations of natural gas and gold. The second most profitable asset class was CFD based on index. Their share in the revenue structure in the first quarter of 2023 was 45,3% (Q1 2022: 57,4%). The most profitable instruments in this class were CFDs instruments based on the German DAX index (DE30), the US 100 index and the US 500 index. Revenues on CFDs based on currencies accounted for 4,2% of all revenues compared to 9,4% year earlier, where the most profitable instruments in this class were CFDs on currency pairs EURUSD.

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



(in PLN'000)	THREE-MONTH PERIOD ENDED			
	31.03.2023	31.12.2022	CHANGE %	31.03.2022
Commodity CFDs	264 713	92 403	186	135 079
Index CFDs	245 812	118 636	107	256 907
Currency CFDs	22 852	12 739	79	41 847
Stock CFDs and ETFs	6 943	1 117	522	12 130
Bond CFDs	177	248	(29)	(1 379)
<b>Total CFDs</b>	<b>540 497</b>	<b>225 143</b>	<b>140</b>	<b>444 584</b>
Shares and ETFs	<b>2 398</b>	<b>902</b>	<b>166</b>	<b>2 723</b>
<b>Gross gain on transactions in financial instruments</b>	<b>542 895</b>	<b>226 045</b>	<b>140</b>	<b>447 307</b>
Bonuses and discounts paid to clients	(2 598)	(1 487)	75	(1 183)
Commission paid to cooperating brokers	(11 751)	(10 082)	17	(7 999)
<b>Net gain on transactions in financial instruments</b>	<b>528 546</b>	<b>214 476</b>	<b>146</b>	<b>438 125</b>

XTB places great importance on the geographical diversification of revenues, consistently implementing the strategy of building a global brand. The country from which the Group derives more than 20% of revenues each time is Poland, with a share of 51,6% (Q1 2022 r.: 27,3%). Due to the overall share in the Group's revenues, Poland was separated for presentation purposes as the largest market in terms of revenues in the Group. The Group breaks down its revenues by geographic area according to the country of the XTB office in which the client was acquired. The exception is the





Middle East region, which also presents revenues from clients from this market acquired by the subsidiary XTB International Ltd. based in Belize.

(IN PLN'000)	3 MONTHS PERIOD ENDED			
	31.03.2023	31.12.2022	CHANGE %	31.03.2022
Central and Eastern Europe	339 187	89 377	280	216 856
- including Poland	274 092	71 761	282	119 974
Western Europe	125 935	62 308	102	146 374
Latin America <sup>1</sup>	38 705	41 980	(8)	66 399
Middle East <sup>2</sup>	27 780	23 081	20	10 175
<b>Total operating income</b>	<b>531 607</b>	<b>216 746</b>	<b>145</b>	<b>439 804</b>

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

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

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

(in PLN'000)	THREE-MONTH PERIOD ENDED			
	31.03.2023	31.12.2022	CHANGE %	31.03.2022
Retail segment	478 080	217 616	120	424 148
Institutional segment (X Open Hub)	53 527	(870)	(6 253)	15 656
<b>Total operating income</b>	<b>531 607</b>	<b>216 746</b>	<b>145</b>	<b>439 804</b>

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

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

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



## Expenses

The operating costs in the first quarter of 2023 amounted to PLN 184,2 million and were PLN 53,2 million higher compared to the same period a year earlier (Q1 2022: PLN 131,0 million). The most important changes occurred in:

- marketing costs, an increase by PLN 30,8 million resulting mainly from higher expenditure on online and offline marketing campaigns;
- costs of remuneration and employee benefits, an increase by PLN 16,9 million, mainly due to an increase in employment and higher provisions for variable remuneration components (bonuses);
- other external services, an increase by PLN 2,7 million as a result of mainly higher expenditure on: (i) support database systems (increase by PLN 1,2 million y/y); (ii) market data delivery services (increase by PLN 0,6 million y/y) and (iii) legal and advisory services (increase by 0,5 million y/y);
- commission costs, an increase by PLN 1,8 million resulting from higher amounts paid to payment service providers through which clients deposit their funds in transaction accounts.

(in PLN'000)	THREE-MONTH PERIOD ENDED			
	31.03.2023	31.12.2022	CHANGE %	31.03.2022
Marketing	81 435	68 478	19	50 650
Salaries and employee benefits	63 367	50 013	27	46 492
Commission expenses	15 079	13 780	9	13 267
Other external services	14 062	14 865	(5)	11 373
Amortization and depreciation	3 746	3 262	15	2 867
Taxes and fees	3 004	969	210	1 532
Costs of maintenance and lease of buildings	1 926	1 745	10	2 048
Other costs	1 600	5 123	(69)	2 807
<b>Total operating expenses</b>	<b>184 219</b>	<b>158 235</b>	<b>16</b>	<b>131 036</b>

In q/q terms, operating costs increased by PLN 26,0 million, mainly due to PLN 13,4 million higher costs of salaries and employee benefits resulting mainly from an increase in employment and an increase in provisions for variable remuneration components (bonuses), higher by PLN 13,0 million of marketing costs related mainly to higher expenditures on online marketing campaigns.

	PERIOD ENDED							
	31.03.2023	31.12.2022	30.09.2022	30.06.2022	31.03.2022	31.12.2021	30.09.2021	30.06.2021
Total operating expenses including: (in PLN'000)	184 219	158 235	132 546	136 750	131 036	100 715	84 771	76 384
- Marketing	81 435	68 478	48 579	54 662	50 650	37 201	24 772	25 078
New clients	104 206	51 038	44 796	45 697	55 333	42 760	38 573	40 623
Clients in total <sup>1)</sup>	703 928	614 934	567 387	525 287	481 931	429 157	388 973	352 946
Number of active clients <sup>2)</sup>	215 703	258 799	224 339	190 088	149 726	190 452	160 608	133 415
Average number of active clients <sup>3)</sup>	215 703	160 995	151 685	149 922	149 726	127 174	110 875	106 563
Average client acquisition cost <sup>4)</sup>	0,8	1,3	1,1	1,2	0,9	0,9	0,6	0,6

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

<sup>2)</sup> Number of active clients respectively in the 3 months of 2023 and 12, 9, 6 and 3 months of 2022 and 12, 9 and 6 months of 2021, respectively. An active client is a client who carried out at least one transaction in a period.

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

<sup>4)</sup> Marketing costs in the period divided by the number of new clients.

Due to the dynamic development of XTB, the Management Board estimates that in 2023 the total costs of operating activities may be even higher by about a one-fourth to the level we observed in 2022. 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, expenditures on marketing may increase by about one-fifth 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.

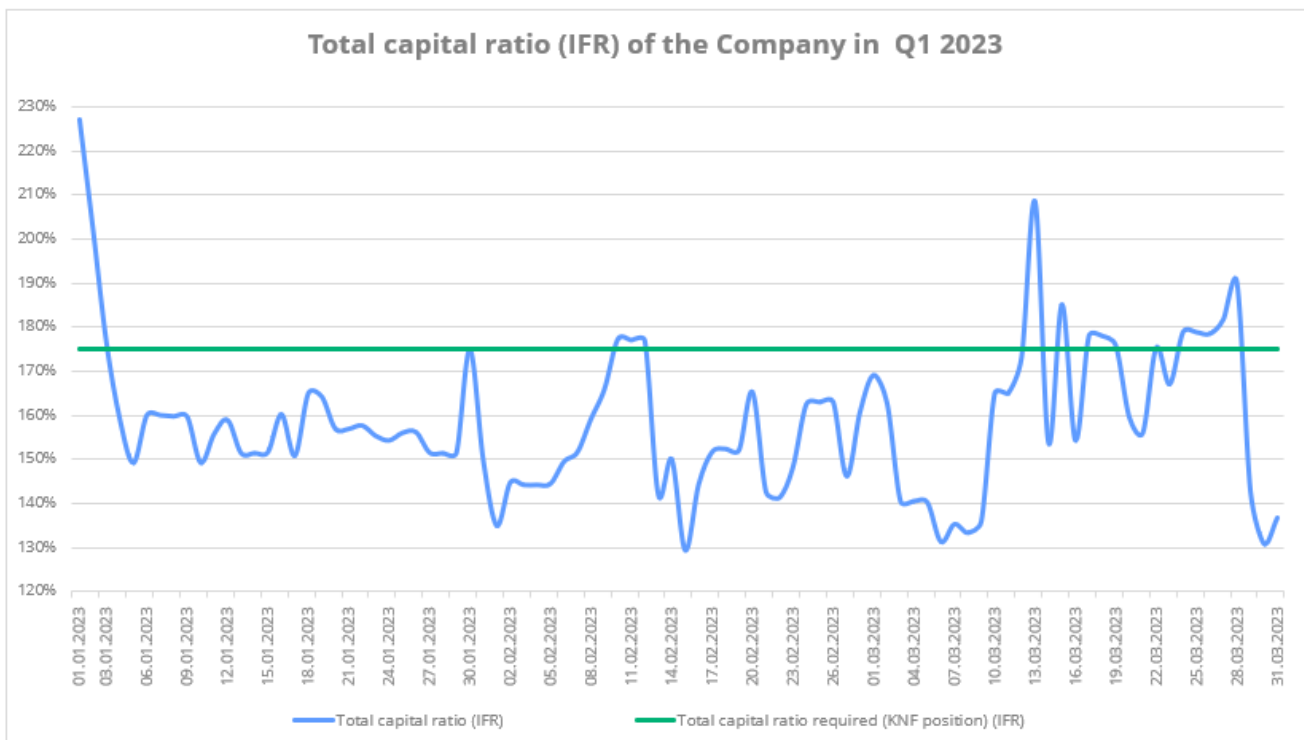
The level of marketing expenditures depends on their impact on the Group's results and profitability, the rate of foreign expansion and the degree of client responsiveness to the actions taken. The employment growth in the Group will be driven by its dynamic development, both on the existing and new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

**Dividend**

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

The Management Board maintains that its intention is to recommend the General Meeting in the future to adopt resolutions on the payment of dividend, taking into account the factors indicated above, in the amount of 50% to 100% of the Company's standalone net profit for a given financial year. The standalone net profit for the first quarter of 2023 amounted to PLN 299,8 million.

The levels of the total capital ratio (IFR) of XTB on individual days in Q1 2023 are presented in the chart below.



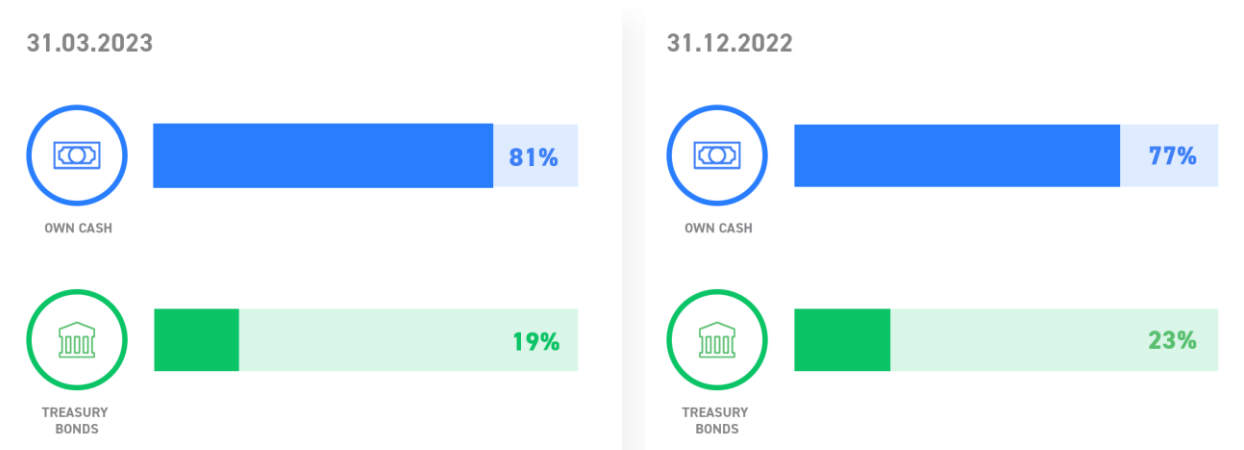
At the end of the first quarter of this year the total capital ratio in the Company amounted to 136,7%. The total capital ratio informs about the ratio of own funds to risk-weighted assets, in other words, it shows whether the brokerage house is able to cover the minimum capital requirement for market, credit, operational and other risks with its own funds.



## Cash and cash equivalents

XTB invests part of its cash in bank deposits and in financial instruments with a 0% risk weight, i.e., in treasury bonds and bonds guaranteed by the State Treasury. As at March 31, 2023 the total value of own cash and bonds in the XTB Group was PLN 1 906,6 million, which PLN 1 535,2 million was cash and PLN 371,5 million for bonds.

### OWN CASH AS AT



## 2.3 Group's selected financial ratios

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

	THREE-MONTH PERIOD ENDED		
	31.03.2023	31.12.2022	31.03.2022
EBITDA (in PLN'000) <sup>1</sup>	351 134	61 773	311 635
EBITDA margin (%) <sup>2</sup>	66,1	28,5	70,9
Net profit margin (%) <sup>3</sup>	57,0	23,2	57,4
Return on equity –ROE (%) <sup>4</sup>	73,1	13,6	96,9
Return on assets – ROA (%) <sup>5</sup>	28,1	4,9	29,8
Aggregate capital adequacy ratio (IFR) of the Company (%)	136,7	228,0	218,0
Aggregate capital adequacy ratio (IFR) of the Group (%)	132,3	218,1	207,9

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

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

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

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

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



## 2.4 Selected operating data

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

	THREE-MONTH PERIOD ENDED		
	31.03.2023	31.12.2022	31.03.2022
<b>Retail operations segment</b>	<b>1 536 960</b>	<b>1 498 033</b>	<b>1 341 189</b>
Central and Eastern Europe	727 786	757 250	659 005
Western Europe	323 664	291 795	344 274
Latin America <sup>1</sup>	311 472	327 656	286 164
Middle East <sup>2</sup>	174 038	121 332	51 746
<b>Institutional operations segment</b>	<b>308 200</b>	<b>222 348</b>	<b>219 551</b>
<b>Total</b>	<b>1 845 160</b>	<b>1 720 381</b>	<b>1 560 739</b>

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

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

The table below presents:

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



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

	THREE-MONTH PERIOD ENDED		
	31.03.2023	31.12.2022	31.03.2022
New clients <sup>1</sup>	104 206	51 038	55 333
Clients in total	703 928	614 934	481 931
Number of active clients <sup>2</sup>	215 703	160 995	149 726
Average number of active clients <sup>3</sup>	215 703	160 995	149 726
Net deposits (in PLN'000) <sup>4</sup>	1 025 147	676 737	1 104 974
Average operating income per active client (in PLN'000) <sup>5</sup>	2,5	1,3	2,9
Transaction volume in CFD instruments in lots <sup>6</sup>	1 845 160	1 720 381	1 560 739
Profitability per lot (in PLN) <sup>7</sup>	288	126	282
Transaction volume in CFD instruments in nominal value (in USD'000000)	596 645	548 781	631 255
Profitability for 1 million USD transaction volume in CFD instruments in nominal value (in USD) <sup>8</sup>	204	87	167
Turnover of shares in nominal value (in USD'000000)	1 091	721	1 166

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

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

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

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

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

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

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

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



## Retail operations segment

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

	THREE-MONTH PERIOD ENDED		
	31.03.2023	31.12.2022	31.03.2022
New clients <sup>1</sup>	104 205	51 036	55 333
Average number of active clients <sup>2</sup>	215 684	160 974	149 704
Clients in total	703 896	614 902	481 893
Number of transactions <sup>3</sup>	38 372 854	34 965 595	34 298 060
Transaction volume in CFD instruments in lots <sup>4</sup>	1 536 960	1 498 033	1 341 189
Net deposits (in PLN'000) <sup>5</sup>	978 553	681 775	1 095 206
Average operating income per active client (in PLN'000) <sup>6</sup>	2,2	1,4	2,8
Average cost of obtaining a client (in PLN'000) <sup>7</sup>	0,8	1,3	0,9
Profitability per lot (in PLN) <sup>8</sup>	311	145	316
Transactions volume in CFD at nominal value (in USD million)	564 338	522 343	587 813
Profitability for 1 million USD transaction volume in CFD instruments in nominal value (in USD) <sup>9</sup>	194	92	173
Turnover of shares in nominal value (in USD'000000)	1 091	721	1 166

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

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

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

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

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

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

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

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

<sup>9</sup>) Total operating income in the retail segment converted into USD, based on the exchange rate being the arithmetic mean of the average rates determined by the National Bank of Poland on the last day of each month of the reporting period, divided by the transaction volume in CFDs at nominal value (in USD million).

The table below presents data broken down by geography for the average quarterly number of retail customers of the Group who made at least one transaction during the three-month period. The location of active clients was determined based on the location of the Group's office (that serves the client). The exception is the Middle East region, which also presents revenues from clients from this market acquired by the subsidiary XTB International Ltd. based in Belize.

	THREE-MONTH PERIOD ENDED					
	31.03.2023		31.12.2022		31.03.2022	
Central and Eastern Europe	134 934	63%	95 232	59%	88 682	59%
Western Europe	45 322	21%	34 463	21%	33 258	22%
Latin America <sup>1</sup>	34 999	16%	30 881	19%	26 200	18%
Middle East <sup>2</sup>	429	0%	398	0%	1 564	1%
<b>Average number of active clients</b>	<b>215 684</b>	<b>100%</b>	<b>160 974</b>	<b>100%</b>	<b>149 704</b>	<b>100%</b>

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

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



## Institutional operations segment

The Group also provides services to institutional clients under the X Open Hub (XOH) brand, under which it provides liquidity and technology to other financial institutions as part of the institutional business segment.

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

	THREE-MONTH PERIOD ENDED		
	31.03.2023	31.12.2022	31.03.2022
Average number of active clients	19	21	22
Clients in total	32	32	38

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

	THREE-MONTH PERIOD ENDED		
	31.03.2023	31.12.2022	31.03.2022
Transaction volume in CFD instruments in lots	308 200	222 348	219 550

## 2.5 Factors which in the Management's Board opinion may impact the Group's results in the perspective of the 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 2023 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 hybrid business model used by XTB also uses the agency model. For example, on most CFD instruments based on cryptocurrencies, XTB secures these transactions with external partners, practically is no to be the other party to the transaction (of course, from a legal point of view, it is still XTB). The fully automated risk management process adopted by the Company limits exposure to market changes and forces the Group to hedge its positions in order to maintain appropriate levels of capital requirements. Additionally, XTB realize directly on regulated markets or in alternative trading systems, all transactions on shares and ETFs as well as on CFD instruments based on these assets. XTB is not a market maker for this class of instruments.

The Group's offer includes 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:

- spreads (the difference between the offer price and the bid price);
- fees and commissions charged by the Group to its clients;
- swap points charged by the Group (as a cost of maintaining the position over time) and
- net result (profits offset by losses) from the Group's market making activities.

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





this case, a higher number of transactions that bring profits to clients is observed, which leads to a decrease in the Group's result on market making.

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

	THREE-MONTH PERIOD ENDED							
	31.03.2023	31.12.2022	30.09.2022	30.06.2022	31.03.2022	31.12.2021	30.09.2021	30.06.2021
Total operating income (in PLN'000)	531 607	216 746	391 289	396 410	439 804	183 567	200 029	55 302
Transaction volume in CFD instruments in lots <sup>1</sup>	1 845 160	1 720 381	1 594 606	1 489 917	1 560 739	1 073 549	1 044 329	871 300
Profitability per lot (in PLN) <sup>2</sup>	288	126	245	266	282	171	192	63
Transaction volume in CFD instruments in nominal value (in USD'000000)	596 6459	548 781	539 879	539 673	631 255	482 097	502 650	366 257
Profitability for 1 million USD transaction volume in CFD instruments in nominal value (in USD) <sup>3</sup>	204	87	152	168	167	94	102	40

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

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

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

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

	31.03.2023	2022	2021	2020	2019	2018
% share of operating income from institutional operations in total operating income	10,1%	1,3%	0,3%	13,2%	8,7%	6,5%

The level of volatility in financial and commodity markets in 2023, regulatory changes as well as other factors (if they occur) may affect the condition of XTB's institutional partners, transaction volume in lots, as well as XTB revenues from these clients.

- Due to the dynamic development of XTB, the Management Board estimates that in 2023 the total operating costs may even be about a quarter higher than that observed in 2022. 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 about one-fifth 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 level of marketing expenditures depends on their impact on the Group's results and profitability, the rate of foreign expansion and on client's responsiveness to the actions taken. To increase employment in the Group will be driven by its dynamic development, both on existing and new markets. In turn, the amount of variable remuneration components will be influenced by the Group's results.



- XTB with its strong market position and dynamically growing client base builds its presence in the non-European markets, consequently implementing a strategy on building a global brand. The XTB Management Board puts the main emphasis on organic development, on the one hand increasing the penetration of European markets, on the other hand successively building its presence in Latin America, Asia and Africa. Following these activities, the composition of the capital group will be expanded by new subsidiaries. It is worth mentioning that geographic expansion is a process carried out by XTB on a continuous basis, the effects of which are spread over time. Therefore, one should not expect sudden, abrupt changes in the results on this action.
- 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, the Management Board's efforts are focused on reaching mass clients with the offer. This is crucial for further dynamic development of XTB and building a global brand. This goal is to be served by new products added to the offer in 2023 and in the consecutive years. The Management Board estimates that the effects of these works will give a much higher output than if the available resources were invested in launching operations in South Africa. For this reason, the start of operations of XTB Africa (PTY) Ltd. has been postponed at least until 2024.

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

### 3. Company's authorities

#### 3.1 Management Board

As at 31 March 2023 the composition of the Management Board was as follows:

NAME AND SURNAME	FUNCTION	DATE OF FIRST APPOINTMENT	EXPIRATION DATE OF THE CURRENT TERM
Omar Arnaout*	President of the Management Board	10.01.2017	01.07.2025
Paweł Szejko	Member of the Board	28.01.2015	01.07.2025
Filip Kaczmarzyk	Member of the Board	10.01.2017	01.07.2025
Jakub Kubacki	Member of the Board	10.07.2018	01.07.2025
Andrzej Przybylski	Member of the Board	01.05.2019	01.07.2025

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

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

#### 3.2 Supervisory Board

As at March 31, 2023 and as at the date of publication of this periodic report, the composition of the Supervisory Board was as follows:

NAME AND SURNAME	FUNCTION	DATE OF FIRST APPOINTMENT	EXPIRATION DATE OF THE CURRENT TERM
Jan Byrski	President of the Supervisory Board	22.11.2021	19.11.2024
Jakub Leonkiewicz	Member of the Supervisory Board	19.11.2021	19.11.2024
Łukasz Baszczyński	Member of the Supervisory Board	19.11.2021	19.11.2024
Bartosz Zabłocki	Member of the Supervisory Board	19.11.2021	19.11.2024
Grzegorz Grabowicz	Member of the Supervisory Board	19.11.2021	19.11.2024

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



## 4. Information about shares and shareholding

### 4.1 Equity

As at March 31, 2023 and as at the date of submitting this annual report, the share capital of XTB S.A. consisted of 117 383 635 A-series ordinary shares. Nominal value of each XTB S.A. share is PLN 0,05.

### 4.2 Shares on the stock exchange

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

### 4.3 Shareholding structure

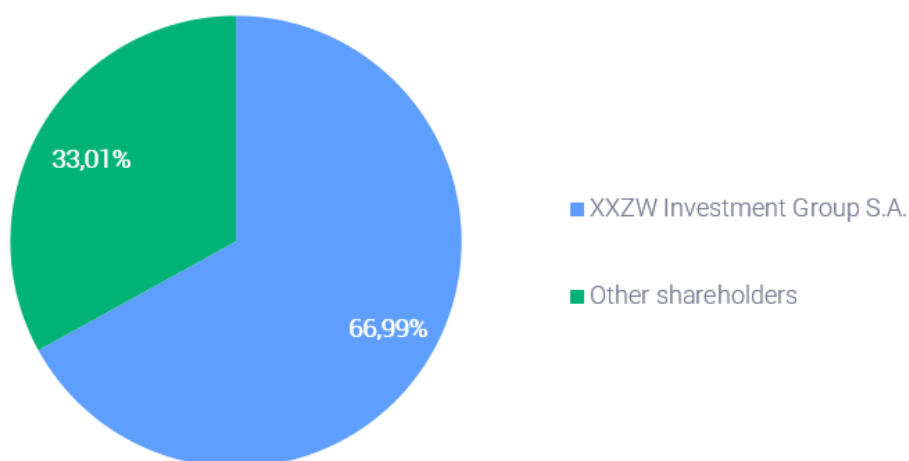
To the best knowledge of the Management Board of the Company as of March 23, 2023, i.e. the submission of the previous periodic report (i.e. the annual report for 2022) the number of shareholders holding, directly or through subsidiaries, at least 5% of the total number of votes at the General Meeting of the Parent Entity was as follows:

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

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

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

The shareholding structure as at March 31, 2023 and as at the date of this report is presented in the chart below:



According to the best knowledge of the Management Board of the Company, as at March 31, 2023 and as at the date of submitting this periodic report, the number of shareholders holding, directly or through subsidiaries, at least 5% of



the total number of votes at the General Meeting of the Parent Company did not change compared to the status as at March 23, 2023 year.

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

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

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

In the reporting period and until the date of submitting this report, there were no changes in the ownership of the Company's shares by managing and supervising persons.

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

## 5. XTB as FinTech

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

### Original platform xStation



The R&D works carried out in the first quarter of 2023 were aimed at developing tools necessary for the efficient functioning of XTB's transaction systems, effective execution of orders, efficient client onboarding process and further development of tools supporting internal processes in the company as a result of identified development needs. Research areas focused on functionalities and security of operation of systems, processes and databases. R&D works were also conducted aimed at the development of new electronic trading systems. The main types of activities performed as part of R&D works include:

- creating new or improving existing software solutions used by XTB clients in the process of trading on financial instruments,
- creating new or improving existing software solutions used by XTB clients in the account opening process and when using the back-office modules (deposits, withdrawals, account update, etc.),
- development of XTB's IT infrastructure, e.g. in order to ensure a sufficiently effective network, continuous modernization of servers and other devices active in XTB,
- creating new or improving existing software solutions supporting the activities of XTB,
- creating and developing key transactional applications and CRM systems,
- developing of solutions to increase the security of work in the network and external access,
- developing solutions for the security of data storage,



- creating and implementing new, innovative hardware, hardware-software and software solutions in the company,
- analysis of product development opportunities in terms of current technological solutions,
- work on increasing the level of security of the processed data, both in terms of data storage and transmission protocols.

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

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

	THREE-MONTH PERIOD ENDED							
	31.03.2023	31.12.2022	30.09.2022	30.06.2022	31.03.2022	31.12.2021	30.09.2021	30.06.2021
Related costs with technology development (in PLN'000)	20 515	16 008	15 172	14 000	13 201	10 371	10 459	7 648
Number of employees in the IT Development*	332	266	236	201	195	161	150	134

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

## 6. XTB strategy

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

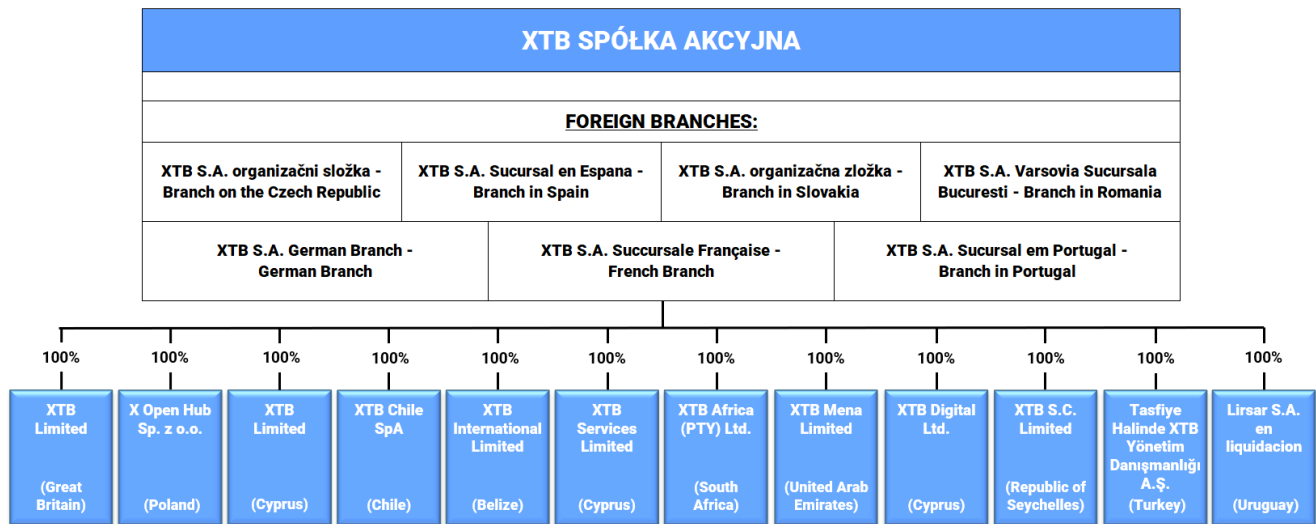


## 7. Other information

### 7.1 Description of the Group's organization

As at the date of publication of this report, the Group was composed of Parent Company and 12 subsidiaries of the Company. The company owns 7 foreign branches.

The diagram below shows the structure of the Group, including the Company's foreign branches, along with the share in the share capital / number of votes at the general meeting or shareholders' meeting to which the shareholder or partner is entitled.



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

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

#### Subsidiaries

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

##### XTB Limited, Great Britain

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

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

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

##### XTB Limited, 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.

##### XTB Chile SpA, Chile

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



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

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

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

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

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

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

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

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

### **XTB MENA Limited, United Arab Emirates**

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

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

### **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 Digital Ltd., Cyprus**

On 5 December 2022, XTB Digital Ltd. with its registered office in Cyprus was registered in the local register of entrepreneurs. The shares in this company have not yet been paid up.

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

### **XTB S.C. Limited, Republic of Seychelles**

On 6 October 2022, XTB S.C. Limited with its registered office in the Republic of Seychelles was registered in the local register of entrepreneurs. The shares in this company have not yet been paid up. On April 21, 2023, the company received from the FSA (Financial Services Authority) license No. SD148 to operate in the Republic of Seychelles. The company will provide brokerage services.

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





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

In the first quarter of 2023 Tasfiye Halinde XTB Yönetim Danışmanlığı Anonim Şirketi did not conduct any operating activities. In the past the company business encompassed among others:

- Investment consulting,
- Trading derivatives,
- Leverage trading on the forex market and
- Trading intermediation.

On 10 February 2017, the Turkish regulator, the Capital Market Board of Turkey (CMB), amended the regulations governing the activities of investment services, investment activities and additional services. As a result, the Management Board decided to terminate the activity on the Turkish market and liquidate the subsidiary in Turkey.

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

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

The remaining part of foreign exchange differences arising from the translation of the Turkish company's equity, which as at the end the first quarter of 2023 amounted to PLN (-) 3,8 million and is derived among other the exchange rate of Turkish lira, will be recognized in consolidated result at the date of liquidation of this company.

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

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

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

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

In the reporting period, i.e. from 1 January to 31 March 2023 and until the date of submitting this report, there were no changes in the structure of the XTB S.A. Capital Group. other than those described above.

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

In the 30month period ended March 31, 2023 and March 31, 2022, there were no concluded transactions in the Group with related entities on terms other than market conditions.

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

(in PLN'000)	31.03.2023	31.03.2023	31.03.2022	31.12.2022	31.03.2022
	REVENUES	RECEIVABLES	REVENUES	RECEIVABLES	RECEIVABLES
<b>Related parties:</b>					
XTB Limited (UK)	5 670	19 049	14 758	18 428	14 533
XTB Limited (CY)	1 496	807	9 122	-	244
X Open Hub Sp. z o.o. (Poland)	1 373	655	507	466	202
XTB International Limited (Belize)	81 809	38 916	87 914	29 260	26 112
XTB MENA Limited (UAE)	1 938	804	-	1	5 068



(in PLN'000)	31.03.2023	31.03.2023	31.03.2022	31.12.2022	31.03.2022
	COSTS	LIABILITIES	COSTS	LIABILITIES	LIABILITIES
<b>Related parties:</b>					
XTB Limited (UK)	(6 098)	3 742	(5 901)	1 991	7 299
XTB Limited (CY)	(1 003)	811	(953)	1 404	1 722
X Open Hub Sp. z o.o. (Poland)	(964)	860	(696)	103	412
XTB International Limited (Belize)	(34 117)	30 595	(27 315)	29 895	27 068
XTB Services Limited (CY)	(8 990)	2 091	(10 353)	1 919	3 256
XTB MENA Limited (UAE)	(6 080)	3 079	(3 579)	2 812	1 331

The figures concerning transactions with related parties are presented in detail in Note 30.2 to the interim condensed consolidated financial statements.

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

As at March, 31 2023 and in the reporting period, i.e. from January 1, 2023 to March 31, 2023, neither the Parent Company nor any of its subsidiaries granted any warranties in respect of loans or advances or any guarantees to any third party or its subsidiary, whose combined value is significant.

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

Management Board of XTB S.A. did not publish forecasts of financial results for 2023.

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

As at March 31, 2023 and as at the submission date of this report the Parent company and its subsidiaries were not a party to any significant proceedings pending before arbitration authority. The most important of the ongoing proceedings were indicated below.

#### Court proceedings

The Company and Group companies are parties to several court proceedings related to the Group's operations. The proceedings in which the Company and Group companies appear as defendants are above all related to employees' claims and clients' claims. As at the submission date of this report the total value of the claims brought against the Company and/or the Group Companies amounted to PLN 17,3 million, which consists of three proceedings on employee claims, with a value of approximately PLN 670 thousand, eight suits brought by clients with the total value of PLN 9 million and moreover, one proceeding brought by ESBANK Bank Spółdzielczy regarding the alleged failure to apply financial security measures by the Company. Below are presented the most significant, in the Company's view:

- lawsuit dated August 2019 regarding Company's alleged illegal actions delivered to the Company in December 2019 – value of the claim is PLN 7 million. 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;
- lawsuit 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 lawsuit.

### **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.

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

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

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

In addition, the Munich Regional Court, in a judgment of 25 July 2017, issued a ban on the use of the designations "XTRADE" and "XTRADE EUROPE Ltd." in Germany, confirming that the designations are confusingly similar to the trademarks reserved by the Company. In addition, Xtrade Europe Ltd. was also required to provide information on the extent and number of past uses 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 binding. Proceedings enforcing the ruling ban were pending before European Union Intellectual Property Office (EUIPO) as regards the annulment of conflicting marks of Xtrade Europe Ltd. On March 20, 2020, EUIPO issued a decision rejecting the application for a declaration of invalidity. On 19 May 2020, an appeal was filed with the Board of Appeal of EUIPO. Currently we are waiting for the decision of the authority. On 8 November 2021 the EUIPO Board of Appeal issued its decision and upheld the arguments and evidence submitted by the Company and for the rest, the Board of Appeal remitted the case back to the first instance, the Cancellation Division, which will re-examine the application in question.

XTRADE EUROPE Ltd., currently under the name of Guma Holding Ltd., filed a complaint with the General Court of the European Union against the decision of the Fifth Board of Appeal of EUIPO of November 8, 2021, in which it applied for the amendment of this decision in its entirety by dismissing the application for annulment. On January 26, 2023, a hearing was held before the European Union Court in the case and the Company is awaiting a ruling.

### **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 points 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 client's 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. 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. On February 28, 2023, a hearing was held before the Supreme Administrative Court during which the Court decided to dismiss the Company's complaint. The decision is legally binding. The Company does not see any risk related to potential customer claims in this respect.
- on January 10, 2022, a customs and tax inspection held by the Head of the Masovian Customs and Tax Office in Warsaw regarding the correctness and reliability of XTB settlements for corporate income tax for 2019 began. The inspection ended on January 19, 2023. The company received an inspection report in which no irregularities were found during the period covered by the inspection.
- on October 14, 2022, the Company received a notice from the President of the Office of Competition and Consumer Protection on the initiation of proceedings against the Company for recognizing a provision of the standard agreement as prohibited in relation to two provisions of the Regulations for the Provision of Services of the Execution of Orders for the Purchase or Sale of Property Rights and Securities, Maintenance of Property Rights Accounts and Cash Accounts by XTB S.A., which may be considered prohibited contractual provisions within the meaning of the Civil Code. The Company assesses the risk of recognizing the provisions in question as prohibited and incurring negative consequences as a result of their use as low.

## Regulatory environment

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

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

## Act amending the Banking Law and certain other acts

On December 28, 2020, the parliament received a draft act amending the Banking Law and certain other acts, including the act on trading in financial instruments and was published on the website of the Government Legislation Centre. The most important assumptions of the project: (i) implementation of EU law in connection with the entry into force of European Union legal regulations on capital requirements for financial institutions, the so-called CRD V / CRR II package; (ii) introducing a standard methodology and a simplified standard methodology for the assessment of interest rate risk; (iii) authorizing the Polish Financial Supervision Authority to dismiss a member of the management board of the brokerage house if a given person does not meet the requirements necessary to perform a given function; and (iv) clarifying the definition of a person whose professional activity has a significant impact on the risk profile of the brokerage house. On February 25, 2021, the act was adopted by Sejm and then submitted to the President and the Marshal of the Senate. On April 1, 2021, the act was signed by the President. The effective date of the Act has been split, with some provisions taking effect within 14 days of the Act's promulgation, some taking effect on June 28, 2021, and the remainder taking effect on January 1, 2023.

The Company exercised due diligence in order to comply with obligation under Act amending the Banking law and certain other acts. However, it cannot be excluded that a given rule or requirement will be interpreted by the Group in



a manner inconsistent with the act which may be connected with risk of supervisory activities and other administrative measures specified in binding laws and may require incurring by the Company further significant financial outlays and implementation of the significant organizational changes.

### **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 and was directed to the Public Finance Committee.

### **Act amending the Trading in financial instruments act and other acts (IFD/IFR framework)**

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:

- division of the investment firms into the categories based on their size and connections with other financial and economic entities;
- 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;
- regulating, by appropriate application of the provisions of the CRR, the structure of own funds of investment companies;
- 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;
- 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;
- obliging investment firms to comply with liquidity requirements, resulting in mandatory internal procedures to monitor and manage liquidity requirements;
- an obligation to disclose relevant information, for example on own funds and liquidity requirements;
- 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
- obliging investment firms to demonstrate compliance with a fixed minimum capital requirement at all times equal to the required share capital.

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

The Company exercised due diligence in order to comply with obligation under Act amending the Trading in financial instruments act and other acts. However, it cannot be excluded that a given rule or requirement will be interpreted by the Group in a manner inconsistent with the act which may be connected with risk of supervisory activities and other administrative measures specified in binding laws and may require incurring by the Company further significant financial outlays and implementation of the significant organizational changes.

### **Draft act on the protection of whistle-blowers**

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



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

According to the draft, the Act will enter into force after 14 days from the date of its publication. Implementation of the obligation to establish internal notification rules by entities in the private sector with at least 50 and less than 250 employees will take place by 17 December 2023. July 7<sup>th</sup> 2022 another version of the bill was published on the website of the Government Legislation Centre. As of the date of preparation of this report, the project is being developed by the Committee for European Affairs. It is estimated that the act will enter into force in the first quarter of 2023. The company is already making efforts to adjust its internal procedures on to the requirements of the draft Act.

### **Draft Act on amending certain laws in connection with ensuring the development of the financial market and the protection of investors in this market.**

On July 20, 2021, a draft act on amending certain acts in connection with ensuring the development of the financial market and the protection of investors in this market was published on the website of the Government Legislation Centre.

The draft aims to organize and improve the functioning of financial market institutions, particularly in terms of eliminating barriers to access to the financial market, improving supervision of the financial market, protecting customers of financial institutions, protecting minority shareholders in public companies, and increasing the level of digitization in the Financial Supervision Commission's (KNF) realisation of its supervisory duties, through appropriate amendments to the laws governing it.

The project's key objectives include:

- expanding and strengthening the KNF's supervisory powers;
- giving KNF additional powers to impose fines on supervised entities;
- regulations on the method of conducting inspection activities by the FSC, including allowing inspection activities to be conducted outside the place of business of controlled entities;
- enabling the use of electronic delivery within the meaning of the Act of November 18, 2020 on electronic delivery with respect to control activities and other supervisory activities of the FSC that do not have the form of an administrative decision;
- issues of access to professional secrecy;

Currently, the draft is at the opinion stage and has not yet reached the Parliament. It is estimated that the law may enter into force in the first half of 2023.

### **Act of December 1, 2022 on amending the Law on Complaint Handling by Financial Market Entities and the Financial Ombudsman and certain other laws**

On February 1, 2022, a draft act on amending the Act on Complaint Handling by Financial Market Entities and the Financial Ombudsman and certain other acts was published on the website of the Government Legislation Centre. The purpose of the draft is to increase the effectiveness and efficiency of the system of protecting customers of financial market institutions by, among other things, increasing the competence of the Financial Ombudsman and financial education of the Polish public.

The most important changes from the Company's perspective include:

- expanding the educational and informational powers of the Financial Ombudsman;
- expansion of the Financial Ombudsman's litigation powers, including giving it the authority to file civil lawsuits on behalf of customers of financial market institutions or to join civil proceedings already underway, and the authority to file lawsuits in group proceedings as a representative of the group with respect to claims by customers of a financial market institution;
- increasing the maximum amount of the financial penalty imposed by the Financial Ombudsman on financial market entities for their failure to perform certain obligations;

The Parliament passed the act on December 1, 2022, which was then signed by the President on December 12, 2022. Most of the act's provisions came into effect on January 1, 2023, while provisions related to granting the Financial



Ombudsman the authority to act as a representative in class actions are expected to come into effect 3 months after the law's promulgation.

**Regulation of the European Parliament and of the Council on the digital operational resilience of the financial sector and amending Regulations (EC) No. 1060/2009, (EU) No. 648/2012, (EU) No. 600/2014 and (EU) No. 909/2014 (Digital Operational Resilience Act "DORA")**

On December 27, 2022, a regulation was published in the Official Journal of the EU, the provisions of which are aimed at ensuring the resilience of financial sector entities to threats related to the use of digital and information and communication technologies (ICT).

Key issues of the regulation include:

- Rules for managing ICT risks, including the use of third-party technology providers.
- Obligations to periodically conduct digital resilience testing of systems;
- Requirement for detailed classification and reporting of incidents;
- Introduction of systems for sharing information among financial entities on methods and techniques for effective defence against ICT-related threats.

The regulation came into force on January 16, 2023. The financial sector institutions must comply with its requirements no later than January 17, 2025. The Company is already exercising its due diligence to prepare and comply with its obligations under the regulation.

**INTERIM CONDENSED  
STANDALONE FINANCIAL  
STATEMENTS**







## INTERIM CONDENSED STANDALONE COMPREHENSIVE INCOME STATEMENT

(IN PLN'000)	THREE-MONTH PERIOD ENDED 31.03.2023 (UNAUDITED)	THREE-MONTH PERIOD ENDED 31.03.2022 (UNAUDITED)
Result of operations on financial instruments	495 596	409 758
Income from fees and charges	2 543	1 491
Other income	11	11
<b>Total operating income</b>	<b>498 150</b>	<b>411 260</b>
Marketing	(66 976)	(37 653)
Salaries and employee benefits	(49 337)	(35 455)
Other external services	(21 190)	(20 697)
Commission expenses	(9 428)	(8 287)
Amortisation and depreciation	(3 208)	(2 372)
Taxes and fees	(2 733)	(1 333)
Costs of maintenance and lease of buildings	(1 459)	(1 134)
Other costs	(927)	(1 606)
<b>Total operating expenses</b>	<b>(155 258)</b>	<b>(108 537)</b>
<b>Profit on operating activities</b>	<b>342 892</b>	<b>302 723</b>
<b>Impairment of investments in subsidiaries</b>	<b>(125)</b>	<b>(184)</b>
Finance income, including:	27 191	3 728
- <i>interest income at amortized cost</i>	17 240	14
Finance costs	(6 217)	(1 520)
<b>Profit before tax</b>	<b>363 741</b>	<b>304 747</b>
Income tax	(63 918)	(55 716)
<b>Net profit</b>	<b>299 823</b>	<b>249 031</b>
<b>Other comprehensive income</b>	<b>6</b>	<b>113</b>
Items which will be reclassified to profit (loss) after meeting specific conditions	6	113
Currency translation differences:	6	113
- <i>positions that will be reclassified to profit on valuation of foreign companies</i>	113	(282)
- <i>positions that will be reclassified to profit on valuation of separated equity</i>	(132)	488
- <i>deferred income tax</i>	25	(93)
<b>Total comprehensive income</b>	<b>299 829</b>	<b>249 144</b>
<b>Earnings per share:</b>		
- basic profit per year attributable to shareholders of the Parent Company (in PLN)	2,55	2,12
- basic profit from continued operations per year attributable to shareholders of the Parent Company (in PLN)	2,55	2,12
- diluted profit of the year attributable to shareholders of the Parent Company (in PLN)	2,55	2,12
- diluted profit from continued operations of the year attributable to shareholders of the Parent Company (in PLN)	2,55	2,12



## INTERIM CONDENSED STANDALONE STATEMENT OF FINANCIAL POSITION

(IN PLN'000)	31.03.2023 (UNAUDITED)	31.12.2022 (AUDITED)	31.03.2022 (UNAUDITED)
<b>ASSETS</b>			
Cash and cash equivalents	3 204 452	2 927 923	2 550 761
Financial assets at fair value through P&L	868 627	796 117	668 708
Investments in subsidiaries	47 824	43 487	43 940
Income tax receivables	9 055	-	80
Financial assets at amortised cost	98 691	83 218	73 464
Prepayments and deferred costs	15 169	12 541	8 548
Intangible assets	1 340	1 333	396
Property, plant and equipment	47 091	42 455	30 629
Deferred income tax assets	6 009	6 203	6 292
<b>Total assets</b>	<b>4 298 258</b>	<b>3 913 277</b>	<b>3 382 818</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Liabilities</b>			
Amounts due to customers	2 235 332	2 176 863	1 971 422
Financial liabilities held for trading	62 477	68 196	76 415
Income tax liabilities	427	1 304	20 887
Liabilities due to lease	31 652	28 108	22 411
Other liabilities	93 908	78 603	92 152
Provisions for liabilities	3 800	4 002	3 320
Deferred income tax provision	72 470	57 838	34 648
<b>Total liabilities</b>	<b>2 500 066</b>	<b>2 414 914</b>	<b>2 221 255</b>
<b>Equity</b>			
Share capital	5 869	5 869	5 869
Supplementary capital	71 608	71 608	71 608
Other reserves	657 417	657 417	598 651
Foreign exchange differences on translation	1 911	1 905	1 563
Retained earnings	1 061 387	761 564	483 872
<b>Total equity</b>	<b>1 798 192</b>	<b>1 498 363</b>	<b>1 161 563</b>
<b>Total equity and liabilities</b>	<b>4 298 258</b>	<b>3 913 277</b>	<b>3 382 818</b>



## INTERIM CONDENSED STANDALONE STATEMENT OF CHANGES IN EQUITY

Interim condensed standalone statement of changes in equity for the period from 1 January 2023 to 31 March 2023 (UNAUDITED)

(IN PLN'000)	SHARE CAPITAL	SUPPLEMENTARY CAPITAL	OTHER RESERVES	FOREIGN EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS AND SEPARATE FUNDS	RETAINED EARNINGS	TOTAL EQUITY
<b>As at 1 January 2023</b>	<b>5 869</b>	<b>71 608</b>	<b>657 417</b>	<b>1 905</b>	<b>761 564</b>	<b>1 498 363</b>
<b>Total comprehensive income for the financial year</b>						
Net profit	-	-	-	-	299 823	299 823
Other comprehensive income	-	-	-	6	-	6
<b>Total comprehensive income for the financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>299 823</b>	<b>299 829</b>
<b>Transactions with Parent Company's owners recognized directly in equity</b>						
Appropriation of profit						
- dividend payment	-	-	-	-	-	-
- transfer to other reserves	-	-	-	-	-	-
<b>Increase (decrease) in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>299 823</b>	<b>299 829</b>
<b>As at 31 March 2023</b>	<b>5 869</b>	<b>71 608</b>	<b>657 417</b>	<b>1 911</b>	<b>1 061 387</b>	<b>1 798 192</b>


**Standalone statement of changes in equity for the period from 1 January 2022 to 31 December 2022 (AUDITED)**

(IN PLN'000)	SHARE CAPITAL	SUPPLEMENTARY CAPITAL	OTHER RESERVES	FOREIGN EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS AND SEPARATE FUNDS	RETAINED EARNINGS	TOTAL EQUITY
<b>As at 1 January 2022</b>	<b>5 869</b>	<b>71 608</b>	<b>598 651</b>	<b>1 450</b>	<b>234 841</b>	<b>912 419</b>
<b>Total comprehensive income for the financial year</b>						
Net profit	-	-	-	-	761 564	761 564
Other comprehensive income	-	-	-	455	-	455
<b>Total comprehensive income for the financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>455</b>	<b>761 564</b>	<b>762 019</b>
<b>Transactions with Parent Company's owners recognized directly in equity</b>						
Appropriation of profit						
- dividend payment	-	-	-	-	(176 075)	(176 075)
- transfer to other reserves	-	-	58 766	-	(58 766)	-
<b>Increase (decrease) in equity</b>	<b>-</b>	<b>-</b>	<b>58 766</b>	<b>455</b>	<b>526 723</b>	<b>585 944</b>
<b>As at 31 December 2022</b>	<b>5 869</b>	<b>71 608</b>	<b>657 417</b>	<b>1 905</b>	<b>761 564</b>	<b>1 498 363</b>



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

(IN PLN'000)	SHARE CAPITAL	SUPPLEMENTARY CAPITAL	OTHER RESERVES	FOREIGN EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS AND SEPARATE FUNDS	RETAINED EARNINGS	TOTAL EQUITY
<b>As at 1 January 2022</b>	<b>5 869</b>	<b>71 608</b>	<b>598 651</b>	<b>1 450</b>	<b>234 841</b>	<b>912 419</b>
<b>Total comprehensive income for the financial year</b>						
Net profit	-	-	-	-	249 031	249 031
Other comprehensive income	-	-	-	113	-	113
<b>Total comprehensive income for the financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>113</b>	<b>249 031</b>	<b>249 144</b>
<b>Transactions with Parent Company's owners recognized directly in equity</b>						
Appropriation of profit						
- dividend payment	-	-	-	-	-	-
- transfer to other reserves	-	-	-	-	-	-
<b>Increase (decrease) in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>113</b>	<b>249 031</b>	<b>249 144</b>
<b>As at 31 March 2022</b>	<b>5 869</b>	<b>71 608</b>	<b>598 651</b>	<b>1 563</b>	<b>483 872</b>	<b>1 161 563</b>



## INTERIM CONDENSED STANDALONE CASH FLOW STATEMENT

(IN PLN'000)	THREE-MONTH PERIOD ENDED 31.03.2023 (UNAUDITED)	THREE-MONTH PERIOD ENDED 31.03.2022 (UNAUDITED)
<b>Cash flows from operating activities</b>		
Profit before tax	363 741	304 747
<b>Adjustments:</b>	<b>(176 427)</b>	<b>21 481</b>
Amortization and depreciation	3 208	2 372
Foreign exchange (gains) losses from translation of own cash	(1 932)	1 751
(Gain) Loss on investment activity	(184 783)	1 701
Other adjustments	28	45
<b>Changes</b>		
Change in provisions	(202)	(1 345)
Change in balance of financial assets at fair value through P&L and financial liabilities held for trading	(68 851)	(20 704)
Change in balance of restricted cash	20 432	(75 170)
Change in financial assets at amortised cost	(15 473)	(25 668)
Change in balance of prepayments and accruals	(2 628)	(1 455)
Change in balance of amounts due to customers	58 469	92 231
Change in balance of other liabilities	15 305	47 723
<b>Cash from operating activities</b>	<b>187 314</b>	<b>326 228</b>
Income tax paid	(59 024)	(24 489)
Interests	(2 198)	174
<b>Net cash from operating activities</b>	<b>126 092</b>	<b>301 913</b>
<b>Cash flow from investing activities</b>		
Proceeds from sale of items of property, plant and equipment	1	-
Expenses relating to payments for property, plant and equipment	(3 007)	(1 803)
Expenses relating to payments for intangible assets	(93)	-
Expenses relating to payments for investments in subsidiaries	(4 463)	(4 244)
Expenses relating purchase of bonds	(190 363)	(316 203)
Proceeds relating closed deposits	175 000	-
Interests on deposits	2 377	-
Proceeds from sale of bonds	194 843	311 156
Interests on bonds	(3 909)	1 405
<b>Net cash from investing activities</b>	<b>170 386</b>	<b>(9 689)</b>
<b>Cash flow from financing activities</b>		
Payments of liabilities under finance lease agreements	(1 269)	(696)
Interest paid under lease	(180)	(174)
<b>Net cash from financing activities</b>	<b>(1 449)</b>	<b>(870)</b>
<b>Increase (Decrease) in net cash and cash equivalents</b>	<b>295 029</b>	<b>291 354</b>
<b>Cash and cash equivalents - opening balance</b>	<b>1 124 822</b>	<b>550 871</b>
<b>Increase (Decrease) in net cash and cash equivalents</b>	<b>295 029</b>	<b>291 354</b>
<b>Effect of FX rates fluctuations on balance of cash in foreign currencies</b>	<b>1 932</b>	<b>(1 749)</b>
<b>Cash and cash equivalents - closing balance</b>	<b>1 421 783</b>	<b>840 476</b>

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