



## **X-TRADE BROKERS DOM MAKLERSKI S.A.**

*(joint stock company with its registered office in Warsaw and address at ul. Ogrodowa 58, 00-876 Warszawa, entered into the Register of Business Entities of the National Court Register under No. 0000217580)*

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### **CURRENT REPORT NO. 17/2016**

Warsaw, 18 October 2016

#### **Information on the preliminary financial and operating results for the III quarter of 2016**

The Management Board of X-Trade Brokers Dom Maklerski S.A. (the „**Issuer**”, „**Company**”, „**XTB**”) hereby announces that on 18 October 2016 the aggregation process of financial data for the purpose of the preparation of the condensed consolidated financial statements of the Issuer’s Group was completed. Therefore the decision was made to publish the preliminary consolidated selected financial and operating data for the above period, which the Issuer submits as an attachment to the foregoing current report.

The Issuer informs also that the final financial and operation results for the III quarter of 2016 will be submitted in the extended consolidated report of the Issuer’s Group for the III quarter of 2016, publication of which was planned for 14 November 2016.

Legal basis:

*Article 17 paragraph 1 MAR – inside information.*

## APPENDIX TO THE CURRENT REPORT NO 17/2016 DATED 18 OCTOBER 2016

### Selected consolidated financial data

(IN PLN'000)	NINE-MONTH PERIOD ENDED		THREE-MONTH PERIOD ENDED	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
Total operating income	156 617	225 188	42 802	95 695
Total operating expenses	(129 572)	(99 637)	(34 378)	(34 745)
Profit on operating activities	27 045	125 551	8 424	60 950
Net profit	27 285	102 531	4 238	50 939

### Selected consolidated operating data (KPI)

	NINE-MONTH PERIOD ENDED		THREE-MONTH PERIOD ENDED	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
New accounts <sup>1</sup>	21 676	22 951	8 060	6 723
Average number of active accounts <sup>2</sup>	16 531	15 003	16 984	15 399
Accounts in total	146 939	117 503	146 939	117 503
Net deposits (in PLN'000) <sup>3</sup>	197 286	255 953	60 717	110 135
Average operating income per active account (in PLN'000) <sup>4</sup>	9,5	15,0	2,5	6,2
Transaction volume in CFD instruments in lots <sup>5</sup>	1 526 995	1 883 448	468 686	625 946
Profitability per lot (in PLN) <sup>6</sup>	103	120	91	153

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

<sup>2</sup>) The average quarterly number of accounts via which at least one transaction has been concluded over the last three months.

<sup>3</sup>) Net deposits comprise deposits placed by clients less amounts withdrawn by the clients in a given period.

<sup>4</sup>) The Group's operating income in a given period divided by the average quarterly number of accounts via which at least one transaction has been concluded over the last three months.

<sup>5</sup>) A lot is a unit of trading in financial instruments; in the case of foreign currency transactions, a lot corresponds to 100,000 units of the underlying currency; in the case of instruments other than CFDs based on currencies, the amount is specified in the instruments table and varies for various instruments.

<sup>6</sup>) Total operating income divided by the transaction volume in CFDs in lots.

### Management Board commentary on the preliminary results

Third quarter of 2016, analogously to the second quarter, has not been influenced by unexpected and extraordinary market events or strong long-term trends. Noticeably lower volatility on the markets recorded in 9 months of 2016 as compared to 2015 has created fewer investments opportunities for XTB clients. As a consequence, XTB as well as its competitors with the same business profile, experienced decrease in turnover of financial instruments and hence a drop in the Group revenues.

Operating costs in the third quarter of 2016 decreased by 37% (i.e. PLN 20 million) comparing to the previous quarter of the current year, mainly due to lower marketing and other external services costs.

In the second quarter of 2016 the Group recorded increased marketing spending related to the global branding campaign. The Group perceives such spending as an investment that should bring effects in the long-term period. In the third quarter Group's marketing activities connected to the above-mentioned campaign were limited, mainly due to the holiday period of the year. As a result, marketing spending reached PLN 8 million for the third quarter and returned to the comparable level as for the first quarter of 2016. Total operating expenses for the third quarter 2016 reached similar level as for the comparative period of 2015.

In the second quarter of 2016 the Company recorded costs connected with the public offering of the Company's Offer Shares. Third quarter was not affected by similar costs which resulted in a decrease of other external services by 37% (PLN 2.6 million) q/q.

In spite of the limited market volatility observed during the current year (which resulted in lower average operating income per active account), XTB consequently builds up clients base for future growth. The number of new accounts and average number of active accounts is growing in the subsequent quarters of 2016.

	THREE-MONTH PERIOD ENDED		
	31.03.2016	30.06.2016	30.09.2016
New accounts	6 438	7 178	8 060
Average number of active accounts <sup>1</sup>	16 087	16 305	16 531

<sup>1</sup>) The average quarterly number of active accounts, for 3, 6 and 9 months of 2016, respectively

In the third quarter of the year the number of new accounts increased by 20% y/y and average number of active accounts increased by 10% y/y. The Management Board believes that increasing number of new and active accounts and a strong brand in combination with more favorably market volatility are solid foundations for future growth.