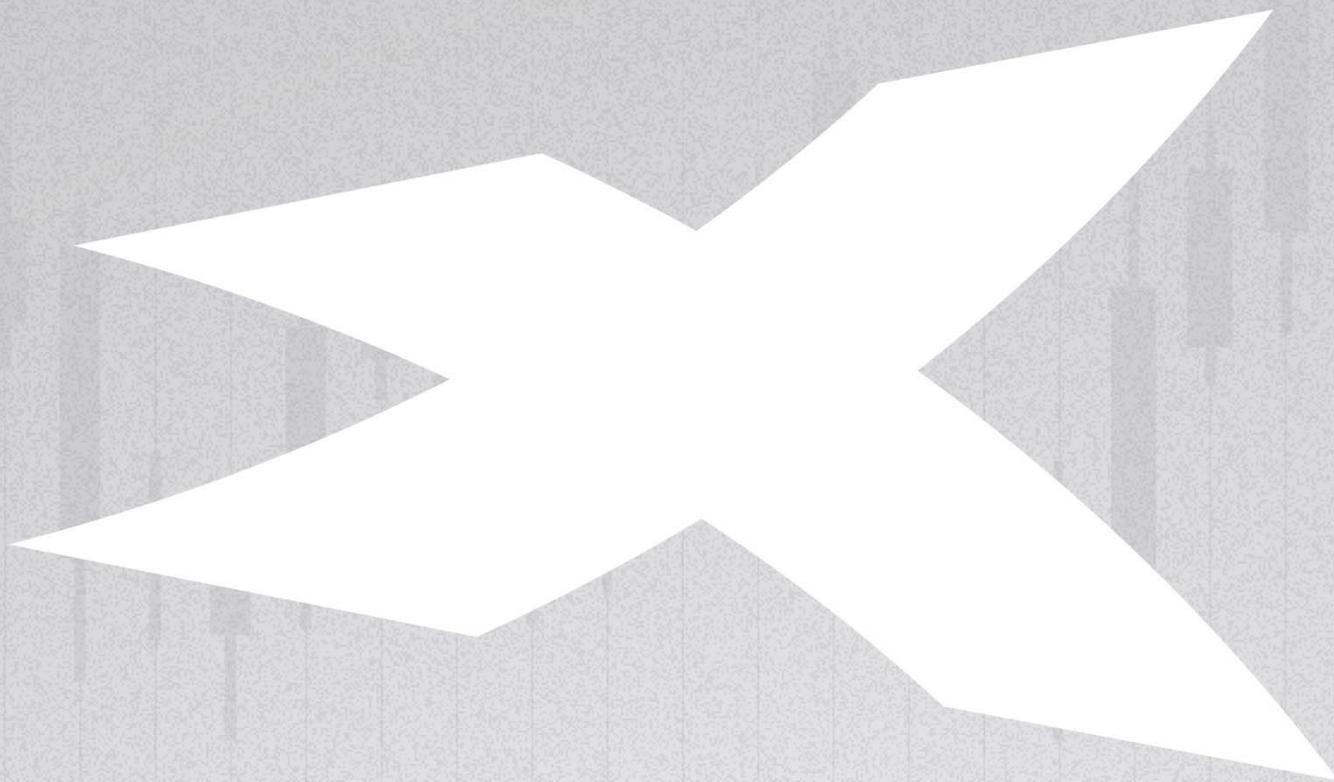


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**CAPITAL GROUP
REPORT
XTB S.A.**

FOR THE FIRST QUARTER 2024

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**FINANCIAL
CONSOLIDATED
HIGHLIGHTS**

FINANCIAL CONSOLIDATED HIGHLIGHTS

	IN PLN'000 THREE-MONTH ENDED		IN EUR'000 THREE-MONTH ENDED	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
Consolidated comprehensive income statement:				
Total operating income	555 948	537 553	128 659	114 361
Profit on operating activities	350 983	353 334	81 225	75 169
Profit before tax	368 641	367 012	85 312	78 079
Net profit	302 746	302 814	70 062	64 422
Net profit attributable to owners of the parent company	302 767	302 814	70 067	64 422
Net profit and diluted net profit per share attributable to shareholders of the Parent Company (in PLN/EUR per share)	2,58	2,58	0,60	0,55
Consolidated cash flow statement:				
Net cash from operating activities	324 311	138 011	75 053	29 361
Net cash from investing activities	(398 789)	174 734	(92 289)	37 173
Net cash from financing activities	(1 549)	(2 006)	(358)	(427)
Increase in net cash and cash equivalents	(76 027)	310 739	(17 594)	66 108

	W TYS. PLN		W TYS. EUR	
	31.03.2024	31.12.2023	31.03.2024	31.12.2023
Consolidated statement of financial position:				
Total assets	5 375 573	4 688 658	1 249 872	1 078 348
Total liabilities	3 336 827	2 953 995	775 844	679 392
Share capital	5 878	5 878	1 367	1 352
Equity	2 038 746	1 734 663	474 028	398 957
Number of shares	117 569 251	117 569 251	117 569 251	117 569 251
Carrying amount and diluted carrying amount per share attributable to shareholders of the Parent Company (in PLN/EUR per share)	17,34	14,75	4,03	3,39

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: 4,3211;
 - for the comparative period: 4,7005;
- 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: 4,3009;
 - for the comparative period: 4,3480.



**INTERIM CONDENSED
CONSOLIDATED
FINANCIAL
STATEMENTS**

INTERIM CONDENSED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(IN PLN'000)	NOTE	THREE-MONTH PERIOD ENDED 31.03.2024 (UNAUDITED)	THREE-MONTH PERIOD ENDED 31.03.2023 (UNAUDITED)
Result of operations on financial instruments	6.1	539 598	528 546
Net interest income on clients cash, including:		13 686	5 946
- <i>Interest income from clients cash</i>		22 006	5 946
- <i>Interest expense paid to clients</i>		(8 320)	-
Income from fees and charges	6.2	2 543	3 050
Other income		121	11
Total operating income	6	555 948	537 553
Marketing	8	(81 106)	(81 435)
Salaries and employee benefits	7	(72 845)	(63 367)
Commission expenses	10	(21 324)	(15 079)
Other external services	9	(16 961)	(14 062)
Amortisation and depreciation	16,17	(4 748)	(3 746)
Taxes and fees		(3 841)	(3 004)
Costs of maintenance and lease of buildings		(2 205)	(1 926)
Other costs		(1 935)	(1 600)
Total operating expenses		(204 965)	(184 219)
Profit on operating activities		350 983	353 334
Finance income, including:	11	17 928	21 454
- <i>interest income on financial instruments at amortized cost</i>	11	9 792	11 481
Finance costs	11	(270)	(7 776)
Profit before tax		368 641	367 012
Income tax	26	(65 895)	(64 198)
Net profit, including:		302 746	302 814
- profit attributable to owners of the parent company		302 767	302 814
- profit (loss) attributable to owners of non-controlling interests		(21)	-
Other comprehensive income		(498)	(510)
Items which will be reclassified to profit (loss) after meeting specific conditions		(579)	(535)
Currency translation differences:		(579)	(535)
- <i>positions that will be reclassified to profit on valuation of foreign companies</i>		(153)	(403)
- <i>positions that will be reclassified to profit on valuation of separated equity</i>		(426)	(132)
Deferred income tax		81	25
Total comprehensive income, including:		302 248	302 304
- total comprehensive income attributable to owners of the parent company		302 275	302 304
- total comprehensive income attributable to owners of non-controlling interests		(27)	-
Earnings per share:			
- basic profit per year attributable to shareholders of the Parent Company (in PLN)	25	2,58	2,58
- basic profit from continued operations per year attributable to shareholders of the Parent Company (in PLN)	25	2,58	2,58
- diluted profit of the year attributable to shareholders of the Parent Company (in PLN)	25	2,58	2,58
- diluted profit from continued operations of the year attributable to shareholders of the Parent Company (in PLN)	25	2,58	2,58

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(IN PLN'000)	NOTE	31.03.2024 (UNAUDITED)	31.12.2023 (AUDITED)	31.03.2023 (UNAUDITED)
ASSETS				
Cash and cash equivalents	13	3 773 307	3 676 756	3 462 511
Financial assets at fair value through P&L	14	1 477 799	903 255	923 062
Income tax receivables		-	129	9 103
Financial assets at amortised cost	15	44 519	31 407	44 975
Prepayments and deferred costs		15 967	15 486	16 145
Intangible assets	16	2 100	1 167	1 441
Property, plant and equipment	17	51 898	50 386	49 568
Deferred income tax assets	26	9 983	10 072	7 635
Total assets		5 375 573	4 688 658	4 514 440
EQUITY AND LIABILITIES				
Liabilities				
Amounts due to customers	18	2 917 299	2 638 122	2 398 456
Financial liabilities held for trading	19	185 585	110 358	107 498
Income tax liabilities		13 675	22 991	1 000
Liabilities due to lease	20	28 304	29 603	33 494
Other liabilities	21	117 130	86 080	88 123
Provisions for liabilities	22	3 733	3 892	4 055
Deferred income tax provision	26	71 101	62 949	73 441
Total liabilities		3 336 827	2 953 995	2 706 067
Equity				
Share capital	23	5 878	5 878	5 869
Supplementary capital	23	71 608	71 608	71 608
Other reserves	23	864 731	863 166	657 555
Foreign exchange differences on translation	23	(7 094)	(6 595)	(470)
Retained earnings		1 103 374	800 606	1 073 811
Equity attributable to the owners of the Parent Company		2 038 497	1 734 663	1 808 373
Non-controlling interests		249	-	-
Total equity		2 038 746	1 734 663	1 808 373
Total equity and liabilities		5 375 573	4 688 658	4 514 440

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 2024 to 31 March 2024 (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	NON-CONTROLLING INTERESTS	TOTAL EQUITY
NOTE	23	23	23, 24	23	24			
As at 1 January 2024	5 878	71 608	863 166	(6 595)	800 606	1 734 663	-	1 734 663
Total comprehensive income for the financial period								
Net profit	-	-	-	-	302 768	302 768	(21)	302 747
Other comprehensive income	-	-	-	(499)	-	(499)	(6)	(505)
Total comprehensive income for the financial period	-	-	-	(499)	302 768	302 269	(27)	302 242
Transactions with Parent Company's owners recognized directly in equity								
Appropriation of profit/offset of loss								
- dividend payment	-	-	-	-	-	-	-	-
- transfer to other reserves	-	-	-	-	-	-	-	-
Issue of Equity	-	-	-	-	-	-	-	-
Inclusion of share based incentive scheme	-	-	1 565	-	-	1 565	-	1 565
Increase (decrease) in equity	-	-	1 565	(499)	302 768	303 834	(27)	303 807
Contributions of capital by non-controlling interests	-	-	-	-	-	-	276	276
As at 31 March 2024	5 878	71 608	864 731	(7 094)	1 103 374	2 038 497	249	2 038 746

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.

Statement of changes in equity for the period from 1 January 2023 to 31 December 2023 (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	NON-CONTROLLING INTERESTS	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 period								
Net profit	-	-	-	-	791 173	791 173	-	791 173
Other comprehensive income	-	-	-	(6 635)	-	(6 635)	-	(6 635)
Total comprehensive income for the financial period	-	-	-	(6 635)	791 173	784 538	-	784 538
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)	-	-	-
Issue of Equity	9	-	-	-	-	9	-	9
Inclusion of share based incentive scheme	-	-	14 531	-	-	14 531	-	14 531
Increase (decrease) in equity	9	-	205 611	(6 635)	29 609	228 594	-	228 594
Contributions of capital by non-controlling interests	-	-	-	-	-	-	-	-
As at 31 December 2023	5 878	71 608	863 166	(6 595)	800 606	1 734 663	-	1 734 663

The 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 2023 to 31 March 2023 (UNAUDITED)

(IN PLN'000)	SHARE CAPITAL	SUPPLEMENTARY CAPITAL	OTHER RESERVES	FOREIGN EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS AND SEPARATE FUNDS	RETAINED EARNINGS	EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY	NON-CONTROLLING INTERESTS	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 period								
Net profit	-	-	-	-	302 814	302 814	-	302 814
Other comprehensive income	-	-	-	(510)	-	(510)	-	(510)
Total comprehensive income for the financial period	-	-	-	(510)	302 814	302 304	-	302 304
Transactions with Parent Company's owners recognized directly in equity								
Appropriation of profit/offset of loss								
- dividend payment	-	-	-	-	-	-	-	-
- transfer to other reserves	-	-	-	-	-	-	-	-
Issue of Equity	-	-	-	-	-	-	-	-
Inclusion of share based incentive scheme	-	-	-	-	-	-	-	-
Increase (decrease) in equity	-	-	-	(510)	302 814	302 304	-	302 304
Contributions of capital by non-controlling interests	-	-	-	-	-	-	-	-
As at 31 March 2023	5 869	71 608	657 555	(470)	1 073 811	1 808 373	-	1 808 373

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

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(IN PLN'000)	NOTE	THREE-MONTH PERIOD ENDED 31.03.2024 (UNAUDITED)	THREE-MONTH PERIOD ENDED 31.03.2023 (UNAUDITED)
Cash flows from operating activities			
Profit before tax		368 641	367 012
Adjustments:		22 262	(167 643)
(Profit) Loss on investment activity	29.3	(7 299)	(9 908)
Proceeds / Expenses on cash deposits with maturity over 3M		-	(175 000)
Amortization and depreciation	16, 17	4 748	3 746
Foreign exchange (gains) losses from translation of own cash		1 586	(1 932)
Other adjustments	29.1	(117)	(506)
Changes			
Change in provisions		(159)	(201)
Change in balance of financial assets at fair value through P&L and financial liabilities held for trading		(98 967)	(69 229)
Change in balance of restricted cash		(174 164)	11 162
Change in financial assets at amortised cost		(13 112)	(3 300)
Change in balance of prepayments and accruals		(481)	(1 621)
Change in balance of amounts due to customers		279 177	70 728
Change in balance of other liabilities	29.2	31 050	8 418
Cash from operating activities		390 903	199 369
Income tax paid		(66 841)	(59 189)
Interest received		-	(2 169)
Interest paid		249	-
Net cash from operating activities		324 311	138 011
Cash flow from investing activities			
Proceeds from sale of items of property, plant and equipment		-	1
Expenses relating to payments for property, plant and equipment	17	(4 741)	(3 122)
Expenses relating to payments for intangible assets	16	(1 122)	(93)
Expenses relating purchase of bonds		(549 099)	(190 363)
Proceeds from closed deposits		-	175 000
Interest received on deposits		-	2 377
Proceeds from sale of bonds		154 345	194 843
Interests on bonds		1 828	(3 909)
Net cash from investing activities		(398 789)	174 734
Cash flow from financing activities			
Payments of liabilities under finance lease agreements		(3 141)	(1 797)
Interest paid under lease		(249)	(209)
Contributions of capital by non-controlling interests		276	-
Inclusion of share based incentive scheme		1 565	-
Net cash from financing activities		(1 549)	(2 006)
Increase (Decrease) in net cash and cash equivalents		(76 027)	310 739
Cash and cash equivalents – opening balance		1 409 897	1 222 499
Increase (Decrease) in net cash and cash equivalents		(76 027)	310 739
Effect of FX rates fluctuations on balance of cash in foreign currencies		(1 586)	1 932
Cash and cash equivalents – closing balance	13	1 332 284	1 535 170

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.

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 – 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.
- XTB S.A. 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.
- XTB S.A. 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: SK4020240324.
- XTB S.A. Varsovia Sucursala Bucuresti – 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.
- XTB 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.
- XTB S.A. Succursale Française – 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.
- XTB S.A. – Sucursal em Portugal – 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.

1.2 Composition of the Group

The XTBS.A. Group is composed by XTBS.A. as the Parent Company and the following subsidiaries:

NAME OF SUBSIDIARY	CONSOLIDATION METHOD	COUNTRY OF REGISTERED OFFICE	ACTIVITIES OF THE SUBSIDIARIES	PERCENTAGE SHARE IN THE CAPITAL 31.03.2024 (UNAUDITED)	PERCENTAGE SHARE IN THE CAPITAL 31.03.2023 (UNAUDITED)
XTB Limited (UK)	Full	Great Britain	Brokerage activity	100%	100%
X Open Hub Sp. z o.o.	Full	Poland	Applications and electronic trading technology offering	100%	100%
XTB Limited (CY)	Full	Cyprus	Brokerage activity	100%	100%
Tasfiye Halinde XTB Yönetim Danışmanlığı A.Ş.	Full	Turkey	The company does not conduct its operations, is in the process of liquidation	100%	100%
XTB International Limited	Full	Belize	Brokerage activity	100%	100%
XTB Agente de Valores SpA	Full	Chile	The activity of acquiring clients	100%	100%
XTB Services Limited	Full	Cyprus	Marketing, marketing and sales activities (sales support)	100%	100%
XTB Africa (PTY) Ltd.	Full	South Africa	The Company has not yet conducted operations	100%	100%
XTB MENA Limited	Full	UAE	Brokerage activity	100%	100%
XTB Digital Ltd.	Full	Cyprus	The Company has not yet conducted operations	100%	-
XTB S.C. Limited	Full	Seychelles	The Company has not yet conducted operations	100%	-
PT Rajawali Kapital Berjangka	Full	Indonesia	The Company has not yet conducted operations	90%	-
Lirsar S.A. en liquidacion	Full	Uruguay	The company has no operations, is in the process of liquidation	-	-

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

As at the 31 March 2024, amount of negative foreign exchange differences on translation of balances in foreign currencies of Turkish company amounted PLN (3 646), as at the 31 December 2023 PLN (3 655) thousand, as at 31 March 2023 PLN (3 768) thousand (note 23). Exchange differences will be recognized in interim condensed consolidated financial statement at the date of liquidation of the company.

On 9 March 2024, the parent company allocated USD 1 million for share capital increase in its subsidiary XTB MENA Limited, maintaining a 100% share in its capital.

On 6 October 2022, XTB S.C. Limited with its seat in Republic of Seychelles was registered in the local register of entrepreneurs. On 21 April 2023 XTB S.C. Limited was granted license No. SD148 by the Financial Services Authority (FSA) to operate in the Republic of Seychelles. The company will provide brokerage services. The parent company has acquired 99.9% of the shares in the subsidiary. The remaining 0.1% stake is held by another subsidiary, XTB Services Limited. On 16 November 2023, the shares in XTB S.C. Limited with its seat in the Seychelles, were paid up. The contributed capital amounted to USD 50 thousand. As at the date of these 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 the shares in the subsidiary. On 3 April 2023, the shares in Digital Ltd. With its seat in Cyprus were paid up. The contributed capital amounted to EUR 300 thousand. As at the date of these financial statements the company did not conduct its operations.

On 27 July 2023, the subsidiary XTB Chile SpA changed its name to XTB Agente de Valores SpA.

On 17 January 2024 the Parent Company acquired 90% shares in the Company PT Rajawali Kapital Berjangka with the seat in the Republic of Indonesia which is a derivatives broker regulated by the Commodity Futures Trading Supervisory Agency (in short BAPPEBTI). On 16 February 2024, the parent company allocated USD 315 thousand for share capital increase in its subsidiary PT Rajawali Kapital Berjangka, maintaining a 90% share in its capital.

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 were prepared based on International Financial Reporting Standards (IFRS) 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 2024 to 31 March 2024 with comparative data for the period ended 31 March 2023 and as at 31 December 2023, 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 and other assets and liabilities which valuation methods are described in the accounting policy. 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 2024.

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 8 March 2024.

Drafting this 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 in the 12 months from the date of acceptance of these financial statements, 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. This situation currently 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 in 2022.

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 2023, except for the application of new or amended standards and interpretations applicable to annual periods beginning on or after 1 January 2024.

- Amendments to IFRS 16 "Leases" - lease liabilities in sale and leaseback transactions,
- Amendments to IAS 1 "Presentation of Financial Statements" - classification of liabilities as current or non-current,
- Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures" - financing agreements for liabilities to suppliers – not yet endorsed by EU at the date of approval of these financial statements,

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 2024 did not have a significant impact on the Group's 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 IAS 21 "The Effects of Changes in Foreign Exchange Rates" - lack of interchangeability - not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2025,
- Amendments to IFRS 14 "Regulatory Deferral Accounts" – the endorsement process of these Amendments has been postponed by EU - the effective date was deferred indefinitely by IASB,
- Amendments to IFRS 10 "Consolidated financial statements" and IAS 28 "Investments in Associates and Joint Ventures" - 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 value which is described in accounting policy. Liabilities due to reimbursements and other in the case of the Group do not occur.

3.1 Material estimates and valuations

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

Although the estimates are based on best knowledge regarding the current conditions and actions taken by the Group, actual results may differ from the estimates. Adjustments to estimates are recognised during the reporting period in which the adjustment was made provided that such adjustment refers only to the given period or in subsequent periods if the adjustment affects both the current period and subsequent periods. The most important areas for which the Group makes estimates are presented below.

3.2 Impairment of assets

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

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

Deferred income tax assets

At each balance sheet date, the Parent Company assesses the likelihood of settlement of unused tax credits with the estimated future taxable profit, and recognises the deferred tax asset only to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilized, which is described in note 28.2.2.

Period for settlement of the deferred tax asset

The Group recognises a deferred tax asset based on the assumption that a tax profit will be generated in the future enabling its utilisation. Deterioration in tax results in the future might result in the assumption becoming unjustified.

The deferred tax asset relates mainly to the losses generated by foreign operations and subsidiaries in the initial period of their operation recognised in the balance sheet. The Group analyses the possibility of recognising such assets, taking into consideration local tax regulations, and analyses future tax budgets assessing the possibility of recovering these assets.

3.3 Fair value measurement

Information on estimates relative to fair value measurement is presented in note 36 – Risk management. The fair value measurement framework uses valuation techniques that are appropriate to the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. The methodology developed by the Group for determining fair value involves adjusting the fair value model to the characteristics of the financial asset being valued.

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 material 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 2023, except for the new or amended standards and new interpretations binding for the annual periods starting on or after 1 January 2024.

5. Seasonality of operations

The Group's operations are not seasonal.

6. Operating income

6.1 Result of operations in financial instruments

(IN PLN'000)	THREE-MONTH PERIOD ENDED 31.03.2024 (UNAUDITED)	THREE-MONTH PERIOD ENDED 31.03.2023 (UNAUDITED)
Financial instruments (CFD)		
Commodity CFDs	269 432	264 713
Index CFDs	232 166	245 812
Currency CFDs	36 853	22 852
Stock and ETF CFDs	6 881	6 943
Bond CFDs	258	177
Total CFDs	545 590	540 497
Stocks and ETFs	8 127	2 398
Gross gain on transactions in financial instruments	553 717	542 895
Bonuses and discounts paid to customers	(1 589)	(2 598)
Commission paid to cooperating brokers	(12 530)	(11 751)
Net gain on transactions in financial instruments	539 598	528 546

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

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

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

6.2 Income from fees and charges

(IN PLN'000)	THREE-MONTH PERIOD ENDED 31.03.2024 (UNAUDITED)	THREE-MONTH PERIOD ENDED 31.03.2023 (UNAUDITED)
Fees and charges from institutional clients	1 142	1 742
Fees and charges from retail clients	1 401	1 308
Total income from fees and charges	2 543	3 050

6.3 Geographical areas

(IN PLN'000)	THREE-MONTH PERIOD ENDED 31.03.2024 (UNAUDITED)	THREE-MONTH PERIOD ENDED 31.03.2023 (UNAUDITED)
Operating income		
Central and Eastern Europe	365 990	345 133
- including Poland	287 620	280 038
Western Europe	116 792	125 935
Latin America *	33 305	38 705
Middle East**	39 854	27 780
Asia	7	-
Total operating income	555 948	537 553

* 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 51,7% (in 1Q2023: 52,1%). Due to the overall share in the Group's revenue Poland was set apart for presentation purposes within the geographical area. The share of other countries in the structure of the Group's revenue by geographical area does not in any case exceed 20%.

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

7. Salaries and employee benefits

(IN PLN'000)	THREE-MONTH PERIOD ENDED 31.03.2024 (UNAUDITED)	THREE-MONTH PERIOD ENDED 31.03.2023 (UNAUDITED)
Salaries	(62 230)	(54 008)
Social insurance and other benefits	(8 297)	(7 441)
Employee benefits	(2 318)	(1 918)
Total salaries and employee benefits	(72 845)	(63 367)

8. Marketing

(IN PLN'000)	THREE-MONTH PERIOD ENDED 31.03.2024 (UNAUDITED)	THREE-MONTH PERIOD ENDED 31.03.2023 (UNAUDITED)
Marketing online	(62 949)	(61 016)
Marketing offline	(18 156)	(20 407)
Competitions for clients	(1)	(12)
Total marketing	(81 106)	(81 435)

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

9. Other external services

(IN PLN'000)	THREE-MONTH PERIOD ENDED 31.03.2024 (UNAUDITED)	THREE-MONTH PERIOD ENDED 31.03.2023 (UNAUDITED)
Support database systems	(8 441)	(5 345)
Market data delivery	(3 009)	(2 696)
Legal and advisory services	(2 698)	(2 194)
Internet and telecommunications	(994)	(947)
Accounting and audit services	(726)	(620)
IT support services	(330)	(712)
Recruitment	(245)	(868)
Postal and courier services	(51)	(39)
Translation	(46)	(77)
Other external services	(421)	(564)
Total other external services	(16 961)	(14 062)

10. Commission expenses

(IN PLN'000)	THREE-MONTH PERIOD ENDED 31.03.2024 (UNAUDITED)	THREE-MONTH PERIOD ENDED 31.03.2023 (UNAUDITED)
Bank commissions	(17 973)	(8 645)
Stock exchange fees and charges	(3 235)	(2 725)
Commissions of foreign brokers	(116)	(3 709)
Total commission expenses	(21 324)	(15 079)

11. Finance income and costs

(IN PLN'000)	THREE-MONTH PERIOD ENDED 31.03.2024 (UNAUDITED)	THREE-MONTH PERIOD ENDED 31.03.2023 (UNAUDITED)
Interest income on financial instruments at amortized cost	9 792	11 481
Income on bonds	7 424	9 949
Foreign exchange gains	702	-
Other finance income	10	24
Total finance income	17 928	21 454

(IN PLN'000)	THREE-MONTH PERIOD ENDED 31.03.2024 (UNAUDITED)	THREE-MONTH PERIOD ENDED 31.03.2023 (UNAUDITED)
Interest paid under lease agreements	(249)	(209)
Other interest	(21)	(22)
Foreign exchange losses	-	(7 503)
Other finance costs	-	(42)
Total finance costs	(270)	(7 776)

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.

INTERIM CONDENSED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT FOR THREE-MONTH PERIOD ENDED 31.03.2024 (UNAUDITED) (IN PLN'000)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	INTERIM CONDENSED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT
Net result on transactions in financial instruments	509 237	30 361	539 598	539 598
CFDs				
Index CFDs	258 899	10 533	269 432	269 432
Commodity CFDs	211 176	20 990	232 166	232 166
Currency CFDs	38 065	(1 212)	36 853	36 853
Stock and ETF CFDs	6 881	-	6 881	6 881
Bond CFDs	208	50	258	258
Stocks and ETFs	8 127	-	8 127	8 127
Bonuses and discounts paid to customers	(1 589)	-	(1 589)	(1 589)
Commission paid to cooperating brokers	(12 530)	-	(12 530)	(12 530)
Net interest income on customer cash	13 686	-	13 686	13 686
Fee and commission income	1 401	1 142	2 543	2 543
Other income	121	-	121	121
Total operating income	524 445	31 503	555 948	555 948
Marketing	(80 733)	(373)	(81 106)	(81 106)
Salaries and employee benefits	(72 061)	(784)	(72 845)	(72 845)
Commission expense	(21 274)	(50)	(21 324)	(21 324)
Other external services	(16 614)	(347)	(16 961)	(16 961)
Amortization and depreciation	(4 744)	(4)	(4 748)	(4 748)
Taxes and fees	(3 837)	(4)	(3 841)	(3 841)
Cost of maintenance and lease of buildings	(2 205)	-	(2 205)	(2 205)
Other expenses	(1 902)	(33)	(1 935)	(1 935)
Total operating expenses	(203 370)	(1 595)	(204 965)	(204 965)
Operating profit	321 075	29 908	350 983	350 983
Finance income	-	-	-	17 928
Finance costs	-	-	-	(270)
Profit before tax	-	-	-	368 641
Income tax	-	-	-	(65 895)
Net profit	-	-	-	302 746

ASSETS AND LIABILITIES AS AT 31.03.2024 (UNAUDITED) (IN PLN'000)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Customers' cash and cash equivalents	2 403 526	37 497	2 441 023	2 441 023
Financial assets at fair value through P&L	1 464 951	12 848	1 477 799	1 477 799
Other assets	1 456 352	399	1 456 751	1 456 751
Total assets	5 324 829	50 744	5 375 573	5 375 573
Amounts due to customers	2 867 758	49 541	2 917 299	2 917 299
Financial liabilities held for trading	182 761	2 824	185 585	185 585
Other liabilities	233 942	1	233 943	233 943
Total liabilities	3 284 461	52 366	3 336 827	3 336 827

ASSETS AND LIABILITIES AS AT 31.12.2023 (AUDITED) (IN PLN'000)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Customers' cash and cash equivalents	2 166 322	100 537	2 266 859	2 266 859
Financial assets at fair value through P&L	890 356	12 899	903 255	903 255
Other assets	1 518 073	471	1 518 544	1 518 544
Total assets	4 574 751	113 907	4 688 658	4 688 658
Amounts due to customers	2 528 811	109 311	2 638 122	2 638 122
Financial liabilities held for trading	106 243	4 115	110 358	110 358
Other liabilities	205 508	7	205 515	205 515
Total liabilities	2 840 562	113 433	2 953 995	2 953 995

INTERIM CONDENSED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT FOR THREE-MONTH PERIOD ENDED 31.03.2023 (UNAUDITED) (IN PLN'000)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	INTERIM CONDENSED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT
Net result on transactions in financial instruments	476 761	51 785	528 546	528 546
CFDs				
Index CFDs	237 625	27 088	264 713	264 713
Commodity CFDs	222 330	23 482	245 812	245 812
Currency CFDs	21 663	1 189	22 852	22 852
Stock and ETF CFDs	6 943	-	6 943	6 943
Bond CFDs	151	26	177	177
Stocks and ETFs	2 398	-	2 398	2 398
Bonuses and discounts paid to customers	(2 598)	-	(2 598)	(2 598)
Commission paid to cooperating brokers	(11 751)	-	(11 751)	(11 751)
Net interest income on customer cash	5 946	-	5 946	5 946
Fee and commission income	1 308	1 742	3 050	3 050
Other income	11	-	11	11
Total operating income	484 026	53 527	537 553	537 553
Marketing	(81 105)	(330)	(81 435)	(81 435)
Salaries and employee benefits	(62 411)	(956)	(63 367)	(63 367)
Commission expense	(15 075)	(4)	(15 079)	(15 079)
Other external services	(13 474)	(588)	(14 062)	(14 062)
Amortization and depreciation	(3 734)	(12)	(3 746)	(3 746)
Taxes and fees	(2 996)	(8)	(3 004)	(3 004)
Cost of maintenance and lease of buildings	(1 926)	-	(1 926)	(1 926)
Other expenses	(1 559)	(41)	(1 600)	(1 600)
Total operating expenses	(182 280)	(1 939)	(184 219)	(184 219)
Operating profit	301 746	51 588	353 334	353 334
Finance income	-	-	-	21 454
Finance costs	-	-	-	(7 776)
Profit before tax	-	-	-	367 012
Income tax	-	-	-	(64 198)
Net profit	-	-	-	302 814

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

13. Cash and cash equivalents

Broken down by type:

(IN PLN'000)	31.03.2024 (UNAUDITED)	31.03.2023 (AUDITED)	31.03.2023 (UNAUDITED)
Cash in current accounts in bank and their equivalents	3 773 307	3 676 756	3 333 749
Short-term deposits in bank	-	-	128 762
Cash and cash equivalents in total	3 773 307	3 676 756	3 462 511

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

Own cash and restricted cash – customers' cash:

(IN PLN'000)	31.03.2024 (UNAUDITED)	31.03.2023 (AUDITED)	31.03.2023 (UNAUDITED)
Customers' cash and cash equivalents	2 441 023	2 266 859	1 927 341
Own cash and cash equivalents	1 332 284	1 409 897	1 535 170
Cash and cash equivalents in total	3 773 307	3 676 756	3 462 511

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

14. Financial assets at fair value through P&L

(IN PLN'000)	31.03.2024 (UNAUDITED)	31.03.2023 (AUDITED)	31.03.2023 (UNAUDITED)
CFDs			
Index CFDs	215 483	186 949	198 389
Commodity CFDs	199 462	130 397	178 877
Currency CFDs	79 114	90 150	77 587
Stock and ETF CFDs	96 860	77 665	82 059
Bond CFDs	201	142	2 219
Debt instruments (treasury bonds)	407 410	401 265	371 452
Debt instruments (corporate bonds)	394 205	-	-
Stocks and ETFs	85 064	16 687	12 479
Total financial assets at fair value through P&L	1 477 799	903 255	923 062

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

15. Financial assets at amortised cost

(IN PLN'000)	31.03.2024 (UNAUDITED)	31.03.2023 (AUDITED)	31.03.2023 (UNAUDITED)
Amounts due from the Central Securities Depository of Poland	19 566	14 162	9 565
Trade receivables	17 989	11 364	28 353
Receivables due from clients	10 187	8 795	7 124
Deposits	4 781	5 053	5 225
Statutory receivables	1 279	876	1 621
Gross other receivables	53 802	40 250	51 888
Impairment write-downs of receivables	(974)	(997)	(621)
Impairment write-downs of receivables due from clients	(8 309)	(7 846)	(6 292)
Total net other receivables	44 519	31 407	44 975

Movements in impairment write-downs of receivables

(IN PLN'000)	31.03.2024 (UNAUDITED)	31.03.2023 (AUDITED)	31.03.2023 (UNAUDITED)
Impairment write-downs of receivables – at the beginning of the reporting period	(8 842)	(6 311)	(6 311)
Write-downs recorded	(1 103)	(3 749)	(219)
Write-downs reversed	662	1 502	182
Write-downs utilized	-	(285)	(565)
Impairment write-downs of receivables – at the end of the reporting period	(9 283)	(8 843)	(6 313)

Write-downs of receivables in 2024 and 2023 resulted from the debit balances which arose in customers' accounts in those periods.

16. Intangible assets

Intangible assets in the period from 1 January 2024 to 31 March 2024 (UNAUDITED)

(IN PLN'000)	LICENCES FOR COMPUTER SOFTWARE	INTANGIBLE ASSETS MANUFACTURED INTERNALLY	OTHER INTANGIBLE ASSETS	TOTAL
Gross value as at 1 January 2024	6 487	10 792	4 814	22 093
Additions	203	-	917	1120
Sale and scrapping	-	-	-	-
Net foreign exchange differences	(3)	-	-	-3
Gross value as at 31 March 2024	6 687	10 792	5 731	23 210
Accumulated amortization as at 1 January 2024	(5 399)	(10 792)	(4 735)	(20 926)
Amortization for the current period	(88)	-	(29)	(117)
Sale and scrapping	(69)	-	-	(69)
Net foreign exchange differences	2	-	-	2
Accumulated amortization as at 31 March 2024	(5 554)	(10 792)	(4 764)	(21 110)
Net book value as at 1 January 2024	1 088	-	79	1 167
Net book value as at 31 March 2024	1 133	-	967	2 100

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 2023 to 31 December 2023 (AUDITED)

(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	-	-	-	-
Net foreign exchange differences	(24)	-	-	(24)
Gross value as at 31 December 2023	6 487	10 792	4 814	22 093
Accumulated amortization as at 1 January 2023	(5 069)	(10 792)	(4 709)	(20 570)
Amortization for the current period	(353)	-	(26)	(379)
Sale and scrapping	-	-	-	-
Net foreign exchange differences	23	-	-	23
Accumulated amortization as at 31 December 2023	(5 399)	(10 792)	(4 735)	(20 926)
Net book value as at 1 January 2023	1 336	-	105	1 441
Net book value as at 31 December 2023	1 088	-	79	1 167

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 2023 to 31 March 2023 (UNAUDITED)

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

17. Property, plant and equipment

Property, plant and equipment in the period from 1 January 2024 to 31 March 2024 (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 2024	35 382	14 857	43 595	570	298	94 702
Additions	4 506	289	-	-	(56)	4 739
Lease	-	-	1 842	-	-	1 842
Sale and scrapping	(87)	(32)	(1 767)	-	-	(1 886)
Net foreign exchange differences	(100)	(128)	(378)	(12)	(1)	(619)
Gross value as at 31 March 2024	39 701	14 986	43 292	558	241	98 778
Accumulated amortization as at 1 January 2024	(21 763)	(5 365)	(16 851)	(337)	-	(44 316)
Amortization for the current period	(1 508)	(564)	(2 532)	(27)	-	(4 631)
Sale and scrapping	72	12	1 746	-	-	1 830
Net foreign exchange differences	60	46	123	8	-	237
Accumulated amortization as at 31 March 2024	(23 139)	(5 871)	(17 514)	(356)	-	(46 880)
Net book value as at 1 January 2024	13 619	9 492	26 744	233	298	50 386
Net book value as at 31 March 2024	16 562	9 115	25 778	202	241	51 898

Property, plant and equipment in the period from 1 January 2023 to 31 December 2023 (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 2023	28 428	9 305	38 980	620	1 187	78 520
Additions	7 824	6 607	-	-	31	14 462
Lease	-	-	10 553	2	-	10 555
Sale and scrapping	(579)	(793)	(4 239)	-	(848)	(6 459)
Net foreign exchange differences	(291)	(262)	(1 699)	(52)	(72)	(2 376)
Gross value as at 31 December 2023	35 382	14 857	43 595	570	298	94 702
Accumulated amortization as at 1 January 2023	(17 188)	(4 431)	(11 353)	(245)	-	(33 217)
Amortization for the current period	(5 386)	(1 833)	(9 482)	(117)	-	(16 818)
Sale and scrapping	577	655	3 000	(2)	-	4 230
Net foreign exchange differences	234	244	984	27	-	1 490
Accumulated amortization as at 31 December 2023	(21 763)	(5 365)	(16 851)	(337)	-	(44 316)
Net book value as at 1 January 2023	11 240	4 874	27 627	375	1 187	45 303
Net book value as at 31 December 2023	13 619	9 492	26 744	233	298	50 386

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

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

Non-current assets by geographical area

(IN PLN'000)	31.03.2024 (UNAUDITED)	31.03.2023 (AUDITED)	31.03.2023 (UNAUDITED)
Non-current assets			
Central and Eastern Europe	39 272	37 405	35 608
- including Poland	32 902	30 569	31 537
Western Europe	12 492	12 687	14 457
Latin America and UAE	1 196	1 461	944
Asia	1 038	-	-
Total non-current assets	53 998	51 553	51 009

18. Amounts due to customers

(IN PLN'000)	31.03.2024 (UNAUDITED)	31.03.2023 (AUDITED)	31.03.2023 (UNAUDITED)
Amounts due to retail customers	2 867 758	2 528 811	2 295 074
Amounts due to institutional customers	49 541	109 311	103 382
Total amounts due to customers	2 917 299	2 638 122	2 398 456

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

19. Financial liabilities held for trading

(IN PLN'000)	31.03.2024 (UNAUDITED)	31.03.2023 (AUDITED)	31.03.2023 (UNAUDITED)
Financial instruments (CFD)			
Currency CFDs	75 993	32 033	23 353
Stock and ETF CFDs	47 646	33 982	30 327
Index CFDs	32 125	28 615	27 407
Commodity CFDs	29 782	15 654	26 387
Bond CFDs	39	74	24
Total financial liabilities held for trading	185 585	110 358	107 498

20. Liabilities due to lease

(IN PLN'000)	31.03.2024 (UNAUDITED)	31.03.2023 (AUDITED)	31.03.2023 (UNAUDITED)
Short- term	8 311	8 963	8 144
Long- term	19 993	20 640	25 350
Total liabilities due to lease	28 304	29 603	33 494

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

In the period from 1 January to 31 March 2024 the cost related to short-term leasing included in the statement of comprehensive income amounted to PLN 12 thousand, there was no costs related to lease of low-value assets included in the statement of comprehensive income.

In the period from 1 January to 31 December 2023 the cost related to short-term leasing included in the statement of comprehensive income amounted to PLN 596 thousand, the cost related to lease of low-value assets included in the statement of comprehensive income amounted to PLN 15 thousand.

In the period from 1 January to 31 March 2023 the cost related to short-term leasing included in the statement of comprehensive income amounted to PLN 398 thousand, the cost related to lease of low-value assets included in the statement of comprehensive income amounted to PLN 5 thousand.

The Group is a lessee in the case of lease agreements for office space and cars. The value of the leased item is presented in Note 17.

21. Other liabilities

(IN PLN'000)	31.03.2024 (UNAUDITED)	31.03.2023 (AUDITED)	31.03.2023 (UNAUDITED)
Trade liabilities	50 472	33 711	33 892
Liabilities due to brokers	29 371	8 908	7 766
Provisions for other employee benefits	24 522	31 888	31 749
Statutory liabilities	11 671	8 038	13 656
Amounts due to the Central Securities Depository of Poland	387	2 673	277
Liabilities due to employees	707	862	783
Total other liabilities	117 130	86 080	88 123

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.

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.

On 31 July 2023, XTB established an Incentive Program for individuals whose professional activities have a significant impact on the parent company's risk profile. Under this program, XTB will offer its participants 100% variable compensation payable in the form of shares. 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 awarded. Actual Bonus means the actual value of the bonus that was awarded to the Incentive Program participants for a given financial year. Part of the benefits granted in the form of equity instruments which value is related to the financial situation of the parent company, will be paid within 3 years from the date of grant.

As at 31 March 2024, provision for variable remuneration elements settled in financial instruments acquired by members of the board for the previous reporting periods is in the amount of PLN 474 thousand, as at 31 December 2023 in the amount of PLN 474 thousand and as at 31 March 2023 in the amount of PLN 8 418 thousand.

Due to the introduction of the Incentive Program at XTB S.A., the costs associated with share-based payments at the end of 2023 were included in the Group's equity. As at 31 March 2023, the costs related to the payment of variable remuneration elements were recognized in Other liabilities of the Group.

22. Provisions for liabilities and contingent liabilities

22.1 Provisions for liabilities

(IN PLN'000)	31.03.2024 (UNAUDITED)	31.03.2023 (AUDITED)	31.03.2023 (UNAUDITED)
Provisions for retirement benefits	352	338	226
Provisions for legal risk	3 381	3 554	3 829
Total provisions	3 733	3 892	4 055

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 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 2024 to 31 March 2024 (UNAUDITED)

(IN PLN'000)	VALUE AS AT 01.01.2024	INCREASES	DECREASES		VALUE AS AT 31.03.2024
			USE	REVERSAL	
Provisions for retirement benefits	338	14	-	-	352
Provisions for legal risk	3 554	-	137	36	3 381
Total provisions	3 892	14	137	36	3 733

Movements in provisions in the period from 1 January 2023 to 31 December 2023 (AUDITED)

(IN PLN'000)	VALUE AS AT 01.01.2023	INCREASES	DECREASES		VALUE AS AT 31.12.2023
			USE	REVERSAL	
Provisions for retirement benefits	215	125	-	2	338
Provisions for legal risk	4 041	1 288	848	927	3 554
Total provisions	4 256	1 413	848	929	3 892

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

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

22.2 Contingent liabilities

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

As at 31 March 2024 the total value of claims brought against the Group amounted to approx. PLN 19 572 thousand (as at 31 December 2023: PLN 19 697 thousand, as at 31 March 2023: PLN 16 137 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 60 thousand to secure an agreement concluded by a subsidiary XTB Limited, based in the UK and PayPal (Europe) Sarl & Cie, SCA based in Luxembourg. The guarantee was granted for the duration of the main contract, which was concluded for an indefinite period.

On 7 July 2017, the Parent Company issued a guarantee in the amount of PLN 5 533 thousand to secure the agreement concluded between subsidiary XTB Limited based in UK and Worldpay (UK) Limited, Worldpay Limited and Worldpay AP LTD based in UK. The guarantee was issued for the period of the agreement which was concluded for three years with the possibility of further extension.

23. Equity

Share capital structure as at 31 March 2024

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

Share capital structure as at 31 December 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

Share capital structure as at 31 March 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

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 and B-series ordinary registered shares.

Shareholding structure of the Parent Company

To the best Parent Company's knowledge, the shareholding structure of the Parent Company as at 31 March 2024 was as follows:

	NUMBER OF SHARES	NOMINAL VALUE OF SHARES (IN PLN'000)	SHARE
XXZW Investment Group S.A.	59 872 869	2 993	50,93%
Other shareholders	57 696 382	2 885	49,07%
Total	117 569 251	5 878	100,00%

To the best Parent Company's knowledge, the shareholding structure of the Parent Company as at 31 December 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	60,93%
Other shareholders	45 939 457	2 297	39,07%
Total	117 569 251	5 878	100,00%

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

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

Other capitals

Other capitals consist of:

- supplementary capital in the total amount of PLN 71 608 thousand, mandatorily established from annual profit distribution to be used to cover potential losses that may occur in connection with the Company's operations, up to the amount of at least one third of the share capital, amounting to PLN 1 957 thousand and from surplus of the issue price over the nominal price in the amount of PLN 69 651 thousand, resulting from the capital increase in 2012 with a nominal value of PLN 348 thousand for the price of PLN 69 999 thousand,
- reserve capital, in the amount of PLN 864 731 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 increased by the cost of the incentive program for persons whose professional activities have a significant impact on the risk profile of the Parent company,
- foreign exchange differences on translation, including foreign exchange of branches and foreign operations in the amount of PLN (7 094) thousand. A detailed presentation of exchange differences resulting from translation is presented in the table below.

(IN PLN'000)	31.03.2024 (UNAUDITED)	31.03.2023 (AUDITED)	31.03.2023 (UNAUDITED)
XTB Spółka Akcyjna branch in Germany	288	365	885
XTB Spółka Akcyjna branch in Romania	191	204	287
XTB Spółka Akcyjna	27	80	250
XTB S.C. Limited	(3)	(6)	-
XTB Limited CY	(18)	61	607
XTB Services Limited	(45)	(29)	33
XTB Spółka Akcyjna branch in France	(48)	2	328
PT Rajawali Kapital Berjangka	(57)	-	-
XTB Spółka Akcyjna branch in Portugal	(65)	(54)	4
XTB Spółka Akcyjna branch in Slovakia	(79)	(65)	16
XTB Digital Ltd.	(103)	(91)	-
XTB Spółka Akcyjna branch in Spain	(190)	(156)	38
XTB Spółka Akcyjna branch in Czech Republic	(224)	(136)	146
XTB Africa (PTY) Ltd.	(311)	(301)	(116)
XTB Limited UK	(381)	(467)	399
XTB International	(436)	(605)	(11)
XTB MENA Limited	(689)	(862)	265
XTB Agente de Valores SpA	(1 305)	(880)	167
Tasfiye Halinde XTB Yönetim Danışmanlığı A.Ş.	(3 646)	(3 655)	(3 768)
Total foreign exchange differences on translation	(7 094)	(6 595)	(470)

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.

25. Earnings per share

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

(IN PLN'000)	THREE-MONTH PERIOD ENDED 31.03.2024 (UNAUDITED)	THREE-MONTH PERIOD ENDED 31.03.2023 (UNAUDITED)
Profit from continuing operations attributable to shareholders of the Parent Company	302 767	302 814
Weighted average number of ordinary shares	117 569 251	117 383 635
Weighted average number of shares including dilution effect	117 569 251	117 383 635
Basic net profit per share from continuing operations for the year attributable to shareholders of the Parent Company	2,58	2,58
Diluted net profit per share from continuing operations for the year attributable to shareholders of the Parent Company	2,58	2,58

26. Current income tax and deferred income tax

26.1 Current income tax

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

(IN PLN'000)	THREE-MONTH PERIOD ENDED 31.03.2024 (UNAUDITED)	THREE-MONTH PERIOD ENDED 31.03.2023 (UNAUDITED)
Income tax – current portion		
Income tax for the reporting period	(57 575)	(49 225)
Income tax – deferred portion		
Occurrence / reversal of temporary differences	(8 320)	(14 973)
Income tax disclosed in profit and loss	(65 895)	(64 198)

Reconciliation of the actual tax burden

(IN PLN'000)	THREE-MONTH PERIOD ENDED 31.03.2024 (UNAUDITED)	THREE-MONTH PERIOD ENDED 31.03.2023 (UNAUDITED)
Profit before tax	368 641	367 012
Income tax based in the applicable tax rate of 19%	(70 042)	(69 732)
Difference resulting from application of tax rates applicable in other countries	223	303
Non-taxable revenue	477	115
Non-deductible expenses	(694)	(427)
Tax losses for the reporting period not included in deferred tax	-	-
Writing off tax losses activated in previous years	-	-
Other items affecting the tax burden amount	4 141	5 543
Income tax disclosed in profit or loss	(65 895)	(64 198)

On the basis of art 18d of Act on corporate income tax dated 15 February 1992 (Journal of Laws of 2023, item 2805, as amended). XTBS.A. benefited in the period from 1 January 2024 to 31 March 2024 from the tax burden for research and development in total amounted to PLN 967 thousand. In analogical period of 2023 benefits from the tax burden amounted to PLN 970 thousand.s

The effective tax rate for the period from 1 January 2024 to 31 March 2024 was close to the statutory rate and amounted to 17,88%. In the analogical period of 2023, the rate was 17,49%.

26.2 Deferred income tax

26.2.1 Deferred income tax assets and deferred income tax provision

Change in the balance of deferred tax for the period from 1 January to 31 March 2024 (UNAUDITED)

(IN PLN'000)	AS AT 01.01.2024	PROFIT OR (LOSS)	AS AT 31.03.2024
Deferred income tax assets:			
Cash and cash equivalents	-	6	6
Property, plant and equipment	63	15	78
Liabilities due to lease	2 885	222	3 107
Financial liabilities held for trading	13 347	11 123	24 470
Provisions for liabilities	979	(74)	905
Prepayments and deferred costs	6 095	(430)	5 665
Other liabilities	5 066	(6)	5 060
Tax losses of previous periods to be settled in future periods	7 109	(271)	6 838
Total deferred income tax assets	35 544	10 585	46 129

(IN PLN'000)	AS AT 01.01.2024	PROFIT OR (LOSS)	AS AT 31.03.2024
Deferred income tax provision:			
Cash and cash equivalents	101	(23)	78
Financial assets at fair value through P&L	83 568	18 353	101 921
Other liabilities	1 141	(490)	651
Financial assets at amortised cost	593	739	1 332
Property, plant and equipment	2 788	326	3 114
Total deferred income tax provision	88 191	18 905	107 096
Deferred tax disclosed in profit or (loss)	-	(8 320)	-

(IN PLN'000)	AS AT 01.01.2024	INCLUDED IN EQUITY	AS AT 31.03.2024
Deferred income tax assets included directly in the equity:			
Separate equity of branches	232	(81)	151
Total deferred income tax assets included directly in the equity	232	(81)	151

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

(IN PLN'000)	AS AT 01.01.2023	PROFIT OR (LOSS)	AS AT 31.12.2023
Deferred income tax assets:			
Cash and cash equivalents	70	(70)	-
Property, plant and equipment	451	(388)	63
Liabilities due to lease	-	2 885	2 885
Financial liabilities held for trading	13 805	(458)	13 347
Provisions for liabilities	549	430	979
Prepayments and deferred costs	4 994	1 102	6 096
Other liabilities	6 877	(1 810)	5 067
Tax losses of previous periods to be settled in future periods	7 619	(510)	7 109
Total deferred income tax assets	34 365	1 181	35 546

(IN PLN'000)	AS AT 01.01.2023	PROFIT OR (LOSS)	AS AT 31.12.2023
Deferred income tax provision:			
Cash and cash equivalents	19	82	101
Financial assets at fair value through P&L	81 549	2 019	83 568
Other liabilities	638	503	1 141
Financial assets at amortised cost	1 853	(1 260)	593
Property, plant and equipment	335	2 453	2 788
Total deferred income tax provision	84 394	3 797	88 191
Deferred tax disclosed in profit or (loss)	-	(2 616)	-

(IN PLN'000)	AS AT 01.01.2023	INCLUDED IN EQUITY	AS AT 31.12.2023
Deferred income tax assets included directly in the equity:			
Separate equity of branches	838	(606)	232
Total deferred income tax assets included directly in the equity	838	(606)	232

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

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

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

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

Data concerning the presentation of deferred income tax by country of origin and reconciliation of presentation in the statement of financial position as at 31 March 2024 (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	38 625	105 434	2 660	69 469
Czech Republic	66	52	14	-
Slovakia	94	71	23	-
Germany	2 334	497	2 334	497
France	2 971	-	2 971	-
Great Britain	1 981	-	1 981	-
Chile	58	295	-	237
Belize	-	898	-	898
Total	46 129	107 247	9 983	71 101

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 2023 (AUDITED):

(IN PLN'000)	DATA ACCORDING TO THE NATURE OF ORIGIN		DATA PRESENTED IN THE STATEMENT OF FINANCIAL POSITION	
	DEFERRED INCOME TAX ASSETS	DEFERRED INCOME TAX PROVISION	DEFERRED INCOME TAX ASSETS	DEFERRED INCOME TAX PROVISION
Poland	28 074	87 075	2 782	61 783
Czech Republic	86	8	78	-
Slovakia	75	93	-	18
Germany	2 120	100	2 120	100
France	3 050	-	3 050	-
Great Britain	2 042	-	2 042	-
Chile	99	322	-	223
Belize	-	825	-	825
Total	35 546	88 423	10 072	62 949

Data concerning the presentation of deferred income tax by country of origin and reconciliation of presentation in the statement of financial position as at 31 March 2023 (UNAUDITED):

(IN PLN'000)	DATA ACCORDING TO THE NATURE OF ORIGIN		DATA PRESENTED IN THE STATEMENT OF FINANCIAL POSITION	
	DEFERRED INCOME TAX ASSETS	DEFERRED INCOME TAX PROVISION	DEFERRED INCOME TAX ASSETS	DEFERRED INCOME TAX PROVISION
Poland	24 692	97 162	-	72 470
Czech Republic	106	3	103	-
Slovakia	109	47	62	-
Germany	2 356	-	2 356	-
France	3 488	-	3 488	-
Great Britain	1 626	-	1 626	-
Chile	111	393	-	282
Belize	-	689	-	689
Total	32 488	98 294	7 635	73 441

27. Related party transactions

27.1 Parent Company

As at 31 March 2024 XXZW Investment Group S.A. with its registered office in Luxembourg is the key shareholder of the Company, it holds 50,93% of shares and votes in the General Meeting as per Company's best knowledge. XXZW Investment Group S.A. prepares interim condensed consolidated financial statements.

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

27.2 Figures concerning related party transactions

As at 31 March 2024 Group has liabilities to Mr Jakub Zabłocki in the amount of PLN 55 thousand due to his investment account (as at 31 December 2023 PLN 74 thousand, as at 31 March 2023 PLN 24 thousand). In the period from 1 January to 31 March 2024 Group has noted profit from transactions with Mr Jakub Zabłocki in the amount PLN 8 thousand (in the analogical period of 2023 there was loss from transactions with Mr Jakub Zabłocki in the amount PLN 2 thousand). Moreover Mr Jakub Zabłocki is employed on the basis of work contract in subsidiary in Great Britain. In the period from 1 January to 31 March 2024 the paid gross salary and bonuses amounted to PLN 1 596 thousand and in the analogical period of 2023 amounted to PLN 1 898 thousand.

Mr Hubert Walentynowicz receives salary on the basis of work contract. In the period from 1 January to 31 March 2024 the paid gross salary and bonuses amounted to PLN 149 thousand and in the analogical period of 2023 amounted to PLN 161 thousand.

As at 31 March 2024 Group has liabilities to Mr Filip Kaczmarzyk in the amount of PLN 22 thousand due to his investment account. As at 31 December 2023 the Group has liabilities to Mr Filip Kaczmarzyk in the amount of PLN 20 thousand due to his investment account. As at 31 March 2023 the Group has liabilities to Mr Filip Kaczmarzyk in the amount of PLN 22 thousand due to his investment account.

As at 31 March 2024 Group has no liabilities to Mr Paweł Szejko due to his investment account. As at 31 December 2023 Group has no liabilities to Mr Paweł Szejko due to his investment account. As at 31 March 2023 the Group has liabilities to Mr Paweł Szejko in the amount of PLN 1 thousand due to his investment account.

As at 31 March 2024 Group has liabilities to Mr Jakub Kubacki in the amount of PLN 35 thousand due to his investment account. As at 31 December 2023 the Group has liabilities to Mr Jakub Kubacki in the amount PLN 2 thousand due to his investment account. As at 31 March 2023 the Group has liabilities to Mr Jakub Kubacki in the amount PLN 10 thousand due to his investment account.

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

NAME AND SURNAME	FUNCTION	NUMBER OF SHARES HELD	TOTAL NOMINAL VALUE OF SHARES (in PLN)
Omar Arnaout	Chairman of the Management Board	50 717	2 536
Filip Kaczmarzyk	Board Member	35 501	1 775
Paweł Szejko	Board Member	29 358	1 468
Jakub Kubacki	Board Member	20 995	1 050
Andrzej Przybylski	Board Member	7 329	366

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

- on the 25 April 2024 Omar Arnaout acquired jointly 20 456 shares of the Company;
- on the 25 April 2024 Filip Kaczmarzyk acquired jointly 14 319 shares of the Company;
- on the 25 April 2024 Paweł Szejko acquired jointly 10 228 shares of the Company;
- on the 25 April 2024 Jakub Kubacki acquired jointly 7 500 shares of the Company;
- on the 25 April 2024 Andrzej Przybylski acquired jointly 4 888 shares of the Company.

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

27.3 Benefits to Management Board and Supervisory Board

(IN PLN'000)	THREE-MONTH PERIOD ENDED	THREE-MONTH PERIOD ENDED
	31.03.2024 (UNAUDITED)	31.03.2023 (UNAUDITED)
Benefits to the Management Board members	(1 760)	(1 994)
Benefits to the Supervisory Board members	(77)	(65)
Total benefits to the Management Board and Supervisory Board	(1 837)	(2 059)

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 23 of the financial statements.

27.4 Loans granted to the Management and Supervisory Board members

As at 31 March 2024, 31 December 2023 and 31 March 2023 there are no loans granted to the Management and Supervisory Board members.

28. Employment

Total employment in the Group as at 31 March 2024 was 1 105 people. As at 31 December 2023, the employment was 1 054 people. As at 31 March 2023, the employment was 956 people. The list does not include persons on maternity leave, parental leave and benefits (dismissals for more than 33 days).

29. Supplementary information and explanations to the cash flow statement

29.1 Other adjustments

The “other adjustments” item includes the following adjustments:

(IN PLN'000)	THREE-MONTH PERIOD ENDED 31.03.2024 (UNAUDITED)	THREE-MONTH PERIOD ENDED 31.03.2023 (UNAUDITED)
Change in the balance of differences from the conversion of branches and subsidiaries	(499)	(510)
Foreign exchange differences on translation of movements in property, plant and equipment, and intangible assets	382	4
Change in other adjustments	(117)	(506)

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)	THREE-MONTH PERIOD ENDED 31.03.2024 (UNAUDITED)	THREE-MONTH PERIOD ENDED 31.03.2023 (UNAUDITED)
Balance sheet change in other liabilities	31 050	8 418
Change in balance of other liabilities	31 050	8 418

29.3 Details of (Profit) Loss from investing activity

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

(IN PLN'000)	THREE-MONTH PERIOD ENDED 31.03.2024 (UNAUDITED)	THREE-MONTH PERIOD ENDED 31.03.2023 (UNAUDITED)
Loss on liquidation and sale of fixed assets	125	42
Profit from the liquidation and sale of fixed assets	-	(1)
Result of Bonds	(7 424)	(9 949)
(Profit) Loss on investment activity	(7 299)	(9 908)

30. Off-balance sheet items

30.1 Nominal value of financial instruments

(IN PLN'000)	31.03.2024 (UNAUDITED)	31.12.2023 (AUDITED)	31.03.2023 (UNAUDITED)
Index CFDs	4 209 057	5 030 892	4 377 744
Currency CFDs	3 180 122	2 809 502	2 132 638
Commodity CFDs	2 491 161	1 918 148	1 664 606
Stock and ETF CFDs	991 472	747 990	680 972
Bond CFDs	8 250	7 344	36 587
Total financial instruments	10 880 062	10 513 876	8 892 547

The nominal value of instruments presented in the chart above includes transactions with customers and brokers. As at 31 March 2024 transactions with brokers represent 8% of the total nominal value of instruments (as at 31 December 2023: 15% of the total nominal value of instruments, as at 31 March 2023: 4% of the total nominal value of instruments).

30.2 Customers' financial instruments

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

(IN PLN'000)	31.03.2024 (UNAUDITED)	31.12.2023 (AUDITED)	31.03.2023 (UNAUDITED)
Listed stocks, ETF and rights to stocks registered in customers' securities accounts	7 806 369	6 147 388	4 297 880
Other securities registered in customers' securities accounts	221	207	207
Total customers' financial instruments	7 806 590	6 147 595	4 298 087

30.3 Transaction limits

The amount of unused transaction limits granted to related entities was as at 31 March 2024 PLN 13 053 thousand, as at 31 December 2023 was PLN 12 728 thousand and as at 31 March 2023 was PLN 13 771 thousand

31. Items regarding the compensation scheme

(IN PLN'000)	31.03.2024 (UNAUDITED)	31.12.2023 (AUDITED)	31.03.2023 (UNAUDITED)
1. Contributions made to the compensation scheme			
a) opening balance	13 986	10 569	10 569
- increases	920	3 417	829
b) closing balance	14 906	13 986	11 398
2. XTB's share in the profits from the compensation scheme	1 362	1 170	746

32. 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 ICARAP, 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 higher of:

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

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

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

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

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

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

- since 31st Nov 2015 XTB Limited (UK),
- since 30th April 2017 XTB International,
- since 31st July 2018 XTB Limited (CY),
- since 31st July 2022 XTB MENA Limited,
- since 31st August 2022 XTB Africa (PTY) Ltd,
- since 31st December 2023 XTB S.C. Limited,
- since 17th January 2024 PT Rajawali Kapital Berjangka.

Pursuant to the Act of 5 August 2015 on macroprudential supervision of the financial system and crisis management, from 1st Jan 2016 the Group was obliged to hold capital buffers requirement. In the period covered by this financial statement the Group was obliged to hold a capital conservation buffer and a countercyclical capital buffer. Due to entry into force of IFR from 26th June 2022 the capital buffers requirement ceased to exist for the Group.

Key values in capital management:

(IN PLN'000)	31.03.2024 (UNAUDITED)	31.12.2023 (AUDITED)	31.03.2023 (UNAUDITED)
The Group's own funds	911 236	912 482	721 882
Tier I Capital	911 236	912 482	721 882
Common Equity Tier I capital	911 236	912 482	721 882
Total capital requirement IFR	681 502	483 590	545 797
Total capital ratio IFR	133.7%	188,7%	132,3%
Minimal required total capital ratio including buffers (article 9 section1 letter c) of IFR)	100%	100%	100%

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

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

(IN PLN'000)	AS AT 31.03.2024 (UNAUDITED)	AVERAGE MONTHLY VALUE IN THE PERIOD	AS AT 31.12.2023 (AUDITED)	AS AT 31.03.2023 (UNAUDITED)
1. Own funds	911 236	905 735	912 482	721 882
1.1. Base capital Tier I without deductions	925 511	924 124	925 510	734 431
1.2. Supplementary capital Tier I	-	-	-	-
1.3. Items decreasing share capitals	(14 275)	(18 389)	(13 028)	(12 549)
I. Own funds	911 236	905 735	912 482	721 882
1. Risk to Client, including:	12 469	12 348	11 995	10 922
1.1. K-AUM	-	-	-	-
1.2. K-CMH	10 165	10 122	9 935	9 397
1.3. K-ASA	2 304	2 226	2 060	1 525
1.4. K-COH	-	-	-	-
2. Risk to Market, including:	485 982	436 283	313 039	370 125
2.1. K-NPR	485 982	436 283	313 039	370 125
2.2. K-CMG	-	-	-	-
3. Risk to Firm, including:	183 051	175 936	158 556	164 750
3.1. K-TCD	180 275	173 172	155 731	161 891
3.2. K-DTF	2 776	2 764	2 825	2 859
3.3. K-CON	-	-	-	-
II. Total K-factor capital requirement (IFR)	681 502	624 567	483 590	545 797

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

33. Risk management

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

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

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 ICARAP rules in the event of the emergence of new types of risk, significant changes in the strategy and action plans. This department also monitors suitability and effectiveness of the implemented risk management system, identifies, monitors and controls the risks of the Group's own investments, determines the total capital requirements and estimates internal capital.

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

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

33.1 Fair value

33.1.1 Carrying amount and fair value

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

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

33.1.2 Fair value hierarchy

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

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

(IN PLN'000)	31.03.2024 (UNAUDITED)			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial assets				
Financial assets at fair value through P&L	492 474	985 325	-	1 477 799
Total financial assets	492 474	985 325	-	1 477 799
Financial liabilities				
Financial liabilities held for trading	-	185 585	-	185 585
Total financial liabilities	-	185 585	-	185 585

(IN PLN'000)	31.12.2023 (AUDITED)			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial assets				
Financial assets at fair value through P&L	417 952	485 303	-	903 255
Total financial assets	417 952	485 303	-	903 255
Financial liabilities				
Financial liabilities held for trading	-	110 358	-	110 358
Total financial liabilities	-	110 358	-	110 358

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

In the periods covered by the condensed 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.

33.2 Market risk

In the period covered by these condensed 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.

33.2.1 Currency risk

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

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

Assets and liabilities denominated in foreign currencies as at 31 March 2024 (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	941 099	1 341 587	37 232	197 274	10 636	52 531	41 115	2 621 474	3 773 307
Financial assets held for trading	205 867	165 297	9 797	44 695	3 550	8 025	23 363	460 594	1 477 799
Income tax receivables	-	-	-	-	-	-	-	-	-
Financial assets at amortised cost	10 532	4 960	873	567	34	326	1 821	19 113	44 519
Prepayments and deferred costs	503	1 103	127	257	-	8	13	2 011	15 967
Intangible assets	-	2	-	-	-	-	135	137	2 100
Property, plant and equipment	372	14 007	544	3 750	-	186	1 132	19 991	51 898
Deferred income tax assets	-	5 327	1 981	16	-	-	-	7 324	9 983
Total assets	1 158 373	1 532 283	50 554	246 559	14 220	61 076	67 579	3 130 644	5 375 573
Liabilities									
Amounts due to customers	446 726	1 176 200	23 700	194 840	9 266	32 368	25 786	1 908 886	2 917 299
Financial liabilities held for trading	74 708	39 907	2 877	11 297	523	1 506	10 134	140 952	185 585
Income tax liabilities	-	433	150	112	-	39	188	922	13 675
Lease liabilities	-	24 439	447	2 337	-	-	1 081	28 304	28 304
Other liabilities	24 849	35 672	5 409	4 401	1 404	1 289	2 233	75 257	117 130
Provisions for liabilities	-	3 270	-	-	-	-	166	3 436	3 733
Deferred income tax provision	899	497	-	-	-	-	236	1 632	71 101
Total liabilities	547 182	1 280 418	32 583	212 987	11 193	35 202	39 824	2 159 389	3 336 827

Assets and liabilities denominated in foreign currencies as at 31 December 2023 (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	781 505	1 115 241	35 721	181 169	8 122	27 362	36 779	2 185 899	3 676 756
Financial assets held for trading	117 685	139 679	7 908	39 728	2 494	7 310	17 065	331 869	903 255
Income tax receivables	-	129	-	-	-	-	-	129	129
Financial assets at amortised cost	5 638	5 434	208	933	15	322	1 397	13 947	31 407
Prepayments and deferred costs	628	506	355	102	-	6	14	1 611	15 486
Intangible assets	-	2	-	-	-	-	1	3	1 167
Property, plant and equipment	548	13 931	767	4 093	-	181	1 380	20 900	50 386
Deferred income tax assets	-	5 170	2 042	78	-	-	-	7 290	10 072
Total assets	906 004	1 280 092	47 001	226 103	10 631	35 181	56 636	2 561 648	4 688 658
Liabilities									
Amounts due to customers	435 722	1 038 727	20 342	185 441	8 249	29 724	20 235	1 738 440	2 638 122
Financial liabilities held for trading	51 774	22 594	1 881	4 807	546	895	7 473	89 970	110 358
Income tax liabilities	-	153	149	80	-	15	182	579	22 991
Lease liabilities	-	24 814	772	2 494	-	-	1 523	29 603	29 603
Other liabilities	10 035	22 389	4 223	2 635	6	1 038	2 527	42 853	86 080
Provisions for liabilities	-	3 434	-	-	-	-	161	3 595	3 892
Deferred income tax provision	825	117	-	-	-	-	223	1 165	62 949
Total liabilities	498 356	1 112 228	27 367	195 457	8 801	31 672	32 324	1 906 205	2 953 995

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

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

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

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

(IN PLN'000)	THREE-MONTH PERIOD ENDED 31.03.2024 (UNAUDITED)		THREE-MONTH PERIOD ENDED 31.03.2023 (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	48 834	(48 834)	33 033	(33 033)
Equity, of which:	4 030	(4 030)	3 800	(3 799)
Foreign exchange differences on translation	4 030	(4 030)	3 800	(3 799)

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

33.2.2 Interest rate risk

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

The basic interest rate risk for the Group is the mismatch of interest rates on bank accounts and bank deposits in which the Group invests its own cash, the mismatch in the interest rates the Group pays its customers for holding free funds in their cash accounts, and the impact of interest rate volatility on the valuation of the Group's treasury, government-guaranteed bonds and corporation bonds.

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 and government-guaranteed bonds, the interest rate risk was considered significant in the Group's operations.

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

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

(IN PLN'000)	31.03.2024 (UNAUDITED)	31.12.2023 (AUDITED)	31.03.2023 (UNAUDITED)
Financial assets			
Cash – in current bank accounts	3 773 307	3 676 756	3 333 739
Cash – short-term deposits in bank	-	-	128 762
Debt instruments	801 615	401 265	371 452
Total financial assets	4 574 922	4 078 021	3 833 953
Financial liabilities			
Amounts due to clients	1 562 294	1 505 702	-
Other liabilities	28 304	29 603	33 494
Total financial liabilities	1 590 598	1 535 305	33 494

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 basis of average cash balances during the periods covered by these interim condensed consolidated financial statements.

(IN PLN'000)	THREE-MONTH PERIOD ENDED 31.03.2024 (UNAUDITED)		THREE-MONTH PERIOD ENDED 31.03.2023 (UNAUDITED)	
	INCREASE	DECREASE	INCREASE	DECREASE
	BY 50 PB	BY 50 PB	BY 50 PB	BY 50 PB
Profit/(loss) before tax	2 414	(2 414)	16 539	(16 539)
Short-term deposits	-	-	2 648	(2 648)

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

In the period covered by these condensed 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, Guaranteed Treasury Bonds and corporate bonds. Sensitivity analysis exposed to interest rate risk by 50 base points (BP) - shift of yield curves- on profit before tax is presented below.

(IN PLN'000)	THREE-MONTH PERIOD ENDED 31.03.2024 (UNAUDITED)		THREE-MONTH PERIOD ENDED 31.03.2023 (UNAUDITED)	
	INCREASE	DECREASE	INCREASE	DECREASE
	BY 50 PB	BY 50 PB	BY 50 PB	BY 50 PB
Profit/(loss) before tax	(2 901)	2 980	(1 870)	1 919

33.2.3 Other price risk

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

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

(IN PLN'000)	31.03.2024 (UNAUDITED)	31.12.2023 (AUDITED)	31.03.2023 (UNAUDITED)
Financial assets at fair value through P&L			
Commodity			
Precious metals	42 765	20 476	22 201
Base metals	1 265	1 868	1 181
Other	138 807	98 843	142 933
Total commodity	182 837	121 187	166 315
Equity instruments			
Stocks and ETF	167 989	85 118	85 267
Indicies	196 367	171 713	185 893
Total equity instruments	364 356	256 831	271 160
Debt instruments	170	119	2 205
Total financial assets at fair value through P&L	547 363	378 137	439 680
Financial liabilities held for trading			
Commodity			
Precious metals	4 545	1 857	5 017
Base metals	63	63	103
Other	8 545	4 522	8 707
Total commodity	13 153	6 442	13 827
Equity instruments			
Stocks and ETF	33 898	26 002	21 095
Indicies	13 007	12 180	14 911
Total equity instruments	46 905	38 182	36 006
Debt instruments	8	51	9
Total financial liabilities held for trading	60 066	44 675	49 842

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)	THREE-MONTH PERIOD ENDED 31.03.2024 (UNAUDITED)		THREE-MONTH PERIOD ENDED 31.03.2023 (UNAUDITED)	
	INCREASE BY 5%	DECREASE BY 5%	INCREASE BY 5%	DECREASE BY 5%
Income/(expenses) for the period				
Commodity				
Precious metals	36 916	(36 916)	(738)	738
Base metals	(917)	917	(147)	147
Other	(4 248)	4 248	(10 485)	10 485
Total commodity	31 751	(31 751)	(11 370)	11 370
Equity instruments				
Stocks and ETFs	3 569	(3 569)	16	(16)
Indicies	105 673	(105 673)	134 758	(134 758)
Total equity instruments	109 242	(109 242)	134 774	(134 774)
Debt instruments	(348)	348	(127)	127
Total income/(expenses) for the period	140 645	(140 645)	123 277	(123 277)

33.3 Liquidity risk

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

The objective of liquidity management 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 and Treasury bonds and bonds guaranteed by the Treasury) 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 the ICARAP process, the Parent Company, among other things, identifies factors relevant to liquidity and funding risks and assesses the adequacy of the level of liquid assets relative to the estimated level to ensure coverage of both current and future as well as potential extreme liquidity needs. Supervision and control activities over the balance of cash accounts are also carried out by the Risk Control Department on a daily basis.

In accordance with the IFR regulation, from 26 June 2021, the Parent Company maintains an amount of liquid assets equivalent to at least one third of the requirement for fixed indirect costs. The parent company's liquid assets for the purposes of IFR include, inter alia, unencumbered own funds deposited in bank accounts and Treasury bonds or bonds guaranteed by the Treasury denominated in PLN. As of the date 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 31 March 2024 (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	3 773 307	3 773 307	3 773 307	-	-	-	-
Financial assets at fair value through P&L							
Listed stocks and ETFs	85 064	85 064	85 064	-	-	-	-
Bonds	801 615	801 615	801 615	-	-	-	-
CFDs	591 120	591 120	591 120	-	-	-	-
Total financial assets at fair value through P&L	1 477 799	1 477 799	1 477 799	-	-	-	-
Financial assets at amortised cost	44 519	44 519	20 172	-	4 781	-	19 566
Total financial assets	5 295 625	5 295 625	5 271 278	-	4 781	-	19 566
Financial liabilities							
Amounts due to clients	2 917 299	2 917 299	2 917 299	-	-	-	-
Financial liabilities held for trading							
CFDs	185 585	185 585	185 585	-	-	-	-
Total financial liabilities held for trading	185 585	185 585	185 585	-	-	-	-
Liabilities due to lease	28 304	28 304	2 602	5 709	16 962	3 031	-
Other liabilities	117 130	117 129	92 220	17 442	-	-	7 467
Total financial liabilities	3 248 318	3 248 317	3 197 706	23 151	16 962	3 031	7 467
Contractual liquidity gap in maturities (payment dates)			2 073 572	(23 151)	(12 181)	(3 031)	12 099
Contractual cumulative liquidity gap			2 073 572	2 050 421	2 038 240	2 035 209	2 047 308

Contractual payment periods of financial assets and liabilities as at 31 December 2023 (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	3 676 756	3 676 756	3 676 756	-	-	-	-
Financial assets at fair value through P&L							
Listed stocks and ETFs	16 687	16 687	16 687	-	-	-	-
Bonds	401 265	401 265	401 265	-	-	-	-
CFDs	485 303	485 303	485 303	-	-	-	-
Total financial assets at fair value through P&L	903 255	903 255	903 255	-	-	-	-
Financial assets at amortised cost	31 407	31 407	12 192	-	5 053	-	14 162
Total financial assets	4 611 418	4 611 418	4 592 203	-	5 053	-	14 162
Financial liabilities							
Amounts due to clients	2 638 122	2 638 122	2 638 122	-	-	-	-
Financial liabilities held for trading							
CFDs	110 358	110 358	110 358	-	-	-	-
Total financial liabilities held for trading	110 358	110 358	110 358	-	-	-	-
Liabilities due to lease	29 603	29 603	2 680	9 170	17 653	100	-
Other liabilities	86 080	86 080	51 518	24 765	-	-	9 797
Total financial liabilities	2 864 163	2 864 163	2 802 678	33 935	17 653	100	9 797
Contractual liquidity gap in maturities (payment dates)			1 789 525	(33 935)	(12 600)	(100)	4 365
Contractual cumulative liquidity gap			1 789 525	1 755 590	1 742 990	1 742 890	1 747 255

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

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

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

33.4 Credit risk

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

(IN PLN'000)	31.03.2024 (UNAUDITED)		31.03.2024 (AUDITED)		31.03.2023 (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	3 826 722	3 826 722	3 676 756	3 676 756	3 462 501	3 462 501
Financial assets at fair value through P&L *	1 421 574	25 792	903 255	24 672	923 062	15 821
Financial assets at amortised cost	44 519	44 519	31 407	31 407	39 681	39 681
Total financial assets	5 292 815	5 292 815	4 611 418	3 732 835	4 425 244	3 518 003

* As at 31 March 2024 the maximum exposure to credit risk for financial assets held for trading, not including the collateral received, was PLN 533 874 thousand (as at 31 December 2023: PLN 444 180 thousand, as at 31 March 2023: PLN 495 616 thousand). This exposure was collateralized with clients' cash, which, as at 31 March 2024, covered the amount of PLN 479 974 thousand (as at 31 December 2023: PLN 419 508 thousand, as at 31 March 2023: PLN 479 974 thousand). Exposures to credit risk connected with transactions with brokers as well as exposures to the Warsaw Stock Exchange were not collateralized.

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

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

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

Cash and cash equivalents

Credit risk connected with cash and cash equivalents is related to the fact that own cash and clients' cash is held in bank accounts. Credit risk involving cash is mitigated by selecting banks with a high credit rating granted by international rating agencies and through diversification of banks with which accounts are opened. As at 31 March 2024, the Group had deposit accounts in 56 banks and institutions (as at 31 December 2023: in 54 banks and institutions, as at 31 March 2023: 49 banks and institutions). The ten largest exposures are presented in the table below (numbering of banks and institutions determined individually for each period):

ENTITY	31.03.2024 (UNAUDITED) (IN PLN'000)	ENTITY	31.12.2023 (AUDITED) (IN PLN'000)	ENTITY	31.03.2023 (UNAUDITED) (IN PLN'000)
Bank 1	1 749 450	Bank 1	1 664 850	Bank 1	1 215 276
Bank 2	1 155 467	Bank 2	1 227 809	Bank 2	402 609
Institution 1	154 405	Institution 1	120 562	Bank 3	394 102
Institution 2	123 457	Bank 3	92 926	Bank 4	367 910
Institution 3	88 717	Institution 2	91 778	Bank 5	200 864
Institution 4	45 033	Bank 4	42 060	Bank 6	127 881
Institution 5	37 020	Bank 5	36 840	Bank 7	104 932
Bank 3	35 173	Bank 6	31 112	Institution 1	95 767
Bank 4	33 069	Bank 7	29 106	Bank 8	84 178
Bank 5	29 945	Institution 3	26 923	Bank 9	71 878
Other	321 571	Other	312 790	Other	397 104
Total	3 773 307	Total	3 676 756	Total	3 462 501

The table below presents a short-term assessment of the credit quality of the Group's cash and cash equivalents according to credit quality steps determined based on external credit quality assessments (where step 1 means the best credit quality and step 6 – the worst) and the risk weights assigned based on the CRR. Long-term assessment of the credit quality were used in case of exposures without short-term assessment of the credit quality or maturity longer than 3 months.

CREDIT QUALITY STEPS	CARRYING AMOUNT (IN PLN'000)		
	31.03.2024 (UNAUDITED)	31.12.2023 (AUDITED)	31.03.2023 (UNAUDITED)
Cash and cash equivalent			
Step 1	3 143 473	2 677 410	2 401 236
Step 2	59 663	61 905	77 007
Step 3	568 838	936 108	982 666
Step 4	1 333	1 333	1 592
Total	3 773 307	3 676 756	3 462 501

Financial assets at fair value through P&L

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

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

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

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

ENTITY	31.03.2024 (UNAUDITED) NET EXPOSURE (IN PLN'000)	ENTITY	31.12.2023 (AUDITED) NET EXPOSURE (IN PLN'000)	ENTITY	31.03.2023 (UNAUDITED) NET EXPOSURE (IN PLN'000)
Entity 1	9 527	Entity 1	10 087	Entity 1	9 646
Entity 2	3 934	Entity 2	6 567	Entity 2	2 470
Entity 3	3 714	Entity 3	1 788	Entity 3	909
Entity 4	1 337	Entity 4	1 669	Entity 4	368
Entity 5	1 309	Entity 5	1 421	Entity 5	216
Entity 6	1 202	Entity 6	666	Entity 6	193
Entity 7	839	Entity 7	491	Entity 7	96
Entity 8	247	Entity 8	128	Entity 8	96
Entity 9	178	Entity 9	80	Entity 9	94
Entity 10	149	Entity 10	66	Entity 10	83
Total	22 436	Total	22 963	Total	14 171

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.

34. Post balance sheet events

On 5 April 2024, the parent company allocated USD 1,5 million for another share capital increase in its subsidiary XTB MENA Limited, maintaining a 100% share in its capital.

On 12-19 April 2024, Trigon Dom Maklerski S.A. made the following payments to the account of XTB S.A. acquired a total of 129 732 of the Company's own shares, at an average price of PLN 59,65 per share, representing 0.11% of the Company's share capital. The shares were acquired in order to fulfill obligations under the incentive program in effect at the XTB S.A.

On 25 April 2024 XTB S.A. transferred treasury shares acquired under the incentive program to individuals whose professional activities have a significant impact on the parent company's risk profile.

On 29 April 2024 the subsidiary PT Rajawali Kapital Berjangka changed its name to XTB PT XTB Indonesia Berjangka.



**NOTES TO
THE QUARTERLY
REPORT**

NOTES TO THE QUARTERLY REPORT

1. Information about the Group's activities



XTB International Group S.A. (hereinafter: "Group", "XTB Group", "Capital Group") with almost 20 years of experience in the market and at the same time one of the world's largest Forex & CFD brokers listed on the main market of the Warsaw Stock Exchange Warsaw. Its innovative solutions provide individual investors with instant access to financial markets from all over the world.

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.

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

The XTB Group is an international provider of trading and investment products, services and solutions, specialising in:

- **OTC** (over-the-counter) market – where transactions are made directly between market participants, without commission. There is no regulator. Trading on the OTC market takes place in all time zones, i.e. 24 hours a day except weekends, in particular in **CFDs** (contracts for differences), which are investment products whose return depends on changes in the price and value of the underlying instruments and assets - contracts for differences, which are investment products whose return depends on changes in the price and value of the underlying instruments and assets. The seller of the contract agrees to pay the difference between the value of the assets on the date the contract is terminated and the value of the assets on the date the contract is entered into;
- investments in **stocks** and exchange traded fund (**ETF**) instruments on the same trading platform. An ETF is an index fund that is listed on an exchange and traded like a stock. This allows quick and easy investment in a broad basket of financial instruments according to the index that the fund reflects.

The Group operates in two segments:

- **retail segment** – operated for retail clients online trading in asset-based and underlying derivatives traded on financial and commodity markets, as well as activities related to trading in stocks from selected exchanges from around the world and ETF-type instruments;
- **institutional segment** – where the Group offers institutional clients the provision of liquidity and technology, thanks to which they can offer their clients the opportunity to trade financial instruments under their own brand.

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.

XTB with its strong market position and dynamically growing client base builds its presence in the non-European markets, consequently implementing a strategy on building a global brand. The XTB Management Board puts the main emphasis on organic development, on the one hand increasing the penetration of European markets, on the other hand successively building its presence in Latin America, Asia and Africa. Following these activities, the composition of the capital group will be expanded by new subsidiaries. It is worth mentioning that geographic expansion is a process carried out by XTB on a continuous basis, the effects of which are spread over time. Therefore, one should not expect sudden, abrupt changes in the results on this action. In 2024, the Management Board's efforts will focus on obtaining the necessary licences and starting operations in Brazil and Indonesia.

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.

In the three-month period of 2024, the Group continued the process of expanding its product offer. The aim of these activities was to meet the expectations of clients in order to meet their anticipations regarding the availability of individual financial instruments. At the end of the first quarter of 2024, the Group offered a total of over 6 300 financial instruments from around the world.

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

2. Summary and analysis of the results of the Group

The first quarter of 2024 was a consecutive period of dynamic business development and building a client base for XTB. Clear long trends in the stock and commodity markets made trading in financial instruments further strongly attractive to many investors. As a result, the Group acquired a record 129,7 thousand new clients, which is an increase by 24,5% y/y, while the number of active clients increased by 45,5% y/y from 260,1 thousand to 378,5 thousand.

XTB's dynamic operational growth and favourable market conditions translated into very strong financial results in the first quarter of 2024. Consolidated net profit amounted to PLN 302,7 million compared to PLN 302,8 million a year earlier. Consolidated revenues amounted to PLN 555,9 million (Q1 2023: PLN 537,6 million) with operating expenses of PLN 205,0 million (Q1 2023: PLN 184,2 million).

2.1 Factors affecting operating and financial results

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

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

The key factors influencing the Group's financial and operating results for the 3 months ended 31 March 2024 are discussed below. According to the Management Board, these factors have and may have an impact on the Group's operations, operational and financial results, financial situation and prospects in the future.

2.2 Discussion of the Group's results for the 1st quarter of 2024

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

(in PLN'000)	THREE-MONTH PERIOD ENDED				
	31.03.2024	31.12.2023	CHANGE IN VALUE	CHANGE %	31.03.2023
Result of operations on financial instruments	539 598	488 865	50 733	10,4	528 546
Net interest income on client cash, including:	13 686	13 007	679	5,2	5 946
- Interest income from client cash	22 006	16 989	5 017	29,5	5 946
- Interest expense paid to clients	(8 320)	(3 982)	4 338	108,8	-
Income from fees and charges	2 543	2 834	(291)	(10,3)	3 050
Other income	121	2 034	(1 913)	(94,1)	11
Total operating income	555 948	506 740	49 208	9,7	537 553
Marketing	(81 106)	(69 081)	12 025	17,4	(81 435)
Salaries and employee benefits	(72 845)	(70 593)	2 252	3,2	(63 367)
Commission expenses	(21 324)	(18 255)	3 069	16,8	(15 079)
Other external services	(16 961)	(18 645)	(1 684)	(9,0)	(14 062)
Amortisation and depreciation	(4 748)	(5 271)	(523)	(9,9)	(3 746)
Taxes and Fees	(3 841)	(876)	2 965	338,5	(3 004)
Costs of maintenance and lease of buildings	(2 205)	(1 555)	650	41,8	(1 926)
Other expenses	(1 935)	(3 393)	(1 458)	(43,0)	(1 600)
Total operating expenses	(204 965)	(187 669)	17 296	9,2	(184 219)
Profit on operating activities (EBIT)	350 983	319 071	31 912	10,0	353 334
Finance income	17 928	15 939	1 989	12,5	21 454
Finance costs	(270)	(31 346)	(31 076)	(99,1)	(7 776)
Profit before tax	368 641	303 664	64 977	21,4	367 012
Income tax	(65 895)	(54 615)	11 280	20,7	(64 198)
Net profit	302 746	249 049	53 697	21,6	302 814

Operating income

In the first quarter of 2024, XTB reached a record level of revenues of PLN 555,9 million (increase by 3,4% y/y). Significant factors determining the level of revenues were high volatility in the financial and commodity markets and the constantly growing number of active clients (increase by 45,5% y/y), connected with their high transaction activity expressed in the number of CFD contracts concluded in lots (increase by 6,5% y/y). As a consequence the transaction volume in CFD instruments amounted to 1 964,9 thousand lots (Q1 2023: 1 845,2 thousand lots), a profitability per lot amounted to PLN 283 (Q1 2023: PLN 291).

THREE-MONTH PERIOD ENDED								
	31.03.2024	31.12.2023	30.09.2023	30.06.2023	31.03.2023	31.12.2022	30.09.2022	30.06.2022
Total operating income (in PLN'000)	555 948	506 740	280 988	293 134	537 553	221 924	393 659	396 566
Transaction volume in CFD instruments in lots ¹	1 964 890	1 789 481	2 011 452	1 770 385	1 845 160	1 720 381	1 594 606	1 489 917
Profitability per lot (in PLN) ²	283	283	140	166	291	129	247	266
Transaction volume in CFD instruments in nominal value (in USD'000000)	581 865	548 927	593 232	547 088	596 645	548 781	539 879	539 673
Profitability for 1 million USD transaction volume in CFD instruments in nominal value (in USD) ³	239	229	114	128	207	89	153	168

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).

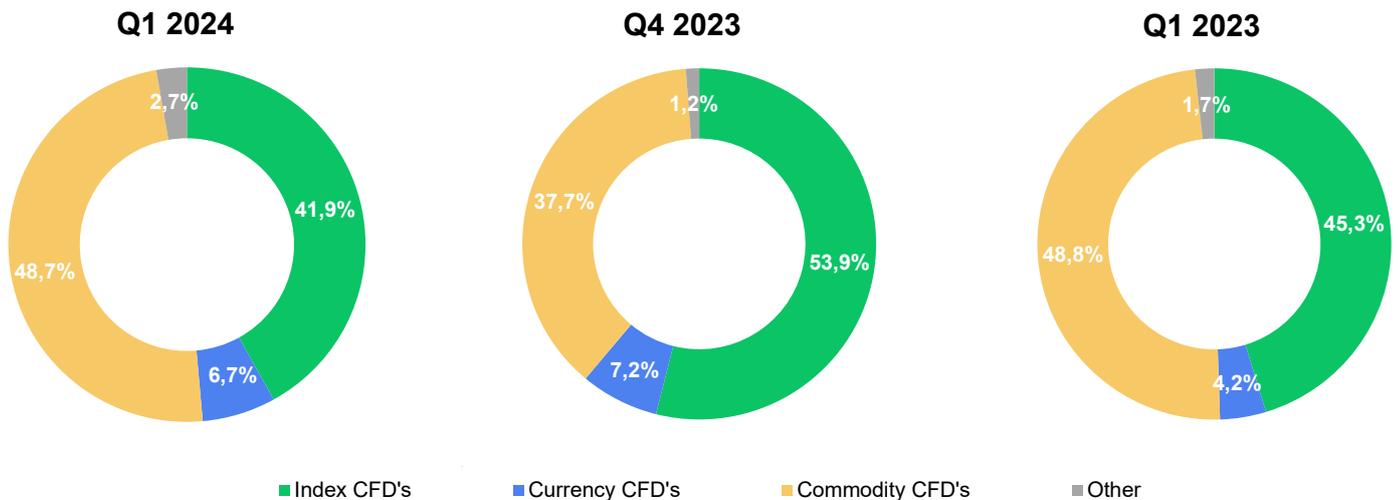
PERIOD ENDED								
	THREE-MONTH	TWELVE-MONTH						
	31.03.2024	31.12.2023	31.12.2022	31.12.2021	31.12.2020	31.12.2019	31.12.2018	31.12.2017
Total operating income (in PLN'000)	555 948	1 618 415	1 451 949	625 595	797 750	239 304	288 301	273 767
Transaction volume in CFD instruments in lots ¹	1 964 890	7 416 479	6 365 643	4 104 566	3 175 166	1 597 218	2 095 412	2 196 558
Profitability per lot (in PLN) ²	283	218	228	152	251	150	138	125
Transaction volume in CFD instruments in nominal value (in USD'000000)	581 865	2 285 891	2 259 588	1 737 351	1 021 835	541 510	773 899	653 373
Profitability for 1 million USD transaction volume in CFD instruments in nominal value (in USD) ³	239	169	144	93	200	115	103	111

¹) 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).

Looking at XTB's revenues in terms of the classes of instruments responsible for their creation, it can be seen that in the first quarter of 2024 CFDs based on commodities led. Their share of the revenue structure in the first quarter of 2024 was 48,7% (Q1 2023: 48,8%). This is due in part to the high profitability of CFD instruments based on natural gas, gold and cocoa prices. The second most profitable asset class was CFD based on index. Their share of the revenue structure on financial instruments reached 41,9%, compared to 45,3% a year earlier. This is a consequence of the high yield on CFDs based on the German DAX (DE30) stock index, the US 100 index or the US 500 index. Revenue on currency-based CFD instruments accounted for 6,7% of total revenue, compared to 4,2% a year earlier. The most profitable financial instruments in this class were CFDs based on the bitcoin cryptocurrency and the USDJPY currency pair.

THE STRUCTURE OF REVENUE BY ASSET CLASS (IN%)


(in PLN'000)	THREE-MONTH PERIOD ENDED			
	31.03.2024	31.12.2023	CHANGE %	31.03.2023
Commodity CFDs	269 432	189 966	41,8	264 713
Index CFDs	232 166	271 873	(14,6)	245 812
Currency CFDs	36 853	36 117	2,0	22 852
Stock CFDs and ETFs	6 881	2 677	157,0	6 943
Bond CFDs	258	(94)	-	177
Total CFDs	545 590	500 539	9,0	540 497
Shares and ETFs	8 127	3 544	129,3	2 398
Gross gain on transactions in financial instruments	553 717	504 083	9,8	542 895
Bonuses and discounts paid to clients	(1 589)	(2 310)	(31,2)	(2 598)
Commission paid to cooperating brokers	(12 530)	(12 908)	(2,9)	(11 751)
Net gain on transactions in financial instruments	539 598	488 865	10,4	528 546

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

The business model used by XTB combines the 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 the strict sense, in transactions carried out on its own account in anticipation of changes in prices or values of underlying instruments – proprietary trading).

The hybrid business model used by XTB also uses the agency model. For example, on most CFD instruments based on cryptocurrencies, XTB secures these transactions with external partners, practically is not to be the other party to the transaction (of course, from a legal point of view, it is still XTB). The fully automated risk management process adopted by the Company limits exposure to market changes and forces the Group to hedge its positions in order to maintain appropriate levels of capital requirements. In addition, XTB executes all transactions on shares and ETFs as well as on CFD instruments based on these assets directly on regulated markets or in alternative trading systems. XTB is not a market maker for this class of instruments.

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

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

XTB places great importance on the geographical diversification of revenues, consistently implementing the strategy of building a global brand. The country from which the Group derives more than 20% of revenues each time is Poland, with a share of 51,8% (Q1 2023: 52,1%). 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			
	31.03.2024	31.12.2023	CHANGE %	31.03.2023
Central and Eastern Europe	365 990	336 665	8,7	345 133
- including Poland	287 620	289 202	(0,5)	280 038
Western Europe	116 792	93 619	24,8	125 935
Latin America ¹	33 305	39 601	(15,9)	38 705
Middle East ²	39 854	36 855	8,1	27 780
Asia	7	-	-	-
Total operating income	555 948	506 740	9,7	537 553

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			
	31.03.2024	31.12.2023	CHANGE %	31.03.2023
Retail segment	524 445	478 164	9,7	484 026
Institutional segment (X Open Hub)	31 503	28 576	10,2	53 527
Total operating income	555 948	506 740	9,7	537 553

Expenses

The operating costs in the first quarter of 2024 amounted to PLN 205,0 million and were PLN 20,7 million higher compared to the same period a year earlier (Q1 2023: PLN 184,2 million). The most important changes occurred in:

- costs of remuneration and employee benefits, an increase by PLN 9,5 million, mainly due to an increase in employment;
- commission costs, an increase by PLN 6,2 million resulting from higher amounts paid to payment service providers through which clients deposit their funds in transaction accounts;
- other external services, an increase by PLN 2,9 million as a result of mainly higher expenditure on support database systems (increase by PLN 3,1 y/y).

(in PLN'000)	THREE-MONTH PERIOD ENDED			
	31.03.2024	31.12.2023	CHANGE %	31.03.2023
Marketing	81 106	69 081	17,4	81 435
Salaries and employee benefits	72 845	70 593	3,2	63 367
Commission expenses	21 324	18 255	16,8	15 079
Other external services	16 961	18 645	(9,0)	14 062
Amortization and depreciation	4 748	5 271	(9,9)	3 746
Taxes and fees	3 841	876	338,5	3 004
Costs of maintenance and lease of buildings	2 205	1 555	41,8	1 926
Other costs	1 935	3 393	(43,0)	1 600
Total operating expenses	204 965	187 669	9,2	184 219

In q/q terms, operating costs increased by PLN 17,3 million, mainly due to higher online and offline marketing expenses by PLN 12,0 million, higher commission expenses by PLN 3,1 million resulting from higher amounts paid to payment service providers through which customers deposit their funds in transaction accounts.

	THREE-MONTH PERIOD ENDED							
	31.03.2024	31.12.2023	30.09.2023	30.06.2023	31.03.2023	31.12.2022	30.09.2022	30.06.2022
Total operating expenses including: (in PLN'000)	204 965	187 669	164 966	157 377	184 219	158 235	132 546	136 750
- Marketing	81 106	69 081	58 585	54 823	81 435	68 478	48 579	54 662
New clients ¹	129 747	77 267	67 505	62 994	104 206	51 038	44 796	45 697
Clients in total ²	1 018 899	897 573	826 042	762 624	703 928	614 934	567 387	525 287
Average client acquisition cost ³	0,6	0,9	0,9	0,9	0,8	1,3	1,1	1,2

¹) Number of new Group clients by quarter.

²) Number of clients at the end of each quarter.

³) The average cost of client acquisition is defined as the marketing spend in a quarter divided by the number of clients acquired in the same quarter.

	PERIOD ENDED							
	THREE-MONTH	TWELVE-MONTH						
	31.03.2024	31.12.2023	31.12.2022	31.12.2021	31.12.2020	31.12.2019	31.12.2018	31.12.2017
Total operating expenses including: (in PLN'000)	204 965	694 231	558 567	348 772	282 004	173 892	172 492	145 497
- Marketing	81 106	263 924	222 369	120 101	87 731	37 716	33 322	24 841
New clients ¹	129 747	311 971	196 864	189 187	112 025	36 555	20 672	18 913
Clients in total ²	1 018 899	897 573	614 934	429 157	255 791	149 304	116 517	105 662
Average client acquisition cost ³	0,6	0,8	1,1	0,6	0,8	1,0	1,6	1,3

¹⁾ Number of new Group clients by quarter.

²⁾ Number of clients at the end of each quarter.

³⁾ The average cost of client acquisition is defined as the marketing spend in a quarter divided by the number of clients acquired in the same quarter.

Due to the dynamic development of XTB, the Management Board estimates that in 2024 the total costs of operating activities may be even higher by about a one-fourth to the level we observed in 2023. The priority of the Management Board is to further increase the client base and build a global brand. As a consequence of the implemented activities, expenditures on marketing may increase by about one-fifth compared to the previous year.

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

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

Clients

XTB has a solid foundation in the form of constantly growing client base and the number of active clients. In the first quarter of 2024 Group reported another record in this area, acquiring 129 747 new clients compared to 104 206 a year earlier, which means an increase of 24,5%. Similarly to the number of new clients, the number of active clients was also record high. It increased from 260 095 to 378 476, i.e. by 45,5% y/y.

	THREE-MONTH PERIOD ENDED							
	31.03.2024	31.12.2023	30.09.2023	30.06.2023	31.03.2023	31.12.2022	30.09.2022	30.06.2022
New clients ¹	129 747	77 267	67 505	62 994	104 206	51 038	44 796	45 697
Clients in total ²	1 018 899	897 573	826 042	762 624	703 928	614 934	567 387	525 287
Number of active clients ³	378 476	408 528	355 461	307 511	260 095	270 560	237 527	205 778
Average number of active clients ⁴	378 476	310 220	281 101	259 318	260 095	203 410	190 210	179 731

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 3 months of 2024 and 12, 9, 6 and 3 months of 2023 and 12, 9 and 6 months of 2022 respectively. An active client is a client who carried out at least one transaction in a period.

⁴⁾ The average quarterly number of clients who at least one transaction has been concluded over the last three months.

	PERIOD ENDED							
	THREE-MONTH	TWELVE-MONTH						
	31.03.2024	31.12.2023	31.12.2022	31.12.2021	31.12.2020	31.12.2019	31.12.2018	31.12.2017
New clients ¹	129 747	311 971	196 864	189 187	112 025	36 555	20 672	18 913
Clients in total ²	1 018 899	897 573	826 042	762 624	703 928	614 934	567 387	525 287
Number of active clients ³	378 476	408 528	270 560	193 180	108 312	46 642	38 135	33 369
Average number of active clients ⁴	378 476	277 684	186 053	125 463	61 527	30 250	23 461	20 171

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 3 months of 2024 and 12, 9, 6 and 3 months of 2023 and 12, 9 and 6 months of 2022 respectively. An active client is a client who carried out at least one transaction in a period.

⁴⁾ The average quarterly number of clients who at least one transaction has been concluded over the last three months.

The Board's priority is to continue to grow the client base, which will strengthen XTB's position in the global marketplace by reaching the mass client with its product offering. These activities are and will be supported by a number of initiatives, including the introduction of new products or promotional campaigns. The Management Board's objective for 2024 is to acquire, on average, at least 65-90 thousand new clients per quarter. As a result of the implemented activities, the Group acquired in the first quarter of this year 129,7 thousand new clients, while in April 2024 35,6 thousand new clients were acquired.

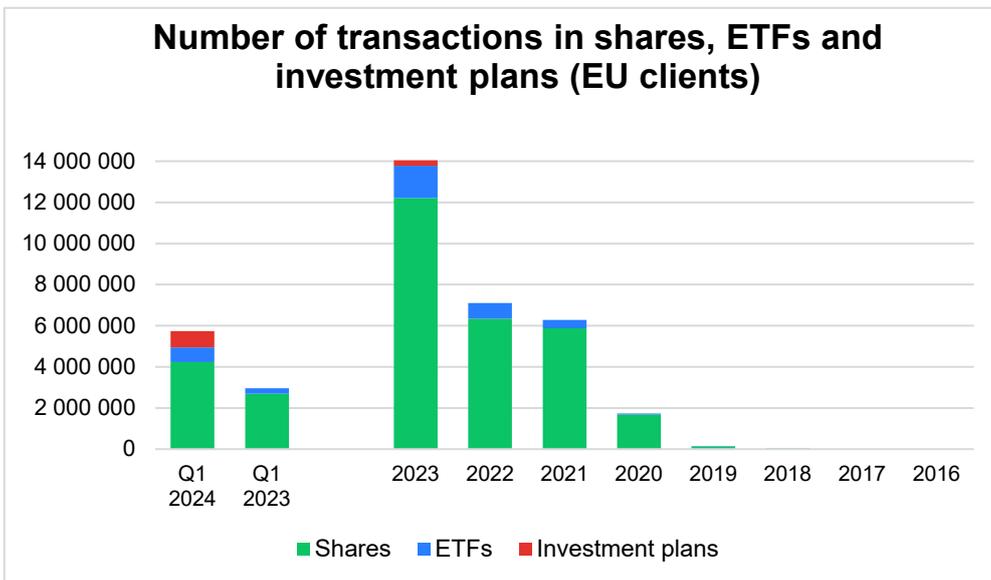
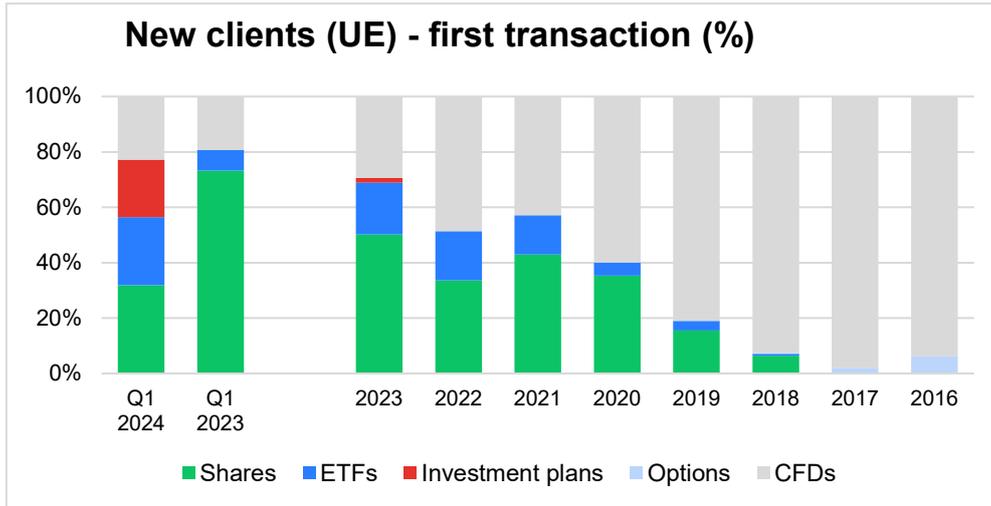


Marketing is XTB's second engine. To strengthen its market position and global visibility, the Group works with successful athletes who are XTB brand ambassadors, such as Conor McGregor and Iker Casillas. A new brand ambassador is planned for 2024.

All-in-One Investment App

The Management Board's ambition is for XTB to become the leading all-in-one investment application in Europe, offering its clients easy, smart and efficient ways to trade, invest and save, while giving them instant access to their money.

XTB's transformation from a CFD broker to a universal investment application has progressed over the past few years. This will continue into 2024 and beyond.



Product pipeline

In 2024, XTB will continue to focus on acquiring new clients and expanding it by those interested not only in investing but also in widely understood financial products.

In order to achieve it, XTB plans to strengthen its product offer and implement enhancements aimed at improving customer experience of both - the desktop platform as well as the mobile app. All those changes and improvements have been carefully planned, which is reflected in the continuous growth of the Product and Technology department and the ongoing works and developments in the research & development area, including those related to the implementation of AI-driven solutions.

PRODUCT PLAN FOR 2024



The first quarter of 2024 was marked with broadening of the passive product portfolio. Investment Plans, the ETF-based product allowing to invest in 350 ETFs, was enhanced with the autoinvest feature enabling clients to decide how often and how much money they want to invest regularly in their individual portfolios. As a result, the product has become even more attractive for clients looking for mid- and long-term investment opportunities when compared to solutions provided by XTB competitors.

In addition, at the end of March 2024, the Company launched a new social service, XTB Social, which allows users to receive trade alerts from selected traders. Clients also receive insights into their portfolios and key statistics on the trades of those they observe. Within XTB Social, client data is fully anonymised and classified based solely on the investment return achieved or the level of risk accepted.

In the upcoming quarters, passive investment offering will be supplemented by bonds. XTB clients will gain access to another asset class: government bonds (i.e. issued by Poland, the US or Germany) and corporate bonds issued by renowned, global companies with a relatively stable rating (from AAA to BBB-). Thanks to leveraging the same mechanism as in the case of fractional shares, investing in bonds will be possible with only a small amount of money.

The third quarter of 2024 should see the launch of a product long awaited by clients in the Polish market - IKE and IKZE accounts. Currently, only a fraction of adults in Poland use it but the interest is growing every year. As XTB sees potential in the further growth of long-term investment products, this offer will be implemented also in other global markets, including the UK, where the company plans to act as ISA Manager.

At the end of 2024, XTB plans to launch a product that will accelerate its transformation towards the everyday platform for managing personal finance. Virtual wallet and a multi-currency card will enable XTB clients to make instant local payments, transfers, card transactions and currency exchange. Thanks to this product, clients will be able to make payments between their XTB accounts instantly. Real-time notifications will support finance control and expense management.

In 2025 and in the following years, XTB plans to add other new products to its offer.

The above product plan is based on the current knowledge and resources. Therefore, it can be modified and changed, including due to the reasons resulting from XTB's cooperation with third parties.

Basically 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.



The work realised in Q1 2024 was aimed at developing the tools necessary for the efficient functioning of XTB's trading systems, effective execution of orders, efficient onboarding of new clients 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.

The table below presents the number of people employed in the IT Development Department and the costs incurred by the department:

	PERIOD ENDED						
	THREE-MONTH	TWELVE MONTH					
	31.03.2024	31.12.2023	31.12.2022	31.12.2021	31.12.2020	31.12.2019	31.12.2018
Costs of the IT Development Department (PLN '000)	38 033	94 770	58 381	36 616	27 159	21 151	18 974
Number of employees in technology departments*	450	429	282	176	129	116	106

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

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.

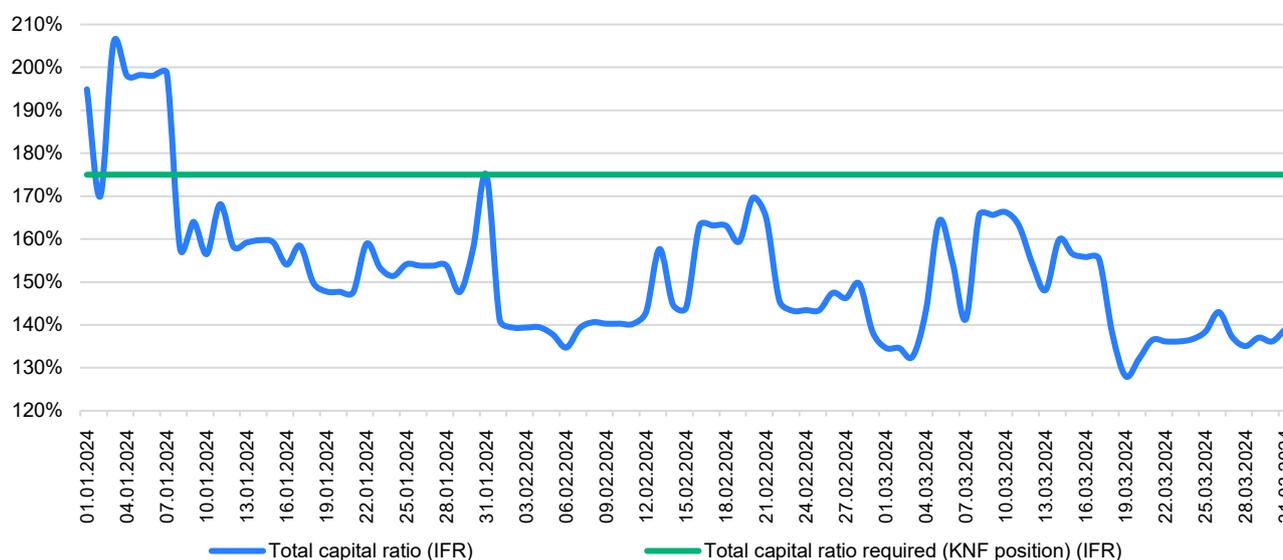
The Management Board maintains that its intention is to recommend to the General Meeting in the future to adopt resolutions on the payment of dividends, taking into account the factors indicated above, in the amount ranging from 50% to 100% of the Company's standalone net profit for a given financial year. The unit net profit for the first quarter of 2024 amounted to PLN 300,1 million.

On 23 April 2024, the Management Board of XTB S.A. adopted a resolution pursuant to which it recommended to the Supervisory Board and the General Meeting of the Company that the standalone net profit for 2023 in the amount of PLN 787,1 million be distributed as follows:

- by paying a dividend of PLN 590,2 million, i.e. PLN 5,02 per share;
- retention of the remaining part of the profit in the amount of PLN 196,9 million at the disposal of the Company, allocating it to reserve capital.

The levels of the total capital ratio (IFR) of XTB on individual days in Q1 2024 are presented in the chart below.

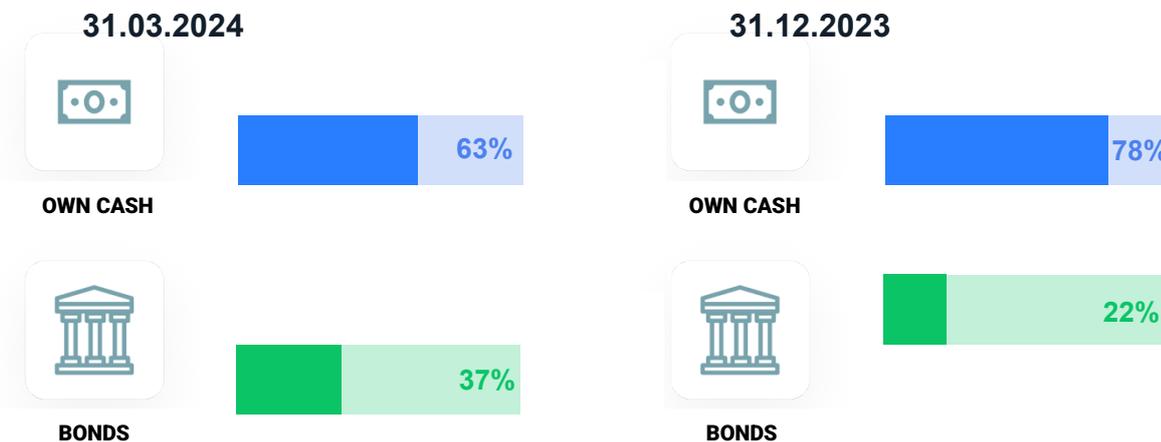
Total capital ratio (IFR) of the Company in Q1 2024



The total capital ratio informs about the ratio of own funds to risk-weighted assets, in other words, it shows whether the brokerage house is able to cover the minimum capital requirement for market, credit, operational and other risks with its own funds. At the end of the first quarter 2024 the total capital ratio in the Company was 139,0%.

Cash and cash equivalents

XTB invests part of its cash in bank deposits and financial instruments, i.e. government bonds, bonds guaranteed by the State Treasury and corporate bonds guaranteed by the banks. As of March 31, 2024 the total value of own cash and bonds in the XTB Group was PLN 2 128,4 million, out of which PLN 1 332,3 million was cash and PLN 796,1 million was bonds.



2.3 Group's selected financial ratios

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

	THREE-MONTH PERIOD ENDED		
	31.03.2024	31.12.2023	31.03.2023
EBITDA (in PLN'000) ¹	355 731	324 342	357 080
EBITDA margin (%) ²	64,0	64,0	66,4
Net profit margin (%) ³	54,5	49,1	56,3
Return on equity – ROE (%) ⁴	64,2	62,0	73,1
Return on assets – ROA (%) ⁵	24,1	21,9	28,1
Aggregate capital adequacy ratio (IFR) of the Company (%)	139,0	195,5	136,7
Aggregate capital adequacy ratio (IFR) of the Group (%)	133,7	188,7	132,3

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

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

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

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

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

2.4 Selected operating data

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

	THREE-MONTH PERIOD ENDED		
	31.03.2024	31.12.2023	31.03.2023
Retail operations segment	1 349 203	1 350 986	1 536 960
Central and Eastern Europe	593 273	569 304	727 786
Western Europe	256 018	280 364	323 664
Latin America ¹	259 441	297 403	311 472
Middle East ²	240 471	203 915	174 038
Institutional operations segment	615 687	438 495	308 200
Total	1 964 890	1 789 481	1 845 160

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 number of net deposits in the individual periods;
- average operating income per one active client;
- the transaction volume in lots;
- profitability per lot;
- transaction volume of CFD derivatives at nominal value (in USD million);
- Profitability per 1 million USD transaction volume in CFD instruments (in USD) and;
- the volume of share transactions at nominal value (in USD million).

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

	THREE-MONTH PERIOD ENDED		
	31.03.2024	31.12.2023	31.03.2023
New clients ¹	129 747	77 267	104 206
Clients in total	1 018 899	897 573	703 928
Number of active clients ²	378 476	310 220	260 095
Average number of active clients ³	378 476	310 220	260 095
Net deposits (in PLN'000) ⁴	1 896 812	1 161 678	1 025 264
Average operating income per active client (in PLN'000) ⁵	1,5	1,6	2,1
Transaction volume in CFD instruments in lots ⁶	1 964 890	1 789 481	1 845 160
Profitability per lot (in PLN) ⁷	283	283	291
Transaction volume in CFD instruments in nominal value (in USD'000000)	581 865	548 927	596 645
Profitability for 1 million USD transaction volume in CFD instruments in nominal value (in USD) ⁸	239	229	207
Turnover of shares in nominal value (in USD'000000)	1 873	1 310	1 091

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		
	31.03.2024	31.12.2023	31.03.2023
New clients ¹	129 745	77 266	104 205
Clients in total	1 018 868	897 540	703 896
Number of active clients ²	378 459	310 203	260 076
Average number of active clients ³	378 459	310 203	260 076
Number of transactions ⁴	38 194 050	35 059 755	38 372 854
Net deposits (in PLN'000) ⁵	1 930 069	1 145 644	978 553
Average operating income per active client (in PLN'000) ⁶	1,4	1,5	1,9
Average client acquisition cost (in PLN'000) ⁷	0,6	0,9	0,8
Transaction volume in CFD instruments in lots ⁸	1 349 204	1 350 987	1 536 960
Profitability per lot (in PLN) ⁹	389	354	315
Transactions volume in CFD at nominal value (in USD'000000)	562 191	526 576	564 338
Profitability for 1 million USD transaction volume in CFD instruments in nominal value (in USD) ¹⁰	234	226	197
Turnover of shares in nominal value (in USD'000000)	1 873	1 310	1 091

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

²⁾ The number of clients who have made at least one transaction and/or had at least one open position during the individual periods.

³⁾ The average quarterly number of clients who have made at least one transaction and/or had at least one open position during the individual periods.

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

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

⁶⁾ 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.

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

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

¹⁰⁾ Total operating income converted into USD by the arithmetic average of exchange rates published by the National Bank of Poland on the last day of each month of the reporting period, divided by turnover of CFD in nominal value (in USD'000000).

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

	THREE-MONTH PERIOD ENDED					
	31.03.2024		31.12.2023		31.03.2023	
Central and Eastern Europe	242 236	64%	197 920	64%	169 487	65%
Western Europe	95 412	25%	74 399	24%	54 446	21%
Latin America ¹	28 534	8%	27 423	9%	28 974	11%
Middle East ²	12 277	3%	10 461	3%	7 169	3%
Average number of active clients	378 459	100%	310 203	100%	260 076	100%

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

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

Institutional operations segment

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

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

	THREE-MONTH PERIOD ENDED		
	31.03.2024	31.12.2023	31.03.2023
Average number of active clients	17	17	19
Clients in total	31	33	32

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

	THREE-MONTH PERIOD ENDED		
	31.03.2024	31.12.2023	31.03.2023
Transaction volume in CFD instruments in lots	615 686	438 494	308 200

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

The Management Board believes that the following trends have impact and will maintain and continue to impact the Group's operations until the end of 2024 and, in some cases, also longer:

- The business model used by XTB Group (described in detail in *section 2.2 Discussion of the Group's results for the 1st quarter of 2024*, under: "Operating income");
- Continue to grow XTB's client base and reach the mass client with product offerings. This is key to XTB's continued dynamic growth and global brand building, which is directly related to the further expansion of XTB Group's product portfolio with new products and technology solutions, including offering clients an All-in-One investment application that provides easy, smart and efficient ways for clients to invest and save, while giving them instant access to their money;

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

	THE PERIOD ENDED						
	THREE MONTH	TWELVE MONTH					
	31.03.2024	31.12.2023	31.12.2022	31.12.2021	31.12.2020	31.12.2019	31.12.2018
% share of operating income from institutional operations in total operating income	5,7%	6,8%	1,3%	0,3%	13,2%	8,7%	6,5%

The level of volatility in financial and commodity markets in 2024, regulatory changes as well as other factors (if they occur) may affect the condition of XTB's institutional partners, transaction volume in lots, as well as XTB revenues from these clients.

- Due to the dynamic development of XTB, the Management Board estimates that in 2024 the total operating costs may even be about a quarter higher than that observed in 2023. The priority of the Management Board is to further increase the client base and build a global brand. As a consequence of the implemented activities, marketing expenditure may increase by about one-fifth compared to the previous year.

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

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

- XTB with its strong market position and dynamically growing client base builds its presence in the non-European markets, consequently implementing a strategy on building a global brand. The XTB Management Board puts the main emphasis on organic development, on the one hand increasing the penetration of European markets, on the other hand successively building its presence in Latin America, Asia and Africa. Following these activities, the composition of the capital group will be expanded by new subsidiaries. It is worth mentioning that geographic expansion is a process carried out by XTB on a continuous basis, the effects of which are spread over time. Therefore, one should not expect sudden, abrupt changes in the results on this action. In 2024, the Management Board's efforts will focus on obtaining the necessary licenses and starting operations in Brazil and Indonesia.
- 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.

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

3. Company's authorities

3.1 Management Board

As at 31 March 2024 the composition of the Management Board was as follows:

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

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

3.2 Supervisory Board

As at March 31, 2024 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	Chairman of the Supervisory Board	22.11.2021	19.11.2024
Jakub Leonkiewicz	Vice- Chairman of the Supervisory Board	19.11.2021	19.11.2024
Łukasz Baszczyński	Member of the Supervisory Board	19.11.2021	19.11.2024
Bartosz Zabłocki	Member of the Supervisory Board	19.11.2021	19.11.2024
Grzegorz Grabowicz	Member of the Supervisory Board	19.11.2021	19.11.2024

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

4. Information about shares and shareholding

4.1 Equity

As at March 31, 2024 and as at the date of submitting this annual report, the share capital of XTB S.A. consisted of 117 383 635 Series A ordinary shares and 185 616 Series B ordinary shares . The nominal value of each share of XTB S.A. is PLN 0,05.

4.2 Shares on the stock exchange

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

XTB S.A. made its debut on the Warsaw Stock Exchange on May 6, 2016. The company is listed on the main market.

On September 3, 2020 XTB joined the mWIG40 index.

4.3 Shareholding structure

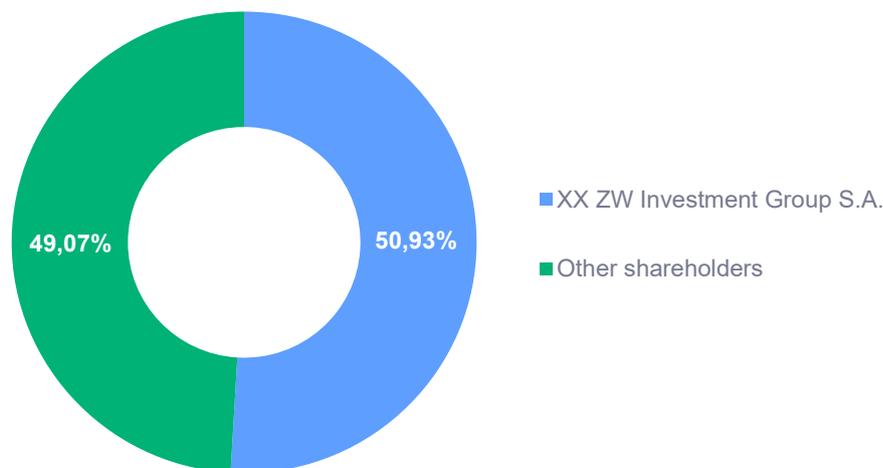
To the best knowledge of the Management Board of the Company as of March 28, 2024, i.e. the submission of the previous periodic report (i.e. the annual report for 2023) the number of shareholders holding, directly or through subsidiaries, at least 5% of the total number of votes at the General Meeting of the Parent Entity was as follows:

	NUMBER OF SHARES/ VOTES	NOMINAL SHARE VALUE (in PLN'000)	SHARE IN CAPITAL/ IN TOTAL VOTES
XX ZW Investment Group S.A. ¹	59 872 869	2 994	50,93%
Other shareholders	57 696 382	2 885	49,07%
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 percentage share in the share capital of the Parent Company of the abovementioned shareholders is in line with the percentage shares in the number of votes at the General Meeting.

The shareholding structure at 31 March 2024 and at the date of this report is shown in the graph below:



According to the best knowledge of the Management Board of the Company, as at March 31, 2024 and as at the date of submitting this periodic report, the number of shareholders holding, directly or through subsidiaries, at least 5% of the total number of votes at the General Meeting of the Parent Company did not change compared to the status as at March 28, 2024 year.

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

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

NAME AND SURNAME	FUNCTION	OWNED THE NUMBER OF ACTIONS	TOTAL VALUE NOMINAL SHARE (IN PLN)
Omar Arnaout	President of the Management Board	50 717	2 536
Filip Kaczmarzyk	Board Member	35 501	1 775
Paweł Szejko	Board Member	29 358	1 468
Jakub Kubacki	Board Member	20 995	1 050
Andrzej Przybylski	Board Member	7 329	366

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

- on April 25, 2024, Omar Arnaout subscribed for 20 456 shares of the Company under the incentive scheme;
- on April 25, 2024, Filip Kaczmarzyk subscribed for 14 319 shares of the Company under the incentive scheme;
- on April 25, 2024, Paweł Szejko subscribed for 10 228 shares of the Company under the incentive scheme;
- on April 25, 2024, Jakub Kubacki subscribed for 7 500 shares of the Company under the incentive scheme;
- on April 25, 2024, Andrzej Przybylski subscribed for 4 888 shares of the Company under the incentive scheme.

Supervisors did not hold any shares or entitlements to shares in the Company as of the end of the reporting period and as of the date of this report.

5. XTB strategy

The strategy of XTB Group S.A. 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**

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 in 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: liquidity and transaction technology 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**

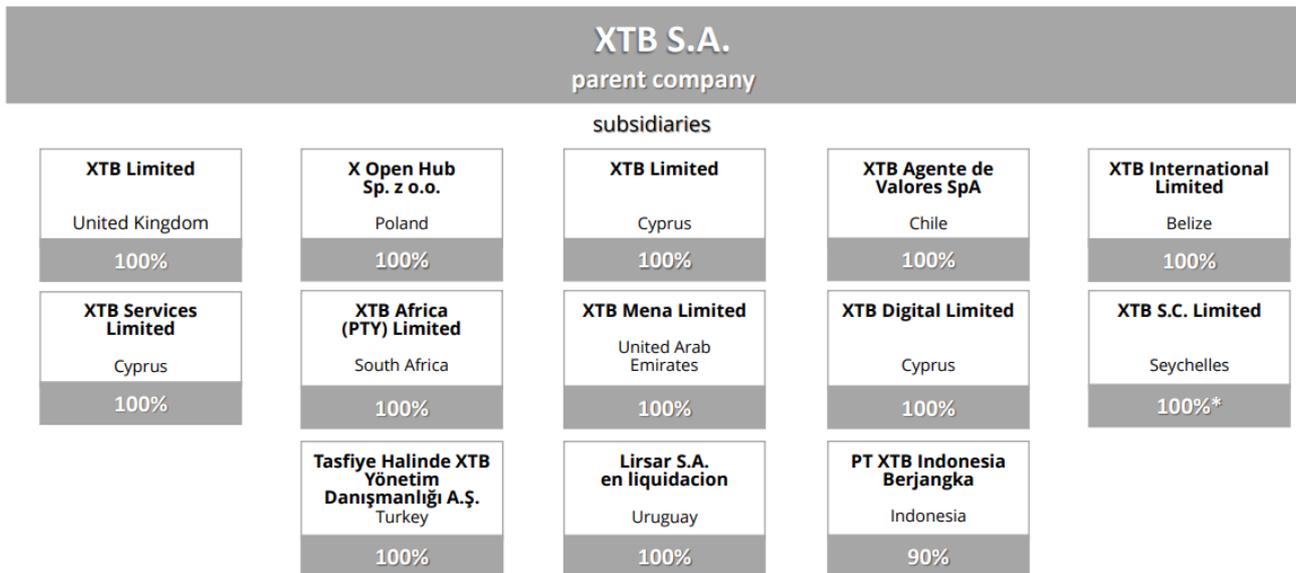
The Group allows investments in attractive companies offering products and services similar to the Group’s products and services, which may complement its product, service and geographical offer. It is however assumed, that the main growth of XTB will be organic growth.

6. Other information

6.1 Description of the group

Subsidiaries of the XTB S.A. Capital Group

As at the date of publication of this report, the Group was composed of Parent Company and 13 subsidiaries, as shown in the scheme below.



* The parent company XTB S.A. acquired 99,9% of the shares in the subsidiary XTB S.C. Limited, the remaining 0,1% being held by another subsidiary XTB Services Limited.

All subsidiaries results are fully consolidated since the date of foundation/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.

Information about XTB Group subsidiaries

The following is basic information on the Group companies, i.e. the companies that are directly or indirectly dependent on the Company.

XTB Limited, United Kingdom

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 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, Chile

On February 17, 2017, the Parent Company established a subsidiary, XTB Chile SpA. The Company holds 100% of the shares in the subsidiary. On July 27, 2023, the company's name was changed from XTB Chile SpA to XTB Agente de Valores SpA. The company provides services to acquire clients from the territory of Chile.

XTB International Limited, Belize

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

XTB Services Limited, Cyprus

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

XTB Africa (PTY) Ltd., Republic of 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.

On March 9, 2023, the Parent Company allocated USD 1 million for a further share capital increase in its subsidiary XTB MENA Limited, maintaining a 100% share in its capital.

On April 5, 2024, the Parent Company allocated USD 1.5 million for a further share capital increase in its subsidiary XTB MENA Limited, maintaining a 100% share in its capital.

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. 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. 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. The parent company acquired 99.9% of the shares in the subsidiary. The remaining 0.1% stake is held by another subsidiary, XTB Services Limited. On 16 November 2023, the shares in XTB S.C. Limited, based in the Seychelles, were paid up. The contributed capital amounted to \$50,000.

As of the date of submission of these consolidated financial statements, the company had no operations.

Tasfiye Halinde XTB Yönetim Danışmanlığı A.Ş., Turkey

In 2023, Tasfiye Halinde XTB Yönetim Danışmanlığı Anonim Şirketi had no operations.

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.

XTB Indonesia Berjangka, Indonesia

On January 17, 2024, the Parent Company acquired a 90 % share in PT Rajawali Kapital Berjangka, based in Indonesia, which is a derivatives broker regulated by the Commodity Futures Trading Supervisory Agency (BAPPEBTI).

On February 16, 2024, the Parent Company allocated USD 315 thousand to increase the share capital in its subsidiary PT Rajawali Kapital Berjangka, maintaining a 90% share in its capital.

On April 29, 2024, the subsidiary company PT Rajawali Kapital Berjangka changed its name to PT XTB Indonesia Berjangka.

During the reporting period, i.e. from 1 January to 31 March 2024 and until the date of this report, there were no changes in the structure of the XTB S.A. Capital Group other than those described above.

XTB Foundation, Poland

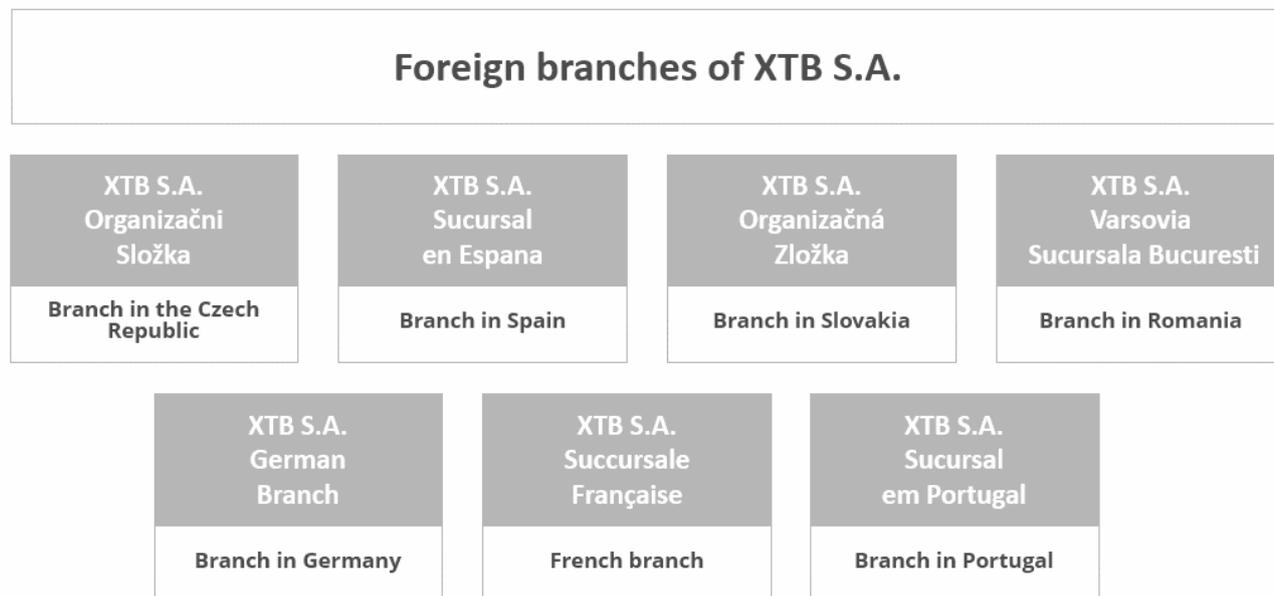
On 23 December 2020 XTB Foundation was registered in KRS (National Court Register).

According to its statutory objectives, the Foundation's object is:

- increasing entrepreneurship and innovation, particularly in the area of new technologies and the financial market;
- raising awareness and knowledge of economic, financial and new technology-related issues, as well as increasing trust and respect for financial institutions;
- scientific and research activities and promotion of solutions developed within the XTB capital group's operations, particularly in the field of new technologies and the financial market;
- supporting and organizing all initiatives related to the promotion of financial institutions and new technologies;
- financial support, transfer of knowledge or business consulting for the benefit of selected entrepreneurs;
- acting in the fields of corporate social responsibility, sustainable development, and animal and nature conservation;
- promotion of employment and education and equalization of development opportunities;
- initiating and supporting activities of XTB Capital Group employees related to the statutory objectives of the Foundation, employee volunteering and all social, educational and sports activities;
- charitable and social activities.

Foreign branches of XTB S.A.

XTB S.A. also operates through 7 foreign branches located in Europe, as shown in the scheme below.



6.2 Information on transactions with related parties

In the 3 month period ended March 31, 2024 and March 31, 2023, there were no concluded transactions in the Group with related entities on terms other than market conditions.

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

(in PLN'000)	31.03.2024 REVENUES	31.03.2024 RECEIVABLES	31.03.2023 REVENUES	31.12.2023 RECEIVABLES	31.03.2023 RECEIVABLES
Related parties:					
XTB Limited (UK)	7 636	17 657	5 670	20 008	19 049
XTB Limited (Cyprus)	3 372	3 967	1 496	1 166	807
X Open Hub Sp. z o.o. (Poland)	989	407	1 373	350	655
XTB International Limited (Belize)	83 914	72 190	81 809	60 188	38 916
XTB MENA Limited (UAE)	6 343	6 292	1 938	4 203	804

(in PLN'000)	31.03.2024 COSTS	31.03.2024 LIABILITIES	31.03.2023 COSTS	31.12.2023 LIABILITIES	31.03.2023 LIABILITIES
Related parties:					
XTB Limited (UK)	(7 645)	5 722	(6 098)	2 218	3 742
XTB Limited (Cyprus)	(941)	1 852	(1 003)	1 036	811
X Open Hub Sp. z o.o. (Poland)	(834)	390	(964)	1 626	860
XTB International Limited (Belize)	(36 538)	36 960	(34 117)	29 593	30 595
XTB Services Limited (Cyprus)	(8 697)	2 717	(8 990)	1 985	2 091
XTB MENA Limited (UAE)	(6 052)	2 631	(6 080)	2 569	3 080

The figures concerning transactions with related parties are presented in detail in Note 27.2 to the interim condensed consolidated financial statements.

6.3 Information on guarantees given by the parent company or its subsidiaries – to an entity or a subsidiary of that entity for loans or borrowings, if the total value of the guarantees given is significant

As at 31 March 2024 and during the period under review, i.e. from 1 January 2024 to 31 March 2024, neither the parent company nor any of its subsidiaries has given guarantees for loans or credits or guarantees to any other company or to any of its subsidiaries for which the total value of existing guarantees is material.

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

Management Board of XTB S.A. did not publish forecasts of financial results for 2024.

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

As of March 31, 2024 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 21 million, which consists of one proceeding on employee claims, with a value of approximately PLN 80 thousand, eight suits brought by clients with the total value of PLN 13,3 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 7,6 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. On August 22, 2023, the plaintiff filed an appeal. In September 2023, the files were transferred to the Court of Appeal in Warsaw. In September 2023, the file was transferred to the Court of Appeal in Warsaw, which served the appeal on XTB's attorney in March 2024. On 9 April 2024, a response to the appeal was filed. The court scheduled an appeal hearing for 10 May 2024.

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. As part of the proceedings, in a relationship with the Office questioning two provisions of the regulations, on December 19, 2023, a decision was imposed on the Company obliging the Company, among other things, to change these provisions, publish the content of the decision, submit appropriate declarations to the indicated group of persons and provide compensation with interest to persons whose the complaints were rejected by applying the challenged provisions of the regulations. No fine was imposed on the Company. The company does not intend to appeal against the decision. As at the date of this report, the recommendations have been implemented.

- On September 9, 2023, an inspection of the operations of the Company's Czech branch began by the Czech National Bank (CNB). On March 6, 2024, the Company received an inspection report. At the date of the report, the objections to the report had been forwarded and the Company had received a response to maintain the findings in their original scope.
- 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.
- On February 12, 2024, an inspection of the operations of the subsidiary XTB International Limited with its registered seat in Belize by IFSC, this is the commission responsible for the supervision over the capital market in Belize. At the date of this report, the company is awaiting receipt of the audit report.
- On 14 February 2024, an audit of the activities of the Company's Spanish branch began by the National Securities Market Commission (CMNV) for compliance with AML regulations. As at the date of publication of the report, the audit is ongoing.

6.6 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.

Draft act on the protection of whistleblowers (previously: on the protection of persons reporting violations of the law)

On October 18, 2021, the Draft Act on the protection of persons reporting violations of the law was published on the website of the Government Legislation Center. The bill aims to implement Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons reporting breaches of Union law.

The guarantees and legal remedies provided for in the Act will be available to the person reporting the violation, regardless of the basis and form of work (including employment contract, civil law contract, running a business by a natural person, management contract, volunteering, internship and internship), including those performing work for entities with which the employer maintains economic relations, such as contractors, subcontractors or suppliers, and other persons reporting information about violations in the context of with work, such as shareholders and partners and members of the bodies of a legal person. It will be possible to report violations of the law via internal reporting channels established by private and public entities, via external reporting channels to relevant state authorities, and via public disclosure. The proposed act will specify requirements regarding the establishment and internal organization and external channels (procedures and organizational solutions) for reporting violations and rules for public disclosure.

The implementation of the obligation to establish internal reporting regulations by entities in the private sector with at least 50 and less than 250 employees was to take place by 17 December 2023. On 7 July 2023, another version of the bill appeared on the website of the Government Legislation Centre. On 6 March 2024, a draft law (dated 26 February 2024) on the protection

of whistleblowers appeared on the website of the Government Legislation Centre, replacing the draft law on the protection of whistleblowers.

On 17 April 2024, the draft was submitted to the Sejm, on 24 April 2024, the draft was referred to the first reading in committees. According to the draft, the law will enter into force 3 months after the date of promulgation in the context of solutions for internal filings and 6 months in the context of solutions for external filings.

The company is already making efforts to adapt its internal whistleblowing procedures to the requirements of the draft law.

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.

Draft Act amending certain acts in connection with ensuring operational digital resilience of the financial sector of 5 April 2024

On 18 April 2024, a draft act amending certain acts in connection with ensuring the operational digital resilience of the financial sector was published on the website of the Government Legislation Centre. The bill aims to implement into the Polish legal system and ensure the application of the DORA regulation.

The key issues of the bill include:

- the confirmation of the functions and competences of the FSA as the competent authority to supervise the operational digital resilience of the financial sector;
- the need to provide the FSA with information on ICT contracts by 31 January each year;
- changes to bank outsourcing (including an expanded catalogue of grounds for outsourcing, additional obligations of the bank and the trader in relation to ICT systems) and the power to examine the results of operational resilience tests by the FSA;
- in the case of violations – penalties for financial entities of up to ca. PLN 21 million (or 10% of revenue), penalties for persons responsible for violations of up to ca. PLN 3 million or a ban on performing the function of a member of the management board, supervisory board or another managerial function for up to 1 year.

The draft is currently at the opinion stage. According to the draft, the act is to enter into force on 17 January 2025.

Draft Act amending the Accounting Act, the Act on Statutory Auditors, Audit Firms and Public Supervision and certain other acts of 17 April 2024

On 19 April 2024, a draft law amending the Accounting Act, the Act on Statutory Auditors, Audit Firms and Public Supervision and certain other laws was published on the website of the Government Legislation Centre. The purpose of the amendment is to implement into the national legal order Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU as regards reporting by undertakings on sustainable development and Commission Delegated Directive (EU) 2023/2775 of 17 October 2023 amending Directive 2013/34/EU of the European Parliament and of the Council as regards the adaptation of the undertaking size criteria for micro, small, medium-sized and large entities or groups. A key objective of Directive 2022/2464 is to ensure that a larger group of companies reports relevant, comparable and reliable sustainability information - of greater use to investors and other stakeholders.

Key issues of the Act include:

- the facilitation of accounting for small and micro entities;
- the introduction of mandatory sustainability reporting for large entities, listed entities and certain financial institutions and the obligation to attest such reporting;
- simplification of group reporting.

The draft is currently at the opinion stage. According to the draft, the majority of the provisions of the Act will enter into force 14 days after promulgation, the amendments relating to revenue thresholds and corporate size criteria will enter into force on 1 January 2025, while the entry into force of the sustainability reporting provisions has been broken down and the provisions will enter into force gradually between 2024 and 2027.



**INTERIM CONDENSED
STANDALONE
FINANCIAL
STATEMENTS**

INTERIM CONDENSED STANDALONE COMPREHENSIVE INCOME STATEMENT

(IN PLN'000)	THREE-MONTH PERIOD ENDED 31.03.2024 (UNAUDITED)	THREE-MONTH PERIOD ENDED 31.03.2023 (UNAUDITED)
Result of operations on financial instruments	502 236	495 596
Net interest income on clients cash, including:	13 450	5 946
- <i>Interest income from clients cash</i>	21 678	5 946
- <i>Interest expense paid to clients</i>	(8 229)	-
Income from fees and charges	2 144	2 543
Other income	121	11
Total operating income	517 951	504 096
Marketing	(61 528)	(66 976)
Salaries and employee benefits	(59 805)	(49 337)
Other external services	(24 218)	(21 190)
Commission expenses	(14 314)	(9 428)
Amortisation and depreciation	(4 000)	(3 208)
Taxes and fees	(3 579)	(2 733)
Costs of maintenance and lease of buildings	(1 899)	(1 459)
Other costs	(352)	(927)
Total operating expenses	(169 695)	(155 258)
Profit on operating activities	348 582	348 838
Impairment of investments in subsidiaries	-	(125)
Finance income, including:	17 392	21 245
- <i>interest income on financial instruments at amortized cost</i>	9 091	11 294
Finance costs	(247)	(6 217)
Profit before tax	365 727	363 741
Income tax	(65 643)	(63 918)
Net profit	300 084	299 823
Other comprehensive income	(854)	6
Items which will be reclassified to profit (loss) after meeting specific conditions	(935)	(19)
Currency translation differences:	(935)	(19)
- <i>positions that will be reclassified to profit on valuation of foreign companies</i>	(508)	113
- <i>positions that will be reclassified to profit on valuation of separated equity</i>	(427)	(132)
Deferred income tax	81	25
Total comprehensive income	299 230	299 829
Earnings per share:		
- basic profit per year attributable to shareholders of the Parent Company (in PLN)	2,55	2,55
- basic profit from continued operations per year attributable to shareholders of the Parent Company (in PLN)	2,55	2,55
- diluted profit of the year attributable to shareholders of the Parent Company (in PLN)	2,55	2,55
- diluted profit from continued operations of the year attributable to shareholders of the Parent Company (in PLN)	2,55	2,55

INTERIM CONDENSED STANDALONE STATEMENT OF FINANCIAL POSITION

(IN PLN'000)	31.03.2024 (UNAUDITED)	31.12.2023 (AUDITED)	31.03.2023 (UNAUDITED)
ASSETS			
Cash and cash equivalents	3 484 483	3 414 342	3 204 452
Financial assets at fair value through P&L	1 409 391	852 787	868 627
Investments in subsidiaries	52 163	49 429	47 824
Income tax receivables	-	129	9 055
Financial assets at amortised cost	130 762	110 347	98 691
Prepayments and deferred costs	15 279	14 454	15 169
Intangible assets	998	1 086	1 340
Property, plant and equipment	49 776	47 563	47 091
Deferred income tax assets	8 002	8 030	6 009
Total assets	5 150 854	4 498 167	4 298 258
EQUITY AND LIABILITIES			
Liabilities			
Amounts due to customers	2 762 258	2 500 414	2 235 332
Financial liabilities held for trading	126 502	68 017	62 477
Income tax liabilities	13 288	22 641	427
Liabilities due to lease	26 723	27 201	31 652
Other liabilities	119 825	86 331	93 908
Provisions for liabilities	3 567	3 732	3 800
Deferred income tax provision	69 966	61 901	72 470
Total liabilities	3 122 129	2 770 237	2 500 066
Equity			
Share capital	5 878	5 878	5 869
Supplementary capital	71 608	71 608	71 608
Other reserves	864 593	863 028	657 417
Foreign exchange differences on translation	(574)	280	1 911
Retained earnings	1 087 220	787 136	1 061 387
Total equity	2 028 725	1 727 930	1 798 192
Total equity and liabilities	5 150 854	4 498 167	4 298 258

INTERIM CONDENSED STANDALONE STATEMENT OF CHANGES IN EQUITY

Statement of changes in equity for the period from 1 January 2024 to 31 March 2024 (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 2024	5 878	71 608	863 028	280	787 136	1 727 930
Total comprehensive income for the financial period						
Net profit	-	-	-	-	300 084	300 084
Other comprehensive income	-	-	-	(854)	-	(854)
Total comprehensive income for the financial period	-	-	-	(854)	300 084	299 230
Transactions with Parent Company's owners recognized directly in equity						
Appropriation of profit						
- dividend payment	-	-	-	-	-	-
- transfer to other reserves	-	-	-	-	-	-
Issue of Equity	-	-	-	-	-	-
Inclusion of share based incentive scheme	-	-	1 565	-	-	1 565
Increase (decrease) in equity	-	-	1 565	(854)	300 084	300 795
As at 31 March 2024	5 878	71 608	864 593	(574)	1 087 220	2 028 725

Statement of changes in equity for the period from 1 January 2023 to 31 December 2023 (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 2023	5 869	71 608	657 417	1 905	761 564	1 498 363
Total comprehensive income for the financial period						
Net profit	-	-	-	-	787 136	787 136
Other comprehensive income	-	-	-	(1 625)	-	(1 625)
Total comprehensive income for the financial period	-	-	-	(1 625)	787 136	785 511
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)	-
Issue of Equity	9	-	-	-	-	9
Inclusion of share based incentive scheme	-	-	14 531	-	-	14 531
Increase (decrease) in equity	9	-	205 611	(1 625)	25 572	229 567
As at 31 December 2023	5 878	71 608	863 028	280	787 136	1 727 930

Statement of changes in equity for the period from 1 January 2023 to 31 March 2023 (UNAUDITED)

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

INTERIM CONDENSED STANDALONE CASH FLOW STATEMENT

(IN PLN'000)	THREE-MONTH PERIOD ENDED 31.03.2024 (UNAUDITED)	THREE-MONTH PERIOD ENDED 31.03.2023 (UNAUDITED)
Cash flows from operating activities		
Profit before tax	365 727	363 741
Adjustments:	9 187	(176 427)
(Gain) Loss on investment activity	(7 400)	(9 783)
Proceeds / Expenses on cash deposits with maturity over 3M	-	(175 000)
Amortization and depreciation	4 000	3 208
Foreign exchange (gains) losses from translation of own cash	1 586	(1 932)
Other adjustments	(572)	28
Changes		
Change in provisions	(165)	(202)
Change in balance of financial assets at fair value through P&L and financial liabilities held for trading	(97 769)	(68 851)
Change in balance of restricted cash	(164 591)	20 432
Change in financial assets at amortised cost	(20 415)	(15 473)
Change in balance of prepayments and accruals	(825)	(2 628)
Change in balance of amounts due to customers	261 844	58 469
Change in balance of other liabilities	33 494	15 305
Cash from operating activities	374 914	187 314
Income tax paid	(66 774)	(59 024)
Interest received	-	(2 198)
Interest paid	226	
Net cash from operating activities	308 366	126 092
Cash flow from investing activities		
Proceeds from sale of items of property, plant and equipment	-	1
Expenses relating to payments for property, plant and equipment	(4 603)	(3 007)
Expenses relating to payments for intangible assets	-	(93)
Expenses relating to payments for investments in subsidiaries	(2 734)	(4 463)
Expenses relating purchase of bonds	(549 099)	(190 363)
Proceeds from closed deposits	-	175 000
Interest received on deposits	-	2 377
Proceeds from sale of bonds	154 345	194 843
Interests on bonds	1 828	(3 909)
Net cash from investing activities	(400 263)	170 386
Cash flow from financing activities		
Payments of liabilities under finance lease agreements	(2 305)	(1 269)
Interest paid under lease	(226)	(180)
Inclusion of share based incentive scheme	1 564	-
Net cash from financing activities	(967)	(1 449)
Increase (Decrease) in net cash and cash equivalents	(92 864)	295 029
Cash and cash equivalents – opening balance	1 271 437	1 124 822
Increase (Decrease) in net cash and cash equivalents	(92 864)	295 029
Effect of FX rates fluctuations on balance of cash in foreign currencies	(1 586)	1 932
Cash and cash equivalents – closing balance	1 176 987	1 421 783



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