



REPORT FOR

THE 3RD QUARTER 2023

XTB S.A. GROUP

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FINANCIAL CONSOLIDATED HIGHLIGHTS





FINANCIAL CONSOLIDATED HIGHLIGHTS

	IN PLN'000		IN EUR'000	
	NINE-MONTH ENDED		NINE-MONTH ENDED	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
Consolidated comprehensive income statement:				
Total operating income	1 094 573	1 227 503	239 131	261 839
Profit on operating activities	588 011	827 171	128 462	176 444
Profit before tax	656 580	876 194	143 443	186 901
Net profit	542 124	715 789	118 438	152 685
Net profit and diluted net profit per share attributable to shareholders of the Parent Company (in PLN/EUR per share)	4,62	6,10	1,01	1,30
Consolidated cash flow statement:				
Net cash from operating activities	289 626	856 349	63 274	182 668
Net cash from investing activities	284 905	(23 214)	62 243	(4 952)
Net cash from financing activities	(578 371)	(179 254)	(126 356)	(38 237)
Increase/(Decrease) in net cash and cash equivalents	(3 840)	653 881	(839)	139 480

	IN PLN'000		IN EUR'000	
	30.09.2023	31.12.2022	30.09.2023	31.12.2022
Consolidated statement of financial position:				
Total assets	4 403 363	4 114 323	949 901	877 273
Total liabilities	2 926 278	2 608 254	631 262	556 143
Share capital	5 869	5 869	1 266	1 251
Equity	1 477 085	1 506 069	318 639	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)	12,58	12,83	2,71	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: 4,5773;
 - for the comparative period: 46880;
- 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: 4,6356;
 - for the comparative period: 4,6899.



**INTERIM CONDENSED
CONSOLIDATED FINANCIAL
STATEMENTS**





INTERIM CONDENSED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(IN PLN'000)	NOTE	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
		30.09.2023 (UNAUDITED)	30.09.2022 (UNAUDITED)	30.09.2023 (UNAUDITED)	30.09.2022 (UNAUDITED)
Result of operations on financial instruments	6.1	272 943	389 568	1 085 626	1 222 684
Income from fees and charges	6.2	2 772	1 719	8 896	4 800
Other income		6	2	51	19
Total operating income	6	275 721	391 289	1 094 573	1 227 503
Marketing	8	(58 585)	(48 579)	(194 843)	(153 891)
Salaries and employee benefits	7	(63 767)	(49 036)	(188 547)	(142 014)
Other external services	9	(15 489)	(12 737)	(45 496)	(35 102)
Commission expenses	10	(14 576)	(12 995)	(43 561)	(40 585)
Amortisation and depreciation	16,17	(4 196)	(3 080)	(11 926)	(8 735)
Taxes and fees		(2 947)	(2 899)	(8 836)	(7 645)
Costs of maintenance and lease of buildings		(2 198)	(1 958)	(5 973)	(5 923)
Other costs		(3 208)	(1 262)	(7 380)	(6 437)
Total operating expenses		(164 966)	(132 546)	(506 562)	(400 332)
Profit on operating activities		110 755	258 743	588 011	827 171
Finance income, including:	11	19 291	32 081	73 121	49 812
- <i>interest income at amortized cost</i>	11	12 563	9 010	48 838	9 402
Finance costs	11	14 484	(277)	(4 552)	(789)
Profit before tax		144 530	290 547	656 580	876 194
Income tax	26	(23 403)	(54 328)	(114 456)	(160 405)
Net profit		121 127	236 219	542 124	715 789
Other comprehensive income		3 078	4 670	(624)	7 089
Items which will be reclassified to profit (loss) after meeting specific conditions		3 078	4 670	(642)	7 089
Currency translation differences:					
- <i>positions that will be reclassified to profit on valuation of foreign companies</i>		1 714	3 273	(200)	5 084
- <i>positions that will be reclassified to profit on valuation of separated equity</i>		1 684	1 726	(523)	2 475
- <i>deferred income tax</i>		(320)	(329)	99	(470)
Total comprehensive income		124 205	240 889	541 500	722 878
Net profit attributable to shareholders of the Parent Company		121 127	236 219	542 124	715 789
Total comprehensive income attributable to shareholders of the Parent Company		124 205	240 889	541 500	722 878
Earnings per share:					
- basic profit per year attributable to shareholders of the Parent Company (in PLN)	25	1,03	2,01	4,62	6,10
- basic profit from continued operations per year attributable to shareholders of the Parent Company (in PLN)	25	1,03	2,01	4,62	6,10
- diluted profit of the year attributable to shareholders of the Parent Company (in PLN)	25	1,03	2,01	4,62	6,10
- diluted profit from continued operations of the year attributable to shareholders of the Parent Company (in PLN)	25	1,03	2,01	4,62	6,10

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



INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(IN PLN'000)	NOTE	30.09.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.09.2022 (UNAUDITED)
ASSETS				
Cash and cash equivalents	13	3 314 269	3 161 002	3 121 441
Financial assets at fair value through P&L	14	977 297	842 509	957 700
Income tax receivables		112	-	3
Financial assets at amortised cost	15	38 210	41 675	37 205
Prepayments and deferred costs		13 686	14 524	14 416
Intangible assets	16	1 263	1 441	1 111
Property, plant and equipment	17	51 310	45 303	36 336
Deferred income tax assets	26	7 216	7 869	8 299
Total assets		4 403 363	4 114 323	4 176 511
EQUITY AND LIABILITIES				
Liabilities				
Amounts due to customers	18	2 594 097	2 327 728	2 371 055
Financial liabilities held for trading	19	102 278	105 552	131 571
Income tax liabilities		2 884	1 827	11 479
Liabilities due to lease	20	31 645	30 450	25 737
Other liabilities	21	113 100	79 705	94 596
Provisions for liabilities	22	4 920	4 256	4 402
Deferred income tax provision	26	77 354	58 736	75 308
Total liabilities		2 926 278	2 608 254	2 714 148
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	(584)	40	6 640
Retained earnings		551 557	770 997	720 691
Equity attributable to the owners of the Parent Company		1 477 085	1 506 069	1 462 363
Total equity		1 477 085	1 506 069	1 462 363
Total equity and liabilities		4 403 363	4 114 323	4 176 511

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



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Interim condensed consolidated statement of changes in equity for the period from 1 January 2023 to 30 September 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	-	-	-	-	542 124	542 124	542 124
Other comprehensive income	-	-	-	(624)	-	(624)	(624)
Total comprehensive income for the financial year	-	-	-	(624)	542 124	541 500	541 500
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	(624)	(219 440)	(28 984)	(28 984)
As at 30 September 2023	6 869	71 608	848 635	(584)	551 557	1 477 085	1 477 085

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


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

(IN PLN'000)	SHARE CAPITAL	SUPPLEMENTARY CAPITAL	OTHER RESERVES	FOREIGN EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS AND SEPARATE FUNDS	RETAINED EARNINGS	EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY	TOTAL EQUITY
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 interim condensed consolidated financial statements, which are an integral part of these interim condensed consolidated financial statements.



Interim condensed consolidated statement of changes in equity for the period from 1 January 2022 to 30 September 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	-	-	-	-	715 789	715 789	715 789
Other comprehensive income	-	-	-	7 089	-	7 089	7 089
Total comprehensive income for the financial year	-	-	-	7 089	715 789	722 878	722 878
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	7 089	480 948	546 803	546 803
As at 30 September 2022	5 869	71 608	657 555	6 640	720 691	1 462 363	1 462 363

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



INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(IN PLN'000)	NOTE	NINE-MONTH PERIOD ENDED 30.09.2023 (UNAUDITED)	NINE-MONTH PERIOD ENDED 30.09.2022 (UNAUDITED)
Cash flows from operating activities			
Profit before tax		656 580	876 194
Adjustments:		(270 801)	82 827
(Profit) Loss on investment activity	29.3	(322 501)	(4 730)
Amortization and depreciation	16, 17	11 926	8 735
Foreign exchange (gains) losses from translation of own cash		(17 786)	(16 419)
Other adjustments	29.1	(396)	6 380
Changes			
Change in provisions		664	(563)
Change in balance of financial assets at fair value through P&L and financial liabilities held for trading		(107 455)	(230 200)
Change in balance of restricted cash		(139 321)	(74 881)
Change in financial assets at amortised cost		3 465	(6 500)
Change in balance of prepayments and accruals		838	(5 779)
Change in balance of amounts due to customers		266 369	360 565
Change in balance of other liabilities	29.2	33 396	46 219
Cash from operating activities		385 779	959 021
Income tax paid		(94 240)	(99 182)
Interests		(1 913)	(3 490)
Net cash from operating activities		289 626	856 349
Cash flow from investing activities			
Proceeds from sale of items of property, plant and equipment		3	3
Expenses relating to payments for property, plant and equipment	17	(11 243)	(7 357)
Expenses relating to payments for intangible assets	16	(106)	(709)
Expenses relating purchase of bonds		(451 529)	(741 748)
Proceeds from closed deposits		300 000	-
Interest received on deposits		2 667	-
Proceeds from sale of bonds		429 786	720 716
Interests received on bonds		15 327	5 881
Net cash from investing activities		284 905	(23 214)
Cash flow from financing activities			
Payments of liabilities under finance lease agreements		(7 133)	(2 533)
Interest paid under lease		(754)	(646)
Dividend paid to owners		(570 484)	(176 075)
Net cash from financing activities		(578 371)	(179 254)
Increase (Decrease) in net cash and cash equivalents		(3 840)	653 881
Cash and cash equivalents - opening balance		1 222 499	589 392
Increase (Decrease) in net cash and cash equivalents		(3 840)	653 881
Effect of FX rates fluctuations on balance of cash in foreign currencies		17 786	16 418
Cash and cash equivalents - closing balance		1 236 445	1 259 691

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



ADDITIONAL EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

- XTB S.A. organizační složka (formerly: X-Trade Brokers Dom Maklerski Spółka Akcyjna, organizační složka) – a branch established on 7 March 2007 in the Czech Republic. The branch was registered in the commercial register maintained by the City Court in Prague under No. 56720 and was granted the following tax identification number: CZK 27867102. The new branch name was registered in the local registry on 6 April 2022.
- XTB S.A. Sucursal en Espana (formerly: X-Trade Brokers Dom Maklerski Spółka Akcyjna, Sucursal en Espana) – a branch established on 19 December 2007 in Spain. On 16 January 2008, the branch was registered by the Spanish authorities and was granted the tax identification number ES W0601162A. The new branch name was registered in the local registry on 22 July 2022.
- XTB S.A. organizačná zložka (formerly: X-Trade Brokers Dom Maklerski Spółka Akcyjna, organizačná zložka) - a branch established on 1 July 2008 in the Slovak Republic. On 6 August 2008, the branch was registered in the commercial register maintained by the City Court in Bratislava under No. 36859699 and was granted the following tax identification number: SK4020230324. The new branch name was registered in the local registry on 9 April 2022.
- XTB S.A. Varsovia Sucursala Bucuresti (formerly: X-Trade Brokers Dom Maklerski S.A. Sucursala Bucuresti Romania) – a branch established on 31 July 2008 in Romania. On 4 August 2008, the branch was registered in the Commercial Register under No. 402030 and was granted the following tax identification number: RO27187343. The new branch name was registered in the local registry on 22 April 2022.
- XTB S.A. German Branch (formerly: X-Trade Brokers Dom Maklerski S.A., German Branch) - a branch established on 5 September 2008 in the Federal Republic of Germany. On 24 October 2008, the branch was registered in the Commercial Register under No. HRB 84148 and was granted the following tax identification number: DE266307947. The new branch name was registered in the local registry on 19 December 2022.
- XTB S.A. Succursale Française (formerly: X-Trade Brokers Dom Maklerski Spółka Akcyjna branch in France) – a branch established on 21 April 2010 in the Republic of France. On 31 May 2010, the branch was registered in the Commercial Register under No 522758689 and was granted the following tax identification number: FR61522758689. The new branch name was registered in the local registry on 27 May 2022.
- XTB S.A. – Sucursal em Portugal (formerly: X-Trade Brokers Dom Maklerski S.A., Sucursal Portuguesa) – a branch established on 7 July 2010 in Portugal. On 7 July 2010, the branch was registered in the Commercial Register and was granted the following tax identification number: PT980436613. The new branch name was registered in the local registry on 17 May 2022.



1.2 Composition of the Group

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

NAME OF SUBSIDIARY	CONSOLIDATION METHOD	COUNTRY OF REGISTERED OFFICE	PERCENTAGE SHARE IN THE CAPITAL 30.09.2023 (UNAUDITED)	PERCENTAGE SHARE IN THE CAPITAL 31.12.2022 (AUDITED)	PERCENTAGE SHARE IN THE CAPITAL 30.09.2022 (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 September 2023, amount of negative foreign exchange differences on translation of balances in foreign currencies of Turkish company amounted PLN (3 714) thousand, at the 31 December 2022 PLN (3 767) thousand, at the 30 September 2022 PLN (3 738) 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 interim 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 interim 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 interim 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 interim condensed consolidated financial statements and in the comparative period, the Management Board was composed of the following persons:

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

2. Basis for drafting the financial statements

2.1 Compliance statement

These interim condensed consolidated financial statements have been prepared according to the International Accounting Standard (“IAS”) 34 approved by the European Union.

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

These interim condensed consolidated financial statements have been prepared on the historical cost basis, with the exception of financial assets at fair value through P&L and financial liabilities held for trading which are measured at fair value. The Group’s assets are presented in the statement of financial position according to their liquidity, and its liabilities according to their maturities. The 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 interim condensed consolidated financial statements do not cover all information and disclosures required by the International Financial Reporting Standards accepted by the European Union (“IFRS”) to be presented in annual consolidated financial statements and they should be read jointly with the consolidated financial statements of the XTB S.A. Group for the year 2022.

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

The interim condensed consolidated financial statements were approved by the Management Board of the Parent Company on 7 November 2023.

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

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



2.2 Functional currency and reporting currency

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

2.3 Going concern

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

2.4 Comparability of data and consistency of the policies applied

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

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

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

The Group has not decided to apply earlier any Standard, Interpretation or Amendment that has been issued, but has not yet become effective in light of the EU regulations. New or amended standards and interpretations that are applicable for the first time in 2023 do not have a significant impact on the Group's interim 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 interim 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 interim condensed consolidated financial statements are consistent with the accounting policies applied in the preparation of the annual consolidated financial statements for the financial year ended 31 December 2022, except for the new or amended standards and new interpretations binding for the annual periods starting on or after 1 January 2023.

5. Seasonality of operations

The Group's operations are not seasonal.

6. Operating income

6.1 Result of operations in financial instruments

(IN PLN'000)	THREE-MONTH PERIOD ENDED	THREE-MONTH PERIOD ENDED	NINE-MONTH PERIOD ENDED	NINE-MONTH PERIOD ENDED
	30.09.2023 (UNAUDITED)	30.09.2022 (UNAUDITED)	30.09.2023 (UNAUDITED)	30.09.2022 (UNAUDITED)
Financial instruments (CFD)				
Index CFDs	73 133	150 892	509 412	568 788
Commodity CFDs	137 259	111 421	460 881	408 911
Currency CFDs	63 968	124 222	129 044	238 690
Stock and ETF CFDs	12 219	12 550	21 584	35 699
Bond CFDs	480	1 778	1 173	548
Total CFDs	287 059	400 863	1 122 094	1 252 636
Stocks and ETFs	961	441	7 506	2 592
Gross gain on transactions in financial instruments	288 020	401 304	1 129 600	1 255 228
Bonuses and discounts paid to customers	(1 175)	(1 497)	(7 118)	(4 166)
Commission paid to cooperating brokers	(13 902)	(10 239)	(36 856)	(28 378)
Net gain on transactions in financial instruments	272 943	389 568	1 085 626	1 222 684

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.



6.2 Income from fees and charges

(IN PLN'000)	THREE-MONTH	THREE-MONTH	NINE-MONTH	NINE-MONTH
	PERIOD ENDED	PERIOD ENDED	PERIOD ENDED	PERIOD ENDED
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)
Fees and charges from institutional clients	1 660	840	5 198	2 199
Fees and charges from retail clients	1 112	879	3 698	2 601
Total income from fees and charges	2 772	1 719	8 896	4 800

6.3 Geographical areas

(IN PLN'000)	THREE-MONTH	THREE-MONTH	NINE-MONTH	NINE-MONTH
	PERIOD ENDED	PERIOD ENDED	PERIOD ENDED	PERIOD ENDED
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)
Operating income				
Central and Eastern Europe	124 333	248 702	629 577	752 790
- including Poland	57 166	193 053	449 799	526 245
Western Europe	84 197	75 104	275 970	293 888
Latin America *	37 190	49 613	108 122	155 271
Middle East**	30 001	17 870	80 904	25 554
Total operating income	275 721	391 289	1 094 573	1 227 503

* 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 41,1% (nine-month period ended 30 September 2022: 42,9%). Due to the overall share in the Group's revenue Poland was set apart for presentation purposes within the geographical area. The share of other countries in the structure of the Group's revenue by geographical area does not in any case exceed 20%.

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

7. Salaries and employee benefits

(IN PLN'000)	THREE-MONTH	THREE-MONTH	NINE-MONTH	NINE-MONTH
	PERIOD ENDED	PERIOD ENDED	PERIOD ENDED	PERIOD ENDED
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)
Salaries	(55 848)	(41 987)	(162 211)	(120 311)
Social insurance and other benefits	(5 738)	(5 548)	(20 118)	(17 048)
Employee benefits	(2 181)	(1 501)	(6 218)	(4 655)
Total salaries and employee benefits	(63 767)	(49 036)	(188 547)	(142 014)

8. Marketing

(IN PLN'000)	THREE-MONTH	THREE-MONTH	NINE-MONTH	NINE-MONTH
	PERIOD ENDED	PERIOD ENDED	PERIOD ENDED	PERIOD ENDED
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)
Marketing online	(48 716)	(36 937)	(159 028)	(120 704)
Marketing offline	(9 851)	(11 635)	(35 778)	(33 129)
Competitions for clients	(18)	(7)	(37)	(58)
Total marketing	(58 585)	(48 579)	(194 843)	(153 891)

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



9. Other external services

(IN PLN'000)	THREE-MONTH	THREE-MONTH	NINE-MONTH	NINE-MONTH
	PERIOD ENDED	PERIOD ENDED	PERIOD ENDED	PERIOD ENDED
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)
Support database systems	(6 358)	(5 333)	(18 479)	(13 660)
Legal and advisory services	(3 921)	(2 284)	(9 169)	(5 407)
Market data delivery	(2 718)	(2 196)	(8 115)	(6 754)
Internet and telecommunications	(901)	(1 086)	(2 914)	(2 918)
Accounting and audit services	(526)	(552)	(1 921)	(1 723)
IT support services	(369)	(12)	(1 723)	(658)
Recruitment	(475)	(704)	(1 637)	(2 207)
Translation	(40)	(48)	(139)	(123)
Postal and courier services	(50)	(67)	(132)	(216)
Other external services	(131)	(455)	(1 267)	(1 436)
Total other external services	(15 489)	(12 737)	(45 496)	(35 102)

10. Commission expenses

(IN PLN'000)	THREE-MONTH	THREE-MONTH	NINE-MONTH	NINE-MONTH
	PERIOD ENDED	PERIOD ENDED	PERIOD ENDED	PERIOD ENDED
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)
Bank commissions	(11 711)	(11 108)	(35 273)	(34 982)
Stock exchange fees and charges	(2 739)	(1 806)	(7 939)	(5 337)
Commissions of foreign brokers	(126)	(81)	(349)	(266)
Total commission expenses	(14 576)	(12 995)	(43 561)	(40 585)

11. Finance income and costs

(IN PLN'000)	THREE-MONTH	THREE-MONTH	NINE-MONTH	NINE-MONTH
	PERIOD ENDED	PERIOD ENDED	PERIOD ENDED	PERIOD ENDED
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)
Interest income at amortized cost	12 563	9 010	48 838	9 402
Income on bonds	6 686	4 001	24 191	4 944
Foreign exchange gains	-	19 029	-	35 289
Other finance income	42	41	92	177
Total finance income	19 291	32 081	73 121	49 812

(IN PLN'000)	THREE-MONTH	THREE-MONTH	NINE-MONTH	NINE-MONTH
	PERIOD ENDED	PERIOD ENDED	PERIOD ENDED	PERIOD ENDED
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)
Foreign exchange losses	14 778	-	(3 699)	-
Interest paid under lease agreements	(264)	(210)	(754)	(646)
Other interest	(28)	(65)	(55)	(131)
Other finance costs	(2)	(2)	(44)	(12)
Total finance costs	14 484	(277)	(4 552)	(789)

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 THREE-MONTH PERIOD ENDED 30.09.2023 (UNAUDITED) (IN PLN'000)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	CONSOLIDATED COMPREHENSIVE INCOME STATEMENT
Net result on transactions in financial instruments	272 965	(22)	272 943	272 943
CFDs				
Index CFDs	79 192	(6 059)	73 133	73 133
Commodity CFDs	132 870	4 389	137 259	137 259
Currency CFDs	62 362	1 606	63 968	63 968
Stock and ETF CFDs	12 219	-	12 219	12 219
Bond CFDs	438	42	480	480
Stocks and ETFs	961	-	961	961
Bonuses and discounts paid to customers	(1 175)	-	(1 175)	(1 175)
Commission paid to cooperating brokers	(13 902)	-	(13 902)	(13 902)
Fee and commission income	1 112	1 660	2 772	2 772
Other income	6	-	6	6
Total operating income	274 083	1 638	275 721	275 721
Marketing	(58 312)	(273)	(58 585)	(58 585)
Salaries and employee benefits	(63 349)	(418)	(63 767)	(63 767)
Other external services	(14 933)	(556)	(15 489)	(15 489)
Commission expense	(14 570)	(6)	(14 576)	(14 576)
Amortization and depreciation	(4 192)	(4)	(4 196)	(4 196)
Taxes and fees	(2 939)	(8)	(2 947)	(2 947)
Cost of maintenance and lease of buildings	(2 198)	-	(2 198)	(2 198)
Other expenses	(2 880)	(328)	(3 208)	(3 208)
Total operating expenses	(163 373)	(1 593)	(164 966)	(164 966)
Operating profit	110 710	45	110 755	110 755
Finance income	-	-	-	19 291
Finance costs	-	-	-	14 484
Profit before tax	-	-	-	144 530
Income tax	-	-	-	(23 403)
Net profit	-	-	-	121 127



CONSOLIDATED COMPREHENSIVE INCOME STATEMENT FOR NINE-MONTH PERIOD ENDED 30.09.2023 (UNAUDITED) (IN PLN'000)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	CONSOLIDATED COMPREHENSIVE INCOME STATEMENT
Net result on transactions in financial instruments	1 011 031	74 595	1 085 626	1 085 626
CFDs				
Index CFDs	467 941	41 471	509 412	509 412
Commodity CFDs	431 034	29 847	460 881	460 881
Currency CFDs	125 855	3 189	129 044	129 044
Stock and ETF CFDs	21 584	-	21 584	21 584
Bond CFDs	1 085	88	1 173	1 173
Stocks and ETFs	7 506	-	7 506	7 506
Bonuses and discounts paid to customers	(7 118)	-	(7 118)	(7 118)
Commission paid to cooperating brokers	(36 856)	-	(36 856)	(36 856)
Fee and commission income	3 698	5 198	8 896	8 896
Other income	51	-	51	51
Total operating income	1 014 780	79 793	1 094 573	1 094 573
Marketing	(193 877)	(966)	(194 843)	(194 843)
Salaries and employee benefits	(186 517)	(2 030)	(188 547)	(188 547)
Other external services	(43 783)	(1 713)	(45 496)	(45 496)
Commission expense	(43 546)	(15)	(43 561)	(43 561)
Amortization and depreciation	(11 904)	(22)	(11 926)	(11 926)
Taxes and fees	(8 815)	(21)	(8 836)	(8 836)
Cost of maintenance and lease of buildings	(5 973)	-	(5 973)	(5 973)
Other expenses	(6 954)	(426)	(7 380)	(7 380)
Total operating expenses	(501 369)	(5 193)	(506 562)	(506 562)
Operating profit	513 411	74 600	588 011	588 011
Finance income	-	-	-	73 121
Finance costs	-	-	-	(4 552)
Profit before tax	-	-	-	656 580
Income tax	-	-	-	(114 456)
Net profit	-	-	-	542 124



ASSETS AND LIABILITIES AS AT 30.09.2023 (UNAUDITED) (IN PLN'000)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Customers' cash and cash equivalents	1 957 932	119 892	2 077 824	2 077 824
Financial assets at fair value through P&L	946 976	30 321	977 297	977 297
Other assets	1 347 483	759	1 348 242	1 348 242
Total assets	4 252 391	150 972	4 403 363	4 403 363
Amounts due to customers	2 460 395	133 702	2 594 097	2 594 097
Financial liabilities held for trading	96 332	5 946	102 278	102 278
Other liabilities	229 903	-	229 903	229 903
Total liabilities	2 786 630	139 648	2 926 278	2 926 278

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 THREE-MONTH PERIOD ENDED 30.09.2022 (UNAUDITED) (IN PLN'000)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	CONSOLIDATED COMPREHENSIVE INCOME STATEMENT
Net result on transactions in financial instruments	369 979	19 589	389 568	389 568
CFDs				
Currency CFDs	145 052	5 840	150 892	150 892
Commodity CFDs	118 355	5 867	124 222	124 222
Index CFDs	103 593	7 828	111 421	111 421
Bond CFDs	12 550	-	12 550	12 550
Stock and ETF CFDs	1 724	54	1 778	1 778
Stocks and ETFs	441	-	441	441
Bonuses and discounts paid to customers	(1 497)	-	(1 497)	(1 497)
Commission paid to cooperating brokers	(10 239)	-	(10 239)	(10 239)
Fee and commission income	879	840	1 719	1 719
Other income	2	-	2	2
Total operating income	370 860	20 429	391 289	391 289
Salaries and employee benefits	(48 437)	(599)	(49 036)	(49 036)
Marketing	(48 335)	(244)	(48 579)	(48 579)
Commission expense	(12 992)	(3)	(12 995)	(12 995)
Other external services	(12 569)	(168)	(12 737)	(12 737)
Amortization and depreciation	(3 069)	(11)	(3 080)	(3 080)
Taxes and fees	(2 895)	(4)	(2 899)	(2 899)
Cost of maintenance and lease of buildings	(1 958)	-	(1 958)	(1 958)
Other expenses	(1 303)	41	(1 262)	(1 262)
Total operating expenses	(131 558)	(988)	(132 546)	(132 546)
Operating profit	239 302	19 441	258 743	258 743
Finance income	-	-	-	32 081
Finance costs	-	-	-	(277)
Profit before tax	-	-	-	290 547
Income tax	-	-	-	(54 328)
Net profit	-	-	-	236 219



CONSOLIDATED COMPREHENSIVE INCOME STATEMENT FOR NINE-MONTH PERIOD ENDED 30.09.2022 (UNAUDITED) (IN PLN'000)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	CONSOLIDATED COMPREHENSIVE INCOME STATEMENT
Net result on transactions in financial instruments	1 204 533	18 151	1 222 684	1 222 684
CFDs				
Index CFDs	567 944	844	568 788	568 788
Commodity CFDs	396 325	12 586	408 911	408 911
Currency CFDs	233 847	4 843	238 690	238 690
Stock and ETF CFDs	35 699	-	35 699	35 699
Bond CFDs	670	(122)	548	548
Stocks and ETFs	2 592	-	2 592	2 592
Bonuses and discounts paid to customers	(4 166)	-	(4 166)	(4 166)
Commission paid to cooperating brokers	(28 378)	-	(28 378)	(28 378)
Fee and commission income	2 601	2 199	4 800	4 800
Other income	19	-	19	19
Total operating income	1 207 153	20 350	1 227 503	1 227 503
Marketing	(153 226)	(665)	(153 891)	(153 891)
Salaries and employee benefits	(140 556)	(1 458)	(142 014)	(142 014)
Commission expense	(40 576)	(9)	(40 585)	(40 585)
Other external services	(34 266)	(836)	(35 102)	(35 102)
Amortization and depreciation	(8 714)	(21)	(8 735)	(8 735)
Taxes and fees	(7 632)	(13)	(7 645)	(7 645)
Cost of maintenance and lease of buildings	(5 923)	-	(5 923)	(5 923)
Other expenses	(6 288)	(149)	(6 437)	(6 437)
Total operating expenses	(397 181)	(3 151)	(400 332)	(400 332)
Operating profit	809 972	17 199	827 171	827 171
Finance income	-	-	-	49 812
Finance costs	-	-	-	(789)
Profit before tax	-	-	-	876 194
Income tax	-	-	-	(160 405)
Net profit	-	-	-	715 789



ASSETS AND LIABILITIES AS AT 30.09.2022 (UNAUDITED) (IN PLN'000)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Customers' cash and cash equivalents	1 771 437	90 313	1 861 750	1 861 750
Financial assets at fair value through P&L	934 427	23 273	957 700	957 700
Other assets	1 356 691	370	1 357 061	1 357 061
Total assets	4 062 555	113 956	4 176 511	4 176 511
Amounts due to customers	2 264 982	106 073	2 371 055	2 371 055
Financial liabilities held for trading	124 051	7 520	131 571	131 571
Other liabilities	211 521	1	211 522	211 522
Total liabilities	2 600 554	113 594	2 714 148	2 714 148



13. Cash and cash equivalents

Broken down by type:

(IN PLN'000)	30.09.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.09.2022 (UNAUDITED)
Cash in current accounts in bank and their equivalents	3 314 269	2 853 883	2 821 441
Short-term deposits in bank	-	307 119	300 000
Cash and cash equivalents in total	3 314 269	3 161 002	3 121 441

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)	30.09.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.09.2022 (UNAUDITED)
Customers' cash and cash equivalents	2 077 824	1 938 503	1 861 750
Own cash and cash equivalents	1 236 445	1 222 499	1 259 691
Cash and cash equivalents in total	3 314 269	3 161 002	3 121 441

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

14. Financial assets at fair value through P&L

(IN PLN'000)	30.09.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.09.2022 (UNAUDITED)
CFDs			
Commodity CFDs	195 838	120 387	115 354
Index CFDs	161 162	157 533	232 586
Currency CFDs	116 631	98 145	133 600
Stock and ETF CFDs	93 481	91 867	111 904
Bond CFDs	419	2 219	2 054
Debt instruments	392 681	362 074	352 021
Stocks and ETFs	17 085	10 284	10 181
Total financial assets at fair value through P&L	977 297	842 509	957 700

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)	30.09.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.09.2022 (UNAUDITED)
Trade receivables	18 038	21 058	23 827
Amounts due from the Central Securities Depository of Poland	13 492	13 650	7 089
Receivables due from clients	8 224	5 990	6 315
Deposits	5 190	5 640	4 552
Statutory receivables	1 303	1 648	1 732
Gross other receivables	46 247	47 986	43 515
Impairment write-downs of receivables	(601)	(843)	(517)
Impairment write-downs of receivables due from clients	(7 436)	(5 468)	(5 793)
Total net other receivables	38 210	41 675	37 205



Movements in impairment write-downs of receivables

(IN PLN'000)	30.09.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.09.2022 (UNAUDITED)
Impairment write-downs of receivables - at the beginning of the reporting period	(6 311)	(5 181)	(5 181)
Write-downs recorded	(1 926)	(1 645)	(1 642)
Write-downs reversed	537	193	193
Write-downs utilized	(337)	322	322
Impairment write-downs of receivables - at the end of the reporting period	(8 037)	(6 311)	(6 308)

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 September 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	106	-	-	106
Sale and scrapping	(5)	-	-	(5)
Net foreign exchange differences	(13)	-	-	(13)
Gross value as at 30 September 2023	6 493	10 792	4 814	22 099
Accumulated amortization as at 1 January 2023	(5 069)	(10 792)	(4 709)	(20 570)
Amortization for the current period	(264)	-	(19)	(283)
Sale and scrapping	5	-	-	5
Net foreign exchange differences	12	-	-	12
Accumulated amortization as at 30 September 2023	(5 316)	(10 792)	(4 728)	(20 836)
Net book value as at 1 January 2023	1 336	-	105	1 441
Net book value as at 30 September 2023	1 177	-	86	1 263

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 September 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	10	-	-	10
Gross value as at 30 September 2022	6 139	10 792	4 814	21 745
Accumulated amortization as at 1 January 2022	(4 968)	(10 792)	(4 683)	(20 443)
Amortization for the current period	(164)	-	(19)	(183)
Sale and scrapping	2	-	-	2
Net foreign exchange differences	(10)	-	-	(10)
Accumulated amortization as at 30 September 2022	(5 140)	(10 792)	(4 702)	(20 634)
Net book value as at 1 January 2022	454	-	131	585
Net book value as at 30 September 2022	999	-	112	1 111

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 September 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	6 401	5 719	-	-	(877)	11 243
Lease	-	-	8 328	-	-	8 328
Sale and scrapping	(339)	(699)	(5 370)	(65)	-	(6 473)
Net foreign exchange differences	(82)	(55)	(332)	(10)	(12)	(491)
Gross value as at 30 September 2023	34 408	14 270	41 606	545	298	91 127
Accumulated amortization as at 1 January 2023	(17 188)	(4 431)	(11 353)	(245)	-	(33 217)
Amortization for the current period	(3 867)	(1 274)	(6 413)	(89)	-	(11 643)
Sale and scrapping	362	589	3 763	65	-	4 779
Net foreign exchange differences	62	41	157	4	-	264
Accumulated amortization as at 30 September 2023	(20 631)	(5 075)	(13 846)	(265)	-	(39 817)
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 September 2023	13 777	9 195	27 760	280	298	51 310


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 September 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	5 718	1 968	-	-	(329)	7 357
Lease	-	-	20 527	306	-	20 833
Sale and scrapping	(478)	(778)	(1 551)	(105)	-	(2 912)
Net foreign exchange differences	147	241	1 142	26	-	1 556
Gross value as at 30 September 2022	24 823	9 816	32 465	640	7	67 751
Accumulated amortization as at 1 January 2022	(14 626)	(4 489)	(5 373)	(223)	-	(24 711)
Amortization for the current period	(2 297)	(647)	(5 523)	(85)	-	(8 552)
Sale and scrapping	473	590	1 528	104	-	2 695
Net foreign exchange differences	(106)	(175)	(548)	(18)	-	(847)
Accumulated amortization as at 30 September 2022	(16 556)	(4 721)	(9 916)	(222)	-	(31 415)
Net book value as at 1 January 2022	4 810	3 896	6 974	190	336	16 206
Net book value as at 30 September 2022	8 267	5 095	22 549	418	7	36 336



Non-current assets by geographical area

(IN PLN'000)	30.09.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.09.2022 (UNAUDITED)
Non-current assets			
Central and Eastern Europe	38 679	31 773	29 470
- including Poland	31 086	31 013	28 719
Western Europe	12 172	13 911	6 754
Latin America and Turkey	1 722	1 060	1 223
Total non-current assets	52 573	46 744	37 447

18. Amounts due to customers

(IN PLN'000)	30.09.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.09.2022 (UNAUDITED)
Amounts due to retail customers	2 460 395	2 215 470	2 264 010
Amounts due to institutional customers	133 702	112 258	107 045
Total amounts due to customers	2 594 097	2 327 728	2 371 055

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)	30.09.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.09.2022 (UNAUDITED)
Financial instruments (CFD)			
Stock and ETF CFDs	36 206	32 030	46 245
Commodity CFDs	23 619	17 791	18 696
Currency CFDs	23 006	20 507	19 455
Index CFDs	19 381	35 118	46 985
Bond CFDs	66	106	190
Total financial liabilities held for trading	102 278	105 552	131 571

20. Liabilities due to lease

(IN PLN'000)	30.09.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.09.2022 (UNAUDITED)
Short- term	9 009	6 600	5 924
Long- term	22 636	23 850	19 813
Total liabilities due to lease	31 645	30 450	25 737

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)	30.09.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.09.2022 (UNAUDITED)
Provisions for other employee benefits	40 399	37 959	35 557
Liabilities due to brokers	28 873	2 550	17 582
Trade liabilities	28 780	30 035	27 904
Statutory liabilities	10 762	7 452	8 185
Amounts due to the Central Securities Depository of Poland	3 620	256	4 603
Liabilities due to employees	657	1 453	765
Liabilities due to shareholders	9	-	-
Total other liabilities	113 100	79 705	94 596



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 September 2023, salaries and employee benefits included the provision for variable remuneration elements in the amount of PLN 13 092 thousand, as at 31 December 2022 in the amount of PLN 6 604 thousand and as at 30 September 2022 in the amount of PLN 6 458 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.

Due to the introduction of the Incentive Program at XTB S.A. and the issue of new shares, the capital of the parent company will be updated in the subsequent reporting periods.

22. Provisions for liabilities and contingent liabilities

22.1 Provisions for liabilities

(IN PLN'000)	30.09.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.09.2022 (UNAUDITED)
Provisions for retirement benefits	219	215	191
Provisions for legal risk	4 701	4 041	4 211
Total provisions	4 920	4 256	4 402

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

Provisions for legal risk include expected amounts of payments to be made in connection with disputes to which the Group is a party. As at the date of preparation of these interim condensed consolidated financial statements, the Company is not able to specify when the above liabilities will be repaid. The information on the significant court proceedings, arbitration authority or public administration authority was described in point 5.2 of the Management Board report on the operations of the Group and Company. To the best of our knowledge and belief, the procedures described therein and the future resolution of these proceedings in the context of a possible impact on other clients of the Group do not have a material impact on these interim condensed consolidated financial statements.

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

(IN PLN'000)	VALUE AS AT 01.01.2023	INCREASES	DECREASES		VALUE AS AT 30.09.2023
			USE	REVERSAL	
Provisions for retirement benefits	215	4	-	-	219
Provisions for legal risk	4 041	1 179	331	188	4 701
Total provisions	4 256	1 183	331	188	4 920



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 September 2022 (UNAUDITED)

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

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 September 2023 the total value of claims brought against the Group amounted to approx. PLN 20 085 thousand (as at 31 December 2022: PLN 16 282 thousand, as at 30 September 2022: PLN 15 225 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 66 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 5 881 thousand to secure the agreement concluded between subsidiary XTB Limited based in UK and Worldpay (UK) Limited, Worldpay Limited and Worldpay AP LTD based in UK. The guarantee was issued for the period of the agreement which was concluded for three years with the possibility of further extension.

23. Equity

Share capital structure as at 30 September 2023, 31 December 2022 and 30 September 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 September 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 September 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 (584) thousand. A detailed presentation of exchange differences resulting from translation is presented in the table below.

(IN PLN'000)	30.09.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.09.2022 (UNAUDITED)
XTB Spółka Akcyjna branch in Germany	829	907	1 177
XTB International	600	322	3 637
XTB Limited (CY)	541	632	926
XTB MENA Limited	520	654	1 727
XTB Limited (UK)	502	361	1 041
XTB Spółka Akcyjna branch in France	296	343	507
XTB Spółka Akcyjna branch in Romania	279	290	319
XTB Spółka Akcyjna	78	201	534
XTB Spółka Akcyjna branch in Czech Republic	56	103	129
XTB Services Limited	32	39	194
XTB Spółka Akcyjna branch in Spain	30	46	121
XTB Spółka Akcyjna branch in Slovakia	11	19	51
XTB Spółka Akcyjna branch in Portugal	5	7	23
XTB Digital Ltd.	(14)	-	-
XTB Africa (PTY) Ltd.	(174)	5	122
XTB Agente de Valores SpA	(461)	(122)	(130)
Tasfiye Halinde XTB Yönetim Danışmanlığı A.Ş.	(3 714)	(3 767)	(3 738)
Total foreign exchange differences on translation	(584)	40	6 640

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)	THREE-MONTH PERIOD ENDED	THREE-MONTH PERIOD ENDED	NINE-MONTH PERIOD ENDED	NINE-MONTH PERIOD ENDED
	30.09.2023 (UNAUDITED)	30.09.2022 (UNAUDITED)	30.09.2023 (UNAUDITED)	30.09.2022 (UNAUDITED)
Profit from continuing operations attributable to shareholders of the Parent Company	121 127	236 219	542 124	715 789
Weighted average number of ordinary shares	117 383 635	117 383 635	117 383 635	117 383 635
Weighted average number of shares including dilution effect	117 383 635	117 383 635	117 383 635	117 383 635
Basic net profit per share from continuing operations for the year attributable to shareholders of the Parent Company	1,03	2,01	4,62	6,10
Diluted net profit per share from continuing operations for the year attributable to shareholders of the Parent Company	1,03	2,01	4,62	6,10

26. Current income tax and deferred income tax

26.1 Current income tax

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

(IN PLN'000)	THREE-MONTH PERIOD ENDED	THREE-MONTH PERIOD ENDED	NINE-MONTH PERIOD ENDED	NINE-MONTH PERIOD ENDED
	30.09.2023 (UNAUDITED)	30.09.2022 (UNAUDITED)	30.09.2023 (UNAUDITED)	30.09.2022 (UNAUDITED)
Income tax – current portion				
Income tax for the reporting period	(23 686)	(42 577)	(94 759)	(117 590)
Income tax – deferred portion				
Occurrence / reversal of temporary differences	283	(11 751)	(19 697)	(42 815)
Income tax disclosed in profit and loss	(23 403)	(54 328)	(114 456)	(160 405)

Reconciliation of the actual tax burden

(IN PLN'000)	THREE-MONTH PERIOD ENDED	THREE-MONTH PERIOD ENDED	NINE-MONTH PERIOD ENDED	NINE-MONTH PERIOD ENDED
	30.09.2023 (UNAUDITED)	30.09.2022 (UNAUDITED)	30.09.2023 (UNAUDITED)	30.09.2022 (UNAUDITED)
Profit before tax	144 530	290 547	656 580	876 194
Income tax based in the applicable tax rate of 19%	(27 460)	(55 204)	(124 750)	(166 477)
Difference resulting from application of tax rates applicable in other countries	312	455	851	1 221
Non-taxable revenue	1 645	231	710	277
Non-deductible expenses	(1 915)	(1 629)	(3 039)	(2 293)
Tax loss for the reporting period not disclosed in the deferred tax	-	(203)	-	(203)
Writing off tax losses activated in previous years	26	(4)	-	(475)
Other items affecting the tax burden amount	3 989	2 026	11 772	7 545
Income tax disclosed in profit or loss	(23 403)	(54 328)	(114 456)	(160 405)



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 September 2023 (UNAUDITED)

(IN PLN'000)	AS AT 01.01.2023	PROFIT OR (LOSS)	AS AT 30.09.2023
Deferred income tax assets:			
Cash and cash equivalents	70	(70)	-
Property, plant and equipment	451	106	557
Financial liabilities held for trading	13 805	(3 135)	10 670
Provisions for liabilities	549	378	927
Prepayments and deferred costs	4 994	607	5 601
Other liabilities	6 877	(1 709)	5 168
Tax losses of previous periods to be settled in future periods	7 619	(497)	7 122
Total deferred income tax assets	34 365	(4 320)	30 045

(IN PLN'000)	AS AT 01.01.2023	PROFIT OR (LOSS)	AS AT 30.09.2023
Deferred income tax provision:			
Cash and cash equivalents	19	102	121
Financial assets at fair value through P&L	81 549	16 192	97 741
Other liabilities	638	305	943
Financial assets at amortised cost	1 853	(1 184)	669
Property, plant and equipment	335	(38)	297
Total deferred income tax provision	84 394	15 377	99 771
Deferred tax disclosed in profit or (loss)	-	(19 697)	-

(IN PLN'000)	AS AT 01.01.2023	INCLUDED IN EQUITY	AS AT 30.09.2023
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 September 2022 (UNAUDITED)

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

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

(IN PLN'000)	AS AT 01.01.2022	INCLUDED IN EQUITY	AS AT 30.09.2022
Deferred income tax assets included directly in the equity:			
Separate equity of branches	674	470	1 144
Total deferred income tax assets included directly in the equity	674	470	1 144



Geographical division of deferred income tax assets

(IN PLN'000)	30.09.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.09.2022 (UNAUDITED)
Deferred income tax assets			
Central and Eastern Europe	89	233	255
Western Europe	7 127	7 636	8 044
Total deferred income tax assets	7 216	7 869	8 299

Data concerning the presentation of deferred income tax by country of origin and reconciliation of presentation in the statement of financial position as at 30 September 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	22 672	98 875	-	76 203
Czech Republic	102	13	89	-
Slovakia	57	108	-	51
Germany	2 234	-	2 234	-
France	3 380	-	3 380	-
Great Britain	1 513	-	1 513	-
Chile	87	349	-	262
Belize	-	838	-	838
Total	30 045	100 183	7 216	77 354

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 September 2022 (UNAUDITED):

(IN PLN'000)	DATA ACCORDING TO THE NATURE OF ORIGIN		DATA PRESENTED IN THE STATEMENT OF FINANCIAL POSITION	
	DEFERRED INCOME TAX ASSETS	DEFERRED INCOME TAX PROVISION	DEFERRED INCOME TAX ASSETS	DEFERRED INCOME TAX PROVISION
Poland	28 906	103 532	-	74 626
Czech Republic	99	19	80	-
Slovakia	227	52	175	-
Germany	2 571	-	2 571	-
France	3 727	-	3 727	-
Great Britain	1 746	-	1 746	-
Chile	296	372	-	76
Belize	-	606	-	606
Total	37 572	104 581	8 299	75 308



27. Related party transactions

27.1 Parent Company

As at 30 September 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 interim condensed consolidated financial statements.

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

27.2 Figures concerning related party transactions

As at 30 September 2023 the Group has liabilities to Mr Jakub Zabłocki in the amount of PLN 17 thousand due to his investment account (as at 31 December 2022 PLN 24 thousand, as at 30 September 2022 PLN 24 thousand). In the period from 1 January to 30 September 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 177). Moreover, Mr Jakub Zabłocki is employed on the basis of work contract in subsidiary in Great Britain. In the period from 1 January to 30 September 2023 the paid gross salary and bonuses amounted to PLN 2 448 thousand and in the analogical period of 2022 amounted to PLN 1 565 thousand.

Mr Hubert Walentynowicz receives salary on the basis of work contract. In the period from 1 January to 30 September 2023 the paid gross salary and bonuses amounted to PLN 473 thousand and in the analogical period of 2022 amounted to PLN 374 thousand.

As at 30 September 2023 the Group has liabilities to Mr Filip Kaczmarzyk in the amount of PLN 14 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 September 2022 the Group has liabilities to Mr Filip Kaczmarzyk in the amount of PLN 74 thousand.

As at 30 September 2023 the Group has liabilities to Mr Paweł Szejko in the amount of PLN 314 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 September 2022 the Group has liabilities to Mr Paweł Szejko in the amount of PLN 171.

As at 30 September 2023 the Group has liabilities to Mr Jakub Kubacki in the amount of PLN 648 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 September 2022 the Group has liabilities to Mr Jakub Kubacki in the amount of PLN 1 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 30 September 2023:

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 there was no changes in the ownership of the Company's shares by managing and supervising persons.

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

27.3 Benefits to Management Board and Supervisory Board

(IN PLN'000)	THREE-MONTH PERIOD ENDED	THREE-MONTH PERIOD ENDED	NINE-MONTH PERIOD ENDED	NINE-MONTH PERIOD ENDED
	30.09.2023 (UNAUDITED)	30.09.2022 (UNAUDITED)	30.09.2023 (UNAUDITED)	30.09.2022 (UNAUDITED)
Benefits to the Management Board members	(1 283)	(2 049)	(4 551)	(5 614)
Benefits to the Supervisory Board members	(96)	(65)	(226)	(187)
Total benefits to the Management Board and Supervisory Board	(1 379)	(2 114)	(4 777)	(5 801)



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

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

27.4 Loans granted to the Management and Supervisory Board members

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

28. Employment

Total employment in the Group as at 30 September 2023 was 1010 people, 860 people as at 31 December 2022 and 788 people as at 30 September 2022. The list does not include persons on maternity leave, parental leave and benefits (dismissals for more than 33 days).

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

29.1 Other adjustments

The "Other adjustments" item includes the following adjustments:

(IN PLN'000)	NINE-MONTH PERIOD ENDED	NINE-MONTH PERIOD ENDED
	30.09.2023 (UNAUDITED)	30.09.2022 (UNAUDITED)
Change in the balance of differences from the conversion of branches and subsidiaries	(624)	7 089
Foreign exchange differences on translation of movements in property, plant and equipment, and intangible assets	228	(709)
Change in other adjustments	(396)	6 380

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)	NINE-MONTH PERIOD ENDED	NINE-MONTH PERIOD ENDED
	30.09.2023 (UNAUDITED)	30.09.2022 (UNAUDITED)
Balance sheet change in other liabilities	3 465	(10 637)
Liabilities due to shareholders	-	4 137
Change in balance of other liabilities	3 465	(6 500)

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



29.3 Details of (Profit) Loss from investing activity

The "(Profit) Loss on investment activity" item includes the following adjustments:

(IN PLN'000)	NINE-MONTH PERIOD ENDED	NINE-MONTH PERIOD ENDED
	30.09.2023 (UNAUDITED)	30.09.2022 (UNAUDITED)
Loss on liquidation and sale of fixed assets	1 694	217
Result of Bonds	(24 192)	(4 944)
Revenues from the sale of fixed assets	(3)	(3)
Deposits of own funds with a maturity period exceeding 3 months	(300 000)	-
(Profit) Loss on investment activity	(322 501)	(4 730)

30. Post balance sheet events

On 2 October 2023 the District Court for the Capital City of Warsaw registered an increase in the company's share capital through the issue of new shares, which will be offered to persons whose professional activities have a significant impact on the Company's risk profile and the exclusion of the subscription rights of existing shareholders. Due to the registered exchange, the Company's share capital currently amounts to PLN 5 878 462,55 and is divided into 117 383 635 series A shares with a nominal value of PLN 0,05 each and 185 616 series B shares with a nominal value of PLN 0,05.

Share capital structure as at 2 October 2023

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
Series B	185 616	0,05	9

Shareholding structure of the Parent Company as at 2 October 2023

	NUMBER OF SHARES	NOMINAL VALUE OF SHARES (IN PLN'000)	SHARE
XXZW Investment Group S.A.	71 629 794	3 581	60,93%
Pozostali akcjonariusze	45 939 457	2 297	39,07%
Razem	117 569 251	5 878	100,00%

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)
Omar Arnaout	Chairman of the Management Board	30 261	1 513
Filip Kaczmarzyk	Member of the Management Board	21 182	1 059
Paweł Szejko	Member of the Management Board	19 130	957
Jakub Kubacki	Member of the Management Board	13 495	675
Andrzej Przybylski	Member of the Management Board	5 547	277

As at 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 2 October 2023 Omar Arnaout acquired jointly 30 261 series B shares of Parent Company (the share subscription agreement was signed on 4 September 2023);
- on the 2 October 2023 Filip Kaczmarzyk acquired jointly 21 182 series B shares of Parent Company (the share subscription agreement was signed on 4 September 2023);
- on the 2 October 2023 Paweł Szejko acquired jointly 15 130 series B shares of Parent Company (the share subscription agreement was signed on 4 September 2023);



- on the 2 October 2023 Jakub Kubacki acquired jointly 11 095 series B shares of Parent Company (the share subscription agreement was signed on 4 September 2023);
- on the 2 October 2023 Andrzej Przybylski acquired jointly 5 547 series B shares of Parent Company (the share subscription agreement was signed on 5 September 2023).

On 4 October 2023 there was signed an agreement to purchase 90% of the shares of the company with the seat in Indonesia. Actual control and ownership of the company is subject to final approval from the local supervisor.

On 27 October 2023, the Management Board of the Warsaw Stock Exchange S.A. adopted a resolution on the admission and introduction to stock exchange trading on the main market of 185 616 series B ordinary bearer shares of the Company, with a nominal value of PLN 0,05 each.

31. Off-balance sheet items

31.1 Nominal value of financial instruments

(IN PLN'000)	30.09.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.09.2022 (UNAUDITED)
Index CFDs	4 082 665	3 575 327	2 962 338
Currency CFDs	3 020 771	2 165 605	2 573 828
Commodity CFDs	2 582 935	1 377 290	1 501 406
Stock and ETF CFDs	753 633	565 898	577 855
Bond CFDs	9 947	23 264	30 685
Total financial instruments	10 449 951	7 707 384	7 646 112

The nominal value of instruments presented in the chart above includes transactions with customers and brokers. As at 30 September 2023 transactions with brokers represent 4% of the total nominal value of instruments (as at 31 December 2022: 5% of the total nominal value of instruments, as at 30 September 2022: 4% of the total nominal value of instruments).

31.2 Customers' financial instruments

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

(IN PLN'000)	30.09.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.09.2022 (UNAUDITED)
Listed stocks, ETF and rights to stocks registered in customers' securities accounts	4 883 502	3 445 190	3 182 565
Other securities registered in customers' securities accounts	207	207	207
Total customers' financial instruments	4 883 709	3 445 397	3 182 772

31.3 Transaction limits

The amount of unused transaction limits granted to related entities was as at 30 September 2023 PLN 14 141 thousand, as at 31 December 2022 PLN 14 178 thousand and as at 30 September 2022 was PLN 19 085 thousand.

32. Items regarding the compensation scheme

(IN PLN'000)	30.09.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.09.2022 (UNAUDITED)
1. Contributions made to the compensation scheme			
a) opening balance	10 569	7 412	7 412
- increases	2 538	3 157	2 311
b) closing balance	13 107	10 569	9 723
2. XTB's share in the profits from the compensation scheme	1 025	626	485



33. Capital management

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



- since 31st July 2021 XTB MENA Limited,
- since 31st August 2021 XTB Africa (PTY) Ltd and

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)	30.09.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.09.2022 (UNAUDITED)
The Group's own funds	913 669	718 887	713 569
Tier I Capital	913 669	718 887	713 569
Common Equity Tier I capital	913 669	718 887	713 569
Total capital requirement IFR	542 761	329 563	441 717
Total capital ratio IFR	168.3%	218,1%	161,5%
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 interim condensed consolidated financial statements.

The table below presents data on the level of capitals and on the total capital requirement divided into requirements due to specific types of risks calculated in accordance with separate regulations together with average 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 30.09.2023 (UNAUDITED)	AVERAGE VALUE IN THE PERIOD	AS AT 31.12.2022 (AUDITED)	AS AT 30.09.2022 (UNAUDITED)
1. Own funds	913 669	786 182	718 887	713 569
1.1. Base capital Tier I without deductions	925 511	799 055	731 647	734 431
1.2. Items decreasing share capitals	(11 842)	(12 873)	(12 760)	(20 862)
I. Own funds	913 669	786 182	718 887	713 569
1. Risk to Client, including:	11 507	11 009	10 388	9 828
1.1. K-CMH	9 700	9 422	8 974	8 510
1.2. K-ASA	1 807	1 587	1 414	1 261
1.3. K-COH	-	-	-	57
2. Risk to Market, including:	350 909	344 104	181 812	294 365
2.1. K-NPR	350 909	344 104	181 812	294 365
3. Risk to Firm, including:	180 345	171 320	137 363	137 523
3.1. K-TCD	177 548	168 463	134 592	134 759
3.2. K-DTF	2 797	2 857	2 771	2 764
II. Total K-factor capital requirement (IFR)	542 761	526 433	329 563	441 716

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)	30.09.2023 (UNAUDITED)			TOTAL
	LEVEL 1	LEVEL 2	LEVEL 3	
Financial assets				
Financial assets at fair value through P&L	409 766	567 531	-	977 297
Total financial assets	409 766	567 531	-	977 297
Financial liabilities				
Financial liabilities held for trading	-	102 278	-	102 278
Total financial liabilities	-	102 278	-	102 278

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

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

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

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

34.2 Market risk

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

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

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

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

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

34.2.1 Currency risk

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

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


Assets and liabilities denominated in foreign currencies as at 30 September 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	651 326	1 093 444	34 230	193 441	8 632	28 578	41 300	2 050 951	3 314 269
Financial assets held for trading	128 887	169 290	8 178	54 936	2 401	10 747	19 333	393 772	977 297
Income tax receivables	-	98	-	-	-	-	-	98	112
Financial assets at amortised cost	5 078	4 912	214	561	16	191	1 475	12 447	38 210
Prepayments and deferred costs	542	535	414	61	-	8	10	1 570	13 686
Intangible assets	-	3	-	1	-	-	1	5	1 263
Property, plant and equipment	804	14 002	154	4 588	-	211	1 634	21 393	51 310
Deferred income tax assets	-	5 614	1 513	89	-	-	-	7 216	7 216
Total assets	786 637	1 287 898	44 703	253 677	11 049	39 735	63 753	2 487 452	4 403 363
Liabilities									
Amounts due to customers	418 108	1 019 516	21 268	213 722	8 830	32 013	23 756	1 737 213	2 594 097
Financial liabilities held for trading	59 529	15 816	2 154	3 326	610	414	7 220	89 069	102 278
Income tax liabilities	-	290	-	75	-	-	281	646	2 884
Lease liabilities	-	26 805	-	2 791	-	-	2 049	31 645	31 645
Other liabilities	16 954	20 161	4 945	3 118	34	1 454	2 109	48 775	113 100
Provisions for liabilities	-	4 539	-	19	-	-	190	4 748	4 920
Deferred income tax provision	838	52	-	-	-	-	262	1 152	77 354
Total liabilities	495 429	1 087 179	28 367	223 051	9 474	33 881	35 867	1 913 248	2 926 278


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 September 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	546 322	1 010 945	38 413	212 281	7 301	19 932	33 229	1 868 423	3 121 441
Financial assets held for trading	120 000	189 625	10 152	74 832	4 881	8 687	18 080	426 257	957 700
Income tax receivables	-	-	-	-	-	-	-	-	3
Financial assets at amortised cost	3 408	12 543	187	1 145	217	230	2 866	20 596	37 205
Prepayments and deferred costs	2 755	1 614	454	601	-	34	15	5 473	14 416
Intangible assets	-	-	-	7	-	-	2	9	1 111
Property, plant and equipment	1 854	4 903	86	598	-	58	1 107	8 606	36 336
Deferred income tax assets	-	6 472	1 747	80	-	-	-	8 299	8 299
Total assets	674 339	1 226 102	51 039	289 544	12 399	28 941	55 299	2 337 663	4 176 511
Liabilities									
Amounts due to customers	313 095	971 787	21 652	249 322	9 347	23 585	27 820	1 616 608	2 371 055
Financial liabilities held for trading	63 404	30 226	2 840	5 740	1 442	764	10 241	114 657	131 571
Income tax liabilities	-	346	-	104	-	16	113	579	11 479
Lease liabilities	-	23 019	-	155	-	-	2 563	25 737	25 737
Other liabilities	17 867	24 394	5 127	3 016	3	871	3 828	55 106	94 596
Provisions for liabilities	-	-	-	-	-	-	281	281	4 402
Deferred income tax provision	-	-	-	-	-	-	682	682	75 308
Total liabilities	394 366	1 049 772	29 619	258 337	10 792	25 236	45 528	1 813 650	2 714 148



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

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

(IN PLN'000)	NINE-MONTH PERIOD ENDED 30.09.2023 (UNAUDITED)		NINE-MONTH PERIOD ENDED 30.09.2022 (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	41 632	(41 632)	50 861	(50 861)
Equity, of which:	3 857	(3 857)	3 557	(3 557)
Foreign exchange differences on translation	3 857	(3 857)	3 557	(3 557)

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

34.2.2 Interest rate risk

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

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

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

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

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

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

(IN PLN'000)	30.09.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.09.2022 (UNAUDITED)
Financial assets			
Cash – in current bank accounts	3 314 269	2 853 883	2 821 441
Cash – short-term deposits in bank	-	307 119	300 000
Debt instruments	392 681	362 074	352 021
Total financial assets	3 706 950	3 523 076	3 473 462
Financial liabilities			
Other liabilities	31 645	25 597	25 737
Total financial liabilities	31 645	25 597	25 737

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



The analysis was carried out on the basis of average balances of cash in the period from 1 July to 30 September 2023 and from 1 July to 30 September 2022.

(IN PLN'000)	THREE-MONTH PERIOD ENDED 30.09.2023 (UNAUDITED)		THREE-MONTH PERIOD ENDED 30.09.2022 (UNAUDITED)	
	INCREASE	DECREASE	INCREASE	DECREASE
	BY 50 PB	BY 50 PB	BY 50 PB	BY 50 PB
Profit/(loss) before tax	3 926	3 926	3 737	(3 737)
Short-term deposits	-	-	374	(374)

The analysis was carried out on the basis of average balances of cash in the period from 1 January to 30 September 2023 and from 1 January to 30 September 2022.

(IN PLN'000)	NINE-MONTH PERIOD ENDED 30.09.2023 (UNAUDITED)		NINE-MONTH PERIOD ENDED 30.09.2022 (UNAUDITED)	
	INCREASE	DECREASE	INCREASE	DECREASE
	BY 50 PB	BY 50 PB	BY 50 PB	BY 50 PB
Profit/(loss) before tax	15 393	(15 393)	10 562	(10 562)
Short-term deposits	875	(875)	378	(378)

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

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

(IN PLN'000)	NINE-MONTH PERIOD ENDED 30.09.2023 (UNAUDITED)		NINE-MONTH PERIOD ENDED 30.09.2022 (UNAUDITED)	
	INCREASE	DECREASE	INCREASE	DECREASE
	BY 50 PB	BY 50 PB	BY 50 PB	BY 50 PB
Profit/(loss) before tax	(2 838)	2 911	(1 447)	1 475

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)	30.09.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.09.2022 (UNAUDITED)
Financial assets at fair value through P&L			
Commodity			
Precious metals	46 865	20 157	38 973
Base metals	2 047	1 482	2 237
Other	129 096	90 323	62 671
Total commodity	178 008	111 962	103 881
Equity instruments			
Stocks and ETF	100 889	91 208	108 207
Indicies	151 677	148 348	218 434
Total equity instruments	252 566	239 556	326 641
Debt instruments	359	2 171	2 017
Total financial assets at fair value through P&L	430 933	353 689	432 539



(IN PLN'000)	30.09.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.09.2022 (UNAUDITED)
Financial liabilities held for trading			
Commodity			
Precious metals	1 628	2 829	2 012
Base metals	100	155	132
Other	4 063	6 383	5 079
Total commodity	5 791	9 367	7 223
Equity instruments			
Stocks and ETF	26 507	21 124	32 410
Indicies	9 938	25 934	32 833
Total equity instruments	36 445	47 058	65 243
Debt instruments	7	58	152
Total financial liabilities held for trading	42 243	56 483	72 618

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)	NINE-MONTH PERIOD ENDED 30.09.2023 (UNAUDITED)		NINE-MONTH PERIOD ENDED 30.09.2022 (UNAUDITED)	
	INCREASE BY 5%	DECREASE BY 5%	INCREASE BY 5%	DECREASE BY 5%
Income/(expenses) for the period				
Commodity				
Precious metals	(42 045)	42 045	(11 790)	11 790
Base metals	(1 035)	1 035	(19)	19
Other	3 264	(3 264)	(13 755)	13 755
Total commodity	(39 816)	39 816	(25 564)	25 564
Equity instruments				
Stocks and ETFs	180	(180)	27	(27)
Indicies	(38 163)	38 163	(54 267)	54 267
Total equity instruments	(37 983)	37 983	(54 240)	54 240
Debt instruments	(468)	468	(1 136)	1 136
Total income/(expenses) for the period	(78 267)	78 267	(80 940)	80 940

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 September 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	3 314 269	3 314 269	3 314 269	-	-	-	-
Financial assets at fair value through P&L							
Listed stocks and ETFs	17 085	17 085	17 085	-	-	-	-
Bonds	392 681	392 681	392 681	-	-	-	-
CFDs	567 531	567 531	567 531	-	-	-	-
Total financial assets at fair value through P&L	977 297	977 297	977 297	-	-	-	-
Financial assets at amortised cost	38 210	38 210	19 528	-	5 190	-	13 492
Total financial assets	4 329 776	4 329 776	4 311 094	-	5 190	-	13 492
Financial liabilities							
Amounts due to clients	2 594 097	2 594 097	2 594 097	-	-	-	-
Financial liabilities held for trading							
CFDs	102 278	102 278	102 278	-	-	-	-
Total financial liabilities held for trading	102 278	102 278	102 278	-	-	-	-
Liabilities due to lease	31 645	31 645	2 378	6 698	19 320	3 249	-
Other liabilities	113 100	113 100	69 080	34 178	-	-	9 842
Total financial liabilities	2 841 120	2 841 120	2 767 833	40 876	19 320	3 249	9 842
Contractual liquidity gap in maturities (payment dates)			1 543 261	(40 876)	(14 130)	(3 249)	3 650
Contractual cumulative liquidity gap			1 543 261	1 502 385	1 488 255	1 485 006	1 488 656

**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 September 2022 (UNAUDITED)

(IN PLN'000)	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	UP TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 – 5 YEARS	OVER 5 YEARS	WITH NO SPECIFIED MATURITY
Financial assets							
Cash and cash equivalents	3 121 441	3 121 441	3 121 441	-	-	-	-
Financial assets at fair value through P&L							
Listed stocks and ETFs	10 181	10 181	10 181	-	-	-	-
Bonds	352 021	352 021	352 021	-	-	-	-
CFDs	595 498	595 498	595 498	-	-	-	-
Total financial assets at fair value through P&L	957 700	957 700	957 700	-	-	-	-
Financial assets at amortised cost	37 205	37 205	25 564	-	4 552	-	7 089
Total financial assets	4 116 346	4 116 346	4 104 705	-	4 552	-	7 089
Financial liabilities							
Amounts due to clients	2 371 055	2 371 055	2 371 055	-	-	-	-
Financial liabilities held for trading							
CFDs	131 571	131 571	131 571	-	-	-	-
Total financial liabilities held for trading	131 571	131 571	131 571	-	-	-	-
Liabilities due to lease	25 737	25 737	1 517	4 407	19 813	-	-
Other liabilities	94 596	94 596	54 438	30 088	-	-	10 070
Total financial liabilities	2 622 959	2 622 959	2 558 581	34 495	19 813	-	10 070
Contractual liquidity gap in maturities (payment dates)			1 546 124	(34 495)	(15 261)	-	(2 981)
Contractual cumulative liquidity gap			1 546 124	1 511 629	1 496 368	1 496 368	1 493 387

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



34.4 Credit risk

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

(IN PLN'000)	30.09.2023 (UNAUDITED)		31.12.2022 (AUDITED)		30.09.2022 (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	3 314 269	3 314 269	3 161 002	3 161 002	3 121 441	3 121 441
Financial assets at fair value through P&L *	977 297	9 017	842 509	15 414	957 658	15 585
Financial assets at amortised cost	38 075	38 075	49 472	49 472	37 205	37 205
Total financial assets	4 329 641	3 361 361	4 052 983	3 225 888	4 116 304	3 174 231

* As at 30 September 2023 the maximum exposure to credit risk for financial assets held for trading, not including the collateral received, was PLN 518 810 thousand (as at 31 December 2022: PLN 434 125 thousand, as at 30 September 2022: PLN 544 457 thousand). This exposure was collateralized with clients' cash, which, as at 30 September 2023, covered the amount of PLN 509 784 thousand (as at 31 December 2022: PLN 418 710 thousand, as at 30 September 2022: PLN 528 872 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 September 2023, the Group had deposit accounts in 52 banks and institutions (as at 31 December 2022: in 50 banks and institutions, as at 30 September 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	30.09.2023 (UNAUDITED) (IN PLN'000)	ENTITY	31.12.2022 (AUDITED) (IN PLN'000)	ENTITY	30.09.2022 (UNAUDITED) (IN PLN'000)
Bank 1	1 103 704	Bank 1	1 126 049	Bank 1	1 141 678
Bank 2	575 075	Bank 2	378 856	Bank 2	381 987
Bank 3	367 603	Bank 3	374 474	Bank 3	362 394
Bank 4	203 446	Bank 4	301 106	Bank 4	200 591
Bank 5	200 733	Bank 5	200 833	Bank 5	156 405
Bank 6	132 511	Bank 6	118 167	Bank 6	117 755
Institution 1	95 379	Bank 7	109 502	Bank 7	111 644
Bank 7	95 037	Institution 1	85 165	Institution 1	97 563
Bank 8	84 012	Bank 8	75 590	Bank 8	78 672
Institution 2	64 178	Bank 9	66 696	Institution 2	74 290
Other	392 591	Other	324 564	Other	398 462
Total	3 314 269	Total	3 161 002	Total	3 121 441



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

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

CREDIT QUALITY STEPS	CARRYING AMOUNT (IN PLN'000)		
	30.09.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.09.2022 (UNAUDITED)
Cash and cash equivalent			
Step 1	2 772 860	2 345 959	2 686 649
Step 2	77 412	71 381	70 648
Step 3	462 513	741 787	361 902
Step 4	1 484	1 875	2 242
Total	3 314 269	3 161 002	3 121 441

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	30.09.2023	ENTITY	31.12.2022	ENTITY	30.09.2022
	(UNAUDITED) NET EXPOSURE (IN PLN'000)		(AUDITED) NET EXPOSURE (IN PLN'000)		(UNAUDITED) NET EXPOSURE (IN PLN'000)
Entity 1	3 948	Entity 1	5 917	Entity 1	5 038
Entity 2	842	Entity 2	4 166	Entity 2	3 003
Entity 3	733	Entity 3	2 740	Entity 3	2 108
Entity 4	554	Entity 4	357	Entity 4	473
Entity 5	375	Entity 5	215	Entity 5	378
Entity 6	242	Entity 6	166	Entity 6	278
Entity 7	228	Entity 7	110	Entity 7	234
Entity 8	215	Entity 8	96	Entity 8	197
Entity 9	95	Entity 9	89	Entity 9	174
Entity 10	94	Entity 10	88	Entity 10	170
Total	7 326	Total	13 944	Total	12 053

Other receivables

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

NOTES TO QUARTERLY REPORT





NOTES TO THE QUARTERLY REPORT

1. Information about the Group's activities

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

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

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

At the end of the third quarter of 2023 the Group offered more than 6 000 financial instruments from all over the world. This number consisted of over 2 300 leveraged CFDs, including more than 70 based on currency pairs, more than 20 based on commodities, approximately 30 based on indices and nearly 50 on cryptocurrencies, approximately 1 900 based on stocks of companies listed on exchanges in 16 countries, and more than 150 based on American and European ETFs. The second part of XTB's offering consists of approximately 3 400 cash instruments, more specifically, more than 3 300 stock instruments and more than 300 ETF instruments from European markets. During the nine months ended September 30, 2023, the Company introduced fractional share offerings in the EU and the UK and provided the opportunity for clients acquired by its subsidiary XTB International Ltd. in Belize and XTB Mena Ltd. in the United Arab Emirates to trade in the shares. In addition, in the third quarter of 2023, the Company began launching a new investment service - Investment Plans. As of the date of publication of the report, they have been launched in the following branches: Portugal, Spain, Germany, Slovakia, Czech Republic, Romania and Italy. In the fourth quarter of 2023, the service is planned to be launched in Poland. The Company is constantly focusing on improving existing processes for acquiring new clients, optimizing trading costs for both clients and the Company, as well as all processes leading up to clients starting to trade, and the very experience of them trading with XTB. The Group is constantly actively introducing more and more improvements to the trading platform that make it more intuitive and easy to use.

2. Summary and analysis of the results of the Group

In the third quarter of 2023 XTB reported a consolidated net profit of PLN 121,1 million compared to PLN 236,2 million a year earlier. Consolidated revenue amounted to PLN 275,7 million (Q3 2022: PLN 391,3 million) and operating expenses amounted to PLN 165,0 million (Q3 2022: 132,5 million). During the period, the Group acquired 67,5 thousand new clients, while the number of active clients amounted to 223,1 thousand compared to 151,7 thousand a year earlier, which is an increase of 47,1% y/y.



(in PLN'000)	THREE-MONTH PERIOD ENDED							
	30.09.2023	30.06.2023	31.03.2023	31.12.2022	30.09.2022	30.06.2022	31.03.2022	31.12.2021
Total operating income	275 721	287 245	531 607	216 746	391 289	396 410	439 804	183 567
Total operating expenses	(164 966)	(157 377)	(184 219)	(158 235)	(132 546)	(136 750)	(131 036)	(100 715)
Profit (loss) on operating activities (EBIT)	110 755	129 868	347 388	58 511	258 743	259 660	308 768	82 852
Net profit (loss)	121 127	118 183	302 814	50 307	236 219	226 931	252 639	68 519

In Q1-Q3 2023, the Company generated PLN 542, million of consolidated net profit compared to PLN 715,8 million of profit a year earlier.

2.1 Factors affecting operating and financial results

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

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

The key factors influencing the Group's financial and operating results for the 3 and 9 months ended 30 September 2023 are discussed below. According to the Management Board, these factors have and may have an impact on the Group's operations, operational and financial results, financial situation and prospects in the future.

2.2 Discussion of the Group's results

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

(in PLN'000)	THREE-MONTH PERIOD ENDED			
	30.09.2023	30.09.2022	CHANGE IN VALUE	CHANGE %
Result of operations on financial instruments	272 943	389 568	(116 625)	(29,9)
Income from fees and charges	2 772	1 719	1 053	61,3
Other income	6	2	4	200,0
Total operating income	275 721	391 289	(115 568)	29,5
Salaries and employee benefits	(63 767)	(49 036)	14 731	30,0
Marketing	(58 585)	(48 579)	10 006	20,6
Other external services	(15 489)	(12 737)	2 752	21,6
Commission expenses	(14 576)	(12 995)	1 581	12,2
Amortisation	(4 196)	(3 080)	1 116	36,2
Other expenses	(3 208)	(1 262)	1 946	154,2
Taxes and fees	(2 947)	(2 899)	48	1,7
Costs of maintenance and lease of buildings	(2 198)	(1 958)	240	12,3
Total operating expenses	(164 966)	(132 546)	32 420	24,5
Operating profit (EBIT)	110 755	258 743	(147 988)	(57,2)
Finance income	19 291	32 081	(12 790)	(39,9)
Finance costs	14 484	(277)	(14 761)	(5329,0)
Profit before tax	144 530	290 547	(146 017)	(50,3)
Income tax	(23 403)	(54 328)	(30 925)	(56,9)
Net profit	121 127	236 219	(115 092)	(48,7)



(in PLN'000)	NINE-MONTH PERIOD ENDED			
	30.09.2023	30.09.2022	CHANGE IN VALUE	CHANGE %
Result of operations on financial instruments	1 085 626	1 222 684	(137 058)	(11,2)
Income from fees and charges	8 896	4 800	4 096	85,3
Other income	51	19	32	168,4
Total operating income	1 094 573	1 227 503	(132 930)	(10,8)
Marketing	(194 843)	(153 891)	40 952	26,6
Salaries and employee benefits	(188 547)	(142 014)	46 533	32,8
Other external services	(45 496)	(35 102)	10 394	29,6
Commission expenses	(43 561)	(40 585)	2 976	7,3
Amortisation	(11 926)	(8 735)	3 191	36,5
Taxes and Fees	(8 836)	(7 645)	1 191	15,6
Other expenses	(7 380)	(6 437)	943	14,6
Costs of maintenance and lease of buildings	(5 973)	(5 923)	50	0,8
Total operating expenses	(506 562)	(400 332)	106 230	26,5
Profit on operating activities (EBIT)	588 011	827 171	(239 160)	(28,9)
Finance income	73 121	49 812	23 309	46,8
Finance costs	(4 552)	(789)	3 763	476,9
Profit before tax	656 580	876 194	(219 614)	(25,1)
Income tax	(114 456)	(160 405)	(45 949)	(28,6)
Net profit	542 124	715 789	(173 665)	(24,3)

Revenues

In the third quarter of 2023, the Group's revenues decrease by 29,5% y/y, i.e. from PLN 391,3 million to PLN 275,7 million. This decrease was contributed by a lower profitability per lot of PLN 108, amounting to PLN 137 (Q3 2022: PLN 245). Significant factors determining their level were lower volatility in the financial and commodity markets in the third quarter of 2023, understood as the presence of long and clear trends, compensated in part by an increase in the number of active clients (increase of 47,1% y/y), combined with their high trading activity represented by the number of CFD contracts concluded in lots. Consequently, the transaction volume in CFD instruments amounted to 2 011,5 thousand lots (Q3 2022: 1 594,6 thousand lots).

	THREE-MONTH PERIOD ENDED							
	30.09.2023	30.06.2023	31.03.2023	31.12.2022	30.09.2022	30.06.2022	31.03.2022	31.12.2021
Total operating income (in PLN'000)	275 721	287 245	531 607	216 746	391 289	396 410	439 804	183 567
Transaction volume in CFD instruments in lots ¹	2 011 452	1 770 385	1 845 160	1 720 381	1 594 606	1 489 917	1 560 739	1 073 549
Profitability per lot (in PLN) ²	137	162	288	126	245	266	282	171
Transaction volume in CFD instruments in nominal value (in USD'000000)	593 232	547 088	596 645	548 781	539 879	539 673	631 255	482 097
Profitability for 1 million USD transaction volume in CFD instruments in nominal value (in USD) ³	112	126	204	87	152	168	167	94

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. From the beginning of the year, the Group recorded a further record in this area, acquiring 234 704 new clients compared to 145 826 a year earlier, an increase of 60,9%. Similar to the number of new clients, the number of active clients was also a record, increasing by 47,3% y/y, from 224 339 thousand to 330 357.

	PERIOD ENDED							
	30.09.2023	30.06.2023	31.03.2023	31.12.2022	30.09.2022	30.06.2022	31.03.2022	31.12.2021
New clients ¹⁾	67 505	62 994	104 206	51 038	44 796	45 697	55 333	42 760
Clients in total ²⁾	826 042	762 624	703 928	614 934	567 387	525 287	481 931	429 157
Number of active clients ³⁾	330 357	274 450	215 703	258 799	224 339	190 088	149 726	190 452
Average number of active clients ⁴⁾	214 332	209 958	215 703	153 082	150 444	149 824	149 726	112 015

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

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

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

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

The priority of the Management Board is to further increase the client base leading to the strengthening of XTB's global position by reaching the mass client with its product offerings. 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 first passive investment product introduced in September 2023, which allows clients to build up to 10 strategies based on ETFs. Each strategy can consist of up to 9 ETFs. Investors have a choice of over 350 exchange traded funds currently available on the xStation 5 platform. The client determines the percentage of each ETF included in the plan. The product is currently launched in 6 markets: Czech Republic, Slovakia, Germany, Portugal, Romania and Italy. It will also be launched in Spain and Poland in the fourth quarter of this year. According to the company, the product is attracting considerable interest despite the lack of significant marketing activity around it.

In addition, from April 2023, XTB will allow you to invest in selected European and non-European markets in company shares and ETFs at a fraction of their price. Fractional shares offer greater flexibility and control over investments. This makes it easier for clients to tailor their investment portfolio to their individual financial goals and risk tolerance.



Following the realized activities, the Group acquired a total of 104,2 thousand new clients in the first quarter of 2023, in the second quarter of this year 63,0 thousand new clients, and more than 67,5 thousand new clients in the third quarter of this year. In turn, 26,3 thousand new clients were acquired in October 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.



JOANNA JĘDRZEJCZYK
UFC CHAMPION



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.

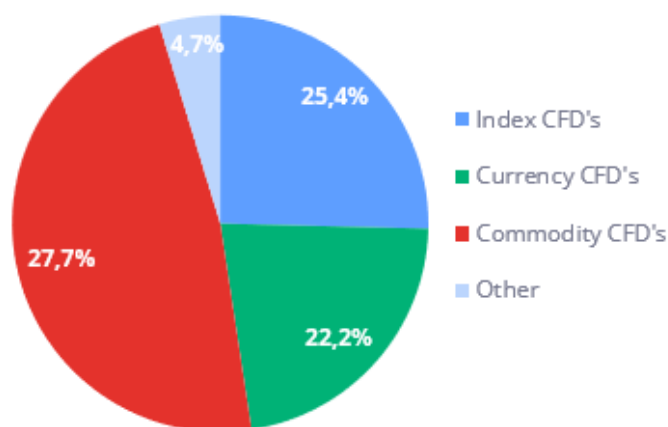
XTB, thanks to its cooperation with such celebrities as Joanna Jędrzejczyk, Conor McGregor, Jiří Procházka or Iker Casillas, has started to promote the investment solutions it offers, in particular convincing that investing in different types of assets is accessible to everyone, with tools that make 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 commodity based CFDs led the way in the third quarter of 2023. Their share in the structure of revenues on financial instruments reached 47,7%. This is a consequence of high profitability on CFD instruments based on oil, gold and wheat quotes. The second most profitable asset class was CFD instruments based on indices. Their share in the revenue structure in the third quarter of 2023 was 25,4%. The most profitable instruments in this class were CFDs based on the US 100 and the US 500 index. Revenue on CFD instruments based on currencies accounted for 22,2% of total revenue, where the most profitable instruments in this class were CFDs based on the EURUSD, USDJPY and GBPUSD currency pairs.

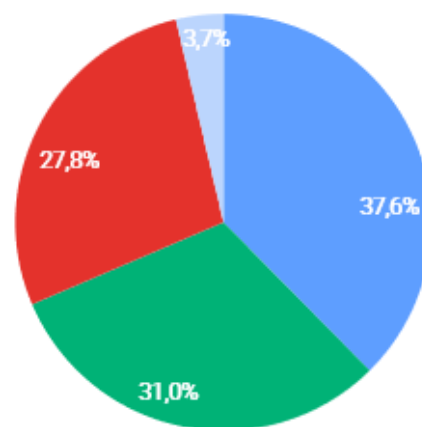


Revenues structure by asset class (in %)

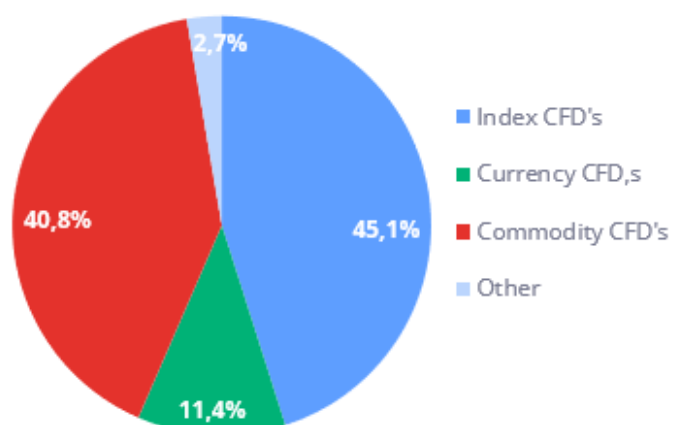
Q3 2023



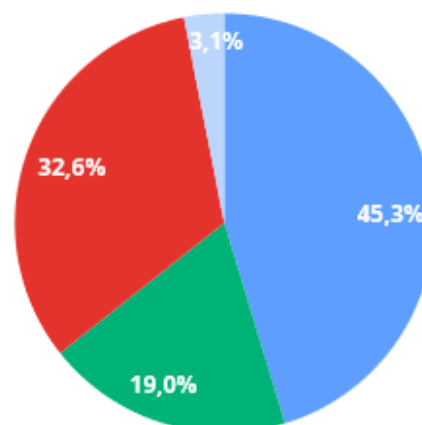
Q3 2022



Q1 - Q3 2023



Q1 - Q3 2022



(in PLN'000)	THREE-MONTH PERIOD ENDED			NINE-MONTH PERIOD ENDED		
	30.09.2023	30.09.2022	CHANGE %	30.09.2023	30.09.2022	CHANGE %
Commodity CFDs	137 259	111 421	23,2	460 881	408 911	12,7
Index CFDs	73 133	150 892	(51,5)	509 412	568 788	(10,4)
Currency CFDs	63 968	124 222	(48,5)	129 044	238 690	(45,9)
Stock CFDs and ETFs	12 219	12 550	(2,6)	21 584	35 699	(39,5)
Bond CFDs	480	1 778	(73,0)	1 173	548	114,1
Total CFDs	287 059	400 863	(28,4)	1 122 094	1 252 636	(10,4)
Shares and ETFs	961	441	117,9	7 506	2 592	189,6
Gross gain on transactions in financial instruments	288 020	401 304	(28,2)	1 129 600	1 255 228	(10,0)
Bonuses and discounts paid to clients	(1 175)	(1 497)	(21,5)	(7 118)	(4 166)	70,9
Commission paid to cooperating brokers	(13 902)	(10 239)	35,8	(36 856)	(28 378)	29,9
Net gain on transactions in financial instruments	272 943	389 568	(29,9)	1 085 626	1 222 684	(11,2)



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 20,7% in the third quarter of 2023 (Q3 2022: 49,3%). Due to the overall share in the Group's revenues, Poland was separated for presentation purposes as the largest market in terms of revenues in the Group. The Group breaks down its revenues by geographic area according to the country of the XTB office in which the client was acquired. The exception is the Middle East region, which also presents revenues from clients from this market acquired by the subsidiary XTB International Ltd. based in Belize.

(in PLN'000)	THREE-MONTH PERIOD ENDED			NINE-MONTH PERIOD ENDED		
	30.09.2023	30.09.2022	CHANGE %	30.09.2023	30.09.2022	CHANGE %
Central and Eastern Europe	124 333	248 702	(50,0)	629 577	752 790	(16,4)
- including Poland	57 166	193 053	(70,4)	449 799	526 245	(14,5)
Western Europe	84 197	75 104	12,1	275 970	293 888	(6,1)
Latin America¹	37 190	49 613	(25,0)	108 122	155 271	(30,4)
Middle East²	30 001	17 870	(67,9)	80 904	25 554	216,6
Total operating income	275 721	391 289	(29,5)	1 094 573	1 227 503	(10,8)

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)	THREE-MONTH PERIOD ENDED			NINE-MONTH PERIOD ENDED		
	30.09.2023	30.09.2022	CHANGE %	30.09.2023	30.09.2022	CHANGE %
Retail segment	274 083	370 860	(26,1)	1 014 780	1 207 153	(15,9)
Institutional segment (X Open Hub)	1 638	20 429	(92,0)	79 793	20 350	292,1
Total operating income	275 721	391 289	(29,5)	1 094 573	1 227 503	(10,8)

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 the majority of trading in CFD instruments based on cryptocurrencies, XTB hedges these transactions with third-party partners, 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.

It is inherent in XTB's business model that revenues are highly volatile from period to period. Operating results are affected primarily by: (i) volatility on 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

In the third quarter of 2023 operating expenses amounted to PLN 165,0 million and were higher PLN 32,4 million to the same period a year earlier (Q3 2022 r.: PLN 132,5 million). The most significant changes occurred in:

- costs of salaries and employee benefits, an increase of PLN 14,7 million mainly due to the increase in employment;
- marketing costs, an increase of PLN 10,0 million mainly due to higher expenditures on marketing online and offline campaigns;
- other external services, an increase by PLN 2,8 million as a result of mainly higher expenditure on: (i) legal and advisory services (increase by PLN 1,6 million y/y); (ii) IT systems and licenses (increase by PLN 1,0 million y/y).

(in PLN'000)	THREE-MONTH PERIOD ENDED			NINE-MONTH PERIOD ENDED		
	30.09.2023	30.09.2022	CHANGE %	30.09.2023	30.09.2022	CHANGE %
Salaries and employee benefits	63 767	49 036	30,0	188 547	142 014	32,8
Marketing	58 585	48 579	20,6	194 843	153 891	26,6
Other external services	15 489	12 737	21,6	45 496	35 102	29,6
Commission expenses	14 576	12 995	12,2	43 561	40 585	7,3
Amortization and depreciation	4 196	3 080	36,2	11 926	8 735	36,5
Other costs	3 208	1 262	154,2	7 380	6 437	14,6
Taxes and fees	2 947	2 899	1,7	8 836	7 645	15,6
Costs of maintenance and lease of buildings	2 198	1 958	12,3	5 973	5 923	0,8
Costs of maintenance and lease of buildings	164 966	132 546	24,5	506 562	400 332	26,5

In q/q terms, operating costs increased by PLN 7,6 million mainly due to PLN 3,8 million higher offline marketing expenses and PLN 2,3 million higher salary and employee benefits expenses, mainly resulting from an increase in employment, as well as 0,7 million higher commission expenses resulting from higher amounts paid to payment service providers through which clients deposit their funds on transaction accounts.



	THREE-MONTH PERIOD ENDED							
	30.09.2023	30.06.2023	31.03.2023	31.12.2022	30.09.2022	30.06.2022	31.03.2022	31.12.2021
Total operating expenses including: (in PLN'000)	164 966	157 377	184 219	158 235	132 546	136 750	131 036	100 715
- Marketing	58 585	54 823	81 435	68 478	48 579	54 662	50 650	37 201
New clients ¹	67 505	62 994	104 206	51 038	44 796	45 697	55 333	42 760
Clients in total ²	826 042	762 624	703 928	614 934	567 387	525 287	481 931	429 157
Number of active clients ³	330 357	274 450	215 703	258 799	224 339	190 088	149 726	190 452
Average number of active clients ⁴	223 080	209 958	215 703	160 995	151 685	149 922	149 726	127 174
Average cost of acquiring a client ⁵	0,9	0,9	0,8	1,3	1,1	1,2	0,9	0,9

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 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 less than 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.

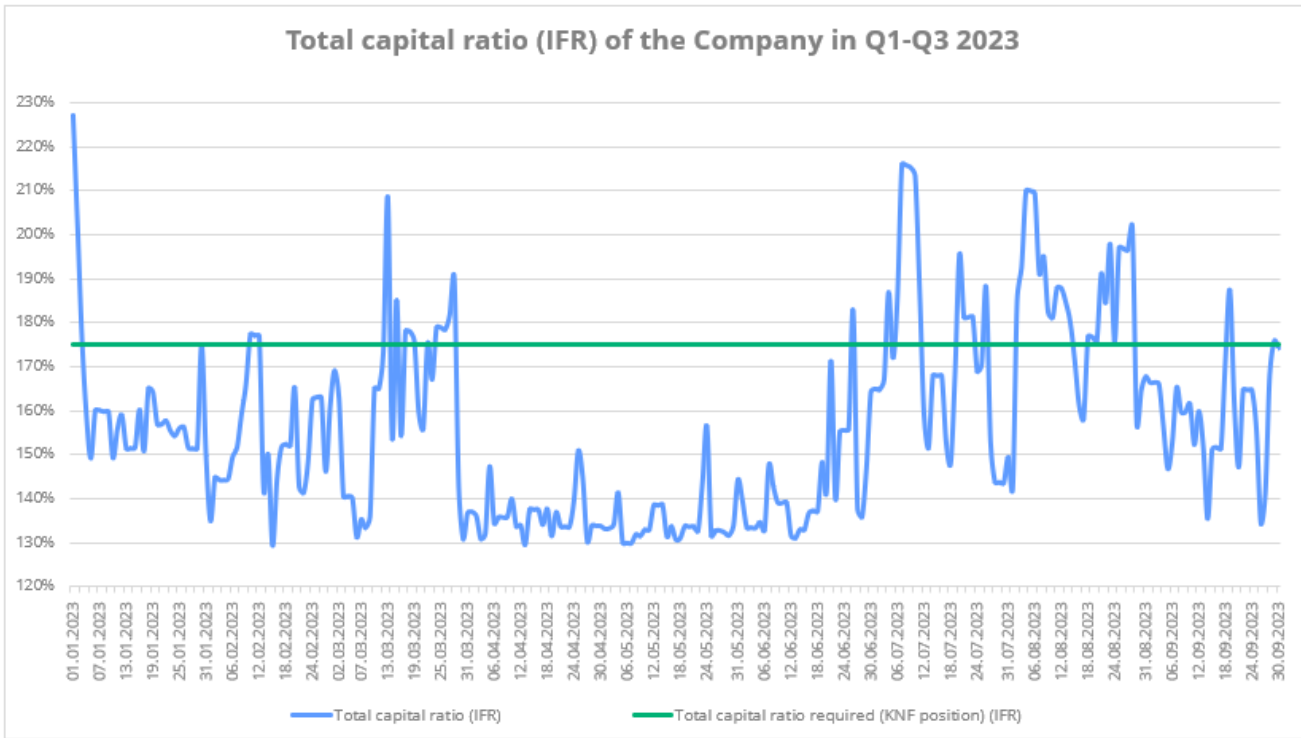
Dividend

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 nine-months period of 2023 amounted to 540,6 million.



The levels of the total capital ratio (IFR) of XTB on individual days in Q1-Q3 2023 are presented in the chart below.

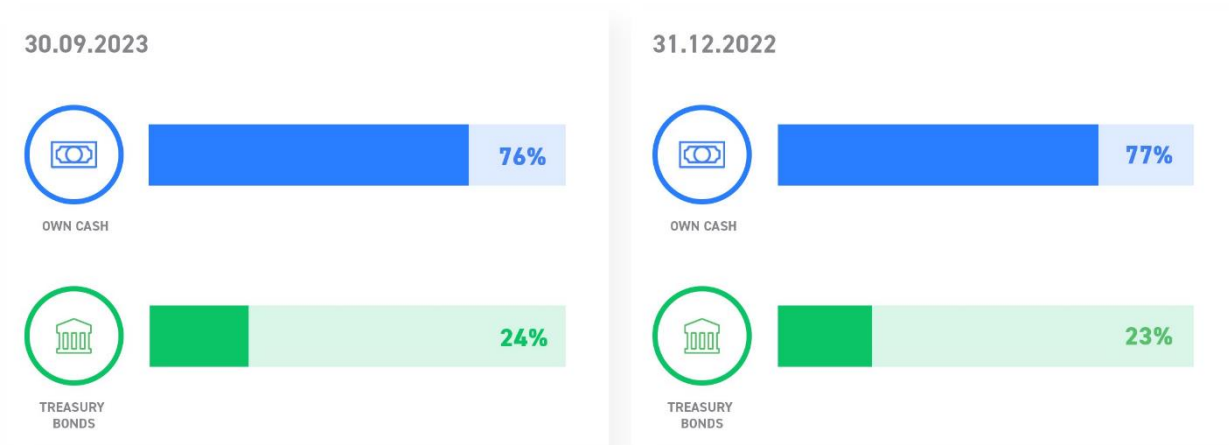


At the end of the third quarter of this year the total capital ratio in the Company amounted to 174,2%. The total capital ratio informs about the ratio of own funds to risk-weighted assets, in other words, it shows whether the brokerage house is able to cover the minimum capital requirement for market, credit, operational and other risks with its own funds.

Cash and cash equivalents

XTB invests part of its cash in bank deposits and in financial instruments with a 0% risk weight, i.e. in treasury bonds and bonds guaranteed by the State Treasury. As at September 30, 2023 the total value of own cash and bonds in the XTB Group was PLN 1 629,1 million, which PLN 1 236,4 million was cash and PLN 392,7 million for bonds.

OWN CASH AS AT





2.3 Group's selected financial ratios

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

	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
EBITDA (in PLN'000) ¹	114 951	261 823	839 097	835 906
EBITDA margin (%) ²	41,7	66,9	76,7	68,1
Net profit margin (%) ³	43,9	60,4	49,5	58,3
Return on equity – ROE (%) ⁴	34,2	70,4	48,5	80,3
Return on assets – ROA (%) ⁵	10,7	24,1	17,0	26,1
Aggregate capital adequacy ratio (IFR) of the Company (%)	174,2	168,0	174,2	168,0
Aggregate capital adequacy ratio (IFR) of the Group (%)	168,3	161,5	168,3	161,5

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 and 9-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 and 9-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. Transaction volumes in lots have been determined based on the location of the Group's office.

	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
Retail operations segment	1 352 478	1 427 855	4 239 858	4 063 080
Central and Eastern Europe	566 595	719 556	1 874 666	2 004 808
Western Europe	281 049	286 795	914 816	913 168
Latin America ¹	294 810	326 715	905 046	930 570
Middle East ²	210 024	94 788	545 330	214 534
Institutional operations segment	658 974	166 751	1 387 139	582 182
Total	2 011 452	1 594 606	5 626 997	4 645 262

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;
- the transaction volume in lots;
- profitability per lot;
- transaction volume of CFD derivatives at nominal value (in USD million);
- profitability per 1 million USD transaction volume in CFD instruments (in USD) and;
- the volume of share transactions at nominal value (in USD million).



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

	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
New clients ¹	67 505	44 796	234 704	145 826
Clients in total	826 042	567 387	826 042	567 387
Number of active clients ²	223 080	151 685	330 357	224 339
Average number of active clients ³	223 080	151 685	214 332	150 444
Net deposits (in PLN'000) ⁴	828 062	796 899	2 629 330	2 746 487
Average operating income per active client (in PLN'000) ⁵	1,2	2,6	5,1	8,2
Transaction volume in CFD instruments in lots ⁶	2 011 452	1 594 606	5 626 997	4 645 262
Profitability per lot (in PLN) ⁷	137	245	195	264
Transaction volume in CFD instruments in nominal value (in USD'000000)	593 232	539 879	1 736 964	1 710 807
Profitability for 1 million USD transaction volume in CFD instruments in nominal value (in USD) ⁸	112	152	149	162
Turnover of shares in nominal value (in USD'000000)	1 077	678	3 203	2 615

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) 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).



Retail operations segment

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

	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
New clients ¹	67 502	44 796	234 700	145 823
Clients in total	826 009	567 348	826 009	567 348
Number of active clients ²	223 059	151 662	330 331	224 311
Average number of active clients ³	223 059	151 662	214 312	150 422
Number of transactions ⁴	34 969 106	33 395 211	106 996 645	100 695 920
Transaction volume in CFD instruments in lots ⁵	1 352 478	1 427 855	4 239 858	4 063 080
Net deposits (in PLN'000) ⁶	790 883	783 376	2 525 299	2 695 934
Average operating income per active client (in PLN'000) ⁷	1,2	2,4	4,7	8,0
Average cost of obtaining a client (in PLN'000) ⁸	0,9	1,1	0,8	1,1
Profitability per lot (in PLN) ⁹	203	260	239	297
Transactions volume in CFD at nominal value (in USD million)	564 845	506 154	1 647 309	1 598 508
Profitability per 1 million turnover in CFD derivatives (in PLN) ¹⁰	117	153	146	170
Share transaction volume at nominal value (in USD million)	1 077	678	3 203	2 615

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

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

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

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

⁵⁾ A lot is a unit of trading in financial instruments; in the case of foreign currency transactions, a lot corresponds to 100,000 units of the underlying currency; in the case of instruments other than CFDs based on currencies, the amount is specified in the instruments table and varies for various instruments. The presented value does not include CFDs on stocks 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 converted into USD, based on the exchange rate being the arithmetic mean of the average rates determined by the National Bank of Poland on the last day of each month of the reporting period, divided by the transaction volume in CFDs at nominal value (in USD million).

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

	THREE-MONTH PERIOD ENDED			
	30.09.2023		30.09.2022	
Central and Eastern Europe	132 799	59,5%	89 350	58,9%
Western Europe	52 951	23,7%	31 925	21,1%
Latin America ¹	27 310	12,2%	26 978	17,8%
Middle East ²	9 999	4,5%	3 409	2,2%
Average number of active clients	223 059	100,0%	151 662	100,0%

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.



	NINE-MONTH PERIOD ENDED			
	30.09.2023		30.09.2022	
Central and Eastern Europe	129 844	60,6%	88 897	59,1%
Western Europe	48 131	22,5%	32 457	21,6%
Latin America ¹	27 926	13,0%	26 758	17,8%
Middle East ²	8 411	3,9%	2 310	1,5%
Average number of active clients	214 312	100,0%	150 422	100,0%

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.

	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
Average number of active clients	21	23	20	22
Clients in total	33	39	33	39

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

	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
Transaction volume in CFD instruments in lots	658 974	166 751	1 387 139	582 182

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 no to be the other party to the transaction (of course, from a legal point of view, it is still XTB). The fully automated risk management process adopted by the Company limits exposure to market changes and forces the Group to hedge its positions in order to maintain appropriate levels of capital requirements. Additionally, XTB realize directly on regulated markets or in alternative trading systems, all transactions on shares and ETFs as well as on CFD instruments based on these assets. XTB is not a market maker for this class of instruments.

The Group's offer includes both CFD instruments and stocks/ETFs from the cash markets. In the case of selected CFD instruments, e.g. based on share prices, the position of XTB is fully hedged with external brokers. For equity instruments and ETFs, the Group transmits the client's order to be executed directly on the regulated market or in an alternative trading system.

The Group's operating income is generated:

- spreads (the difference between the offer price and the bid price);
- fees and commissions charged by the Group to its clients;
- swap points charged by the Group (as a cost of maintaining the position over time and;



- iv. 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:

- i. volatility in financial and commodity markets;
- ii. number of active clients;
- iii. volume of concluded transactions on financial instruments;
- iv. general market, geopolitical and economic conditions;
- v. competition in the FX/CFD market, and (vi) the regulatory environment.

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							
	30.09.2023	30.06.2023	31.03.2023	31.12.2022	30.09.2022	30.06.2022	31.03.2022	31.12.2021
Total operating income (in PLN'000)	275 721	287 245	531 607	216 746	391 289	396 410	439 804	183 567
Transaction volume in CFD instruments in lots ¹	2 011 452	1 770 385	1 845 160	1 720 381	1 594 606	1 489 917	1 560 739	1 073 549
Profitability per lot (in PLN) ²	137	162	288	126	245	266	282	171
Transaction volume in CFD instruments in nominal value (in USD'000000)	593 232	547 088	596 645	548 781	539 879	539 673	631 255	482 097
Profitability for 1 million USD transaction volume in CFD instruments in nominal value (in USD) ³	112	126	204	87	152	168	167	94

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.



	01.01.2023- 30.09.2023	2022	2021	2020	2019	2018
% share of operating income from institutional operations in total operating income	7,3%	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 September 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 Board	10.01.2017	01.07.2025
Paweł Szejko	Board Member	28.01.2015	01.07.2025
Filip Kaczmarzyk	Board Member	10.01.2017	01.07.2025
Jakub Kubacki	Board Member	10.07.2018	01.07.2025
Andrzej Przybylski	Board Member	01.05.2019	01.07.2025

* 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 September 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 September 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.

On October 2, 2023. The District Court for the City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register registered the increased share capital through the issuance of new shares to be offered to persons whose professional activities have a significant impact on the Company's risk profile and the exclusion of the subscription rights of existing shareholders.

As a result of the change registered by the Court, the Company's share capital currently amounts to PLN 5 878 462,55 and is split into 117 383 635 series A shares with a nominal value of PLN 0,05 each and 185 616 series B shares with a nominal value of PLN 0,05. The total number of votes resulting from all issued shares is 117 569 251.



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.

On October 27, 2023, the Warsaw Stock Exchange's Board of Directors adopted a resolution to admit and list 185 616 series B ordinary bearer shares of the Company, with a par value of PLN 0,05 each, to trading on the primary market. At the same time, the Warsaw Stock Exchange's Board of Directors decided to introduce the above shares of the Company to trading on the primary market on November 2, 2023.

4.3 Shareholding structure

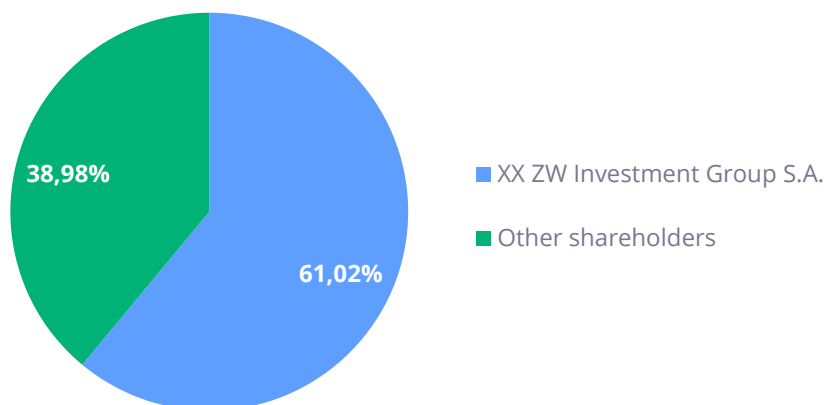
To the best knowledge of the Company's Management Board, as of August 18, 2023, i.e. the submission of the previous periodic report (i.e. the report for the first half of 2023), the number of shareholders holding directly or through subsidiaries at least 5% of the total number of votes at the Parent Company's General Meeting of Shareholders 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 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 shareholder structure as of September 30, 2023 is presented in the chart below:



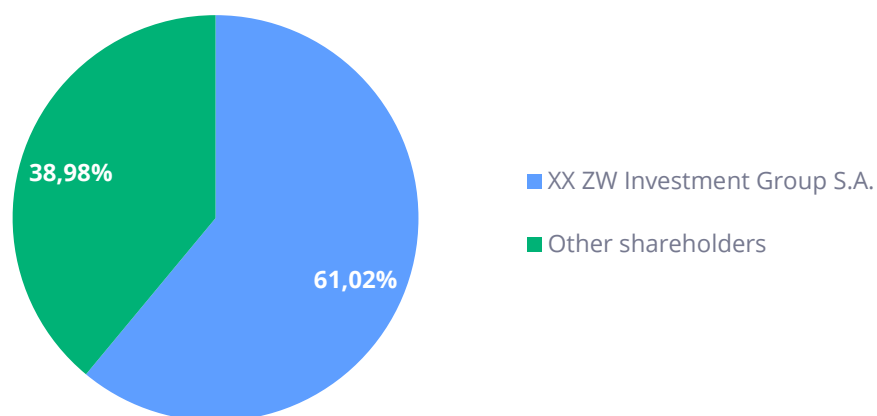


According to the best knowledge of the Company's Management Board (in accordance with Current Report No. 28/2023 dated October 4, 2023), after the date of registration of the changes by the District Court on October 2, 2023, and as of the date of submission of this periodic report, the status of shareholders 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	60,93%
Other shareholders	45 939 457	2 297	39,07%
Total	117 569 251	5 878	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 shareholder structure after the date of registration of the changes by the District Court on October 2, 2023 and as of the date of submission of this report is presented in the chart below:



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

The following table shows the total number and nominal value of the Company's shares directly held by the Company's management and supervisory personnel as at 30 September 2023:

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

In connection with the registration by the District Court for the City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register of the increased share capital through the issue of new shares, the following table presents the total number and nominal value of the Company's shares directly held by the Company's managing and supervising persons as at the date of this report:

NAME AND SURNAME	FUNCTION	OWNED THE NUMBER OF SHARES	TOTAL VALUE NOMINAL SHARE (IN PLN)
Omar Arnaut	President of the Management Board	30 261	1 513
Filip Kaczmarzyk	Board Member	21 182	1 059
Paweł Szejko	Board Member	19 130	957
Jakub Kubacki	Board Member	13 495	675
Andrzej Przybylski	Board Member	5 547	277



During the reporting period and up to the date of submission of this report, the following changes occurred in the ownership of the Company's shares by management and supervisory personnel:

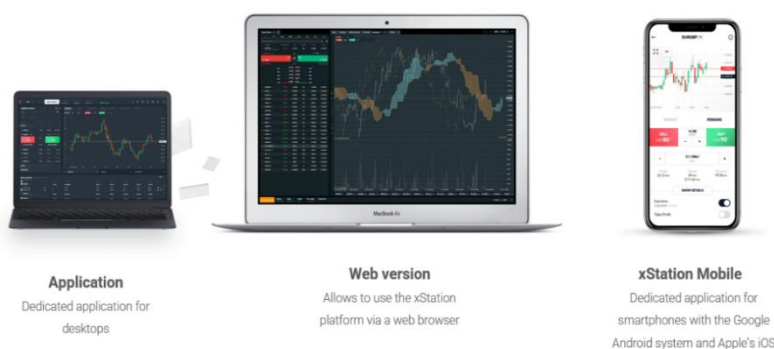
- on October 2, 2023. Omar Arnaout subscribed for 30 261 series B shares of the Company (share subscription agreement signed on 4 September 2023);
- on October 2, 2023. Filip Kaczmarzyk subscribed for 21 182 shares of the Company's B shares (share subscription agreement signed on 4 September 2023);
- on October 2, 2023. Paweł Szejko subscribed for 15 130 shares of the Company's series B shares (share subscription agreement signed on 4 September 2023);
- on October 2, 2023. Jakub Kubacki took up 11 095 shares of the Company's series B shares (share subscription agreement signed on 4 September 2023);
- on October 2, 2023. Andrzej Przybylski took up 5 547 shares of the Company's Series B stock (share subscription agreement signed on 5 September 2023).

Supervisors did not have any shares or rights to the Company's shares as of the end of the reporting period and as of the date of submitting this report.

5. XTB as FinTech

XTB as a technology entity operating in the financial sector, conducts continuous work involving the design and development of highly innovative, comprehensive solutions in the field of transactions and online investments in financial instruments ("research and development"). This makes the Company a FinTech organization. The purpose of the aforementioned work is to develop innovative technologies and solutions to further develop the product offering in particular. XTB owns of a number of proprietary technological solutions, including the modern xStation trading platform.

Original platform xStation



The research and development work carried out in the 9 months of 2023 was aimed at developing the tools necessary for the efficient operation of XTB's trading systems, effective execution of orders, efficient process of acquiring new clients (so-called onboarding) 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							
	30.09.2023	30.06.2023	31.03.2023	31.12.2022	30.09.2022	30.06.2022	31.03.2022	31.12.2021
Costs related to the development and development of technologies (in PLN'000)	24 879	22 480	20 515	16 008	15 172	14 000	13 201	10 371
Number of employees in the IT Development Department*	367	345	332	266	236	201	195	161

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

6. XTB strategy

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

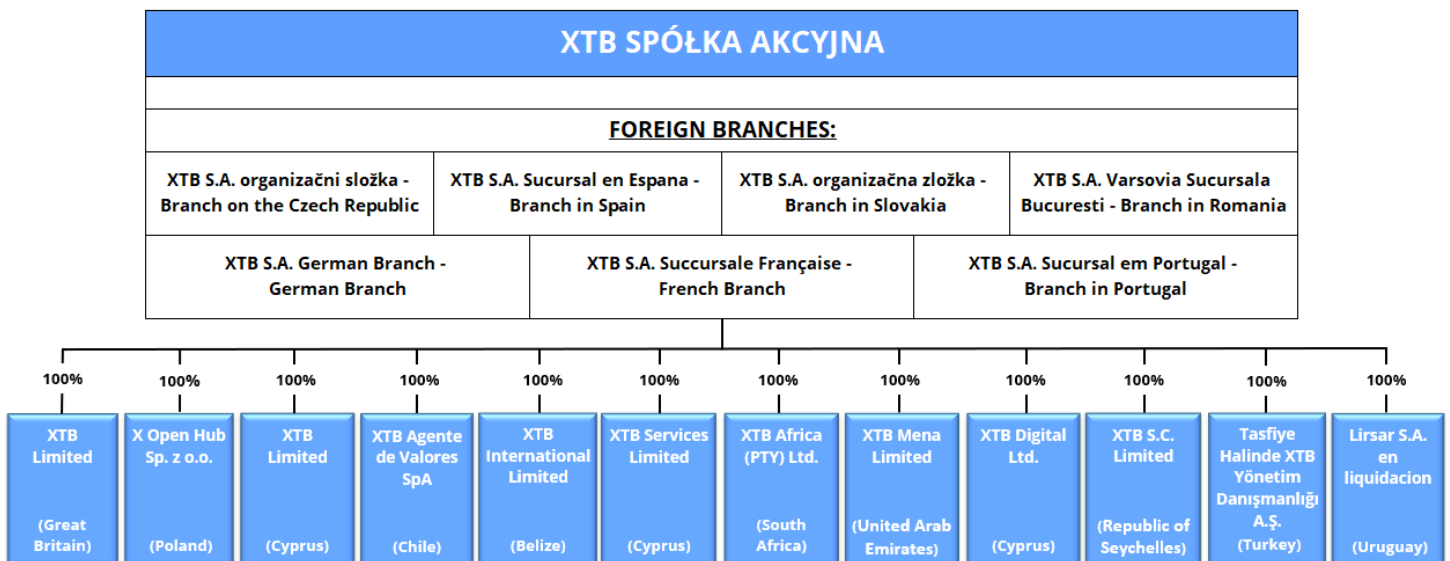
The Group allows investments in attractive companies offering products and services similar to the Group's products and services, which may complement its product, service and geographical offer. It is however assumed, that the main growth of XTB will be organic growth.

7. Other information

7.1 Description of the Group's organization

As at 30 September 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. (dawniej: X Trade Brokers Menkul Değerler A.Ş.), Turkey

As of September 30, 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 May 21, 2014, the Parent acquired 100% of the shares in Lirsar S.A., an entity based in Uruguay. The capital from the subsidiary, together with accumulated profits, was returned to the Parent Company on December 14, 2017. As of the date of this report, the entity had not been formally liquidated.

On October 4, 2023, an agreement was signed to acquire 90% of the company's shares based in Indonesia. Actual control and ownership of the company is subject to receiving final approval from the local supervisor.

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



7.2 Information on transactions with related parties

During the nine months ended September 30, 2023 and September 30, 2022, the Group did not have any transactions with related parties on other than market conditions.

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

(in PLN'000)	01.01.2023- 30.09.2023 REVENUES	30.09.2023 RECEIVABLES	01.01.2022- 30.09.2022 REVENUES	31.12.2022 RECEIVABLES	30.09.2022 RECEIVABLES
Related parties:					
XTB Limited (UK)	13 032	19 807	36 797	18 428	19 079
XTB Limited (Cyprus)	3 866	925	23 312	-	-
X Open Hub Sp. z o.o. (PL)	4 266	515	1 478	466	297
XTB International Limited (Belize)	227 505	33 263	250 701	29 260	22 449
XTB MENA Limited (UAE)	4 835	3 523	-	1	1

(in PLN'000)	01.01.2023- 30.09.2023 COSTS	30.09.2023 LIABILITIES	01.01.2022- 30.09.2022 COSTS	31.12.2022 LIABILITIES	30.09.2022 LIABILITIES
Related parties:					
XTB Limited (UK)	(17 795)	6 033	(15 858)	1 991	2 950
XTB Limited (Cyprus)	(2 546)	742	(2 550)	1 404	1 922
X Open Hub Sp. z o.o. (PL)	(2 899)	641	(1 495)	103	177
XTB International Limited (Belize)	(100 854)	45 125	(90 798)	29 895	32 078
XTB Services Limited (Cyprus)	(23 213)	2 208	(26 884)	1 919	2 056
XTB MENA Limited (UAE)	(18 939)	2 926	(21 210)	2 812	2 915

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

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

As at 30 September 2023 and during the reporting period, i.e. from 1 January 2023 to 30 September 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.

7.4 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.

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

As at September 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 are 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 22 million, which consists of three proceedings on employee claims, with a value of approximately PLN 670 thousand, ten suits brought by clients with the total value of PLN 9 million and moreover, one proceeding regarding the alleged failure to apply financial security measures by the Company in which, the value of the dispute is PLN 7 million.

In addition, there is one pending lawsuit by the Company seeking injunctive relief for violation of fair competition rules, in which the Company requested, among other things, (i) to prohibit the use of the word mark and the word and graphic mark "XTRADE" and (ii) to prohibit the use of the word mark "XTRADE" as an Internet domain name.

The most significant proceedings, in the Company's view, are:

- 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 dated July 2020, delivered to the Company in November 2020 regarding the alleged failure to apply financial security measures by the Company. Value of the proceeding is approximately PLN 7,6 million. The damages were to consist in the Company's failure to apply financial security measures, which lead to effective appropriation of funds by an employee of the claimant, who was also a client of the Company. The Company considers the charges made in the suit to be completely unfounded. In June 2023, the court of first instance dismissed the lawsuit, finding no material violations on XTB's part. As of the date of the report the case is pending before the court of second instance.

Administrative and control proceedings

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

- 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.
- On September 12, 2023, an inspection of the operations of the Company's Czech branch began by the Czech National Bank (CNB). As of the time of submitting this report, the inspection is ongoing.
- On October 17, 2023, an inspection by the Office of the Financial Supervisory Commission began, the purpose of which is to verify that the Company's operations comply with laws, regulations, conditions set forth in permits, fair trading principles or the interests of principals. As of the time of submitting this report, the inspection is ongoing.

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 following are the most significant changes in the company's regulatory environment that will come into effect in the near future. The company is already doing its due diligence to prepare for and adapt to the obligations arising from the indicated regulations.



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. The Company will comply with the Decision. The Company has assessed the impact of the new regulation on its operational activities and considers it to be insignificant or minor.

Act of August 16, 2023 on amending certain laws in connection with ensuring the development of the financial market and the protection of investors in this market

The purpose of the act is primarily 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, and implementing further tasks envisaged in the government's Capital Market Development Strategy (CRD). The law is cross-cutting in nature (28 laws given amendments, about 160 pages of draft). The main changes are:

- implementation of the so-called unified banking license;
- introduction of a new form of portfolio fund (ETF), which will be able to take the form of an open-ended investment fund or a specialized open-ended investment fund;
- remodelling of the rules for the provision of services for the distribution of participation units, in particular the rules for the payment of remuneration for this service (remuneration paid only from the investment fund company's fixed remuneration for managing the fund, this remuneration may not affect the management fee and burden the fund's assets, abandonment of the monthly obligation to provide the investment fund company with a list of activities aimed at improving the quality of the services provided and documents confirming the costs incurred in this respect);
- relaxation of requirements for the duties of the issuing agent;



- abandonment of the provision presuming the invalidity of contracts for the provision of brokerage services with a retail client in a form other than on paper or another durable medium;
- allowing further entrustment of entrusted activities under "further entrustment" model;
- introducing a new type of bond, the so-called "transformation bonds" aimed at financing new investments that promote acceleration of the country's sustainable economic development.

Retail Investment Strategy ("RIS") draft dated May 24, 2023.

The Retail Investment Strategy ("RIS") package introduces a number of changes to the current MIFID II regulations. They aim to increase retail customers' willingness in investing in the capital market by increasing confidence in the market, creating clear, transparent information about products and their costs.

The package includes extensive measures aimed at:

- change the way information on investment products and services is provided to retail investors to make it clearer and more standardized, by adapting disclosure regulations to the digital age and investors' growing support for sustainability;
- increasing transparency and comparability of costs by requiring standardized cost presentation and terminology;
- ensuring that all retail clients receive a clear picture of their portfolio's investment performance at least annually;
- addressing conflicts of interest in the distribution of investment products by prohibiting incentives for execution-only services (i.e., when no advice is provided) and ensuring that financial advice is aligned with the best interests of retail investors. Also introducing stricter safeguards and transparency where incentives are allowed;
- protecting retail investors from misleading marketing by ensuring that financial intermediaries (i.e., advisors) are fully accountable for the use (and misuse) of their marketing information, including where it is communicated through social media or through known individuals or other third parties who receive compensation or incentives;
- ensuring high standards of professional qualifications for financial advisors;
- empowering consumers to make better financial decisions by encouraging member states to implement national measures that can promote the financial literacy of citizens, regardless of their age and social background and education;
- reducing the administrative burden and improve the availability of products and services for sophisticated retail investors by making the eligibility criteria for becoming a professional investor more proportionate;
- strengthening supervisory cooperation to make it easier for national competent authorities and European supervisory authorities to ensure the proper and effective application of regulations in a consistent manner across the EU and to jointly combat fraud and abuse.

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

**INTERIM CONDENSED
STANDALONE FINANCIAL
STATEMENTS**





INTERIM CONDENSED STANDALONE COMPREHENSIVE INCOME STATEMENT

(IN PLN'000)	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2023 (UNAUDITED)	30.09.2022 (UNAUDITED)	30.09.2023 (UNAUDITED)	30.09.2022 (UNAUDITED)
Result of operations on financial instruments	238 764	366 497	996 125	1 143 596
Income from fees and charges	2 277	1 364	7 499	4 083
Other income	6	2	51	19
Total operating income	241 047	367 863	1 003 675	1 147 698
Marketing	(43 556)	(37 340)	(152 961)	(118 089)
Salaries and employee benefits	(49 937)	(37 853)	(147 892)	(109 601)
Other external services	(21 477)	(18 298)	(64 111)	(58 599)
Commission expenses	(9 240)	(7 920)	(27 043)	(23 692)
Amortisation and depreciation	(3 701)	(2 514)	(10 366)	(7 149)
Taxes and fees	(2 653)	(2 215)	(8 197)	(6 416)
Costs of maintenance and lease of buildings	(1 386)	(855)	(4 176)	(2 926)
Other costs	(1 764)	(1 032)	(4 690)	(4 577)
Total operating expenses	(133 714)	(108 027)	(419 436)	(331 049)
Profit on operating activities	107 333	259 836	584 239	816 649
Impairment of investments in subsidiaries	-	(184)	(125)	(513)
Finance income, including:	19 011	35 036	72 360	56 703
- <i>interest income at amortized cost</i>	<i>12 322</i>	<i>8 860</i>	<i>48 160</i>	<i>9 069</i>
Finance costs	14 602	(240)	(2 085)	(658)
Profit before tax	140 946	294 448	654 389	872 181
Income tax	(23 152)	(53 965)	(113 769)	(159 456)
Net profit	117 794	240 483	540 620	712 725
Other comprehensive income	569	929	(449)	1 165
Items which will be reclassified to profit (loss) after meeting specific conditions	569	929	(449)	1 165
Currency translation differences:				
- <i>positions that will be reclassified to profit on valuation of foreign companies</i>	<i>(795)</i>	<i>(468)</i>	<i>(25)</i>	<i>(839)</i>
- <i>positions that will be reclassified to profit on valuation of separated equity</i>	<i>1 684</i>	<i>1 725</i>	<i>(523)</i>	<i>2 474</i>
- <i>deferred income tax</i>	<i>(320)</i>	<i>(328)</i>	<i>99</i>	<i>(470)</i>
Total comprehensive income	118 363	241 412	540 171	713 890
Earnings per share:				
- basic profit per year attributable to shareholders of the Parent Company (in PLN)	1,01	2,05	4,61	6,07
- basic profit from continued operations per year attributable to shareholders of the Parent Company (in PLN)	1,01	2,05	4,61	6,07
- diluted profit of the year attributable to shareholders of the Parent Company (in PLN)	1,01	2,05	4,61	6,07
- diluted profit from continued operations of the year attributable to shareholders of the Parent Company (in PLN)	1,01	2,05	4,61	6,07

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



INTERIM CONDENSED STANDALONE STATEMENT OF FINANCIAL POSITION

(IN PLN'000)	30.09.2023 (UNAUDITED)	31.12.2022 (AUDITED)	30.09.2022 (UNAUDITED)
ASSETS			
Cash and cash equivalents	3 066 475	2 927 923	2 875 776
Financial assets at fair value through P&L	919 183	796 117	894 738
Investments in subsidiaries	49 227	43 487	43 610
Income tax receivables	98	-	-
Financial assets at amortised cost	90 303	83 218	74 176
Prepayments and deferred costs	12 645	12 541	11 049
Intangible assets	1 175	1 333	997
Property, plant and equipment	48 526	42 455	32 864
Deferred income tax assets	5 703	6 203	6 553
Total assets	4 193 335	3 913 277	3 939 763
EQUITY AND LIABILITIES			
Liabilities			
Amounts due to customers	2 443 545	2 176 863	2 200 568
Financial liabilities held for trading	52 383	68 196	78 616
Income tax liabilities	2 566	1 304	11 317
Liabilities due to lease	29 425	28 108	22 762
Other liabilities	116 382	78 603	97 519
Provisions for liabilities	4 730	4 002	4 121
Deferred income tax provision	76 254	57 838	74 626
Total liabilities	2 725 285	2 414 914	2 489 529
Equity			
Share capital	5 869	5 869	5 869
Supplementary capital	71 608	71 608	71 608
Other reserves	848 497	657 417	657 417
Foreign exchange differences on translation	1 456	1 905	2 615
Retained earnings	540 620	761 564	712 725
Total equity	1 468 050	1 498 363	1 450 234
Total equity and liabilities	4 193 335	3 913 277	3 939 763

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



INTERIM CONDENSED STANDALONE STATEMENT OF CHANGES IN EQUITY

Interim condensed standalone statement of changes in equity for the period from 1 January 2023 to 30 September 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
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	-	-	-	-	540 620	540 620
Other comprehensive income	-	-	-	(449)	-	(449)
Total comprehensive income for the financial year	-	-	-	(449)	540 620	540 171
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	(449)	(220 944)	(30 313)
As at 30 September 2023	5 869	71 608	848 497	1 456	540 620	1 468 050

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


Interim condensed standalone statement of changes in equity for the period from 1 January 2022 to 30 September 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
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	-	-	-	-	712 725	712 725
Other comprehensive income	-	-	-	1 165	-	1 165
Total comprehensive income for the financial year	-	-	-	1 165	712 725	713 890
Transactions with Parent Company's owners recognized directly in equity						
Appropriation of profit						
- dividend payment	-	-	-	-	(176 075)	(176 075)
- transfer to other reserves	-	-	58 776	-	(58 766)	-
Increase (decrease) in equity	-	-	58 776	1 165	477 884	537 815
As at 30 September 2022	5 869	71 608	657 417	2 615	712 725	1 450 234

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



INTERIM CONDENSED STANDALONE CASH FLOW STATEMENT

(IN PLN'000)	NINE-MONTH PERIOD ENDED 30.09.2023 (UNAUDITED)	NINE-MONTH PERIOD ENDED 30.09.2022 (UNAUDITED)
Cash flows from operating activities		
Profit before tax	654 389	872 181
Adjustments:	(286 291)	10 290
Amortization and depreciation	10 366	7 149
Foreign exchange (gains) losses from translation of own cash	(17 787)	(16 419)
(Gain) Loss on investment activity	(329 114)	(12 617)
Other adjustments	(276)	937
Changes		
Change in provisions	728	(544)
Change in balance of financial assets at fair value through P&L and financial liabilities held for trading	(108 272)	(226 771)
Change in balance of restricted cash	(139 208)	(89 713)
Change in financial assets at amortised cost	(7 085)	(22 243)
Change in balance of prepayments and accruals	(104)	(3 956)
Change in balance of amounts due to customers	266 682	321 377
Change in balance of other liabilities	37 779	53 090
Cash from operating activities	368 098	882 471
Income tax paid	(93 689)	(98 002)
Interests	(1 984)	(3 623)
Net cash from operating activities	272 425	780 846
Cash flow from investing activities		
Proceeds from sale of items of property, plant and equipment	3	3
Expenses relating to payments for property, plant and equipment	(10 950)	(7 103)
Expenses relating to payments for intangible assets	(106)	(709)
Expenses relating to payments for investments in subsidiaries	(5 865)	(4 244)
Expenses relating purchase of bonds	(451 529)	(741 748)
Proceeds from closed deposits	300 000	-
Interests on deposits	2 667	-
Proceeds from sale of bonds	429 786	720 716
Interests on bonds	15 327	5 881
Dividends received from subsidiaries	6 740	8 401
Net cash from investing activities	286 073	(18 803)
Cash flow from financing activities		
Payments of liabilities under finance lease agreements	(5 773)	(1 795)
Interest paid under lease	(683)	(514)
Dividend paid to owners	(570 484)	(176 075)
Net cash from financing activities	(576 940)	(178 384)
Increase (Decrease) in net cash and cash equivalents	(18 442)	583 659
Cash and cash equivalents - opening balance	1 124 822	550 871
Increase (Decrease) in net cash and cash equivalents	(18 442)	583 659
Effect of FX rates fluctuations on balance of cash in foreign currencies	17 786	16 418
Cash and cash equivalents - closing balance	1 124 166	1 150 948

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

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