

IQ 2018 RESULTS PRESENTATION

10 MAY 2018



AGENDA



- ✓ Financial data
- ✓ Operational data
- ✓ Market environment
- ✓ Regulatory environment
- ✓ Appendix

FINANCIAL

DATA





FINANCIAL DATA



Financial consolidated highlights

(in PLN'000)	IQ 2018	IQ 2017	Change
Result of operations on financial instrument	112 551	57 650	54 901
Other income	1 186	1 068	118
Total operating income	113 737	58 718	55 019
Salaries and employee benefits	(19 452)	(18 425)	(1 027)
Marketing	(7 799)	(7 175)	(624)
Amortization and depreciation	(1 479)	(1 330)	(149)
Other operating expenses	(12 313)	(9 635)	(2 678)
Total operating expenses	(41 043)	(36 565)	(4 478)
Operating profit (EBIT)	72 694	22 153	50 541
Finance income	4 258	4 501	(243)
Finance costs	(3 209)	(12 923)	9 714
Profit before tax	73 743	13 731	60 012
Income tax	(14 256)	(3 091)	(11 165)
Net profit	59 487	10 640	48 847

(in PLN'000)	31 March 2018	31 March 2017	Change
Own cash and cash equivalents	452 041	286 000	166 041
Total equity	458 337	361 210	97 127



FINANCIAL DATA continued



Quarterly consolidated financial and operational data

(in PLN'000)	IQ 2018	IVQ 2017	IIIQ 2017	IIQ 2017	IQ 2017	IVQ 2016	IIIQ 2016	IIQ 2016
Total operating income	113 737	75 460	73 063	66 526	58 718	93 959	42 802	31 050
Total operating expenses	41 043	38 234	34 725	35 973	36 565	38 889	34 378	54 730
Operating profit (loss)	72 694	37 226	38 338	30 553	22 153	55 070	8 424	(23 680)
Net profit (loss)	59 487	32 273	31 342	18 718	10 640	50 422	4 238	(8 812)

	IQ 2018	IVQ 2017	IIIQ 2017	IIQ 2017	IQ 2017	IVQ 2016	IIIQ 2016	IIQ 2016
Total operating income (in PLN'000)	113 737	75 460	73 063	66 526	58 718	93 959	42 802	31 050
Transaction volume in CFD instrument in lots ¹	675 344	618 893	523 769	513 814	540 082	488 660	468 686	525 108
Profitability per lot (in PLN) ²	168	122	139	129	109	192	91	59

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.

Operating income for the first quarter of 2018 was determined by:

- Increase in the transaction volume in CFD instrument in lots by 135,3 thousand lots y/y;
- Increase profitability per lot by PLN 59.7.

FINANCIAL DATA continued



Result of operations on financial instruments by classes

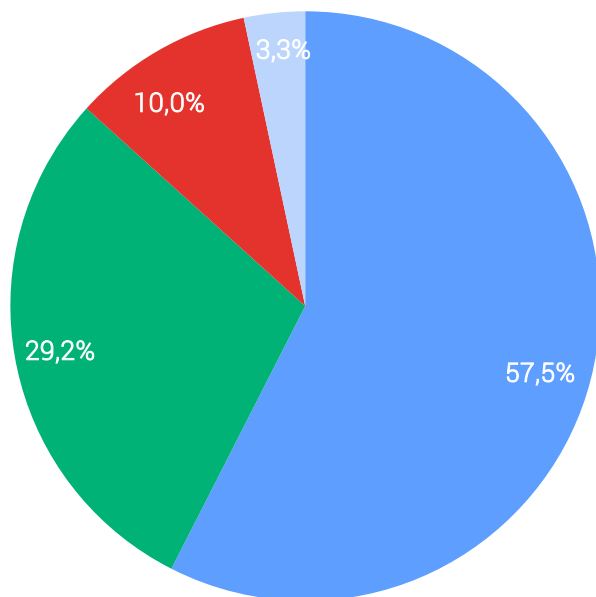
(in PLN'000)	IQ 2018	IQ 2017	Change
Index CFDs	65 534	43 249	22 285
Currency CFDs	33 278	11 782	21 496
Commodity CFDs	11 346	2 831	8 515
Stock CFDs	956	471	485
Bond CFDs	149	(123)	272
Total CFDs	111 263	58 210	53 053
Total options	2 702	2 082	620
Shares and listed derivative instruments	8	-	8
Gross gain on transactions in financial instruments	113 973	60 292	53 681
Bonuses and discounts paid to customers	(932)	(797)	(135)
Commission paid to cooperating brokers	(490)	(1 845)	1 355
Net gain on transactions in financial instruments	112 551	57 650	54 901

FINANCIAL DATA continued

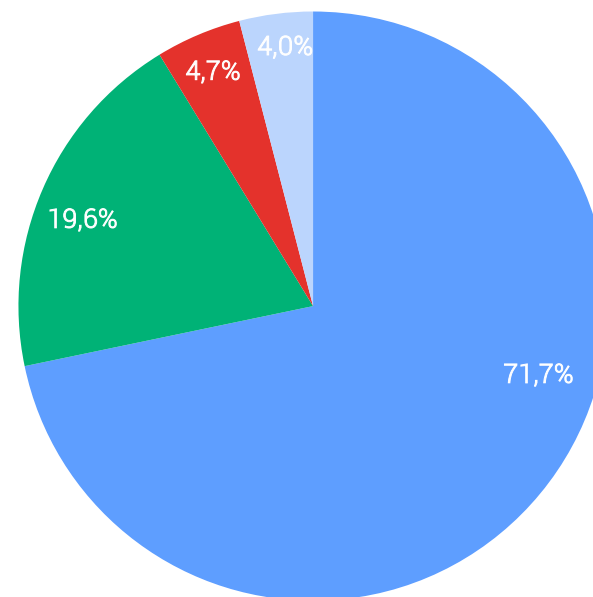
Result of operations on financial instruments by classes



Revenue by class of instrument
IQ 2018



Revenue by class of instrument
IQ 2017



- Index CFD's
- Currency CFD's
- Commodity CFD's
- Other

FINANCIAL DATA continued



Revenue by geographical area and segments

(in PLN'000)	IQ 2018	IQ 2017	Change
Central and Eastern Europe	53 792	22 893	30 899
- including Poland	30 344	10 610	19 734
Western Europe	54 138	30 926	23 212
- including Spain	20 459	13 081	7 378
Latin America and Turkey	5 807	4 899	908
- including Turkey	-	4 360	(4 360)
Total operating income	113 737	58 718	55 019

- Diversification of revenues in geographical terms:
 - Poland: 26,7% (IQ 2017: 18,1%) and Spain: 18,0% (IQ 2017: 22,3%).
 - The share of other countries does not exceed in any case 15%.
 - Latin America is gaining in importance, which has replaced the gap in Turkey.

(in PLN'000)	IQ 2018	IQ 2017	Change
Retail segment	102 910	44 058	58 852
Institutional segment (X Open Hub)	10 827	14 660	(3 833)
Total operating income	113 737	58 718	55 019

FINANCIAL DATA continued

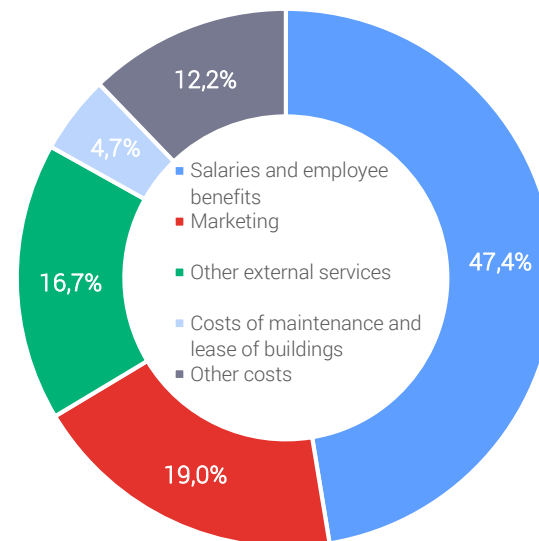
Operating expenses by type

(in PLN'000)	IQ 2018	IQ 2017	Change
Salaries and employee benefits	19 452	18 425	1 027
Marketing	7 799	7 175	624
Other external services	6 838	4 351	2 487
Costs of maintenance and lease of buildings	1 939	1 912	27
Amortisation and depreciation	1 479	1 330	149
Taxes and fees	367	1 019	(652)
Commission expenses	2 335	1 499	836
Other costs	834	854	(20)
Total operating expenses	41 043	36 565	4 478

Operating expenses structure IQ 2018

Increase in operating expenses by PLN 4.5 million PLN, i.e. 12,2% y/y mainly due to:

- PLN 2,5 million of other external services costs as a result of incurring more expenditure on:
 - IT support services (increased by PLN 787 thousand y/y);
 - legal and advisory services (increased by PLN 658 thousand y/y);
 - IT systems and licenses (increased by PLN 414 thousand y/y);
- PLN 1,0 million of salaries and employee benefits costs mainly due to the increase in variable remuneration components (bonuses);
- PLN 0,8 million of commission costs resulting from higher amounts paid to payment service providers through which clients deposit their funds in transaction accounts.

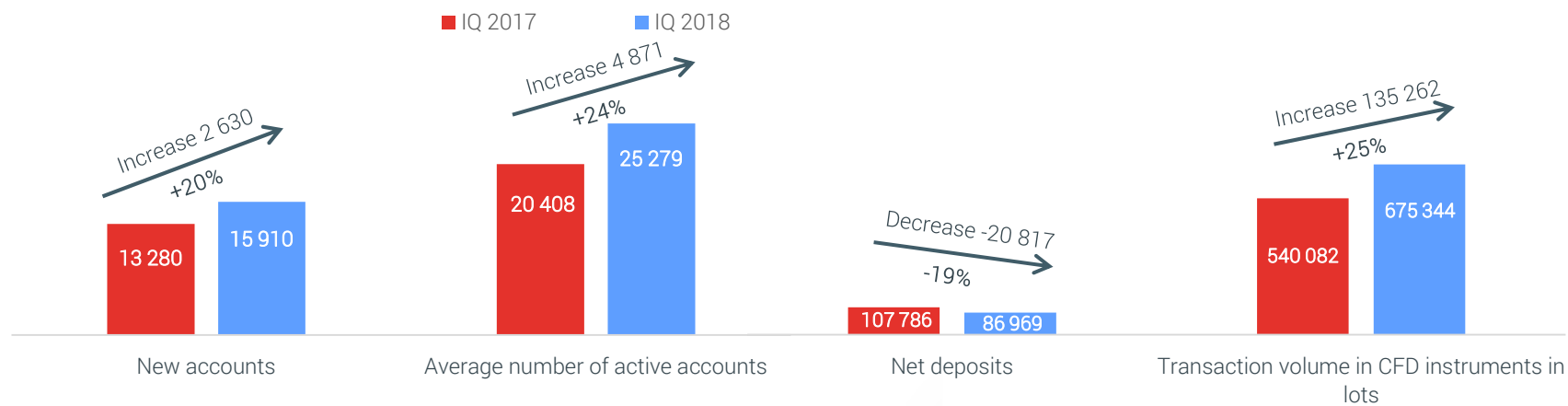


OPERATIONAL DATA



OPERATIONAL DATA

Consolidated KPIs



	IQ 2018	IVQ 2017	IIIQ 2017	IIQ 2017	IQ 2017	IVQ 2016	IIIQ 2016	IIQ 2016
New accounts	15 910	16 530	11 278	9 635	13 280	9 624	8 060	7 178
Average number of active accounts ¹	25 279	21 088	20 194	20 016	20 408	17 243	16 531	16 305
Accounts in total	209 176	204 064	188 380	178 008	169 031	156 501	146 939	139 209
Net deposits (in PLN'000)	86 969	84 911	56 779	108 200	107 786	116 759	60 717	28 503
Average operating income per active account (in PLN'000) ²	4,5	13,0	9,8	6,3	2,9	14,5	9,5	7,0
Transaction volume in CFD instruments in lots	675 344	618 893	523 769	513 814	540 082	488 660	468 686	525 108
Profitability per lot (in PLN)	168	122	139	129	109	192	91	59

1) Average quarterly number of accounts respectively for 3 months of 2018 and 12, 9, 6 and 3 months of 2017, and 12, 9 and 6 months of 2016.

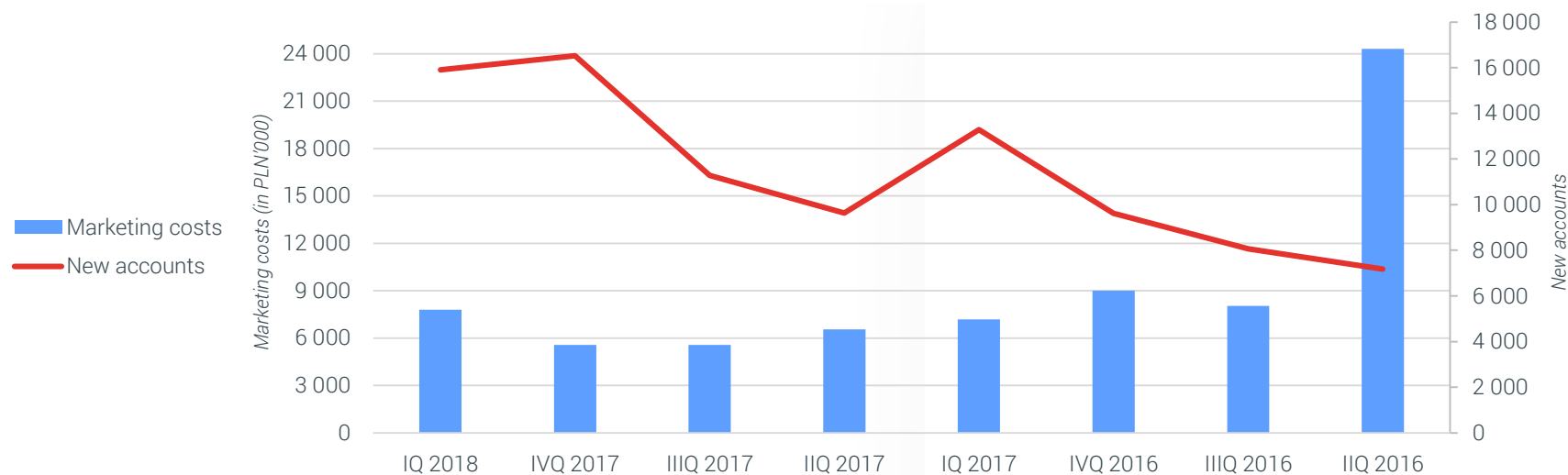
2) Average operating income for the active account respectively for 3 months of 2018 and 12, 9, 6 and 3 months of 2017, and 12, 9 and 6 months of 2016.

OPERATIONAL DATA continued

Marketing costs vs new accounts

	IQ 2018	IVQ 2017	IIIQ 2017	IIQ 2017	IQ 2017	IVQ 2016	IIIQ 2016	IIQ 2016
Total operating expenses (in PLN'000), including:	41 043	38 234	34 725	35 973	36 565	38 889	34 378	54 730
- marketing (in PLN'000)	7 799	5 558	5 563	6 545	7 175	8 997	8 041	24 310
New accounts	15 910	16 530	11 278	9 635	13 280	9 624	8 060	7 178

■ In terms of q/q, operating expenses increased by PLN 2.8 million mainly due to higher marketing expenditures by PLN 2.2 million.



MARKET

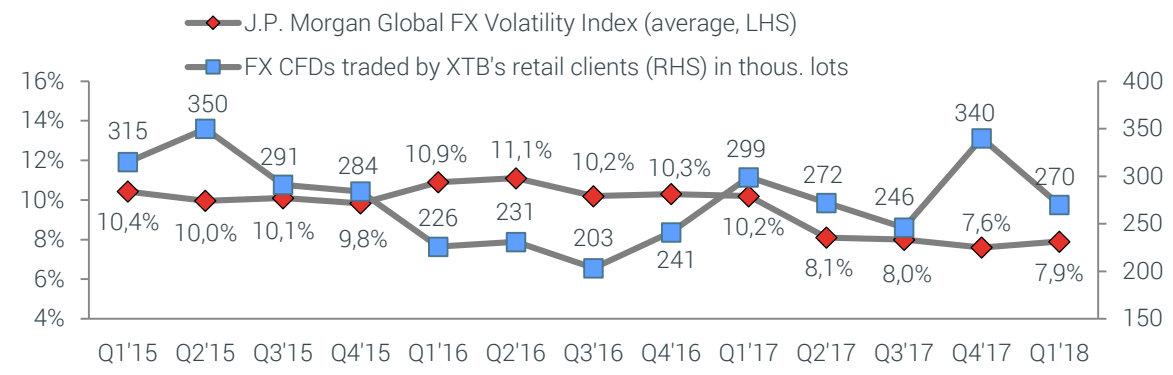
ENVIRONMENT



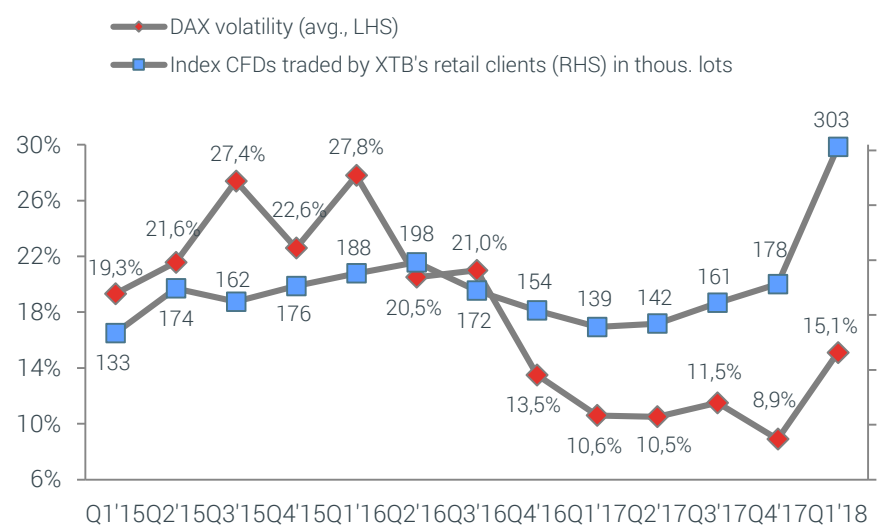
MARKET ENVIRONMENT



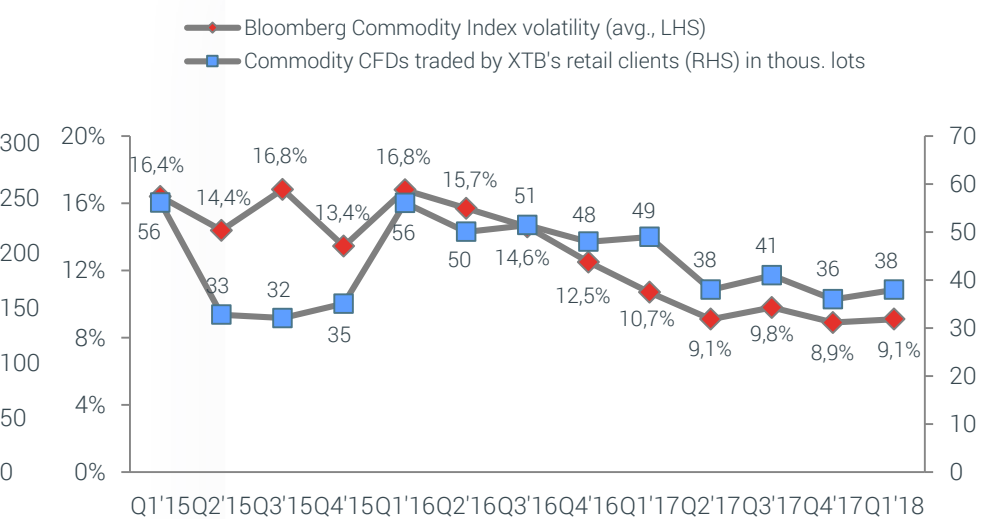
FX volatility on the market



Volatility of equity market¹



Volatility of commodity market¹



Source: Bloomberg, XTB

¹Volatility of German blue chip index DAX 30 and Bloomberg Commodity Index is calculated as an annualized historical daily volatility based on 30-days period standard deviation.



REGULATORY ENVIRONMENT





Regulatory changes in industry

Activity of the European Securities and Markets Authority (“ESMA”)

On 27 March 2017 ESMA agreed on measures on the provision of contracts for differences and binary options to retail investors in EU.

- Agreed measures regarding CFDs include:
 - leverage limits on the opening of a position by a retail clients between 30:1 and 2:1, which is subject to changes according to changes of the basic instrument:
 - 30:1 for major currency pairs;
 - 20:1 for non-majors currency pairs;
 - 10:1 for commodities other than gold and non-major equity indices;
 - 5:1 for individual equities and other reference values;
 - 2:1 for cryptocurrencies;
 - a margin close out rule on a per account basis;
 - negative balance protection on a per account basis;
 - a restriction on the incentives offered to trade CFDs;
 - a standardised risk warning.
- Agreed measures regarding to binary options include:
 - prohibition on the marketing, distribution or sale of those instruments to retail clients.

ESMA intends to adopt these measures in the official languages of the EU in the coming weeks, following which ESMA will publish an official notice on its website. The measures will then be published in the Official Journal of the EU (OJ) and will start to apply one month, for binary options, and two months, for CFDs, after their publication in the OJ.



REGULATORY ENVIRONMENT continued



Regulatory changes in industry

Poland - draft bill amending act on supervision over financial market and other acts

On 13 December 2017, another draft act on amendment of the act on supervision over the financial market and certain other acts was presented. At present, opinions for the draft are being prepared.

The main assumptions introduced by the draft include, among others:

- Increased requirements regarding security deposits for Polish residents with regard to transactions on the market of financial derivative instruments from 1% to 2% and, consequently, reduction of financial leverage to 1:50 for retail clients. As far as retail clients who, during 24 months preceding submission of the order, concluded at least 40 transactions and expressed this intention, the draft will allow application of financial leverage of up to 1:100.
- Authorising the Polish Financial Supervision Authority to maintain a register of internet domains and block internet domains of investment companies, used for provision of financial services in a manner non-compliant with regulatory requirements.
- Introduction of stricter penal liability for unauthorised operation with regard to trading in financial instruments if the unlawful act results in unfavourable disposition of property by the harmed party.

On 28 March 2018, the President of the Republic of Poland signed the Act amending the Act on Trading in Financial Instruments and certain other acts. This Act is aimed at implementing into the national legal order EU regulations concerning markets for financial instruments, i.e. MiFID II Directive and MiFIR Regulation. The Act imposes additional obligations on financial market entities, implements new rules for communication with the client, extends information requirements, ensures greater transparency of costs and introduces new powers for supervisors.

The act came into force on 21 April 2018.

APPENDIX





APPENDIX

Consolidated statement of financial position

(in PLN'000)	31 March 2018	31 December 2017
Own cash and cash equivalents	452 041	367 096
Customers' cash and cash equivalents	326 372	378 471
Financial assets held for trading	114 505	127 944
Loans granted and other receivables	5 829	4 009
Intangible assets	1 775	2 915
Property, plant and equipment	2 760	3 034
Deferred income tax assets	10 497	10 497
Other assets	6 069	3 738
Total assets	919 848	897 704
Amounts due to customers	402 622	421 400
Financial liabilities held for trading	19 657	40 905
Deferred income tax provision	12 173	10 210
Other liabilities	27 059	24 847
Total liabilities	461 511	497 362
Equity attributable to the owners of the Parent Company	458 337	400 342
Total equity and liabilities	919 848	897 704



APPENDIX continued

Consolidated cash flow statement

(in PLN'000)	IQ 2018	IQ 2017
Profit before tax	73 743	13 731
Amortization and depreciation	1 479	1 330
Foreign exchange (gains) losses from translation of own cash	2 417	3 698
Change in balance of financial assets and liabilities held for trading	(7 809)	(13 889)
Change in balance of restricted cash	52 099	(30 406)
Change in balance of amounts due to customers	(18 778)	41 116
Other adjustments and changes	(5 057)	(10 615)
Cash from operating activities	98 094	4 965
Income tax paid	(10 637)	(5 018)
Interests	-	2
Net cash from operating activities	87 457	(51)
Expenses relating to payments for property, plant and equipment	(68)	(228)
Expenses relating to payments for intangible assets	-	(716)
Net cash from investing activities	(68)	(944)
Payments of liabilities and interest under lease	(27)	(46)
Net cash from financing activities	(27)	(46)
Increase (Decrease) in net cash and cash equivalents	87 362	(1 041)



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