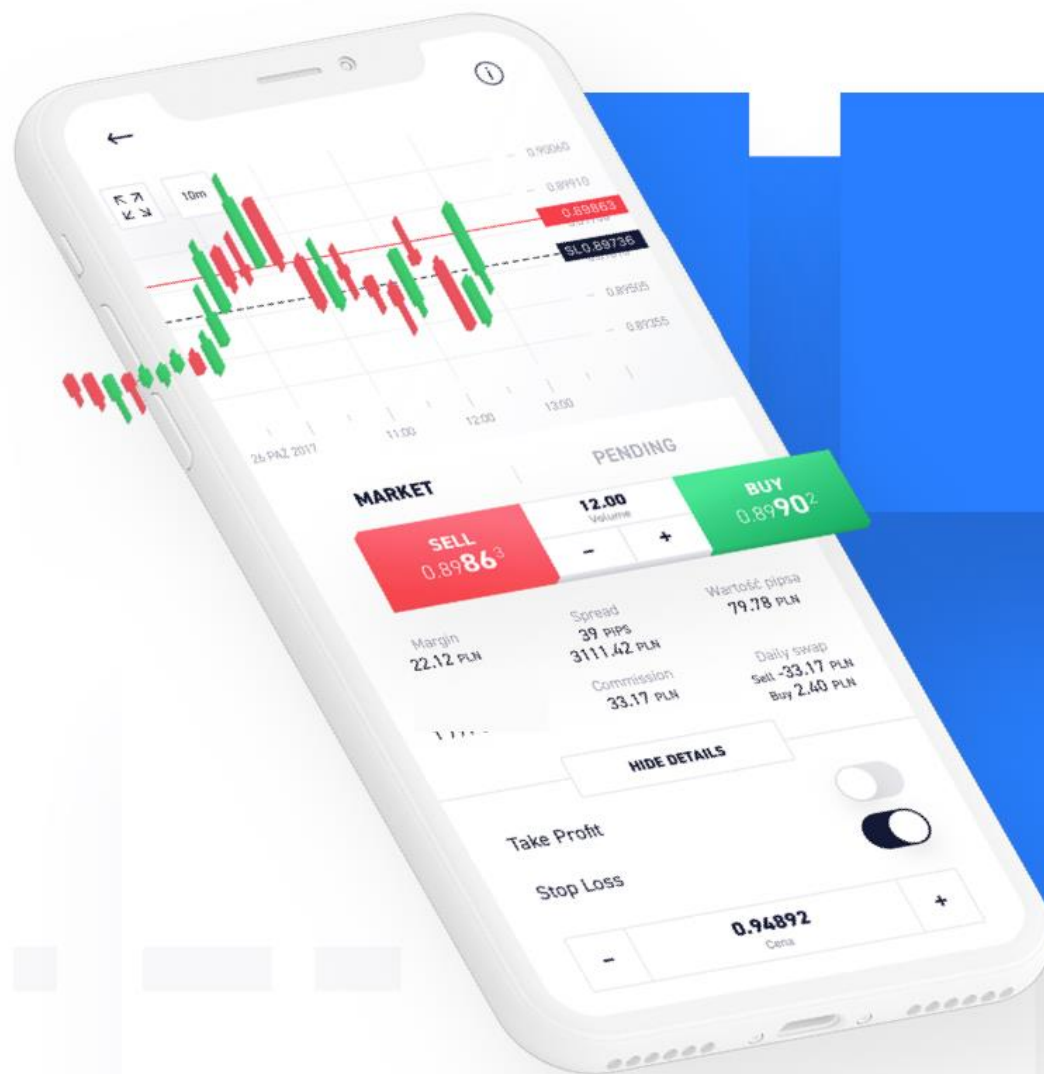


# RESULTS FOR 2017

7 MARCH 2018



# AGENDA

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

**FINANCIAL**

**DATA**





# FINANCIAL DATA



## Consolidated comprehensive income statement

(in PLN'000)	2017	2016	Change
Result of operations on financial instrument	269 188	245 216	23 972
Other income	4 579	5 360	(781)
<b>Total operating income</b>	<b>273 767</b>	<b>250 576</b>	<b>23 191</b>
Salaries and employee benefits	(73 150)	(71 864)	(1 286)
Marketing	(24 841)	(49 338)	24 497
Amortization and depreciation	(6 054)	(5 423)	(631)
Other operating expenses	(41 452)	(41 836)	384
<b>Total operating expenses</b>	<b>(145 497)</b>	<b>(168 461)</b>	<b>22 964</b>
<b>Operating profit (EBIT)</b>	<b>128 270</b>	<b>82 115</b>	<b>46 155</b>
Impairment of intangible assets	(5 612)	-	(5 612)
Finance income	6 318	12 122	(5 804)
Finance costs	(14 291)	(955)	(13 336)
<b>Profit before tax</b>	<b>114 685</b>	<b>93 282</b>	<b>21 403</b>
Income tax	(21 712)	(15 575)	(6 137)
<b>Net profit</b>	<b>92 973</b>	<b>77 707</b>	<b>15 266</b>

# FINANCIAL DATA continued

## Consolidated comprehensive income statement

	2017	2016	2015	2014	2013
Total operating income (in PLN'000)	273 767	250 576	282 542	204 434	215 559
Transaction volume in CFD instrument in lots <sup>1</sup>	2 196 558	2 015 655	2 443 302	1 986 639	1 947 679
Profitability per lot (in PLN) <sup>2</sup>	125	124	116	103	111

<sup>1)</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>2)</sup> Total operating income divided by the transaction volume in CFDs in lots.

	IV kw. 2017	III kw. 2017	II kw. 2017	I kw. 2017	IV kw. 2016	III kw. 2016	II kw. 2016	I kw. 2016
Total operating income (in PLN'000)	75 460	73 063	66 526	58 718	93 959	42 802	31 050	82 765
Transaction volume in CFD instrument in lots	618 893	523 769	513 814	540 082	488 660	468 686	525 108	533 201
Profitability per lot (in PLN)	122	139	129	109	192	91	59	155

- Despite the fact that quarterly revenues of the XTB Group are subject to significant fluctuations, which is typical of the XTB business model, in the long-term, which is the year, they assume in principle more stable values and comparable to those from historical years.



# FINANCIAL DATA continued

## Result of operations on financial instruments

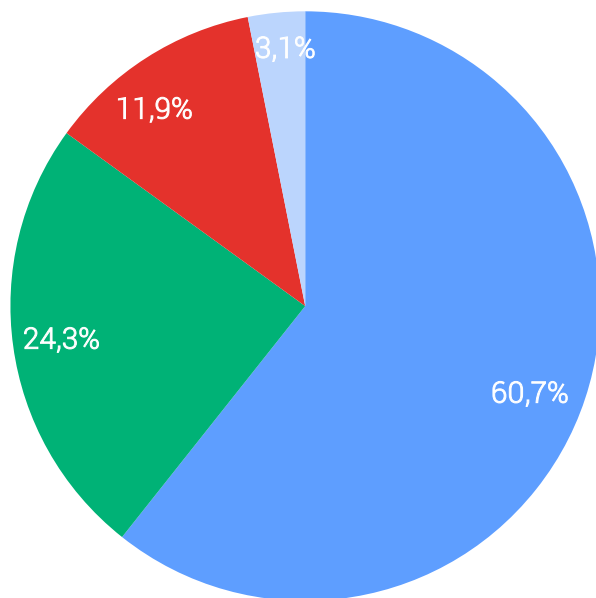
(in PLN'000)	2017	2016	Change
Index CFDs	168 852	117 756	51 096
Currency CFDs	67 659	71 385	(3 726)
Commodity CFDs	33 098	58 069	(24 971)
Equity CFDs	1 899	1 454	445
Bond CFDs	(83)	1 116	(1 199)
<b>Total CFDs</b>	<b>271 425</b>	<b>249 780</b>	<b>21 645</b>
Option derivatives	6 884	5 332	1 552
<b>Gross gain on transactions in financial instruments</b>	<b>278 309</b>	<b>255 112</b>	<b>23 197</b>
Bonuses and discounts paid to customers	(3 421)	(3 531)	110
Commissions paid to cooperating brokers	(5 700)	(6 365)	665
<b>Net gain on transactions in financial instruments</b>	<b>269 188</b>	<b>245 216</b>	<b>23 972</b>

# FINANCIAL DATA continued

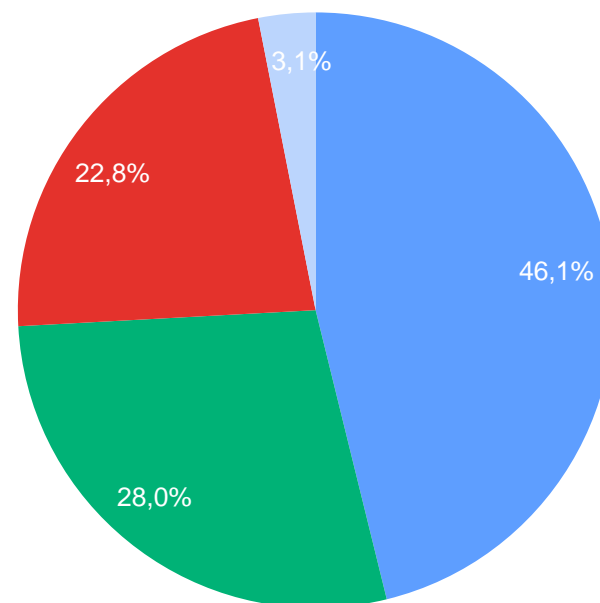
Result of operations on financial instruments



Revenue by class of instrument 2017



Revenue by class of instrument 2016



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

# FINANCIAL DATA continued

## Revenue by geographical area and segments

(in PLN'000)	2017	2016	Change
Central and Eastern Europe	131 423	128 915	2 508
- including Poland	78 332	80 008	(1 676)
Western Europe	128 564	105 986	22 578
- including Spain	56 550	45 177	11 373
Latin America and Turkey	13 780	15 675	(1 895)
- including Turkey	4 943	15 675	(10 732)
<b>Total operating income</b>	<b>273 767</b>	<b>250 576</b>	<b>23 191</b>

- Diversification of revenues in geographical terms:
  - Poland: 28,6% (2016 r.: 31,9%) and Spain: 20,7% (2016 r.: 18,0%).
  - 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)	2017	2016	Change
Retail segment	232 187	231 059	1 128
Institutional segment (X Open Hub)	41 580	19 517	22 063
<b>Total operating income</b>	<b>273 767</b>	<b>250 576</b>	<b>23 191</b>



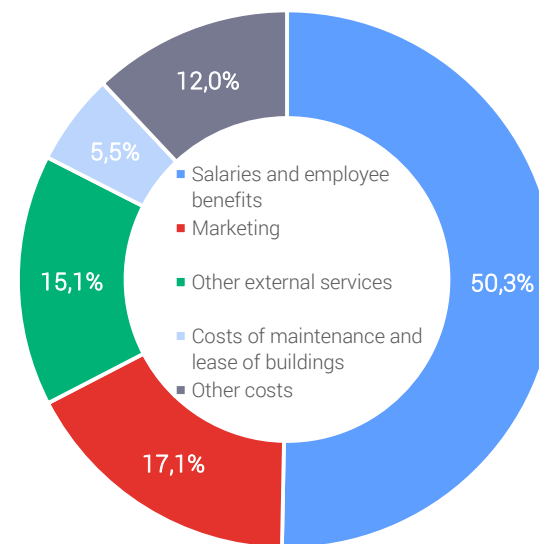
# FINANCIAL DATA continued

## Operating expenses

(in PLN'000)	2017	2016	Change
Salaries and employee benefits	73 150	71 864	1 286
Marketing	24 841	49 338	(24 497)
Other external services	21 943	20 620	1 323
Costs of maintenance and lease of buildings	7 934	8 698	(764)
Amortization and depreciation	6 054	5 423	631
Taxes and fees	2 059	2 597	(538)
Fee expenses	5 964	4 182	1 782
Other costs	3 552	5 739	(2 187)
<b>Total operating expenses</b>	<b>145 497</b>	<b>168 461</b>	<b>(22 964)</b>

### The structure of operating costs for 2017

- Decrease in operating expenses by 13,6% r/r, mainly due to:
  - Lower by PLN 24,5 million marketing costs associated with smaller spending on advertising campaigns.
- Improve cost efficiency while maintaining the growth of newly opened accounts and the number of active accounts.

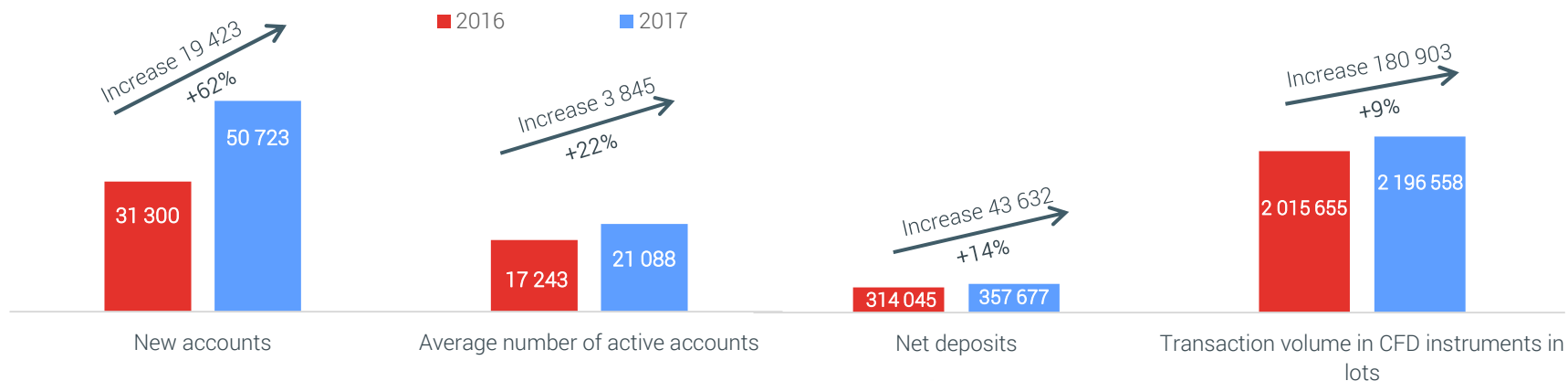


# OPERATIONAL DATA



# OPERATIONAL DATA

## Consolidated KPIs



	4Q 2017	3Q 2017	2Q 2017	1Q 2017	4Q 2016	3Q 2016	2Q 2016	1Q 2016
New accounts	16 530	11 278	9 635	13 280	9 624	8 060	7 178	6 438
Average number of active accounts <sup>1</sup>	21 088	20 194	20 016	20 408	17 243	16 531	16 305	16 087
Accounts in total	204 064	188 380	178 008	169 031	156 501	146 939	139 209	132 170
Net deposits (in PLN'000)	84 911	56 779	108 200	107 786	116 759	60 717	28 503	108 066
Average operating income per active account (in PLN'000) <sup>2</sup>	13,0	9,8	6,3	2,9	14,5	9,5	7,0	5,1
Transaction volume in CFD instruments in lots	618 893	523 769	513 814	540 082	488 660	468 686	525 108	533 201
Profitability per lot (in PLN)	122	139	129	109	192	91	59	155

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

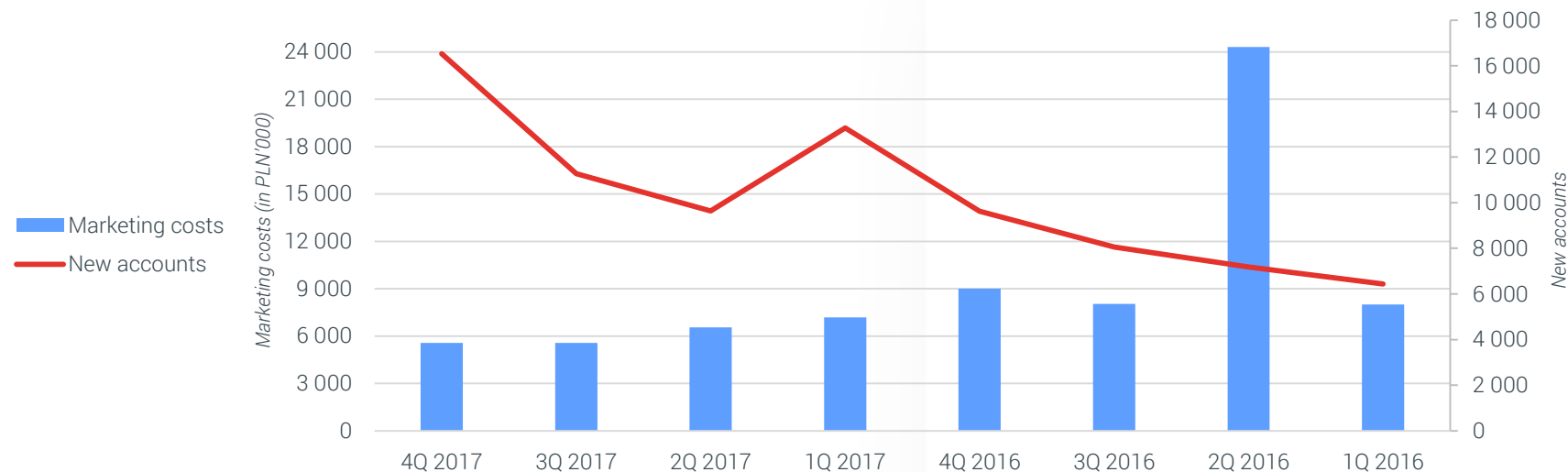
2) Average operating income for the active account for the 12, 9, 6 and 3 months of 2017 respectively, and 12, 9, 6 and 3 months of 2016.

# OPERATIONAL DATA continued

## Marketing costs vs new accounts

	4Q 2017	3Q 2017	2Q 2017	1Q 2017	4Q 2016	3Q 2016	2Q 2016	1Q 2016
Total operating expenses (in PLN'000):	38 234	34 725	35 973	36 565	38 889	34 378	54 730	40 464
- marketing (in PLN'000)	5 558	5 563	6 545	7 175	8 997	8 041	24 310	7 990
New accounts	16 530	11 278	9 635	13 280	9 624	8 060	7 178	6 438

- In 1Q-4Q 2017 a significant improvement in cost-effectiveness compared to the same period of the previous year, while the increase in new accounts opened and the number of active accounts continued.



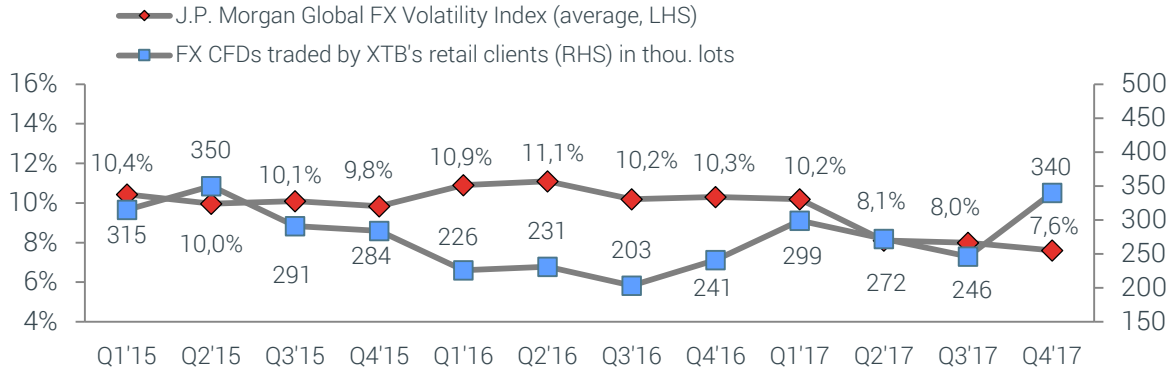
**MARKET**

**ENVIRONMENT**

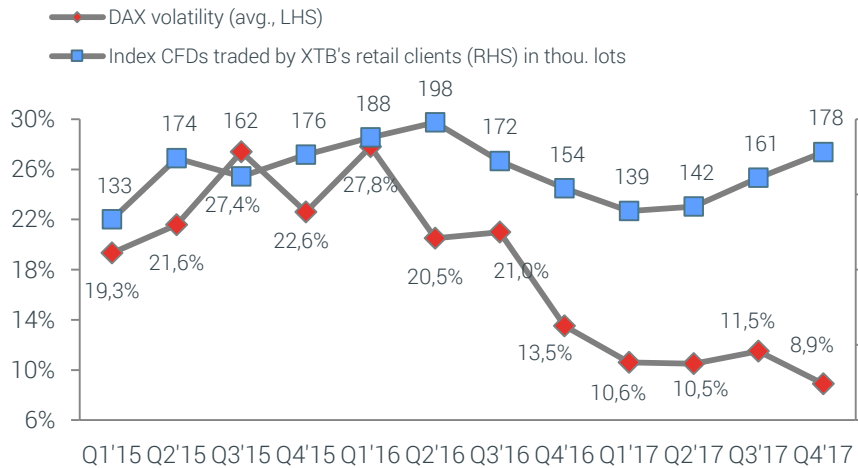


# MARKET ENVIRONMENT

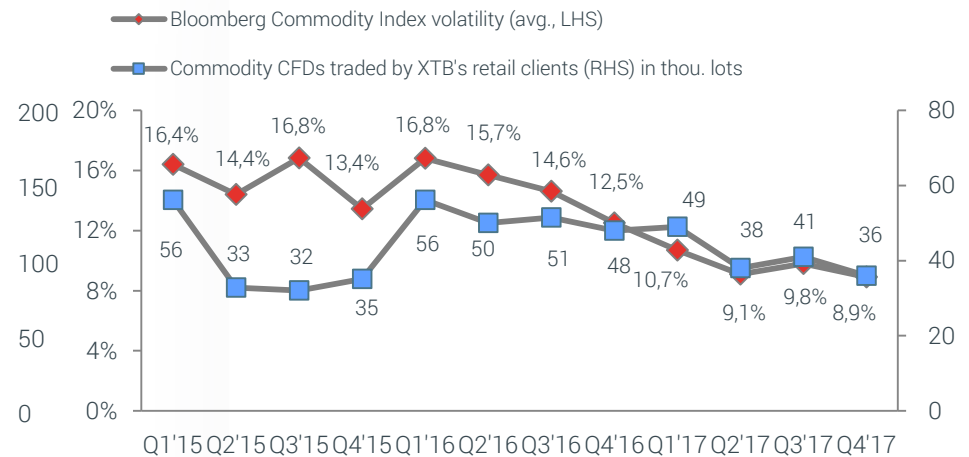
## FX volatility on the market



## Volatility of equity market<sup>1</sup>



## Volatility of commodity market<sup>1</sup>



Source: Bloomberg, XTB

<sup>1</sup> Volatility 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





### Activities of the European Securities and Markets Authority ('ESMA')

On 18 January 2018, ESMA published a document - Call for evidence - regarding potential measures under product intervention in accordance with art. 40 MiFIR with regard to CFDs and binary options offered to retail clients.

At present, the document is at the stage of consultations, by the date of publication of this report, the ESMA has not issued any announcement stating the consultations outcome

- As far as CFD contracts are concerned, the following actions are being considered:
  - introduction of a financial leverage limit upon opening of a position by a retail client;
  - introduction of the margin close-out principle with regard to positions;
  - introduction of the negative balance protection principle with regard to the account;
  - limitation of application by investment firms, whether indirectly or directly, of monetary or non-monetary incentives to encourage retail clients to use CFD products;
  - determination of standardised risk warnings on all stages of communication with the client retail.

The ESMA has not yet decided whether or not the planned measures will also include CFD instruments on cryptocurrencies. As far as binary options are concerned, the ESMA is considering introduction of a prohibition in the area of marketing, distribution and sales of those instruments to retail clients.

Moreover, on 5 February 2018 the ESMA published its Guidelines on MiFID II product governance requirements.

- The document discusses obligations regarding compliance with the law and reporting, and it presents:
  - guidelines for manufacturers, including the manufacturer's obligation to identify the potential target market and the relationship between the manufacturer's distribution strategy and their target market definition;
  - guidelines for distributors, which define – inter alia – the relationship between the product governance requirements and assessment of suitability or adequacy, as well as the distribution strategy, and
  - guidelines regarding issues applicable to manufacturers and distributors, including principles of identification of the negative target market and sales outside the positive target market, as well as application of the requirements of the target market to firms operating on wholesale markets.

The Company is not in a position to predict the final shape of planned. It can not be ruled out that regulatory changes at the international level can have a significant impact on the way the Group offers and promotes financial products, and what's next goes to the financial results





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

On 12 July 2017, the draft act of 10 July 2017 on amendment of the act on supervision over the financial market and certain other acts was published.

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, and
  - 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.

As at the date of publication of the annual report for 2017, the bill is at the stage of giving an opinion. The entry into force of the leverage restriction in the projected shape will most likely increase the transaction costs for the Company's clients from Poland, which may adversely affect their ability and interest in trading instruments offered by the Company, particularly when clients have access to foreign investment firms' Polish regulations, which in turn may have a negative impact on the volume of trading in instruments offered by the Company in Poland, and thus on the Company's business, financial situation and results

# APPENDIX





# APPENDIX



## Consolidated statement of financial position

(in PLN'000)	2017	2016
Own cash and cash equivalents	367 096	290 739
Customers cash and cash equivalents	378 471	375 642
Financial assets held for trading	127 944	94 903
Loans granted and other receivables	4 009	5 244
Intangible assets	2 915	10 060
Property, plant and equipment	3 034	3 746
Deferred income tax assets	10 497	11 623
Other assets	3 738	4 796
<b>Total assets</b>	<b>897 704</b>	<b>796 753</b>
Amounts due to customers	421 400	377 268
Financial liabilities held for trading	40 905	22 645
Deferred income tax provision	10 210	13 044
Other liabilities	24 847	27 903
<b>Total liabilities</b>	<b>497 362</b>	<b>440 860</b>
<b>Equity attributable to the owners of the Parent Company</b>	<b>400 342</b>	<b>355 893</b>
<b>Total equity and liabilities</b>	<b>897 704</b>	<b>796 753</b>

# APPENDIX continued

## Consolidated cash flow statement

(in PLN'000)	2017	2016
Profit before tax	114 685	93 282
Amortization and depreciation	6 054	5 423
FX (gain) losses from translation of own cash	3 828	(2 586)
Impairment of intangible assets	5 612	-
Change in balance of financial assets and liabilities held for trading	(14 781)	(18 219)
Change in balance of restricted cash	(2 829)	(77 504)
Change in balance of amounts due to customers	44 132	76 192
Other adjustments and changes	(9 063)	(9 887)
<b>Cash from operating activities</b>	<b>147 638</b>	<b>66 701</b>
Income tax paid	(25 773)	(10 427)
Interests	4	10
<b>Net cash from operating activities</b>	<b>121 869</b>	<b>56 284</b>
Expenses relating to payments for property, plant and equipment	(1 287)	(1 554)
Expenses relating to payments for intangible assets	(2 905)	(230)
Other	205	11
<b>Net cash from investing activities</b>	<b>(3 987)</b>	<b>(1 773)</b>
Dividend paid to owners	(37 563)	(91 559)
Other	(134)	(127)
<b>Net cash from financing activities</b>	<b>(37 697)</b>	<b>(91 686)</b>
<b>Increase (Decrease) in net cash and cash equivalents</b>	<b>80 185</b>	<b>(37 175)</b>



# DISCLAIMER



Neither this presentation (the "Presentation") nor any copy of it nor the information contained herein is being issued or may be distributed directly or indirectly to or into the United States, Canada, Australia or Japan. By attending this meeting where this Presentation is being made, or by reading the Presentation slides, you agree to be bound by the following limitations. The following applies to the Presentation, the oral presentation of the information in the Presentation by the Company or any person on behalf of the Company, and any question-and-answer session that follows the oral presentation (collectively referred to as the "Presentation").

The Presentation has been prepared by X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw (the "Company") solely for use at the investor presentation being given in connection with the publication of the Annual Report for 2017.

The Presentation does not constitute or form a part of, and should not be construed as, an offer, solicitation or invitation to subscribe for, underwrite or otherwise acquire, any securities of the Company or any member of its group (the "Group"), nor should it or any part of it form the basis of, or be relied on in connection with, any contract to purchase or subscribe for any securities of the Company or any member of its Group, nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever. The Presentation does not constitute a recommendation or investment advice regarding any securities of the Company or its Group.

The information contained in the Presentation does not purport to be comprehensive and has not been independently verified. No representation, warranty or undertaking, expressed or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or the opinions contained in the Presentation.

The information, opinions and forward-looking statements contained in the Presentation speak only as at the date of the Presentation and are subject to change without notice. The Company is under no obligation to update or keep current the information contained in the Presentation. To the extent permitted under the applicable provisions of law the Company shall have no liability whatsoever (in negligence or otherwise) for any loss however arising from any use of the Presentation or its contents or otherwise arising in connection with the Presentation.

The Presentation contains certain statistical and market information. Such market information has been sourced from and/or calculated based on data provided by third-party sources identified in the Presentation or by the Company, if not attributed exclusively to third-party sources. Because such market information has been prepared in part based upon estimates, assessments, adjustments and judgments that are based on the Company's or third-party sources' experience and familiarity with the sector in which the Company operates and has not been verified by an independent third party, such market information is to a certain degree subjective. While it is believed that such estimates, assessments, adjustments and judgments are reasonable and that the market information was prepared appropriately to reflect the sector and the market in which the Company operates, there is no assurance that such estimates, assessments, adjustments and judgments are the most appropriate for making determinations relating to market information or that market information prepared by other sources will not differ materially from the market information included herein.

Matters discussed in the Presentation may constitute forward-looking statements. Forward-looking statements are those other than statements of historical facts. Statements that include the words "expect", "intend", "plans", "believe", "project", "anticipate", "will", "target", "aim", "may", "would", "could", "continue" and similar statements of a future or forward-looking nature indicate such forward-looking statements. Forward-looking statements may include statements regarding financial performance, business strategy, plans and objectives of the Company for future operations (including development plans relating to the Company). All forward-looking statements included in the Presentation address matters that involve known and unknown risks, uncertainties and other factors that could cause the Company's and/or the Group's actual results, performance or achievements to differ materially from those indicated in these forward-looking statements and from past results, performance or achievements of the Company and/or the Group, respectively. Such forward-looking statements are based upon various assumptions of future events, including numerous assumptions regarding the Company's and/or the Group's present and future business strategies and future operating environment. Although the Company believes that these estimates and assumptions are reasonable, they may prove to be incorrect. The Company and its respective agents, employees or advisors do not intend to, and expressly disclaim any duty, undertaking or obligation to make or disseminate any supplement, amendment, update or revision to any of the information, opinions or forward-looking statements contained in the Presentation to reflect any change in events, conditions or circumstances.

The Presentation and any materials distributed in connection with the Presentation are not directed to, nor are they intended for distribution to or use by, any person or entity that is a citizen or resident of, or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or applicable regulations or that would require any authorisation, registration, notification or licensing within such jurisdiction. Persons into whose possession any document or other information referred to herein comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.



## **X-Trade Brokers Dom Maklerski S.A.**

Ogrodowa 58

00-876 Warsaw, Poland

[www.xtb.pl](http://www.xtb.pl)

### **Investor relations:**

[relacje.inwestorskie@xtb.com](mailto:relacje.inwestorskie@xtb.com)

