



REPORT FOR

THE 1ST HALF 2023

XTB S.A. GROUP

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TABLE OF CONTENTS

FINANCIAL HIGHLIGHTS	4
HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	7
HALF-YEAR CONDENSED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT	8
HALF-YEAR CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	9
HALF-YEAR CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	10
HALF-YEAR CONDENSED CONSOLIDATED CASH FLOW STATEMENT	13
ADDITIONAL EXPLANATORY NOTES TO THE HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	14
1. Information about the Parent Company and composition of the Group	14
2. Basis for drafting the financial statements	16
3. Professional judgement	18
4. Adopted accounting principles	19
5. Seasonality of operations	19
6. Operating income	19
7. Salaries and employee benefits	20
8. Marketing	20
9. Other external services	21
10. Commission expenses	21
11. Finance income and costs	21
12. Segment information	22
13. Cash and cash equivalents	27
14. Financial assets at fair value through P&L	27
15. Financial assets at amortised cost	27
16. Intangible assets	29
17. Property, plant and equipment	32
18. Amounts due to customers	35
19. Financial liabilities held for trading	35
20. Liabilities due to lease	35
21. Other liabilities	36
22. Provisions for liabilities and contingent liabilities	36
23. Equity	38
24. Profit distribution and dividend	39
25. Earnings per share	39
26. Current income tax and deferred income tax	40
27. Related party transactions	43
28. Employment	45
29. Supplementary information and explanations to the half-year condensed consolidated cash flow statement	45
30. Post balance sheet events	46
31. Off-balance sheet items	46
32. Items regarding the compensation scheme	46
33. Capital management	47
34. Risk management	48



HALF-YEAR CONDENSED STANDALONE FINANCIAL STATEMENTS **62**

HALF-YEAR CONDENSED STANDALONE COMPREHENSIVE INCOME STATEMENT	63
HALF-YEAR CONDENSED STANDALONE STATEMENT OF FINANCIAL POSITION	64
HALF-YEAR CONDENSED STANDALONE STATEMENT OF CHANGES IN EQUITY	65
HALF-YEAR CONDENSED STANDALONE CASH FLOW STATEMENT	68
ADDITIONAL EXPLANATORY NOTES TO THE HALF-YEAR CONDENSED STANDALONE FINANCIAL STATEMENTS	69

1.	General information	69
2.	Compliance statement	70
3.	Professional judgement	72
4.	Adopted accounting principles	73
5.	Seasonality of operations	73
6.	Operating income	74
7.	Salaries and employee benefits	75
8.	Marketing	75
9.	Other external services	75
10.	Commission expenses	76
11.	Finance income and costs	76
12.	Cash and cash equivalents	76
13.	Financial assets at fair value through P&L	77
14.	Investments in subsidiaries	77
15.	Financial assets at amortized cost	79
16.	Intangible assets	80
17.	Property, plant and equipment	83
18.	Amounts due to customers	86
19.	Financial liabilities held for trading	86
20.	Liabilities due to lease	86
21.	Other liabilities	87
22.	Provisions for liabilities and contingent liabilities	87
23.	Equity	89
24.	Profit distribution and dividend	90
25.	Earnings per share	90
26.	Current income tax and deferred income tax	90
27.	Related party transactions	94
28.	Employment	96
29.	Supplementary information and explanations to the cash flow statement	97
30.	Post balance sheet events	97
31.	Off-balance sheet items	98
32.	Items regarding the compensation scheme	98
33.	Capital management	98
34.	Risk management	100

MANAGEMENT BOARD REPORT ON THE OPERATIONS OF THE GROUP **114**

1.	Basic information	115
2.	Summary and analysis of the results of the Group	120
3.	Company's authorities	134
4.	Information about shares and shareholding	135
5.	Other information	137
6.	XTB strategy	145
7.	Statement and information of the Management	146

FINANCIAL HIGHLIGHTS





FINANCIAL CONSOLIDATED HIGHLIGHTS

	IN PLN'000		IN EUR'000	
	SIX-MONTH ENDED		SIX-MONTH ENDED	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
Consolidated comprehensive income statement:				
Total operating income	818 852	836 214	177 510	180 114
Profit on operating activities	477 256	568 428	103 459	122 435
Profit before tax	512 050	585 647	111 002	126 144
Net profit	420 997	479 570	91 263	103 295
Net profit and diluted net profit per share attributable to shareholders of the Parent Company (in PLN/EUR per share)	3,59	4,09	0,78	0,88
Consolidated cash flow statement:				
Net cash from operating activities	140 576	585 547	30 474	126 122
Net cash from investing activities	295 188	(21 438)	63 990	(4 618)
Net cash from financing activities	(6 877)	(178 577)	(1 490)	(38 464)
Increase/(Decrease) in net cash and cash equivalents	428 887	385 532	92 974	83 040

	IN PLN'000		IN EUR'000	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022
Consolidated statement of financial position:				
Total assets	4 662 942	4 114 323	1 047 781	877 273
Total liabilities	3 310 062	2 608 254	743 784	556 143
Share capital	5 869	5 869	1 319	1 251
Equity	1 352 880	1 506 069	303 997	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)	11,53	12,83	2,59	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: 4,6130;
 - for the comparative period: 4,6427;
- 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: 4,4503;
 - for the comparative period: 4,6899.



FINANCIAL STANDALONE HIGHLIGHTS

	IN PLN'000		IN EUR'000	
	SIX-MONTH ENDED		SIX-MONTH ENDED	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
Standalone comprehensive income statement:				
Total operating income	762 628	779 835	165 321	167 970
Profit on operating activities	476 906	556 813	103 383	119 933
Profit before tax	513 443	577 733	111 303	124 439
Net profit	422 826	472 242	91 660	101 717
Net profit and diluted net profit per share attributable to shareholders of the Parent Company (in PLN/EUR per share)	3,60	4,02	0,78	0,87
Standalone cash flow statement:				
Net cash from operating activities	140 051	516 552	30 360	111 261
Net cash from investing activities	296 300	(25 442)	64 232	(5 480)
Net cash from financing activities	(5 877)	(178 009)	(1 274)	(38 342)
Increase/(Decrease) in net cash and cash equivalents	430 474	313 101	93 318	67 439

	IN PLN'000		IN EUR'000	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022
Standalone statement of financial position:				
Total assets	4 456 922	3 913 277	1 001 488	834 405
Total liabilities	3 107 235	2 414 914	698 208	514 918
Share capital	5 869	5 869	1 319	1 251
Equity	1 349 687	1 498 363	303 280	319 487
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)	11,50	12,76	2,58	2,72

The above data was translated into EUR as follows:

- items in the comprehensive income statement and cash flow statement – by the arithmetic average of exchange rates published by the National bank of Poland as of the last day of the month during the reporting period:
 - for the current period: 4,6130;
 - for the comparative period: 4,6427;
- items of statement of financial position – by the average exchange rate published by the National Bank of Poland as of the end of the reporting period:
 - for the current period: 4,4503;
 - for the comparative period: 4,6899.

**HALF-YEAR CONDENSED
CONSOLIDATED FINANCIAL
STATEMENTS**





HALF-YEAR CONDENSED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(IN PLN'000)	NOTE	THREE-MONTH PERIOD ENDED		SIX-MONTH PERIOD ENDED	
		30.06.2023 (UNAUDITED)	30.06.2022 (UNAUDITED)	30.06.2023 (UNAUDITED)	30.06.2022 (UNAUDITED)
Result of operations on financial instruments	6.1	284 137	394 991	812 683	833 116
Income from fees and charges	6.2	3 074	1 413	6 124	3 081
Other income		34	6	45	17
Total operating income	6	287 245	396 410	818 852	836 214
Marketing	8	(54 823)	(54 662)	(136 258)	(105 312)
Salaries and employee benefits	7	(61 413)	(46 486)	(124 780)	(92 978)
Other external services	9	(15 945)	(10 992)	(30 007)	(22 365)
Commission expenses	10	(13 906)	(14 323)	(28 985)	(27 590)
Amortisation and depreciation	16,17	(3 984)	(2 788)	(7 730)	(5 655)
Taxes and fees		(2 885)	(3 214)	(5 889)	(4 746)
Costs of maintenance and lease of buildings		(1 849)	(1 917)	(3 775)	(3 965)
Other costs		(2 572)	(2 368)	(4 172)	(5 175)
Total operating expenses		(157 377)	(136 750)	(341 596)	(267 786)
Profit on operating activities		129 868	259 660	477 256	568 428
Finance income, including:	11	26 430	16 294	53 830	17 731
- <i>interest income at amortized cost</i>	11	18 848	248	36 275	392
Finance costs	11	(11 260)	1 046	(19 036)	(512)
Profit before tax		145 038	277 000	512 050	585 647
Income tax	26	(26 855)	(50 069)	(91 053)	(106 077)
Net profit		118 183	226 931	420 997	479 570
Other comprehensive income		(3 192)	1 302	(3 702)	2 419
Items which will be reclassified to profit (loss) after meeting specific conditions		(3 192)	1 302	(3 702)	2 419
Currency translation differences:		(3 192)	1 302	(3 702)	2 419
- <i>positions that will be reclassified to profit on valuation of foreign companies</i>		(1 511)	1 089	(1 914)	1 811
- <i>positions that will be reclassified to profit on valuation of separated equity</i>		(2 075)	261	(2 207)	749
- <i>deferred income tax</i>		394	(48)	419	(141)
Total comprehensive income		114 991	228 233	417 295	481 989
Net profit attributable to shareholders of the Parent Company		118 183	226 931	420 997	479 570
Total comprehensive income attributable to shareholders of the Parent Company		114 991	228 233	417 295	481 989
Earnings per share:					
- basic profit per year attributable to shareholders of the Parent Company (in PLN)	25	1,01	1,94	3,59	4,09
- basic profit from continued operations per year attributable to shareholders of the Parent Company (in PLN)	25	1,01	1,94	3,59	4,09
- diluted profit of the year attributable to shareholders of the Parent Company (in PLN)	25	1,01	1,94	3,59	4,09
- diluted profit from continued operations of the year attributable to shareholders of the Parent Company (in PLN)	25	1,01	1,94	3,59	4,09

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



HALF-YEAR CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(IN PLN'000)	NOTE	30.06.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.06.2022 (UNAUDITED)
ASSETS				
Cash and cash equivalents	13	3 612 243	3 161 002	2 720 051
Financial assets at fair value through P&L	14	931 409	842 509	878 228
Income tax receivables		1 052	-	1 180
Financial assets at amortised cost	15	42 753	41 675	22 939
Prepayments and deferred costs		16 353	14 524	10 956
Intangible assets	16	1 345	1 441	1 189
Property, plant and equipment	17	50 709	45 303	35 558
Deferred income tax assets	26	7 078	7 869	8 066
Total assets		4 662 942	4 114 323	3 678 167
EQUITY AND LIABILITIES				
Liabilities				
Amounts due to customers	18	2 451 290	2 327 728	2 173 874
Financial liabilities held for trading	19	103 386	105 552	113 052
Income tax liabilities		860	1 827	811
Liabilities due to lease	20	32 225	30 450	25 597
Other liabilities	21	640 541	79 705	76 116
Provisions for liabilities	22	4 261	4 256	4 245
Deferred income tax provision	26	77 499	58 736	62 998
Total liabilities		3 310 062	2 608 254	2 456 693
Equity				
Share capital	23	5 869	5 869	5 869
Supplementary capital	23	71 608	71 608	71 608
Other reserves	23	848 635	657 555	657 555
Foreign exchange differences on translation	23	(3 662)	40	1 970
Retained earnings		430 430	770 997	484 472
Equity attributable to the owners of the Parent Company		1 352 880	1 506 069	1 221 474
Total equity		1 352 880	1 506 069	1 221 474
Total equity and liabilities		4 662 942	4 114 323	3 678 167

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



HALF-YEAR CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Half-year condensed consolidated statement of changes in equity for the period from 1 January 2023 to 30 June 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
NOTE	23	23	23, 24	23	24		
As at 1 January 2023	5 869	71 608	657 555	40	770 997	1 506 069	1 506 069
Total comprehensive income for the financial year							
Net profit	-	-	-	-	420 997	420 997	420 997
Other comprehensive income	-	-	-	(3 702)	-	(3 702)	(3 702)
Total comprehensive income for the financial year	-	-	-	(3 702)	420 997	417 295	417 295
Transactions with Parent Company's owners recognized directly in equity							
Appropriation of profit/offset of loss							
- dividend payment	-	-	-	-	(570 484)	(570 484)	(570 484)
- transfer to other reserves	-	-	191 080	-	(191 080)	-	-
Increase (decrease) in equity	-	-	191 080	(3 702)	(340 567)	(153 189)	(153 189)
As at 30 June 2023	5 869	71 608	848 635	(3 662)	430 430	1 352 880	1 352 880

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


Consolidated statement of changes in equity for the period from 1 January 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
NOTE	23	23	23, 24	23	24		
As at 1 January 2022	5 869	71 608	598 789	(449)	239 743	915 560	915 560
Total comprehensive income for the financial year							
Net profit	-	-	-	-	766 096	766 096	766 096
Other comprehensive income	-	-	-	489	-	489	489
Total comprehensive income for the financial year	-	-	-	489	766 096	766 585	766 585
Transactions with Parent Company's owners recognized directly in equity							
Appropriation of profit/offset of loss							
- dividend payment	-	-	-	-	(176 076)	(176 076)	(176 076)
- transfer to other reserves	-	-	58 766	-	(58 766)	-	-
Increase (decrease) in equity	-	-	58 766	489	531 254	590 509	590 509
As at 31 December 2022	5 869	71 608	657 555	40	770 997	1 506 069	1 506 069

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


Half-year condensed consolidated statement of changes in equity for the period from 1 January 2022 to 30 June 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
NOTE	23	23	23, 24	23	24		
As at 1 January 2022	5 869	71 608	598 789	(449)	239 743	915 560	915 560
Total comprehensive income for the financial year							
Net profit	-	-	-	-	479 570	479 570	479 570
Other comprehensive income	-	-	-	2 419	-	2 419	2 419
Total comprehensive income for the financial year	-	-	-	2 419	479 570	481 989	481 989
Transactions with Parent Company's owners recognized directly in equity							
Appropriation of profit/offset of loss							
- dividend payment	-	-	-	-	(176 075)	(176 075)	(176 075)
- transfer to other reserves	-	-	58 766	-	(58 766)	-	-
Increase (decrease) in equity	-	-	58 766	2 419	244 729	305 914	305 914
As at 30 June 2022	5 869	71 608	657 555	1 970	484 472	1 221 474	1 221 474

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



HALF-YEAR CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(IN PLN'000)	NOTE	SIX-MONTH PERIOD ENDED 30.06.2023 (UNAUDITED)	SIX-MONTH PERIOD ENDED 30.06.2022 (UNAUDITED)
Cash flows from operating activities			
Profit before tax		512 050	585 647
Adjustments:		(295 779)	68 240
(Profit) Loss on investment activity		(315 878)	1 156
Amortization and depreciation	16, 17	7 730	5 655
Foreign exchange (gains) losses from translation of own cash		333	(20 853)
Other adjustments	29.1	(3 031)	2 101
Changes			
Change in provisions		5	(720)
Change in balance of financial assets at fair value through P&L and financial liabilities held for trading		(73 258)	(174 127)
Change in balance of restricted cash		(22 687)	62 595
Change in financial assets at amortised cost		(1 078)	3 629
Change in balance of prepayments and accruals		(1 829)	(2 319)
Change in balance of amounts due to customers		123 562	163 384
Change in balance of other liabilities	29.2	(9 648)	27 739
Cash from operating activities		216 271	653 887
Income tax paid		(73 518)	(68 776)
Interests		(2 177)	436
Net cash from operating activities		140 576	585 547
Cash flow from investing activities			
Proceeds from sale of items of property, plant and equipment		3	2
Expenses relating to payments for property, plant and equipment	17	(7 086)	(4 573)
Expenses relating to payments for intangible assets	16	(93)	(709)
Expenses relating purchase of bonds		(296 614)	(517 916)
Proceeds from closed deposits		300 000	-
Interest received on deposits		2 667	-
Proceeds from sale of bonds		283 678	499 046
Interests received on bonds		12 633	2 712
Net cash from investing activities		295 188	(21 438)
Cash flow from financing activities			
Payments of liabilities under finance lease agreements		(6 387)	(2 066)
Interest paid under lease		(490)	(436)
Dividend paid to owners		-	(176 075)
Net cash from financing activities		(6 877)	(178 577)
Increase (Decrease) in net cash and cash equivalents		428 887	385 532
Cash and cash equivalents - opening balance		1 222 499	589 392
Increase (Decrease) in net cash and cash equivalents		428 887	385 532
Effect of FX rates fluctuations on balance of cash in foreign currencies		(333)	20 853
Cash and cash equivalents - closing balance		1 651 053	995 777

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



ADDITIONAL EXPLANATORY NOTES TO THE HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

The Parent Company in the 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 half-year 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 XTB S.A. Group is composed i XTB S.A. as the Parent Company and the following subsidiaries:

NAME OF SUBSIDIARY	CONSOLIDATION METHOD	COUNTRY OF REGISTERED OFFICE	PERCENTAGE SHARE IN THE CAPITAL		PERCENTAGE SHARE IN THE CAPITAL
			30.06.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.06.2022 (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 XTB Yönetim Danışmanlığı A.Ş.	Full	Turkey	100%	100%	100%
XTB International Limited	Full	Belize	100%	100%	100%
XTB Agente de Valores 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 Digital Ltd.	Full	Cyprus	100%	-	-
XTB S. C. Limited	-	Seychelles	-	-	-

On 15 September 2020, the liquidation process of the company in Turkey Tasfiye Halinde XTB Yönetim Danışmanlığı A.Ş. has begun. As at the 30 June 2023, amount of negative foreign exchange differences on translation of balances in foreign currencies of Turkish company amounted PLN (3 719) thousand, at the 31 December 2022 PLN (3 767) thousand, at the 30 June 2022 PLN (3 735) thousand (note 23). Exchange differences will be recognized in consolidated financial statement at the date of liquidation of the company.

On 9 January 2021 XTB MENA Limited with its seat in United Arab Emirates was registered in the local register of entrepreneurs. The Parent Company will acquire 100% of shares in the subsidiary. On 13 April 2021 shares of XTB MENA Limited with its seat in United Arab Emirates were paid by the 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 XTB MENA Limited. On 9 March 2023, the Parent Company allocated USD 1 million for another increase in the share capital of the subsidiary XTB MENA Limited, maintaining 100% of its capital.

On 8 November 2021 the Parent Company acquired 100 shares in the increased capital of subsidiary XTB 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 half-year condensed consolidated financial statements the company has not conducted its operations.

On 6 October 2022, XTB 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. 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. As at the date of these half-year condensed consolidated financial statements the company did not conduct its operations.

On 5 December 2022, XTB Digital Ltd. with its seat in Cyprus was registered in the local register of entrepreneurs. The Parent Company acquired 100% of shares in the subsidiary. On 3 April 2023 shares of XTB Digital Ltd. with its seat in Cyprus were paid by the Parent Company. Capital was contributed in the amount of EUR 300 thousand. As at the date of these half-year condensed consolidated financial statements the company did not conduct its operations.

On 27 July 2023 the subsidiary XTB Chile SpA changed the name for XTB Agente de Valores SpA.

The scope of activities of subsidiaries:

- XTB Limited (UK) – brokerage activity
- X Open Hub Sp. z o.o. – applications and electronic trading technology offering
- XTB Limited (CY) – brokerage activity
- XTB International Limited – brokerage activity
- XTB Agente de Valores SpA – the activity of acquiring clients
- XTB Services Limited – marketing, marketing and sales activities (sales support)
- XTB MENA Limited – brokerage activity
- XTB Africa (PTY) Ltd. – the Company has not yet conducted operations



- XTB S. C. Limited –the Company has not yet conducted operations
- XTB Digital Ltd. –the Company has not yet conducted operations
- Tasfiye Halinde XTB Yönetim Danışmanlığı A.Ş.– the company does not conduct its operations, is in the process of liquidation.

1.3 Composition of the Management Board

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

NAME AND SURNAME	FUNCTION	DATE OF FIRST APPOINTMENT	TERM OF OFFICE
Omar Arnaout	Chairman of the Management Board	23.03.2017	From the 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 half-year condensed consolidated financial statements have been prepared according to the International Accounting Standard (“IAS”) 34 approved by the European Union.

The half-year condensed consolidated financial statements of the XTB S.A. Group prepared for the period from 1 January 2023 to 30 June 2023 with comparative data for the period from 1 January 2022 to 30 June 2022 and as at 31 December 2022 cover the Parent Company’s financial data and financial data of the subsidiaries comprising the “Group”.

These half-year condensed consolidated financial statements have been prepared 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 adopted accounting principles are consistent with the principles of the previous financial year, except for the income tax charge, which was calculated in accordance with the principles set out in IAS 34.30c and the new standards effective from 1 January 2023.

The half-year condensed consolidated financial statements do not cover all information and disclosures required by the International Financial Reporting Standards accepted by the European Union (“IFRS”) to be presented in annual consolidated financial statements and they should be read jointly with the consolidated financial statements of the XTB S.A. Group for the year 2022.

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

The half-year condensed consolidated financial statements were approved by the Management Board of the Parent Company on 15 August 2023.

Drafting these half-year 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 half-year 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 half-year condensed consolidated financial statements were prepared based on the assumption that the Group would continue as a going concern in the foreseeable future. At the date of preparation of these half-year 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 half-year condensed consolidated financial statements is comparable and prepared under the same principles for all periods covered by the half-year condensed consolidated financial statements.

2.5 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. The Group does not operate on these markets and does not have any significant investments there, so 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.

2.6 Changes in the accounting policies

The accounting policies applied in the preparation of the half-year condensed consolidated financial statements are consistent with those applied in the preparation of the consolidated financial statements of the Group for the year ended 31 December 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 half-year condensed consolidated financial statements.

2.7 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 half-year 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.

Detailed accounting policies are included in the full annual consolidated financial statements.

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.

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 half-year condensed consolidated financial statements are consistent with the accounting policies applied in the preparation of the annual consolidated financial statements for the financial year ended 31 December 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)	SIX-MONTH PERIOD ENDED 30.06.2023 (UNAUDITED)	SIX-MONTH PERIOD ENDED 30.06.2022 (UNAUDITED)
Financial instruments (CFD)		
Index CFDs	436 279	417 896
Commodity CFDs	323 622	297 490
Currency CFDs	65 076	114 468
Stock and ETF CFDs	9 365	23 149
Bond CFDs	693	(1 230)
Total CFDs	835 035	851 773
Stocks and ETFs	6 545	2 151
Gross gain on transactions in financial instruments	841 580	853 924
Bonuses and discounts paid to customers	(5 943)	(2 669)
Commission paid to cooperating brokers	(22 954)	(18 139)
Net gain on transactions in financial instruments	812 683	833 116

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)	SIX-MONTH PERIOD ENDED	SIX-MONTH PERIOD ENDED
	30.06.2023 (UNAUDITED)	30.06.2022 (UNAUDITED)
Fees and charges from institutional clients	3 538	1 359
Fees and charges from retail clients	2 586	1 722
Total income from fees and charges	6 124	3 081

6.3 Geographical areas

(IN PLN'000)	SIX-MONTH PERIOD ENDED	SIX-MONTH PERIOD ENDED
	30.06.2023 (UNAUDITED)	30.06.2022 (UNAUDITED)
Operating income		
Central and Eastern Europe	505 244	504 088
- including Poland	392 633	333 192
Western Europe	191 773	218 784
Latin America *	70 932	105 658
Middle East**	50 903	7 684
Total operating income	818 852	836 214

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

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

The country from which the Group derives each time 20% and over of its revenue is Poland with a share of 47,9% (six-month period ended 30 June 2022: 39,8%). Due to the overall share in the Group's revenue Poland was set apart for presentation purposes within the geographical area. The share of other countries in the structure of the Group's revenue by geographical area does not in any case exceed 20%.

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

7. Salaries and employee benefits

(IN PLN'000)	SIX-MONTH PERIOD ENDED	SIX-MONTH PERIOD ENDED
	30.06.2023 (UNAUDITED)	30.06.2022 (UNAUDITED)
Salaries	(106 363)	(78 324)
Social insurance and other benefits	(14 380)	(11 500)
Employee benefits	(4 037)	(3 154)
Total salaries and employee benefits	(124 780)	(92 978)

8. Marketing

(IN PLN'000)	SIX-MONTH PERIOD ENDED	SIX-MONTH PERIOD ENDED
	30.06.2023 (UNAUDITED)	30.06.2022 (UNAUDITED)
Marketing online	(110 312)	(83 767)
Marketing offline	(25 927)	(21 494)
Competitions for clients	(19)	(51)
Total marketing	(136 258)	(105 312)

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



9. Other external services

(IN PLN'000)	SIX-MONTH PERIOD ENDED	SIX-MONTH PERIOD ENDED
	30.06.2023 (UNAUDITED)	30.06.2022 (UNAUDITED)
Support database systems	(12 121)	(8 327)
Market data delivery	(5 397)	(4 558)
Legal and advisory services	(5 248)	(3 123)
Internet and telecommunications	(2 013)	(1 832)
Accounting and audit services	(1 395)	(1 171)
IT support services	(1 354)	(646)
Recruitment	(1 162)	(1 503)
Translation	(99)	(75)
Postal and courier services	(82)	(149)
Other external services	(1 136)	(981)
Total other external services	(30 007)	(22 365)

10. Commission expenses

(IN PLN'000)	SIX-MONTH PERIOD ENDED	SIX-MONTH PERIOD ENDED
	30.06.2023 (UNAUDITED)	30.06.2022 (UNAUDITED)
Bank commissions	(16 303)	(23 874)
Stock exchange fees and charges	(5 200)	(3 531)
Commissions of foreign brokers	(7 482)	(185)
Total commission expenses	(28 985)	(27 590)

11. Finance income and costs

(IN PLN'000)	SIX-MONTH PERIOD ENDED	SIX-MONTH PERIOD ENDED
	30.06.2023 (UNAUDITED)	30.06.2022 (UNAUDITED)
Interest income at amortized cost	36 275	392
Income on bonds	17 505	943
Foreign exchange gains	-	16 260
Other finance income	50	136
Total finance income	53 830	17 731

(IN PLN'000)	SIX-MONTH PERIOD ENDED	SIX-MONTH PERIOD ENDED
	30.06.2023 (UNAUDITED)	30.06.2022 (UNAUDITED)
Foreign exchange losses	(18 477)	-
Interest paid under lease agreements	(490)	(436)
Other interest	(27)	(66)
Other finance costs	(42)	(10)
Total finance costs	(19 036)	(512)

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.



CONSOLIDATED COMPREHENSIVE INCOME STATEMENT FOR SIX-MONTH PERIOD ENDED 30.06.2023 (UNAUDITED) (IN PLN'000)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	CONSOLIDATED COMPREHENSIVE INCOME STATEMENT
Net result on transactions in financial instruments	738 066	74 617	812 683	812 683
CFDs				
Index CFDs	388 749	47 530	436 279	436 279
Commodity CFDs	298 164	25 458	323 622	323 622
Currency CFDs	63 493	1 583	65 076	65 076
Stock and ETF CFDs	9 365	-	9 365	9 365
Bond CFDs	647	46	693	693
Stocks and ETFs	6 545	-	6 545	6 545
Bonuses and discounts paid to customers	(5 943)	-	(5 943)	(5 943)
Commission paid to cooperating brokers	(22 954)	-	(22 954)	(22 954)
Fee and commission income	2 586	3 538	6 124	6 124
Other income	45	-	45	45
Total operating income	740 697	78 155	818 852	818 852
Marketing	(135 565)	(693)	(136 258)	(136 258)
Salaries and employee benefits	(123 168)	(1 612)	(124 780)	(124 780)
Other external services	(28 850)	(1 157)	(30 007)	(30 007)
Commission expense	(28 976)	(9)	(28 985)	(28 985)
Amortization and depreciation	(7 712)	(18)	(7 730)	(7 730)
Taxes and fees	(5 876)	(13)	(5 889)	(5 889)
Cost of maintenance and lease of buildings	(3 775)	-	(3 775)	(3 775)
Other expenses	(4 074)	(98)	(4 172)	(4 172)
Total operating expenses	(337 996)	(3 600)	(341 596)	(341 596)
Operating profit	402 701	74 555	477 256	477 256
Finance income				53 830
Finance costs				(19 036)
Profit before tax				512 050
Income tax				(91 053)
Net profit				420 997



ASSETS AND LIABILITIES AS AT 30.06.2023 (UNAUDITED) (IN PLN'000)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Customers' cash and cash equivalents	1 884 970	76 220	1 961 190	1 961 190
Financial assets at fair value through P&L	915 059	16 350	931 409	931 409
Other assets	1 769 640	703	1 770 343	1 770 343
Total assets	4 569 669	93 273	4 662 942	4 662 942
Amounts due to customers	2 363 760	87 530	2 451 290	2 451 290
Financial liabilities held for trading	100 432	2 954	103 386	103 386
Other liabilities	755 385	1	755 386	755 386
Total liabilities	3 219 577	90 485	3 310 062	3 310 062

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
Total assets	4 008 240	106 083	4 114 323	4 114 323
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
Total liabilities	2 505 765	102 489	2 608 254	2 608 254



CONSOLIDATED COMPREHENSIVE INCOME STATEMENT FOR SIX-MONTH PERIOD ENDED 30.06.2022 (UNAUDITED) (IN PLN'000)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	CONSOLIDATED COMPREHENSIVE INCOME STATEMENT
Net result on transactions in financial instruments	834 554	(1 438)	833 116	833 116
CFDs				
Index CFDs	422 892	(4 996)	417 896	417 896
Commodity CFDs	292 732	4 758	297 490	297 490
Currency CFDs	115 492	(1 024)	114 468	114 468
Stock and ETF CFDs	23 149	-	23 149	23 149
Bond CFDs	(1 054)	(176)	(1 230)	(1 230)
Stocks and ETFs	2 151	-	2 151	2 151
Bonuses and discounts paid to customers	(2 669)	-	(2 669)	(2 669)
Commission paid to cooperating brokers	(18 139)	-	(18 139)	(18 139)
Fee and commission income	1 722	1 359	3 081	3 081
Other income	17	-	17	17
Total operating income	836 293	(79)	836 214	836 214
Marketing	(104 891)	(421)	(105 312)	(105 312)
Salaries and employee benefits	(92 119)	(859)	(92 978)	(92 978)
Commission expense	(27 584)	(6)	(27 590)	(27 590)
Other external services	(21 697)	(668)	(22 365)	(22 365)
Amortization and depreciation	(5 645)	(10)	(5 655)	(5 655)
Taxes and fees	(4 737)	(9)	(4 746)	(4 746)
Cost of maintenance and lease of buildings	(3 965)	-	(3 965)	(3 965)
Other expenses	(4 985)	(190)	(5 175)	(5 175)
Total operating expenses	(265 623)	(2 163)	(267 786)	(267 786)
Operating profit	570 670	(2 242)	568 428	568 428
Finance income	-	-	-	17 731
Finance costs	-	-	-	(512)
Profit before tax	-	-	-	585 647
Income tax	-	-	-	(106 077)
Net profit	-	-	-	479 570



ASSETS AND LIABILITIES AS AT 30.06.2022 (UNAUDITED) (IN PLN'000)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Customers' cash and cash equivalents	1 627 115	97 159	1 724 274	1 724 274
Financial assets at fair value through P&L	850 177	28 051	878 228	878 228
Other assets	1 075 398	267	1 075 665	1 075 665
Total assets	3 552 690	125 477	3 678 167	3 678 167
Amounts due to customers	2 057 411	116 463	2 173 874	2 173 874
Financial liabilities held for trading	104 199	8 853	113 052	113 052
Other liabilities	169 766	1	169 767	169 767
Total liabilities	2 331 376	125 317	2 456 693	2 456 693



13. Cash and cash equivalents

Broken down by type:

(IN PLN'000)	30.06.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.06.2022 (UNAUDITED)
Cash in current accounts in bank and their equivalents	3 612 243	2 853 883	2 720 051
Short-term deposits in bank	-	307 119	-
Cash and cash equivalents in total	3 612 243	3 161 002	2 720 051

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)	30.06.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.06.2022 (UNAUDITED)
Customers' cash and cash equivalents	1 961 190	1 938 503	1 724 274
Own cash and cash equivalents	1 651 053	1 222 499	995 777
Cash and cash equivalents in total	3 612 243	3 161 002	2 720 051

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

14. Financial assets at fair value through P&L

(IN PLN'000)	30.06.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.06.2022 (UNAUDITED)
CFDs			
Index CFDs	205 378	157 533	185 324
Commodity CFDs	150 999	120 387	110 989
Currency CFDs	99 237	98 145	120 808
Stock and ETF CFDs	80 930	91 867	99 613
Bond CFDs	2 854	2 219	628
Debt instruments	379 882	362 074	347 141
Stocks and ETFs	12 129	10 284	13 725
Total financial assets at fair value through P&L	931 409	842 509	878 228

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)	30.06.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.06.2022 (UNAUDITED)
Trade receivables	21 864	21 058	13 266
Amounts due from the Central Securities Depository of Poland	13 969	13 650	84
Receivables due from clients	7 392	5 990	5 980
Deposits	5 193	5 640	8 736
Statutory receivables	1 656	1 648	1 326
Gross other receivables	50 074	47 986	29 392
Impairment write-downs of receivables	(749)	(843)	(1 271)
Impairment write-downs of receivables due from clients	(6 572)	(5 468)	(5 182)
Total net other receivables	42 753	41 675	22 939



Movements in impairment write-downs of receivables

(IN PLN'000)	30.06.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.06.2022 (UNAUDITED)
Impairment write-downs of receivables - at the beginning of the reporting period	(6 311)	(5 182)	(5 182)
Write-downs recorded	(816)	(1 645)	(1 148)
Write-downs reversed	372	193	51
Write-downs utilized	(566)	322	(174)
Impairment write-downs of receivables - at the end of the reporting period	(7 321)	(6 311)	(6 453)

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 30 June 2023 (UNAUDITED)

(IN PLN'000)	LICENCES FOR COMPUTER SOFTWARE	INTANGIBLE ASSETS MANUFACTURED INTERNALLY	OTHER INTANGIBLE ASSETS	TOTAL
Gross value as at 1 January 2023	6 405	10 792	4 814	22 011
Additions	93	-	-	93
Sale and scrapping	(5)	-	-	(5)
Net foreign exchange differences	(17)	-	-	(17)
Gross value as at 30 June 2023	6 476	10 792	4 814	22 082
Accumulated amortization as at 1 January 2023	(5 069)	(10 792)	(4 709)	(20 570)
Amortization for the current period	(175)	-	(13)	(188)
Sale and scrapping	5	-	-	5
Net foreign exchange differences	16	-	-	16
Accumulated amortization as at 30 June 2023	(5 223)	(10 792)	(4 722)	(20 737)
Net book value as at 1 January 2023	1 336	-	105	1 441
Net book value as at 30 June 2023	1 253	-	92	1 345

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
Gross value as at 1 January 2022	5 422	10 792	4 814	21 028
Additions	1 117	-	-	1 117
Sale and scrapping	(132)	-	-	(132)
Net foreign exchange differences	(2)	-	-	(2)
Gross value as at 31 December 2022	6 405	10 792	4 814	22 011
Accumulated amortization as at 1 January 2022	(4 968)	(10 792)	(4 683)	(20 443)
Amortization for the current period	(235)	-	(26)	(261)
Sale and scrapping	132	-	-	132
Net foreign exchange differences	2	-	-	2
Accumulated amortization as at 31 December 2022	(5 069)	(10 792)	(4 709)	(20 570)
Net book value as at 1 January 2022	454	-	131	585
Net book value as at 31 December 2022	1 336	-	105	1 441

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 30 June 2022 (UNAUDITED)

(IN PLN'000)	LICENCES FOR COMPUTER SOFTWARE	INTANGIBLE ASSETS MANUFACTURED INTERNALLY	OTHER INTANGIBLE ASSETS	TOTAL
Gross value as at 1 January 2022	5 422	10 792	4 814	21 028
Additions	709	-	-	709
Sale and scrapping	(2)	-	-	(2)
Net foreign exchange differences	-	-	-	-
Gross value as at 30 June 2022	6 129	10 792	4 814	21 735
Accumulated amortization as at 1 January 2022	(4 968)	(10 792)	(4 683)	(20 443)
Amortization for the current period	(92)	-	(13)	(105)
Sale and scrapping	2	-	-	2
Net foreign exchange differences	-	-	-	-
Accumulated amortization as at 30 June 2022	(5 058)	(10 792)	(4 696)	(20 546)
Net book value as at 1 January 2022	454	-	131	585
Net book value as at 30 June 2022	1 071	-	118	1 189

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 30 June 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
Gross value as at 1 January 2023	28 428	9 305	38 980	620	1 187	78 520
Additions	2 970	4 999	-	-	(883)	7 086
Lease	-	-	8 162	-	-	8 162
Sale and scrapping	(315)	(673)	(5 305)	(64)	-	(6 357)
Net foreign exchange differences	(134)	(140)	(954)	(27)	(50)	(1 305)
Gross value as at 30 June 2023	30 949	13 491	40 883	529	254	86 106
Accumulated amortization as at 1 January 2023	(17 188)	(4 431)	(11 353)	(245)	-	(33 217)
Amortization for the current period	(2 527)	(695)	(4 260)	(60)	-	(7 542)
Sale and scrapping	337	570	3 756	64	-	4 727
Net foreign exchange differences	107	117	399	12	-	635
Accumulated amortization as at 30 June 2023	(19 271)	(4 439)	(11 458)	(229)	-	(35 397)
Net book value as at 1 January 2023	11 240	4 874	27 627	375	1 187	45 303
Net book value as at 30 June 2023	11 678	9 052	29 425	300	254	50 709


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
Gross value as at 1 January 2022	19 436	8 385	12 347	413	336	40 917
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
Gross value as at 31 December 2022	28 428	9 305	38 980	620	1 187	78 520
Accumulated amortization as at 1 January 2022	(14 626)	(4 489)	(5 373)	(223)	-	(24 711)
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)
Accumulated amortization as at 31 December 2022	(17 188)	(4 431)	(11 353)	(245)	-	(33 217)
Net book value as at 1 January 2022	4 810	3 896	6 974	190	336	16 206
Net book value as at 31 December 2022	11 240	4 874	27 627	375	1 187	45 303


Property, plant and equipment in the period from 1 January 2022 to 30 June 2022 (UNAUDITED)

(IN PLN'000)	COMPUTER SYSTEMS	OTHER PROPERTY, PLANT AND EQUIPMENT	RIGHT TO USE OFFICE	RIGHT TO USE CAR	TANGIBLE FIXED ASSETS UNDER CONSTRUCTION	TOTAL
Gross value as at 1 January 2022	19 436	8 385	12 347	413	336	40 917
Additions	3 513	1 396	-	-	(336)	4 573
Lease	-	-	19 933	293	-	20 226
Sale and scrapping	(237)	(359)	(2 024)	(169)	-	(2 789)
Net foreign exchange differences	32	74	424	8	-	538
Gross value as at 30 June 2022	22 744	9 496	30 680	545	-	63 465
Accumulated amortization as at 1 January 2022	(14 626)	(4 489)	(5 373)	(223)	-	(24 711)
Amortization for the current period	(1 487)	(389)	(3 624)	(50)	-	(5 550)
Sale and scrapping	233	171	1 986	184	-	2 574
Net foreign exchange differences	(18)	(45)	(152)	(5)	-	(220)
Accumulated amortization as at 30 June 2022	(15 898)	(4 752)	(7 163)	(94)	-	(27 907)
Net book value as at 1 January 2022	4 810	3 896	6 974	190	336	16 206
Net book value as at 30 June 2022	6 846	4 744	23 517	451	-	35 558



Non-current assets by geographical area

(IN PLN'000)	30.06.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.06.2022 (UNAUDITED)
Non-current assets			
Central and Eastern Europe	37 700	31 773	28 786
- including Poland	30 211	31 013	27 922
Western Europe	12 197	13 911	6 664
Latin America and Turkey	2 157	1 060	1 297
Total non-current assets	52 054	46 744	36 747

18. Amounts due to customers

(IN PLN'000)	30.06.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.06.2022 (UNAUDITED)
Amounts due to retail customers	2 363 760	2 215 470	2 057 411
Amounts due to institutional customers	87 530	112 258	116 463
Total amounts due to customers	2 451 290	2 327 728	2 173 874

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

19. Financial liabilities held for trading

(IN PLN'000)	30.06.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.06.2022 (UNAUDITED)
Financial instruments (CFD)			
Stock and ETF CFDs	37 211	32 030	40 971
Currency CFDs	24 130	20 507	17 450
Index CFDs	21 005	35 118	36 573
Commodity CFDs	20 758	17 791	17 905
Bond CFDs	282	106	153
Total financial liabilities held for trading	103 386	105 552	113 052

20. Liabilities due to lease

(IN PLN'000)	30.06.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.06.2022 (UNAUDITED)
Short- term	8 715	6 600	5 351
Long- term	23 510	23 850	20 246
Total liabilities due to lease	32 225	30 450	25 597

Liabilities due to lease do not include short-term leasing contracts and lease of low-value assets.

In the period from 1 January to 30 June 2023 the cost related to short-term leasing included in the half-year condensed consolidated statement of comprehensive income amounted to PLN 641 thousand, the cost related to lease of low-value assets included in the statement of comprehensive income amounted to PLN 18 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 30 June 2022 the cost related to short-term leasing included in the statement of comprehensive income amounted to PLN 771 thousand, the cost related to lease of low-value assets included in the statement of comprehensive income amounted to PLN 74 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)	30.06.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.06.2022 (UNAUDITED)
Liabilities due to shareholders	570 484	-	-
Provisions for other employee benefits	33 588	37 959	28 802
Liabilities due to brokers	13 518	2 550	11 719
Statutory liabilities	9 471	7 452	6 069
Trade liabilities	7 316	30 035	28 674
Amounts due to the Central Securities Depository of Poland	5 425	256	220
Liabilities due to employees	739	1 453	632
Total other liabilities	640 541	79 705	76 116

Liabilities due to shareholders relate to the dividend to shareholders as at 30 June 2023, which was paid on 21 July 2023, as described in note 24.

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 30 June 2023, salaries and employee benefits included the provision for variable remuneration elements in the amount of PLN 8 499 thousand, as at 31 December 2022 in the amount of PLN 6 604 thousand and as at 30 June 2022 in the amount of PLN 4 884 thousand.

On 31 July 2023, XTB established an Incentive Program for persons whose professional activity has a significant impact on the Parent Company's risk profile. Under this program, XTB will offer its participants ordinary bearer shares of a new issue in the increased share capital of the Parent Company. The shares will be offered as part of the Variable Remuneration Elements awarded for the financial results achieved by XTB in the financial year for which the Actual Bonus is granted. Part of the benefits granted in the form of financial instruments, the value of which is related to the financial situation of the Parent Company, will be paid in cash within 3 years from the date of granting. Pursuant to the Regulations of the Incentive Program, the amount of variable remuneration for the financial year 2022 is determined by the Supervisory Board and the Remuneration Committee.

Due to the fact that the introduction of the Incentive Program at XTB S.A. was after 30 June 2023, the provision for variable remuneration elements for the financial year ended 31 December 2022, as at 30 June 2023, it was included in the provisions for employee benefits. The Incentive Program will affect the Parent Company's capital in the following quarters.

22. Provisions for liabilities and contingent liabilities

22.1 Provisions for liabilities

(IN PLN'000)	30.06.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.06.2022 (UNAUDITED)
Provisions for retirement benefits	211	215	183
Provisions for legal risk	4 050	4 041	4 062
Total provisions	4 261	4 256	4 245



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 half-year condensed consolidated financial statements, the Company is not able to specify when the above liabilities will be repaid. The information on the significant court proceedings, arbitration authority or public administration authority was described in point 5.2 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 half-year condensed consolidated financial statements.

Movements in provisions in the period from 1 January 2023 to 30 June 2023 (UNAUDITED)

(IN PLN'000)	VALUE AS AT 01.01.2023	INCREASES	DECREASES		VALUE AS AT 30.06.2023
			USE	REVERSAL	
Provisions for retirement benefits	215	-	-	4	211
Provisions for legal risk	4 041	588	331	248	4 050
Total provisions	4 256	588	331	252	4 261

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
Total provisions	4 965	732	1 380	61	4 256

Movements in provisions in the period from 1 January 2022 to 30 June 2022 (UNAUDITED)

(IN PLN'000)	VALUE AS AT 01.01.2022	INCREASES	DECREASES		VALUE AS AT 30.06.2022
			USE	REVERSAL	
Provisions for retirement benefits	177	6	-	-	183
Provisions for legal risk	4 788	685	1 380	31	4 062
Total provisions	4 965	691	1 380	31	4 245

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 30 June 2023 the total value of claims brought against the Group amounted to approx. PLN 15 757 thousand (as at 31 December 2022: PLN 16 282 thousand, as at 30 June 2022: PLN 15 260 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 62 thousand to secure an agreement concluded by a subsidiary XTB Limited, based in the UK and PayPal (Europe) Sarl & Cie, SCA based in Luxembourg. The guarantee was granted for the duration of the main contract, which was concluded for an indefinite period.

On 7 July 2017, the Parent Company issued a guarantee in the amount of PLN 5 698 thousand to secure the agreement concluded between subsidiary XTB Limited based in UK and Worldpay (UK) Limited, Worldpay Limited and Worldpay AP LTD based in UK. The guarantee was issued for the period of the agreement which was concluded for three years with the possibility of further extension.



23. Equity

Share capital structure as at 30 June 2023, 31 December 2022 and 30 June 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 30 June 2023 was as follows:

	NUMBER OF SHARES	NOMINAL VALUE OF SHARES (IN PLN'000)	SHARE
XXZW Investment Group S.A.	71 629 794	3 581	61,02%
Other shareholders	45 753 841	2 288	38,98%
Total	117 383 635	5 869	100,00%

To the best Parent Company's knowledge, the shareholding structure of the Parent Company as at 31 December 2022 and 30 June 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%
Total	117 383 635	5 869	100,00%

Other capitals

Other capitals consist of:

- supplementary capital in the total amount of PLN 71 608 thousand, mandatorily established from annual profit distribution to be used to cover potential losses that may occur in connection with the Company's operations, up to the amount of at least one third of the share capital, amounting to PLN 1 957 thousand and from surplus of the issue price over the nominal price in the amount of PLN 69 651 thousand, resulting from the capital increase in 2012 with a nominal value of PLN 348 thousand for the price of PLN 69 999 thousand,
- reserve capital in the total amount of PLN 848 635 thousand, established from annual distribution of profit as resolved by the General Meeting of Shareholders to be used for financing of further operations of the Company or payment of dividend,
- foreign exchange differences on translation, including foreign exchange of branches and foreign operations in the amount of PLN (3 662) thousand. A detailed presentation of exchange differences resulting from translation is presented in the table below.



(IN PLN'000)	30.06.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.06.2022 (UNAUDITED)
XTB Spółka Akcyjna branch in Germany	533	907	895
XTB Spółka Akcyjna branch in Romania	237	290	293
XTB Limited (CY)	226	632	609
XTB Spółka Akcyjna branch in France	107	343	332
XTB Limited (UK)	50	361	750
XTB Spółka Akcyjna branch in Czech Republic	19	103	67
XTB Spółka Akcyjna branch in Portugal	(31)	7	7
XTB Spółka Akcyjna branch in Slovakia	(32)	19	20
XTB International	(47)	322	1 858
XTB Services Limited	(51)	39	144
XTB Spółka Akcyjna	(57)	201	97
XTB Digital Ltd.	(65)	-	-
XTB Spółka Akcyjna branch in Spain	(88)	46	47
XTB Agente de Valores SpA	(162)	(122)	(357)
XTB Africa (PTY) Ltd.	(274)	5	119
XTB MENA Limited	(308)	654	824
Tasfiye Halinde XTB Yönetim Danışmanlığı A.Ş.	(3 719)	(3 767)	(3 735)
Total foreign exchange differences on translation	(3 662)	40	1 970

24. Profit distribution and dividend

Pursuant to the decision of the General Shareholders' Meeting of the Parent Company, the net profit for 2022 in the amount of PLN 761 564 thousand was partially earmarked for the payment of a dividend in the amount of PLN 570 484 thousand, the remaining amount was transferred to reserve capital.

The amount of dividend per share paid for 2022 was equal to PLN 4,86. The dividend was paid on the 21 July 2023.

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)	SIX-MONTH PERIOD ENDED 30.06.2023 (UNAUDITED)	SIX-MONTH PERIOD ENDED 30.06.2022 (UNAUDITED)
Profit from continuing operations attributable to shareholders of the Parent Company	420 997	479 570
Weighted average number of ordinary shares	117 383 635	117 383 635
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	3,59	4,09
Diluted net profit per share from continuing operations for the year attributable to shareholders of the Parent Company	3,59	4,09



26. Current income tax and deferred income tax

26.1 Current income tax

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

(IN PLN'000)	SIX-MONTH PERIOD ENDED	SIX-MONTH PERIOD ENDED
	30.06.2023 (UNAUDITED)	30.06.2022 (UNAUDITED)
Income tax – current portion		
Income tax for the reporting period	(71 071)	(75 013)
Income tax – deferred portion		
Occurrence / reversal of temporary differences	(19 982)	(31 064)
Income tax disclosed in profit and loss	(91 053)	(106 077)

Reconciliation of the actual tax burden

(IN PLN'000)	SIX-MONTH PERIOD ENDED	SIX-MONTH PERIOD ENDED
	30.06.2023 (UNAUDITED)	30.06.2022 (UNAUDITED)
Profit before tax	512 050	585 647
Income tax based in the applicable tax rate of 19%	(97 290)	(111 273)
Difference resulting from application of tax rates applicable in other countries	539	766
Non-taxable revenue	(935)	46
Non-deductible expenses	(1 124)	(664)
Writing off tax losses activated in previous years	(26)	(471)
Other items affecting the tax burden amount	7 783	5 519
Income tax disclosed in profit or loss	(91 053)	(106 077)

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 30 June 2023 from the tax burden for research and development in total amounted to PLN 7 924 thousand. In analogical period in 2022 benefits from the tax burden amounted to PLN 5 344 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 30 June 2023 (UNAUDITED)

(IN PLN'000)	AS AT	PROFIT	AS AT
	01.01.2023	OR (LOSS)	30.06.2023
Deferred income tax assets:			
Cash and cash equivalents	70	(67)	3
Property, plant and equipment	451	(89)	362
Financial liabilities held for trading	13 805	(1 944)	11 861
Provisions for liabilities	549	241	790
Prepayments and deferred costs	4 994	8	5 002
Other liabilities	6 877	(1 707)	5 170
Tax losses of previous periods to be settled in future periods	7 619	(631)	6 988
Total deferred income tax assets	34 365	(4 189)	30 176



(IN PLN'000)	AS AT 01.01.2023	PROFIT OR (LOSS)	AS AT 30.06.2023
Deferred income tax provision:			
Cash and cash equivalents	19	107	126
Financial assets at fair value through P&L	81 549	12 413	93 962
Other liabilities	638	3 571	4 209
Financial assets at amortised cost	1 853	(273)	1 580
Property, plant and equipment	335	(27)	308
Total deferred income tax provision	84 394	15 791	100 185
Deferred tax disclosed in profit or (loss)	-	(19 980)	-

(IN PLN'000)	AS AT 01.01.2023	INCLUDED IN EQUITY	AS AT 30.06.2023
Deferred income tax assets included directly in the equity:			
Separate equity of branches	838	(426)	412
Total deferred income tax assets included directly in the equity	838	(426)	412

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
Deferred income tax assets:			
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
Total deferred income tax assets	37 439	(3 074)	34 365

(IN PLN'000)	AS AT 01.01.2022	PROFIT OR (LOSS)	AS AT 31.12.2022
Deferred income tax provision:			
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
Total deferred income tax provision	60 489	23 905	84 394
Deferred tax disclosed in profit or (loss)	-	(26 979)	-

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



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

(IN PLN'000)	AS AT 01.01.2022	PROFIT OR (LOSS)	AS AT 30.06.2022
Deferred income tax assets:			
Cash and cash equivalents	23	43	66
Property, plant and equipment	24	245	269
Financial liabilities held for trading	18 969	(3 309)	15 660
Provisions for liabilities	468	77	545
Prepayments and deferred costs	2 521	1 511	4 032
Other liabilities	6 909	(45)	6 864
Tax losses of previous periods to be settled in future periods	8 524	(641)	7 883
Total deferred income tax assets	37 438	(2 119)	35 319

(IN PLN'000)	AS AT 01.01.2022	PROFIT OR (LOSS)	AS AT 30.06.2022
Deferred income tax provision:			
Cash and cash equivalents	25	28	53
Financial assets at fair value through P&L	59 249	29 045	88 294
Other liabilities	246	207	453
Financial assets at amortised cost	671	(321)	350
Property, plant and equipment	299	(14)	285
Total deferred income tax provision	60 490	28 945	89 435
Deferred tax disclosed in profit or (loss)	-	(31 064)	-

(IN PLN'000)	AS AT 01.01.2022	INCLUDED IN EQUITY	AS AT 30.06.2022
Deferred income tax assets included directly in the equity:			
Separate equity of branches	674	142	816
Total deferred income tax assets included directly in the equity	674	142	816

Geographical division of deferred income tax assets

(IN PLN'000)	30.06.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.06.2022 (UNAUDITED)
Deferred income tax assets			
Central and Eastern Europe	85	233	166
Western Europe	6 993	7 636	7 899
Total deferred income tax assets	7 078	7 869	8 065



Data concerning the presentation of deferred income tax by country of origin and reconciliation of presentation in the statement of financial position as at 30 June 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	22 898	99 390	-	76 492
Czech Republic	110	25	85	-
Slovakia	85	101	-	16
Germany	2 194	-	2 194	-
France	3 275	-	3 275	-
Great Britain	1 524	-	1 524	-
Chile	90	370	-	280
Belize	-	711	-	711
Total	30 176	100 597	7 078	77 499

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
Total	34 365	85 232	7 869	58 736

Data concerning the presentation of deferred income tax by country of origin and reconciliation of presentation in the statement of financial position as at 30 June 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	26 947	89 395	-	62 448
Czech Republic	87	19	68	-
Slovakia	132	34	98	-
Germany	2 523	-	2 523	-
France	3 617	-	3 617	-
Great Britain	1 760	-	1 760	-
Chile	253	350	-	97
Belize	-	453	-	453
Total	35 319	90 251	8 066	62 998

27. Related party transactions

27.1 Parent Company

As at 30 June 2023 XXZW Investment Group S.A. with its registered office in Luxembourg is the key shareholder of the Company, it holds 61,02% of shares and votes in the General Meeting as per Company's best knowledge. XXZW Investment Group S.A. prepares half-year 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 30 June 2023 the Group has liabilities to Mr Jakub Zabłocki in the amount of PLN 18 thousand due to his investment account (as at 31 December 2022 PLN 24 thousand, as at 30 June 2022 PLN 19 thousand). In the period from 1 January to 30 June 2023 the Group has noted loss from transactions with Mr Jakub Zabłocki in the amount PLN 3 thousand (in the analogical period of 2022 there was profit from transactions with Mr Jakub Zabłocki in amount of PLN 4 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 30 June 2023 the paid gross salary and bonuses amounted to PLN 2 165 thousand and in the analogical period of 2022 amounted to PLN 1 283 thousand.

Mr Hubert Walentynowicz receives salary on the basis of work contract. In the period from 1 January to 30 June 2023 the paid gross salary and bonuses amounted to PLN 317 thousand and in the analogical period of 2022 amounted to PLN 247 thousand.

As at 30 June 2023 the Group has liabilities to Mr Filip Kaczmarzyk in the amount of PLN 19 thousand due to his investment account. As at 31 December 2022 the Group has liabilities to Mr Filip Kaczmarzyk in the amount of PLN 72 thousand. As at 30 June 2022 the Group has liabilities to Mr Filip Kaczmarzyk in the amount of PLN 96 thousand.

As at 30 June 2023 the Group has liabilities to Mr Paweł Szejko in the amount of PLN 2 thousand due to his investment account. As at 31 December 2022 the Group has liabilities to Mr Paweł Szejko in the amount of PLN 4 thousand. As at 30 June 2022 the Group has liabilities to Mr Paweł Szejko in the amount of PLN 18 thousand.

As at 30 June 2023 the Group has liabilities to Mr Jakub Kubacki in the amount of PLN 6 thousand due to his investment account. As at 31 December 2022 the Group has liabilities to Mr Jakub Kubacki in the amount of PLN 15 thousand. As at 30 June 2022 the Group has liabilities to Mr Jakub Kubacki in the amount of PLN 28 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 the 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)	SIX-MONTH PERIOD ENDED 30.06.2023 (UNAUDITED)	SIX-MONTH PERIOD ENDED 30.06.2022 (UNAUDITED)
Benefits to the Management Board members	(3 268)	(3 565)
Benefits to the Supervisory Board members	(130)	(122)
Total benefits to the Management Board and Supervisory Board	(3 398)	(3 687)

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

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



27.4 Loans granted to the Management and Supervisory Board members

As at 30 June 2023, 31 December 2022 and 30 June 2022 there are no loans granted to the Management and Supervisory Board members.

28. Employment

Total employment in the Group as at 30 June 2023 was 986 people, 860 people as at 31 December 2022 and 751 people as at 30 June 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 half-year condensed consolidated cash flow statement

29.1 Other adjustments

The "Other adjustments" item includes the following adjustments:

(IN PLN'000)	SIX-MONTH PERIOD ENDED 30.06.2023 (UNAUDITED)	SIX-MONTH PERIOD ENDED 30.06.2022 (UNAUDITED)
Change in the balance of differences from the conversion of branches and subsidiaries	(3 702)	2 419
Foreign exchange differences on translation of movements in property, plant and equipment, and intangible assets	671	(318)
Change in other adjustments	(3 031)	2 101

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

29.2 Change in balance of other liabilities

The "Change in balance of other liabilities" item includes the following adjustments:

(IN PLN'000)	SIX-MONTH PERIOD ENDED 30.06.2023 (UNAUDITED)	SIX-MONTH PERIOD ENDED 30.06.2022 (UNAUDITED)
Balance sheet change in other liabilities	560 836	27 739
Liabilities due to shareholders	(570 484)	-
Change in balance of other liabilities	(9 648)	27 739

The change in balance of other liabilities consists of the balance sheet change in other liabilities and liabilities due to shareholders.



30. Post balance sheet events

On 27 July 2023 the subsidiary XTB Chile SpA changed the name for XTB Agente de Valores SpA.

On 31 July 2023 Extraordinary General Meeting of XTB S.A. decided to increase the share capital of the Parent Company by PLN 9 280,80 by issuing 185 616 series B ordinary bearer shares of the Company with a nominal value of PLN 0,05 each. The New Shares will be issued in a public offering, which does not require a prospectus. The New Shares will be offered in the private subscription mode. The New Shares are related to the introduction of an Incentive Program in the Parent Company, under which they will be offered as variable remuneration to persons whose activities have a significant impact on the Parent Company's risk profile.

31. Off-balance sheet items

31.1 Nominal value of financial instruments

(IN PLN'000)	30.06.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.06.2022 (UNAUDITED)
Index CFDs	4 482 605	3 575 327	3 660 086
Currency CFDs	2 677 954	2 165 605	2 270 799
Commodity CFDs	2 186 621	1 377 290	1 463 664
Stock and ETF CFDs	771 412	565 898	565 556
Bond CFDs	35 185	23 264	58 033
Total financial instruments	10 153 777	7 707 384	8 018 138

The nominal value of instruments presented in the chart above includes transactions with customers and brokers. As at 30 June 2023 transactions with brokers represent 5% of the total nominal value of instruments (as at 31 December 2022: 5% of the total nominal value of instruments, as at 30 June 2022: 6% of the total nominal value of instruments).

31.2 Customers' financial instruments

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

(IN PLN'000)	30.06.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.06.2022 (UNAUDITED)
Listed stocks, ETF and rights to stocks registered in customers' securities accounts	4 883 502	3 445 190	2 890 440
Other securities registered in customers' securities accounts	207	207	207
Total customers' financial instruments	4 883 709	3 445 397	2 890 647

31.3 Transaction limits

The amount of unused transaction limits granted to related entities was as at 30 June 2023 PLN 13 206 thousand, as at 31 December 2022 PLN 14 178 thousand and as at 30 June 2022 was PLN 17 113 thousand.

32. Items regarding the compensation scheme

(IN PLN'000)	30.06.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.06.2022 (UNAUDITED)
1. Contributions made to the compensation scheme			
a) opening balance	10 569	7 412	7 412
- increases	1 659	3 157	1 464
b) closing balance	12 228	10 569	8 876
2. XTB's share in the profits from the compensation scheme	910	626	427



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 half-year 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

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 Regulation from 26th June 2021, the Group is no longer required to maintain capital buffers under the Act on Macroprudential Supervision of the Financial System and Crisis Management in the Financial System of 5th August 2015.

Key values in capital management:

(IN PLN'000)	30.06.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.06.2022 (UNAUDITED)
The Group's own funds	913 772	718 887	717 753
Tier I Capital	913 772	718 887	717 753
Common Equity Tier I capital	913 772	718 887	717 753
Total capital requirement IFR	576 290	329 563	451 956
Total capital ratio IFR	158,6%	218,1%	158,8%
Minimal required total capital ratio including buffers (article 9 section1 letter c) of IFR)	100%	100%	100%

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

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

(IN PLN'000)	AS AT 30.06.2023 (UNAUDITED)	AVERAGE VALUE IN THE PERIOD	AS AT 31.12.2022 (AUDITED)	AS AT 30.06.2022 (UNAUDITED)
1. Own funds	913 772	721 640	718 887	717 753
1.1. Base capital Tier I without deductions	925 511	734 779	731 647	734 431
1.2. Items decreasing share capitals	(11 739)	(13 139)	(12 760)	(16 678)
I. Own funds	913 772	721 640	718 887	717 753
1. Risk to Client, including:	11 268	10 819	10 388	9 353
1.1. K-CMH	9 599	9 309	8 974	8 137
1.2. K-ASA	1 669	1 510	1 414	1 141
1.3. K-COH	-	-	-	75
2. Risk to Market, including:	388 520	336 064	181 812	311 308
2.1. K-NPR	388 520	336 064	181 812	311 308
3. Risk to Firm, including:	176 502	164 183	137 363	131 295
3.1. K-TCD	173 567	161 322	134 592	128 754
3.2. K-DTF	2 935	2 861	2 771	2 541
II. Total K-factor capital requirement (IFR)	576 290	511 066	329 563	451 956

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)	30.06.2023 (UNAUDITED)			TOTAL
	LEVEL 1	LEVEL 2	LEVEL 3	
Financial assets				
Financial assets at fair value through P&L	392 011	539 398	-	931 409
Total financial assets	392 011	539 398	-	931 409
Financial liabilities				
Financial liabilities held for trading	-	103 386	-	103 386
Total financial liabilities	-	103 386	-	103 386

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



(IN PLN'000)	30.06.2022 (UNAUDITED)			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial assets				
Financial assets at fair value through P&L	360 866	517 362	-	878 228
Total financial assets	360 866	517 362	-	878 228
Financial liabilities				
Financial liabilities held for trading	-	113 052	-	113 052
Total financial liabilities	-	113 052	-	113 052

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

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

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

34.2 Market risk

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

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

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

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

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

34.2.1 Currency risk

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

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


Assets and liabilities denominated in foreign currencies as at 30 June 2023 (value in foreign currencies converted to PLN) (UNAUDITED)

(IN PLN'000)	USD	EUR	GBP	CZK	HUF	RON	OTHER CURRENCIES	TOTAL	CARRYING AMOUNT
Assets									
Cash and cash equivalents	621 247	1 019 877	33 644	198 336	10 471	24 850	36 556	1 944 981	3 612 243
Financial assets held for trading	113 415	163 892	7 812	59 265	3 113	10 189	12 253	369 939	931 409
Income tax receivables	-	62	-	-	-	-	69	131	1 052
Financial assets at amortised cost	6 649	13 725	215	1 465	29	183	1 670	23 936	42 753
Prepayments and deferred costs	730	1 176	192	68	-	92	11	2 269	16 353
Intangible assets	-	3	-	1	-	-	1	5	1 345
Property, plant and equipment	961	13 805	135	4 702	-	79	2 062	21 744	50 709
Deferred income tax assets	-	5 469	1 524	85	-	-	-	7 078	7 078
Total assets	743 002	1 218 009	43 522	263 922	13 613	35 393	52 622	2 370 083	4 662 942
Liabilities									
Amounts due to customers	357 890	961 702	21 872	223 686	10 562	31 023	25 155	1 631 890	2 451 290
Financial liabilities held for trading	50 983	19 234	2 261	5 188	1 333	630	6 750	86 379	103 386
Income tax liabilities	-	422	-	99	-	51	288	860	860
Lease liabilities	-	26 783	-	2 817	-	-	2 625	32 225	32 225
Other liabilities	12 573	14 990	3 735	5 166	18	1 108	2 179	39 769	640 541
Provisions for liabilities	-	3 790	-	19	-	-	181	3 990	4 261
Deferred income tax provision	711	17	-	-	-	-	280	1 008	77 499
Total liabilities	422 157	1 026 938	27 868	236 975	11 913	32 812	37 458	1 796 121	3 310 062


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
Assets									
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
Total assets	621 624	1 187 194	51 473	260 722	10 375	28 946	48 618	2 208 952	4 114 323
Liabilities									
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
Total liabilities	372 413	1 027 881	27 744	228 993	9 695	24 625	39 042	1 730 393	2 608 254


Assets and liabilities denominated in foreign currencies as at 30 June 2022 (value in foreign currencies converted to PLN) (UNAUDITED)

(IN PLN'000)	USD	EUR	GBP	CZK	HUF	RON	OTHER CURRENCIES	TOTAL	CARRYING AMOUNT
Assets									
Cash and cash equivalents	595 432	908 258	40 055	207 163	7 334	21 661	34 591	1 814 494	2 720 051
Financial assets held for trading	99 807	157 496	7 196	69 568	5 762	7 436	20 297	367 562	878 228
Income tax receivables	-	2	-	-	-	-	124	126	1 180
Financial assets at amortised cost	2 662	7 921	180	1 005	75	186	1 553	13 582	22 939
Prepayments and deferred costs	1 857	1 509	155	605	-	55	13	4 194	10 956
Intangible assets	-	-	-	15	-	-	2	17	1 189
Property, plant and equipment	1 888	4 801	97	666	-	63	1 174	8 689	35 558
Deferred income tax assets	-	6 239	1 759	68	-	-	-	8 066	8 066
Total assets	701 646	1 086 226	49 442	279 090	13 171	29 401	57 754	2 216 730	3 678 167
Liabilities									
Amounts due to customers	283 912	839 991	21 566	241 618	8 106	24 248	25 546	1 444 987	2 173 874
Financial liabilities held for trading	50 153	26 762	3 087	7 557	769	444	11 245	100 017	113 052
Income tax liabilities	-	353	-	-	-	35	423	811	811
Lease liabilities	1 775	22 744	-	157	-	-	921	25 597	25 597
Other liabilities	13 674	20 014	4 277	2 055	18	767	2 712	43 517	76 116
Provisions for liabilities	-	-	-	-	-	-	275	275	4 245
Deferred income tax provision	-	-	-	-	-	-	550	550	62 998
Total liabilities	349 514	909 864	28 930	251 387	8 893	25 494	41 672	1 615 754	2 456 693



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

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

(IN PLN'000)	SIX-MONTH PERIOD ENDED 30.06.2023 (UNAUDITED)		SIX-MONTH PERIOD ENDED 30.06.2022 (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	27 095	(27 095)	35 640	(35 640)
Equity, of which:	3 507	(3 507)	3 566	(3 566)
Foreign exchange differences on translation	3 507	(3 507)	3 566	(3 566)

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

34.2.2 Interest rate risk

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

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

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

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

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

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

(IN PLN'000)	30.06.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.06.2022 (UNAUDITED)
Financial assets			
Cash – in current bank accounts	3 612 243	2 853 883	2 720 051
Cash – short-term deposits in bank	-	307 119	-
Debt instruments	379 882	362 074	347 141
Total financial assets	3 992 125	3 523 076	3 067 192
Financial liabilities			
Other liabilities	32 225	25 597	25 597
Total financial liabilities	32 225	25 597	25 597

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 half-year condensed consolidated financial statements, using the average 1M interest rate in a given market.



(IN PLN'000)	SIX-MONTH PERIOD ENDED 30.06.2023 (UNAUDITED)		SIX-MONTH PERIOD ENDED 30.06.2022 (UNAUDITED)	
	INCREASE	DECREASE	INCREASE	DECREASE
	BY 50 PB	BY 50 PB	BY 50 PB	BY 50 PB
Profit/(loss) before tax	16 249	(16 249)	13 423	(13 423)
Short-term deposits	2 500	(2 500)	-	-

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

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

(IN PLN'000)	SIX-MONTH PERIOD ENDED 30.06.2023 (UNAUDITED)		SIX-MONTH PERIOD ENDED 30.06.2022 (UNAUDITED)	
	INCREASE	DECREASE	INCREASE	DECREASE
	BY 50 PB	BY 50 PB	BY 50 PB	BY 50 PB
Profit/(loss) before tax	(2 230)	2 282	(938)	944

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)	30.06.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.06.2022 (UNAUDITED)
Financial assets at fair value through P&L			
Commodity			
Precious metals	33 148	20 157	39 767
Base metals	1 892	1 482	3 121
Other	103 370	90 323	58 145
Total commodity	138 410	111 962	101 033
Equity instruments			
Stocks and ETF	84 229	91 208	101 538
Indices	195 264	148 348	174 841
Total equity instruments	279 493	239 556	276 379
Debt instruments	2 841	2 171	571
Total financial assets at fair value through P&L	420 744	353 689	377 983
Financial liabilities held for trading			
Commodity			
Precious metals	2 148	2 829	619
Base metals	94	155	616
Other	5 925	6 383	6 715
Total commodity	8 167	9 367	7 950
Equity instruments			
Stocks and ETF	28 406	21 124	29 214
Indices	10 889	25 934	26 088
Total equity instruments	39 295	47 058	55 302
Debt instruments	270	58	96
Total financial liabilities held for trading	47 732	56 483	63 348



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

(IN PLN'000)	SIX-MONTH PERIOD ENDED 30.06.2023 (UNAUDITED)		SIX-MONTH PERIOD ENDED 30.06.2022 (UNAUDITED)	
	INCREASE BY 5%	DECREASE BY 5%	INCREASE BY 5%	DECREASE BY 5%
Income/(expenses) for the period				
Commodity				
Precious metals	(11 829)	11 829	(28 099)	28 099
Base metals	(837)	837	(211)	211
Other	(11 139)	11 139	(7 566)	7 566
Total commodity	(23 805)	23 805	(35 876)	35 876
Equity instruments				
Stocks and ETFs	89	(89)	29	(29)
Indicies	128 142	(128 142)	(57 954)	57 954
Total equity instruments	128 231	(128 231)	(57 925)	57 925
Debt instruments	(287)	287	2 329	(2 329)
Total income/(expenses) for the period	104 139	(104 139)	(91 472)	91 472

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. At date of preparation of these financial statements, the Parent Company had a much higher level of liquid assets than required by the IFR regulation.

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


Contractual payment periods of financial assets and liabilities as at 30 June 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
Financial assets							
Cash and cash equivalents	3 612 243	3 612 243	3 612 243	-	-	-	-
Financial assets at fair value through P&L							
Listed stocks and ETFs	12 128	12 128	12 128	-	-	-	-
Bonds	379 882	379 882	379 882	-	-	-	-
CFDs	539 399	539 399	539 399	-	-	-	-
Total financial assets at fair value through P&L	931 409	931 409	931 409	-	-	-	-
Financial assets at amortised cost	42 753	42 753	23 591	-	5 193	-	13 969
Total financial assets	4 586 405	4 586 405	4 567 243	-	5 193	-	13 969
Financial liabilities							
Amounts due to clients	2 451 290	2 451 290	2 451 290	-	-	-	-
Financial liabilities held for trading							
CFDs	103 386	103 386	103 386	-	-	-	-
Total financial liabilities held for trading	103 386	103 386	103 386	-	-	-	-
Liabilities due to lease	32 225	32 225	1 822	6 893	19 656	3 854	-
Other liabilities	640 541	640 541	601 526	27 420	-	-	11 595
Total financial liabilities	3 227 442	3 227 442	3 158 024	34 313	19 656	3 854	11 595
Contractual liquidity gap in maturities (payment dates)			1 409 219	(34 313)	(14 463)	(3 854)	2 374
Contractual cumulative liquidity gap			1 409 219	1 374 906	1 360 443	1 356 589	1 358 963


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
Financial assets							
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
Total financial assets	4 045 186	4 045 186	3 718 777	307 119	5 640	-	13 650
Financial liabilities							
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
Total financial liabilities	2 543 435	2 543 435	2 476 350	36 851	23 683	-	6 551
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 30 June 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
Financial assets							
Cash and cash equivalents	2 720 051	2 720 051	2 720 051	-	-	-	-
Financial assets at fair value through P&L							
Listed stocks and ETFs	13 725	13 725	13 725	-	-	-	-
Bonds	347 141	347 141	347 141	-	-	-	-
CFDs	517 362	517 362	517 362	-	-	-	-
Total financial assets at fair value through P&L	878 228	878 228	878 228	-	-	-	-
Financial assets at amortised cost	22 939	22 939	14 203	-	8 736	-	-
Total financial assets	3 621 218	3 621 218	3 612 482	-	8 736	-	-
Financial liabilities							
Amounts due to clients	2 173 874	2 173 874	2 173 874	-	-	-	-
Financial liabilities held for trading							
CFDs	113 052	113 052	113 052	-	-	-	-
Total financial liabilities held for trading	113 052	113 052	113 052	-	-	-	-
Liabilities due to lease	25 597	25 597	1 428	3 679	20 490	-	-
Other liabilities	76 116	76 116	47 094	23 317	-	-	5 705
Total financial liabilities	2 388 639	2 388 639	2 335 448	26 996	20 490	-	5 705
Contractual liquidity gap in maturities (payment dates)			1 277 034	(26 996)	(11 754)	-	(5 705)
Contractual cumulative liquidity gap			1 277 034	1 250 038	1 238 284	1 238 284	1 232 579

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



34.4 Credit risk

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

(IN PLN'000)	30.06.2023 (UNAUDITED)		31.12.2022 (AUDITED)		30.06.2022 (UNAUDITED)	
	CARRYING AMOUNT	MAXIMUM EXPOSURE TO CREDIT RISK	CARRYING AMOUNT	MAXIMUM EXPOSURE TO CREDIT RISK	CARRYING AMOUNT	MAXIMUM EXPOSURE TO CREDIT RISK
Financial assets						
Cash and cash equivalents	3 612 243	3 612 243	3 161 002	3 161 002	2 720 051	2 720 051
Financial assets at fair value through P&L *	931 409	12 874	842 509	15 414	878 228	17 663
Financial assets at amortised cost	42 753	42 753	49 472	49 472	22 939	22 939
Total financial assets	4 586 405	3 667 870	4 052 983	3 225 888	3 621 218	2 760 653

* As at 30 June 2023 the maximum exposure to credit risk for financial assets held for trading, not including the collateral received, was PLN 496 890 thousand (as at 31 December 2022: PLN 434 125 thousand, as at 30 June 2022: PLN 476 362 thousand). This exposure was collateralized with clients' cash, which, as at 30 June 2023, covered the amount of PLN 484 017 thousand (as at 31 December 2022: PLN 418 710 thousand, as at 30 June 2022: PLN 458 699 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 30 June 2023, the Group had deposit accounts in 52 banks and institutions (as at 31 December 2022: in 50 banks and institutions, as at 30 June 2022: in 50 banks and institutions). The ten largest exposures are presented in the table below (numbering of banks and institutions determined individually for each period):

ENTITY	30.06.2023		31.12.2022		30.06.2022	
	(UNAUDITED) (IN PLN'000)	ENTITY	(AUDITED) (IN PLN'000)	ENTITY	(UNAUDITED) (IN PLN'000)	
Bank 1	1 158 454	Bank 1	1 126 049	Bank 1	965 570	
Bank 2	504 290	Bank 2	378 856	Bank 2	339 807	
Bank 3	329 397	Bank 3	374 474	Bank 3	339 413	
Bank 4	302 915	Bank 4	301 106	Bank 4	308 452	
Bank 5	200 846	Bank 5	200 833	Bank 5	105 853	
Bank 6	200 631	Bank 6	118 167	Institution 1	100 108	
Bank 7	127 627	Bank 7	109 502	Bank 6	96 992	
Bank 8	113 706	Institution 1	85 165	Institution 2	73 687	
Institution 1	97 708	Bank 8	75 590	Bank 7	69 165	
Bank 9	88 583	Bank 9	66 696	Bank 8	61 745	
Other	488 086	Other	324 564	Other	259 259	
Total	3 612 243	Total	3 161 002	Total	2 720 051	



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

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

CREDIT QUALITY STEPS	CARRYING AMOUNT (IN PLN'000)		
	30.06.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.06.2022 (UNAUDITED)
Cash and cash equivalent			
Step 1	2 423 270	2 345 959	1 996 902
Step 2	76 815	71 381	73 890
Step 3	1 110 740	741 787	646 834
Step 4	1 418	1 875	2 425
Total	3 612 243	3 161 002	2 720 051

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	30.06.2023	ENTITY	31.12.2022	ENTITY	30.06.2022
	(UNAUDITED) NET EXPOSURE (IN PLN'000)		(AUDITED) NET EXPOSURE (IN PLN'000)		(UNAUDITED) NET EXPOSURE (IN PLN'000)
Entity 1	7 329	Entity 1	5 917	Entity 1	5 874
Entity 2	831	Entity 2	4 166	Entity 2	5 715
Entity 3	822	Entity 3	2 740	Entity 3	2 484
Entity 4	565	Entity 4	357	Entity 4	455
Entity 5	475	Entity 5	215	Entity 5	301
Entity 6	461	Entity 6	166	Entity 6	147
Entity 7	383	Entity 7	110	Entity 7	140
Entity 8	155	Entity 8	96	Entity 8	125
Entity 9	88	Entity 9	89	Entity 9	114
Entity 10	85	Entity 10	88	Entity 10	112
Total	11 194	Total	13 944	Total	15 467

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.

**HALF-YEAR CONDENSED
STANDALONE FINANCIAL
STATEMENTS**





HALF-YEAR CONDENSED STANDALONE COMPREHENSIVE INCOME STATEMENT

(IN PLN'000)	NOTE	THREE-MONTH PERIOD ENDED		SIX-MONTH PERIOD ENDED	
		30.06.2023 (UNAUDITED)	30.06.2022 (UNAUDITED)	30.06.2023 (UNAUDITED)	30.06.2022 (UNAUDITED)
Result of operations on financial instruments	6.1	261 765	367 341	757 361	777 099
Income from fees and charges	6.2	2 679	1 228	5 222	2 719
Other income		34	6	45	17
Total operating income	6	264 478	368 575	762 628	779 835
Marketing	8	(42 429)	(43 096)	(109 405)	(80 749)
Salaries and employee benefits	7	(48 618)	(36 293)	(97 955)	(71 748)
Other external services	9	(21 444)	(19 604)	(42 634)	(40 301)
Commission expenses	10	(8 375)	(7 485)	(17 803)	(15 772)
Amortisation and depreciation	16, 17	(3 457)	(2 263)	(6 665)	(4 635)
Taxes and fees		(2 811)	(2 868)	(5 544)	(4 201)
Costs of maintenance and lease of buildings		(1 331)	(937)	(2 790)	(2 071)
Other costs		(1 999)	(1 939)	(2 926)	(3 545)
Total operating expenses		(130 464)	(114 485)	(285 722)	(223 022)
Profit on operating activities		134 014	254 090	476 906	556 813
Impairment of investments in subsidiaries	14	-	(145)	(125)	(329)
Finance income, including:	11	26 158	17 939	53 349	21 667
- <i>interest income at amortized cost</i>	11	18 598	195	35 838	209
Finance costs	11	(10 470)	1 102	(16 687)	(418)
Profit before tax		149 702	272 986	513 443	577 733
Income tax	26	(26 699)	(49 775)	(90 617)	(105 491)
Net profit		123 003	223 211	422 826	472 242
Other comprehensive income		(1 024)	124	(1 018)	236
Items which will be reclassified to profit (loss) after meeting specific conditions		(1 024)	124	(1 018)	236
Currency translation differences:		(1 024)	124	(1 018)	236
- <i>positions that will be reclassified to profit on valuation of foreign companies</i>		657	(88)	770	(371)
- <i>positions that will be reclassified to profit on valuation of separated equity</i>		(2 075)	261	(2 207)	749
- <i>deferred income tax</i>		394	(49)	419	(142)
Total comprehensive income		121 979	223 335	421 808	472 478
Earnings per share:					
- basic profit per year attributable to shareholders of the Parent Company (in PLN)	25	1,05	1,90	3,60	4,02
- basic profit from continued operations per year attributable to shareholders of the Parent Company (in PLN)	25	1,05	1,90	3,60	4,02
- diluted profit of the year attributable to shareholders of the Parent Company (in PLN)	25	1,05	1,90	3,60	4,02
- diluted profit from continued operations of the year attributable to shareholders of the Parent Company (in PLN)	25	1,05	1,90	3,60	4,02

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



HALF-YEAR CONDENSED STANDALONE STATEMENT OF FINANCIAL POSITION

(IN PLN'000)	NOTE	30.06.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.06.2022 (UNAUDITED)
ASSETS				
Cash and cash equivalents	12	3 375 262	2 927 923	2 481 541
Financial assets at fair value through P&L	13	878 449	796 117	825 526
Investments in subsidiaries	14	49 227	43 487	43 794
Income tax receivables		946	-	1 045
Financial assets at amortised cost	15	83 574	83 218	56 025
Prepayments and deferred costs		15 343	12 541	8 909
Intangible assets	16	1 251	1 333	1 068
Property, plant and equipment	17	47 316	42 455	32 381
Deferred income tax assets	26	5 554	6 203	6 306
Total assets		4 456 922	3 913 277	3 456 595
EQUITY AND LIABILITIES				
Liabilities				
Amounts due to customers	18	2 293 571	2 176 863	2 010 803
Financial liabilities held for trading	19	59 471	68 196	70 959
Income tax liabilities		476	1 304	296
Liabilities due to lease	20	29 383	28 108	22 902
Other liabilities	21	643 746	78 603	76 394
Provisions for liabilities	22	4 080	4 002	3 971
Deferred income tax provision	26	76 508	57 838	62 448
Total liabilities		3 107 235	2 414 914	2 247 773
Equity				
Share capital	23	5 869	5 869	5 869
Supplementary capital	23	71 608	71 608	71 608
Other reserves	23	848 497	657 417	657 417
Foreign exchange differences on translation	23	887	1 905	1 686
Retained earnings		422 826	761 564	472 242
Total equity		1 349 687	1 498 363	1 208 822
Total equity and liabilities		4 456 922	3 913 277	3 456 595

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



HALF-YEAR CONDENSED STANDALONE STATEMENT OF CHANGES IN EQUITY

Half-year condensed standalone statement of changes in equity for the period from 1 January 2023 to 30 June 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
NOTE	23	23	23, 24	23	24	
As at 1 January 2023	5 869	71 608	657 417	1 905	761 564	1 498 363
Total comprehensive income for the financial year						
Net profit	-	-	-	-	422 826	422 826
Other comprehensive income	-	-	-	(1 018)	-	(1 018)
Total comprehensive income for the financial year	-	-	-	(1 018)	422 826	421 808
Transactions with Parent Company's owners recognized directly in equity						
Appropriation of profit						
- dividend payment	-	-	-	-	(570 484)	(570 484)
- transfer to other reserves	-	-	191 080	-	(191 080)	-
Increase (decrease) in equity	-	-	191 080	(1 018)	(338 738)	(148 676)
As at 30 June 2023	5 869	71 608	848 497	887	422 826	1 349 687

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


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
NOTE	23	23	23, 24	23	24	
As at 1 January 2022	5 869	71 608	598 651	1 450	234 841	912 419
Total comprehensive income for the financial year						
Net profit	-	-	-	-	761 564	761 564
Other comprehensive income	-	-	-	455	-	455
Total comprehensive income for the financial year	-	-	-	455	761 564	762 019
Transactions with Parent Company's owners recognized directly in equity						
Appropriation of profit						
- dividend payment	-	-	-	-	(176 075)	(176 075)
- transfer to other reserves	-	-	58 766	-	(58 766)	-
Increase (decrease) in equity	-	-	58 766	455	526 723	585 944
As at 31 December 2022	5 869	71 608	657 417	1 905	761 564	1 498 363

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


Half-year condensed standalone statement of changes in equity for the period from 1 January 2022 to 30 June 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
NOTE	23	23	23, 24	23	24	
As at 1 January 2022	5 869	71 608	598 651	1 450	234 841	912 419
Total comprehensive income for the financial year						
Net profit	-	-	-	-	472 242	472 242
Other comprehensive income	-	-	-	236	-	236
Total comprehensive income for the financial year	-	-	-	236	472 242	472 478
Transactions with Parent Company's owners recognized directly in equity						
Appropriation of profit						
- dividend payment	-	-	-	-	(176 075)	(176 075)
- transfer to other reserves	-	-	58 766	-	(58 766)	-
Increase (decrease) in equity	-	-	58 766	236	237 401	296 403
As at 30 June 2022	5 869	71 608	657 417	1 686	472 242	1 208 822

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



HALF-YEAR CONDENSED STANDALONE CASH FLOW STATEMENT

(IN PLN'000)	NOTE	SIX-MONTH PERIOD ENDED 30.06.2023 (UNAUDITED)	SIX-MONTH PERIOD ENDED 30.06.2022 (UNAUDITED)
Cash flows from operating activities			
Profit before tax		513 443	577 733
Adjustments:		(298 089)	6 511
Amortization and depreciation	16, 17	6 665	4 635
Foreign exchange (gains) losses from translation of own cash		331	(20 853)
(Gain) Loss on investment activity		(322 491)	1 435
Other adjustments	29.1	(434)	153
Changes			
Change in provisions		78	(694)
Change in balance of financial assets at fair value through P&L and financial liabilities held for trading		(73 249)	(170 096)
Change in balance of restricted cash		(17 198)	38 399
Change in financial assets at amortised cost		(356)	(8 229)
Change in balance of prepayments and accruals		(2 802)	(1 816)
Change in balance of amounts due to customers		116 708	131 612
Change in balance of other liabilities	29.2	(5 341)	31 965
Cash from operating activities		215 354	584 244
Income tax paid		(73 072)	(68 034)
Interests		(2 231)	342
Net cash from operating activities		140 051	516 552
Cash flow from investing activities			
Proceeds from sale of items of property, plant and equipment		3	2
Expenses relating to payments for property, plant and equipment	17	(6 849)	(4 384)
Expenses relating to payments for intangible assets	16	(93)	(709)
Expenses relating to payments for investments in subsidiaries	14	(5 865)	(4 244)
Expenses relating purchase of bonds		(296 614)	(517 916)
Proceeds from closed deposits		300 000	-
Interests on deposits		2 667	-
Proceeds from sale of bonds		283 678	499 046
Interests on bonds		12 633	2 712
Dividends received from subsidiaries		6 740	51
Net cash from investing activities		296 300	(25 442)
Cash flow from financing activities			
Payments of liabilities under finance lease agreements		(5 441)	(1 592)
Interest paid under lease		(436)	(342)
Dividend paid to owners		-	(176 075)
Net cash from financing activities		(5 877)	(178 009)
Increase (Decrease) in net cash and cash equivalents		430 474	313 101
Cash and cash equivalents – opening balance		1 124 822	550 871
Increase (Decrease) in net cash and cash equivalents		430 474	313 101
Effect of FX rates fluctuations on balance of cash in foreign currencies		(333)	20 853
Cash and cash equivalents – closing balance		1 554 963	884 825

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



ADDITIONAL EXPLANATORY NOTES TO THE HALF-YEAR CONDENSED STANDALONE FINANCIAL STATEMENTS

1. General information

1.1 Name and registered seat of the Company

Name:	XTB Spółka Akcyjna
Legal form:	Joint Stock Company
Country:	Poland
Company registered seat:	Prosta 67, 00-838 Warsaw
Regon statistical number:	015803782
Tax Identification Number:	5272443955
Registration in the National Court Register:	0000217580

1.2 Company business

XTB S.A. („Company”, „XTB is a joint-stock company established pursuant to a notarial deed of 2 September 2004 - Repertory A-2712/2004. The Company was established for an indefinite period.

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

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

On 1 January 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.

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.").

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

The financial statements cover the following foreign branches which form the 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.

1.4 Composition of the Company's Management Board

In the period covered by these half-year condensed standalone 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. Compliance statement

2.1 Compliance statement

These half-year condensed standalone financial statements were prepared based on International Accounting Standards ("IAS") 34 approved by the European Union.

The half-year condensed standalone financial statements of the XTB S.A. prepared for the period from 1 January 2023 to 30 June 2023 with comparative data for the period ended 30 June 2022 and as at 31 December 2022 cover the Company's financial data and financial data of the branch offices.

These half-year condensed standalone financial statements have been prepared on the historical cost basis, with the exception of financial assets at fair value and other financial assets and liabilities whose measured methods are described in the accounting policy. The Company's assets are presented in the statement of financial position according to their liquidity, and its liabilities according to their maturities. The adopted accounting principles are consistent with the principles of the previous financial year, except for the income tax charge, which was calculated in accordance with the principles set out in IAS 34.30c and the new standards effective from 1 January 2023.

The Company and its branch offices maintain their accounting records in accordance with the accounting principles generally accepted in the countries in which these companies are established. The half-year condensed standalone financial statements include adjustments made in order to reconcile their financial statements with the IFRS.



The half-year condensed standalone financial statements do not cover all information and disclosures required by International Financial Reporting Standards approved by European Union (IFRS) to be presented in annual standalone financial statements and they should be read jointly with the standalone financial statements of the XTB S.A. for the year 2022.

The half-year condensed standalone financial statements were approved by the Management Board on 17 August 2023.

Drafting these half-year condensed standalone financial statements, the 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 half-year condensed standalone financial statements is the Polish zloty ("zł", "PLN"), and unless stated otherwise, all amounts are shown in thousands of zloty (PLN'000).

2.3 Going concern

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

2.4 Comparability of data and consistency of the policies applied

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

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

On 24 February 2022, Russian troops crossed the eastern, southern and northern borders of Ukraine, attacking the territory of Ukraine. In connection with hostilities by Russia, representatives of the European Union and many other countries have introduced severe sanctions against Russia, which mainly affect strategic sectors of the Russian economy by blocking access to technology and markets. The Company does not operate on these markets and does not have any significant investments there, so this situation has no significant impact on the Company, however, it caused high volatility in the financial and commodity markets around the world, which affected the transaction activity of XTB clients and the Company's results.

2.6 Changes in the accounting policies

The accounting policies applied in the preparation of the half-year condensed standalone financial statements are consistent with those applied in the preparation of the standalone financial statements of the Company 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 Company has not decided to apply earlier any Standard, Interpretation or Amendment that has been issued, but has not yet become effective in light of the EU regulations. New or amended standards and interpretations that are applicable for the first time in 2023 do not have a significant impact on the Company's half-year condensed standalone financial statements.



2.7 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 Company's half-year condensed standalone 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 value. Variable remuneration, liabilities due to reimbursements and other in the case of the Company do not occur.

Detailed accounting policies are included in the full annual standalone financial statements.

3.1 Material estimates and valuations

In order to prepare its financial statements in accordance with the IFRS, the Company has to make certain estimates and assumptions that affect the amounts disclosed in the financial statements. Estimates and assumptions subject to day-to-day evaluation by the Company's management are based on experience and other factors, including expectations as to future events that seem justified in the given situation. The results are a basis for estimates of carrying amounts of assets and liabilities. Although the estimates are based on best knowledge regarding the current conditions and actions taken by the Company, actual results may differ from the estimates.

Adjustments to estimates are recognised during the reporting period in which the adjustment was made provided that such adjustment refers only to the given period or in subsequent periods if the adjustment affects both the current period and subsequent periods. The most important areas for which the Company makes estimates are presented below.

3.2 Impairment of assets

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

At each balance sheet date, the Company assesses whether there are objective indications of impairment of other assets, including intangible assets. Impairment is recognised when it is highly likely that all or a significant part of the respective assets will not bring about the expected economic benefits, e.g. as a result of expiry of licences or decommissioning.



Deferred income tax assets

At each balance sheet date, the Company assesses the likelihood of settlement of unused tax credits with the estimated future taxable profit, and recognises the deferred tax asset only to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilized.

Period for settlement of the deferred tax asset

The Company recognises a deferred tax asset based on the assumption that a tax profit will be generated in the future enabling its utilisation. Deterioration in tax results in the future might result in the assumption becoming unjustified. The deferred tax asset relates mainly to the losses generated by foreign operations and subsidiaries in the initial period of their operation recognised in the balance sheet. The Company analyses the possibility of recognising such assets, taking into consideration local tax regulations, and analyses future tax budgets assessing the possibility of recovering these assets.

3.3 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 Company's future amounts due to employees, based on their employment and salaries as at the balance sheet date. The calculation of the provision amount is based on a number of assumptions, regarding both macroeconomic conditions and employee turnover, risk of death, and others.

Provision for unused holidays is calculated on the basis of the estimated payment of holiday benefits, based on the number of unused holidays, and remuneration as at the balance sheet date.

Provisions for legal risk are determined individually based on the circumstances of a given case. The Company assesses the chance of winning particular case and consequently assesses the need of establishment of provision in case of a loss in relations to all court cases.

4. Adopted Accounting principles

The accounting policies applied in the preparation of the half-year condensed standalone financial statements are consistent with the accounting policies applied in the preparation of the annual standalone 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 Company's operations are not seasonal.



6. Operating income

6.1 Result of operations in financial instruments

(IN PLN'000)	SIX-MONTH PERIOD ENDED 30.06.2023 (UNAUDITED)	SIX-MONTH PERIOD ENDED 30.06.2022 (UNAUDITED)
Financial instruments (CFD)		
Index CFDs	436 279	417 896
Commodity CFDs	323 622	297 490
Currency CFDs	65 076	114 468
Stock and ETF CFDs	9 365	23 149
Bond CFDs	693	(1 230)
Total CFDs	835 035	851 773
Stocks and ETFs	6 545	2 151
Dividends from subsidiaries	6 740	51
Gross gain on transactions in financial instruments	848 320	853 975
Intermediary services	(90 959)	(76 473)
Commission paid to cooperating brokers	-	(403)
Net gain on transactions in financial instruments	757 361	777 099

Intermediary services are services performed on the foreign markets by the Company's subsidiaries.

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

The Company's operating incomes is generated from: (i) spreads (the differences between the "offer" price and the "bid" price); (ii) fees and commissions charged 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 Company's market making activities.

6.2 Income from fees and charges

(IN PLN'000)	SIX-MONTH PERIOD ENDED 30.06.2023 (UNAUDITED)	SIX-MONTH PERIOD ENDED 30.06.2022 (UNAUDITED)
Fees and charges from institutional clients	3 362	1 425
Fees and charges from retail clients	1 860	1 294
Total income from fees and charges	5 222	2 719

6.3 Geographical areas

(IN PLN'000)	SIX-MONTH PERIOD ENDED 30.06.2023 (UNAUDITED)	SIX-MONTH PERIOD ENDED 30.06.2022 (UNAUDITED)
Operating income		
Central and Eastern Europe	511 835	504 143
- including Poland	402 324	333 248
Western Europe	178 263	206 038
Latin America*	33 606	68 002
Middle East**	38 924	1 652
Total operating income	762 628	779 835

*The subsidiary XTB International Ltd., with its seat in Belize, acquires clients from Latin America and the rest of the world.

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



The countries from which the Company derives each time 20% and over of its revenue is Poland with a share of 52,8% (six-month period ended 30 June 2022: 42,7%). Due to the overall share in the Company's revenue Poland was set apart for presentation purposes within the geographical area. The share of other countries in the structure of the Company's revenue by geographical area does not in any case exceed 20%.

The Company breaks its revenue down into geographical area by country in which a given customer was acquired.

7. Salaries and employee benefits

(IN PLN'000)	SIX-MONTH PERIOD	SIX-MONTH PERIOD
	ENDED	ENDED
	30.06.2023	30.06.2022
	(UNAUDITED)	(UNAUDITED)
Salaries	(82 361)	(59 509)
Social insurance and other benefits	(13 180)	(10 344)
Employee benefits	(2 414)	(1 895)
Total salaries and employee benefits	(97 955)	(71 748)

8. Marketing

(IN PLN'000)	SIX-MONTH PERIOD	SIX-MONTH PERIOD
	ENDED	ENDED
	30.06.2023	30.06.2022
	(UNAUDITED)	(UNAUDITED)
Marketing online	(85 837)	(60 222)
Marketing offline	(23 568)	(20 527)
Total marketing	(109 405)	(80 749)

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

9. Other external services

(IN PLN'000)	SIX-MONTH PERIOD	SIX-MONTH PERIOD
	ENDED	ENDED
	30.06.2023	30.06.2022
	(UNAUDITED)	(UNAUDITED)
Intermediary services	(16 816)	(20 865)
IT support services	(11 985)	(8 319)
Market data delivery	(5 397)	(4 558)
Legal and advisory services	(4 147)	(2 124)
Internet and telecommunications	(1 509)	(1 377)
Recruitment	(971)	(1 152)
Accounting and audit services	(909)	(784)
Support database systems	(232)	(119)
Postal and courier services	(75)	(145)
Other external services	(593)	(858)
Total other external services	(42 634)	(40 301)

Intermediary services represent remuneration paid to subsidiaries.



10. Commission expenses

(IN PLN'000)	SIX-MONTH PERIOD ENDED 30.06.2023 (UNAUDITED)	SIX-MONTH PERIOD ENDED 30.06.2022 (UNAUDITED)
Bank commissions	(12 402)	(12 345)
Stock exchange fees and charges	(5 178)	(3 242)
Commissions of foreign brokers	(223)	(185)
Total commission expenses	(17 803)	(15 772)

11. Finance income and costs

(IN PLN'000)	SIX-MONTH PERIOD ENDED 30.06.2023 (UNAUDITED)	SIX-MONTH PERIOD ENDED 30.06.2022 (UNAUDITED)
Interest income at amortized cost	35 838	209
Income on bonds	17 505	943
Foreign exchange gains	-	20 511
Other finance income	6	4
Total finance income	53 349	21 667

(IN PLN'000)	SIX-MONTH PERIOD ENDED 30.06.2023 (UNAUDITED)	SIX-MONTH PERIOD ENDED 30.06.2022 (UNAUDITED)
Foreign exchange losses	(16 185)	-
Interest paid under lease agreements	(436)	(342)
Other interest	(24)	(66)
Other finance costs	(42)	(10)
Total finance costs	(16 687)	(418)

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

12. Cash and cash equivalents

Broken down by type:

(IN PLN'000)	30.06.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.06.2022 (UNAUDITED)
Cash in current accounts in bank and their equivalents	3 375 262	2 620 804	2 481 541
Short-term deposits in bank	-	307 119	-
Cash and cash equivalents in total	3 375 262	2 927 923	2 481 541

The Company classifies as cash equivalents short-term deposits with maturities of less than 3 months and accrued interest thereon. Other deposits, ie 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)	30.06.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.06.2022 (UNAUDITED)
Customers' cash and cash equivalents	1 820 299	1 803 101	1 596 716
Own cash and cash equivalents	1 554 963	1 124 822	884 825
Cash and cash equivalents in total	3 375 262	2 927 923	2 481 541

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



13. Financial assets at fair value through P&L

(IN PLN'000)	30.06.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.06.2022 (UNAUDITED)
CFDs			
Index CFDs	190 444	144 725	169 369
Commodity CFDs	135 802	109 191	98 546
Currency CFDs	86 789	89 054	110 263
Stock and ETF CFDs	70 589	78 656	85 954
Bond CFDs	2 840	2 171	571
Debt instruments	379 882	362 074	347 141
Stocks and ETFs	12 103	10 246	13 682
Total financial assets at fair value through P&L	878 449	796 117	825 526

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

14. Investments in subsidiaries

(IN PLN'000)	30.06.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.06.2022 (UNAUDITED)
At the beginning of the reporting period	43 487	39 879	39 879
Increase	5 865	4 345	4 244
Decrease	-	-	-
Utilization	-	-	-
Impairment of investments in subsidiaries	(125)	(737)	(329)
At the end of the reporting period	49 227	43 487	43 794

Impairment of investments in subsidiaries

(IN PLN'000)	30.06.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.06.2022 (UNAUDITED)
Impairment write-downs of investments in subsidiaries – at the beginning of the reporting period	(4 833)	(4 096)	(4 097)
Utilization	-	-	-
Write-downs recorded	(125)	(737)	(329)
Impairment write-downs of investments in subsidiaries – at the end of the reporting period	(4 960)	(4 833)	(4 426)

Detailed information on subsidiaries

NAME OF SUBSIDIARY	COUNTRY OF REGISTERED OFFICE	30.06.2023 (UNAUDITED)		31.12.2022 (AUDITED)		30.06.2022 (UNAUDITED)	
		CARRYING AMOUNT OF SHARES (IN PLN'000)	SHARE IN CAPITAL %	CARRYING AMOUNT OF SHARES (IN PLN'000)	SHARE IN CAPITAL %	CARRYING AMOUNT OF SHARES (IN PLN'000)	SHARE IN CAPITAL %
XTB Limited	Great Britain	20 139	100%	20 139	100%	20 139	100%
X Open Hub Sp. z o.o.	Poland	105	100%	105	100%	5	100%
XTB Limited	Cyprus	7 560	100%	7 560	100%	7 560	100%
Tasfiye Halinde XTB Yönetim Danışmanlığı A.Ş.	Turkey	-	100%	125	100%	532	100%
XTB International Limited	Belize	4 420	100%	4 420	100%	4 420	100%
XTB Agente de Valores SpA	Chile	403	100%	403	100%	403	100%
XTB Services Limited	Cyprus	337	100%	337	100%	337	100%
XTB Africa (PTY) Ltd.	RPA	2 339	100%	2 339	100%	2 339	100%
XTB MENA Limited	ZEA	12 521	100%	8 059	100%	8 059	100%
XTB Digital Ltd.	Cyprus	1 403	100%	-	-	-	-
Lirsar S.A. en liquidacion	Uruguay	-	100%	-	100%	-	100%
XTB S. C. Limited	Seychelles	-	0%	-	-	-	-
Total		49 227		43 487		43 794	



On 15 September 2020, the liquidation process of the company in Turkey Tasfiye Halinde XTB Yönetim Danışmanlığı A.Ş. has begun. As at the 30 June 2023, amount of negative foreign exchange differences on translation of balances in foreign currencies of Turkish company amounted PLN (3 719), at the 31 December 2022 amount of negative foreign exchange differences on translation of balances in foreign currencies of Turkish company amounted PLN (3 767) thousand, at the 30 June 2022 amount of negative foreign exchange differences on translation of balances in foreign currencies of Turkish company amounted PLN (3 735) thousand. Exchange differences will be recognized in consolidated financial statement at the date of liquidation of the company.

On 9 January 2021 XTB MENA Limited with its seat in United Arab Emirates was registered in the local register of entrepreneurs. The Company acquired 100% of shares in the subsidiary. On 13 April 2021 shares of XTB MENA Limited with its seat in United Arab Emirates were paid by the Company. Capital was contributed in the amount of USD 1 million. On 22 March 2022 the Company acquired 1,000 ordinary shares in the increased capital of the subsidiary XTB MENA Limited. On 9 March 2023 XTB S.A. allocated USD 1 million for another increase in the share capital of the subsidiary XTB MENA Limited, maintaining 100% of its capital.

On 8 November 2021 the Company acquired 100 shares in the increased capital of subsidiary. As a result of the above transaction the Company kept 100% share in subsidiary's capital As at the date of these financial statements the company has not conduct its operations.

On 6 October 2022, XTB 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. 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. As at the date of these half-year condensed standalone financial statements the company did not conduct its operations.

On 5 December 2022, XTB Digital Ltd. with its seat in Cyprus was registered in the local register of entrepreneurs. The Parent Company acquired 100% of shares in the subsidiary. On 3 April 2023 shares of XTB Digital Ltd. with its seat in Cyprus were paid by the Parent Company. Capital was contributed in the amount of EUR 300 thousand. As at the date of these half-year condensed standalone financial statements the company did not conduct its operations.

On 27 July 2023 the subsidiary XTB Chile SpA changed the name for XTB Agente de Valores SpA.

The scope of activities of subsidiaries:

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

Impairment of investments in subsidiaries

As at 30 June 2023 due to the circumstances indicating value impairment as decrease of value of net assets value below purchase price, the Company recognized a write-off due to impairment of its investment in a subsidiary in Turkey in the amount of PLN 4 958 thousand. The impairment was recognized due to the decision made by the Company's Management Board on the 18 May 2017 to withdraw from activity in Turkey through taking actions intended to phase out XTB's activity on this market and liquidation of the subsidiary in Turkey. The impairment write-off was created up to the amount of net assets for which almost entirely cash is held in the bank. As at 31 December 2022 the write-off due to impairment of Turkish subsidiary amounted to PLN 4 833 thousand As at 30 June 2022 the write-off due to impairment of Turkish subsidiary amounted to PLN 4 426 thousand. As at the balance sheet date the process of withdrawing the activity was not finalized. Since December 2019 Tasfiye Halinde XTB Yönetim Danışmanlığı A.Ş. does not have an active license to running business.



15. Financial assets at amortised cost

(IN PLN'000)	30.06.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.06.2022 (UNAUDITED)
Receivables due from clients	50 941	51 402	39 792
Trade receivables	16 719	15 960	10 600
Amounts due from the Central Securities Depository of Poland	13 969	13 650	348
Deposits	4 289	4 692	7 959
Trade receivables due from related parties	891	514	217
Statutory receivables	292	369	84
Gross other receivables	87 101	86 587	59 000
Impairment write-downs of receivables	(19)	(58)	(50)
Impairment write-downs of receivables due from clients	(3 508)	(3 311)	(2 925)
Total net other receivables	83 574	83 218	56 025

Movements in impairment write-downs of receivables

(IN PLN'000)	30.06.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.06.2022 (UNAUDITED)
Impairment write-downs of receivables – at the beginning of the reporting period	(3 370)	(2 631)	(2 631)
Write-downs recorded	(472)	(948)	(411)
Write-downs reversed	372	193	51
Write-downs utilized	(57)	16	16
Impairment write-downs of receivables – at the end of the reporting period	(3 527)	(3 370)	(2 975)

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 30 June 2023 (UNAUDITED)

(IN PLN'000)	LICENCES FOR COMPUTER SOFTWARE	INTANGIBLE ASSETS MANUFACTURED INTERNALLY	TOTAL
Gross value as at 1 January 2023	6 367	10 792	17 159
Additions	93	-	93
Sale and scrapping	(5)	-	(5)
Net foreign exchange differences	(5)	-	(5)
Gross value as at 30 June 2023	6 450	10 792	17 242
Accumulated amortization as at 1 January 2023	(5 034)	(10 792)	(15 826)
Amortization for the current period	(176)	-	(176)
Sale and scrapping	5	-	5
Net foreign exchange differences	6	-	6
Accumulated amortization as at 30 June 2023	(5 199)	(10 792)	(15 991)
Net book value as at 1 January 2023	1 333	-	1 333
Net book value as at 30 June 2023	1 251	-	1 251

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


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

(IN PLN'000)	LICENCES FOR COMPUTER SOFTWARE	INTANGIBLE ASSETS MANUFACTURED INTERNALLY	TOTAL
Gross value as at 1 January 2022	5 374	10 792	16 166
Additions	1 117	-	1 117
Sale and scrapping	(132)	-	(132)
Net foreign exchange differences	8	-	8
Gross value as at 31 December 2022	6 367	10 792	17 159
Accumulated amortization as at 1 January 2022	(4 924)	(10 792)	(15 716)
Amortization for the current period	(235)	-	(235)
Sale and scrapping	132	-	132
Net foreign exchange differences	(7)	-	(7)
Accumulated amortization as at 31 December 2022	(5 034)	(10 792)	(15 826)
Net book value as at 1 January 2022	450	-	450
Net book value as at 31 December 2022	1 333	-	1 333

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


Intangible assets in the period from 1 January 2022 to 30 June 2022 (UNAUDITED)

(IN PLN'000)	LICENCES FOR COMPUTER SOFTWARE	INTANGIBLE ASSETS MANUFACTURED INTERNALLY	TOTAL
Gross value as at 1 January 2022	5 374	10 792	16 166
Additions	709	-	709
Sale and scrapping	(2)	-	(2)
Net foreign exchange differences	5	-	5
Gross value as at 30 June 2022	6 086	10 792	16 878
Accumulated amortization as at 1 January 2022	(4 924)	(10 792)	(15 716)
Amortization for the current period	(92)	-	(92)
Sale and scrapping	2	-	2
Net foreign exchange differences	(4)	-	(4)
Accumulated amortization as at 30 June 2022	(5 018)	(10 792)	(15 810)
Net book value as at 1 January 2022	450	-	450
Net book value as at 30 June 2022	1 068	-	1 068

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



17. Property, plant and equipment

Property, plant and equipment in the period from 1 January 2023 to 30 June 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
Gross value as at 1 January 2023	27 186	8 803	33 857	620	1 187	71 653
Additions	2 754	4 978	-	-	(883)	6 849
Lease	-	-	6 716	-	-	6 716
Sale and scrapping	(315)	(673)	(4 090)	(64)	-	(5 142)
Net foreign exchange differences	(86)	(122)	(743)	(27)	(50)	(1 028)
Gross value as at 30 June 2023	29 539	12 986	35 740	529	254	79 048
Accumulated amortization as at 1 January 2023	(16 386)	(4 094)	(8 473)	(245)	-	(29 198)
Amortization for the current period	(2 412)	(643)	(3 374)	(60)	-	(6 489)
Sale and scrapping	337	570	2 541	64	-	3 512
Net foreign exchange differences	68	105	258	12	-	443
Accumulated amortization as at 30 June 2023	(18 393)	(4 062)	(9 048)	(229)	-	(31 732)
Net book value as at 1 January 2023	10 800	4 709	25 384	375	1 187	42 455
Net book value as at 30 June 2023	11 146	8 924	26 692	300	254	47 316


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
Gross value as at 1 January 2022	18 253	7 536	7 598	413	333	34 133
Additions	9 416	2 031	-	-	854	12 301
Lease	-	-	27 041	297	-	27 338
Sale and scrapping	(522)	(841)	(957)	(102)	-	(2 422)
Net foreign exchange differences	39	77	175	12	-	303
Gross value as at 31 December 2022	27 186	8 803	33 857	620	1 187	71 653
Accumulated amortization as at 1 January 2022	(13 803)	(3 875)	(3 670)	(223)	-	(21 571)
Amortization for the current period	(3 071)	(811)	(5 640)	(115)	-	(9 637)
Sale and scrapping	516	654	935	101	-	2 206
Net foreign exchange differences	(28)	(62)	(98)	(8)	-	(196)
Accumulated amortization as at 31 December 2022	(16 386)	(4 094)	(8 473)	(245)	-	(29 198)
Net book value as at 1 January 2022	4 450	3 661	3 928	190	333	12 562
Net book value as at 31 December 2022	10 800	4 709	25 384	375	1 187	42 455


Property, plant and equipment in the period from 1 January 2022 to 30 June 2022 (UNAUDITED)

(IN PLN'000)	COMPUTER SYSTEMS	OTHER PROPERTY, PLANT AND EQUIPMENT	RIGHT TO USE OFFICE	RIGHT TO USE CAR	TANGIBLE FIXED ASSETS UNDER CONSTRUCTION	TOTAL
Gross value as at 1 January 2022	18 253	7 536	7 598	413	333	34 133
Additions	3 341	1 376	-	-	(333)	4 384
Lease	-	-	19 819	293	-	20 112
Sale and scrapping	(233)	(359)	(1 360)	(169)	-	(2 121)
Net foreign exchange differences	30	55	133	8	-	226
Gross value as at 30 June 2022	21 391	8 608	26 190	545	-	56 734
Accumulated amortization as at 1 January 2022	(13 803)	(3 875)	(3 670)	(223)	-	(21 571)
Amortization for the current period	(1 374)	(324)	(2 795)	(50)	-	(4 543)
Sale and scrapping	228	171	1 322	184	-	1 905
Net foreign exchange differences	(20)	(46)	(73)	(5)	-	(144)
Accumulated amortization as at 30 June 2022	(14 969)	(4 074)	(5 216)	(94)	-	(24 353)
Net book value as at 1 January 2022	4 450	3 661	3 928	190	333	12 562
Net book value as at 30 June 2022	6 422	4 534	20 974	451	-	32 381



Non-current assets by geographical area

(IN PLN'000)	30.06.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.06.2022 (UNAUDITED)
Non-current assets			
Central and Eastern Europe	37 698	31 770	28 783
- including Poland	30 211	31 013	27 919
Western Europe	10 869	12 018	4 666
Total non-current assets	48 567	43 788	33 449

18. Amounts due to customers

(IN PLN'000)	30.06.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.06.2022 (UNAUDITED)
Amounts due to retail customers	2 209 773	2 067 964	1 898 626
Amounts due to institutional customers	83 798	108 899	112 177
Total amounts due to customers	2 293 571	2 176 863	2 010 803

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

19. Financial liabilities held for trading

(IN PLN'000)	30.06.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.06.2022 (UNAUDITED)
CFDs			
Stock and ETF CFDs	27 732	20 833	28 328
Currency CFDs	12 712	12 257	8 655
Index CFDs	10 673	25 766	26 012
Commodity CFDs	8 084	9 283	7 869
Bond CFDs	270	57	95
Total financial liabilities held for trading	59 471	68 196	70 959

20. Liabilities due to lease

(IN PLN'000)	30.06.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.06.2022 (UNAUDITED)
Short-term	6 879	5 075	3 954
Long-term	22 504	23 033	18 948
Total liabilities due to lease	29 383	28 108	22 902

Liabilities due to lease do not include short-term leasing contracts and lease of low-value assets. In the period from 1 January to 30 June 2023 the cost related to short-term leasing included in the statement of comprehensive income amounted to PLN 134 thousand, the cost related to lease of low-value assets included in the statement of comprehensive income amounted to PLN 18 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 138 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 30 June 2022 the cost related to short-term leasing included in the statement of comprehensive income amounted to PLN 136 thousand, the cost related to lease of low-value assets included in the statement of comprehensive income amounted to PLN 74 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)	30.06.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.06.2022 (UNAUDITED)
Liabilities due to shareholders	570 484	-	-
Provisions for other employee benefits	28 491	30 075	36 216
Trade liabilities	16 557	37 393	22 460
Liabilities due to brokers	13 518	2 550	11 719
Statutory liabilities	8 720	7 031	5 366
Amounts due to the Central Securities Depository of Poland	5 425	255	220
Liabilities due to employees	551	1 299	413
Total other liabilities	643 746	78 603	76 394

Liabilities due to shareholders relate to the dividend to shareholders as at 30 June 2023, which was paid on 21 July 2023, as described in note 24.

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

Program of variable remuneration elements

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

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

As at 30 June 2023, salaries and employee benefits in the amount of PLN 8 499 thousand, as at 31 December 2022 in the amount of PLN 6 604 thousand and as at 30 June 2022 in the amount of PLN 4 884 thousand.

On 31 July 2023, XTB established an Incentive Program for persons whose professional activity has a significant impact on the Company's risk profile. Under this program, XTB will offer its participants ordinary bearer shares of a new issue in the increased share capital of the Company. The shares will be offered as part of the Variable Remuneration Elements awarded for the financial results achieved by XTB in the financial year for which the Actual Bonus is granted. Part of the benefits granted in the form of financial instruments, the value of which is related to the financial situation of the Company, will be paid in cash within 3 years from the date of granting. Pursuant to the Regulations of the Incentive Program, the amount of variable remuneration for the financial year 2022 is determined by the Supervisory Board and the Remuneration Committee.

Due to the fact that the introduction of the Incentive Program at XTB S.A. was after 30 June 2023, the provision for variable remuneration elements for the financial year ended 31 December 2022, as at 30 June 2023, it was included in the provisions for employee benefits. The Incentive Program will affect the Company's capital in the following quarters.

22. Provisions for liabilities and contingent liabilities

22.1 Provisions for liabilities

(IN PLN'000)	30.06.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.06.2022 (UNAUDITED)
Provisions for retirement benefits	173	173	150
Provisions for legal risk	3 907	3 829	3 821
Total provisions	4 080	4 002	3 971

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



Provisions for legal risk include expected amounts of payments to be made in connection with disputes to which the Company is a party. As at the date of preparation of these financial statements, the Company is not able to specify when the above liabilities will be repaid. The information on the significant court proceedings, arbitration authority or public administration authority was described in point 5.2 of the Management Board report on the operations of the Group and Company. To the best of our knowledge and belief, the proceedings described therein and the future resolution of these proceedings in the context of a possible impact on other clients of the Company have no material impact on these financial statements.

Movements in provisions in the period from 1 January 2023 to 30 June 2023 (UNAUDITED)

(IN PLN'000)	VALUE AS AT 01.01.2023	INCREASES	DECREASES		VALUE AS AT 30.06.2023
			USE	REVERSAL	
Provisions for retirement benefits	173	-	-	-	173
Provisions for legal risk	3 829	588	331	179	3 907
Total provisions	4 002	588	331	179	4 080

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	150	23	-	-	173
Provisions for legal risk	4 515	694	1 380	-	3 829
Total provisions	4 665	717	1 380	-	4 002

Movements in provisions in the period from 1 January 2022 to 30 June 2022 (UNAUDITED)

(IN PLN'000)	VALUE AS AT 01.01.2022	INCREASES	DECREASES		VALUE AS AT 30.06.2022
			USE	REVERSAL	
Provisions for retirement benefits	150	-	-	-	150
Provisions for legal risk	4 515	685	1 380	-	3 821
Total provisions	4 665	685	1 380	-	3 971

22.2 Contingent liabilities

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

As at 30 June 2023 the total value of claims brought against the Company amounted to approx. PLN 15 714 thousand (as at 31 December 2022: PLN 16 282 thousand, as at 30 June 2022: PLN 15 215 thousand). Company has not created provisions for the above proceedings. In the assessment of the Company there is low probability of loss in these proceedings.

On 9 May 2014, the Company issued a guarantee in the amount of PLN 62 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 Company issued a guarantee in the amount of PLN 5 698 thousand to secure the agreement concluded between subsidiary XTB Limited based in UK and Worldpay (UK) Limited, Worldpay Limited and Worldpay AP LTD based in UK. The guarantee was issued for the period of the agreement which was concluded for three years with the possibility of further extension. The agreement has been extended for an unlimited period with the possibility of termination.



23. Equity

Share capital structure as at 30 June 2023, 31 December 2022 and 30 June 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 Company

To the best Company's knowledge, the shareholding structure of the Company as at 30 June 2023 was as follows:

	NUMBER OF SHARES	NOMINAL VALUE OF SHARES (IN PLN'000)	SHARE
XXZW Investment Group S.A.	71 629 794	3 581	61,02%
Other shareholders	45 753 841	2 288	38,98%
Total	117 383 635	5 869	100,00%

Shareholding structure of the Company

To the best Company's knowledge, the shareholding structure of the Company as at 31 December 2022 and 30 June 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%
Total	117 383 635	5 869	100,00%

Other capitals

Other capitals consist of:

- supplementary capital in the total amount of PLN 71 608 thousand, mandatorily established from annual profit distribution to be used to cover potential losses that may occur in connection with the Company's operations, up to the amount of at least one third of the share capital, amounting to PLN 1 957 thousand and from surplus of the issue price over the nominal price in the amount of PLN 69 651 thousand, resulting from the capital increase in 2012 with a nominal value of PLN 348 thousand for the price of PLN 69 999 thousand,
- reserve capital in the amount of PLN 848 497 thousand, established from annual distribution of profit as resolved by the General Meeting of Shareholders to be used for financing of further operations of the Company or payment of dividend,
- foreign exchange differences on translation, including foreign exchange differences on translation of balances in foreign currencies of branches and foreign operations in the amount of PLN 887 thousand. A detailed presentation of exchange differences resulting from translation is presented in the table below.

(IN PLN'000)	30.06.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.06.2022 (UNAUDITED)
XTB Spółka Akcyjna branch in Germany	533	907	895
XTB Spółka Akcyjna branch in France	107	343	332
XTB Spółka Akcyjna branch in Romania	237	290	293
XTB Spółka Akcyjna	142	190	25
XTB Spółka Akcyjna branch in Czech Republic	19	103	67
XTB Spółka Akcyjna branch in Spain	(88)	46	47
XTB Spółka Akcyjna branch in Slovakia	(32)	19	20
XTB Spółka Akcyjna branch in Portugal	(31)	7	7
Total foreign exchange differences on translation	887	1 905	1 686



24. Profit distribution and dividend

Pursuant to the decision of the General Shareholders' Meeting of the Parent Company, the net profit for 2022 in the amount of PLN 761 564 thousand was partially earmarked for the payment of a dividend in the amount of PLN 570 484 thousand, the remaining amount was transferred to reserve capital.

The amount of dividend per share paid for 2022 was equal to PLN 4,86. The dividend was paid on the 21 July 2023.

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

(IN PLN'000)	SIX-MONTH PERIOD ENDED 30.06.2023 (UNAUDITED)	SIX-MONTH PERIOD ENDED 30.06.2022 (UNAUDITED)
Profit from continuing operations attributable to shareholders of the Company	422 826	472 242
Weighted average number of ordinary shares	117 383 635	117 383 635
Weighted average number of shares including dilution effect	117 383 635	117 383 635
Basic net profit per share from continuing operations for the year attributable to shareholders of the Company	3,60	4,02
Diluted net profit per share from continuing operations for the year attributable to shareholders of the Company	3,60	4,02

26. Current income tax and deferred tax

26.1 Income tax

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

(IN PLN'000)	SIX-MONTH PERIOD ENDED 30.06.2023 (UNAUDITED)	SIX-MONTH PERIOD ENDED 30.06.2022 (UNAUDITED)
Income tax – current portion		
Income tax for the reporting period	(70 871)	(74 542)
Income tax – deferred portion		
Occurrence / reversal of temporary differences	(19 746)	(30 949)
Income tax disclosed in profit and loss	(90 617)	(105 491)



Reconciliation of the actual tax burden

(IN PLN'000)	SIX-MONTH PERIOD ENDED 30.06.2023 (UNAUDITED)	SIX-MONTH PERIOD ENDED 30.06.2022 (UNAUDITED)
Profit before tax	513 443	577 733
Income tax based in the applicable tax rate of 19%	(97 554)	(109 769)
Difference resulting from application of tax rates applicable in other countries	(112)	(91)
Non-taxable revenue	19	39
Non-deductible expenses	(751)	(718)
Realisation of tax losses for the preceding periods	-	(471)
Other items affecting the tax burden amount	7 781	5 519
Income tax disclosed in profit or loss	(90 617)	(105 491)

On the basis of art 18d of Act on corporate income tax dated 15 February 1992 with further amendments the Company benefited in the period from 1 January 2023 to 30 June 2023 from the tax burden for research and development in total amounted to PLN 7 924 thousand. In analogical period in 2022 from the tax burden for research and development in total amounted to PLN 5 344 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 30 June 2023 (UNAUDITED)

(IN PLN'000)	AS AT 01.01.2022	PROFIT OR (LOSS)	AS AT 30.06.2023
Deferred income tax assets:			
Cash and cash equivalents	70	(67)	3
Property, plant and equipment	451	(89)	362
Financial liabilities held for trading	13 805	(1 944)	11 861
Provisions for liabilities	549	241	790
Prepayments and deferred costs	4 882	31	4 913
Other liabilities	6 877	(1 708)	5 169
Tax losses of previous periods to be settled in future periods	5 953	(489)	5 464
Total deferred income tax assets	32 587	(4 025)	28 562

(IN PLN'000)	AS AT 01.01.2023	PROFIT OR (LOSS)	AS AT 30.06.2023
Deferred income tax provision:			
Cash and cash equivalents	19	107	126
Financial assets at fair value through P&L	81 549	12 413	93 962
Other liabilities	-	3 497	3 497
Financial assets at amortised cost	1 481	(271)	1 210
Property, plant and equipment	335	(26)	309
Total deferred income tax provision	83 384	15 720	99 104
Deferred tax disclosed in profit or (loss)	-	(19 745)	-



(IN PLN'000)	AS AT 01.01.2023	INCLUDED IN EQUITY	AS AT 30.06.2023
Deferred income tax provision included directly in the equity:			
Separate equity of branches	838	(426)	412
Total deferred income tax provision included directly in the equity	838	(426)	412

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
Deferred income tax assets:			
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	425	124	549
Prepayments and deferred costs	2 521	2 361	4 882
Other liabilities	6 909	(32)	6 877
Tax losses of previous periods to be settled in future periods	6 651	(699)	5 953
Total deferred income tax assets	35 522	(2 936)	32 587

(IN PLN'000)	AS AT 01.01.2022	PROFIT OR (LOSS)	AS AT 31.12.2022
Deferred income tax provision:			
Cash and cash equivalents	25	(6)	19
Financial assets at fair value through P&L	59 249	22 300	81 549
Financial assets at amortised cost	326	1 155	1 481
Property, plant and equipment	299	36	335
Total deferred income tax provision	59 899	23 485	83 384
Deferred tax disclosed in profit or (loss)	-	(26 421)	-

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

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

(IN PLN'000)	AS AT 01.01.2022	PROFIT OR (LOSS)	AS AT 30.06.2022
Deferred income tax assets:			
Cash and cash equivalents	23	43	66
Property, plant and equipment	24	245	269
Financial liabilities held for trading	18 969	(3 309)	15 660
Provisions for liabilities	425	120	545
Prepayments and deferred costs	2 521	1 258	3 779
Other liabilities	6 909	(45)	6 864
Tax losses of previous periods to be settled in future periods	6 651	(528)	6 123
Total deferred income tax assets	35 522	(2 216)	33 306



(IN PLN'000)	AS AT 01.01.2022	PROFIT OR (LOSS)	AS AT 30.06.2022
Deferred income tax provision:			
Cash and cash equivalents	25	28	53
Financial assets at fair value through P&L	59 249	29 045	88 294
Financial assets at amortised cost	326	(326)	-
Property, plant and equipment	299	(14)	285
Total deferred income tax provision	59 899	28 733	88 632
Deferred tax disclosed in profit or (loss)	-	(30 949)	-

(IN PLN'000)	AS AT 01.01.2022	INCLUDED IN EQUITY	AS AT 30.06.2022
Deferred income tax provision included directly in the equity:			
Separate equity of branches	674	142	816
Total deferred income tax provision included directly in the equity	674	142	816

Geographical division of deferred income tax assets

(IN PLN'000)	30.06.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.06.2022 (UNAUDITED)
Deferred income tax assets			
Central and Eastern Europe	85	233	166
Western Europe	5 469	5 970	6 140
Total deferred income tax assets	5 554	6 203	6 306

Data concerning the presentation of deferred income tax by country of origin and reconciliation of presentation in the statement of financial position as at 30 June 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	22 898	99 390	-	76 492
Czech Republic	110	25	85	-
Slovakia	85	101	-	16
Germany	2 194	-	2 194	-
France	3 275	-	3 275	-
Total	28 562	99 516	5 554	76 508

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	26 365	84 203	-	57 838
Czech Republic	92	19	73	-
Slovakia	160	-	160	-
Germany	2 420	-	2 420	-
France	3 550	-	3 550	-
Total	32 587	84 222	6 203	57 838



Data concerning the presentation of deferred income tax by country of origin and reconciliation of presentation in the statement of financial position as at 30 June 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	26 947	89 395	-	62 448
Czech Republic	87	19	68	-
Slovakia	132	34	98	-
Germany	2 523	-	2 523	-
France	3 617	-	3 617	-
Total	33 306	89 448	6 306	62 448

27. Related party transactions

27.1 Parent Company

XXZW Investment Group S.A. with its registered office in Luxembourg is the key shareholder of the Company. As at 30 June 2023 it holds 61,02% of shares and votes in the General Meeting as per Company's best knowledge. XXZW Investment Group S.A. prepares consolidated financial statements.

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

27.2 Figures concerning related party transactions

As at 30 June 2023 the Company 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 30 June 2022: PLN 19 thousand). In the period from 1 January to 30 June 2023 the Company has noted loss from transactions with Mr Jakub Zabłocki in the amount of PLN 3 thousand (in the analogical period of 2022 noted profit from transactions with Mr Jakub Zabłocki in amount of PLN 4 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 30 June 2023 the paid gross salary and bonuses amounted to PLN 2 165 thousand and in the analogical period of 2022 amounted to PLN 1 283 thousand.

Mr Hubert Walentynowicz receives salary on the basis of work contract. In the period from 1 January to 30 June 2023 the paid gross salary and bonuses amounted to PLN 317 thousand and in the analogical period of 2022 amounted to PLN 247 thousand.

As at 30 June 2023 the Company has liabilities to Mr Filip Kaczmarzyk in the amount of PLN 19 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 30 June 2022 the Company has liabilities to Mr Filip Kaczmarzyk in the amount of PLN 96 thousand.

As at 30 June 2023 the Company has liabilities to Mr Paweł Szejko in the amount of PLN 2 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 30 June 2022 the Company has liabilities to Mr Paweł Szejko in the amount of PLN 18 thousand.

As at 30 June 2023 the Company has liabilities to Mr Jakub Kubacki in the amount of PLN 6 thousand due to his investment account. As at 31 December 2022 the Company has liabilities to Mr Jakub Kubacki in the amount of PLN 15 thousand. As at 30 June 2022 the Company has liabilities to Mr Jakub Kubacki in the amount of PLN 28 thousand.

The table below presents the total number and nominal value of the Company's shares held directly by the persons managing and supervising the Company, 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



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

- in 9 May 2022 Mr Paweł Szejko purchased a total of 3 300 shares in the Company;
- in 28 June 2022 Mr Paweł Szejko purchased a total of 700 shares in the Company;
- in 1 July 2022 Mr Jakub Kubacki purchased a total of 2 400 shares in the Company.

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

27.3 Incomes and costs

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

(IN PLN'000)	SIX-MONTH PERIOD ENDED 30.06.2023 (UNAUDITED)		SIX-MONTH PERIOD ENDED 30.06.2022 (UNAUDITED)	
	INCOMES	COSTS	INCOMES	COSTS
	XTB Limited (UK)	8 538	(10 821)	30 281
XTB Limited (CY)	-	(2 178)	18 943	(1 805)
XTB International Limited	151 004	(65 702)	166 547	(57 752)
XTB MENA Limited	2 671	(11 979)	-	(17 517)

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

(IN PLN'000)	TYPE OF SERVICE	SIX-MONTH PERIOD ENDED 30.06.2023 (UNAUDITED)		SIX-MONTH PERIOD ENDED 30.06.2022 (UNAUDITED)	
		INCOMES	COSTS	INCOMES	COSTS
		XTB Limited (UK)	infrastructure software	246	(654)
X Open Hub Sp. z o.o.	infrastructure software	2 951	(1 989)	922	(1 079)
XTB Services Limited	marketing	-	(14 827)	-	(19 785)

27.4 Receivables

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

(IN PLN'000)	30.06.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.06.2022 (UNAUDITED)
XTB Limited (UK)	17 962	18 379	15 579
XTB Limited (CY)	421	-	1
XTB International Limited	27 194	29 260	20 553
XTB MENA Limited	1 204	1	1

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

(IN PLN'000)	30.06.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.06.2022 (UNAUDITED)
XTB Limited (UK)	34	49	50
X Open Hub Sp. z o.o.	712	466	167



27.5 Liabilities

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

(IN PLN'000)	30.06.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.06.2022 (UNAUDITED)
XTB Limited (UK)	3 683	1 929	2 979
XTB Limited (CY)	1 317	1 404	791
XTB International Limited	32 253	29 895	24 123
XTB MENA Limited	1 727	2 812	2 456

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

(IN PLN'000)	30.06.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.06.2022 (UNAUDITED)
XTB Limited (UK)	82	62	141
X Open Hub Sp. z o.o.	316	103	154
XTB Services Limited	1 574	1 919	2 938

27.6 Benefits to Management Board and Supervisory Board

(IN PLN'000)	SIX-MONTH PERIOD ENDED 30.06.2023 (UNAUDITED)	SIX-MONTH PERIOD ENDED 30.06.2022 (UNAUDITED)
Benefits to the Management Board members	(3 268)	(3 565)
Benefits to the Supervisory Board members	(130)	(122)
Total benefits to the Management Board and Supervisory Board	(3 398)	(3 687)

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

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

27.7 Loans granted to the Management and Supervisory Board members

As at 30 June 2023, 31 December 2022 and 30 June 2022 there are no loans granted to the Management and Supervisory Board members.

28. Employment

Total employment in the Company as at 30 June 2023 was 826 people. As at 31 December 2022, the employment was 707 people. As at 30 June 2022, the employment was 608 people. 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 cash flow statement

29.1 Other adjustments

The "Other adjustments" item includes the following adjustments

(IN PLN'000)	SIX-MONTH PERIOD ENDED 30.06.2023 (UNAUDITED)	SIX-MONTH PERIOD ENDED 31.12.2022 (UNAUDITED)
Change in the balance of differences from the conversion of branches and subsidiaries	(1 018)	236
Foreign exchange differences on translation of movements in property, plant and equipment, and intangible assets	584	(83)
Change in other adjustments	(434)	153

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

29.2 Change in balance of other liabilities

The "Change in balance of other liabilities" item includes the following adjustments:

(IN PLN'000)	SIX-MONTH PERIOD ENDED 30.06.2023 (UNAUDITED)	SIX-MONTH PERIOD ENDED 30.06.2022 (UNAUDITED)
Balance sheet change in other liabilities	565 143	31 965
Liabilities due to shareholders	(570 484)	-
Change in balance of other liabilities	(5 341)	31 965

The change in balance of other liabilities consists of the balance sheet change in other liabilities and liabilities due to shareholders.

30. Post balance sheet events

On 27 July 2023 the subsidiary XTB Chile SpA changed the name for XTB Agente de Valores SpA.

On 31 July 2023 Extraordinary General Meeting of XTB S.A. decided to increase the share capital of the Company by PLN 9 280,80 by issuing 185 616 series B ordinary bearer shares of the Company with a nominal value of PLN 0,05 each. The New Shares will be issued in a public offering, which does not require a prospectus. The New Shares will be offered in the private subscription mode. The New Shares are related to the introduction of an Incentive Program in the Company, under which they will be offered as variable remuneration to persons whose activities have a significant impact on the Company's risk profile.



31. Off-balance sheet items

31.1 Nominal value of financial instruments

(IN PLN'000)	30.06.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.06.2022 (UNAUDITED)
Index CFDs	4 446 034	3 525 093	3 623 417
Currency CFDs	2 651 223	2 145 979	2 254 150
Commodity CFDs	2 166 950	1 362 971	1 454 120
Stock and ETF CFDs	769 142	565 112	564 118
Bond CFDs	35 185	23 264	58 012
Total financial instruments	10 068 534	7 622 419	7 953 817

The nominal value of instruments presented in the chart above includes transactions with customers and brokers. As at 30 June 2023 transactions with brokers represent 5% of the total nominal value of instruments (as at 31 December 2022: 5% of the total nominal value of instruments, as at 30 June 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)	30.06.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.06.2022 (UNAUDITED)
Listed stocks, ETFs and rights to stocks registered in customers' securities accounts	4 883 502	3 445 190	2 890 440
Other securities registered in customers' securities accounts	207	207	207
Total customers' financial instruments	4 883 709	3 445 397	2 890 647

31.3 Transaction limits

The amount of unused transaction limits granted to related entities was as at 30 June 2023 PLN 87 550 thousand, as at 31 December 2022 was PLN 117 986 thousand and as at 30 June 2022 was PLN 111 979 thousand.

32. Items regarding the compensation scheme

(IN PLN'000)	30.06.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.06.2022 (UNAUDITED)
1. Contributions made to the compensation scheme			
a) opening balance	10 569	7 412	7 412
- <i>increases</i>	1 659	3 157	1 464
b) closing balance	12 228	10 569	8 876
2. XTB's share in the profits from the compensation scheme	910	626	427

33. Capital management

The Company's principles of capital management are established in the "Capital management policy in XTB S.A.". The document is approved by the Company's Supervisory Board.

The policy defines the basic concepts, objectives and rules which constitute the Company's capital strategy. It specifies, in particular, long-term capital objectives, the current and preferred capital structure, contingency plans and basic elements of the internal capital estimation process. The policy is updated as appropriate so as to reflect the development in the Company and its business environment.

The objective of the capital management policy is to ensure balanced long-term growth for the shareholders and to maintain sufficient capital to enable the Company to operate in a prudent and efficient manner.



This objective is attained by maintaining an appropriate capital base, taking into account the Company's risk profile and prudential regulations, as well as risk-based capital management in view of the operating goals.

Determination of capital-related goals is essential for equity management and serves as a basic reference in the context of capital planning, allocation and contingency plans. The Company establishes capital-related objectives which ensure a stable capital base, achievement of its capital strategy goals (in accordance with its general principles), and also match the Company's risk appetite. To establish its capital-related goals, the Company takes into consideration its strategic plans and expected growth of operations as well as external conditions, including the macroeconomic situation and other business environment factors. The capital-related goals are set for a horizon similar to that of the business strategy and are approved by the Management Board.

Capital planning is focused on an assessment of the Company's current and future capital requirements (both regulatory and internal), and on comparing them with the current and projected levels of available capital. The Company has prepared contingency plans to be launched in the event of a capital adequacy problem, described in detail in the "Capital management policy in XTB S.A.".

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

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

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

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

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

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

The Company calculate own funds according to the second part of Regulation (EU) 2019/2033 of the European Parliament and of the Council 2019/2033 of 27th November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014 ("IFR").

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

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

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

Due to entry into force of IFR Regulation from 26th June 2021, the Company is no longer required to maintain capital buffers under the Act on Macroprudential Supervision of the Financial System and Crisis Management in the Financial System of 5th August 2015.

Key values in capital management:

(IN PLN'000)	30.06.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.06.2022 (UNAUDITED)
Own funds	916 271	723 618	719 726
Tier I Capital	916 271	723 618	719 726
Common Equity Tier I capital	916 271	723 618	719 726
Total capital requirement IFR	557 549	317 374	437 717
Total capital ratio IFR	164,3%	228,0%	164,4%
Minimal required total capital ratio including buffers (article 9 section1 letter c) of IFR)***)	100%	100%	100%



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

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

(IN PLN'000)	AS AT 30.06.2023 (UNAUDITED)	AVERAGE VALUE IN THE PERIOD	AS AT 31.12.2022 (AUDITED)	AS AT 30.06.2022 (UNAUDITED)
1. Capital/Own funds	916 271	724 474	723 618	719 726
1.1. Common Equity Tier I without deductions	925 511	735 487	734 431	734 431
1.2. Items decreasing share capitals	(9 240)	(11 013)	(10 813)	(14 705)
I. Own funds	916 271	724 474	723 618	719 726
1. Risk to Client, including:	10 486	10 033	9 583	8 677
1.1. K-CMH	8 821	8 528	8 174	7 467
1.2. K-ASA	1 665	1 505	1 409	1 136
1.3. K-COH	-	-	-	74
2. Risk to Market, including:	384 825	332 451	179 706	306 983
2.1. K-NPR	384 825	332 451	179 706	306 983
3. Risk to Firm, including:	162 238	152 173	128 085	122 057
3.1. K-TCD	159 296	149 304	125 308	119 515
3.2. K-DTF	2 942	2 869	2 777	2 542
II. Total K-factor capital requirement (IFR)	557 549	494 657	317 374	437 717

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

34. Risk management

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

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

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

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

The Company's Supervisory Board approves risk management system.

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 customers and other liabilities is estimated as being close to their carrying amount in view of the short-term maturities of these balance sheet items.

34.1.2 Fair value hierarchy

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

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

(IN PLN'000)	30.06.2023 (UNAUDITED)			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial assets				
Financial assets at fair value through P&L	391 985	486 464	-	878 449
Total financial assets	391 985	486 464	-	878 449
Financial liabilities				
Financial liabilities held for trading	-	59 471	-	59 471
Total financial liabilities	-	59 471	-	59 471

(IN PLN'000)	31.12.2022 (AUDITED)			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial assets				
Financial assets at fair value through P&L	372 320	423 797	-	796 117
Total financial assets	372 320	423 797	-	796 117
Financial liabilities				
Financial liabilities held for trading	-	68 196	-	68 196
Total financial liabilities	-	68 196	-	68 196

(IN PLN'000)	30.06.2022 (UNAUDITED)			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial assets				
Financial assets at fair value through P&L	360 823	464 703	-	825 526
Total financial assets	360 823	464 703	-	825 526
Financial liabilities				
Financial liabilities held for trading	-	70 959	-	70 959
Total financial liabilities	-	70 959	-	70 959

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

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

The impact of adjustments due to credit risk of the contractor, estimated by the Company, was insignificant from the point of view of the general estimation of derivative transactions concluded by the Company.



Therefore, the Company does not recognise the impact of unobservable input data used for the estimation of derivative transactions as significant and, pursuant to IFRS 13.73, does not classify such transactions as level 3 of the fair value hierarchy.

34.2 Market risk

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

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

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

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

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

34.2.1 Currency risk

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

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


Assets and liabilities denominated in foreign currencies as at 30 June 2023 (values in foreign currencies converted to PLN) (UNAUDITED)

(IN PLN'000)	VALUE IN FOREIGN CURRENCIES CONVERTED TO PLN							TOTAL	CARRYING AMOUNT
	USD	EUR	GBP	CZK	HUF	RON	OTHER CURRENCIES		
Assets									
Cash and cash equivalents	501 292	967 158	5 056	198 336	5 104	24 848	6 420	1 708 214	3 375 262
Financial assets held for trading	79 816	159 251	865	59 265	1 575	10 189	6 017	316 978	878 449
Investments in subsidiaries	-	-	-	-	-	-	-	-	49 227
Income tax receivables	-	62	-	-	-	-	-	62	946
Financial assets at amortised cost	37 694	17 753	1 464	1 465	2 176	183	4 298	65 033	83 574
Prepayments and deferred costs	-	1 102	-	68	-	92	-	1 262	15 343
Intangible assets	-	3	-	1	-	-	-	4	1 251
Property, plant and equipment	-	13 572	-	4 702	-	79	-	18 353	47 316
Deferred income tax assets	-	5 469	-	85	-	-	-	5 554	5 554
Total assets	618 802	1 164 370	7 385	263 922	8 855	35 391	16 735	2 115 460	4 456 922
Liabilities									
Amounts due to customers	271 714	940 449	1 731	223 686	4 765	31 023	802	1 474 170	2 293 571
Financial liabilities held for trading	17 373	17 792	764	5 188	171	630	548	42 466	59 471
Income tax liabilities	-	326	-	99	-	51	-	476	476
Lease liabilities	-	26 566	-	2 817	-	-	-	29 383	29 383
Other liabilities	18 689	15 540	2 484	5 166	18	1 108	216	43 221	643 746
Provisions for liabilities	-	3 790	-	19	-	-	-	3 809	4 080
Deferred income tax provision	-	17	-	-	-	-	-	17	76 508
Total liabilities	307 776	1 004 480	4 979	236 975	4 954	32 812	1 566	1 593 542	3 107 235


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

(IN PLN'000)	VALUE IN FOREIGN CURRENCIES CONVERTED TO PLN							TOTAL	CARRYING AMOUNT
	USD	EUR	GBP	CZK	HUF	RON	OTHER CURRENCIES		
Assets									
Cash and cash equivalents	391 518	948 897	5 155	201 199	4 234	20 578	3 925	1 575 506	2 927 923
Financial assets held for trading	69 556	159 994	849	57 135	713	8 024	7 068	303 339	796 117
Investments in subsidiaries	-	-	-	-	-	-	-	-	43 487
Income tax receivables	-	-	-	-	-	-	-	-	-
Financial assets at amortised cost	41 815	16 677	1 962	1 646	2 071	232	1 212	65 615	83 218
Prepayments and deferred costs	-	1 404	-	135	-	7	-	1 546	12 541
Intangible assets	-	4	-	4	-	-	-	8	1 333
Property, plant and equipment	-	12 134	-	530	-	103	-	12 767	42 455
Deferred income tax assets	-	6 130	-	73	-	-	-	6 203	6 203
Total assets	502 889	1 145 240	7 966	260 722	7 018	28 944	12 205	1 964 984	3 913 277
Liabilities									
Amounts due to customers	233 342	936 752	13	221 498	4 289	23 492	604	1 419 990	2 176 863
Financial liabilities held for trading	21 833	20 847	593	3 615	-	460	1 255	48 603	68 196
Income tax liabilities	-	297	-	138	-	33	-	468	1 304
Lease liabilities	-	26 753	1 169	186	-	-	-	28 108	28 108
Other liabilities	13 948	16 594	1 635	3 556	-	640	97	36 470	78 603
Provisions for liabilities	-	3 662	68	-	-	-	-	3 730	4 002
Deferred income tax provision	-	-	-	-	-	-	-	-	57 838
Total liabilities	269 123	1 004 905	3 478	228 993	4 289	24 625	1 956	1 537 369	2 414 914


Assets and liabilities denominated in foreign currencies as at 30 June 2022 (values in foreign currencies converted to PLN) (UNAUDITED)

(IN PLN'000)	VALUE IN FOREIGN CURRENCIES CONVERTED TO PLN							TOTAL	CARRYING AMOUNT
	USD	EUR	GBP	CZK	HUF	RON	OTHER CURRENCIES		
Assets									
Cash and cash equivalents	470 001	858 267	11 385	207 163	3 734	21 660	3 897	1 576 107	2 481 541
Financial assets held for trading	70 694	151 943	3 921	69 568	1 410	7 436	9 886	314 858	825 526
Investments in subsidiaries	-	-	-	-	-	-	-	-	43 794
Income tax receivables	-	-	-	-	-	-	-	-	1 045
Financial assets at amortised cost	29 743	9 034	1 804	1 005	2 099	186	2 857	46 728	56 025
Prepayments and deferred costs	-	1 491	-	605	-	55	-	2 151	8 909
Intangible assets	-	-	-	15	-	-	-	15	1 068
Property, plant and equipment	-	4 785	-	666	-	63	-	5 514	32 381
Deferred income tax assets	-	6 238	-	68	-	-	-	6 306	6 306
Total assets	570 438	1 031 758	17 110	279 090	7 243	29 400	16 640	1 951 679	3 456 595
Liabilities									
Amounts due to customers	194 495	816 816	842	241 618	3 228	24 248	669	1 281 916	2 010 803
Financial liabilities held for trading	23 304	24 183	1 424	7 557	127	444	885	57 924	70 959
Income tax liabilities	-	261	-	-	-	35	-	296	296
Lease liabilities	-	22 745	-	157	-	-	-	22 902	22 902
Other liabilities	17 659	20 367	2 805	2 055	-	767	135	43 788	76 394
Provisions for liabilities	-	-	-	-	-	-	-	-	3 971
Deferred income tax provision	-	-	-	-	-	-	-	-	62 448
Total liabilities	235 458	884 372	5 071	251 387	3 355	25 494	1 689	1 406 826	2 247 773



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

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

(IN PLN'000)	SIX-MONTH PERIOD ENDED 30.06.2023 (UNAUDITED)		SIX-MONTH PERIOD ENDED 30.06.2022 (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	24 910	(24 910)	47 321	(47 321)
Equity, of which:	942	(942)	789	(789)
Foreign exchange differences on translation	942	(942)	789	(789)

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 Company to the adverse impact of exchange rate fluctuations. Such risk may result from the contracts entered into by the Company, where receivables or liabilities are dependent upon exchange rates as well as from holding assets or liabilities dependent on exchange rates. The basic interest rate risk for the Company is the mismatch of interest rates paid to customers in connection with funds deposited in cash accounts in the Company, and of the bank account and bank deposits where the Company's customers' funds are invested.

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

Since the Company maintains a low duration of assets and liabilities and minimises the duration gap, sensitivity of the market value of assets and liabilities to calculations of market interest rates is very low. As part of a significant risk identification process, the Risk Management Committee established that the interest rate risk is not significant for the Company's operations.

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

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

(IN PLN'000)	30.06.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.06.2022 (UNAUDITED)
Financial assets			
Cash – in current bank accounts	3 375 262	2 620 804	2 481 541
Cash – short-term deposits in bank	-	307 119	-
Debt instruments	379 882	362 074	347 141
Total financial assets	3 755 144	3 289 997	2 828 682
Financial liabilities			
Other liabilities	29 383	28 108	22 902
Total financial liabilities	29 383	28 108	22 902

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 half-year condensed standalone financial statements, using the average 1M interest rate in a given market.



(IN PLN'000)	SIX-MONTH PERIOD ENDED 30.06.2023 (UNAUDITED)		SIX-MONTH PERIOD ENDED 30.06.2022 (UNAUDITED)	
	INCREASE BY 50 PB	DECREASE BY 50 PB	INCREASE BY 50 PB	DECREASE BY 50 PB
	Profit/(loss) before tax	15 016	(15 016)	12 195
Short-term deposits	2 500	(2 500)	-	-

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

In the period covered by these condensed consolidated financial statements and in the comparative period, the Company 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)	SIX-MONTH PERIOD ENDED 30.06.2023 (UNAUDITED)		SIX-MONTH PERIOD ENDED 30.06.2022 (UNAUDITED)	
	INCREASE BY 50 PB	DECREASE BY 50 PB	INCREASE BY 50 PB	DECREASE BY 50 PB
	Profit/(loss) before tax	(2 230)	2 282	(938)

34.2.3 Other price risk

Other price risk is exposure of the Company'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)	30.06.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.06.2022 (UNAUDITED)
Financial assets at fair value through P&L			
Commodity			
Precious metals	32 861	19 900	39 006
Base metals	1 872	1 445	3 096
Other	101 069	87 846	56 444
Total commodity	135 802	109 191	98 546
Equity instruments			
Stocks and ETF	82 692	88 903	99 636
Indices	190 444	144 725	169 368
Total equity instruments	273 136	233 628	269 004
Debt instruments	2 840	2 171	571
Total financial assets at fair value through P&L	411 778	344 990	368 121
Financial liabilities held for trading			
Commodity			
Precious metals	2 130	2 781	635
Base metals	95	154	617
Other	5 859	6 348	6 618
Total commodity	8 084	9 283	7 870
Equity instruments			
Stocks and ETF	27 732	20 833	28 328
Indices	10 672	25 767	26 012
Total equity instruments	38 404	46 600	54 340
Debt instruments	270	57	95
Total financial liabilities held for trading	46 758	55 940	62 305



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

(IN PLN'000)	SIX-MONTH PERIOD ENDED 30.06.2023 (UNAUDITED)		SIX-MONTH PERIOD ENDED 30.06.2022 (UNAUDITED)	
	INCREASE BY 5%	DECREASE BY 5%	INCREASE BY 5%	DECREASE BY 5%
Income/(expenses) for the period				
Commodity				
Precious metals	(11 912)	11 912	(28 179)	28 179
Base metals	(837)	837	(211)	211
Other	(11 140)	11 140	(7 564)	7 564
Total commodity	(23 889)	23 889	(35 954)	35 954
Equity instruments				
Stocks and ETFs	85	(85)	20	(20)
Indicies	128 141	(128 141)	(58 019)	58 019
Total equity instruments	128 226	(128 226)	(57 999)	57 999
Debt instruments	(287)	287	2 329	(2 329)
Total income/(expenses) for the period	104 050	(104 050)	(91 624)	91 624

34.3 Liquidity risk

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

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

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

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

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


Contractual payment periods of financial assets and liabilities as at 30 June 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
Financial assets							
Cash and cash equivalents	3 375 262	3 375 262	3 375 262	-	-	-	-
Financial assets at fair value through P&L							
Listed stocks and ETF	12 103	12 103	12 103	-	-	-	-
Bonds	379 882	379 882	379 882	-	-	-	-
CFDs	486 464	486 464	486 464	-	-	-	-
Total financial assets at fair value through P&L	878 449	878 449	878 449	-	-	-	-
Investments in subsidiaries	49 227	49 227	-	-	-	-	49 227
Financial assets at amortised cost	83 574	83 574	65 316	-	4 289	-	13 969
Total financial assets	4 386 512	4 386 512	4 319 027	-	4 289	-	63 196
Financial liabilities							
Amounts due to customers	2 293 571	2 293 571	2 293 571	-	-	-	-
Financial liabilities held for trading							
CFDs	59 471	59 471	59 471	-	-	-	-
Total financial liabilities held for trading	59 471	59 471	59 471	-	-	-	-
Lease liabilities	29 383	29 383	1 362	5 516	18 650	3 855	-
Other liabilities	643 746	643 746	609 830	22 870	-	-	11 046
Total financial liabilities	3 026 171	3 026 171	2 964 234	28 386	18 650	3 855	11 046
Contractual liquidity gap in maturities (payment dates)			1 354 793	(28 386)	(14 361)	(3 855)	52 150
Contractual cumulative liquidity gap			1 354 793	1 326 407	1 312 046	1 308 191	1 360 341


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
Financial assets							
Cash and cash equivalents	2 927 923	2 927 923	2 620 804	307 119	-	-	-
Financial assets at fair value through P&L							
Listed stocks and ETF	10 247	10 247	10 247	-	-	-	-
Bonds	362 074	362 074	362 074	-	-	-	-
CFDs	423 796	423 796	423 796	-	-	-	-
Total financial assets at fair value through P&L	796 117	796 117	796 117	-	-	-	-
Investments in subsidiaries	43 487	43 487	-	-	-	-	43 487
Financial assets at amortised cost	83 218	83 218	64 876	-	4 692	-	13 650
Total financial assets	3 850 745	3 850 745	3 481 797	307 119	4 692	-	57 137
Financial liabilities							
Amounts due to customers	2 176 863	2 176 863	2 176 863	-	-	-	-
Financial liabilities held for trading							
CFDs	68 196	68 196	68 196	-	-	-	-
Total financial liabilities held for trading	68 196	68 196	68 196	-	-	-	-
Lease liabilities	28 108	28 108	1 130	4 112	22 866	-	-
Other liabilities	78 603	78 603	48 273	24 407	-	-	5 923
Total financial liabilities	2 351 770	2 351 770	2 294 462	28 519	22 866	-	5 923
Contractual liquidity gap in maturities (payment dates)			1 187 335	278 600	(18 174)	-	51 214
Contractual cumulative liquidity gap			1 187 335	1 465 935	1 447 761	1 447 761	1 498 975


Contractual payment periods of financial assets and liabilities as at 30 June 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
Financial assets							
Cash and cash equivalents	2 481 541	2 481 541	2 481 541	-	-	-	-
Financial assets at fair value through P&L							
Listed stocks and ETF	13 682	13 682	13 682	-	-	-	-
Bonds	347 141	347 141	347 141	-	-	-	-
CFDs	464 703	464 703	464 703	-	-	-	-
Total financial assets at fair value through P&L	825 526	825 526	825 526	-	-	-	-
Investments in subsidiaries	43 794	43 794	-	-	-	-	43 794
Financial assets at amortised cost	56 025	56 025	48 066	-	7 959	-	-
Total financial assets	3 406 886	3 406 886	3 355 133	-	7 959	-	43 794
Financial liabilities							
Amounts due to customers	2 010 803	2 010 803	2 010 803	-	-	-	-
Financial liabilities held for trading							
CFDs	70 959	70 959	70 959	-	-	-	-
Total financial liabilities held for trading	70 959	70 959	70 959	-	-	-	-
Lease liabilities	22 902	22 902	1 054	2 899	18 949	-	-
Other liabilities	76 394	76 394	53 714	17 518	-	-	5 162
Total financial liabilities	2 181 058	2 181 058	2 136 530	20 417	18 949	-	5 162
Contractual liquidity gap in maturities (payment dates)			1 218 603	(20 417)	(10 990)	-	38 632
Contractual cumulative liquidity gap			1 218 603	1 198 186	1 187 196	1 187 196	1 225 828

Company 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 Company's exposure to credit risk:

(IN PLN'000)	30.06.2023 (UNAUDITED)		31.12.2022 (AUDITED)		30.06.2022 (UNAUDITED)	
	CARRYING AMOUNT	MAXIMUM EXPOSURE TO CREDIT RISK	CARRYING AMOUNT	MAXIMUM EXPOSURE TO CREDIT RISK	CARRYING AMOUNT	MAXIMUM EXPOSURE TO CREDIT RISK
Financial assets						
Cash and cash equivalents	3 375 262	3 375 262	2 927 923	2 927 923	2 481 541	2 481 541
Financial assets at fair value through P&L *	878 449	34 916	796 118	33 410	825 526	44 994
Investments in subsidiaries	49 227	49 227	43 487	43 487	43 794	43 794
Financial assets at amortised cost	83 574	83 574	91 016	91 016	56 025	56 025
Total financial assets	4 386 512	3 542 979	3 858 544	3 095 836	3 406 886	2 626 354

* As at 30 June 2023 the maximum exposure to credit risk for financial assets held for trading, not including the collateral received, was PLN 486 463 thousand (as at 31 December 2022: PLN 423 796 thousand, as at 30 June 2022: PLN 464 703 thousand). This exposure was collateralized with customers' cash, which, as at 30 June 2023, covered the amount of PLN 451 547 thousand (as at 31 December 2022: PLN 390 387 thousand, as at 30 June 2022: PLN 419 709 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 Company's financial assets is assessed based on external credit quality assessments, risk weights assigned based on the CRR, taking account of the mechanisms used to mitigate credit risk, the number of days past due, and the probability of counterparty insolvency.

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

- Fitch Ratings – from F1+ to F3
- Standard & Poor's Ratings Services – from A-1 to A-2
- Moody's – from P-1 to P-2

Cash and cash equivalents

Credit risk connected with cash and cash equivalents is related to the fact that own cash and customers' cash is held in bank accounts. Credit risk involving cash is mitigated by selecting banks with a high credit rating granted by international rating agencies and through diversification of banks with which accounts are opened. As at 30 June 2023, the Company had deposit accounts in 26 banks and institutions (as at 31 December 2022: in 24 banks and institutions, as at 30 June 2022: in 25 banks and institutions). The ten largest exposures are presented in the table below (numbering of banks and institutions determined individually for each period):

ENTITY	30.06.2023 (UNAUDITED) (IN PLN'000)	ENTITY	31.12.2022 (AUDITED) (IN PLN'000)	ENTITY	30.06.2022 (UNAUDITED) (IN PLN'000)
Bank 1	1 077 639	Bank 1	1 028 204	Bank 1	853 892
Bank 2	501 986	Bank 2	378 856	Bank 2	339 807
Bank 3	329 397	Bank 3	374 474	Bank 3	339 413
Bank 4	302 915	Bank 4	300 957	Bank 4	308 452
Bank 5	200 846	Bank 5	200 833	Bank 5	104 457
Bank 6	195 323	Bank 6	116 266	Institution 1	100 108
Bank 7	125 378	Bank 7	109 502	Bank 6	94 634
Bank 8	113 706	Institution 1	85 165	Institution 2	73 687
Institution 1	97 708	Bank 8	75 590	Bank 7	69 165
Bank 9	88 583	Bank 9	66 696	Bank 8	61 745
Other	341 781	Other	191 380	Other	136 181
Total	3 375 262	Total	2 927 923	Total	2 481 541



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

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

CREDIT QUALITY STEPS	CARRYING AMOUNT (IN PLN'000)		
	30.06.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.06.2022 (UNAUDITED)
Cash and cash equivalent			
Step 1	2 408 621	2 331 698	1 989 655
Step 2	4 227	3 427	3 961
Step 3	962 414	592 798	487 925
Total	3 375 262	2 927 923	2 481 541

Financial assets at fair value through P&L

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

Credit risk involving financial assets at fair value through P&L is connected with the risk of customer or counterparty insolvency. With regard to OTC transactions with customers, the Company's policy is to mitigate the counterparty credit risk through the so-called "stop out" mechanism. Customer funds deposited in the brokerage serve as a security. If a customer's current balance is 50 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 Company includes special clauses in agreements with selected customers, in particular, requirements regarding minimum balances in cash accounts.

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

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

ENTITY	30.06.2023 (UNAUDITED)		31.12.2022 (AUDITED)		30.06.2022 (UNAUDITED)	
	NET EXPOSURE (IN PLN'000)	ENTITY	NET EXPOSURE (IN PLN'000)	ENTITY	NET EXPOSURE (IN PLN'000)	ENTITY
Entity 1	20 328	Entity 1	16 982	Entity 1	25 284	
Entity 2	7 329	Entity 2	5 917	Entity 2	5 874	
Entity 3	1 807	Entity 3	4 166	Entity 3	5 715	
Entity 4	831	Entity 4	2 740	Entity 4	2 484	
Entity 5	822	Entity 5	1 031	Entity 5	1 791	
Entity 6	565	Entity 6	418	Entity 6	872	
Entity 7	518	Entity 7	357	Entity 7	455	
Entity 8	475	Entity 8	215	Entity 8	301	
Entity 9	383	Entity 9	198	Entity 9	147	
Entity 10	346	Entity 10	166	Entity 10	140	
Total	33 404	Total	32 190	Total	43 063	

Other receivables

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

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





MANAGEMENT BOARD REPORT ON THE OPERATIONS OF THE GROUP AND COMPANY

1. Basic information

1.1 General information

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

The Group 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.



In the first half of 2023 XTB reported a consolidated net profit of PLN 421,0 million compared to PLN 479,6 million a year earlier. Consolidated revenue amounted to PLN 818,9 million (H1 2022: PLN 836,2 million), and operating expenses amounted to PLN 341,6 (H1 2022: PLN 267,8 million). In this period the Group noted record 167,2 thousand new clients, while the number of active clients increased 44,4% y/y from 190,1 thousand to 274,5 thousand.

These semi-annual condensed financial statements for the first half 2023 (separate and consolidated) have been prepared in accordance with the requirements of International Accounting Standards 34 "Interim Financial Reporting" as endorsed by the European Union. Other standards, amendments to existing standards and interpretations of the International Financial Reporting Interpretations Committee recently adopted or awaiting adoption have no bearing on the Group's business or its impact would not be material. Detailed description of the rules for preparing the abovementioned of financial statements has been included in item 2 of the Semi-Annual Condensed Consolidated Financial Statements as well as in the separate financial statements.

Products and services

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



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

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

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

The Group also offers its clients various trading alternatives based on the level of client sophistication (from beginner to expert) and on the mode of access (from smartphones to web-based interfaces to desktop applications). These applications provide retail clients investing in CFDs based on various financial instruments with tools, including charts, analytics, research and online trading.

The functionality of the Group’s offer enables clients to open and deposit funds in accounts, place and move orders and request statements via the Internet. The Group’s core technology uses software products designed for their functionality and scalability.

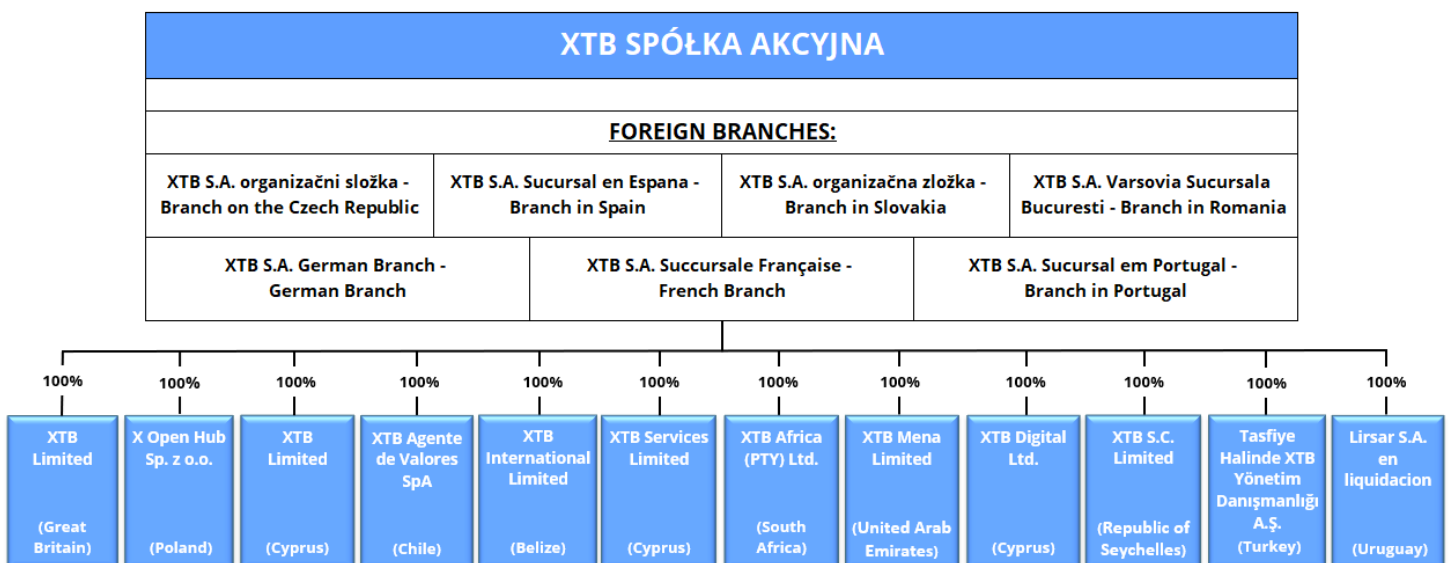
During the six months of 2023, the Group continued to expand its product offer. As at the end of I half of 2023 the Group offered more than 5 800 financial instruments from all over the world. This number consisted of approximately 2 300 leveraged CFDs, including more than 50 based on currency pairs, more than 20 based on commodities and about 30 based on indexes and 50 based on cryptocurrency, almost 2 000 based on shares of companies listed on stock exchanges in 16 countries and more than 150 based on American and European ETFs. Second part of the XTB’s offering consists of around 3 600 cash instruments, including over 3 200 equity instruments and over 350 ETF instruments from European markets.

In the first half of 2023, the Company introduced fractional shares, which is the ability to purchase an incomplete share or unit of an ETF, and focused on further improving existing processes for acquiring new clients, optimizing transaction costs for both clients and the Company, as well as any processes leading up to clients starting to trade, and the very experience of them trading at XTB. The Group is constantly actively introducing more and more improvements to the trading platform that make it more intuitive and easy to use.

1.2 Description of the Group’s organization

As at 30 June 2023 the Group comprised Parent Company and 12 subsidiaries. The Company has 7 foreign branches.

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





The results of all subsidiaries are fully consolidated from the date of their creation/acquisition. In the reporting periods all subsidiaries have been subject to consolidation.

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 Agente de Valores SpA (formerly: XTB Chile SpA), Chile

On February 17, 2017, the Parent Company established a subsidiary, XTB Chile SpA. The Company holds 100% of the shares in the subsidiary. XTB Chile SpA provides services to acquire clients from the territory of Chile.

After the balance sheet date, i.e. July 27, 2023, the company's name changed from XTB Chile SpA to XTB Agente de Valores SpA.

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 December 5, 2022, the XTB Digital Ltd. based in Cyprus was registered in the local entrepreneurs' registry. On April 3, 2023, the shares in Digital Ltd. of Cyprus were paid up. The capital contributed amounted to EUR 300 thousand.

As of the date of submitting this report, the company had no 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., Turkey

In the first half of 2023 . Tasfiye Halinde XTB Yönetim Danışmanlığı Anonim Şirketi did not conduct any operating activities.

On September 15, 2020 the liquidation process of the company in Turkey began.

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.

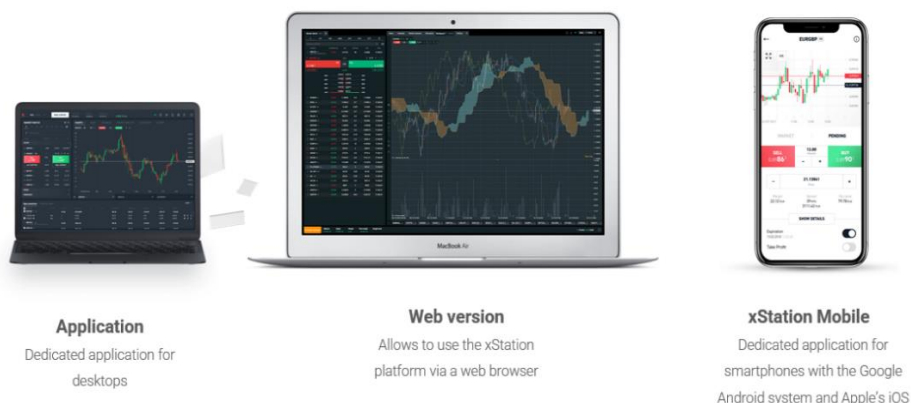
In the reporting period, i.e. from 1 January to 30 June 2023 and until the date of submitting this report, there were no changes in the structure of the XTB S.A. Capital Group. other than those described above.



1.3 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 research and development work carried out in the first half of 2023 was aimed at developing tools necessary for the efficient operation of XTB's trading systems, effective execution of orders, efficient onboarding of client and further development of tools to support the company's internal processes as a result of identified development needs. The research areas focused on functionalities and operational security of systems, processes and databases. There was also research and development work focused on the development of new electronic trading systems.

In view of the business strategy adopted, which is based on the development of new technologies, an IT Development Department has been separated within the structure of XTB, in which a significant part of the staff is made up of people performing research and development work. The work has a significant, almost strategic impact on the business activities conducted by XTB. This not only translates into the level of revenue generated by XTB but is also crucial in the process of building and maintaining a 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 market and on the stock market.

The table below presents the number of people employed in the IT Development department and the costs incurred in related to the design and development of highly innovative, comprehensive solutions in the field of transactions and online investment solutions:

	THREE-MONTH PERIOD ENDED							
	30.06.2023	31.03.2023	31.12.2022	30.09.2022	30.06.2022	31.03.2022	31.12.2021	30.09.2021
Costs related to the development and development of technologies (in PLN'000)	22 480	20 515	16 008	15 172	14 000	13 201	10 371	10 459
Number of employees in the IT Development Department*	345	332	266	236	201	195	161	150

* Persons employed based on an employment contract, mandate contract and those providing services based on a B2B contract.



2. Summary and analysis of the results of the Group

In the first half of 2023 XTB reported a consolidated net profit of PLN 421,0 million compared to PLN 479,6 million a year earlier. Consolidated revenue amounted to PLN 818,9 million (H1 2022: PLN 836,2 million), and operating expenses amounted to PLN 341,6 million (H1 2022: PLN 267,8 million). During the period, the Group acquired a record 167,2 thousand new clients, while the number of active clients increased by 44,4% y/y from 190,1 thousand to 274,5 thousand.

2.1 Factors affecting operating and financial results

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

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

The key factors influencing the Group's financial and operating results for the 6 months ended 30 June of 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 result for the I half of 2023

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

(in PLN'000)	SIX-MONTH PERIOD ENDED				
	30.06.2023	31.12.2022	CHANGE IN VALUE	CHANGE %	30.06.2022
Result of operations on financial instruments	812 683	604 044	208 639	34,5	833 116
Income from fees and charges	6 124	3 939	2 185	55,5	3 081
Other income	45	52	(7)	(13,5)	17
Total operating income	818 852	608 035	210 817	34,7	836 214
Marketing	(136 258)	(117 057)	19 201	16,4	(105 312)
Salaries and employee benefits	(124 780)	(99 049)	25 731	26,0	(92 978)
Other external services	(30 007)	(27 602)	2 405	8,7	(22 365)
Commission expenses	(28 985)	(26 775)	2 210	8,3	(27 590)
Amortisation	(7 730)	(6 342)	1 388	21,9	(5 655)
Taxes and fees	(5 889)	(3 868)	2 021	52,2	(4 746)
Other expenses	(4 172)	(6 385)	(2 213)	(34,7)	(5 175)
Costs of maintenance and lease of buildings	(3 775)	(3 703)	72	1,9	(3 965)
Total operating expenses	(341 596)	(290 781)	50 815	17,5	(267 786)
Operating profit (EBIT)	477 256	317254	160 002	50,4	568 428
Finance income	53 830	32 842	20 988	63,9	17 731
Finance costs	(19 036)	(485)	18 551	3 824,9	(512)
Profit before tax	512 050	349 611	162 439	46,5	585 647
Income tax	(91 053)	(63 085)	27 968	44,3	(106 077)
Net profit	420 997	286 526	134 471	46,9	479 570

Revenues

In the first half of 2023, r. the Group's revenues decreased by 2,1% y/y, from PLN 836,2 million to PLN 818,9 million. Contributing to this decline was a lower profitability per lot of PLN 48, amounting to PLN 226 (H1 2022: PLN 274). This decrease is mainly the results of lower volatility in the financial and commodity markets in Q2 2023, compensated in part by the constantly increasing number of new clients (increase by 65,5% y/y), combined with their high transactional activity expressed in the number of CFD contracts concluded in lots. Consequently, trading in derivatives amounted to 3 615,5 thousand lots (H1 2022: 3 050,7 thousand lots).



	THREE-MONTH PERIOD ENDED							
	30.06.2023	31.03.2023	31.12.2022	30.09.2022	30.06.2022	31.03.2022	31.12.2021	30.09.2021
Total operating income (in PLN'000)	287 245	531 607	216 746	391 289	396 410	439 804	183 567	200 029
Transaction volume in CFD instruments in lots ¹	1 770 385	1 845 160	1 720 381	1 594 606	1 489 917	1 560 739	1 073 549	1 044 329
Profitability per lot (in PLN) ²	162	288	126	245	266	282	171	192
Transaction volume in CFD instruments in nominal value (in USD'000000)	547 088	596 645	548 781	539 879	539 673	631 255	482 097	502 650
Profitability for 1 million USD transaction volume in CFD instruments in nominal value (in USD) ³	126	204	87	152	168	167	94	102

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

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

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

XTB has a solid foundation in the form of constantly growing client base and the number of active clients. In the first half of 2023, the Group recorded another record in this area by acquiring 167 200 new clients compared to 101 030 a year earlier, an increase of 65,5%. Analogous to the number of new clients, the number of active clients was also a record. This rose from 190 088 to 274 450, i.e. an increase of 44,4% y/y.

	PERIOD ENDED							
	30.06.2023	31.03.2023	31.12.2022	30.09.2022	30.06.2022	31.03.2022	31.12.2021	30.09.2021
New clients ¹	62 994	104 206	51 038	44 796	45 697	55 333	42 760	38 573
Clients in total ²	762 624	703 928	614 934	567 387	525 287	481 931	429 157	388 973
Number of active clients ³	274 450	215 703	258 799	224 339	190 088	149 726	190 452	160 608
Average number of active clients ⁴	209 958	215 703	153 082	150 444	149 824	149 726	112 015	106 961

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

²⁾ Number of clients at the end of individual quarters.

³⁾ The number of active clients in the period of 6 and 3 months of 2023 and 12, 9, 6 and 3 months of 2022 and 12 and 9 months of 2021, respectively. An active client is a client who has carried out at least one transaction during a period.

⁴⁾ Quarterly average number of active clients for the period 6 and 3 months 2023 and 12, 9, 6 and 3 months 2022 and 12 and 9 months 2021 respectively.

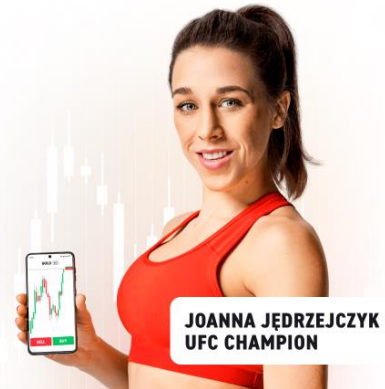
The priority of the Management Board is to further increase the client base leading to the strengthening of XTB's market position globally by reaching the with its product offering to the mass client. The ambition of the Management Board in 2023 is to acquire, on average, at least 40-60 thousand new clients per quarter. These activities are supported by a number of initiatives, including the offer, introduced on April 11, 2023, to invest in the Romanian market (expanded in other markets, including: the Portuguese, Czech, Slovak, Polish, Italian or Spanish markets) in company shares and ETFs for a fraction of their price. Fractional shares allow greater flexibility and control over investments. This makes it easier for clients to tailor their investment portfolio to their own unique financial goals and risk tolerance.





Following the ongoing activities, the Group acquired a total of 104,2 thousand new clients in the first quarter of 2023, and nearly 63,0 thousand new clients in the second quarter of this year. In turn, 22,8 thousand new clients were acquired in July 2023.

In order to strengthen its market position and global recognition, XTB cooperates with titled athletes who are XTB brand ambassadors. In February 2022, an advertising campaign was introduced featuring titled combat sports athlete, the first Polish woman in the UFC organization and a champion in the organization, as well as three-time world champion in Thai boxing – Joanna Jędrzejczyk.



In September 2022, promotional activities were launched featuring Conor McGregor, another XTB brand ambassador – the Irish mixed martial arts (MMA) and UFC fighter. Conor McGregor is the biggest combat sports star in the world and the highest paid athlete according to a list compiled by Forbes. In addition to being a fighter, Conor is also a successful business person as an investor in number of interesting projects.

Jiří Procházka, a Czech fighter, one of the one of the top MMA fighters, UFC champion, also became the face of XTB brand. This cooperation ended in May 2023.



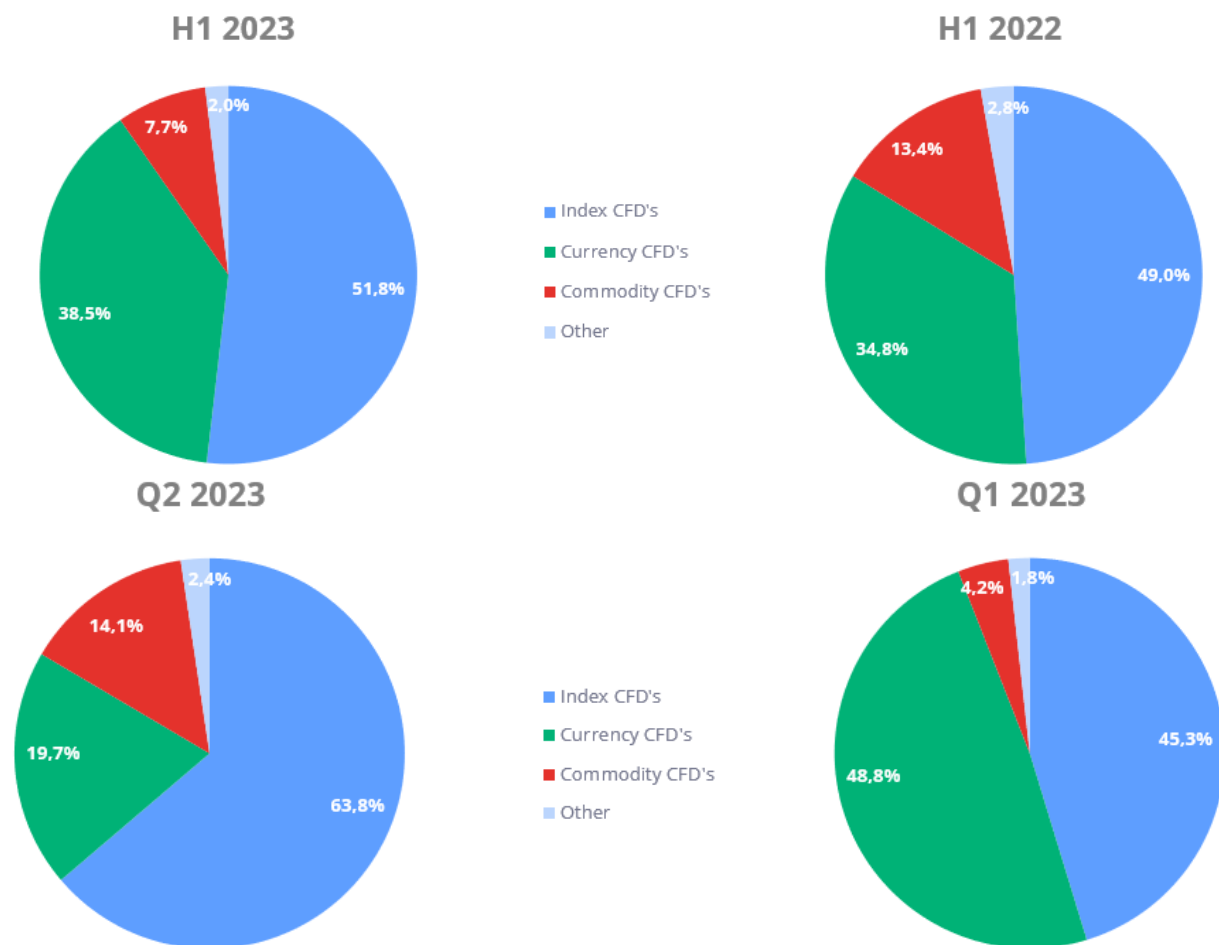
Iker Casillas, former Real Madrid footballer, considered one of the best goalkeepers of all time, also joined the XTB ambassador team in 2022. He currently serves as deputy general manager of the Real Madrid Foundation.

XTB, thanks to its cooperation with such celebrities as Joanna Jędrzejczyk, Conor McGregor, Jiří Procházka or Iker Casillas, has started to promote the investment solutions it offers, in particular convincing that investing in different types of assets is accessible to everyone, with tools that make it easier to enter the world of investment into the world of investment: through daily market analyses, 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 CFDs based on indices led in the first half of 2023. Their share in the structure of revenues on financial instruments reached 51,8%. This is a consequence of the high profitability on CFDs instruments based on the US 100 index, the German DAX stock index (DE30) or US 500 index. The second most profitable asset was CFD instruments based on commodities. Their share in the revenue structure in the first half of 2023 was 38,5%. The most profitable instruments in this class were CFDs based on natural gas and gold quotation. Revenues on CFDs instruments based on currencies accounted for 7,7% of total revenues, where the most profitable financial instruments in this class were those based on the USDJPY and EURUSD currency pair.

Revenue structure by asset class (in %)



(in PLN'000)	SIX-MONTH PERIOD ENDED			
	30.06.2023	31.12.2022	CHANGE %	30.06.2022
Index CFDs	436 279	269 528	61,9	417 896
Commodity CFDs	323 622	203 824	58,8	297 490
Currency CFDs	65 076	136 961	(52,5)	114 468
Stock CFDs and ETFs	9 365	13 667	(31,5)	23 149
Bond CFDs	693	2 026	(65,8)	(1 230)
Total CFDs	835 035	626 006	33,4	851 773
Shares and ETFs	6 545	1 343	387,3	2 151
Gross gain on transactions in financial instruments	841 580	627 349	34,1	853 924
Bonuses and discounts paid to clients	(5 943)	(2 984)	99,2	(2 669)
Commission paid to cooperating brokers	(22 954)	(20 321)	13,0	(18 139)
Net gain on transactions in financial instruments	812 683	604 044	34,5	833 116



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 47,9% (H1 2022 r.: 39,8%). Due to the overall share in the Group's revenues, Poland was separated for presentation purposes as the largest market in terms of revenues in the Group. The Group breaks down its revenues by geographic area according to the country of the XTB office in which the client was acquired. 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)	SIX-MONTH PERIOD ENDED			
	30.06.2023	31.12.2022	CHANGE %	30.06.2022
Central and Eastern Europe	505 244	338 079	49,4	504 088
- including Poland	392 633	264 814	48,3	333 192
Western Europe	191 773	137 412	39,6	218 784
Latin America¹	70 932	91 593	(22,6)	105 658
Middle East²	50 903	40 951	24,3	7 684
Total operating income	818 852	608 035	34,7	836 214

¹⁾ 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.

²⁾ 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)	SIX-MONTH PERIOD ENDED			
	30.06.2023	31.12.2022	CHANGE %	30.06.2022
Retail segment	740 697	588 476	25,9	836 293
Institutional segment (X Open Hub)	78 155	19 559	299,6	(79)
Total operating income	818 852	608 035	34,7	836 214

The business model used by XTB combines features of the agency model and the market maker model, in which the Company is a party to transactions concluded and initiated by clients. XTB does not engage, in proprietary trading for its own account in anticipation of changes in the price or value of the underlying instruments (so-called proprietary trading).

The hybrid business model used by XTB also uses an agency model. For example, on most CFD instruments based on cryptocurrencies, XTB hedges these transactions with third-party counterparties, virtually ceasing to be the other party to the transaction (legally, of course, it is still XTB). The Company's fully automated risk management process limits exposure to market changes and forces it to hedge positions in order to maintain appropriate levels of capital requirements. In addition, XTB executes directly on regulated markets or alternative trading venues all transactions in shares and ETFs and CFDs instruments based on these assets. XTB is not a market maker for this class of instruments.

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

As a general rule, the Group's revenues are positively affected by higher activity in the financial and commodity markets due to the fact that in such periods see higher levels of trading by the Group's clients and higher profitability per lot. Periods of clear and long market trends are favourable for the Company and it is at such times it achieves the highest revenues. Therefore, the high activity of the financial and commodities markets generally leads to increased trading volume on the Group's trading platforms. Conversely, a decrease in this activity and the related decrease in trading activity of the Group's clients generally leads to a decrease in the Group's operating income. Accordingly, the Group's operating income and profitability may decline during periods of low activity in the financial and commodity markets. In addition, a more predictable trend may emerge in which the market moves in 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 in the



markets, which creates favourable conditions for trading within a narrow market range (range trading). In this case, a higher number of profitable trades are observed for clients, leading to a reduction in the Group's market making result.

Volatility and market activity is driven by a number of external factors, some of which are market specific and some of which may be linked to general macroeconomic conditions. It can significantly affect the Group's revenues in subsequent quarters. This is characteristic of the Group's business model.

Expenses

Operating expenses in H1 2023 amounted to PLN 341,6 million and were PLN 73,8 million higher than in the comparable period (H1 2022: PLN 267,8 million). The most significant y/y changes occurred in:

- costs of salaries and employee benefits, an increase of PLN 31,8 million, mainly due to an increase in employment;
- marketing costs, an increase of PLN 30,9 million resulting mainly from higher expenditures on online marketing campaigns;
- other external services, increase by PLN 7,6 million as a result of incurring mainly higher expenditure on: (i) IT systems and licenses (increase by PLN 3,8 million y/y); (ii) legal and advisory services (increase by PLN 2,1 million y/y) and (iii) market data services (increase by PLN 0,8 million y/y).

(in PLN'000)	SIX-MONTH PERIOD ENDED			
	30.06.2023	31.12.2022	CHANGE %	30.06.2022
Marketing	136 258	117 057	16,4	105 312
Salaries and employee benefits	124 780	99 049	26,0	92 978
Other external services	30 007	27 602	8,7	22 365
Commission expenses	28 985	26 775	8,3	27 590
Amortization	7 730	6 342	21,9	5 655
Taxes and fees	5 889	3 868	52,2	4 746
Other expenses	4 172	6 385	(34,7)	5 175
Costs of maintenance and lease of buildings	3 775	3 703	1,9	3 965
Total operating expenses	341 596	290 781	17,5	267 786

On a quarterly basis, operating expenses decreased by PLN 26,8 million, mainly due to PLN 26,6 million lower offline marketing expenses.



	THREE-MONTH PERIOD ENDED							
	30.06.2023	31.03.2023	31.12.2022	30.09.2022	30.06.2022	31.03.2022	31.12.2021	30.09.2021
Total operating expenses including: (in PLN'000)	157 377	184 219	158 235	132 546	136 750	131 036	100 715	84 771
- marketing	54 823	81 435	68 478	48 579	54 662	50 650	37 201	24 772
New clients ¹	62 994	104 206	51 038	44 796	45 697	55 333	42 760	38 573
Clients in total ²	762 624	703 928	614 934	567 387	525 287	481 931	429 157	388 973
Number of active clients ³	274 450	215 703	258 799	224 339	190 088	149 726	190 452	160 608
Average number of active clients ⁴	209 958	215 703	160 995	151 685	149 922	149 726	127 174	110 875
Average cost of acquiring a client ⁵	0,9	0,8	1,3	1,1	1,2	0,9	0,9	0,6

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

²⁾ Number of clients at the end of individual quarters.

³⁾ The number of active clients in the period of 6 and 3 months of 2023 and 12, 9, 6 and 3 months of 2022 and 12 and 9 months of 2021, respectively. An active client is a customer who has made at least one transaction in a period.

⁴⁾ Average quarterly number of active clients for the period of 6 and 3 months of 2023 and 12, 9, 6 and 3 months of 2022 and 12 and 9 months of 2021.

⁵⁾ Average client acquisition cost is defined as marketing expenses in a period divided by the number of new clients over the same period.

As a result of XTB's rapid growth, the Board estimates that total operating expenses in 2023 could be as much as a quarter higher than what we saw in 2022. The Management Board's priority is to further increase the client base and build a global brand. As a consequence of the ongoing activities, marketing expenditure may increase by around a fifth compared to last year.

The final level of operating expenses will depend, in particular, on the rate of employment growth and the amount of variable remuneration paid to employees, on the level of marketing expenses, on the rate of geographical expansion into new markets and on the impact of possible new regulations and other external factors on the level of revenues generated by the Group.

The level of marketing expenses will depend on an assessment of its impact on the Group's performance and profitability, the pace of overseas expansion and the degree of client responsiveness to the actions undertaken. Employment growth in the Group will be contributed by its dynamic growth, both in existing and new markets. In turn, variable remuneration components will be influenced by the Group's performance.

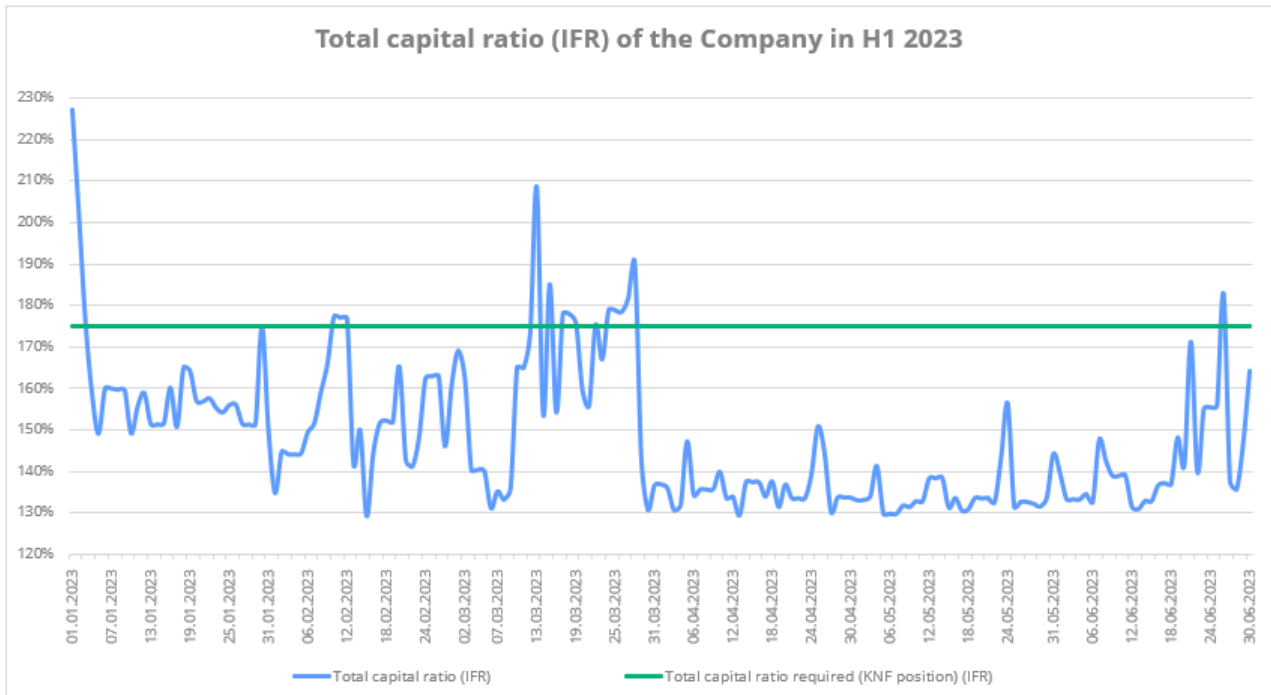
Dividend

XTB's dividend policy assumes that the Management Board recommends to the General Meeting of Shareholders the payment of dividend in the amount which takes into account the level of net profit presented in the Company's standalone annual financial statements and a number of various factors concerning to the Company, including the prospects for further operations, future profits, cash requirements, financial situation, the level of capital adequacy ratios, expansion plans, legal requirements in this respect as well as FSA guidelines. In particular, the Management Board will be guided by the need to ensure an adequate level of the Company's capital adequacy ratios and the capital required for the Group's growth when making its dividends payment proposals.

The Management Board reiterates 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 an amount ranging from 50% to 100% of the Company's standalone net profit for a given financial year. The standalone net profit for the first half of 2023 amounted to PLN 422,8 million.



The levels of XTB's total capital ratio (IFR) at individual dates in the first half of 2023 are presented in the chart below.

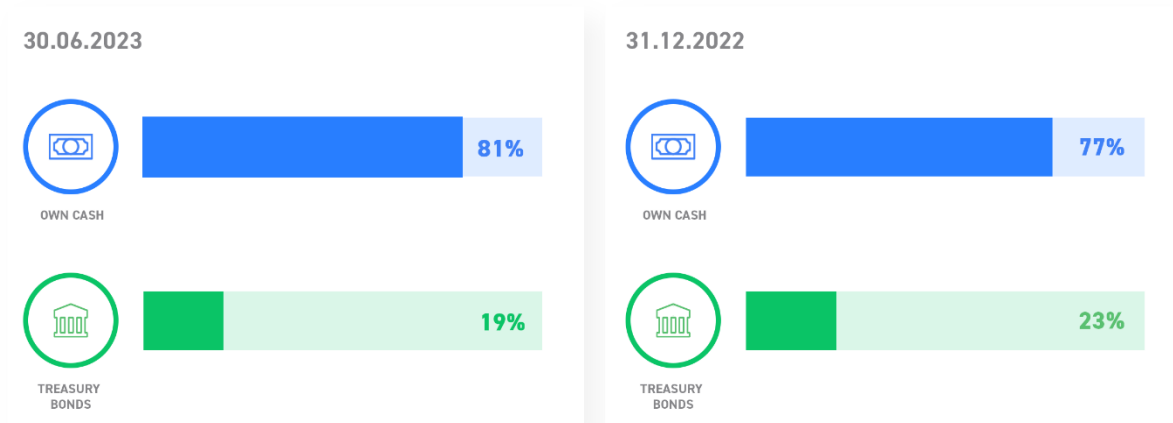


At the end of the first half of the year, the Company's total capital ratio was 164,3%. The total capital ratio provides information on the ratio of own funds to risk-weighted assets, or to put in other words, it shows whether a brokerage house is able to cover the minimum capital requirement for market, credit, operational and other risks with its own funds.

Cash and cash equivalents

XTB invests part of its cash in bank deposits and financial instruments with a 0% risk weighting i.e., in government bonds and bonds guaranteed by the State Treasury. As at June 30, 2023, XTB Group's total own cash and bonds amounted to PLN 2 030,9 million, of which PLN 1 651,1 million was in cash and PLN 379,9 million in bonds.

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2.3 Group's selected financial ratios

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

	SIX-MONTH PERIOD ENDED		
	30.06.2023	31.12.2022	30.06.2022
EBITDA (in PLN'000) ¹	484 986	323 596	574 083
EBITDA margin (%) ²	59,2	53,2	68,7
Net profit margin (%) ³	51,4	47,1	57,4
Return on equity – ROE (%) ⁴	58,9	42,0	89,8
Return on assets – ROA (%) ⁵	19,2	14,7	28,1
Aggregate capital adequacy ratio (IFR) of the Company(%)	164,3	228,0	164,4
Aggregate capital adequacy ratio (IFR) of the Group (%)	158,6	218,1	158,8

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

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

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

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

⁵⁾ Calculated as the quotient of net profit and average balance of total assets (calculated as the arithmetic mean of the total assets as at the end of the prior period and as at the end of the current reporting period; the ratios for the 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.

	SIX-MONTH PERIOD ENDED		
	30.06.2023	31.12.2022	30.06.2022
Retail operations segment	2 887 380	2 925 888	2 635 225
Central and Eastern Europe	1 308 072	1 476 806	1 285 252
Western Europe	633 767	578 591	626 373
Latin America ¹	610 235	654 371	603 855
Middle East ²	335 306	216 120	119 746
Institutional operations segment	728 165	389 099	415 431
Total	3 615 545	3 314 987	3 050 656

¹⁾ 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.

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

The table below presents:

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



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

	SIX-MONTH PERIOD ENDED		
	30.06.2023	31.12.2022	30.06.2022
New clients ¹	167 200	95 834	101 030
Clients in total	762 624	614 934	525 287
Number of active clients ²	274 450	200 793	190 088
Average number of active clients ³	209 958	156 340	149 824
Net deposits (in PLN'000) ⁴	1 801 268	1 473 636	1 949 588
Average operating income per active client (in PLN'000) ⁵	3,9	3,9	5,6
Transaction volume in CFD instruments in lots ⁶	3 615 545	3 314 987	3 050 656
Profitability per lot (in PLN) ⁷	226	183	274
Transaction volume in CFD instruments in nominal value (in USD'000000)	1 143 732	1 088 660	1 170 928
Profitability for 1 million USD transaction volume in CFD instruments in nominal value (in USD) ⁸	168	120	167
Turnover of shares in nominal value (in USD'000000)	2 125	1 399	1 937

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

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

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

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

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

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

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

⁸) 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 table below presents information on the Group's revenues by geography in the indicated periods.

(in PLN'000)	SIX-MONTH PERIOD ENDED		
	30.06.2023	31.12.2022	30.06.2022
Result of operations on financial instruments:	812 683	604 044	833 116
Central and Eastern Europe	500 207	334 975	501 707
Western Europe	191 161	136 891	218 346
Latin America ¹	70 412	91 227	105 379
Middle East ²	50 903	40 951	7 684
Income from fees and charges:	6 124	3 939	3 081
Central and Eastern Europe	4 993	3 052	2 363
Western Europe	611	521	438
Latin America	520	366	280
Middle East	0	0	0
Other income:	45	52	17
Central and Eastern Europe	45	52	17
Total operating income¹	818 852	608 035	836 214
Central and Eastern Europe	505 245	338 079	504 088
- including Poland ³	392 633	264 814	333 192
Western Europe	191 772	137 412	218 784
Latin America ¹	70 932	91 593	105 658
Middle East ²	50 903	40 951	7 684

¹) 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.

²) 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.

³) The country from which the Group derives more than 20% of revenues each time is Poland. 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.



Retail operations segment

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

	SIX-MONTH PERIOD ENDED		
	30.06.2023	31.12.2022	30.06.2022
New clients ¹	167 198	95 832	101 027
Clients in total	762 594	614 902	525 246
Number of active clients ²	274 426	200 768	190 065
Average number of active clients ³	209 938	156 318	149 803
Number of transactions ⁴	72 027 539	68 360 806	67 300 709
Transaction volume in CFD instruments in lots ⁵	2 887 380	2 925 888	2 635 225
Net deposits (in PLN'000) ⁶	1 734 416	1 465 151	1 912 558
Average operating income per active client (in PLN'000) ⁷	3,5	3,8	5,6
Average cost of obtaining an client (in PLN'000) ⁸	0,8	1,2	1,0
Profitability per lot (in PLN) ⁹	257	201	317
Transactions volume in CFD at nominal value (in USD million)	1 082 464	1 028 497	1 092 354
Profitability for 1 million USD transaction volume in CFD instruments in nominal value (in USD) ¹⁰	160	123	179
Turnover of shares in nominal value (in USD'000000)	2 125	1 399	1 937

¹⁾ Number of new clients in the retail segment in individual periods.

²⁾ Number of clients who at least one transaction has been concluded in the period.

³⁾ Average quarterly number of clients who at least one transaction has been concluded over the three month period.

⁴⁾ The number of transactions is defined as the total number of open and closed transactions during that period.

⁵⁾ 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.

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

⁷⁾ The Group's operating income in a given period divided by the average quarterly number of clients via which at least one transaction has been concluded over the last three months.

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

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

¹⁰⁾ Total operating income 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 clients of the Group who made at least one transaction during the three-month period. The location of active clients was determined based on the location of the Group's office (that serves the client). The exception is the Middle East region, which also presents clients from this market who were acquired by the subsidiary XTB International Ltd. in Belize.

	SIX-MONTH PERIOD ENDED					
	30.06.2023		31.12.2022		30.06.2022	
Central and Eastern Europe	128 367	61%	92 291	59%	88 671	59%
Western Europe	45 721	22%	33 194	21%	32 723	22%
Latin America ¹	35 402	17%	30 457	20%	26 648	18%
Middle East ²	448	0%	376	0%	1 761	1%
Average number of active clients	209 938	100%	156 318	100%	149 803	100%

¹⁾ 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.

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



Institutional operations segment

The Group has provided its services to institutional clients, including brokerage houses and other financial institutions. The table below presents information regarding the number of clients and the average number of active clients in the Group's institutional operations segment in the periods indicated.

	SIX-MONTH PERIOD ENDED		
	30.06.2023	31.12.2022	30.06.2022
Average number of active clients	20	22	21
Clients in total	30	32	41

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

	SIX-MONTH PERIOD ENDED		
	30.06.2023	31.12.2022	30.06.2022
Transaction volume in CFD instruments in lots	728 165	389 099	415 431

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

The Management Board believes that the following trends have impact and will maintain and continue to impact the Group's operations until the end of 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 not 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;

It is in XTB's business model to have high revenue volatility from period to period. Operating results are affected primarily by:

- volatility in financial and commodity markets;
- number of active clients;
- volume of concluded transactions on financial instruments;
- general market, geopolitical and economic conditions;
- competition in the FX/CFD market, and (vi) the 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. To illustrate this impact, the following table shows the development of the Group's historical financial results on a quarterly basis.

	THREE-MONTH PERIOD ENDED							
	30.06.2023	31.03.2023	31.12.2022	30.09.2022	30.06.2022	31.03.2022	31.12.2021	30.09.2021
Total operating income (in PLN'000)	287 245	531 607	216 746	391 289	396 410	439 804	183 567	200 029
Transaction volume in CFD instruments in lots ¹	1 770 385	1 845 160	1 720 381	1 594 606	1 489 917	1 560 739	1 073 549	1 044 329
Profitability per lot (in PLN) ²	162	288	126	245	266	282	171	192
Transaction volume in CFD instruments in nominal value (in USD'000000)	547 088	596 645	548 781	539 879	539 673	631 255	482 097	502 650
Profitability for 1 million USD transaction volume in CFD instruments in nominal value (in USD) ³	126	204	87	152	168	167	94	102

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

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

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

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

	30.06.2023	2022	2021	2020	2019	2018
% share of operating income from institutional operations in total operating income	9,5%	1,3%	0,3%	13,2%	8,7%	6,5%

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

- As a result of XTB's rapid growth, the Board estimates that total operating expenses in 2023 could be as much as a quarter higher than what we saw in 2022. The Management Board's priority is to further increase the client base and build a global brand. As a consequence of the ongoing activities, marketing expenditure may increase by around a fifth compared to last year.



The final level of operating expenses will depend, in particular, on the rate of employment growth and the amount of variable remuneration paid to employees, on the level of marketing expenses, on the rate of geographical expansion into new markets and on the impact of possible new regulations and other external factors on the level of revenues generated by the Group.

The level of marketing expenses will depend on an assessment of its impact on the Group's performance and profitability, the pace of overseas expansion and the degree of client responsiveness to the actions undertaken. Employment growth in the Group will be contributed by its dynamic growth, both in existing and new markets. In turn, variable remuneration components will be influenced by the Group's performance.

- 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 rather not expect sudden, abrupt changes in the Group's results in this respect.
- 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 the mass client with its offer. This is crucial for XTB's further dynamic development and building a global brand. This goal is also served by the addition of new products to the offer in 2023 and subsequent years. The Management Board estimates that the results of this works will give a much higher yield 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 until at least 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 June 30, 2023 and as at the date of publication of this periodic report, the composition of the Management Board was as follows:

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

* 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 until the date of submission of this report, there were no changes in the composition of the Management Board.



3.2 Supervisory Board

As at June 30, 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 June 30, 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.

On July 31, 2023, the Extraordinary General Meeting of XTB S.A. decided to increase the Company's share capital by PLN 9 280,80 through the emission of 185 616 Series B ordinary bearer shares of the Company with a nominal value of PLN 0,05 each. The New Issue Shares will be emitted through a public offering, which does not require the preparation of a prospectus. The New Issue shares will be offered by private subscription.

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 May 8 2023 i.e. the submission of the previous periodic report (i.e. the report for the first quarter of 2023) the number of shareholders holding, directly or through subsidiaries, at least 5% of the total number of votes at the General Meeting of the Parent Entity was as follows:

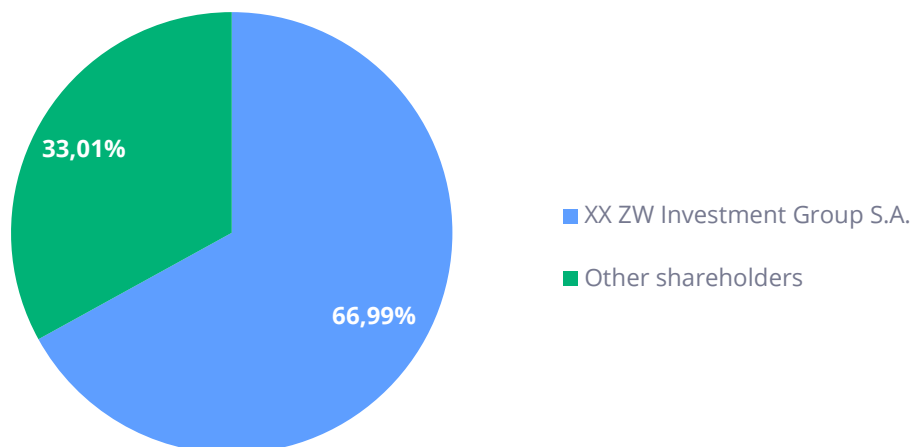
	NUMBER OF SHARES	NOMINAL SHARE VALUE (in PLN'000)	SHARE IN CAPITAL
XX ZW Investment Group S.A. ¹	78 629 794	3 932	66,99%
Other shareholders	38 753 841	1 937	33,01%
Total	117 383 635	5 869	100,00%

¹) XXZW Investment Group S.A. with its registered office in Luxembourg is directly controlled by Jakub 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 May 8, 2023 is presented in the chart below:

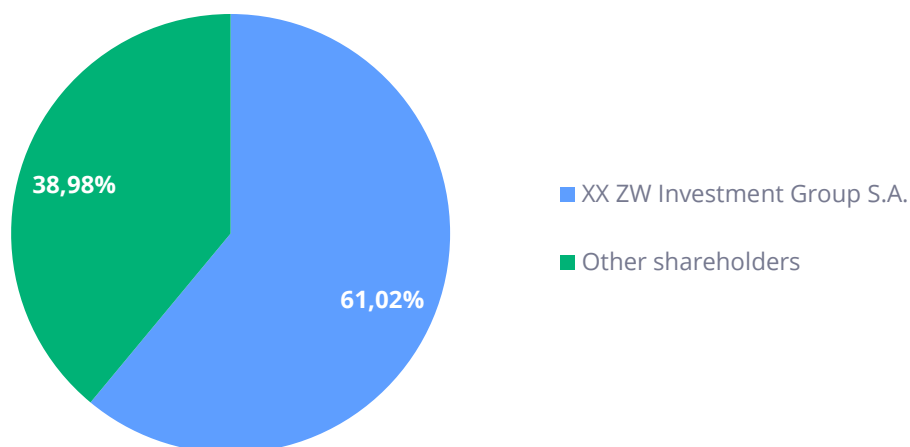


According to the best knowledge of the Company's Management Board (in accordance with Current Report No. 9/2023 dated May 16, 2023), as of June 30, 2023, and as of the date of submitting this periodic report, the number of shareholders holding directly or through subsidiaries at least 5% of the total number of votes was as follows:

	NUMBER OF SHARES	NOMINAL SHARE VALUE (in PLN'000)	SHARE IN CAPITAL
XX ZW Investment Group S.A. ¹	71 629 794	3 581	61,02%
Other shareholders	45 753 841	2 288	38,98%
Total	117 383 635	5 869	100,00%

¹) XXZW Investment Group S.A. with its registered office in Luxembourg is directly controlled by Jakub 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 shareholding structure as at June 30, 2023 and as at the date of this report is presented in the chart below:





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	Board Member	4 000	200
Jakub Kubacki	Board Member	2 400	120

During the reporting period and until the date of submission of this report, there were no changes in the ownership of the Company's shares by management and supervisory 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. Other information

5.1 Information on transactions with related parties

In the 6-month period ended June 30, 2023 and June 30, 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)	30.06.2023	30.06.2023	30.06.2022	31.12.2022	30.06.2022
	REVENUES	RECEIVABLES	REVENUES	RECEIVABLES	RECEIVABLES
Related parties:					
XTB Limited (UK)	8 784	17 996	30 628	18 428	15 629
XTB Limited (Cyprus)	-	421	18 943	-	1
X Open Hub Sp. z o.o. (PL)	2 951	712	922	466	167
XTB International Limited (Belize)	151 004	27 194	166 547	29 260	20 553
XTB MENA Limited (UAE)	2 671	1 204	-	1	1

(in PLN'000)	30.06.2023	30.06.2023	30.06.2022	31.12.2022	30.06.2022
	COSTS	LIABILITIES	COSTS	LIABILITIES	LIABILITIES
Related parties:					
XTB Limited (UK)	(11 475)	3 765	(10 860)	1 991	3 120
XTB Limited (Cyprus)	(2 178)	1 317	(1 805)	1 404	791
X Open Hub Sp. z o.o. (PL)	(1 989)	316	(1 079)	103	154
XTB International Limited (Belize)	(65 702)	32 253	(57 752)	29 895	24 123
XTB Services Limited (Cyprus)	(14 827)	1 574	(19 785)	1 919	2 938
XTB MENA Limited (UAE)	(11 979)	1 727	(17 517)	2 812	2 456

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



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

As at 30 June 2023 and during the reporting period, i.e. from 1 January 2023 to 30 June 2023, neither the Parent nor any of its subsidiaries has provided sureties for loans or credits or guarantees to another entity or its subsidiary for which the total value of existing sureties or guarantees is significant.

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

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

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

As at June 30, 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 17.7 million, which consists of three proceedings on employee claims, with a value of approximately PLN 1.2 million, ten 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. In June 2023, the court of first instance dismissed ESBANK's lawsuit, finding no material violations on XTB's part. As of the date of the report, the judgment is not final.

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. On July 26, 2023. The General Court of the European Union issued a judgment dismissing Guma Holding's complaint. Guma Holding may appeal the judgment to the Court of Justice within 2 months of notification of the judgment. If Guma Holding does not file an appeal - the case will be referred back to the first instance of the EUIPO.

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 plaint 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.

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. On May 25th, 2023, another version of the draft law was published on the website of the Government Legislation Center, which has already been submitted for consideration by the Council of Ministers' Standing Committee. It is estimated that the act will enter into force in the second half 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;

The bill has already been passed by the Parliament and, at the time of this report, has been directed to the President for signature. The company is already making efforts to adapt its operations to the requirements of the draft Act.

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.

Decision of the CNMV - Spanish National Securities Market Commission, dated July 11, 2023, on product intervention regarding financial contracts for difference and other leveraged products in the Spanish market (the "Decision").

The Spanish regulator implemented restrictions on the marketing, distribution and sales activities of MiFID II-regulated instruments and services provided to retail customers in Spain.



The Decision regulates bans and restrictions on CFDs, including, in particular, marketing activities:

- the direct and indirect marketing, distribution or sale of CFDs through communications to retail clients is prohibited,
- sponsorship or organization of events, brand advertising, use of persons public figures if their purpose or effect is to directly or indirectly advertise CFDs.

The decision also regulated issues such as:

- rules for remuneration of sales personnel,
- the facilitation of partners with unverified knowledge or experience to attract clients,
- prohibition of accepting cash payments from customers by credit card,
- prohibition of providing demo accounts,
- a ban on offering CFD training to the public.

The Decision took effect on August 3, 2023. XTB will comply with the Decision.

5.5 Risk factors and threats

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

As at 30 June 2023 and as at the date of this report, the Group identifies the following risks associated with the Group's operations and with the regulatory environment.

Risks associated with the Group's operations:

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



- other factors beyond the Group's control could have negative impact on its operating activities.

Risks associated with the regulatory environment:

- the Group operates in a heavily regulated environment and may fail to comply with the rapidly changing laws and regulations. Additional information regarding the Group's regulatory environment were presented in section 5.4.;
- the Group is required to adapt its business to the new PFSA Guidelines and other supervisory authorities (including ESMA), which may force the Group to incur significant financial expenditures and to implement material organisational changes, and may adversely affect the Group's competitive position;
- the Company is required to maintain minimum levels of capital, which could restrict the Company's and as a consequence Group's growth and subject it to regulatory sanctions;
- the Company may be required to maintain higher capital ratios or buffers;
- maximum leverage ratios may be further reduced by regulators;
- the interpretation of the applicable laws may be unclear, and the laws may be subject to change;
- the Group may be exposed to increased administrative burdens and compliance costs as a respect of entering new markets;
- the procedures utilised by the Group, including in respect of anti-money laundering, preventing the financing of terrorism and 'know your client', may not be sufficient to prevent money laundering, the financing of terrorism, market manipulation or to identify other prohibited trades;
- the Group may be exposed to risks related to personal data and other sensitive data processed by the Group;
- a breach of consumer protection regulations may result in adverse consequences for the Group;
- advertising regulations and other regulations may impact the Group's ability to advertise;
- changes in tax law regulations specific for the Group's business, their interpretation or changes to the individual interpretations of tax law regulations could adversely affect the Group;
- the related-party transactions carried out by the Company and the Group Companies could be subject to inspection by the tax or fiscal authorities;
- court, administrative or other proceedings may have an unfavourable impact on the Group's operations, and the Group is exposed, in particular, to the risk of proceedings relating to client complaints and litigation, and regulatory investigation;
- as a brokerage house, XTB may be required to bear additional financial burdens under Polish law, including contributions to the investment compensation scheme established by the NDS and contributions for the purpose of financing the PFSA's supervision of capital markets, as well as fees related to the costs of the Financial Ombudsman and his office;
- risk related to increased reporting obligations due to the applicability of FATCA and the automatic exchange of information on tax matters;
- the Group will be required to observe and to adjust its business to the MiFID II/MiFIR Package after it enters into force, which may be expensive and time-consuming and may result in significant restrictions in terms of the manner and scope in which the Group may offer its products and services;
- the risk related to the application of EU law on the implementation of remedial actions and the resolution of financial institutions.

5.6 Risk management

The Group is exposed to a variety of risks connected with its current operations. The purpose of risk management is to make sure that the Group takes risk in a conscious and controlled manner. Risk management policies are formulated in order to identify and measure the risks taken and for regularly setting appropriate limits to limit the scale of exposure to these risks.

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

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

The Risk Control Department supports the Management Board in formulating, reviewing and updating ICAAP rules in the event of the occurrence of new types of risk, significant changes in strategy and operating plans. The Department



also monitors the appropriateness and efficiency of the implemented risk management system, identifies, monitors and controls the market risk of the Group's own investments, defines the overall capital requirement and estimates internal capital. The Risk Control Department reports directly to the Member of the Management Board responsible for the operation of the Company's internal control system.

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

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. Statement and information of the Management

Statement of the Management Board of XTB S.A. on the reliability of preparation of the consolidated and separate financial statements

The Management Board of XTB S.A. declares that, to the best of its knowledge, the consolidated and separate financial statements for period of six months ended 30 June 2023 and comparative data have been prepared in accordance with the applicable accounting principles and reflect in a true, reliable and clear financial and financial situation and the financial result of the Group and the Company, respectively. In addition, the Management Board declares that activity report contains a true picture of the development and achievements of the Group and the Company, respectively, including a description of the basic threats and risk.

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