



## **X-TRADE BROKERS DOM MAKLEPSKI 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)

### **DISCLAIMER**

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### **CURRENT REPORT NO. 12/2018**

Warsaw, 24 April 2018

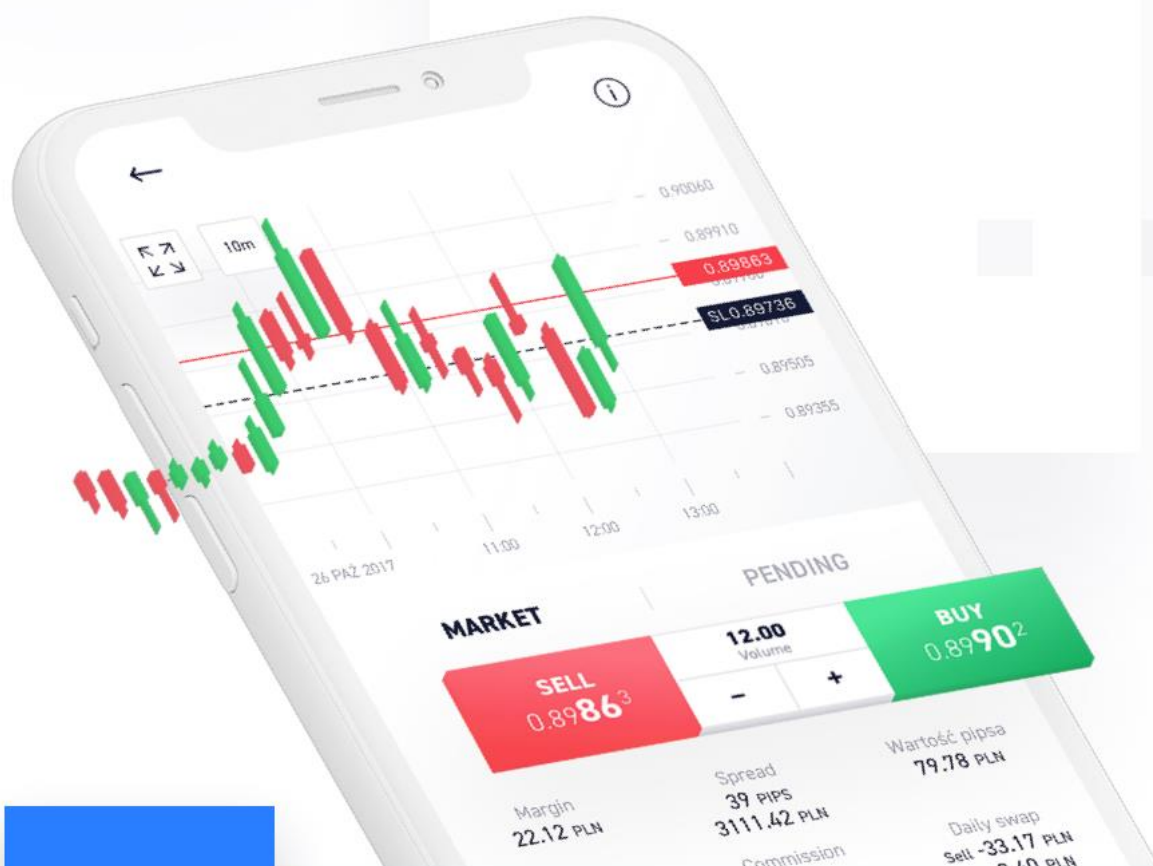
## **Information on the preliminary financial and operating results for the I quarter of 2018**

The Management Board of the X-Trade Brokers Dom Maklerski S.A (the „**Issuer**”, „**Company**”, „**XTB**”) hereby announces that on 24 April 2018 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 quarter of 2018 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 quarter of 2018 will be submitted in the extended consolidated report of the Issuer’s Group for the I quarter of 2018, publication of which was planned for 10 May 2018.

#### Legal basis:

Article 17 paragraph 1 MAR – inside information.



## Appendix to the current report

No. 12/2018 dated 24 April 2018

X-TRADE BROKERS DOM MAKLESKI S.A.



## Selected consolidated financial data

(in PLN'000)	THREE-MONTH PERIOD ENDED	
	31.03.2018	31.03.2017
Total operating income	113 737	58 718
Total operating expenses	(41 044)	(36 565)
<b>Profit on operating activities (EBIT)</b>	<b>72 693</b>	<b>22 153</b>
Finance income	4 258	4 501
Finance costs	(3 209)	(12 923)
<b>Profit before tax</b>	<b>73 742</b>	<b>13 731</b>
Income tax	(14 256)	(3 091)
<b>Net profit</b>	<b>59 486</b>	<b>10 640</b>

(in PLN'000)	AS AT	
	31.03.2018	31.03.2017
Own cash	452 041	286 000
Equity	458 337	361 210

## Selected consolidated operating data (KPI)

	THREE-MONTH PERIOD ENDED	
	31.03.2018	31.03.2017
New accounts <sup>1)</sup>	15 910	13 280
Average number of active accounts <sup>2)</sup>	25 279	20 408
Accounts in total	209 176	169 031
Net deposits (in PLN'000) <sup>3)</sup>	86 969	107 786
Average operating income per active account (in PLN'000) <sup>4)</sup>	4,5	2,9
Transaction volume in CFD instruments in lots <sup>5)</sup>	675 344	540 082
Profitability per lot (in PLN) <sup>6)</sup>	168	109

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

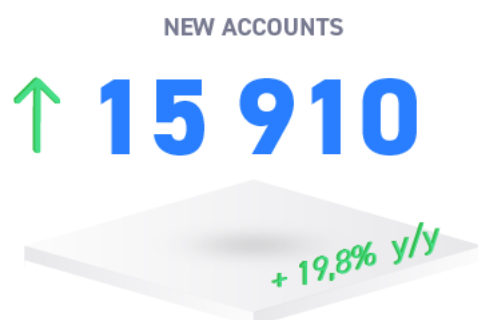
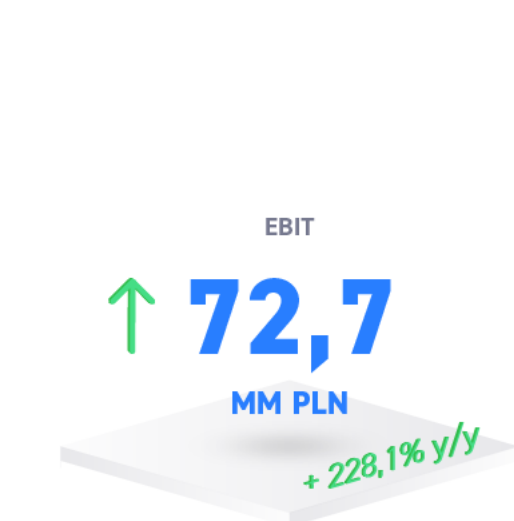
<sup>2)</sup> The average quarterly number of accounts via which at least one transaction has been concluded over the last three months.

<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.

**IQ 2018**



## Management Board's commentary on the preliminary results

**In the I quarter of 2018, XTB noted a record consolidated net profit of PLN 59,5 million against PLN 10,6 million profit a year earlier. This is an increase by PLN 48,9 million, ie. 459,1%. Operating profit (EBIT) increased by PLN 50,5 million y/y ie. 228,1% reaching the value PLN 72,7 million. Consolidated revenue was PLN 113,7 million compared to PLN 58,7 million a year earlier.**

### Revenues

Increase of revenues in I quarter of 2018 by 93,7% y/y, ie. PLN 55,0 million due to mainly increase of transactions volume in lots and the profitability per lot. Turnover was higher by 135,3 thousand lots and unit profitability by PLN 59,7 y/y.

	THREE-MONTH PERIOD ENDED							
	31.03.2018	31.12.2017	30.09.2017	30.06.2017	31.03.2017	31.12.2016	30.09.2016	30.06.2016
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 instruments in lots <sup>1</sup>	675 344	618 893	523 769	513 814	540 082	488 660	468 686	525 108
Profitability per lot (in PLN) <sup>2</sup>	168	122	139	129	109	192	91	59

<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.

XTB has a solid foundation for growth in the form of constantly growing customer base and number of active clients. In I quarter of 2018 the number of new accounts was 15 910 and was higher by 19,8% y/y. In turn, the average number of active accounts was record-breaking both in relation to the previous quarters of 2017 and quarters of 2016. The average number of active accounts was 25 279, which means increase by 23,9% y/y.

	PERIOD ENDED							
	31.03.2018	31.12.2017	30.09.2017	30.06.2017	31.03.2017	31.12.2016	30.09.2016	30.06.2016
New accounts <sup>1</sup>	15 910	16 530	11 278	9 635	13 280	9 624	8 060	7 178
Average number of active accounts <sup>2</sup>	25 279	21 088	20 194	20 016	20 408	17 243	16 531	16 305

<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 respectively for 3 months of 2018 and 12, 9, 6, 3 months of 2017 and 12, 9, 6 months of 2016.

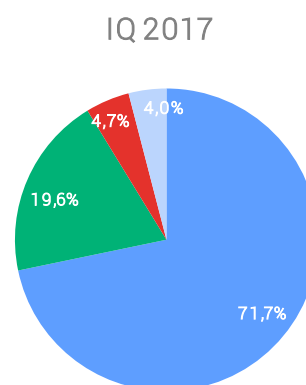
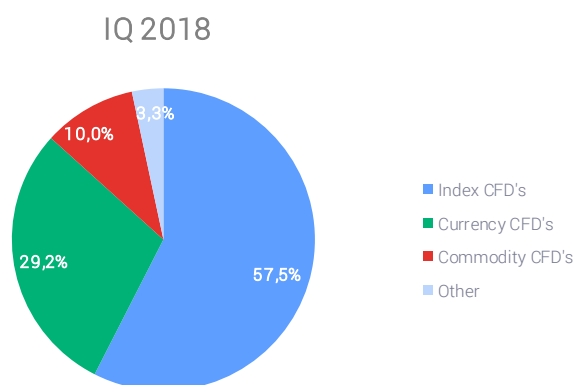
Similarly to the previous quarters, the increase in accounts in the I quarter of 2018 was related to the implementation of an optimized sales and marketing strategy and new products. An additional factor supporting the achievement of such an increase was favorable situation on the financial markets.



In the following quarters of 2018 the Management Board will strive to stabilize the number of newly opened accounts at the levels observed in the last two quarters, which was record breaking in this respect, and to further increase the average number of active accounts. In addition, the Management Board sees the greatest potential for business growth in the German, French and Latin America markets.

Looking at revenues in terms of the classes of instruments responsible for their creation, it can be seen that, similarly as in the earlier periods, CFDs based on stock indices dominated. Their share in the structure of revenues on financial instruments in the I quarter of 2018 exceeded 57,5% against 71,7% a year earlier. Traditionally, the high interest of XTB clients in CFD instruments based on the German DAX stock index (DE30). CFD based on US indices were also very popular. Revenues on CFD instruments based on currency pairs amounted to 29,2% of total revenues and the most popular currency pair was EURUSD.

(in PLN'000)	THREE-MONTH PERIOD ENDED	
	31.03.2018	31.03.2017
Index CFDs	65 534	43 249
Currency CFDs	33 278	11 782
Commodity CFDs	11 346	2 831
Stock CFDs	956	471
Bond CFDs	149	(123)
<b>Total CFDs</b>	<b>111 263</b>	<b>58 210</b>
Options	2 702	2 082
Shares and listed derivative instruments	8	-
<b>Gross gain on transactions in financial instruments</b>	<b>113 973</b>	<b>60 292</b>
Bonuses and discounts paid to costumers	(932)	(797)
Commission paid to cooperating brokers	(490)	(1 845)
<b>Net gain on transaction in financial instruments</b>	<b>112 551</b>	<b>57 650</b>





Geographically, XTB revenues were well diversified. Their growth has occurred in both, Central and Eastern Europe and Western Europe. Countries from which the Group derives more than 15% of revenues are Poland with shares amounted to 26,7% (I quarter of 2017: 18,1%) and Spain shares amounted to 18,0% (I quarter of 2017: 22,3%). The share of other countries in the geographical structure of revenues does not exceed in any case 15%. Latin America is also gaining on importance, which has already replaced the gap in Turkey.

(in PLN'000)	THREE-MONTH PERIOD ENDED	
	31.03.2018	31.03.2017
<b>Central and Eastern Europe</b>	<b>53 792</b>	<b>22 893</b>
- including Poland	30 344	10 610
<b>Western Europe</b>	<b>54 138</b>	<b>30 926</b>
- including Spain	20 459	13 081
<b>Latin America and Turkey</b>	<b>5 807</b>	<b>4 899</b>
- including Turkey	-	4 360
<b>Total operating income</b>	<b>113 737</b>	<b>58 718</b>

XTB puts strong emphasis on diversification of segment revenues. To this end, from 2013, it develops institutional activities (X Open Hub), under which it provides liquidity and technology to other financial institutions, including brokerage houses. Revenues from this segment are subject to significant fluctuations from quarter to quarter, analogically to the retail segment, which is typical of the business model adopted by the Group.

(in PLN'000)	THREE-MONTH PERIOD ENDED	
	31.03.2018	31.03.2017
Retail segment	102 910	44 058
Institutional segment (X Open Hub)	10 827	14 660
<b>Total operating income</b>	<b>113 737</b>	<b>58 718</b>

## Expenses

Operating expenses in I quarter of 2018 amounted to PLN 41,0 million (I quarter of 2017: PLN 36,6 million) and was higher by PLN 4,5 million ie. 12,2% y/y. This increase was higher by:

- PLN 2,5 million of other external services costs as a result of incurring more expenditure on : 1) IT support services (increased by PLN 787 thousand y/y); 2) legal and advisory services (increased by PLN 658 thousand y/y); 3) 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.

(in PLN'000)	THREE-MONTH PERIOD ENDED	
	31.03.2018	31.03.2017
Salaries and employee benefits	19 452	18 425
Marketing	7 799	7 175
Other external services	6 838	4 351
Costs of maintenance and lease of buildings	1 939	1 912
Amortization and depreciation	1 479	1 330
Taxes and fees	367	1 019
Commission expenses	2 335	1 499
Other expenses	835	854
<b>Total operating expenses</b>	<b>41 044</b>	<b>36 565</b>

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

	THREE-MONTH PERIOD ENDED							
	31.03.2018	31.12.2017	30.09.2017	30.06.2017	31.03.2017	31.12.2016	30.09.2016	30.06.2016
Total operating income including: (in PLN'000)	41 044	38 234	34 725	35 973	36 565	38 889	34 378	54 730
- Marketing	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
Average number of active accounts	25 279	21 088	20 194	20 016	20 408	17 243	16 531	16 305

The Management Board expects that in 2018 operating expenses to be at a level comparable (slightly higher) to that observed in the 2017. The final level will depend on the variable remuneration components paid to employees and the level of marketing expenditure. The value of variable remuneration components will be influenced by the results of the Group. The level of marketing expenditure will depend on the impact of the group on the results and profitability of the Group and on responsiveness of the customers to the actions taken.



## Development perspectives

The Group plans further development by expanding the customer base and product offer, penetrating existing markets and expanding geographically to new markets in Africa and Asia, as well as Latin America, using its presence in Belize as a starting point for expansion and business development in other countries of the region.

The Management Board does not rule out acquisition, i.e. investments in companies with a similar profile, but focuses on organic growth.