



X-TRADE BROKERS DOM MAKLEPSKI S.A.

(joint stock company with its registered office in Warsaw and address at 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. 11/2018

Warsaw, 19 April 2018

Information on XTB Capital Group's operations on the Turkish market and update of strategy

In relation to current report no. 39/2017 concerning the suspension of the actions designed to terminate the activities on Turkish market by the end of the first half of 2018, the Management Board of X-Trade Brokers Dom Maklerski S.A. ("**Company**", "**XTB**") informs that on 19 April 2018 it decided to resume an action to terminate the activities on Turkish market and liquidation of the subsidiary X Trade Brokers Menkul Değerler A.S. The decision of the Company was made after analyzing the situation of the subsidiary and in the absence of the expected relaxation of the restrictions introduced by the Capital Markets Board of Turkey (CMB), which the Company informed in the current report No. 5/2017.

At the same time, the Company explains that, according to the explanations provided in the published consolidated annual report for 2017, the Management Board of XTB estimates that upon the completion of the activity on the Turkish market, in accordance with the applicable accounting principles, it will be necessary to reclassify the exchange differences resulting from the conversion of the capital of a Turkish company, whereby the amount of exchange differences related to investments in Turkey is derived from the rate of Turkish lira, which is subject to fluctuations, hence as at the date of this current report the Company is not able to precisely estimate the value of this financial cost, which will be recognized in the future.

In addition, the Company informs that due to the decision on withdrawing from the Turkish market and liquidation of X Trade Brokers Menkul Değerler A.S., on the same day, the Management Board updated the Strategy of the XTB Capital Group, additionally taking into account Africa and Asia as new directions of XTB geographic expansion. In the Company's opinion, Africa and Asia are attractive regions for the FX/CFD market, with high growth potential. The Company's updated strategy is presented in attachment to this current report.

Legal basis:

Article 17 paragraph 1 MAR – inside information.



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Strategy of the Capital Group X-Trade Brokers Dom Maklerski S.A.

Strategy of the Capital Group X-Trade Brokers Dom Maklerski S.A. ("Group", "XTB") is based on actively strengthening its position as an international supplier of technologically advanced products, services and solutions in the field of trading in financial instruments in the EU, Latin America, Africa and Asia by increasing brand recognition, acquiring new customers for its transaction platforms and building a long-term investment profile and customer loyalty. The Group's strategic plan includes supporting growth through expansion into new markets, further penetration of existing markets, as well as expansion of the product and service offer of XTB, while maintaining capital expenditures at a sustainable level.

The Group's strategy is based on the following areas of development:

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

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

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

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



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

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

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

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

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

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

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

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

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



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

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

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

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

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

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