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. 25/2017

Warsaw, 26 July 2017

Information on the preliminary financial and operating results for the I half of 2017

The Management Board of X-Trade Brokers Dom Maklerski S.A. (the „**Issuer**", "**Company**", "**XTB**") hereby announces that on 26 July 2017 the aggregation process of financial data for the purpose of the preparation of the condensed consolidated financial statements of the Issuer's Group for the I half of 2017 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 operating results for the I half of 2017 will be submitted in the extended consolidated report of the Issuer's Group for the I half of 2017, publication of which was planned for 30 August 2017.

Legal basis:

Article 17 paragraph 1 MAR – inside information.

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APPENDIX TO THE CURRENT REPORT NO. 25/2017 DATED 26 JULY 2017

Selected consolidated financial data

(IN PLN'000)	SIX-MONTH PERIOD ENDED 30.06.2017	SIX-MONTH PERIOD ENDED 30.06.2016
Total operating income	125 244	113 815
Total operating expenses	(72 657)	(95 194)
Profit on operating activities	52 587	18 621
Impairment write-down of intangible assets	(5 612)	-
Net profit	29 530	23 047

Selected consolidated operating data (KPI)

	SIX-MONTH PERIOD ENDED 30.06.2017	SIX-MONTH PERIOD ENDED 30.06.2016
New accounts[1]	22 915	13 616
Average number of active accounts[2]	20 016	16 305
Accounts in total	178 008	139 209
Net deposits (in PLN'000)[3]	215 986	136 569
Average operating income per active account (in PLN'000)[4]	6,3	7,0
Transaction volume in CFD instruments in lots[5]	1 053 896	1 058 309
Profitability per lot (in PLN)[6]	119	108

[1]) *The number of accounts opened by the Group's clients in the individual periods.*
[2]) *The average quarterly number of accounts via which at least one transaction has been concluded over the last three months.*
[3]) *Net deposits comprise deposits placed by clients less amounts withdrawn by the clients in a given period.*
[4]) *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.*
[5]) *A lot is a unit of trading in financial instruments; in the case of foreign currency transactions, a lot corresponds to 100,000 units of the underlying currency; in the case of instruments other than CFDs based on currencies, the amount is specified in the instruments table and varies for various instruments.*
[6]) *Total operating income divided by the transaction volume in CFDs in lots.*

Management Board commentary on the preliminary results

In the I half of 2017 consolidated operating profit (EBIT) increased by PLN 34.0 million, i.e. 182.4% and reached PLN 52.6 million in comparison to PLN 18.6 million as compared to the same period of the previous year. Net profit was PLN 29.5 million, compared to PLN 23.0 million in a previous year. That's an increase of 28.1%.

The net result for the I half of 2017 was mainly shaped by the following factors:

- the increase of 10.0% in operating income due to higher profitability per lot;
- improved cost-effectiveness, showing a decrease by PLN 22.5 million in operating costs;
- creation of impairment write-down of separate intangible assets in the form of a brokerage license in the Turkish market in amount of PLN 5.6 million;
- occurrence of negative exchange rate differences (finance costs) in the amount of PLN 12.2 million (I half of 2016: PLN 2.9 million) as a result of zloty strengthening against other currencies.

<u>Revenues</u>
Operating revenues increased by 10.0% and reached PLN 125.2 million in the I half of 2017 in comparison to PLN 113.8 million as compared to the previous year.
From the structural side they have been shaped by an increase in profitability per lot with a comparable volume of transaction in CFD instruments in lots.

	THREE-MONTH PERIOD ENDED					
	30.06.2017	31.03.2017	31.12.2016	30.09.2016	30.06.2016	31.03.2016
Total operating income (in PLN'000)	66 526	58 718	93 959	42 802	31 050	82 765
Transaction volume in CFD instruments in lots[1]	513 814	540 082	488 660	468 686	525 108	533 201
Profitability per lot (in PLN)[2]	129	109	192	91	59	155

[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.

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

The XTB has a stable foundation for future growth in the form of a growing customer base. In the second quarter of 2017, the number of new accounts was the same as in the fourth quarter of 2016, while in the first quarter of this year The Group reached the record number of new accounts. The total number of new accounts in the first half of 2017 increased by 68.3% over the comparable period. The average number of active accounts in the first half of 2017 amounted to 20 016, an increase by 22.8% y/y.

	PERIOD ENDED					
	30.06.2017	31.03.2017	31.12.2016	30.09.2016	30.06.2016	31.03.2016
New accounts[1]	9 635	13 280	9 624	8 060	7 178	6 438
Average number of active accounts[2]	19 625	20 408	17 243	16 531	16 305	16 087

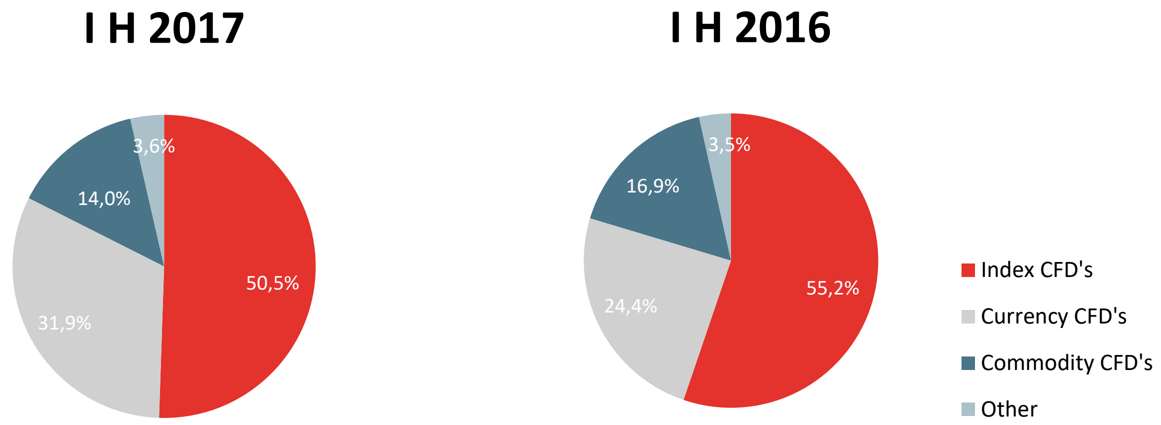
[1]) The number of accounts opened by the Group's clients in the individual periods

[2]) The average quarterly number of accounts respectively for 6 and 3 months of 2017 and 12, 9, 6 and 3 months of 2016.

According to the Management Board, in the coming months a significant portion of XTB branches should maintain the increasing rate number of accounts that observed in 2017. Germany, France and Latin America have the biggest potential for business growth. Increasing accounts is not only the result of an optimized sales and marketing strategy, but also the result of product and technology development. The management continues to see great potential in technology and product development, which should help XTB expand its customer base and reach customers who have not previously been the Group's main target customers.

Looking at the revenue structure for the classes of instruments responsible for their origins, we see that more than half of revenue was generated on CFDs based on stock indices. The most important of these are CFD based on German and American stock indices (DE30, US500, US100, US30). Looking at the structure in greater detail, it can be seen that the increase in revenues is primarily attributable to CFDs on currencies.

(IN PLN'000)	SIX-MONTH PERIOD ENDED		CHANGE
	30.06.2017	30.06.2016	(%)
Index CFD's	64 525	63 668	1,3
Currency CFD's	40 742	28 143	44,8
Commodity CFD's	17 844	19 438	(8,2)
Stock CFD's	1 953	555	251,9
Bond CFD's	(257)	1 238	(120,8)
Total CFD's	124 807	113 042	10,4
Options	3 743	2 238	67,2
Stocks and exchange derivatives	(856)	-	-
Gross gain on transactions in financial instruments	**127 694**	**115 280**	**10,8**
Bonuses and discounts paid to costumers	(1 775)	(2 100)	(15,5)
Commission paid to cooperating brokers	(2 959)	(2 086)	41,9
Net gain on transaction in financial instruments	**122 960**	**111 094**	**10,7**



Geographically, XTB revenues were well diversified. Their growth has occurred in both Central and Eastern Europe and Western Europe. Countries where the Group derives more than 15% of its revenues each are: Spain (23.0%, decrease of share from 25.5%) and Poland (19.4%, decrease of share from 23.4%). The share of other countries in the geographic structure of revenues does not exceed in any case 15%. Latin America is also gaining on global relevance.

(IN PLN'000)	SIX-MONTH PERIOD ENDED		CHANGE
	30.06.2017	30.06.2016	(%)
Central and Eastern Europe	50 165	46 973	6,8
- including Poland	*24 322*	*26 621*	*(8,6)*
Western Europe	67 041	58 361	14,9
- including Spain	*28 791*	*28 981*	*(0,7)*
Latin America and Turkey	8 038	8 481	(5,2)
- including Turkey	*5 073*	*8 480*	*(40,2)*
Total operating income	**125 244**	**113 815**	**10,0**

Expenses

In the first half of 2017, XTB managed to significantly improve cost-effectiveness compared to the same period of the previous year, while maintaining growth in number of new accounts and number of active accounts. Operating expenses in the first half of 2017 amounted to PLN 72.7 million, a decrease by 23.7% y/y. This decrease was attributed to the lower by PLN 18.6 million y/y in marketing costs, mainly due to lower spending on advertising campaigns.

(IN PLN'000)	SIX-MONTH PERIOD ENDED		CHANGE
	30.06.2017	30.06.2016	(%)
Salaries and employee benefits	36 267	38 534	(5,9)
Marketing	13 720	32 300	(57,5)
Other external services	10 125	10 816	(6,4)
Costs of maintenance and lease of buildings	3 763	4 481	(16,0)
Amortization and depreciation	2 983	2 777	7,4
Taxes and fees	1 511	890	69,8
Fee expenses	2 621	2 311	13,4
Other costs	1 667	3 085	(46,0)
Total operating expenses	**72 657**	**95 194**	**(23,7)**

The Management Board expects that in the second half of 2017 operating costs should be at a level comparable to that of the first half of 2017. The final level of operating expenses will depend on the variable remuneration components paid to employees and the level of marketing expenditure. The amount of variable remuneration components will influence the results of the Group. The level of marketing expenditures will depend of their impact on the performance and profitability of the Group and on the responsiveness of customers to the actions taken.

Impairment write-down of intangible assets

Take a decision on the Turkish subsidiary X Trade Brokers Menkul Değerler A.Ş. (Current report no. 15/2017) required the establishment of a write-down of the value of a separate intangible asset in the consolidated financial statements for the first half of 2017 in the form of a brokerage license for the Turkish market of approx. PLN 5.6 million.

Negative exchange differences

The XTB Group operates in the international markets, whereby it owns cash in different currencies. This results in foreign exchange, positive and negative exchange rates occurring during the reporting periods. Due to significant zloty appreciation in the first half of 2017, the Group recorded negative exchange differences (financial expenses) in the amount of PLN 12.2 million (I half of 2016: PLN 2.9 million).

(IN PLN'000)	SIX-MONTH PERIOD ENDED		CHANGE
	30.06.2017	30.06.2016	(%)
Interest income			
Interest on own cash	1 985	2 367	(16,1)
Interest on customers' cash	425	498	(14,7)
Total interest income	**2 410**	**2 865**	**(15,9)**
Foreign exchange gains	-	6 794	(100,0)
Other finance income	11	14	(21,4)
Total finance income	**2 421**	**9 673**	**(75,0)**

(IN PLN'000)	SIX-MONTH PERIOD ENDED		CHANGE
	30.06.2017	30.06.2016	(%)
Interest expense			
Interest paid to customers	(430)	(299)	43,8
Interest paid under lease agreements	(2)	(6)	(66,7)
Other interest	(45)	(108)	(58,3)
Total interest expense	**(477)**	**(413)**	**15,5**
Foreign exchange losses	(12 239)	(2 907)	321,0
Other finance costs	-	(6)	(100,0)
Total finance costs	**(12 716)**	**(3 326)**	**282,3**

Market environment and prospects

We are currently witnessing regulatory changes in the industry at national and international level that may change over time. On the one hand, the European Securities and Markets Authority (ESMA) published on 29 of June this year statement on the preparatory work on legislation on CFD contracts, binary options and other highly speculative financial products. In the statement the subject was discussed on issues such as: Limit leverage, prohibit the offering of bonuses, protect against negative balance and the ban on advertising. According to the Company, any regulatory changes resulting from the work of ESMA should be implemented at the earliest in January 2018. On the other hand, in Poland in July of this year was published the draft of the amendment to the law on the supervision of the financial market and some other acts it is clear that the government is planning to lower the maximum leverage to 1:25 for FX/CFD players.

The proposed restrictions on the FX/CFD market are aimed at protecting retail investors primarily against market abuse, which undermined trust in the entire securities and securities industry. In the opinion of the Company, as regards the Polish market from which the Group currently achieves 19.4% of its revenues, it will be crucial to ensure uniform operating conditions for all market participants so that legislative actions do not harm Polish investors by supporting the development of the grey market of foreign entities, where the domestic investor will look for products that are optimal for his investment portfolio. Introducing the proposed one-sided restrictions for the domestic FX/CFD industry while neglecting the actions of foreign entities will be detrimental to the Polish client and the entire market. It should be noted that we are currently dealing with a project, which is not clear with the mere adoption of the changes in the shape presented in it. The legacy of our parliamentary legislative experience (e.g. with regard to the final determination of MAR sanctions) shows that, as part of the work on the project, it has undergone another change, evolving to a final version that has not always been concise and accurate.

With the originally announced project. At this moment it is therefore not at all determined that the proposed changes will be enacted and will become effective.

The above-described market environment is for XTB as an internationally traded entity with a well-diversified geographical revenue base and stable operating fundamentals, an opportunity to consolidate the industry at national and international level. The XTB board sees one of the Group's development directions.

In addition, the Company's current management plans for the forthcoming periods assume accelerated development of the Group, in particular by expanding the client base, further penetrating existing markets, and accelerating geographical expansion into Latin American markets.