

Q1 2019 RESULTS PRESENTATION

10 MAY 2019



AGENDA

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- ✓ Operational Data
- ✓ Market Environment
- ✓ Regulatory Environment
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FINANCIAL

DATA





FINANCIAL DATA

Financial consolidated highlights



(in PLN'000)	Q1 2019	QIV 2018	Change	Q1 2018
Result of operations on financial instruments	39 253	41 143	(1 890)	112 551
Other income	1 637	1 643	(6)	1 186
Total operating income	40 890	42 786	(1 896)	113 737
Salaries and employee benefits	(19 737)	(19 681)	56	(19 452)
Marketing	(9 178)	(7 878)	1 300	(7 799)
Amortization and depreciation	(1 788)	(794)	994	(1 479)
Other operating expenses	(10 395)	(12 509)	(2 114)	(12 313)
Total operating expenses	(41 098)	(40 862)	236	(41 043)
Operating profit/loss (EBIT)	(208)	1 924	(2 132)	72 694
Finance income	1 617	(174)	1 791	4 258
Finance costs	(338)	2 502	(2 840)	(3 209)
Profit before tax	1 071	4 252	(3 181)	73 743
Income tax	(308)	(279)	(29)	(14 256)
Net profit	763	3 973	(3 210)	59 487

(in PLN'000)	31 March 2019	31 December 2018	Change	31 March 2018
Own cash and cash equivalents	457 590	467 987	(10 397)	452 041
Total equity	455 500	455 156	344	458 337
Standalone capital adequacy ratio (%)	15,3	20,0	(4,7)	13,0
Aggregated capital adequacy ratio (%)	14,5	19,1	(4,6)	12,7



FINANCIAL DATA continued

Quarterly consolidated financial and operational data

(in PLN'000)	QI 2019	QIV 2018	QIII 2018	QII 2018	QI 2018	QIV 2017	QIII 2017	QII 2017
Total operating income	40 890	42 786	47 578	84 200	113 737	75 460	73 063	66 526
Total operating expenses	(41 098)	(40 862)	(48 837)	(41 750)	(41 043)	(38 234)	(34 725)	(35 973)
Operating profit (loss)	(208)	1 924	(1 259)	42 450	72 694	37 226	38 338	30 553
Net profit (loss)	763	3 973	(2 904)	40 915	59 487	32 273	31 342	18 718

	QI 2019	QIV 2018	QIII 2018	QII 2018	QI 2018	QIV 2017	QIII 2017	QII 2017
Total operating income (in PLN'000)	40 890	42 786	47 578	84 200	113 737	75 460	73 063	66 526
Transaction volume in CFD instrument in lots ¹	394 421	458 869	345 118	616 082	675 344	618 893	523 769	513 814
Profitability per lot (in PLN) ²	104	93	138	137	168	122	139	129

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 revenues in the QI of 2019 decreased by 4,4% q/q, i.e. PLN 1,9 million from PLN 42,8 to PLN 40,9 million. Significant factors which determined the level of revenues in this period were:

- the product intervention of the European Securities and Markets Authority (ESMA) coming into force in August 2018, which in case of the retail clients limited maximum permitted level of leverage and;
- low level of volatility in the financial and commodity markets understood as occurrence of clear and long-term market trends at the various types of assets.

As a consequence the transaction volume in CFD instruments amounted to 394,4 thousand lots (QIV 2018: 458,9 thousand lots) and profitability per lot reached PLN 104 (QIV 2018: PLN 93).



FINANCIAL DATA continued



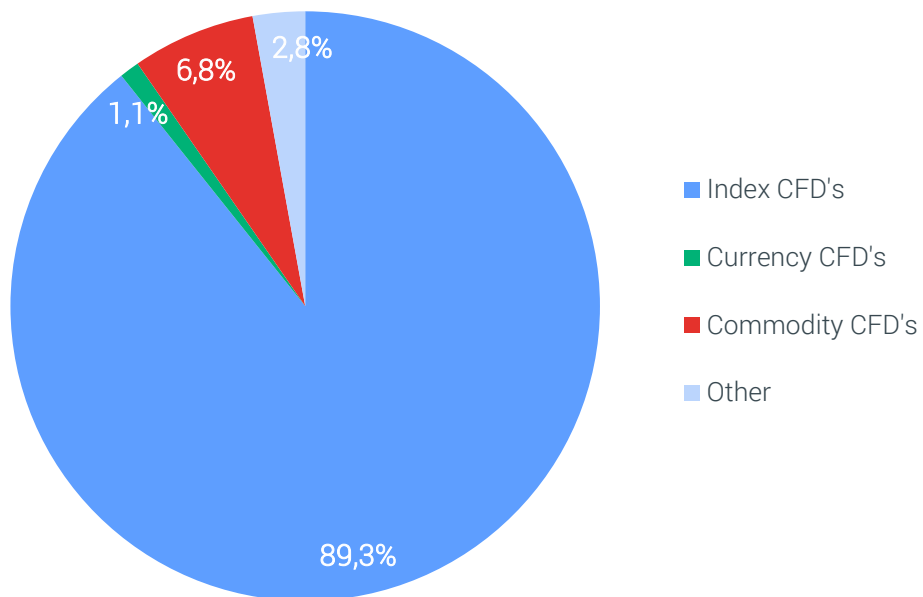
Result of operations on financial instruments by classes

(in PLN'000)	Q1 2019	QIV 2018	Change	Q1 2018
Index CFDs	35 363	32 910	2 453	65 534
Commodity CFDs	2 680	9 316	(6 636)	11 346
Stock CFDs	627	423	204	956
Currency CFDs	433	(874)	1 307	33 278
Bond CFDs	329	272	57	149
Total CFDs	39 432	42 047	(2 615)	111 263
Total options	-	-	-	2 702
Shares and listed derivative instruments	178	87	91	8
Gross gain on transactions in financial instruments	39 610	42 134	(2 524)	113 973
Bonuses and discounts paid to customers	(71)	(732)	661	(932)
Commission paid to cooperating brokers	(286)	(259)	(27)	(490)
Net gain on transactions in financial instruments	39 253	41 143	(1 890)	112 551

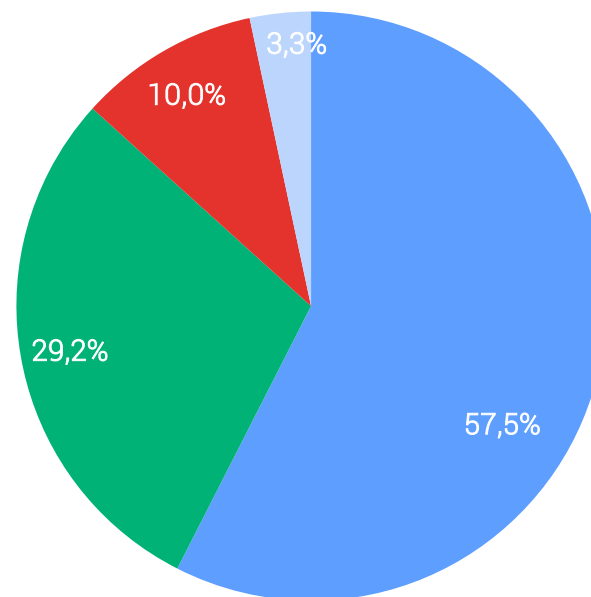
FINANCIAL DATA continued

Result of operations on financial instruments by classes

Revenue by class of instrument
Q1 2019



Revenue by class of instrument
Q1 2018



FINANCIAL DATA continued

Revenue by geographical area and segments

(in PLN'000)	QI 2019	QIV 2018	Change	QI 2018
Central and Eastern Europe	24 997	7 800	17 197	53 792
- including Poland	22 319	(9 739)	32 058	30 344
Western Europe	12 926	27 060	(14 134)	54 138
- including Spain	6 964	6 689	275	20 459
Latin America	2 967	7 926	(4 959)	5 807
Total operating income	40 890	42 786	(1 896)	113 737

- Diversification of revenues in geographical terms:
 - Poland: 54,6% (QI 2018: 26,7%) and Spain: 17,0% (QI 2018: 18,0%).
 - The share of other countries does not exceed in any case 15%.

(in PLN'000)	QI 2019	QIV 2018	Change	QI 2018
Retail segment	37 605	39 355	(1 750)	102 910
Institutional segment (X Open Hub)	3 285	3 431	(146)	10 827
Total operating income	40 890	42 786	(1 896)	113 737

FINANCIAL DATA continued

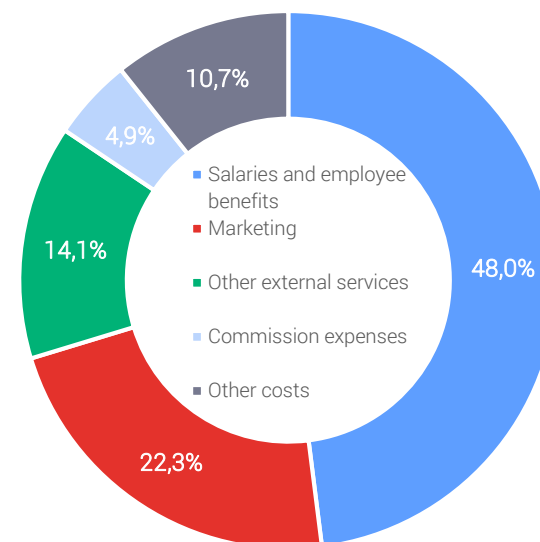
Operating expenses by type

(in PLN'000)	QI 2019	QIV 2018	Change	QI 2018
Salaries and employee benefits	19 737	19 681	56	19 452
Marketing	9 178	7 878	1 300	7 799
Other external services	5 815	6 575	(760)	6 838
Costs of maintenance and lease of buildings	742	1 954	(1 212)	1 939
Amortisation and depreciation	1 788	794	994	1 479
Taxes and Statutory Fees	708	505	203	367
Commission expenses	2 032	1 984	48	2 335
Other costs	1 098	1 491	(393)	834
Total operating expenses	41 098	40 862	236	41 043

Operating expenses structure QI 2019

Operating expenses in the first quarter of 2019 amounted to PLN 41,1 million and were at a similar level in relation to comparative periods (QIV 2018: PLN 40,9 million and QI 2018: PLN 41,0 million). The most important changes y/y occurred in:

- marketing costs, an increase of PLN 1,4 million due to higher expenditures on marketing online campaigns;
- costs of maintenance and lease of buildings, a decrease of PLN 1.2 million and consequently an increase in depreciation costs by PLN 0,3 million, mainly due to a change in the recognition of lease rent costs since 2019;
- other external services, a decrease of PLN 1,0 million as a result of lower expenditure on:
 - IT support services (a decrease of PLN 0,6 million y/y);
 - legal and advisory services (a decrease of PLN 0,5 million y/y).

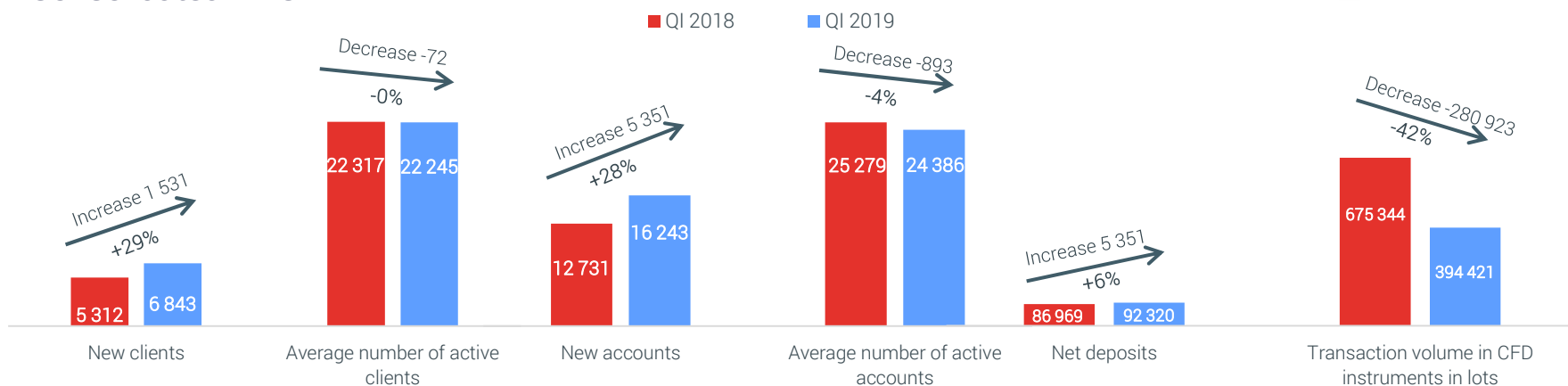


OPERATIONAL DATA



OPERATIONAL DATA

Consolidated KPIs



	QI 2019	QIV 2018	QIII 2018	QII 2018	QI 2018	QIV 2017	QIII 2017	QII 2017
New clients	6 843	5 742	4 884	4 734	5 312	6 582	4 201	3 860
Average number of active clients ¹	22 245	21 279	21 515	22 135	22 317	18 667	17 920	17 748
Clients in total	122 645	116 517	111 401	107 214	103 907	105 662	99 542	95 819
New accounts	16 243	13 930	11 758	11 321	12 731	16 530	11 278	9 635
Average number of active accounts ¹	24 386	23 656	24 032	24 918	25 279	21 088	20 194	20 016
Accounts in total	253 978	238 980	225 784	215 237	205 997	204 064	188 380	178 008
Net deposits (in PLN'000)	92 320	78 702	75 619	91 617	86 969	84 911	56 779	108 200
Average operating income per active client (in PLN'000) ²	1,8	13,5	11,4	8,9	5,1	14,7	11,1	7,1
Average operating income per active account (in PLN'000) ²	1,7	12,2	10,2	7,9	4,5	13,0	9,8	6,3
Transaction volume in CFD instruments in lots	394 421	458 869	345 118	616 082	675 344	618 893	523 769	513 814
Profitability per lot (in PLN)	104	93	138	137	168	122	139	129

1) Average quarterly number of clients/accounts respectively for 3 months of 2019 and 12, 9, 6 and 3 months of 2018, and 12, 9 and 6 months of 2017.

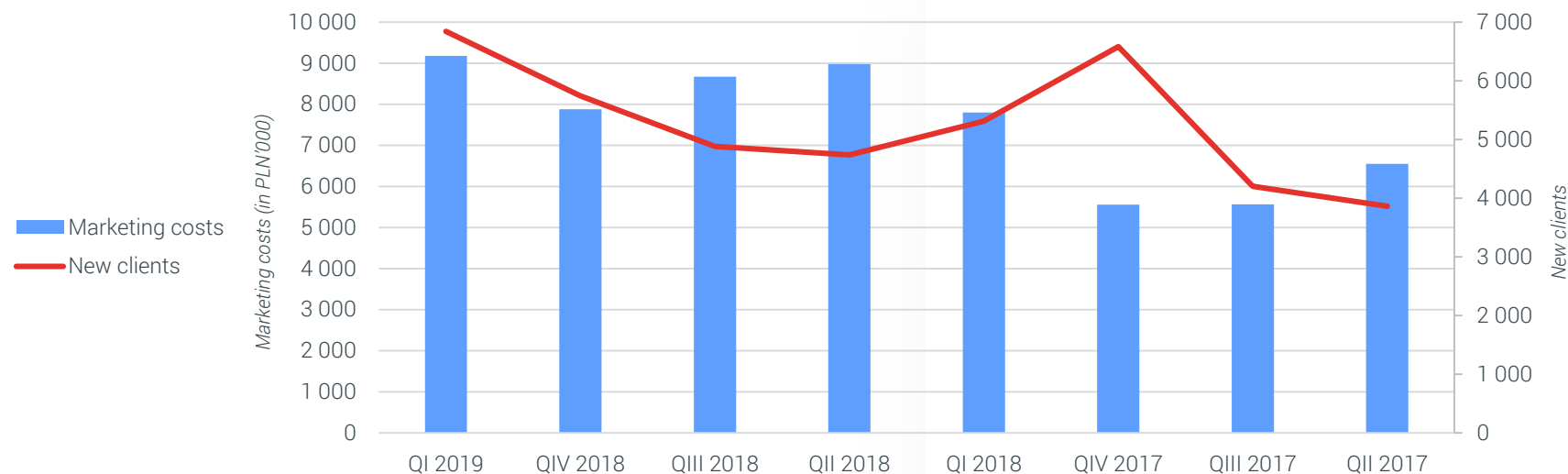
2) Average operating income for the active clients/account respectively for 3 months of 2019 and 12, 9, 6 and 3 months of 2018, and 12, 9 and 6 months of 2017.

OPERATIONAL DATA continued

Marketing costs vs new clients

	QI 2019	QIV 2018	QIII 2018	QII 2018	QI 2018	QIV 2017	QIII 2017	QII 2017
Total operating expenses (in PLN'000), including:	41 098	40 862	48 837	41 750	41 043	38 234	34 725	35 973
- Marketing (in PLN'000)	9 178	7 878	8 669	8 976	7 799	5 558	5 563	6 545
New clients	6 843	5 742	4 884	4 734	5 312	6 582	4 201	3 860

- In QI of 2019 operating expenses slightly increased, i.e. by PLN 0,2 million, mainly due to higher marketing expenditures by PLN 1,3 million.



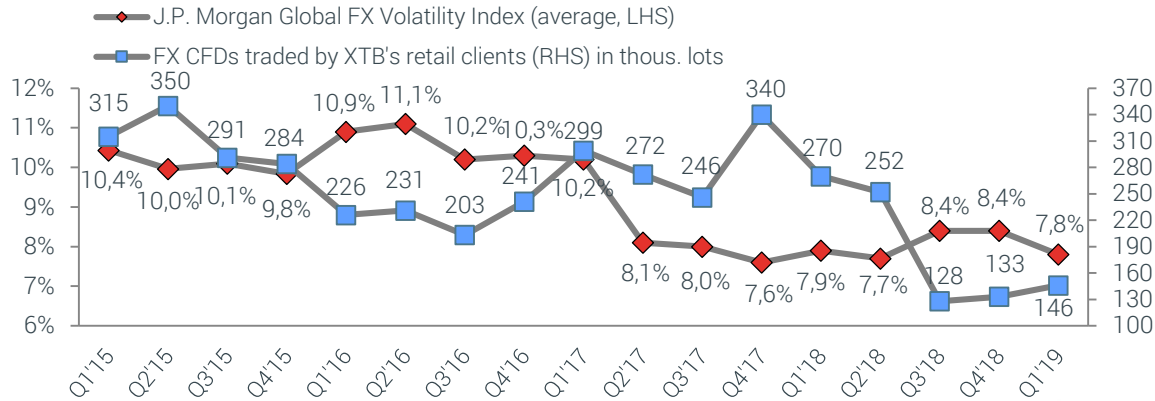
MARKET

ENVIRONMENT

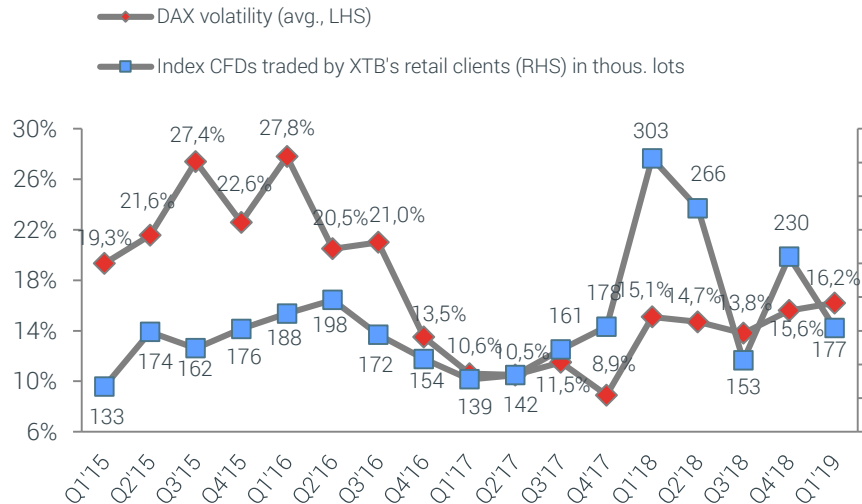


MARKET ENVIRONMENT

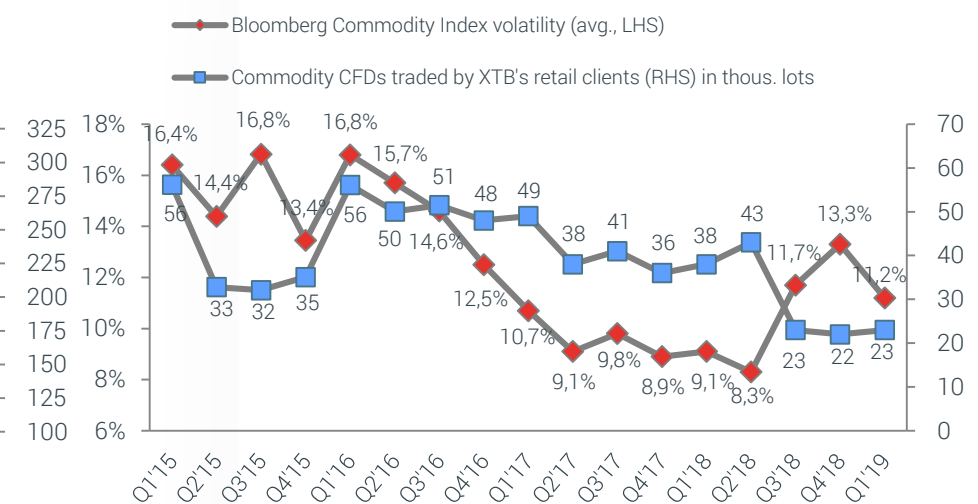
FX volatility on the market



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”)

The measures of product intervention announced on 27 March, 2018 by ESMA became effective for three-months periods from 1 August, 2018 regarding CFDs and 2 July, 2018 for binary options.

- 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: (I) 30:1 for major currency pairs, (II) 20:1 for non-majors currency pairs, gold and major indices, (III) 10:1 for commodities other than gold and non-major equity indices, (IV) 5:1 for individual equities and other reference values, (V) 2:1 for cryptocurrencies;
 - unification of level of stop out up to 50% for all investment companies;
 - negative balance protection on a per account basis;
 - a restriction on the benefits offered to trade CFDs;
 - introduction a standardised risk warning.
- A measure relating to binary options include prohibition on the marketing, distribution or sale of those instruments to retail clients.

In August 2018 ESMA reviewed the product intervention measure on binary options, which resulted in a decision announced on 24 August, 2018 to extend its application from 2 October, 2018 for following, three-months period. In September 2018 the review concerned the measures applied to CFDs after which, on 28 September, 2018 ESMA decided on their extension from 1 November, 2018 for a further three months. ESMA also conditionally granted permission to use abbreviated risk warning in relation to CFDs due to limited number of characters on selected marketing platforms. On 27 March, 2019 ESMA announced the next decision on extension of the intervention for a further three months period, from 1 May, 2019.

All decisions of ESMA were published in the Official Journal of the EU in the official languages of the Union.



REGULATORY ENVIRONMENT continued



Regulatory changes in industry

Poland – new regulations to the act on trading in financial instruments

The implementation of MiFID II, which has been ongoing since March 2017, has been completed. The last stage was entry into force of regulations of Minister of Finance to the amended in April 2018 act on trading in financial instruments:

- on the mode and conditions of conduct of investment companies and banks, which are referred to in Art.70(2) of the act on trading in financial instruments, and custodian banks („RMC Regulation”);
- on detailed technical and organizational conditions for investment companies, banks referred to in Art.70(2) of the act on trading in financial instruments, and custodian banks („RCTO Regulation”).

The provisions of RMC Regulation specify, among others: rules and mode of conduct of investment companies issuing and launching new products and advising in this area, i.e. the so-called producers. A separate section concerns mode and operating conditions of the so-called distributors, i.e. investment companies recommending, offering or otherwise enabling the acquisition or subscription of a financial instrument. In the Regulation cross-selling practices were regulated, emphasizing need for reliable, accurate and non-misleading presentation of information on this type of sale. The Regulation provides a modification of reporting rules to clients and the rules of their categorization. The law introduces a principle that acceptance or transfer of cash benefit including a fee, commission or non-monetary benefit, or non-cash benefit is not allowed if as a result of the acceptance or the transfer the investment company would provide brokerage services in an unreliable, unprofessional manner, inconsistent with the principles of fair trading or not taking proper interest of clients or potential clients into account. At the same time, a catalog of forms of acceptable benefits considered as minor cash benefits has been formulated.

The RCTO Regulation introduces, among others requirements for managers, employees of investment company and a need for indicating a person responsible for fulfilling obligations in the area of safeguarding of clients financial instruments and cash. A manner of keeping those assets of client were also determined. The RCTO Regulation indicates organisational solutions in the area of remuneration for people offering clients the cross-selling.

The regulations entered into force on 23 June, 2018 and the investment companies had time for their implementation by 21 October, 2018.

REGULATORY ENVIRONMENT continued



Regulatory changes in industry

Poland – implementation of IV AML Directive on prevention of money laundering practices and financing of terrorism

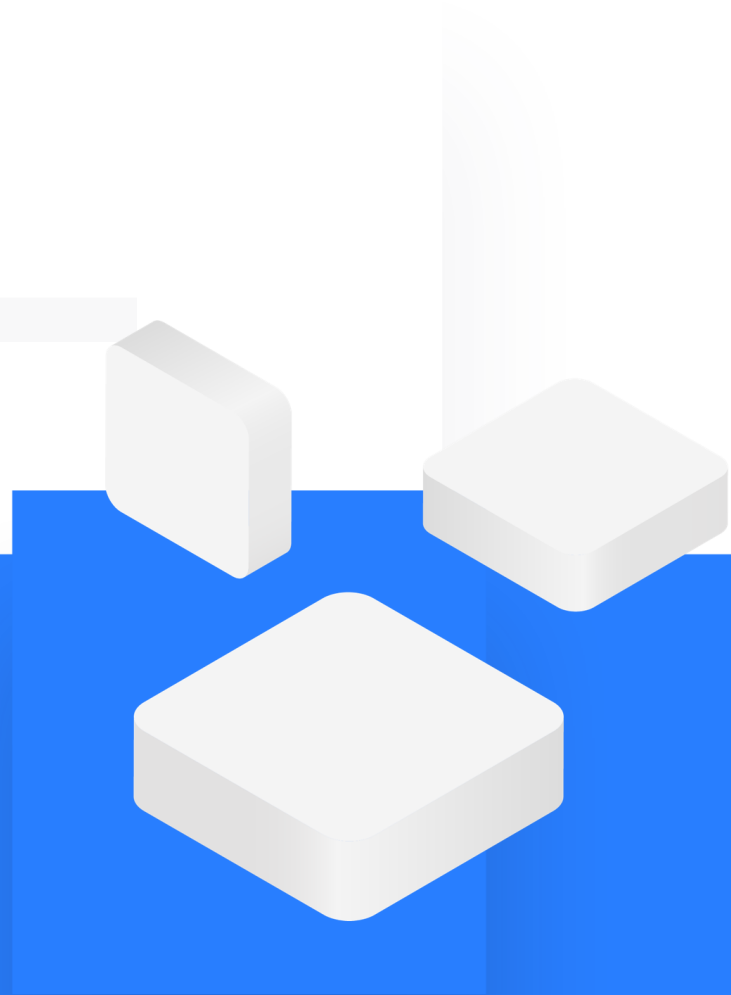
The act on prevention of money laundering practices and financing of terrorism entered into force on 13 July, 2018. The act provides the transposition of the Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May, 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC to the Polish legislation.

The main changes resulting from the new legislation are, among others:

- introduction of a new category of institutions, including entities providing virtual currency exchange services;
- extension of the definition of politically exposed persons (PEP) by adding domestic persons to that group and creation of the Central Registry of the Beneficiary;
- necessity to apply financial security measures after identification and assessment of the risk related to money laundering and terrorism which implies a necessity of introducing a procedure for the identification and assessment;
- education of the limit for transactions executed in cash to EUR 10 000 in place of EUR 15 000;
- increase of penalties for violation of provisions of the act up to the equivalent of EUR 5 000 000 or up to 10% of the turnover declared in the most recent consolidated financial statements for the financial year against previous PLN 750 thousand and extension of administrative sanctions;
- shortening of the deadline for reporting of transactions to the General Inspector for Financial Information to 7 days after execution thereof and change of the provisions regarding the suspension of transactions, blocking accounts and control of obligated institutions.

On 13 October, 2018 Regulation of 4 October 2018 on the transfer of information about transactions and a form identifying the obligated institution came into force. The regulation establishes the mode of transferring electronic documents with information about transactions and identification forms to the GIIF.

APPENDIX





APPENDIX

Consolidated statement of financial position

(in PLN'000)	31 March 2019	31 December 2018
Own cash and cash equivalents	457 590	467 987
Clients' cash and cash equivalents	416 699	363 908
Financial assets at fair value through P&L	107 881	114 279
Financial assets at amortised cost	5 173	5 005
Intangible assets	679	716
Property, plant and equipment	17 151	2 517
Deferred income tax assets	9 445	9 545
Other assets	7 996	6 117
Total assets	1 022 614	970 074
Amounts due to clients	500 688	447 841
Financial liabilities held for trading	15 938	28 227
Liabilities due to lease	14 525	37
Deferred income tax provision	12 635	12 857
Other liabilities	23 328	25 956
Total liabilities	567 114	514 918
Equity attributable to the owners of the Parent Company	455 500	455 156
Total equity and liabilities	1 022 614	970 074

APPENDIX continued

Consolidated cash flow statement

(in PLN'000)	Q1 2019	Q1 2018
Profit before tax	1 071	73 743
Amortization and depreciation	1 788	1 479
Foreign exchange (gains) losses from translation of own cash	786	2 417
Change in balance of financial assets at fair value through P&L and financial liabilities held for trading	(5 891)	(7 809)
Change in balance of restricted cash	(52 791)	52 099
Change in balance of amounts due to clients	52 847	(18 778)
Other adjustments and changes	(5 089)	(5 057)
Cash from operating activities	(7 279)	98 094
Income tax paid	(78)	(10 637)
Interests	122	-
Net cash from operating activities	(7 235)	87 457
Expenses relating to payments for property, plant and equipment	(984)	(68)
Expenses relating to payments for intangible assets	(35)	-
Net cash from investing activities	(1 019)	(68)
Payments of liabilities and interest under lease	(1 359)	(27)
Net cash from financing activities	(1 359)	(27)
Increase (Decrease) in net cash and cash equivalents	(9 613)	87 362



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