

# ANNUAL REPORT

## FOR 2022

**XTB S.A.**

This document is an unofficial translation of the Polish version of Annual Report for 2022 and does not constitute a current or periodical report as defined under the Regulation of the Minister of Finance on the current and periodical information provided by issuers of securities and the conditions for considering the information required by the provisions of law of the state not being a member state as equivalent thereto that was issued in accordance with the Polish Act on Public Offering, the Conditions Governing the Introduction of Finance Instruments to Organised Trading, and Public Companies dated 29 July 2005 (amended and restated: Journal of Laws of 2020, item 2080 with subsequent amendments). This document is for informational purposes only. Neither the Company, its shareholders, nor any of their advisors are responsible for translation errors, if any, or for any discrepancies between the original report and this translation into English. If there are any discrepancies between the English translation and the Polish version, the latter shall prevail.

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# LETTER FROM THE PRESIDENT OF THE MANAGEMENT BOARD



## Letter from the President of the Management Board



*Ladies and Gentlemen!*

*On behalf of the Management Board of XTB S.A. I am pleased to present you the report for 2022. This document is a summary of the activities of the XTB Capital Group for the last year, including the financial results achieved and the most important events.*

*An important success factor for XTB is the skilful use of changes in the economic and market environment, not only in terms of maximizing profits, but also consistently strengthening the brand and competitive position of the company. One of XTB's priorities is to focus on clients by providing them with the best investment offer – both in terms of instruments, tools and service.*

*Once again, we have proven that we are a reliable, stable and responsible partner for our clients and contractors.*

*In 2022, the trend of dynamically growing client base and the number of active clients continued. In the presented year, XTB acquired nearly 197 thousand new clients. Thus, in each of the four quarters, the company fulfilled its declarations assuming the acquisition of an average of at least 40 thousand clients per quarter. The total number of clients at the end of 2022 exceeded almost 615 thousand. An important indicator influencing the result is the number of active clients, which in 2022 amounted to nearly 259 thousand (in 2021: 190 000), which gives an increase of almost 36% y/y.*

*This translated into a significant increase in the trading volume of clients on CFD instruments expressed in lots –*

*in 2022, it amounted to 6.4 million transactions against 2.9 million in the same period of 2021 (increase by 55%). Profitability per lot increased by 49% y/y.*

*In 2022, we were distinguished by our own breakthrough investment technology and its continuous development. We have consistently developed the xStation trading platform, which is designed to meet the skills of both experienced and beginner traders.*

*The dynamic development of XTB, with favourable market conditions, meant that in 2022 we achieved record financial results. Throughout 2022, XTB generated a consolidated net profit of PLN 766 million, which is over 3 times more than in the previous year (PLN 238 million). Revenue from operating activities amounted to PLN 1 444 million, compared to PLN 626 million in 2021. Increasing revenue by over 130% year on year is a record achievement in the history of the Group.*

*XTB, with its strong market position and dynamically growing client base, is building its presence on non-European markets more confidently, consistently implementing the strategy of creating a global brand. The Management Board of XTB puts the main emphasis on the organic development of XTB, on the one hand, increasing the penetration of European markets, on the other hand, gradually building a presence in Latin America, Asia and Africa.*

*The good results we achieve each year are the result of our proper development strategy, flexibility of operation and, above all, the commitment of our employees.*

*Looking ahead, I am convinced that the Group is strong and well prepared to face the challenges of a competitive market.*

*On behalf of the Management Board, I would like to thank our Shareholders, Supervisory Board and Employees for their commitment and work to build the value of the XTB Capital Group. I hope that the coming years will bring further development of the activities conducted by XTB S.A., confirmed not only by the growing number of active clients, but also by the growing range of products and services, with the simultaneous ability to generate value.*

*Thank you for the trust you have placed in us in 2022 and I encourage you to read the annual report.*

*Yours faithfully,*

*Omar Arnaout*

*President of the Management Board*

## STANDALONE FINANCIAL HIGHLIGHTS





## STANDALONE FINANCIAL HIGHLIGHTS

	IN PLN'000		IN EUR'000	
	12 MONTH PERIOD ENDED	31.12.2022	12 MONTH PERIOD ENDED	31.12.2022
<b>Standalone comprehensive income statement:</b>				
Total operating income	1 334 39	562 352	284 623	122 851
Profit on operating activities	875 240	273 163	186 686	59 675
Profit before tax	929 877	286 651	198 340	62 622
Net profit	761 564	234 841	162 439	51 303
Net profit and diluted net profit per share attributable to shareholders of the Parent Company (in PLN/EUR per share)	6,49	2,00	1,38	0,44
<b>Standalone cash flow statement:</b>				
Net cash from operating activities	951 205	206 020	202 889	45 007
Net cash from investing activities	(324 321)	55 419	(69 177)	12 107
Net cash from financing activities	(180 366)	(214 791)	(38 472)	(46 923)
Increase/(Decrease) in net cash and cash equivalents	579 315	46 648	123 566	10 191

	IN PLN'000		IN EUR'000	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
<b>Standalone statement of financial position:</b>				
Total assets	3 913 277	2 971 558	834 405	646 075
Total liabilities	2 414 914	2 059 139	514 918	447 697
Share capital	5 869	5 869	1 251	1 276
Equity	1 498 363	912 419	319 487	198 378
Number of shares	117 383 635	117 383 635	117 383 635	117 383 635
Carrying amount and diluted carrying amount per share attributable to shareholders of the Parent Company (in PLN/EUR per share)	12,76	7,77	2,72	1,69

The above data was translated into EUR as follows:

- items in the standalone comprehensive income statement and standalone cash flow statement – by the arithmetic average of exchange rates published by the National bank of Poland as of the last day of the month during the reporting period:
  - for the current period: 4,6883;
  - for the comparative period: 4,5775;
- items of standalone statement of financial position – by the average exchange rate published by the National Bank of Poland as of the end of the reporting period:
  - for the current period: 4,6899;
  - for the comparative period: 4,5994.

# STANDALONE FINANCIAL STATEMENTS





## STANDALONE COMPREHENSIVE INCOME STATEMENT

(IN PLN'000)	NOTE	TWELVE-MONTH PERIOD ENDED	TWELVE-MONTH PERIOD ENDED
		31.12.2022	31.12.2021
Result of operations on financial instruments	5.1	1 328 564	555 840
Income from fees and charges	5.2	5 764	4 404
Other income		69	2 108
<b>Total operating income</b>	<b>5</b>	<b>1 334 397</b>	<b>562 352</b>
Marketing	7	(171 317)	(75 267)
Salaries and employee benefits	6	(148 627)	(102 530)
Other external services	9	(79 130)	(71 157)
Commission expenses	10	(31 102)	(23 804)
Amortisation and depreciation	19,20	(9 872)	(7 485)
Taxes and fees		(6 988)	(3 900)
Costs of maintenance and lease of buildings	8	(4 189)	(2 596)
Other costs	11	(7 932)	(2 450)
<b>Total operating expenses</b>		<b>(459 157)</b>	<b>(289 189)</b>
<b>Profit on operating activities</b>		<b>875 240</b>	<b>273 163</b>
<b>Impairment of investments in subsidiaries</b>	<b>16</b>	<b>(737)</b>	<b>(1 022)</b>
Finance income, including:	12	56 208	18 625
- <i>interest income at amortized cost</i>	12	22 953	46
Finance costs	12	(834)	(4 115)
<b>Profit before tax</b>		<b>929 877</b>	<b>286 651</b>
Income tax	29	(168 313)	(51 810)
<b>Net profit</b>		<b>761 564</b>	<b>234 841</b>
<b>Other comprehensive income</b>		<b>455</b>	<b>(1 288)</b>
Items which will be reclassified to profit (loss) after meeting specific conditions		612	(1 332)
Currency translation differences:		612	(1 332)
- <i>positions that will be reclassified to profit on valuation of foreign companies</i>		(216)	(1 102)
- <i>positions that will be reclassified to profit on valuation of separated equity</i>		828	(230)
Deferred income tax		(157)	44
<b>Total comprehensive income</b>		<b>762 176</b>	<b>233 553</b>
<b>Earnings per share:</b>			
- basic profit per year attributable to shareholders of the Parent Company (in PLN)	28	6,49	2,00
- basic profit from continued operations per year attributable to shareholders of the Parent Company (in PLN)	28	6,49	2,00
- diluted profit of the year attributable to shareholders of the Parent Company (in PLN)	28	6,49	2,00
- diluted profit from continued operations of the year attributable to shareholders of the Parent Company (in PLN)	28	6,49	2,00

The comprehensive income statement should be read together with the supplementary notes to the financial statements, which are an integral part of these financial statements.



## STANDALONE STATEMENT OF FINANCIAL POSITION

(IN PLN'000)	NOTE	31.12.2022	31.12.2021
<b>ASSETS</b>			
Cash and cash equivalents	14	2 927 923	2 185 986
Financial assets at fair value through P&L	15	796 117	663 725
Investments in subsidiaries	16	43 487	39 879
Income tax receivables		-	7 247
Financial assets at amortised cost	17	83 218	47 796
Prepayments and deferred costs	18	12 541	7 093
Intangible assets	19	1 333	450
Property, plant and equipment	20	42 455	12 562
Deferred income tax assets	29	6 203	6 820
<b>Total assets</b>		<b>3 913 277</b>	<b>2 971 558</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Liabilities</b>			
Amounts due to customers	21	2 176 863	1 879 191
Financial liabilities held for trading	22	68 196	94 469
Income tax liabilities		1 304	132
Liabilities due to lease	24	28 108	4 382
Other liabilities	23	78 603	44 429
Provisions for liabilities	25	4 002	4 665
Deferred income tax provision	29	57 838	31 871
<b>Total liabilities</b>		<b>2 414 914</b>	<b>2 059 139</b>
<b>Equity</b>			
Share capital	26	5 869	5 869
Supplementary capital	26	71 608	71 608
Other reserves	26	657 417	598 651
Foreign exchange differences on translation	26	1 905	1 450
Retained earnings		761 564	234 841
<b>Total equity</b>		<b>1 498 363</b>	<b>912 419</b>
<b>Total equity and liabilities</b>		<b>3 913 277</b>	<b>2 971 558</b>

The statement of financial position should be read together with the supplementary notes to the financial statements, which are an integral part of these financial statements.



## STANDALONE STATEMENT OF CHANGES IN EQUITY

Statement of changes in equity for the period from 1 January 2022 to 31 December 2022

(IN PLN'000)	SHARE CAPITAL	SUPPLEMENTARY CAPITAL	OTHER RESERVES	FOREIGN EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS AND SEPARATE FUNDS	RETAINED EARNINGS	TOTAL EQUITY
<b>NOTE</b>	<b>26</b>	<b>26</b>	<b>26, 27</b>	<b>26</b>	<b>27</b>	
<b>As at 1 January 2022</b>	<b>5 869</b>	<b>71 608</b>	<b>598 651</b>	<b>1 450</b>	<b>234 841</b>	<b>912 419</b>
<b>Total comprehensive income for the financial year</b>						
Net profit	-	-	-	-	761 564	761 564
Other comprehensive income	-	-	-	455	-	455
<b>Total comprehensive income for the financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>455</b>	<b>761 564</b>	<b>762 019</b>
<b>Transactions with Parent Company's owners recognized directly in equity</b>						
Appropriation of profit						
- dividend payment	-	-	-	-	(176 075)	(176 075)
- transfer to other reserves	-	-	58 766	-	(58 766)	-
<b>Increase (decrease) in equity</b>	<b>-</b>	<b>-</b>	<b>58 766</b>	<b>455</b>	<b>526 723</b>	<b>585 944</b>
<b>As at 31 December 2022</b>	<b>5 869</b>	<b>71 608</b>	<b>657 417</b>	<b>1 905</b>	<b>761 564</b>	<b>1 498 363</b>

The statement of changes in equity should be read together with the supplementary notes to the financial statements, which are an integral part of these financial statements.


**Statement of changes in equity for the period from 1 January 2021 to 31 December 2021**

(IN PLN'000)	SHARE CAPITAL	SUPPLEMENTARY CAPITAL	OTHER RESERVES	FOREIGN EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS AND SEPARATE FUNDS	RETAINED EARNINGS	TOTAL EQUITY
<b>NOTE</b>	<b>26</b>	<b>26</b>	<b>26, 27</b>	<b>26</b>	<b>27</b>	
<b>As at 1 January 2021</b>	<b>5 869</b>	<b>71 608</b>	<b>390 592</b>	<b>2 738</b>	<b>418 176</b>	<b>888 983</b>
<b>Total comprehensive income for the financial year</b>						
Net profit	-	-	-	-	234 841	234 841
Other comprehensive income	-	-	-	(1 288)	-	(1 288)
<b>Total comprehensive income for the financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1 288)</b>	<b>234 841</b>	<b>233 553</b>
<b>Transactions with Parent Company's owners recognized directly in equity</b>						
Appropriation of profit	-	-	-	-	(210 117)	(210 117)
- dividend payment	-	-	-	-	-	-
- transfer to other reserves	-	-	208 059	-	(208 059)	-
<b>Increase (decrease) in equity</b>	<b>-</b>	<b>-</b>	<b>208 059</b>	<b>(1 288)</b>	<b>(183 335)</b>	<b>23 436</b>
<b>As at 31 December 2021</b>	<b>5 869</b>	<b>71 608</b>	<b>598 651</b>	<b>1 450</b>	<b>234 841</b>	<b>912 419</b>

The statement of changes in equity should be read together with the supplementary notes to the financial statements, which are an integral part of these financial statements.



## STANDALONE CASH FLOW STATEMENT

(IN PLN'000)	NOTE	TWELVE-MONTH PERIOD ENDED 31.12.2022	TWELVE-MONTH PERIOD ENDED 31.12.2021
<b>Cash flows from operating activities</b>			
Profit before tax		929 877	286 651
<b>Adjustments:</b>		<b>286 757</b>	<b>(33 375)</b>
Amortization and depreciation	19, 20	9 872	7 485
Foreign exchange (gains) losses from translation of own cash		5 364	(9 457)
(Gain) Loss on investment activity		277 364	332
Other adjustments	33.1	347	(1 298)
<b>Changes</b>			
Change in provisions		(663)	(246)
Change in balance of financial assets at fair value through P&L and financial liabilities held for trading		(128 517)	(76 583)
Change in balance of restricted cash		(167 986)	(693 649)
Change in financial assets at amortised cost		(35 422)	(24 232)
Change in balance of prepayments and accruals		(5 448)	(2 212)
Change in balance of amounts due to customers		297 672	774 939
Change in balance of other liabilities		34 174	(8 454)
<b>Cash from operating activities</b>		<b>1 216 634</b>	<b>253 276</b>
Income tax paid		(133 310)	(47 432)
Interests		678	176
<b>Net cash from operating activities</b>		<b>1 084 002</b>	<b>206 020</b>
<b>Cash flow from investing activities</b>			
Proceeds from sale of items of property, plant and equipment		10	20
Expenses relating to payments for property, plant and equipment	20	(12 301)	(7 363)
Expenses relating to payments for intangible assets	19	(1 117)	(210)
Expenses relating to payments for investments in subsidiaries	16	(4 344)	(5 012)
Expenses relating purchase of bonds		(857 657)	(712 743)
Expenses relating opened deposits		(300 000)	-
Proceeds from sale of bonds		832 876	773 250
Interests on bonds		9 811	2 377
Dividends received from subsidiaries		8 401	5 100
<b>Net cash from investing activities</b>		<b>(324 321)</b>	<b>55 419</b>
<b>Cash flow from financing activities</b>			
Payments of liabilities under finance lease agreements		(3 613)	(4 498)
Interest paid under lease		(678)	(176)
Dividend paid to owners		(176 075)	(210 117)
<b>Net cash from financing activities</b>		<b>(180 366)</b>	<b>(214 791)</b>
<b>Increase (Decrease) in net cash and cash equivalents</b>		<b>579 315</b>	<b>46 648</b>
<b>Cash and cash equivalents – opening balance</b>		<b>550 871</b>	<b>494 766</b>
<b>Increase (Decrease) in net cash and cash equivalents</b>		<b>579 315</b>	<b>46 648</b>
<b>Effect of FX rates fluctuations on balance of cash in foreign currencies</b>		<b>(5 364)</b>	<b>9 457</b>
<b>Cash and cash equivalents – closing balance</b>	15	<b>1 124 822</b>	<b>550 871</b>

The cash flow statement should be read together with the supplementary notes to the financial statements, which are an integral part of these financial statements.



## ADDITIONAL EXPLANATORY NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### 1. General information

#### 1.1 Name and registered seat of the Company

Name:	XTB Spółka Akcyjna
Legal form:	Joint Stock Company
Country:	Poland
Company registered seat:	Prosta 67, 00-838 Warsaw
Regon statistical number:	015803782
Tax Identification Number:	5272443955
Registration in the National Court Register:	0000217580

#### 1.2 Company business

XTB S.A. („Company”, „XTB” is a joint-stock company established pursuant to a notarial deed of 2 September 2004 - Repertory A-2712/2004. The Company was established for an indefinite period.

On 22 September 2004, the Company was entered in the National Court Register by the District Court for the Capital City of Warsaw, 12th Commercial Department of the National Court Register, under No. 0000217580. The Company was granted a statistical REGON number 015803782 and a tax identification (NIP) number 5272443955.

The Company's operations consist of conducting brokerage activities on the stock exchange (stocks, ETFs) and OTC markets (currency derivatives, commodities, indices, stocks and ETFs and bonds). The Company is supervised by the Polish Financial Supervision Authority and conducts regulated activities pursuant to a permit dated 8 November 2005, No. DDM-M-4021-57-1/2005.

On 1 January 2022, the address of the registered office of XTB S.A. from Ogrodowa street 58, 00-876 Warsaw at Prosta street 67, 00-838 Warsaw.

On 5 January 2022, the District Court for the Capital City of Warsaw in Warsaw, 12th Commercial Division of the National Court Register, registered a change of the company's name in the current wording "X-Trade Brokers Dom Maklerski Spółka Akcyjna" to "XTB Spółka Akcyjna" (hereinafter also as "XTB S.A.").

#### 1.3 Information on the reporting entities in the Company's organizational structure

The financial statements cover the following foreign branches which form the Company:

- XTB S.A. organizační složka (formerly: X-Trade Brokers Dom Maklerski Spółka Akcyjna, organizační složka) – a branch established on 7 March 2007 in the Czech Republic. The branch was registered in the commercial register maintained by the City Court in Prague under No. 56720 and was granted the following tax identification number: CZK 27867102. The new branch name was registered in the local registry on 6 April 2022.
- XTB S.A. Sucursal en Espana (formerly: X-Trade Brokers Dom Maklerski Spółka Akcyjna, Sucursal en Espana) – a branch established on 19 December 2007 in Spain. On 16 January 2008, the branch was registered by the Spanish authorities and was granted the tax identification number ES W0601162A. The new branch name was registered in the local registry on 22 July 2022.
- XTB S.A. organizačná zložka (formerly: X-Trade Brokers Dom Maklerski Spółka Akcyjna, organizačná zložka) - a branch established on 1 July 2008 in the Slovak Republic. On 6 August 2008, the branch was registered in the commercial register maintained by the City Court in Bratislava under No. 36859699 and was granted the following tax identification number: SK4020230324. The new branch name was registered in the local registry on 9 April 2022.



- XTB S.A. Varsovia Sucursala Bucuresti (formerly: X-Trade Brokers Dom Maklerski S.A. Sucursala Bucuresti Romania) - a branch established on 31 July 2008 in Romania. On 4 August 2008, the branch was registered in the Commercial Register under No. 402030 and was granted the following tax identification number: RO27187343. The new branch name was registered in the local registry on 22 April 2022.
- XTB S.A. German Branch (formerly: X-Trade Brokers Dom Maklerski S.A., German Branch) - a branch established on 5 September 2008 in the Federal Republic of Germany. On 24 October 2008, the branch was registered in the Commercial Register under No. HRB 84148 and was granted the following tax identification number: DE266307947. The new branch name was registered in the local registry on 19 December 2022.
- XTB S.A. Succursale Française (formerly: X-Trade Brokers Dom Maklerski Spółka Akcyjna branch in France) – a branch established on 21 April 2010 in the Republic of France. On 31 May 2010, the branch was registered in the Commercial Register under No 522758689 and was granted the following tax identification number: FR61522758689. The new branch name was registered in the local registry on 27 May 2022.
- XTB S.A. – Sucursal em Portugal (formerly: X-Trade Brokers Dom Maklerski S.A., Sucursal Portuguesa) – a branch established on 7 July 2010 in Portugal. On 7 July 2010, the branch was registered in the Commercial Register and was granted the following tax identification number: PT980436613. The new branch name was registered in the local registry on 17 May 2022.

## 1.4 Composition of the Company's Management Board

In the period covered by these financial statements and in the comparative period, the Management Board was composed of the following persons:

NAME AND SURNAME	FUNCTION	DATE OF FIRST APPOINTMENT	TERM OF OFFICE
Omar Arnaout	Chairman of the Management Board	23.03.2017	From the 1 July 2022 appointed for the new 3-years term of office ending 1 July 2025
Paweł Szejko	Board Member	28.01.2015	From the 1 July 2022 appointed for the new 3-years term of office ending 1 July 2025
Filip Kaczmarzyk	Board Member	10.01.2017	From the 1 July 2022 appointed for the new 3-years term of office ending 1 July 2025
Jakub Kubacki	Board Member	10.07.2018	From the 1 July 2022 appointed for the new 3-years term of office ending 1 July 2025
Andrzej Przybylski	Board Member	01.05.2019	From the 1 July 2022 appointed for the new 3-years term of office ending 1 July 2025

## 2. Compliance statement

### 2.1 Compliance statement

These financial statements were prepared based on International Financial Reporting Standards (IFRS).

These financial statements constitute standalone financial statements of XTB S.A. and it is included in the consolidated financial statements of XTB. Information on company's subsidiaries is presented in note 16.

The financial statements of the XTB S.A. prepared for the period from 1 January 2022 to 31 December 2022 with comparative data for the year ended 31 December 2021 cover the Company's financial data and financial data of the branch offices.

These financial statements have been prepared on the historical cost basis, with the exception of financial assets at fair value and other financial assets and liabilities whose measured methods are described in the accounting policy. The Company's assets are presented in the statement of financial position according to their liquidity, and its liabilities according to their maturities.

The Company and its branch offices maintain their accounting records in accordance with the accounting principles generally accepted in the countries in which these companies are established. The financial statements include adjustments made in order to reconcile their financial statements with the IFRS.

The financial statements were approved by the Management Board on 21 March 2023.

Drafting these financial statements, the Company decided that none of the Standards would be applied retrospectively.



The IFRS comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

## **2.2 Functional currency and reporting currency**

The functional currency and the presentation currency of these financial statements is the Polish zloty ("zł", "PLN"), and unless stated otherwise, all amounts are shown in thousands of zloty (PLN'000).

## **2.3 Going concern**

The financial statements were prepared based on the assumption that the Company would continue as a going concern in the foreseeable future. At the date of preparation of these financial statements, the Management Board of XTB S.A. does not state any circumstances that would threaten the company's continued operations.

## **2.4 Comparability of data and consistency of the policies applied**

Data presented in the financial statements is comparable and prepared under the same principles for all periods covered by the financial statements.

## **2.5 The impact of COVID-19 on the Company's results**

In March 2020 the World Health Organization determined that COVID disease can be treated as a pandemic. Due to significant increase of this disease all over the world, countries take numerous action to limit or delay its spread. Undertaken measures have increasing impact on global economy. The Company's Management Board does not identify any further impact of the COVID-19 pandemic on the Company's operations.

## **2.6 The impact of Russia's invasion of Ukraine on the Company's results**

On February 24, 2022, Russian troops crossed the eastern, southern and northern borders of Ukraine, attacking the territory of Ukraine. In connection with hostilities by Russia, representatives of the European Union and many other countries have introduced severe sanctions against Russia, which mainly affect strategic sectors of the Russian economy by blocking access to technology and markets. This situation has no significant impact on the Company, however, it caused high volatility in the financial and commodity markets around the world, which affected the transaction activity of XTB clients and the Company's results.

## **2.7 Changes in the accounting policies**

The accounting policies applied in the preparation of the attached financial statements are consistent with those applied in the preparation of the financial statements of the Company for the year ended 31 December 2021, except for the application of new or amended standards and interpretations applicable to annual periods beginning on or after 1 January 2022.

- Annual amendments to various standards due to "Improvements to IFRS (Cycle 2018-2020)"
- Amendments to IAS 37 - Onerous Contracts—Cost of Fulfilling a Contract
- Amendments to IAS 16 - Property, Plant and Equipment — Proceeds before Intended Use
- Amendments to IFRS 3 – Reference to the Conceptual Framework

The Company has not decided to apply earlier any Standard, Interpretation or Amendment that has been issued, but has not yet become effective in light of the EU regulations. New or amended standards and interpretations, which will be applied for the first time in 2022, do not have a significant impact on the Company's financial statements.



## 2.8 New standards and interpretations which have been published but are not yet binding

The following standards and interpretations have been published by the International Accounting Standards Board but are not yet binding:

- Amendments to IFRS 17 "Insurance contracts" and amendments to IFRS 17 – effective for financial years beginning on or after 1 January 2023;
- Amendments to IAS 1 "Presentation of financial statements" and IFRS Board Guidelines on disclosures regarding accounting policies in practice – effective for financial years beginning on or after 1 January 2023;
- Amendments to IAS 8 "Accounting policies, changes in accounting estimates and errors" – effective for financial years beginning on or after 1 January 2023;
- Amendments to IAS 12 Income Taxes - deferred tax related to assets and liabilities arising from a single transaction – effective for financial years beginning on or after 1 January 2023;
- Amendments to IFRS 17 "Insurance Contracts" - initial application of IFRS 17 and IFRS 9 – effective for financial years beginning on or after 1 January 2023;
- Amendments to IFRS 16 "Leases" - lease liabilities in sale and leaseback transactions – not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2024;
- Amendments to IAS 1 "Presentation of Financial Statements" - classification of liabilities as current or non-current – not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2024;
- Amendments to IFRS 14 "Regulatory Accruals" – the endorsement process of these Amendments has been postponed by EU - the effective date was deferred indefinitely by IASB;
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture – the endorsement process of these Amendments has been postponed by EU - the effective date was deferred indefinitely by IASB.

Above new standards and interpretations which have been published but are not yet binding do not have a significant impact on the Company's condensed financial statements.

## 3. Professional judgement

In the process of applying the accounting principles (policy), the Management Board of the Parent Company made the following judgements that have the greatest impact on the reported carrying amounts of assets and liabilities.

### *Revenue recognition*

Transaction price is determined at fair value, what is described in detail in notes 4.13 and 4.14. Variable remuneration, liabilities due to reimbursements and other in the case of the Company do not occur.

### *Amortisation periods of intangible assets*

Amortisation period of the isolated intangible asset in the form of the licence for conducting brokerage activities on the Belizean market is assessed based on the expected economic useful life of this asset. The amortisation period was determined according to the expected useful life of the asset on the Belizean market no shorter than 10 years. Should the circumstances leading to a change in the expected useful life change, the amortisation rates also would change, which will have an impact on the value of amortisation charges and the net book value of intangible assets.

## 3.1 Material estimates and valuations

In order to prepare its financial statements in accordance with the IFRS, the Company has to make certain estimates and assumptions that affect the amounts disclosed in the financial statements. Estimates and assumptions subject to day-to-day evaluation by the Company's management are based on experience and other factors, including expectations as to future events that seem justified in the given situation. The results are a basis for estimates of carrying amounts of assets and liabilities. Although the estimates are based on best knowledge regarding the current conditions and actions taken by the Company, actual results may differ from the estimates.



Adjustments to estimates are recognised during the reporting period in which the adjustment was made provided that such adjustment refers only to the given period or in subsequent periods if the adjustment affects both the current period and subsequent periods. The most important areas for which the Company makes estimates are presented below.

### **3.2 Impairment of assets**

As at each balance sheet date, the Company determines whether there are any indications of impairment of a given financial asset or group of financial assets. In particular, the Company tests its past due receivables for impairment and writes down the estimated amount of doubtful and uncollectible receivables.

At each balance sheet date, the Company assesses whether there are objective indications of impairment of other assets, including intangible assets. Impairment is recognised when it is highly likely that all or a significant part of the respective assets will not bring about the expected economic benefits, e.g. as a result of expiry of licences or decommissioning.

#### *Deferred income tax assets*

At each balance sheet date, the Company assesses the likelihood of settlement of unused tax credits with the estimated future taxable profit, and recognises the deferred tax asset only to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised, which is described in note 29.2.2.

#### *Period for settlement of the deferred tax asset*

The Company recognises a deferred tax asset based on the assumption that a tax profit will be generated in the future enabling its utilisation. Deterioration in tax results in the future might result in the assumption becoming unjustified. The deferred tax asset relates mainly to the losses generated by foreign operations and subsidiaries in the initial period of their operation recognised in the balance sheet. The Company analyses the possibility of recognising such assets, taking into consideration local tax regulations, and analyses future tax budgets assessing the possibility of recovering these assets.

### **3.3 Fair value measurement**

Information on estimates relative to fair value measurement is presented in note 38 – Risk management.

### **3.4 Other estimates**

Provisions for liabilities connected with retirement, pension and death benefits are calculated using the actuarial method by an independent actuary as the current value of the Company's future amounts due to employees, based on their employment and salaries as at the balance sheet date. The calculation of the provision amount is based on a number of assumptions, regarding both macroeconomic conditions and employee turnover, risk of death, and others.

Provision for unused holidays is calculated on the basis of the estimated payment of holiday benefits, based on the number of unused holidays, and remuneration as at the balance sheet date.

Provisions for legal risk are determined individually based on the circumstances of a given case. The Company assesses the chance of winning particular case and consequently assesses the need of establishment of provision in case of a loss in relations to all court cases.

## **4. Adopted Accounting principles**

### **4.1 Functional currency and reporting currency**

Transactions executed in currencies other than the functional currency are entered on the basis of the exchange rate as at the transaction date. As at the balance sheet date, the monetary assets and liabilities in foreign currencies are translated using the average NBP rate as at that date. Non-cash items are carried based on historical cost.

The Company's functional currency is the Polish zloty, which is also the functional currency of these financial statements.



Foreign exchange differences are reported under revenue or expenses of the period in which they occur, except for:

- foreign exchange differences regarding construction-in-progress which are included in expenses connected with such construction-in-progress and treated as adjustments of interest expenses on loans in foreign currencies;
- foreign exchange differences arising from cash items of receivables or amounts due to foreign operations with whom no settlements are planned, or such settlements are improbable, representing a portion of net investments into a foreign operation and recognised under capital reserve on the translation of foreign operations and profit/loss on the disposal of a net investment.

The following exchange rates were adopted for the purpose of measuring assets and liabilities as at the balance sheet date and for converting items of the comprehensive income statement:

CURRENCY	STANDALONE STATEMENT OF FINANCIAL POSITION		STANDALONE STATEMENT OF COMPREHENSIVE INCOME	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
USD	4,4018	4,0600	-	-
EUR	4,6899	4,5994	4,6883	3,8757
CZK	0,1942	0,1850	0,1910	0,1785
RON	0,9475	0,9293	0,9501	0,9293
HUF	0,0117	0,0125	-	-
GBP	5,2957	5,4846	-	-
TRY	0,2349	0,3016	-	-

## 4.2 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank deposits on demand. Other monetary assets are short-term, highly liquid investments that are readily convertible to specific amounts of cash and which are subject to an insignificant risk of changes in value. They are classified as cash equivalent investments which are readily convertible to a specific amount of cash, are subject to an insignificant risk of changes in value, and with payment terms of up to three months as of the date of acquisition.

Cash flows are inflows and outflows of cash and other monetary assets. The Company discloses cash flows from operating activities using the indirect method, whereby profit or loss is adjusted for the effects of non-cash transactions, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows and items of income or expense associated with investing or financing cash flows. Income from interest received on cash and other monetary assets and expenses from interest paid to customers are classified under operating activities, while expenses from interest paid under finance lease are classified under financing activities.

Cash comprises the Company's own cash and customers' cash. Customers' cash is deposited in bank accounts separately from the Company's cash.

## 4.3 Financial assets and liabilities

Investments are entered as at the date of purchase and derecognised from the financial statements as at the date of sale (transactions are recognised as on the date of conclusion) if the agreement requires their delivery on a specific date set forth by the market, and their initial value is measured at fair value. Transaction costs of the acquisition of financial assets and liabilities at fair value through profit or loss are entered under costs for the period, while the transaction costs of other types of assets and liabilities are recognised at the initial value of these assets and liabilities.

Financial assets are classified as:

- debt instruments at amortised cost;
- debt instruments at fair value through other comprehensive income;
- equity instruments at fair value through other comprehensive income, and
- financial assets at fair value through P&L.



Financial liabilities are classified as:

- financial liabilities at fair value through P&L and
- other financial liabilities at amortized cost.

#### Financial assets classification

Financial assets are classified to the following categories:

- measured at amortised cost,
- measured at fair value through P&L,
- measured at fair value through other comprehensive income.

An entity classifies a financial asset based on the entity's business model for the management of financial assets and characteristics of the cash flows arising from the contract for a financial asset (the so-called "SPPI criterion"). The entity reclassifies investments in debt instruments if, and only if, the management model for those assets changes.

#### Initial measurement

Except for certain trade receivables, at initial recognition, an entity measures a financial asset at its fair value plus or minus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset.

#### Derecognition

Financial assets are derecognised when:

- the contractual rights to the cash flows from the financial asset expired, or
- the contractual rights to the cash flows from the financial asset were transferred and the Company transferred all risks and rewards of ownership of the financial asset.

#### Subsequent measurement of financial assets

After initial recognition financial assets are classified to one of the below categories:

- debt instruments at amortised cost;
- debt instruments at fair value through other comprehensive income;
- equity instruments at fair value through other comprehensive income;
- financial assets at fair value through P&L.

### **4.3.1 Debt instruments measured at amortised cost**

Financial asset is measured at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows;
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

### **4.3.2 Debt instruments measured at fair value through other comprehensive income**

Financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



Interest revenue, exchange rate differences and impairment gains or losses for a financial asset are recognized in profit or loss and calculated in the same way as in case of financial assets measured in amortised cost. Other changes in fair value are recognized in other comprehensive income. On derecognition of a financial asset its entirety profit or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Interest revenue is calculated by using the effective interest method and recognized in profit or loss in position "Finance income".

### **4.3.3 Equity instruments – financial assets measured at fair value through other comprehensive income**

At initial recognition, an entity may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies. Such election is made separately for each equity instrument. The cumulative gain or loss previously recognised in other comprehensive income is not subject to reclassification to profit or loss. Dividends are recognised in profit or loss when the entity's right to receive payment of the dividend is established unless the dividend clearly represents a recovery of part of the cost of the investment.

### **4.3.4 Financial assets measured at fair value through profit or loss**

Financial assets items which do not meet the criteria of measurement at amortised cost or at fair value through other comprehensive income are measured at fair value through profit or loss.

Profit or loss from measurement of debt investments at fair value is recognized in profit or loss.

Dividends are recognized in profit or loss when the entity's right to receive payment of the dividend is established.

The company falls into this category mainly OTC derivatives and stocks.

### **4.3.5 Fair value measurement**

Fair value is the price that can be obtained at the date of valuation from the sale of an asset or can be paid for the transfer of liability in an ordinary transaction between market participants.

For financial instruments available on an active market, the fair value is measured based on quoted market prices. A market is considered to be active if the quoted prices are generally and directly available and represent current and actual transactions concluded between unrelated parties.

For instruments for which there is no active market, the fair value is determined on the basis of valuation models.

The fair value of a financial instrument at initial recognition is the transaction price, i.e. fair value of the price paid or received.

Pursuant to IFRS 13 "Fair Value Measurement", the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimizing the use of unobservable inputs, namely:

1. valuation based on the data fully observable (active market quotations);
2. valuation models using information which does not constitute the data from Level 1, but observable, either directly or indirectly;
3. valuation models using unobservable data (not derived from an active market).

Valuation techniques used to determine fair value are applied consistently. Change in valuation techniques resulting in a transfer between these methods occurs when:

- transfer from Method 1 to 2 takes place when, for financial instruments measured using Method 1, quoted prices from an active market are not available at the balance sheet date (and they used to be);
- transfer from Method 2 to 3 takes place when, for financial instruments measured using Method 2, the value of parameters not derived from the market has become material at a given balance sheet date (and it used to be immaterial).



### 4.3.6 Impairment of financial assets

Financial assets, aside from those carried at fair value through profit or loss, are tested for impairment at every balance sheet date. Financial assets are impaired when there is objective evidence that the events which occurred after initial recognition of the asset have an adverse impact on the estimated future cash flows of the given financial assets.

Concerning listed stock classified as available for sale, a material or long-term decline in share prices is considered to be objective evidence of impairment.

For certain categories of financial assets, e.g. trade receivables, specific assets which are not considered past due, are tested for impairment cumulatively. Objective evidence of impairment of a portfolio of receivables includes the Company's experience in collecting receivables; increase in the number of payments past due by 90 days on average and observable changes in the domestic or local economic environment which are connected with cases of the untimely payment of liabilities.

In case of some categories of financial assets, for example trade receivables, particular assets assessed as not overdue are tested for impairment together. Objective evidence of impairment for the receivables portfolio includes the Company's experience in the debt collection process; increase in the number of late payments exceeding an average of 90 days as well as observed changes in the conditions of the national or local economy which are connected with cases of untimely repayment of receivables.

At each reporting date, an entity measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. At each reporting date, an entity assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, an entity uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, an entity compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

### 4.3.7 Derecognition of financial assets from the balance sheet

The Company derecognises a financial asset from the balance sheet only when contractual rights to cash flows generated by the asset expire or when the financial asset with essentially all risks and rewards of ownership of such asset is transferred to another entity. If the Company does not transfer or retain essentially all risks and rewards of ownership of such asset, and continues to control it, the Company recognises the retained share in such asset and related liabilities under payments due, if any. If, in turn, the Company retains essentially all the risks and benefits of the asset transferred, it continues to recognise the relevant financial asset. At the time of derecognising a financial asset in full, the difference between (i) the carrying amount and (ii) the sum of payment received and any accumulated gains or losses entered under other comprehensive income, is recognised under the income or expenses for the period.

### 4.3.8 Financial liabilities held for trading (at fair value through profit or loss)

In this category the Company includes financial liabilities held for trading or classified as carried at fair value through profit or loss at initial disclosure.

A financial liability is classified as held for trading if:

- it was incurred primarily for repurchase over a short period of time;
- it is part of a specific financial instrument portfolio managed jointly by the Company in accordance with the current and actual model for generating short-term profits; or
- it is a derivative instrument not classified and not operating as collateral.

An entity may, at initial recognition, irrevocably designate a financial liability as measured at fair value through profit or loss when doing so results in more relevant information, because either:

- a) it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or



b) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel (as defined in IAS 24 Related Party Disclosures), for example, the entity's board of directors and chief executive officer.

Financial liabilities at fair value through profit or loss are disclosed at fair value and the resulting financial profits or losses are entered under income or expenses for the period, and the resulting financial profit or loss is recognised as the income or expenses for the period, taking into account interest paid on a given financial liability.

### 4.3.9 Other financial liabilities

Other financial liabilities, including bank loans and borrowings, are initially carried at fair value less transaction costs.

Later on, they are measured at amortised cost using the effective interest rate method.

The effective interest rate method is used to calculate amortised cost of a liability and to allocate interest costs in the appropriate period. The effective interest rate is a rate effectively discounting future cash payments in the anticipated useful life of a given liability or a shorter period if necessary.

### 4.3.10 Derecognition of financial liabilities from the balance sheet

The Company derecognises financial liabilities from the balance sheet only if the appropriate liabilities of the Company are performed, invalidated or if they expire. At the time of derecognising a financial liability, the difference between (i) the carrying amount and (ii) the sum of payment made any accumulated gains or losses is entered under income or expenses for the period.

## 4.4 Investments in subsidiaries

Subsidiaries are understood as entities controlled by the Parent Company (inclusive of special purpose entities). It is recognized that control exists when the Company has the ability to influence through the power on risks and rewards of variable returns to investor from the investment.

Investments in subsidiaries in separate financial statements are valued at cost.

## 4.5 Contributions to the compensation scheme

The Company makes obligatory payments to the compensation scheme maintained by KDPW which constitute long-term receivables of the compensation scheme participant due from the KDPW.

Pursuant to the Act on Trading in Financial Instruments of 29 July 2005 (Journal of Laws No. 183, item 1538, as amended, hereinafter, the "Act"), the Company participates in the obligatory compensation scheme. The purpose of the compensation scheme maintained by the KDPW is to secure the assets held in cash accounts and securities accounts of customers of brokerage houses and banks maintaining securities accounts, in the event of their loss, in accordance with the principles established in the Act. The compensation scheme is created from payments made by its participants and profits generated on such payments. Payments contributed to the compensation system may be returned to a brokerage house only when it is fully discharged from participation in the system (it winds up its operations specified in the decision on withdrawal, repeal of a permit to provide brokerage services or expiry of such permit) and provided that such funds have not already been used for purposes as specified. On a quarterly basis, the KDPW informs system participants of accrued profits. The Company's payments to the compensation system are reported as expenses, under "Other costs" in the comprehensive income statement.

The Company maintains a register of payments to the compensation system and profits generated in connection with the management of funds collected by the KDPW in the compensation scheme in a manner that enables calculation of the balances of payments made and profits accrued.

## 4.6 Intangible assets

Intangible assets include the Company's assets which do not exist physically, which are identifiable and can be reliably measured, and which will give the Company economic benefits in the future.



Intangible assets are disclosed initially at cost of acquisition or production. As at the balance sheet date, intangible assets are carried at cost less accumulated amortisation and impairment write-offs, if any.

Intangible assets arising as a result of development works are disclosed in the statement of financial position, provided that the following conditions are met:

- from a technical point of view, it is feasible to complete the intangible asset so that it is available for use or sale;
- it is possible to demonstrate the intent to complete the intangible asset and to use and sell it;
- the intangible asset will be fit for use or sale;
- it is known how the intangible asset will generate probable future economic benefits;
- technical and financial resources necessary to complete development works and its use or sale will be provided;
- it is possible to reliably measure the expenditures attributable to the intangible asset during its development.

The expenditures attributable to the intangible asset during its development and expenditures that do not meet the above criteria are disclosed as expenses in the comprehensive income statement as on the date they were incurred.

Amortisation of intangible assets is carried out on the basis of rates reflecting their estimated useful lives. The Company has no intangible assets with an indefinite useful life. The straight-line method is applied to depreciate intangible assets with a definite useful life. The useful life of the respective intangible assets is as follows:

TYPE	DEPRECIATION PERIOD
Software licences	5 years
Intangible assets manufactured internally	5 years
Other intangible assets	10 years

Intangible assets are tested for impairment, whenever there is an indication of impairment, however with regard to intangible assets in the period of realisation, a potential impairment is defined at each balance sheet date. Effects of impairment and of amortisation of intangible assets are disclosed under operating expenses.

Intangible assets held under finance lease agreements are depreciated over their expected useful life, in the same manner as own assets, but for a period no longer than the term of the lease.

Gains or losses from sale / liquidation or discontinued use of items of property, plant and equipment are defined as the difference between revenue from sales and the carrying amount of these items, and disclosed in the comprehensive income statement.

## 4.7 Property, plant and equipment

Property, plant and equipment include items of property, plant and equipment as well as expenses for property, plant and equipment under construction which the Company intends to use in connection with its operations and for administration purposes, in a period of over 1 year, and which will bring economic benefits in the future. Expenditures on property, plant and equipment include actual capital expenditures, as well as expenditures for future supplies of equipment and services connected with the development of items of property, plant and equipment (prepayments made). Property, plant and equipment include significant specialist spare parts which are elements of a tangible asset.

Property, plant and equipment and expenses for property, plant and equipment under construction are initially disclosed at cost of acquisition or production. Significant components are also treated as separate items of property, plant and equipment. As at the balance sheet date, property, plant and equipment is carried at cost less depreciation and impairment write-offs, if any.

Depreciation of property, plant and equipment, including their components, is carried out on the basis of rates reflecting their estimated useful lives, and starts in the month following the month they are accepted for use. Useful life estimates are reviewed on an annual basis. The straight-line method is applied to depreciate property, plant and equipment. The useful life of the respective items of property, plant and equipment is as follows:

TYPE	DEPRECIATION PERIOD
Computers	5 years
Vehicles	5 years
Office furniture and equipment	from 5 to 12 years



Assets held under finance lease agreements are depreciated over their expected useful life, in the same manner as own assets, but for a period no longer than the term of lease.

Gains or losses from sale / liquidation or discontinued use of items of property, plant and equipment are defined as the difference between revenue from sales and the carrying amount of these items and disclosed in the comprehensive income statement.

## 4.8 Leasing

IFRS 16 introduces a unitary model of the lessee's accounting and requires the lessee to recognize assets and liabilities resulting from each lease with a period exceeding 12 months, unless the underlying asset is of low value. At the commencement date, the lessee recognizes an asset representing the right to use the underlying asset and a liability to make lease payments.

### Identifying a lease

At new contract inception, the Company assesses whether the contract is a lease or whether it contains a lease. An agreement is a lease or contains a lease if it transfers the right to control the use of an identified asset for a given period in exchange for remuneration. In order to assess if an agreement transfers the right to control the use of an identified asset for a given period, the Company shall determine whether throughout the entire period of use the customer enjoys the following rights:

- a) the right to obtain substantially all economic benefits from the use of the identified asset and
- b) the right to manage the use of the identified asset.

Should the Company have the right to control the use of an identified asset for part of the duration of an agreement only, the agreement contains a lease in respect of this part of the period.

Rights resulting from lease, rental, hire or other agreements which meet the definition of a lease as per IFRS 16 are recognised as right of use underlying assets within the framework of non-current assets with a corresponding lease liabilities.

### Initial recognition and measurement

The Company recognises the right of use asset as well as the lease liability on the date of commencement of the lease. On the date of commencement, the Company measured the right of use asset at cost.

The cost of the right of use asset is inclusive of the following:

- a) the amount of the initial measurement of the lease liability,
- b) all lease payments paid on or before the date of commencement, less any lease incentives received,
- c) all initial costs directly incurred by the lessee, and
- d) estimated costs to be incurred by the lessee in connection with the dismantling and removal of underlying assets, the refurbishment of premises within which they were located, or the refurbishment of underlying assets to the condition required by the terms and conditions of the lease.

Lease payments included in the evaluation of lease liability include:

- fixed lease payments;
- variable lease payments, which depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts that are expected to be paid by the lessee as part of the guaranteed residual value;
- the call exercise price, should it be assumed with reasonable certainty that the Company shall decide to exercise the call option;
- penalty payments for termination of a lease, unless it can be assumed with reasonable certainty that the Company shall not terminate the lease.

Variable payments, which do not depend on an index or a rate should not be taken into account when calculating lease liability. Such payments are recognised in the profit or loss in the period of the occurrence which renders them payable.

The lease liability on the commencement date shall be calculated on the basis of the current lease payments that are payable by that date and discounted by the marginal interest rates of the lessee.



The Company does not discount lease liabilities by the lease interest rate as the calculation of such rates requires information known only to the lessor (the non-guaranteed residual value of the leased asset as well as the direct costs incurred by the lessor).

#### Determining the lessee's marginal interest rate

Marginal interest rates were specified as the sum of:

- a) the risk free rate, based on the Interest Rate Swap (IRS) in accordance with the maturity of the discount rate, and the relevant basic rate for the given currency, as well as
- b) the Company's credit risk premium based on the credit margin calculated inclusive of the credit risk segmentation of all companies which have entered into lease agreements.

#### Subsequent measurement

After the commencement date, the lessee measures the right of use asset applying the cost model.

In applying the cost model, the lessee shall measure the cost of the right of use asset:

- a) less any accumulated depreciation and accumulated impairment losses; and
- b) adjusted in respect of any updates to the measurement of lease liability not resulting in the necessity for recognition of a separate asset.

After the date of commencement the lessee shall measure the lease liability by:

- a) increasing the carrying amount to reflect interest on the lease liability,
- b) decreasing the carrying amount to reflect the leasing payments made, and
- c) remeasuring of the carrying amount to reflect any reassessment or lease modifications or to revise in-substance fixed lease payments.

The Company shall remeasure the lease liability in cases where there is a change in future lease payments as a result of a change in the index or rate used to determine lease payments (e.g. a change in payment associated with the right of perpetual use), in cases where there is a change in the amount expected by the Company to be payable under the residual amount guarantee, or if the Company reassesses the likelihood of the exercise of the call option, or the extension or termination of the lease.

Updated of the lease liability also adjusts the value of the right of use asset. In a situation where the carrying amount of the right of use asset has been reduced to zero, further reductions in the measurement of the lease liability shall be recognised by the Company as profit or loss.

#### Depreciation

The right of use asset is depreciated linearly over the shorter of the following two periods: the period of lease or the useful life of the underlying asset. However in cases where the Company can be reasonably sure that it will regain ownership of the asset prior to the end of the lease term, right of use shall be depreciated from the day of commencement of the lease until the end of the useful life of the asset.

#### Impairment

The Company applies IAS 36 Impairment of Assets to determine whether the right of use asset is impaired and to account for any impairment loss identified.

#### **Simplifications and practical solutions in the application of IFRS 16**

##### Short-term lease

The Company applies a practical solution to short-term lease contracts, which are characterised by contract term to 12 months.

Simplifications regarding these contracts involve the settlement of lease payments as costs:

- on a straight-line basis, for the duration of the lease agreement, or
- another systematic method, if it better reflects the way of spreading the benefits gained by the user in time.



### Leases of low-value assets

The Company does not apply the rules concerning recognition, measurement and presentation outlined in IFRS 16 to lease agreements of low-value assets. Low-value assets are considered to be those which have a value when new not higher than PLN 43 thousand translated at the exchange rate of the first day of application, i.e. 1 January 2019 (representing EUR 10 thousand) or the equivalent value in another currency as per the average closing rate of exchange of the National Bank of Poland at the moment of initial recognition of a contract.

Simplifications in respect of such contracts are due to the settlement of costs on a straight-line basis for the term of the lease contract.

An asset covered by a lease must not be counted as a low-value asset if the asset would typically not be of low value when new. As low-value items, the Company includes for example: coffee machines, printers and small items of furniture.

The underlying asset may have a low-value only if:

- a) the lessee may benefit from use of the underlying asset itself or with other resources which are readily available to him, and
- b) the underlying asset is not highly dependent on or related to other assets.

## **4.9 Impairment of property, plant and equipment and intangible assets except goodwill**

As at each balance sheet date, the Company reviews the carrying amounts of its property, plant and equipment and intangible assets for indications of impairment. If such indications are identified, the Company estimates the recoverable amount of a given asset in order to determine the potential write-down thereon. When an asset does not generate cash flows that are largely independent of those from other assets, an analysis is carried out for the Company's cash-generating assets to which a given asset belongs. Where it is possible to specify a reliable and uniform allocation basis, the Company's property, plant and equipment are allocated to the relevant cash-generating units or the smallest clusters of cash-generating units for which such reliable and uniform allocation bases can be established.

For intangible assets with an indefinite useful life, an impairment test is performed yearly and whenever there are any indications of potential impairment.

The recoverable amount is calculated as the higher of: fair value less selling costs or value-in-use. The latter value represents the current value of estimated future cash flows discounted using the discount rate before tax taking into account the current market time value of money and the asset-specific risk.

If the recoverable amount is lower than the carrying amount of an asset (or a cash-generating unit), the carrying amount of the asset or the unit is decreased to the recoverable amount. Impairment loss is recognised promptly as the cost of the period when it occurred.

If the impairment loss is then reversed, the net value of an asset (or a cash-generating unit) is increased to the newly estimated recoverable amount, however no higher than the carrying amount of the assets that would be established had the impairment loss of an asset / cash-generating unit not been recognised in the preceding years. A reversal of impairment losses is disclosed promptly in the comprehensive income statement.

## **4.10 Provisions for liabilities**

Provisions for liabilities are established when the Company has an existing legal or constructive obligation connected with past events and it is probable that the performance of this obligation will result in an outflow of funds representing economic benefits, and the amount of the liability can be reliably assessed, although the amount or maturity of the liability are not certain.

The amount of the provision recognised reflects the most accurate estimates possible of the amount required to settle the current liability as at the balance sheet date, taking into account risk and uncertainty connected with this liability. In the event of measuring a provision using the estimated cash flow method necessary to settle the current liability, its carrying amount reflects the current value of such cash flows.

If it is probable that some or all of the economic benefits required to settle a provision can be recovered from a third party, such receivable will be recognised as an asset, provided that the probability of recovery is sufficiently high and can be reliably assessed.



#### **4.10.1 Onerous contracts**

Current liabilities under onerous contracts are disclosed as provisions. A contract entered into by the Company is considered to be onerous if it involves inevitable costs of performance of contractual obligations whose value exceeds the value of economic benefits expected under the contract.

#### **4.11 Equity**

Equity includes capitals and funds established in compliance with the mandatory legal regulations, i.e. applicable laws and the statute. Retained profit is also disclosed under equity. Share capital is disclosed in the amount set out in the Company's Statute. Unregistered payments to the share capital are disclosed under the Company's equity and reported in the nominal amount of the payment received.

#### **4.12 Customers' financial instruments and nominal values of transactions on derivatives (off-balance sheet items)**

Off-balance sheet items include: the nominal values of derivatives in transactions executed with customers and brokers in the OTC market, and the values of financial instruments of the Company's customers, acquired on the regulated stock exchange market and deposited in the accounts of the Company's customers.

#### **4.13 The result of operations on financial instruments**

The result of operations on financial instruments covers all realised and unrealised income and expenses connected with trading in financial instruments, including dividend, interest and FX rate differences. The result of operations on financial instruments is calculated as the difference between the value of the instrument at the sale price and the purchase price.

The result of operations on financial instruments is composed of the following items:

- Result on financial assets at fair value through P&L: result on financial instruments on transactions with customers and brokers;
- The net income/(costs) on financial assets at amortised cost: result on debt securities (interest result calculated using the effective interest rate method);
- Discounts for customers and commissions for introducing brokers depend on the actual volume of trading in the financial instruments. This item decreases the result on transactions in financial instruments.

#### **4.14 Fee and commission income and expenses**

Fee and commission income includes brokerage fees and other charges against financial services charged to customers, and is disclosed at the date when the customer enters into a given transaction.

Fee and commission expenses are connected with financial brokerage services acquired by the Company, and disclosed at the date when the services were provided.

#### **4.15 Cost of employee benefits**

Short-term employee benefits, including specific contributions to benefit schemes, are disclosed in the period when the Company received a given benefit from an employee, and in the case of profit distribution or bonus payments, when the following conditions are met:

- the entity has a present legal or constructive obligation to make such payments as a result of past events; and
- a reliable estimate of the obligation can be made.

For paid leave benefits, employee benefits are recognised to the extent of accumulated paid leave, at the time of performance of work that increases the entitlement to future paid absences (provision for unused holidays). Non-accumulating paid absences are recognised when the absences occur.



Post-employment benefits in the form of benefit schemes (retirement severance pays) and other long-term benefits (length of service bonuses, etc.) are determined using the projected personal right method, with an actuarial valuation performed at each balance sheet date. Actuarial gains and losses are disclosed in full in the comprehensive income statement. Past service costs are recognised promptly to the extent in which they pertain to benefits already gained, and in other cases amortised with the straight line method for the average period after which such benefits are gained.

Pursuant to the requirements of the Regulation of the Minister of Finance of 2 December 2011 on the principles of defining the policy of variable remuneration elements for the management staff by brokerage houses, starting from 2012, the Company applies the policy of variable remuneration elements for the persons occupying key positions. Benefits granted to the employees within the framework of the Program of variable remuneration elements are granted in cash – 50 per cent and in the form of the financial instruments whose value is related to the Company's financial standing – 50 per cent. The part of benefits granted in the form of financial instruments whose value is related to the Company's financial standing, is paid in cash within three years after the date of being granted. The provision for employee benefits due to variable remuneration elements is recognised in accordance with IAS 19 in the comprehensive income statement in "Employee benefits and remuneration".

## 4.16 Finance incomes and costs

Finance income includes interest income on funds invested by the Company. Finance costs consist of interest expense paid to customers, interest on finance lease paid and other interest on liabilities other than relating to result of operations on financial instruments.

Interest income and expenses are disclosed in profits or losses of the current period, using the effective interest rate method.

Dividend income is disclosed at the time when the shareholders' right to obtain such dividend is established.

Finance income and costs also include gains and losses arising from foreign exchange rate differences, disclosed in net amounts.

## 4.17 Tax

The entity's income tax comprises current tax due and deferred tax.

### 4.17.1 Current tax

Current tax liability is calculated on the basis of the tax result (taxable base) for a given financial year. The tax profit (loss) is different from the accounting net profit (loss) because it does not include non-taxable income and non-deductible expenses. Tax expenses are calculated on the basis of tax rates in force in a given financial year and pursuant to the tax regulations of the countries in which the branches of the Company and its subsidiaries are located.

Regulations concerning the tax on goods and services, corporate income tax and the burden of social insurance are subject to frequent changes. These frequent changes result in lack of appropriate benchmarks, inconsistent interpretations and few established precedents that could be applied. The current regulations also contain uncertainties, resulting in differences in opinion regarding the legal interpretation of tax regulations both between government bodies and companies.

Tax settlements and other areas of activity (for example, customs or foreign exchange) may be subject to inspection by control authorities that are entitled to impose high penalties and fines, and any additional tax liabilities resulting from inspections must be paid together with high interest. These conditions cause that tax risk in Poland is higher than in countries with more mature tax systems.

Consequently, the amounts reported and disclosed in the financial statements may change in the future as a result of a final decision of the tax audit.

On 15 July 2016 changes have been introduced to the Tax Code to take into account the provisions of the General Anti Avoidance Rules (GAAR). GAAR is to prevent the formation and use of artificial legal structures created in order to avoid payment of tax in Poland. GAAR defines tax avoidance operation as an action made primarily in order to achieve a tax advantage being in conflict with the subject and purpose of the provisions of the Tax Act. According to GAAR such activity does not result in the achievement of a tax advantage if the behaviour was artificial. Any occurrence of (i) unjustified sharing operations, (ii) the involvement of intermediaries, despite the lack of economic justification or business, (iii) the elements mutually terminating or compensating, and (iv) other actions with a similar effect to the aforementioned, may be treated as a condition of existence false operations covered by GAAR. The new regulations will require greater judgment when assessing the tax consequences of particular transactions.



GAAR clause should apply to transactions made after its entry into force and to the transactions that were carried out prior to the entry into force of the GAAR clause but for which the benefits have been achieved or are still. The implementation of these regulations will enable the Polish tax authorities to question legal arrangements and agreements carried out by the taxpayers, such as restructuring and group reorganization.

## 4.17.2 Deferred income tax

Deferred tax is calculated using the balance sheet method, based on differences between the carrying amounts of assets and liabilities and corresponding tax values used to calculate the tax basis.

Deferred tax liability is established on all taxable positive temporary differences, while deferred tax assets are recognised up to the probable amount of a reduction in future taxable profit by recognised deductible temporary differences and tax losses or credits that the Company may use.

The value of deferred tax assets is assessed as on each balance sheet date and if the expected future taxable profits are not sufficient to realise an asset or its portion, a write-down will be performed.

Deferred tax is calculated based on tax rates that will be applicable when the asset is realised or the liability becomes due. In the statement of financial position, deferred tax is disclosed upon off-set to the extent that it applies to the same tax residency.

## 4.17.3 Current and deferred tax for the current reporting period

Current and deferred tax is disclosed in the comprehensive income statement, except for cases in which it pertains to items that credit or debit other comprehensive income directly, because then the tax is also disclosed in the other comprehensive income statement, or when it is the result of an initial calculation of a business combination.

## 4.18 Earnings per share

Earnings per share for each period is calculated by dividing the net profit for the period by the weighted average number of shares outstanding during the reporting period.

## 5. Operating income

### 5.1 Result of operations in financial instruments

(IN PLN'000)	TWELVE-MONTH PERIOD ENDED 31.12.2022	TWELVE-MONTH PERIOD ENDED 31.12.2021
<b>Financial instruments (CFD)</b>		
Index CFDs	687 424	209 304
Commodity CFDs	501 314	313 948
Currency CFDs	251 429	79 761
Stock and ETF CFDs	36 816	34 885
Bond CFDs	796	223
<b>Total CFDs</b>	<b>1 477 779</b>	<b>638 121</b>
<b>Stocks and ETFs</b>	<b>3 494</b>	<b>(689)</b>
<b>Dividends from subsidiaries</b>	<b>8 401</b>	<b>5 100</b>
<b>Gross gain on transactions in financial instruments</b>	<b>1 489 674</b>	<b>642 532</b>
Intermediary services	(160 203)	(86 148)
Commission paid to cooperating brokers	(907)	(544)
<b>Net gain on transactions in financial instruments</b>	<b>1 328 564</b>	<b>555 840</b>

Intermediary services are services performed on the foreign markets by the Company's subsidiaries.

The Company concludes cooperation agreements with introducing brokers who receive commissions which depend on the trade generated under the cooperation agreements. The income generated and the costs incurred between the Company and particular brokers relate to the trade between the broker and customers that are not his customers.



The Company's operating incomes is generated from: (i) spreads (the differences between the "offer" price and the "bid" price); (ii) fees and commissions charged to its clients and swap points charged (being the amounts resulting from the difference between the notional forward rate and the spot rate of a given financial instrument); (iii) net results (gains offset by losses) from Company's market making activities. The table below presents percentage share of income categories in gross gain on transactions in financial instruments (excluding dividends from subsidiaries).

	TWELVE-MONTH PERIOD ENDED 31.12.2022	TWELVE-MONTH PERIOD ENDED 31.12.2021
Spread	54%	83%
Swap, fees and commissions	26%	40%
Market Making	20%	-23%
<b>Gross gain on transactions in financial instruments (excluding dividends from subsidiaries).</b>	<b>100%</b>	<b>100%</b>

## 5.2 Income from fees and charges

(IN PLN'000)	TWELVE-MONTH PERIOD ENDED 31.12.2022	TWELVE-MONTH PERIOD ENDED 31.12.2021
Fees and charges from institutional clients	3 405	2 699
Fees and charges from retail clients	2 359	1 705
<b>Total income from fees and charges</b>	<b>5 764</b>	<b>4 404</b>

## 5.3 Geographical areas

(IN PLN'000)	TWELVE-MONTH PERIOD ENDED 31.12.2022	TWELVE-MONTH PERIOD ENDED 31.12.2021
<b>Operating income</b>		
Central and Eastern Europe	850 235	332 416
- <i>including Poland</i>	608 931	214 933
Western Europe	331 578	144 985
Latin America*	121 655	80 060
Middle East**	30 929	4 891
<b>Total operating income</b>	<b>1 334 397</b>	<b>562 352</b>

\*The subsidiary XTB International Ltd., with its seat in Belize, acquires clients from Latin America and the rest of the world.

\*\* Revenue from clients from the Middle East, acquired by XTB International Ltd. With its seat in Belize and XTB MENA Limited with its seat in the United Arab Emirates.

The countries from which the Company derives each time 20% and over of its revenue is Poland with a share of 45,6% (2021: 38,2%). Due to the overall share in the Company's revenue Poland was set apart for presentation purposes within the geographical area. The share of other countries in the structure of the Company's revenue by geographical area does not in any case exceed 20%.

The Company breaks its revenue down into geographical area by country in which a given customer was acquired.

## 6. Salaries and employee benefits

(IN PLN'000)	TWELVE-MONTH PERIOD ENDED 31.12.2022	TWELVE-MONTH PERIOD ENDED 31.12.2021
Salaries	(124 301)	(84 768)
Social insurance and other benefits	(20 013)	(15 405)
Employee benefits	(4 313)	(2 357)
<b>Total salaries and employee benefits</b>	<b>(148 627)</b>	<b>(102 530)</b>



## 7. Marketing

(IN PLN'000)	TWELVE-MONTH PERIOD ENDED 31.12.2022	TWELVE-MONTH PERIOD ENDED 31.12.2021
Marketing online	(124 472)	(70 605)
Marketing offline	(46 845)	(4 662)
<b>Total marketing</b>	<b>(171 317)</b>	<b>(75 267)</b>

Marketing activities carried out by the Company are mainly focused on Internet marketing, which is also supported by other marketing activities.

## 8. Costs of maintenance and lease of buildings

(IN PLN'000)	TWELVE-MONTH PERIOD ENDED 31.12.2022	TWELVE-MONTH PERIOD ENDED 31.12.2021
Maintenance costs	(1 994)	(1 710)
Costs for renting low-value or short-term tangible assets	(729)	(236)
Other costs	(1 466)	(650)
<b>Total costs of maintenance and lease of buildings</b>	<b>(4 189)</b>	<b>(2 596)</b>

## 9. Other external services

(IN PLN'000)	TWELVE-MONTH PERIOD ENDED 31.12.2022	TWELVE-MONTH PERIOD ENDED 31.12.2021
Intermediary services	(36 182)	(38 406)
Support database systems	(18 354)	(14 149)
Market data delivery	(10 188)	(7 381)
Legal and advisory services	(7 005)	(4 825)
Internet and telecommunications	(2 459)	(2 661)
Recruitment	(2 248)	(750)
Accounting and audit services	(1 363)	(1 441)
IT support services	(208)	(311)
Postal and courier services	(132)	(431)
Other external services	(991)	(802)
<b>Total other external services</b>	<b>(79 130)</b>	<b>(71 157)</b>

Intermediary services represent remuneration paid to subsidiaries.

## 10. Commission expenses

(IN PLN'000)	TWELVE-MONTH PERIOD ENDED 31.12.2022	TWELVE-MONTH PERIOD ENDED 31.12.2021
Bank commissions	(23 310)	(19 334)
Stock exchange fees and charges	(7 452)	(3 886)
Commissions of foreign brokers	(340)	(584)
<b>Total commission expenses</b>	<b>(31 102)</b>	<b>(23 804)</b>



## 11. Other expenses

(IN PLN'000)	TWELVE-MONTH PERIOD ENDED 31.12.2022	TWELVE-MONTH PERIOD ENDED 31.12.2021
Receivables impairment write-downs	(2 858)	21
Materials	(1 038)	(841)
Business trips	(926)	(231)
Costs relating to legal risk	(632)	-
Insurance	(329)	(307)
Representation	(241)	(30)
Liquidation of fixed assets	(184)	(553)
Membership fees	(38)	(11)
Other	(1 686)	(498)
<b>Total other expenses</b>	<b>(7 932)</b>	<b>(2 450)</b>

Write-downs of receivables are the result of the debit balances which arose in customers' accounts in that period.

## 12. Finance income and costs

(IN PLN'000)	TWELVE-MONTH PERIOD ENDED 31.12.2022	TWELVE-MONTH PERIOD ENDED 31.12.2021
Interest income at amortized cost	22 953	46
Foreign exchange gains	18 067	18 535
Income on bonds	15 179	-
Other finance income	9	44
<b>Total finance income</b>	<b>56 208</b>	<b>18 625</b>

(IN PLN'000)	TWELVE-MONTH PERIOD ENDED 31.12.2022	TWELVE-MONTH PERIOD ENDED 31.12.2021
Interest paid under lease agreements	(678)	(176)
Other interest	(143)	(118)
Loss on bonds	-	(3 808)
Other finance costs	(13)	(13)
<b>Total finance costs</b>	<b>(834)</b>	<b>(4 115)</b>

Foreign exchange differences relate to unrealised differences on the measurement of balance sheet items denominated in a currency other than the functional currency.

## 13. Segment information

For management reporting purposes, the Company's operations are divided into the following two business segments:

1. Retail operations, which include the provision of trading in financial instruments for individual customers.
2. Institutional activity, which includes the provision of trading in financial instruments and offering trade infrastructure to entities (institutions), which in turn provide services of trading in financial instruments for their own customers under their own brand.

These segments do not aggregate other lower-level segments. The management monitors the results of the operating segments separately, in order to decide on the implementation of strategies, allocation of resources and performance assessment. Operations in segment are assessed on the basis of segment profitability and its impact on the overall profitability reported in the financial statements.

Transfer prices between operating segments are based on market prices, according to the principles similar to those applied in settlements with unrelated parties.



The Company concludes transactions only with external clients. Transactions between operating segments are not concluded.

Valuation of assets and liabilities, incomes and expenses of segments is based on the accounting policies applied by the Company.

The Company does not allocate financial activity and corporate income tax burden on business segments.



COMPREHENSIVE INCOME STATEMENT FOR TWELVE-MONTH PERIOD ENDED 31.12.2022 (IN PLN'000)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	STANDALONE COMPREHENSIVE INCOME STATEMENT
Net result on transactions in financial instruments	1 317 285	11 279	1 328 564	1 328 564
<b>CFDs</b>				
Index CFDs	685 237	2 187	687 424	687 424
Commodity CFDs	505 421	(4 107)	501 314	501 314
Currency CFDs	238 068	13 361	251 429	251 429
Stock and ETF CFDs	36 978	(162)	36 816	36 816
Bond CFDs	796	-	796	796
Stocks and ETFs	3 494	-	3 494	3 494
Dividends from subsidiaries	8 401	-	8 401	8 401
Intermediary services	(160 203)	-	(160 203)	(160 203)
Commission paid to cooperating brokers	(907)	-	(907)	(907)
Income from fees and charges	2 359	3 405	5 764	5 764
Other income	69	-	69	69
<b>Total operating income</b>	<b>1 319 713</b>	<b>14 684</b>	<b>1 334 397</b>	<b>1 334 397</b>
Marketing	(171 318)	1	(171 317)	(171 317)
Salaries and employee benefits	(147 022)	(1 605)	(148 627)	(148 627)
Other external services	(78 623)	(507)	(79 130)	(79 130)
Commission expenses	(31 101)	(1)	(31 102)	(31 102)
Amortisation and depreciation	(9 860)	(12)	(9 872)	(9 872)
Taxes and fees	(6 971)	(17)	(6 988)	(6 988)
Costs of maintenance and lease of buildings	(4 189)	-	(4 189)	(4 189)
Other costs	(7 840)	(92)	(7 932)	(7 932)
<b>Total operating expenses</b>	<b>(456 924)</b>	<b>(2 233)</b>	<b>(459 157)</b>	<b>(459 157)</b>
<b>Operating profit</b>	<b>862 789</b>	<b>12 451</b>	<b>875 240</b>	<b>875 240</b>
<b>Impairment of investments in subsidiaries</b>	-	-	-	<b>(737)</b>
Finance income	-	-	-	56 208
Finance costs	-	-	-	(834)
<b>Profit before tax</b>	-	-	-	<b>929 877</b>
Income tax	-	-	-	(168 313)
<b>Net profit</b>	-	-	-	<b>761 564</b>



ASSETS AND LIABILITIES AS AT 31.12.2022 (IN PLN'000)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	STANDALONE STATEMENT OF FINANCIAL POSITION
Customers' cash and cash equivalents	1 720 804	82 297	1 803 101	1 803 101
Financial assets at fair value through P&L	777 712	18 405	796 117	796 117
Other assets	1 313 443	616	1 314 059	1 314 059
<b>Total assets</b>	<b>3 811 959</b>	<b>101 318</b>	<b>3 913 277</b>	<b>3 913 277</b>
Amounts due to customers	2 067 964	108 899	2 176 863	2 176 863
Financial liabilities held for trading	78 000	(9 804)	68 196	68 196
Other liabilities	169 855	-	169 855	169 855
<b>Total liabilities</b>	<b>2 315 819</b>	<b>99 095</b>	<b>2 414 914</b>	<b>2 414 914</b>



COMPREHENSIVE INCOME STATEMENT FOR TWELVE-MONTH PERIOD ENDED 31.12.2021 (IN PLN'000)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	STANDALONE COMPREHENSIVE INCOME STATEMENT
Net result on transactions in financial instruments <b>CFDs</b>				
Commodity CFDs	313 509	439	313 948	313 948
Index CFDs	210 559	(1 255)	209 304	209 304
Currency CFDs	80 108	(347)	79 761	79 761
Stock and ETF CFDs	34 851	34	34 885	34 885
Bond CFDs	232	(9)	223	223
Stocks and ETFs	(689)	-	(689)	(689)
Dividends from subsidiaries	5 100	-	5 100	5 100
Intermediary services	(86 148)	-	(86 148)	(86 148)
Commission paid to cooperating brokers	(544)	-	(544)	(544)
Income from fees and charges	1 705	2 699	4 404	4 404
Other income	2 108	-	2 108	2 108
<b>Total operating income</b>	<b>560 791</b>	<b>1 561</b>	<b>562 352</b>	<b>562 352</b>
Salaries and employee benefits	(101 163)	(1 367)	(102 530)	(102 530)
Marketing	(75 257)	(10)	(75 267)	(75 267)
Other external services	(70 693)	(464)	(71 157)	(71 157)
Commission expenses	(23 804)	-	(23 804)	(23 804)
Amortisation and depreciation	(7 399)	(86)	(7 485)	(7 485)
Taxes and fees	(3 868)	(32)	(3 900)	(3 900)
Costs of maintenance and lease of buildings	(2 561)	(35)	(2 596)	(2 596)
Other costs	(2 384)	(66)	(2 450)	(2 450)
<b>Total operating expenses</b>	<b>(287 129)</b>	<b>(2 060)</b>	<b>(289 189)</b>	<b>(289 189)</b>
<b>Operating profit</b>	<b>273 662</b>	<b>(499)</b>	<b>273 163</b>	<b>273 163</b>
<b>Impairment of investments in subsidiaries</b>	-	-	-	<b>(1 022)</b>
Finance income	-	-	-	18 625
Finance costs	-	-	-	(4 115)
<b>Profit before tax</b>	-	-	-	<b>286 651</b>
Income tax	-	-	-	(51 810)
<b>Net profit</b>	-	-	-	<b>234 841</b>



ASSETS AND LIABILITIES AS AT 31.12.2021 (IN PLN'000)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	STANDALONE STATEMENT OF FINANCIAL POSITION
Customers' cash and cash equivalents	1 574 637	60 478	1 635 115	1 635 115
Financial assets at fair value through P&L	647 096	16 629	663 725	663 725
Other assets	672 219	499	672 718	672 718
<b>Total assets</b>	<b>2 893 952</b>	<b>77 606</b>	<b>2 971 558</b>	<b>2 971 558</b>
Amounts due to customers	1 815 098	64 093	1 879 191	1 879 191
Financial liabilities held for trading	81 453	13 016	94 469	94 469
Other liabilities	85 479	-	85 479	85 479
<b>Total liabilities</b>	<b>1 982 030</b>	<b>77 109</b>	<b>2 059 139</b>	<b>2 059 139</b>



## 14. Cash and cash equivalents

Broken down by type:

(IN PLN'000)	31.12.2022	31.12.2021
Cash in current accounts in bank and their equivalents	2 620 804	2 185 986
Short-term deposits in bank	307 119	-
<b>Cash and cash equivalents in total</b>	<b>2 927 923</b>	<b>2 185 986</b>

The Company classifies as cash equivalents short-term deposits with maturities of less than 3 months and accrued interest thereon. Other deposits, ie with maturity over 3 months, together with interest, are presented in the item "Short-term deposits in bank".

Own cash and restricted cash - customers' cash:

(IN PLN'000)	31.12.2022	31.12.2021
Customers' cash and cash equivalents	1 803 101	1 635 115
Own cash and cash equivalents	1 124 822	550 871
<b>Cash and cash equivalents in total</b>	<b>2 927 923</b>	<b>2 185 986</b>

Customers' cash and cash equivalents include the value of clients' open transactions.

## 15. Financial assets at fair value through P&L

(IN PLN'000)	31.12.2022	31.12.2021
<b>CFDs</b>		
Index CFDs	144 725	105 098
Commodity CFDs	109 191	59 029
Currency CFDs	89 054	80 115
Stock and ETF CFDs	78 656	66 105
Bond CFDs	2 171	18
<b>Debt instruments</b>	<b>362 074</b>	<b>331 926</b>
<b>Stocks and ETFs</b>	<b>10 246</b>	<b>21 434</b>
<b>Total financial assets at fair value through P&amp;L</b>	<b>796 117</b>	<b>663 725</b>

Detailed information on the estimated fair value of the instrument is presented in note 38.1.1.

## 16. Investments in subsidiaries

(IN PLN'000)	31.12.2022	31.12.2021
<b>At the beginning of the reporting period</b>	<b>39 879</b>	<b>35 890</b>
Increase	4 345	5 012
Decrease	-	-
Utilization	-	-
Impairment of investments in subsidiaries	(737)	(1 023)
<b>At the end of the reporting period</b>	<b>43 487</b>	<b>39 879</b>

### Impairment of investments in subsidiaries

(IN PLN'000)	31.12.2022	31.12.2021
<b>Impairment write-downs of investments in subsidiaries - at the beginning of the reporting period</b>	<b>(4 096)</b>	<b>(3 074)</b>
Utilization	-	-
Write-downs recorded	(513)	(1 023)
<b>Impairment write-downs of investments in subsidiaries - at the end of the reporting period</b>	<b>(4 609)</b>	<b>(4 097)</b>



## Detailed information on subsidiaries

NAME OF SUBSIDIARY	COUNTRY OF REGISTERED OFFICE	31.12.2022		31.12.2021	
		CARRYING AMOUNT OF SHARES (IN PLN'000)	SHARE IN CAPITAL %	CARRYING AMOUNT OF SHARES (IN PLN'000)	SHARE IN CAPITAL %
XTB Limited	Great Britain	20 139	100%	20 139	100%
X Open Hub Sp. z o.o.	Poland	105	100%	5	100%
XTB Limited	Cyprus	7 560	100%	7 560	100%
Tasfiye Halinde XTB Yönetim Danışmanlığı A.Ş.	Turkey	125	100%	861	100%
XTB International Limited	Belize	4 420	100%	4 420	100%
XTB Chile SpA	Chile	403	100%	403	100%
XTB Services Limited	Cyprus	337	100%	337	100%
XTB Africa (PTY) Ltd.	RPA	2 339	100%	2 339	100%
XTB MENA Limited	ZEA	8 059	100%	3 814	100%
Lirsar S.A. en liquidacion	Uruguay	-	100%	-	100%
XTB S. C. Limited	Seychelles	-	-	-	-
XTB Digital Ltd.	Cyprus	-	-	-	-
<b>Total</b>		<b>43 487</b>		<b>39 878</b>	

On 15 September 2020, the liquidation process of the company in Turkey Tasfiye Halinde XTB Yönetim Danışmanlığı A.Ş. has begun.

As at the 31 December 2022, amount of negative foreign exchange differences on translation of balances in foreign currencies of Turkish company amounted PLN (3 767), at the 31 December 2021, amount of negative foreign exchange differences on translation of balances in foreign currencies of Turkish company amounted PLN (3 658) thousand. Exchange differences will be recognized in consolidated financial statement at the date of liquidation of the company.

On 9 January 2021 XTB MENA Limited with its seat in United Arab Emirates was registered in the local register of entrepreneurs. The Parent Company will acquire 100% of shares in the subsidiary. On 13 April 2021 shares of XTB MENA Limited with its seat in United Arab Emirates were paid by the Company. Capital was contributed in the amount of USD 1 million. On 22 March 2022, the Parent Company acquired 1,000 ordinary shares in the increased capital of the subsidiary XTB MENA Limited, maintaining 100% of its capital.

On 8 November 2021 the Company acquired 100 shares in the increased capital of subsidiary. As a result of the above transaction the Company kept 100% share in subsidiary's capital. As at the date of these financial statements the company has not conducted its operations.

On 6 October 2022, XTB S. C. Limited with its seat in Republic of Seychelles was registered in the local register of entrepreneurs. The shares in this company have not yet been paid up. As at the date of these financial statements the company did not conduct its operations.

On 5 December 2022, XTB Digital Ltd. with its seat in Republic of Seychelles was registered in the local register of entrepreneurs. The shares in this company have not yet been paid up. As at the date of these financial statements the company did not conduct its operations.

The scope of activities of subsidiaries:

- XTB Limited (UK) – brokerage activity
- X Open Hub Sp. z o.o. – applications and electronic trading technology offering
- XTB Limited (CY) – brokerage activity
- XTB International Limited – brokerage activity
- XTB Chile SpA – the activity of acquiring clients
- XTB Services Limited – marketing, marketing and sales activities (sales support)
- XTB MENA Limited – brokerage activity
- XTB Africa (PTY) Ltd. – the Company has not yet conducted operations
- XTB S. C. Limited – the Company has not yet conducted operations
- XTB Digital Ltd. – the Company has not yet conducted operations
- Tasfiye Halinde XTB Yönetim Danışmanlığı A.Ş. – the company does not conduct its operations, is in the process of liquidation



### Impairment of investments in subsidiaries

As at 31 December 2022 due to the circumstances indicating value impairment as decrease of value of net assets value below purchase price, the Company recognized a write-off due to impairment of its investment in a subsidiary in Turkey in the amount of PLN 4 833 thousand. The impairment was recognized due to the decision made by the Company's Management Board on the 18 May 2017 to withdraw from activity in Turkey through taking actions intended to phase out XTB's activity on this market and liquidation of the subsidiary in Turkey. The impairment write-off was created up to the amount of net assets for which almost entirely cash is held in the bank. As at 31 December 2021 the write-off due to impairment of Turkish subsidiary amounted to PLN 4 097 thousand. As at the balance sheet date the process of withdrawing the activity was not finalized. Since December 2019 Tasfiye Halinde XTB Yönetim Danışmanlığı A.Ş does not have an active license to running business.

### 17. Financial assets at amortised cost

(IN PLN'000)	31.12.2022	31.12.2021
Receivables due from clients	51 402	26 983
Trade receivables	15 960	19 183
Amounts due from the Central Securities Depository of Poland	13 650	-
Deposits	4 692	3 603
Trade receivables due from related parties	514	346
Statutory receivables	369	312
<b>Gross other receivables</b>	<b>86 587</b>	<b>50 427</b>
Impairment write-downs of receivables	(58)	(39)
Impairment write-downs of receivables due from clients	(3 311)	(2 592)
<b>Total net other receivables</b>	<b>83 218</b>	<b>47 796</b>

#### Movements in impairment write-downs of receivables

(IN PLN'000)	31.12.2022	31.12.2021
<b>Impairment write-downs of receivables – at the beginning of the reporting period</b>	<b>(2 631)</b>	<b>(2 889)</b>
Write-downs recorded	(948)	(333)
Write-downs reversed	193	354
Write-downs utilized	16	237
<b>Impairment write-downs of receivables – at the end of the reporting period</b>	<b>(3 370)</b>	<b>(2 631)</b>

Write-downs of receivables in 2022 and 2021 resulted from the debit balances which arose in customers' accounts in those periods.

### 18. Prepayments and deferred costs

(IN PLN'000)	31.12.2022	31.12.2021
CRM - customer service and sales	4 330	2 026
Advertising	3 798	1 689
Licenses and news services	2 412	1 412
Database application	552	844
Insurance	313	276
Prepaid rent	216	210
Other	920	636
<b>Total prepayments and deferred costs</b>	<b>12 541</b>	<b>7 093</b>



## 19. Intangible assets

### Intangible assets in the period from 1 January 2022 to 31 December 2022

(IN PLN'000)	LICENCES FOR COMPUTER SOFTWARE	INTANGIBLE ASSETS MANUFACTURED INTERNALLY	TOTAL
<b>Gross value as at 1 January 2022</b>	<b>5 374</b>	<b>10 792</b>	<b>16 166</b>
Additions	1 117	-	1 117
Sale and scrapping	(132)	-	(132)
Net foreign exchange differences	8	-	8
<b>Gross value as at 31 December 2022</b>	<b>6 367</b>	<b>10 792</b>	<b>17 159</b>
<b>Accumulated amortization as at 1 January 2022</b>	<b>(4 924)</b>	<b>(10 792)</b>	<b>(15 716)</b>
Amortization for the current period	(235)	-	(235)
Sale and scrapping	132	-	132
Net foreign exchange differences	(7)	-	(7)
<b>Accumulated amortization as at 31 December 2022</b>	<b>(5 034)</b>	<b>(10 792)</b>	<b>(15 826)</b>
<b>Net book value as at 1 January 2022</b>	<b>450</b>	<b>-</b>	<b>450</b>
<b>Net book value as at 31 December 2022</b>	<b>1 333</b>	<b>-</b>	<b>1 333</b>

Intangible assets manufactured internally relate to a financial instrument trading platform and applications compatible with this platform.


**Intangible assets in the period from 1 January 2021 to 31 December 2021**

(IN PLN'000)	LICENCES FOR COMPUTER SOFTWARE	INTANGIBLE ASSETS MANUFACTURED INTERNALLY	TOTAL
<b>Gross value as at 1 January 2021</b>	<b>5 883</b>	<b>10 792</b>	<b>16 675</b>
Additions	210	-	210
Sale and scrapping	(760)	-	(760)
Net foreign exchange differences	41	-	41
<b>Gross value as at 31 December 2021</b>	<b>5 374</b>	<b>10 792</b>	<b>16 166</b>
<b>Accumulated amortization as at 1 January 2021</b>	<b>(5 406)</b>	<b>(10 792)</b>	<b>(16 198)</b>
Amortization for the current period	(238)	-	(238)
Sale and scrapping	760	-	760
Net foreign exchange differences	(40)	-	(40)
<b>Accumulated amortization as at 31 December 2021</b>	<b>(4 924)</b>	<b>(10 792)</b>	<b>(15 716)</b>
<b>Net book value as at 1 January 2021</b>	<b>477</b>	<b>-</b>	<b>477</b>
<b>Net book value as at 31 December 2021</b>	<b>450</b>	<b>-</b>	<b>450</b>

Intangible assets manufactured internally relate to a financial instrument trading platform and applications compatible with this platform.



## 20. Property, plant and equipment

Property, plant and equipment in the period from 1 January 2022 to 31 December 2022

(IN PLN'000)	COMPUTER SYSTEMS	OTHER PROPERTY, PLANT AND EQUIPMENT	RIGHT TO USE OFFICE	RIGHT TO USE CAR	TANGIBLE FIXED ASSETS UNDER CONSTRUCTION	TOTAL
<b>Gross value as at 1 January 2022</b>	<b>18 253</b>	<b>7 536</b>	<b>7 598</b>	<b>413</b>	<b>333</b>	<b>34 133</b>
Additions	9 416	2 031	-	-	854	12 301
Lease	-	-	27 041	297	-	27 338
Sale and scrapping	(522)	(841)	(957)	(102)	-	(2 422)
Net foreign exchange differences	39	77	175	12	-	303
<b>Gross value as at 31 December 2022</b>	<b>27 186</b>	<b>8 803</b>	<b>33 857</b>	<b>620</b>	<b>1 187</b>	<b>71 653</b>
<b>Accumulated amortization as at 1 January 2022</b>	<b>(13 803)</b>	<b>(3 875)</b>	<b>(3 670)</b>	<b>(223)</b>	-	<b>(21 571)</b>
Amortization for the current period	(3 071)	(811)	(5 640)	(115)	-	(9 637)
Sale and scrapping	516	654	935	101	-	2 206
Net foreign exchange differences	(28)	(62)	(98)	(8)	-	(196)
<b>Accumulated amortization as at 31 December 2022</b>	<b>(16 386)</b>	<b>(4 094)</b>	<b>(8 473)</b>	<b>(245)</b>	-	<b>(29 198)</b>
<b>Net book value as at 1 January 2022</b>	<b>4 450</b>	<b>3 661</b>	<b>3 928</b>	<b>190</b>	<b>333</b>	<b>12 562</b>
<b>Net book value as at 31 December 2022</b>	<b>10 800</b>	<b>4 709</b>	<b>25 384</b>	<b>375</b>	<b>1 187</b>	<b>42 455</b>


**Property, plant and equipment in the period from 1 January 2021 to 31 December 2021**

(IN PLN'000)	COMPUTER SYSTEMS	OTHER PROPERTY, PLANT AND EQUIPMENT	RIGHT TO USE OFFICE	RIGHT TO USE CAR	TANGIBLE FIXED ASSETS UNDER CONSTRUCTION	TOTAL
<b>Gross value as at 1 January 2021</b>	<b>14 846</b>	<b>7 049</b>	<b>13 485</b>	<b>361</b>	<b>23</b>	<b>35 764</b>
Additions	4 003	3 051	-	-	309	7 363
Lease	-	-	1 142	195	-	1 337
Sale and scrapping	(607)	(2 587)	(7 066)	(149)	-	(10 409)
Net foreign exchange differences	11	23	37	6	1	78
<b>Gross value as at 31 December 2021</b>	<b>18 253</b>	<b>7 536</b>	<b>7 598</b>	<b>413</b>	<b>333</b>	<b>34 133</b>
<b>Accumulated amortization as at 1 January 2021</b>	<b>(11 685)</b>	<b>(5 471)</b>	<b>(6 640)</b>	<b>(243)</b>	<b>-</b>	<b>(24 039)</b>
Amortization for the current period	(2 708)	(592)	(3 825)	(122)	-	(7 247)
Sale and scrapping	602	2 203	6 832	147	-	9 784
Net foreign exchange differences	(12)	(15)	(37)	(5)	-	(69)
<b>Accumulated amortization as at 31 December 2021</b>	<b>(13 803)</b>	<b>(3 875)</b>	<b>(3 670)</b>	<b>(223)</b>	<b>-</b>	<b>(21 571)</b>
<b>Net book value as at 1 January 2021</b>	<b>3 161</b>	<b>1 578</b>	<b>6 845</b>	<b>118</b>	<b>23</b>	<b>11 725</b>
<b>Net book value as at 31 December 2021</b>	<b>4 450</b>	<b>3 661</b>	<b>3 928</b>	<b>190</b>	<b>333</b>	<b>12 562</b>



### Non-current assets by geographical area

(IN PLN'000)	31.12.2022	31.12.2021
<b>Non-current assets</b>		
Central and Eastern Europe	31 770	8 895
- <i>including Poland</i>	31 013	8 132
Western Europe	12 018	4 117
<b>Total non-current assets</b>	<b>43 788</b>	<b>13 012</b>

### 21. Amounts due to customers

(IN PLN'000)	31.12.2022	31.12.2021
Amounts due to retail customers	2 067 964	1 815 098
Amounts due to institutional customers	108 899	64 093
<b>Total amounts due to customers</b>	<b>2 176 863</b>	<b>1 879 191</b>

Amounts due to customers are connected with transactions concluded by the customers (including cash deposited in the customers' accounts).

### 22. Financial liabilities held for trading

(IN PLN'000)	31.12.2022	31.12.2021
<b>CFDs</b>		
Index CFDs	25 766	28 777
Stock and ETF CFDs	20 833	33 170
Currency CFDs	12 257	20 356
Commodity CFDs	9 283	12 134
Bond CFDs	57	32
<b>Total financial liabilities held for trading</b>	<b>68 196</b>	<b>94 469</b>

### 23. Other liabilities

(IN PLN'000)	31.12.2022	31.12.2021
Trade liabilities	37 393	19 715
Provisions for other employee benefits	30 075	17 034
Statutory liabilities	7 031	3 259
Liabilities due to brokers	2 550	3 692
Liabilities due to employees	1 299	524
Amounts due to the Central Securities Depository of Poland	255	205
<b>Total other liabilities</b>	<b>78 603</b>	<b>44 429</b>

Liabilities under employee benefits include estimates, as at the balance sheet date, of bonuses for the reporting period, including from the Program of variable remuneration elements, as well as the provision for unused holiday leave, established in the amount of projected benefits, which the Company is obligated to pay in the event of payment of holiday equivalents.

#### Program of variable remuneration elements

Pursuant to the Variable Remuneration Elements policy applied by the Company, the employees of the Company in the top management positions annually receive variable remuneration paid in cash and in financial instruments.

The value of provisions for employee benefits includes variable remuneration granted in cash and based on financial instruments, deferred for payment in three consecutive years.

As at 31 December 2022, salaries and employee benefits included the provision for variable remuneration elements in the amount of PLN 6 604 thousand and as at 31 December 2021 in the amount of PLN 3 013 thousand.



## 24. Liabilities due to lease

(IN PLN'000)	31.12.2022	31.12.2021
Short- term	5 075	1 611
Long- term	23 033	2 771
<b>Total liabilities due to lease</b>	<b>28 108</b>	<b>4 382</b>

Liabilities due to lease do not include short-term leasing contracts and lease of low-value assets. In the period from 1 January to 31 December 2022 the cost related to short-term leasing included in the statement of comprehensive income amounted to PLN 138 thousand, the cost related to lease of low-value assets included in the statement of comprehensive income amounted to PLN 7 thousand. In the period from 1 January to 31 December 2021 the cost related to short-term leasing included in the statement of comprehensive income amounted to PLN 136 thousand, the cost related to lease of low-value assets included in the statement of comprehensive income amounted to PLN 58 thousand. The Company is a lessee in the case of lease agreements for office space and cars. The value of the leased item is presented in Note 20.

## 25. Provisions for liabilities and contingent liabilities

### 25.1 Provisions for liabilities

(IN PLN'000)	31.12.2022	31.12.2021
Provisions for retirement benefits	173	150
Provisions for legal risk	3 829	4 515
<b>Total provisions</b>	<b>4 002</b>	<b>4 665</b>

Provisions for retirement benefits are established on the basis of an actuarial valuation carried out in accordance with the applicable regulations and agreements connected with obligatory retirement benefits to be covered by the employer.

Provisions for legal risk include expected amounts of payments to be made in connection with disputes to which the Company is a party. As at the date of preparation of these financial statements, the Company is not able to specify when the above liabilities will be repaid. The information on the significant court proceedings, arbitration authority or public administration authority was described in point 5.2 of the Management Board report on the operations of the Group and Company. To the best of our knowledge and belief, the proceedings described therein and the future resolution of these proceedings in the context of a possible impact on other clients of the Company have no material impact on these financial statements.

#### Movements in provisions in the period from 1 January 2022 to 31 December 2022

(IN PLN'000)	VALUE AS AT 01.01.2022	INCREASES	DECREASES	VALUE AS AT 31.12.2022
			USE REVERSAL	
Provisions for retirement benefits	150	23	-	173
Provisions for legal risk	4 515	694	1 380	3 829
<b>Total provisions</b>	<b>4 665</b>	<b>717</b>	<b>1 380</b>	<b>4 002</b>

#### Movements in provisions in the period from 1 January 2021 to 31 December 2021

(IN PLN'000)	VALUE AS AT 01.01.2021	INCREASES	DECREASES	VALUE AS AT 31.12.2021
			USE REVERSAL	
Provisions for retirement benefits	196	-	-	46
Provisions for legal risk	4 715	141	-	341
<b>Total provisions</b>	<b>4 911</b>	<b>141</b>	<b>-</b>	<b>4 665</b>



## 25.2 Contingent liabilities

The Company is party to a number of court proceedings associated with the Company's operations. The proceedings in which the Company acts as defendant relate mainly to employees' and customers' claims. As at 31 December 2022 the total value of claims brought against the Company amounted to approx. PLN 16 282 thousand (as at 31 December 2021: PLN 15 693 thousand). Company has not created provisions for the above proceedings. In the assessment of the Company there is low probability of loss in these proceedings.

On 9 May 2014, the Company issued a guarantee in the amount of PLN 61 thousand to secure an agreement concluded by a subsidiary XTB Limited, based in the UK and PayPal (Europe) Sarl & Cie, SCA based in Luxembourg. The guarantee was granted for the duration of the main contract, which was concluded for an indefinite period.

On 7 July 2017 the Company issued a guarantee in the amount of PLN 6 033 thousand to secure the agreement concluded between subsidiary XTB Limited based in UK and Worldpay (UK) Limited, Worldpay Limited and Worldpay AP LTD based in UK. The guarantee was issued for the period of the agreement which was concluded for three years with the possibility of further extension. The agreement has been extended for an unlimited period with the possibility of termination.

## 26. Equity

### Share capital structure as at 31 December 2022 and 31 December 2021

SERIES/ISSUE	NUMBER OF SHARES	NOMINAL VALUE OF SHARES (IN PLN)	NOMINAL VALUE OF ISSUE (IN PLN'000)
Series A	117 383 635	0,05	5 869

All shares in the Company have the same nominal value, are fully paid for, and carry the same voting and profit-sharing rights. No preference is attached to any share series. The shares are A-series ordinary registered shares.

### Shareholding structure of the Company

To the best Company's knowledge, the shareholding structure of the Company as at 31 December 2022 and 31 December 2021 was as follows:

	NUMBER OF SHARES	NOMINAL VALUE OF SHARES (IN PLN'000)	SHARE
XXZW Investment Group S.A.	78 629 794	3 932	66,99%
Other shareholders	38 753 841	1 937	33,01%
<b>Total</b>	<b>117 383 635</b>	<b>5 869</b>	<b>100,00%</b>

### Other capitals

Other capitals consist of:

- supplementary capital in the total amount of PLN 71 608 thousand, mandatorily established from annual profit distribution to be used to cover potential losses that may occur in connection with the Company's operations, up to the amount of at least one third of the share capital, amounting to PLN 1 957 thousand and from surplus of the issue price over the nominal price in the amount of PLN 69 651 thousand, resulting from the capital increase in 2012 with a nominal value of PLN 348 thousand for the price of PLN 69 999 thousand,
- reserve capital, established from annual distribution of profit as resolved by the General Meeting of Shareholders to be used for financing of further operations of the Company or payment of dividend in the amount of PLN 657 417 thousand,
- foreign exchange differences on translation, including foreign exchange differences on translation of balances in foreign currencies of branches and foreign operations in the amount of PLN 1 905 thousand. A detailed presentation of exchange differences resulting from translation is presented in the table below.



(IN PLN'000)	31.12.2022	31.12.2021
XTB Spółka Akcyjna branch in Germany	907	777
XTB Spółka Akcyjna branch in France	343	258
XTB Spółka Akcyjna branch in Romania	290	283
XTB Spółka Akcyjna	190	55
XTB Spółka Akcyjna branch in Czech Republic	103	47
XTB Spółka Akcyjna branch in Spain	46	20
XTB Spółka Akcyjna branch in Slovakia	19	8
XTB Spółka Akcyjna branch in Portugal	7	2
<b>Total foreign exchange differences on translation</b>	<b>1 905</b>	<b>1 450</b>

## 27. Profit distribution and dividend

Pursuant to the decision of the General Shareholders' Meeting of the Parent Company, the net profit for 2021 in the amount of PLN 234 841 thousand was partially earmarked for the payment of a dividend in the amount of PLN 176 075 thousand, the remaining amount was transferred to reserve capital.

The amount of dividend per share paid for 2021 was equal to PLN 1,50. The dividend was paid on the 16 May 2022.

Pursuant to the decision of the General Shareholders' Meeting of the Parent Company, the net profit for 2020 in the amount of PLN 418 176 thousand was partially earmarked for the payment of a dividend in the amount of PLN 210 117 thousand, the remaining amount was transferred to reserve capital.

The amount of dividend per share paid for 2020 was equal to PLN 1,79. The dividend was paid on the 30 April 2021.

DIVIDENDS RECOGNIZED AS PAYMENTS TO OWNERS PER SHARE (IN PLN)	TWELVE-MONTH PERIOD ENDED		TWELVE-MONTH PERIOD ENDED 31.12.2022
	31.12.2022	31.12.2021	
Dividends paid to owners		1,50	1,79

## 28. Earnings per share

Basic earnings per share are calculated by dividing the net profit for the period attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. When calculating both basic and diluted earnings per share, the Company uses the amount of net profit attributable to shareholders of the Company as the numerator, i.e., there is no dilutive effect influencing the amount of profit (loss). The calculation of basic and diluted earnings per share, together with a reconciliation of the weighted average diluted number of shares is presented below.

(IN PLN'000)	TWELVE-MONTH PERIOD ENDED		TWELVE-MONTH PERIOD ENDED 31.12.2021
	31.12.2022	31.12.2021	
Profit from continuing operations attributable to shareholders of the Company	761 564	234 841	
Weighted average number of ordinary shares	117 383 635	117 383 635	
Shares causing dilution (share option plan)	-	-	
Weighted average number of shares including dilution effect	117 383 635	117 383 635	
Basic net profit per share from continuing operations for the year attributable to shareholders of the Company	6,49	2,00	
Diluted net profit per share from continuing operations for the year attributable to shareholders of the Company	6,49	2,00	



## 29. Current income tax and deferred tax

### 29.1 Income tax

#### Income tax disclosed in the current period's profit and loss

(IN PLN'000)	TWELVE-MONTH PERIOD ENDED 31.12.2022	TWELVE-MONTH PERIOD ENDED 31.12.2021
<b>Income tax – current portion</b>		
Income tax for the reporting period	(141 892)	(42 363)
<b>Income tax – deferred portion</b>		
Occurrence / reversal of temporary differences	(26 421)	(9 447)
<b>Income tax disclosed in profit and loss</b>	<b>(168 313)</b>	<b>(51 810)</b>

#### Reconciliation of the actual tax burden

(IN PLN'000)	TWELVE-MONTH PERIOD ENDED 31.12.2022	TWELVE-MONTH PERIOD ENDED 31.12.2021
<b>Profit before tax</b>	<b>929 877</b>	<b>286 651</b>
<b>Income tax based in the applicable tax rate of 19%</b>	<b>(176 677)</b>	<b>(54 464)</b>
Difference resulting from application of tax rates applicable in other countries	(195)	(177)
Non-taxable revenue	360	666
Non-deductible expenses	(2 157)	(959)
Realisation of tax losses for the preceding periods	-	26
Other items affecting the tax burden amount	10 356	3 098
<b>Income tax disclosed in profit or loss</b>	<b>(168 313)</b>	<b>(51 810)</b>

On the basis of art 18d of Act on corporate income tax dated 15 February 1992 with further amendments the Company benefited in 2022 from the tax burden for research and development in total amounted to PLN 10 790 thousand. In 2021 from the tax burden for research and development in total amounted to PLN 4 510 thousand.

### 29.2 Deferred income tax

#### 29.2.1 Unrecognized deferred income tax asset

Deferred income tax was not disclosed with respect to the items below:

(IN PLN'000)	31.12.2022	31.12.2021
Tax loss	441	484

Taking into account the risks connected with further business development in foreign markets, the Company's management has doubts relative to certain tax credits of foreign operations and whether their respective profits will make it possible to settle the tax losses. Therefore, no deferred tax assets connected with such tax loss in the amount of PLN 441 thousand as at 31 December 2022 and in the amount of PLN 484 thousand as at 31 December 2021.

The company did not recognize deferred tax assets on tax loss arising in France.

UNRECOGNIZED TAX LOSSES AVAILABLE FOR USE (IN PLN'000)	31.12.2022	31.12.2021
no limit	441	484
<b>Total unrecognized tax losses available for use</b>	<b>441</b>	<b>484</b>



## 29.2.2 Recognized deferred tax asset relating to tax losses

Balance of deferred tax asset relating to tax losses

RECOGNIZED TAX LOSSES TO BE UTILIZED (IN PLN'000)	31.12.2022	31.12.2021
Deferred tax on tax losses	5 953	6 651

As at 31 December 2022 the Company established deferred tax assets with regard to tax losses to be settled in future periods in the total amount of PLN 5 953 thousand (as at 31 December 2021: PLN 6 651 thousand). The management believes that due to dynamic development of business and growth of sales in foreign markets, the Company may generate taxable income in future periods, and tax losses will be settled accordingly.

Deferred tax losses may be utilised over an unlimited period in France. Forecasted results of these branches, their margins and development plans assume an effective settlement of losses in the future.

## 29.2.3 Deferred income tax assets and deferred income tax provision

Change in the balance of deferred tax for the period from 1 January to 31 December 2022

(IN PLN'000)	AS AT 01.01.2022	PROFIT OR (LOSS)	AS AT 31.12.2022
<b>Deferred income tax assets:</b>			
Cash and cash equivalents	23	47	70
Property, plant and equipment	24	427	451
Financial liabilities held for trading	18 969	(5 164)	13 805
Provisions for liabilities	425	124	549
Prepayments and deferred costs	2 521	2 361	4 882
Other liabilities	6 909	(32)	6 877
Tax losses of previous periods to be settled in future periods	6 652	(699)	5 953
<b>Total deferred income tax assets</b>	<b>35 523</b>	<b>(2 936)</b>	<b>32 587</b>

(IN PLN'000)	AS AT 01.01.2022	PROFIT OR (LOSS)	AS AT 31.12.2022
<b>Deferred income tax provision:</b>			
Cash and cash equivalents	25	(6)	19
Financial assets at fair value through P&L	59 249	22 300	81 549
Financial assets at amortised cost	326	1 155	1 481
Property, plant and equipment	299	36	335
<b>Total deferred income tax provision</b>	<b>59 899</b>	<b>23 485</b>	<b>83 384</b>
<b>Deferred tax disclosed in profit or (loss)</b>	<b>-</b>	<b>(26 421)</b>	<b>-</b>

(IN PLN'000)	AS AT 01.01.2022	INCLUDED IN EQUITY	AS AT 31.12.2022
<b>Deferred income tax provision included directly in the equity:</b>			
Separate equity of branches	674	164	838
<b>Total deferred income tax provision included directly in the equity</b>	<b>674</b>	<b>164</b>	<b>838</b>



### Change in the balance of deferred tax for the period from 1 January to 31 December 2021

(IN PLN'000)	AS AT 01.01.2021	PROFIT OR (LOSS)	AS AT 31.12.2021
<b>Deferred income tax assets:</b>			
Cash and cash equivalents	-	23	23
Property, plant and equipment	138	(114)	24
Financial liabilities held for trading	14 196	4 773	18 969
Provisions for liabilities	670	(245)	425
Prepayments and deferred costs	3 103	(582)	2 521
Other liabilities	3 002	3 907	6 909
Tax losses of previous periods to be settled in future periods	7 348	(697)	6 651
<b>Total deferred income tax assets</b>	<b>28 457</b>	<b>7 065</b>	<b>35 522</b>

(IN PLN'000)	AS AT 01.01.2021	PROFIT OR (LOSS)	AS AT 31.12.2021
<b>Deferred income tax provision:</b>			
Cash and cash equivalents	15	10	25
Financial assets at fair value through P&L	43 227	16 022	59 249
Financial assets at amortised cost	-	326	326
Other liabilities	145	(145)	-
Property, plant and equipment	-	299	299
<b>Total deferred income tax provision</b>	<b>43 387</b>	<b>16 512</b>	<b>59 899</b>
<b>Deferred tax disclosed in profit or (loss)</b>	<b>-</b>	<b>(9 447)</b>	<b>-</b>

(IN PLN'000)	AS AT 01.01.2021	INCLUDED IN EQUITY	AS AT 31.12.2021
<b>Deferred income tax provision included directly in the equity:</b>			
Separate equity of branches	718	(44)	674
<b>Total deferred income tax provision included directly in the equity</b>	<b>718</b>	<b>(44)</b>	<b>674</b>

### Geographical division of deferred income tax assets

(IN PLN'000)	31.12.2022	31.12.2021
<b>Deferred income tax assets</b>		
Central and Eastern Europe	233	152
Western Europe	5 970	6 668
<b>Total deferred income tax assets</b>	<b>6 203</b>	<b>6 820</b>

### Data concerning the presentation of deferred income tax by country of origin and reconciliation of presentation in the statement of financial position as at 31 December 2022:

(IN PLN'000)	DATA ACCORDING TO THE NATURE OF ORIGIN		DATA PRESENTED IN THE STATEMENT OF FINANCIAL POSITION	
	DEFERRED INCOME TAX ASSETS	DEFERRED INCOME TAX PROVISION	DEFERRED INCOME TAX ASSETS	DEFERRED INCOME TAX PROVISION
Poland	26 365	84 203	-	57 838
Czech Republic	92	19	73	-
Slovakia	160	-	160	-
Germany	2 420	-	2 420	-
France	3 550	-	3 550	-
<b>Total</b>	<b>32 587</b>	<b>84 222</b>	<b>6 203</b>	<b>57 838</b>



**Data concerning the presentation of deferred income tax by country of origin and reconciliation of presentation in the statement of financial position as at 31 December 2021:**

(IN PLN'000)	DATA ACCORDING TO THE NATURE OF ORIGIN		DATA PRESENTED IN THE STATEMENT OF FINANCIAL POSITION	
	DEFERRED INCOME TAX ASSETS	DEFERRED INCOME TAX PROVISION	DEFERRED INCOME TAX ASSETS	DEFERRED INCOME TAX PROVISION
Poland	28 676	60 547	-	31 871
Czech Republic	80	20	60	-
Slovakia	99	6	93	-
Germany	2 566	-	2 566	-
France	4 101	-	4 101	-
<b>Total</b>	<b>35 522</b>	<b>60 573</b>	<b>6 820</b>	<b>31 871</b>

## 30. Related party transactions

### 30.1 Parent Company

XXZW Investment Group S.A. with its registered office in Luxembourg is the key shareholder of the Company. As at 31 December 2022 it holds 66,99% of shares and votes in the General Meeting as per Company's best knowledge. XXZW Investment Group S.A. prepares consolidated financial statements.

Mr. Jakub Zabłocki is the ultimate parent company for the Company and XXZW Investment Group S.A.

### 30.2 Figures concerning related party transactions

As at 31 December 2022 the Company has liabilities to Mr Jakub Zabłocki in the amount of PLN 24 thousand due to his investment account (as at 31 December 2021 PLN 19 thousand). In the period from 1 January to 31 December 2022 the Company has not noted profit or loss from transactions with Mr Jakub Zabłocki (in the analogical period of 2021 loss from transactions with Mr Jakub Zabłocki in amount of PLN 2 thousand). Moreover Mr Jakub Zabłocki is employed on the basis of work contract in subsidiary in Great Britain. In the period from 1 January to 31 December 2022 the paid gross salary and bonuses amounted to PLN 1 831 thousand and in the analogical period of 2021 amounted to PLN 2 505 thousand.

Mr Hubert Walentynowicz receives salary on the basis of work contract. In the period from 1 January to 31 December 2022 the paid gross salary and bonuses amounted to PLN 535 thousand and in the analogical period of 2021 amounted to PLN 487 thousand.

As at 31 December 2022 the Company has liabilities to Mr Filip Kaczmarzyk in the amount of PLN 72 thousand due to his investment account. As at 31 December 2021 the Company has liabilities to Mr Filip Kaczmarzyk in the amount of PLN 79 thousand due to his investment account.

As at 31 December 2022 the Company has liabilities to Mr Paweł Szejko in the amount of PLN 4 thousand due to his investment account. As at 31 December 2021 the Company has liabilities to Mr Paweł Szejko in the amount of PLN 7 thousand due to his investment account.

As at 31 December 2022 the Company has liabilities to Mr Jakub Kubacki in the amount of PLN 15 thousand due to his investment account. As at 31 December 2021 the Company has no any liabilities to Mr Jakub Kubacki due to his investment account.

The table below presents the total number and nominal value of the Company's shares held directly by the persons managing and supervising the Company, as at the date of submitting this report:

NAME AND SURNAME	FUNCTION	NUMBER OF SHARES HELD	TOTAL NOMINAL VALUE OF SHARES (in PLN)
Paweł Szejko	Member of the Management Board	4 000	200
Jakub Kubacki	Member of the Management Board	2 400	120



In the reporting period and until the date of submission of this report, the following changes occurred in the ownership of the Company's shares by managing and supervising persons:

- in 9 May 2022 Mr Paweł Szejko purchased a total of 3 300 shares in the Company;
- in 28 June 2022 Mr Paweł Szejko purchased a total of 700 shares in the Company;
- in 1 July 2022 Mr Jakub Kubacki purchased a total of 2 400 shares in the Company.

At the end of the reporting period and as at the date of submission of this report, the supervising persons did not hold any shares or rights to the Company's shares..

### 30.3 Incomes and costs

The below table presents incomes and costs with related parties regarding the intermediary and liquidity agreements performed for the Company

(IN PLN'000)	2022		2021	
	INCOMES	COSTS	INCOMES	COSTS
XTB Limited (UK)	40 456	(19 430)	12 809	(15 974)
XTB Limited (CY)	24 907	(3 665)	4 872	(3 175)
XTB International Limited	327 595	(118 126)	153 711	(58 973)
XTB MENA Limited	-	(28 724)	5 594	(7 134)

The below table presents incomes and costs with related parties regarding the trading infrastructure software and service agreements performed for the Company.

(IN PLN'000)	2022		2021		
	INCOMES	COSTS	INCOMES	COSTS	
XTB Limited (UK)	infrastructure software	587	(1 251)	536	(892)
X Open Hub Sp. z o.o.	infrastructure software	2 524	(1 794)	1 858	(1 947)
XTB Services Limited	marketing	-	(34 388)	-	(36 459)

### 30.4 Receivables

The below table presents receivables from related parties regarding the intermediary and liquidity agreements performed for the Company.

(IN PLN'000)	31.12.2022		31.12.2021	
XTB Limited (UK)		18 379		9 745
XTB International Limited		29 260		8 628
XTB MENA Limited		1		5 545

The below table presents receivables from related parties regarding the trading infrastructure software and service agreements performed for the Company

(IN PLN'000)	31.12.2022		31.12.2021	
XTB Limited (UK)		49		84
X Open Hub Sp. z o.o.		466		261

### 30.5 Liabilities

The below table presents liabilities due to related parties regarding the intermediary and liquidity agreements performed for the Company.

(IN PLN'000)	31.12.2022		31.12.2021	
XTB Limited (UK)		1 929		11 600
XTB Limited (CY)		1 404		2 200
XTB International Limited		29 895		38 237
XTB MENA Limited		2 812		748



The below table presents liabilities due to related parties regarding the trading infrastructure software and service agreements performed for the Company.

(IN PLN'000)	31.12.2022	31.12.2021
XTB Limited (UK)	62	8
X Open Hub Sp. z o.o.	103	-
XTB Services Limited	1 919	2 390

## 30.6 Benefits to Management Board and Supervisory Board

(IN PLN'000)	TWELVE-MONTH PERIOD ENDED	
	31.12.2022	31.12.2021
Benefits to the Management Board members	(6 356)	(3 741)
Benefits to the Supervisory Board members	(252)	(223)
<b>Total benefits to the Management Board and Supervisory Board</b>	<b>(6 608)</b>	<b>(3 964)</b>

These benefits include base salaries, bonuses, contributions to social security paid for by the employer and supplementary benefits (money bills, healthcare, holiday allowances).

Members of the Management Board of the Company are included in the scheme of variable remuneration elements specified in note 23 of the financial statements.

## 30.7 Loans granted to the Management and Supervisory Board members

As at 31 December 2022 and 31 December 2021 there are no loans granted to the Management and Supervisory Board members.

## 31. Remuneration of the audit companies

REMUNERATION OF THE AUDIT COMPANIES DUE FOR THE FINANCIAL YEAR (IN PLN'000)	TWELVE-MONTH PERIOD ENDED	
	31.12.2022	31.12.2021
Statutory audit of standalone and consolidated financial statements	450	425
Review of half-year standalone and consolidated financial statements	120	120
Statutory audit of annual financial statements of branch offices	90	66
Other certifying services	45	50
<b>Total remuneration of the audit companies</b>	<b>705</b>	<b>661</b>

Above remuneration due to audit companies are net amounts.

PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k was the main auditor for the Company in 2022 and 2021. In 2022 total remuneration due to PwC amounted to PLN 615 thousand (in 2021: PLN 595 thousand), including 45 thousand PLN relates to other attestation services and 120 thousand semi-annual financial reviews.

## 32. Employment

Total employment in the Company as at 31 December 2022 was 707 people. As at 31 December 2021, the employment was 487 people. The list does not include persons on maternity leave, parental leave and benefits (dismissals for more than 33 days).



### 33. Supplementary information and explanations to the cash flow statement

#### 33.1 Other adjustments

The "other adjustments" item includes the following adjustments

(IN PLN'000)	TWELVE-MONTH PERIOD ENDED 31.12.2022	TWELVE-MONTH PERIOD ENDED	
		31.12.2022	31.12.2021
Change in the balance of differences from the conversion of branches and subsidiaries	455	(1 288)	
Foreign exchange differences on translation of movements in property, plant and equipment, and intangible assets	(108)	(10)	
<b>Change in other adjustments</b>	<b>347</b>	<b>(1 298)</b>	

Foreign exchange differences on translation of movements in tangible and intangible assets include the difference between the rates as at the opening balance and as at the closing balance adopted for valuation of the gross value of tangible and intangible assets in the Company's foreign entities and the difference between the rate applied to value amortization and depreciation cost of fixed assets and intangible assets in the Company's foreign entities and the rate of translation of amortization and depreciation amounts on such assets. This value results from the chart of movements in tangible and intangible assets.

### 34. Post balance sheet events

On 28 February 2023, in the judgment in case no. II GSK 1302/19, the Supreme Administrative Court dismissed the cassation appeal against the judgment of the Voivodship Administrative Court in Warsaw, dismissing the complaint against the decision of the Polish Financial Supervision Authority of 18 September 2018 imposing on the Company a fine of PLN 9 900 000. The Company does not see any risk related to potential customer claims in this respect.

On 8 March 2023, the Management Board of XTB S.A. informed that it had made a decision regarding the intention to buy back its own shares in accordance with the Act of 15 September 2000 - Code of Commercial Companies and the intention to recommend to the Supervisory Board and the General Meeting of the Company the distribution of the standalone net profit for 2022. The buyback of own shares is subject to the Company obtaining permission from the Polish Financial Supervision Authority ("KNF") to buy back up to 5 683 635 of its own shares (representing 4,84% of the total number of shares/votes in the Company) by 31 December 2023 for their redemption. The Company applied to the Polish Financial Supervision Authority for permission to repurchase its own shares and reduce instruments in the Company's Common Equity Tier 1 capital.

As at the date of publication of this financial statement, the Company has not received information from the Polish Financial Supervision Authority regarding the submitted application.

On 9 March 2023, the Company allocated USD 1 million to increase the share capital of the subsidiary, XTB MENA Limited, maintaining 100% of its capital.

### 35. Off-balance sheet items

#### 35.1 Nominal value of financial instruments

(IN PLN'000)	31.12.2022	31.12.2021
Index CFDs	3 525 093	3 488 965
Currency CFDs	2 145 979	2 550 040
Commodity CFDs	1 362 971	1 577 792
Stock and ETF CFDs	565 112	908 023
Bond CFDs	23 264	3 813
<b>Total financial instruments</b>	<b>7 622 419</b>	<b>8 528 633</b>

The nominal value of instruments presented in the chart above includes transactions with customers and brokers. As at 31 December 2022 transactions with brokers represent 5% of the total nominal value of instruments (as at 31 December 2021: 9% of the total nominal value of instruments).



## 35.2 Customers' financial instruments

Presented below is a list of customers' instruments deposited in the accounts of the brokerage house:

(IN PLN'000)	31.12.2022	31.12.2021
Listed stocks, ETFs and rights to stocks registered in customers' securities accounts	3 445 190	2 452 113
Other securities registered in customers' securities accounts	207	207
<b>Total customers' financial instruments</b>	<b>3 445 397</b>	<b>2 452 320</b>

## 35.3 Transaction limits

The amount of unused transaction limits granted to related entities was as at 31 December 2022 PLN 117 986 thousand and as at 31 December 2021 was PLN 96 894 thousand.

## 36. Items regarding the compensation scheme

(IN PLN'000)	31.12.2022	31.12.2021
<b>1. Contributions made to the compensation scheme</b>		
a) opening balance	7 412	5 654
- <i>increases</i>	3 157	1 758
b) closing balance	10 569	7 412
<b>2. XTB's share in the profits from the compensation scheme</b>	<b>626</b>	<b>372</b>

## 37. Capital management

The Company's principles of capital management are established in the "Capital management policy in XTB S.A.". The document is approved by the Company's Supervisory Board. The policy defines the basic concepts, objectives and rules which constitute the Company's capital strategy. It specifies, in particular, long-term capital objectives, the current and preferred capital structure, contingency plans and basic elements of the internal capital estimation process. The policy is updated as appropriate so as to reflect the development in the Company and its business environment.

The objective of the capital management policy is to ensure balanced long-term growth for the shareholders and to maintain sufficient capital to enable the Company to operate in a prudent and efficient manner. This objective is attained by maintaining an appropriate capital base, taking into account the Company's risk profile and prudential regulations, as well as risk-based capital management in view of the operating goals.

Determination of capital-related goals is essential for equity management and serves as a basic reference in the context of capital planning, allocation and contingency plans. The Company establishes capital-related objectives which ensure a stable capital base, achievement of its capital strategy goals (in accordance with its general principles), and also match the Company's risk appetite. To establish its capital-related goals, the Company takes into consideration its strategic plans and expected growth of operations as well as external conditions, including the macroeconomic situation and other business environment factors. The capital-related goals are set for a horizon similar to that of the business strategy and are approved by the Management Board.

Capital planning is focused on an assessment of the Company's current and future capital requirements (both regulatory and internal), and on comparing them with the current and projected levels of available capital. The Company has prepared contingency plans to be launched in the event of a capital adequacy problem, described in detail in the "Capital management policy in XTB S.A.".

As part of ICAAP, the Company assesses its internal capital in order to define the overall capital requirement to cover all significant risks in the Company's operations and evaluates its quality. The Company estimates internal capital necessary to cover identified significant risks in compliance with procedures adopted by the Company and taking into account stress test results.

The Company is obligated to maintain the capitals (equity) to cover the higher of the following values:

- capital requirements calculated in accordance with Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on prudential requirements for investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014 (IFR);



- internal capital estimated in accordance with the Regulation of the Minister of Development and Finance of December 8, 2021 on the assessment of internal capital and liquid assets, risk management system, supervisory audit and evaluation, as well as remuneration policy in a brokerage house and a small brokerage house.

The capital requirement calculated in accordance with the IFR regulation is the higher of:

- fixed overheads requirement
- permanent minimum initial capital requirement
- K-factor capital requirement

At date of preparation of the financial statement the highest of the above values for the Company is the K-factor capital requirement.

The Company calculate own funds according to the second part of Regulation (EU) 2019/2033 of the European Parliament and of the Council 2019/2033 of 27<sup>th</sup> November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014 ("IFR").

The principles of calculation of own funds are established in the CRR resolution, "The procedure for calculating capital adequacy ratios in XTB S.A." and are not regulated by IFRS.

The Company currently has only own funds of the best category - Tier I.

Pursuant to the Act of 5 August 2015 on macroprudential supervision of the financial system and crisis management, from 1st Jan 2016 the Company was obliged to hold capital buffers requirement. In the period covered by this financial statement the Company was obliged to hold a capital conservation buffer and a countercyclical capital buffer. Due to entry into force of IFR from 26<sup>th</sup> June 2021 the capital buffers requirement ceased to exist for the Company.

#### Key values in capital management:

(IN PLN'000)	31.12.2021	31.12.2020
<b>Own funds</b>	<b>723 618</b>	<b>661 876</b>
Tier I Capital	723 618	661 876
Common Equity Tier I capital	723 618	661 876
<b>Total capital requirement IFR</b>	<b>317 374</b>	<b>312 963</b>
<b>Total capital ratio IFR</b>	<b>228,0%</b>	<b>211,5%</b>
<b>Minimal required total capital ratio including buffers (article 9 section1 letter c) of IFR***</b>	<b>100%</b>	<b>100%</b>

The mandatory capital adequacy was not breached in the periods covered by the condensed financial statements.

The table below presents data on the level of capitals and on the total capital requirement divided into requirements due to specific types of risks calculated in accordance with separate regulations together with average monthly values. Average monthly values were calculated as an estimation of the average values calculated based on statuses at the end of specific days.

(IN PLN'000)	AS AT 31.12.2022	AVERAGE MONTHLY VALUE IN THE PERIOD	AS AT 31.12.2021
1. Capital/Own funds	723 618	701 467	661 876
1.1. Common Equity Tier I without deductions	734 431	716 077	675 665
1.2. Supplementary capital Tier I	-	-	-
1.3. Items decreasing share capitals	(10 813)	(14 610)	(13 789)
<b>I. Own funds</b>	<b>723 618</b>	<b>701 467</b>	<b>661 876</b>
1. Risk to Client, including:	9 583	8 500	7 346
1.1. K-AUM	-	-	-
1.2. K-CMH	8 174	7 321	6 431
1.3. K-ASA	1 409	1 117	862
1.4. K-COH	-	62	52
2. Risk to Market, including:	179 706	250 316	193 001
2.1. K-NPR	179 706	250 316	193 001
2.2. K-CMG	-	-	-
3. Risk to Firm, including:	128 085	125 585	112 616
3.1. K-TCD	125 308	123 184	110 766
3.2. K-DTF	2 777	2 401	1 850
3.3. K-CON	-	-	-
<b>II. Total K-factor capital requirement (IFR)</b>	<b>317 374</b>	<b>384 401</b>	<b>312 963</b>



Pursuant to CRR the duty to calculate the capital requirement in respect of fixed overheads arises only in the event that the entity does not calculate the capital requirement in respect of operating risk.

## 38. Risk management

The Company is exposed to a variety of risks connected with its current operations. The purpose of risk management is to make sure that the Company takes risk in a conscious and controlled manner. Risk management policies are formulated in order to identify and measure the risks taken, as well as to establish appropriate limits to mitigate such risk on a regular basis.

At the strategy level, the Management Board is responsible for establishing and monitoring the risk management policy. All risks are monitored and controlled with regard to profitability of the operations as well as the level of capital necessary to ensure safety of operations from the capital requirement perspective.

The Company has appointed a Risk Management Committee. Its key tasks include performing supervisory, consultative and advisory functions for the Company's statutory bodies in the area of capital management strategy, risk management policy, risk measurement methods, capital planning and the Company's capital adequacy.

The Risk Control Department supports the Management Board in formulating, reviewing and updating ICAAP rules in the event of the occurrence of new types of risk, significant changes in strategy and operating plans. The Department also monitors the appropriateness and efficiency of the implemented risk management system, identifies, monitors and controls the market risk of the Company's own investments, defines the overall capital requirement and estimates internal capital.

The Risk Control Department is managed by the Member of the Management Board responsible for the supervision of the risk management system.

The Company's Supervisory Board approves risk management system.

### 38.1 Fair value

#### 38.1.1 Carrying amount and fair value

The fair value of cash and cash equivalents is estimated as being close to their carrying amount.

The fair value of loans granted and other receivables, amounts due to customers and other liabilities is estimated as being close to their carrying amount in view of the short-term maturities of these balance sheet items.

#### 38.1.2 Fair value hierarchy

The Company discloses fair value measurement of financial instruments carried at fair value, applying the following fair value hierarchy which reflects the significance of input data used to establish the fair value:

- **Level 1:** quoted prices (unadjusted) in active markets for the assets or liabilities;
- **Level 2:** input data other than quoted prices classified in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. based on prices). This category includes financial assets and liabilities measured using prices quoted in active markets for identical assets, prices quoted in active markets for identical assets considered less active or other valuation methods where all significant inputs originate directly or indirectly from the markets;
- **Level 3:** input data for valuation of a given asset or liability is not based on observable market data (unobservable inputs).

(IN PLN'000)	31.12.2022			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
<b>Financial assets</b>				
Financial assets at fair value through P&L	372 320	423 797	-	<b>796 117</b>
<b>Total financial assets</b>	<b>372 320</b>	<b>423 797</b>	-	<b>796 117</b>
<b>Financial liabilities</b>				
Financial liabilities held for trading	-	68 196	-	<b>68 196</b>
<b>Total financial liabilities</b>	<b>-</b>	<b>68 196</b>	-	<b>68 196</b>



(IN PLN'000)	31.12.2021			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
<b>Financial assets</b>				
Financial assets at fair value through P&L	353 360	310 365	-	<b>663 725</b>
<b>Total financial assets</b>	<b>353 360</b>	<b>310 365</b>	-	<b>663 725</b>
<b>Financial liabilities</b>				
Financial liabilities held for trading	-	94 469	-	<b>94 469</b>
<b>Total financial liabilities</b>	<b>-</b>	<b>94 469</b>	-	<b>94 469</b>

In the periods covered by the condensed financial statements, there were no transfers of items between the levels of the fair value hierarchy.

The fair value of contracts for differences (CFDs) is determined based on the market prices of underlying instruments, derived from independent sources, ie. from reliable liquidity suppliers and reputable news, adjusted for the spread specified by the Company. The valuation is performed using closing prices or the last bid and ask prices. CFDs are measured as the difference between the current price and the opening price, taking account of accrued commissions and swap points.

The impact of adjustments due to credit risk of the contractor, estimated by the Company, was insignificant from the point of view of the general estimation of derivative transactions concluded by the Company. Therefore, the Company does not recognise the impact of unobservable input data used for the estimation of derivative transactions as significant and, pursuant to IFRS 13.73, does not classify such transactions as level 3 of the fair value hierarchy.

## 38.2 Market risk

In the period covered by these financial statements, the Company entered into OTC contracts for differences (CFDs) and digital options. The Company may also acquire securities and enter into forward contracts on its own account on regulated stock markets.

The following risks are specified, depending on the risk factor:

- Currency risk connected with fluctuations of exchange rates
- Interest rate risk
- Commodity price risk
- Equity investment price risk

The Company's key market risk management objective is to mitigate the impact of such risk on the profitability of its operations. The Company's practice in this area is consistent with the following principles:

As part of the internal procedures, the Company applies limits to mitigate market risk connected with maintaining open positions on financial instruments. These are, in particular: a maximum open position on a given instrument, currency exposure limits, maximum value of a single instruction. The Trading Department monitors open positions subject to limits on a current basis, and in case of excesses, enters into appropriate hedging transactions. The Risk Control Department reviews the limit usage on a regular basis, and controls the hedges entered into.

### 38.2.1 Currency risk

The Company enters into transactions principally in instruments bearing currency risk. Aside from transactions where the FX rate is an underlying instrument, the Company also offers instruments which price is denominated in foreign currencies. Also, the Company has assets in foreign currencies, i.e. the so-called currency positions. Currency positions include the brokerage's own funds denominated in foreign currencies held for the purpose of settling transactions in foreign markets and connected with foreign operations.

The carrying amount of the Company's assets and liabilities in foreign currencies as at the balance sheet date is presented below. The values for all base currencies are expressed in PLN'000:


**Assets and liabilities denominated in foreign currencies as at 31 December 2022**

(IN PLN'000)	VALUE IN FOREIGN CURRENCIES CONVERTED TO PLN							CARRYING AMOUNT
	USD	EUR	GBP	CZK	HUF	RON	OTHER CURRENCIES	
<b>Assets</b>								
Cash and cash equivalents	391 518	948 897	5 155	201 199	4 234	20 578	3 925	1 575 506
Financial assets held for trading	69 556	159 994	849	57 135	713	8 024	7 068	303 339
Investments in subsidiaries	-	-	-	-	-	-	-	43 487
Income tax receivables	-	-	-	-	-	-	-	-
Financial assets at amortised cost	41 815	16 677	1 962	1 646	2 071	232	1 212	65 615
Prepayments and deferred costs	-	1 404	-	135	-	7	-	1 546
Intangible assets	-	4	-	4	-	-	-	8
Property, plant and equipment	-	12 134	-	530	-	103	-	12 767
Deferred income tax assets	-	6 130	-	73	-	-	-	6 203
<b>Total assets</b>	<b>502 889</b>	<b>1 145 240</b>	<b>7 966</b>	<b>260 722</b>	<b>7 018</b>	<b>28 944</b>	<b>12 205</b>	<b>1 964 984</b>
<b>Liabilities</b>								
Amounts due to customers	233 342	936 752	13	221 498	4 289	23 492	604	1 419 990
Financial liabilities held for trading	21 833	20 847	593	3 615	-	460	1 255	48 603
Income tax liabilities	-	297	-	138	-	33	-	468
Lease liabilities	-	26 753	1 169	186	-	-	-	28 108
Other liabilities	13 948	16 594	1 635	3 556	-	640	97	36 470
Provisions for liabilities	-	3 662	68	-	-	-	-	3 730
Deferred income tax provision	-	-	-	-	-	-	-	57 838
<b>Total liabilities</b>	<b>269 123</b>	<b>1 004 905</b>	<b>3 478</b>	<b>228 993</b>	<b>4 289</b>	<b>24 625</b>	<b>1 956</b>	<b>1 537 369</b>
								<b>2 414 914</b>


**Assets and liabilities denominated in foreign currencies as at 31 December 2021**

(IN PLN'000)	VALUE IN FOREIGN CURRENCIES CONVERTED TO PLN							CARRYING AMOUNT
	USD	EUR	GBP	CZK	HUF	RON	OTHER CURRENCIES	
<b>Assets</b>								
Cash and cash equivalents	461 030	763 478	13 190	207 735	6 006	22 838	3 526	1 477 803
Financial assets held for trading	61 732	106 839	3 619	41 993	1 260	3 756	6 735	225 934
Investments in subsidiaries	-	-	-	-	-	-	-	39 879
Income tax receivables	-	72	-	-	-	-	-	72
Financial assets at amortised cost	18 607	8 088	1 829	1 640	2 230	562	1 077	34 033
Prepayments and deferred costs	-	1 132	-	126	-	10	-	1 268
Intangible assets	-	-	-	30	-	1	-	31
Property, plant and equipment	-	4 165	-	626	-	60	-	4 851
Deferred income tax assets	-	6 760	-	60	-	-	-	6 820
<b>Total assets</b>	<b>541 369</b>	<b>890 534</b>	<b>18 638</b>	<b>252 210</b>	<b>9 496</b>	<b>27 227</b>	<b>11 338</b>	<b>1 750 812</b>
<b>Liabilities</b>								
Amounts due to customers	182 146	740 508	9 627	226 312	3 950	23 019	3 507	1 189 069
Financial liabilities held for trading	38 768	22 426	790	9 361	143	854	1 931	74 273
Income tax liabilities	-	132	-	-	-	-	-	132
Lease liabilities	-	4 361	-	21	-	-	-	4 382
Other liabilities	6 907	12 944	3 327	1 750	-	471	36	25 435
Provisions for liabilities	-	1 380	-	-	-	-	-	1 380
Deferred income tax provision	-	-	-	-	-	-	-	31 871
<b>Total liabilities</b>	<b>227 821</b>	<b>781 751</b>	<b>13 744</b>	<b>237 444</b>	<b>4 093</b>	<b>24 344</b>	<b>5 474</b>	<b>1 294 671</b>



A change in exchange rates, in particular, the PLN exchange rate, affects the balance sheet valuation of the Company's financial instruments and the result on translation of foreign currency balances of other balance sheet items. Sensitivity to exchange rate fluctuations was calculated with the assumption that all foreign currency rates change by ±5% to PLN. The carrying amount of financial instruments was revalued.

The sensitivity of the Company's equity and profit before tax to a 5% increase or decrease of the PLN exchange rate is presented below:

(IN PLN'000)	31.12.2022		31.12.2021	
	INCREASE IN EXCHANGE RATES BY 5%	DECREASE IN EXCHANGE RATES BY 5%	INCREASE IN EXCHANGE RATES BY 5%	DECREASE IN EXCHANGE RATES BY 5%
Income (expenses) of the period	20 540	(20 540)	35 438	(35 438)
Equity, of which:	888	(888)	703	(703)
Foreign exchange differences on translation	888	(888)	703	(703)

The sensitivity of equity is connected with foreign exchange differences in the translation of value in functional currencies of the foreign operations.

### 38.2.2 Interest rate risk

Interest rate risk is the risk of exposure of the current and future financial result and equity of the Company to the adverse impact of exchange rate fluctuations. Such risk may result from the contracts entered into by the Company, where receivables or liabilities are dependent upon exchange rates as well as from holding assets or liabilities dependent on exchange rates. The basic interest rate risk for the Company is the mismatch of interest rates paid to customers in connection with funds deposited in cash accounts in the Company, and of the bank account and bank deposits where the Company's customers' funds are invested.

In addition, the source of the Company's profit variability associated with the level of market interest rates, are amounts paid and received in connection with the occurrence of the difference in interest rates for different currencies (swap points) as well as potential debt instruments.

Since the Company maintains a low duration of assets and liabilities and minimises the duration gap, sensitivity of the market value of assets and liabilities to calculations of market interest rates is very low. As part of a significant risk identification process, the Risk Management Committee established that the interest rate risk is not significant for the Company's operations.

#### Sensitivity analysis of financial assets and liabilities where cash flows are exposed to interest rate risk

The structure of financial assets and liabilities where cash flows are exposed to interest rate risk is as follows:

(IN PLN'000)	31.12.2022	31.12.2021
<b>Financial assets</b>		
Cash – in current bank accounts	2 620 804	2 185 986
Cash – short-term deposits in bank	307 119	-
Debt instruments	362 074	331 926
<b>Total financial assets</b>	<b>3 289 997</b>	<b>2 517 912</b>
<b>Financial liabilities</b>		
Other liabilities	28 108	4 382
<b>Total financial liabilities</b>	<b>28 108</b>	<b>4 382</b>



Impact of a change in interest rates by 50 base points (BP) on profit before tax is presented below. The analysis below relies on the assumption that other variables, in particular exchange rates, will remain constant. The analysis was carried out on the basis of average balances of cash in 2022 and 2021, using the average 1M interest rate in a given market.

(IN PLN'000)	31.12.2022		31.12.2021	
	INCREASE BY 50 PB	DECREASE BY 50 PB	INCREASE BY 50 PB	DECREASE BY 50 PB
Profit/(loss) before tax	12 966	(12 966)	2 762	(2 762)
Short-term deposits	714	(714)	-	-

#### **Sensitivity analysis of financial assets and liabilities whose fair value is exposed to interest rate risk**

In the period covered by these condensed consolidated financial statements and in the comparative period, the Company hold financial assets which fair value would be exposed to the risk of changes in interest rates as a Treasury bonds. Sensitivity analysis exposed to interest rate risk by 50 base points (BP) - shift of yield curves- on profit before tax is presented below.

(IN PLN'000)	31.12.2022		31.12.2021	
	INCREASE BY 50 PB	DECREASE BY 50 PB	INCREASE BY 50 PB	DECREASE BY 50 PB
Profit/(loss) before tax	(1 126)	1 138	(971)	978

#### **38.2.3 Other price risk**

Other price risk is exposure of the Company's financial position to unfavourable changes in the prices of commodities, equity investments (equity, indices) and debt instruments (in a scope not resulting from interest rates).

The carrying amount of financial instruments exposed to other price risk is presented below:

(IN PLN'000)	31.12.2022	31.12.2021
<b>Financial assets at fair value through P&amp;L</b>		
<b>Commodity</b>		
Precious metals	19 900	26 010
Base metals	1 445	847
Other	87 846	32 171
<b>Total commodity</b>	<b>109 191</b>	<b>59 028</b>
<b>Equity instruments</b>		
Stocks and ETF	88 903	87 548
Indices	144 725	105 127
<b>Total equity instruments</b>	<b>233 628</b>	<b>192 675</b>
<b>Debt instruments</b>	<b>2 171</b>	<b>18</b>
<b>Total financial assets at fair value through P&amp;L</b>	<b>344 990</b>	<b>251 721</b>
<b>Financial liabilities held for trading</b>		
<b>Commodity</b>		
Precious metals	2 781	5 882
Base metals	154	363
Other	6 348	5 890
<b>Total commodity</b>	<b>9 283</b>	<b>12 135</b>
<b>Equity instruments</b>		
Stocks and ETF	20 833	33 173
Indices	25 767	28 906
<b>Total equity instruments</b>	<b>46 600</b>	<b>62 079</b>
<b>Debt instruments</b>	<b>57</b>	<b>32</b>
<b>Total financial liabilities held for trading</b>	<b>55 940</b>	<b>74 246</b>



The Company's sensitivity to fluctuations in the prices of specific commodities and equity investments by ±5 per cent with regard to equity and profit before tax is presented below.

(IN PLN'000)	31.12.2022		31.12.2021	
	INCREASE BY 5 %	DECREASE BY 5 %	INCREASE BY 5 %	DECREASE BY 5 %
<b>Income/(expenses) for the period</b>				
<b>Commodity</b>				
Precious metals	2 659	(2 659)	(18 761)	18 761
Base metals	171	(171)	(32)	32
Other	(10 518)	10 518	(2 150)	2 150
<b>Total commodity</b>	<b>(7 688)</b>	<b>7 688</b>	<b>(20 943)</b>	<b>20 943</b>
<b>Equity instruments</b>				
Stocks and ETFs	58	(58)	73	(73)
Indices	16 667	(16 667)	12 604	(12 604)
<b>Total equity instruments</b>	<b>16 725</b>	<b>(16 725)</b>	<b>12 677</b>	<b>(12 677)</b>
<b>Debt instruments</b>				
	<b>(912)</b>	<b>912</b>	<b>71</b>	<b>(71)</b>
<b>Total income/(expenses) for the period</b>	<b>8 125</b>	<b>(8 125)</b>	<b>(8 195)</b>	<b>8 195</b>

### 38.3 Liquidity risk

For the Company, liquidity risk is the risk of losing its payment liquidity, i.e. the risk of losing capacity to finance its assets and to perform its obligations in a timely manner in the course of normal operations or in other predictable circumstances with no risk of loss. In its liquidity analysis, the Company takes into consideration current possibility of generation of liquid assets, future needs, alternative scenarios and payment liquidity contingency plans.

The objective of liquidity management in XTB is to maintain the amount of cash on the appropriate bank accounts that will cover all the operations necessary to be carried on such accounts. For this purpose, the Company has implemented, among others, limits for the concentration of cash in banks by forming one banking group in order to limit excessive liquidity concentration in related parties. In order to manage liquidity in relation to certain bank accounts associated with the operations of financial instruments, the Company uses the liquidity model of which the essence is to determine the safe area of the state of free cash flow that does not require corrective action. Where the upper limit is achieved, the Company makes a transfer to the appropriate current account corresponding to the surplus above the optimum level. Similarly, if the cash in the account falls to the lower limit, the Company makes a transfer of funds from the current account to the appropriate account in order to bring cash to the optimum level.

The Company has also implemented liquidity contingency plans, which were not used in the period covered by the financial statements and in the comparative period, due to the fact that the amount of the most liquid assets (own cash and cash equivalents) greatly exceeds the amount of liabilities.

As part of ongoing business and the tasks related to liquidity risk management, the managers of appropriate organisational units of the Company monitor the balance of funds deposited in the account in the context of planned liquidity needs related to the Company's operating activities. In its liquidity analysis, the existing possibility of generation of liquid assets, future needs, alternative scenarios and payment liquidity contingency plans are taken into consideration. Supervision and control activities over the balance of cash accounts are also carried out by the Risk Control Department on a daily basis.

According to IFR from 26<sup>th</sup> June 2021 the Company holds the amount of liquid assets equivalent to at least one third of the fixed overhead requirement. For the purpose of this requirement the Company recognized as the liquid assets inter alia unencumbered short-term own deposits at credit institutions and denominated in PLN investments in Polish Government Treasury bonds and bonds with a guarantee by the Polish Government Treasury. At date of preparation of the financial statement the Company holds over a dozen times higher level of liquid assets than required by IFR.

The contractual payment periods of financial assets and liabilities are presented below. The marginal and cumulative contractual liquidity gap, calculated as the difference between total assets and total liabilities for each maturity bucket, is presented for specific payment periods.



### Contractual payment periods of financial assets and liabilities as at 31 December 2022

(IN PLN'000)	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	UP TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 - 5 YEARS	OVER 5 YEARS	WITH NO SPECIFIED MATURITY
<b>Financial assets</b>							
Cash and cash equivalents	2 927 923	2 927 923	2 620 804	307 119	-	-	-
Financial assets at fair value through P&L							
Listed stocks and ETF	10 247	10 247	10 247	-	-	-	-
Bonds	362 074	362 074	362 074				
CFDs	423 796	423 796	423 796				
Total financial assets at fair value through P&L	796 117	796 117	796 117	-	-	-	-
Investments in subsidiaries	43 487	43 487	-	-	-	-	43 487
Financial assets at amortised cost	83 218	83 218	64 876	-	4 692	-	13 650
<b>Total financial assets</b>	<b>3 850 745</b>	<b>3 850 745</b>	<b>3 481 797</b>	<b>307 119</b>	<b>4 692</b>	<b>-</b>	<b>57 137</b>
<b>Financial liabilities</b>							
Amounts due to customers	2 176 863	2 176 863	2 176 863	-	-	-	-
Financial liabilities held for trading							
CFDs	68 196	68 196	68 196	-	-	-	-
Total financial liabilities held for trading	68 196	68 196	68 196	-	-	-	-
Lease liabilities	28 108	28 108	1 130	4 112	22 866	-	-
Other liabilities	78 603	78 603	48 273	24 407	-	-	5 923
<b>Total financial liabilities</b>	<b>2 351 770</b>	<b>2 351 770</b>	<b>2 294 462</b>	<b>28 519</b>	<b>22 866</b>	<b>-</b>	<b>5 923</b>
Contractual liquidity gap in maturities (payment dates)			1 187 335	278 600	(18 174)	-	51 214
Contractual cumulative liquidity gap			1 187 335	1 465 935	1 447 761	1 447 761	1 498 975



### Contractual payment periods of financial assets and liabilities as at 31 December 2021

(IN PLN'000)	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	UP TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 - 5 YEARS	OVER 5 YEARS	WITH NO SPECIFIED MATURITY
<b>Financial assets</b>							
Cash and cash equivalents	2 185 986	2 185 986	2 185 986	-	-	-	-
Financial assets at fair value through P&L							
Listed stocks and ETF	21 434	21 434	21 434	-	-	-	-
Bonds	331 926	331 926	331 926				
CFDs	310 365	310 365	310 365	-	-	-	-
Total financial assets at fair value through P&L	663 725	663 725	663 725	-	-	-	-
Investments in subsidiaries	39 879	39 879	-	-	-	-	39 879
Financial assets at amortised cost	47 796	47 796	44 193	-	3 603	-	-
<b>Total financial assets</b>	<b>2 937 386</b>	<b>2 937 386</b>	<b>2 893 904</b>	<b>-</b>	<b>3 603</b>	<b>-</b>	<b>39 879</b>
<b>Financial liabilities</b>							
Amounts due to customers	1 879 191	1 879 191	1 879 191	-	-	-	-
Financial liabilities held for trading							
CFDs	94 469	94 469	94 469	-	-	-	-
Total financial liabilities held for trading	94 469	94 469	94 469	-	-	-	-
Lease liabilities	4 382	4 382	454	1 158	2 770	-	-
Other liabilities	44 429	44 429	27 191	12 250	-	-	4 988
<b>Total financial liabilities</b>	<b>2 022 471</b>	<b>2 022 471</b>	<b>2 001 305</b>	<b>13 408</b>	<b>2 770</b>	<b>-</b>	<b>4 988</b>
Contractual liquidity gap in maturities (payment dates)			892 599	(13 408)	833	-	34 891
Contractual cumulative liquidity gap			892 599	879 191	880 024	880 024	914 915

Company does not expect the cash flows presented in the maturity analysis to occur significantly earlier or in significantly different amounts.



## 38.4 Credit risk

The chart below shows the carrying amounts of financial assets corresponding to the Company's exposure to credit risk:

(IN PLN'000)	31.12.2022		31.12.2021	
	CARRYING AMOUNT	MAXIMUM EXPOSURE TO CREDIT RISK	CARRYING AMOUNT	MAXIMUM EXPOSURE TO CREDIT RISK
<b>Financial assets</b>				
Cash and cash equivalents	2 927 923	2 927 923	2 185 986	2 185 986
Financial assets at fair value through P&L *	796 118	33 410	663 725	35 558
Investments in subsidiaries	43 487	43 487	39 879	39 879
Financial assets at amortised cost	91 016	91 016	47 796	47 796
<b>Total financial assets</b>	<b>3 858 544</b>	<b>3 095 836</b>	<b>2 937 386</b>	<b>2 309 219</b>

\* As at 31 December 2022 the maximum exposure to credit risk for financial assets held for trading, not including the collateral received, was PLN 423 796 thousand (2021: PLN 310 364 thousand). This exposure was collateralized with customers' cash, which, as at 31 December 2022, covered the amount of PLN 390 387 thousand (2021: PLN 274 807 thousand). Exposures to credit risk connected with transactions with brokers as well as exposures to the Warsaw Stock Exchange were not collateralized.

The credit quality of the Company's financial assets is assessed based on external credit quality assessments, risk weights assigned based on the CRR, taking account of the mechanisms used to mitigate credit risk, the number of days past due, and the probability of counterparty insolvency.

The Company's assets fall within the following credit rating brackets:

- Fitch Ratings – from F1+ to F3
- Standard & Poor's Ratings Services – from A-1+ to A-2
- Moody's – from P-1 to P-2

### Cash and cash equivalents

Credit risk connected with cash and cash equivalents is related to the fact that own cash and customers' cash is held in bank accounts. Credit risk involving cash is mitigated by selecting banks with a high credit rating granted by international rating agencies and through diversification of banks with which accounts are opened. As at 31 December 2022, the Company had deposit accounts in 24 banks and institutions (2021: in 24 banks and institutions). The ten largest exposures are presented in the table below (numbering of banks and institutions determined individually for each period:

ENTITY	31.12.2022		31.12.2021	
	(IN PLN'000)	ENTITY	(IN PLN'000)	ENTITY
Bank 1	1 028 204	Bank 1	617 157	
Bank 2	378 856	Bank 2	326 417	
Bank 3	374 474	Institution 1	313 432	
Bank 4	300 957	Bank 3	279 383	
Bank 5	200 833	Institution 2	123 257	
Bank 6	116 266	Bank 4	104 403	
Bank 7	109 502	Bank 5	88 179	
Institution 1	85 165	Bank 6	73 255	
Bank 8	75 590	Institution 3	67 669	
Bank 9	66 696	Institution 4	59 801	
Other	191 380	Other	133 033	
<b>Total</b>	<b>2 927 923</b>	<b>Total</b>	<b>2 185 986</b>	



The table below presents a short-term assessment of the credit quality of the Company's cash and cash equivalents according to credit quality steps determined based on external credit quality assessments (where step 1 means the best credit quality and step 6 – the worst) and the risk weights assigned based on the CRR. Long-term assessment of the credit quality were used in case of exposures without short-term assessment of the credit quality or maturity longer than 3 months.

CREDIT QUALITY STEPS	CARRYING AMOUNT (IN PLN'000)	
	31.12.2022	31.12.2021
<b>Cash and cash equivalent</b>		
Step 1	2 331 698	1 894 543
Step 2	3 427	3 755
Step 3	592 798	287 688
<b>Total</b>	<b>2 927 923</b>	<b>2 185 986</b>

#### Financial assets at fair value through P&L

Financial assets at fair value through P&L result from transactions in financial instruments entered into with the Company's customers and the related hedging transactions.

Credit risk involving financial assets at fair value through P&L is connected with the risk of customer or counterparty insolvency. With regard to OTC transactions with customers, the Company's policy is to mitigate the counterparty credit risk through the so-called "stop out" mechanism. Customer funds deposited in the brokerage serve as a security. If a customer's current balance is 50 per cent or less of the security paid in and blocked by the transaction system, the position that generates the highest losses is automatically closed at the current market price. The initial margin amount is established depending on the type of financial instrument, customer account, account currency and the balance of the cash account in the transaction system, as a percent of the transaction's nominal value. A detailed mechanism is set forth in the rules binding on the customers. In addition, in order to mitigate counterparty credit risk, the Company includes special clauses in agreements with selected customers, in particular, requirements regarding minimum balances in cash accounts.

Due to the mechanisms in place, used to mitigate credit risk, the credit quality of financial assets at fair value through P&L is high and does not show significant diversity.

The Company's top 10 exposures to counterparty credit risk taking into account collateral (net exposure) are presented in the table below (numbering of counterparties determined individually for each period):

ENTITY	31.12.2022		NET EXPOSURE (IN PLN'000)	31.12.2021
	ENTITY	NET EXPOSURE (IN PLN'000)		
Entity 1		16 982	Entity 1	12 206
Entity 2		5 917	Entity 2	10 509
Entity 3		4 166	Entity 3	8 837
Entity 4		2 740	Entity 4	1 242
Entity 5		1 031	Entity 5	992
Entity 6		418	Entity 6	435
Entity 7		357	Entity 7	344
Entity 8		215	Entity 8	161
Entity 9		198	Entity 9	106
Entity 10		166	Entity 10	97
<b>Total</b>		<b>32 190</b>	<b>Total</b>	<b>34 929</b>

#### Other receivables

Other receivables do not show a significant concentration, and they arose in the normal course of the Company's business. Non-overdue other receivables are collected on a regular basis and, from the perspective of credit quality, they do not pose a material risk to the Company.

# **MANAGEMENT BOARD REPORT ON THE OPERATIONS OF THE GROUP AND COMPANY**



## 1. Basic information

### 1.1 Synthetic summary of data concerning the Company and the Capital Group for the year 2017-2022

		2022	2021	2020	2019	2018	2017	Change y/y (22/21)
<b>Selected consolidated financial data</b>								
Total operating income	mm PLN	1 444,2	625,6	797,8	239,3	288,3	273,8	130,9%
Net profit	mm PLN	766,1	237,8	402,1	57,7	101,5	93,0	222,2%
Balance sheet total	mm PLN	4 114,3	3 147,	2 283,	1 138,9	970,1	897,7	30,7%
Own cash + treasury bonds	mm PLN	1 584,6	921,3	940,8	499,3	468,0	367,1	72,0%
Equity	mm PLN	1 506,1	915,6	888,3	490,7	455,2	400,3	64,5%
Earnings per share (EPS) <sup>1</sup>	PLN	6,5	2,0	3,4	0,5	0,9	0,8	4,5
The market value of the Company	PLN	31,0	16,8	17,9	4,0	4,4	4,5	14,2
Total capital ratio (IFR) <sup>3</sup>	%	218,1	200,1	200,1	165,8	238,5	133,7	18,0 pp
<b>Selected standalone financial data</b>								
Total operating income	mm PLN	1 334,4	562,4	748,3	210,6	267,3	251,7	137,3%
Net profit	mm PLN	761,6	234,8	418,2	54,1	90,9	87,4	224,4%
Balance sheet total	mm PLN	3 913,3	2 971,	2 155,	1 083,9	928,0	853,4	31,7%
Own cash + treasury bonds	mm PLN	1 486,9	882,8	893,4	449,9	413,0	323,0	68,4%
Equity	mm PLN	1 498,4	912,4	889,0	497,3	463,2	412,8	64,2%
Earnings per share (EPS) <sup>1</sup>	PLN	6,5	2,0	3,6	0,5	0,8	0,7	4,5
Standalone capital ratio (IFR) <sup>3</sup>	%	228,0	211,5	213,5	182,3	250,4	136,8	16,5 pp
<b>Selected Group indicators<sup>4</sup></b>								
EBITDA	mm PLN	897,7	285,7	523,5	72,2	119,7	134,3	214,2%
EBITDA margin	%	62,2	45,7	65,6	30,2	41,5	49,1	16,5 p.p.
Net profit margin	%	53,0	38,0	50,4	24,1	35,2	34,0	15,0 p.p.
Return on equity –ROE	%	63,3	26,4	58,3	12,2	23,7	24,6	36,9 p.p.
Return on assets – ROA	%	21,1	8,8	23,5	5,5	10,9	11,0	12,3 p.p.
<b>Selected operational data<sup>4</sup></b>								
New clients	k	196,8	189,2	112,0	36,6	20,7	18,9	7,6
Clients in total	k	614,9	429,2	255,8	149,3	116,5	105,7	185,7
Number of active clients	k	258,8	190,5	107,2	45,8	37,5	32,8	68,3
Net deposits	mm PLN	3 423,2	2 933,	1 961,	409,4	332,9	357,7	16,7%
Average operating income per active client	k PLN	9,4	5,6	13,7	9,0	13,5	14,7	3,8
Transaction volume in CFD instruments	mm lots	6 365,6	4 104,	3 175,	1 597,2	2 095,4	2 196,6	55,1%
Profitability per lot	PLN	227	152	251	150	138	125	75

<sup>1</sup>) Attributable to shareholders of the Parent Company.

<sup>2</sup>) At the end of the period.

<sup>3</sup>) For the comparability of the presentation in the period until June 25, 2021 the IFR capital ratio was calculated as the capital ratio CRR including buffers \* 12,5.

<sup>4</sup>) The definitions of the indicators and selected operational data contained in the table above are presented in section 3.2.5 Selected financial and operating ratios of the Group.



## 1.2 General information

The Parent Company in the Capital Group XTB S.A. (the „Group”, „Capital Group”) is XTB S.A. (hereinafter: the „Company”, „Parent Entity”, „Parent Company”, „Brokerage”, „XTB”) with its headquarters located in Warsaw, at Prosta street 67, 00-838 Warsaw.

On January 1, 2022, the registered office of the Parent Company changed from Ogrodowa street 58, 00-876 Warsaw to the following address: Prosta street 67, 00-838 Warsaw. On January 5, 2022, in the District Court for the Capital City of Warsaw XII Commercial Division of the National Court Register, the change of the name of the company in the current wording "X-Trade Brokers Dom Maklerski Spółka Akcyjna" to "XTB Spółka Akcyjna" (hereinafter also referred to as "XTB S.A.") was registered.

XTB S.A. is entered in the Commercial Register of the National Court Register by the District Court for the Capital City of Warsaw, XII Commercial Division of the National Court Register, under No. KRS 0000217580. The Parent Company was granted a statistical REGON number 015803782 and a tax identification number 5272443955.

The Parent Company's operations consist of conducting brokerage activities on the stock exchange and OTC markets (currency derivatives, commodities, indices, stocks and bonds). The Parent Company is supervised by the Polish Financial Supervision Authority and conducts regulated activities pursuant to a permit dated 8 November 2005, No. DDM-M-4021-57-1/2005.

Company's shares have been listed on the main market of the Warsaw Stock Exchange.

The foregoing Management Board report on the operations of the Group and Company for 2022 includes disclosure requirements for the report on the operations of the Company XTB S.A. pursuant to § 71 item 8 of the ordinance of Minister of Finance dated 29 March, 2018 on current and periodic information published by issuers of securities and the conditions for recognition as equivalent the information required by the laws of a non-member state.

The company prepared the Non-financial Statement of XTB S.A. Capital Group on non-financial information for 2022, which will be posted on the XTB website in accordance with Article 49b paragraph 9 and Article 55 paragraph 2c of the Accounting Act.



# XTB KEY PERFORMANCE INDICATORS 2022

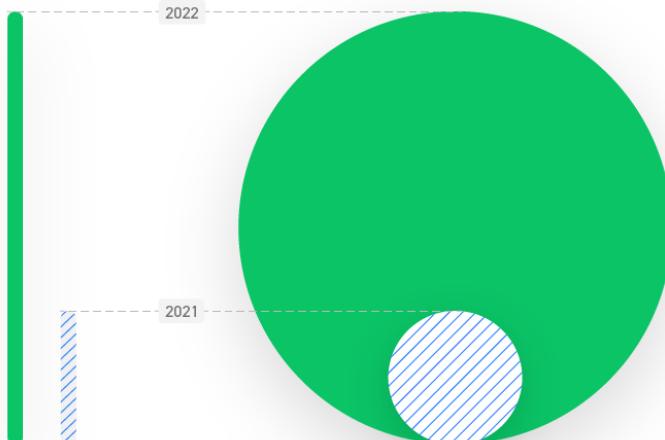


XTB.COM

NET PROFIT

**766.1** MM PLN

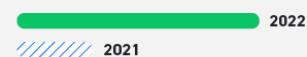
▲ +222.1% y/y



OPERATING INCOME

**1 444.2** MM PLN

▲ +130.9% y/y



EBIT

**885.7** MM PLN

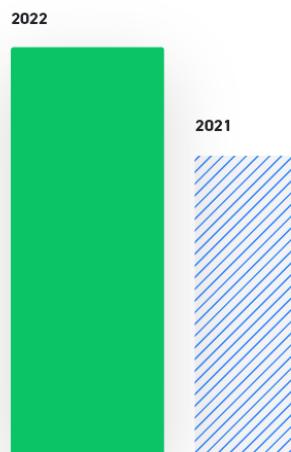
▲ +219.9% y/y



NUMBER OF ACTIVE CLIENTS

**258 799**

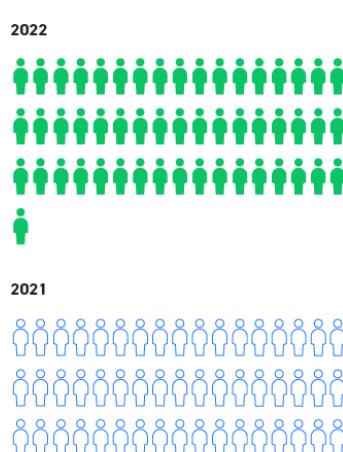
▲ +35.9% y/y



NEW CLIENTS

**196 864**

▲ +4.1% y/y



CFD PROFITABILITY PER LOT



CFD VOLUME

**6 365 643**

▲ +55.1% y/y





## 1.3 Significant selected events in 2022 and until the date of the report

### Calendar

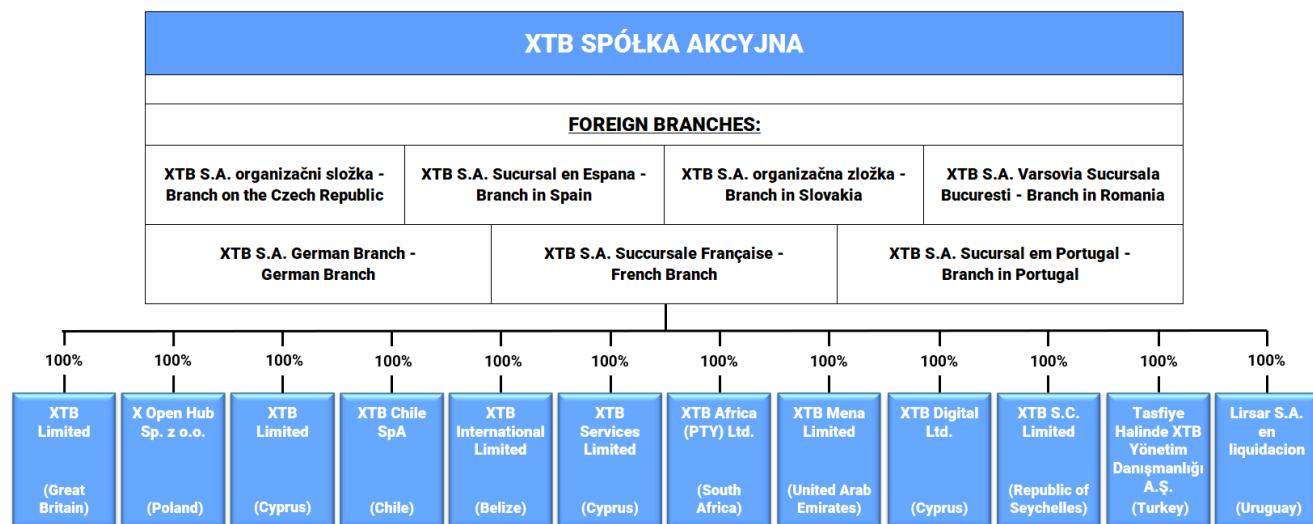




## 1.4 Composition of the Group

As at 31 December 2022 comprised Parent Company and 12 subsidiaries. The Company has 7 foreign branches.

The chart below presents the corporate structure of the Group as at 31 December 2022 including Company's subsidiaries and foreign branches, together with the share in the share capital/in the number of votes at the general meeting or the meeting of shareholders to which the shareholders is entitled.



All subsidiaries results are fully consolidated since the date of foundation/acquisition. In the reporting periods all subsidiaries have been subject to consolidation.

Neither the Parent Company nor any Group company holds shares in other companies that may have a material impact on its assets and liabilities, financial position and profit or loss.

### Subsidiaries

Basic information about the Group companies, which are directly or indirectly dependent on the Company, is provided below.

#### XTB Limited, Great Britain

The company provides brokerage services based on the obtained permission issued by the FCA (Financial Conduct Authority), license no FRN 522157.

#### X Open Hub Sp. z o.o., Poland

Main scope of business of the company is offering electronic applications and trading technology.

#### XTB Limited, Cyprus

The company provides brokerage services based on the obtained permission issued by the CySEC (Cyprus Securities and Exchange Commission), license no 169/12. On June 6 2018, the parent company acquired 1 165 shares in the increased share capital of the subsidiary, maintaining a 100% share in its capital.

#### XTB Chile SpA, Chile

On 17 February 2017 the Parent Company established XTB Chile SpA. The Company owns 100% of shares in subsidiary. XTB Chile SpA will provide services involving the acquisition of clients from the territory of Chile.

#### XTB International Limited, Belize

On 23 February 2017 the Parent Company acquired 100% of shares in CFDs Prime based in Belize. On 20 March 2017 the company changed its name from CFDs Prime Limited to XTB International Limited. On 26 September 2019 the Parent Company acquired 500 000 shares in the increased share capital of the subsidiary while maintaining a 100% share in its capital. The company provides brokerage services based on the obtained permission issued by the International Financial Service Commission.



### **XTB Services Limited, Cyprus**

On 27 July 2017 the Parent Company acquired 100% shares in Jupette Limited with its registered office in Cyprus. On 5 August 2017 the subsidiary changed its name to XTB Services Limited. The company provides marketing and marketing-sales services (sales support).

### **XTB Africa (PTY) Ltd., South Africa**

On 10 July of 2018 the Parent Company established a subsidiary of XTB Africa (PTY) Ltd with its seat in South Africa. The company hold 100% shares in a subsidiary. On 14 October 2019 the Parent Company acquired 100 shares in the increased capital of the subsidiary, maintaining 100% share in its capital.

On August 10, 2021, XTB Africa (PTY) Ltd. received a license from the (ang. Financial Sector Conduct Authority) to operate in South Africa.

As at the date of publishing this report, the Company did not conduct any operating activities.

### **XTB MENA Limited, United Arab Emirates**

On January 9, 2021, the company XTB MENA Limited based in the United Arab Emirates was registered in the local register of entrepreneurs. The parent company acquired 100% of shares in the subsidiary. On April 13, 2021, the shares in XTB MENA Limited based in the United Arab Emirates (UAE) were paid for. The contributed capital amounted to USD 1 million.

On July 11, 2021, XTB MENA Limited received a notification from DFSA (Dubai Financial Services Authority) on granting the company a license to operate in the UAE with its effective date on July 8, 2021. The company provides brokerage services.

### **XTB Foundation, Poland**

On 23 December 2020 XTB Foundation was registered in KRS (National Court Register).

The subject of foundation activity is:

- increase in entrepreneurship and innovation, in particular in the area of new technologies and the financial market,
- raising awareness and knowledge of economic, finance and new technologies,
- scientific and research activity and promotion of solutions developed as part of the activities of the XTB Capital Group.

### **XTB Digital Ltd., Cyprus**

On 5 December 2022, XTB Digital Ltd. with its registered office in Cyprus was registered in the local register of entrepreneurs. The shares in this company have not yet been paid up. As at the date of submitting these report, the company did not conduct any operating activities.

### **XTB S.C. Limited, Republic of Seychelles**

On 6 October 2022, XTB S.C. Limited with its registered office in the Republic of Seychelles was registered in the local register of entrepreneurs. The shares in this company have not yet been paid up. As at the date of submitting these report, the company did not conduct any operating activities.

### **Tasfiye Halinde XTB Yönetim Danışmanlığı A.Ş. (formerly: X Trade Brokers Menkul Değerler A.Ş.), Turkey**

In 2022 Tasfiye Halinde XTB Yönetim Danışmanlığı Anonim Şirketi did not conduct any operating activities. In the past the company business encompassed among others.:

- Investment consulting,
- Trading derivatives,
- Leverage trading on the forex market and
- Trading intermediation.

On 10 February 2017, the Turkish regulator, the Capital Market Board of Turkey (CMB), amended the regulations governing the activities of investment services, investment activities and additional services. As a result, the Management Board decided to terminate the activity on the Turkish market and liquidate the subsidiary in Turkey.

On 3 March 2020 the General Meeting of company XTB Yönetim Danışmanlığı Anonim Şirketi with its office in Turkey decided to reduce the company's share capital from TRY 22 500 thousand to TRY 100 thousand. Therefore, XTB S.A.



Group, on the basis of Management Board decision of 15 April 2020, made a decision on recognition in accounting records reclassification of the part of negative foreign exchange differences in the amount of PLN 21,9 million arising from the translation of the XTB Yönetim Danışmanlığı Anonim Şirketi subsidiary's equity from the position "Foreign exchange differences on translation" in equity to income statement.

The recognition of reclassification in the above amount as financial cost in accounting records is an accounting operation and was recognized in consolidated financial results for the 1st Half 2020. However, it did not affect the liquidity position of XTB nor the total amount of Group's equity as at the date of its booking.

The remaining part of foreign exchange differences arising from the translation of the Turkish company's equity, which as at the end 2022 amounted to PLN (-) 3,8 million and is derived among other the exchange rate of Turkish lira, will be recognized in consolidated result at the date of liquidation of this company.

On 12 March 2020 the subsidiary changed its name to XTB Yönetim Danışmanlığı Anonim Şirketi.

On 15 September 2020 the liquidation process of the company in Turkey began. The name of the company has changed to Tasfiye Halinde XTB Yönetim Danışmanlığı A.Ş.

#### **Lirsar S.A en liquidacion, Uruguay**

On 21 May 2014 the Parent Company acquired 100% of shares in Lirsar S.A. with its seat in Uruguay. The capital from the subsidiary with accumulated profits was returned to the Parent Company on 14 December 2017. Until the date of report submission the company was not formally liquidated.

In the reporting period, i.e. from 1 January to 31 December 2022 and until the date of submitting this report, there were no changes in the structure of the XTB S.A. Capital Group. other than those described above.

### **1.5 Change in the Group's structure**

In the reporting period, i.e. from od 1 January to 31 December of 2022 and until the date of report submission there were no changes in the XTB S.A. Group's structure, than described in point *1.4 Composition of the Group*.

### **1.6 Branches of the Parent Company**

The Company has 7 foreign branches, listed below:

- XTB S.A. organizační složka (formerly: X-Trade Brokers Dom Maklerski Spółka Akcyjna, organizační složka) – a branch established on 7 March 2007 in the Czech Republic. The branch was registered in the commercial register maintained by the City Court in Prague under No. 56720 and was granted the following tax identification number: CZK 27867102. Date of registration of the new name in the local register: 6 April 2022;
- XTB S.A. Sucursal en Espana (formerly: X-Trade Brokers Dom Maklerski Spółka Akcyjna, Sucursal en Espana) – a branch established on 19 December 2007 in Spain. On 16 January 2008, the branch was registered by the Spanish authorities and was granted the tax identification number ES W0601162A. Date of registration of the new name in the local registry: 22 July 2022;
- XTB S.A. organizačná zložka (formerly: X-Trade Brokers Dom Maklerski Spółka Akcyjna, organizačná zložka) – a branch established on 1 July 2008 in the Slovak Republic. On 6 August 2008, the branch was registered in the commercial register maintained by the City Court in Bratislava under No. 36859699 and was granted the following tax identification number: SK4020230324. Date of registration of the new name in the local registry: 9 April 2022;
- XTB S.A. Varsovia Sucursala Bucuresti (formerly: X-Trade Brokers Dom Maklerski S.A. Sucursala Bucuresti Romania (branch in Romania)) – branch established on 31 July 2008 in Romania. On 4 August 2008, the branch was registered in the Commercial Register under No. 402030 and was granted the following tax identification number: RO27187343. Date of registration of the new name in the local registry: 22 April 2022;
- XTB S.A. German Branch (formerly: X-Trade Brokers Dom Maklerski S.A., German Branch (branch in Germany)) – a branch established on 5 September 2008 in the Federal Republic of Germany. On 24 October 2008, the branch was registered in the Commercial Register under No. HRB 84148 and was granted the following tax



identification number: DE266307947. Date of registration of the new name in the local registry: 19 December 2022;

- XTB S.A. Succursale Française (formerly: X-Trade Brokers Dom Maklerski Spółka Akcyjna (branch in France)) – a branch established on 21 April 2010 in the Republic of France. On 31 May 2010, the branch was registered in the Commercial Register under No. 522758689, and was granted the following tax identification number: FR61522758689. Date of registration of the new name in the local registry: 27 May 2022;
- XTB S.A. – Sucursal em Portugal (formerly: X-Trade Brokers Dom Maklerski S.A., Sucursal Portuguesa) – a branch established on 7 July 2010 in Portugal. On 7 July 2010, the branch was registered in the Commercial Register under and was granted the following tax identification number PT980436613. Date of registration of the new name in the local registry: 17 May 2022.

## 1.7 Organizational and capital ties

XXZW Investment Group S.A. with its registered office in Luxembourg is the key shareholder of the Company. It holds, as at 31 December 2022, 66,99% of shares and votes in the General Meeting. XXZW Investment Group S.A. prepares consolidated financial statements.

Mr. Jakub Zabłocki is the ultimate parent of the Company and XXZW Investment Group S.A.

Apart from the organization of the Group and the Parent Company described above, neither the Parent company nor any of the Group companies holds any shares in other undertakings which could materially impact the assessment of its assets and liabilities, financial condition and profits and losses.

## 1.8 Changes to the management principles of the Company and its Capital Group

In the reporting period there were no changes in the management principles of the Company and its Capital Group.

## 2. The activities and development of the Parent Company and its Capital Group

### 2.1 Products and services

The Group is an international provider of trading and investment products, services and solutions, specialising in OTC markets with a particular focus on CFDs, which are investment products with returns linked to the changes in the prices and values of underlying instruments and assets. The Group also offers investments in shares and ETF instruments on the same trading platform. The Group operates in two segments: retail and institutional segment. The Group's retail operations mainly include online trading of derivatives based on assets and underlying instruments that are traded on the financial and commodity markets. Institutional customers of the Group offers technologies thanks to which they can offer their clients the possibility of trading in financial instruments under their own brand. The Group also acts as a liquidity provider for institutional clients.

The Group offers two trading platforms to both retail clients and institutional clients:

- xStation and
- MetaTrader 4 (MT4) – the platform offered to new clients until 18 January 2021,

which are supported by the Group's advanced, proprietary technology infrastructure. The Group's retail clients are given access to one of the above-mentioned front-end trading platforms and to the range of its components, along with access to back-office systems. Institutional clients are granted full access to the set-up and management facilities, the branding system and the risk management tools.

The Group also offers its clients various trading alternatives based on the level of client sophistication (from beginner to expert) and on the mode of access (from smartphones to web-based interfaces to desktop applications). These applications provide retail clients investing in CFDs based on various financial instruments with tools, including charts, analytics, research and online trading.



The functionality of the Group's offer enables clients to open and deposit funds in accounts, place and move orders and request statements via the Internet. The Group's core technology uses software products designed for their functionality and scalability.

In the period of 12 months of 2022 the Group continued the process of expanding its product offer. The aim of these activities was to meet clients expectations regarding the availability of individual financial instruments. In 2022, the offer of shares and ETFs was constantly expanded with new instruments desired by clients. XTB was the first brokerage house in Poland to provide its clients with the option of submitting the W8BEN form enabling tax optimization when settling transactions on American shares. In 2022, the Company expanded its offer and currently offers over 40 CFD instruments based on cryptocurrencies. In October 2020, the Company offered trading on shares from all around the world for free for monthly volumes up to EUR 100 000 as a first broker in Poland. In January 2022, an offer of completely commission-free trading on CFD instruments based on shares was launched. XTB is constantly developing its own xStation trading platform by adding new functionalities. The Company's aim is to make the xStation platform a central and necessary place for every trader, where besides trading one could have access to education and fundamental data.

## XTB product offer

### FOREX

Forex (also known as the Foreign Exchange Market) – is the largest trading market in the world. The daily volume of transactions in currencies is estimated to exceed \$6.6 trillion. Forex trading takes place 24 hours a day, 5 days a week.



XTB offers over 50 CFDs instruments based on currency pairs.

### INDICES

CFDs are a derivatives product. This means that you don't actually own the underlying asset – you're speculating on whether the price will rise or fall.



XTB offers about 30 CFDs instruments based on indices from all over the World: USA, Germany, China.

### COMMODITIES

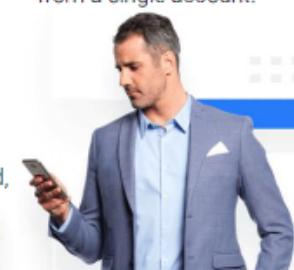
Thanks to CFDs transactions on commodities, you can invest in instruments based on commodities such as gold, silver and oil. It means that you're simply speculating on whether the price of commodities will rise or fall.



In XTB you can find over 20 CFDs instruments based on commodities.

### SHARES

XTB offers access to selected world exchanges from a single account.



### ETFs and ETF CFDs

An exchange-traded fund (ETF) – is an investment fund traded on stock exchanges, much like stocks.



XTB offers both ETF CFDs and cash equity.

### CRYPTO CFDs

A cryptocurrency is a digital asset designed to work as a medium of exchange that uses strong cryptography to secure financial transactions.



XTB offers a CFD instrument, which means that you do not have to physically buy a cryptocurrency. It is enough to invest and speculate on future price changes without holding the underlying instrument. You can choose from almost 50 instruments.



XTB is constantly actively expanding the functionalities of the xStation platform to meet requirements of both CFD clients and the new group of shares clients. The Management Board believes that the platform is currently one of the most developed trading platform on the CFD and stock market. The company is constantly trying to develop the platform with elements supporting transactions on OTC markets.

As at the end of 2022, the Group offered a total of almost 5 800 financial instruments from all over the world. This number consisted of 2 300 leveraged CFDs, including over 50 based on currency pairs, approximately 20 based on commodities, approximately 30 on indices and 50 based on cryptocurrency, approximately 1 900 based on shares of companies listed on stock exchanges in 16 countries and over 150 based on American and European ETFs. Second part of the XTB's offer consists of over 3 500 cash instruments, namely almost 3 200 equity instruments and over 300 ETF instruments from European markets. In 2022, the Company focused mainly on improving the existing processes of acquiring new clients, optimizing transaction costs for both clients and the Company, as well as all processes leading to the start of trading by customers and the experience of concluding transactions in XTB. The Group is actively introducing new improvements to the trading platform that make it more intuitive and easier to use.

## 2.2 Main operating markets and their segments

The Group conducts its operations through two business segments:

- Retail segment and
- Institutional segment.

The Group's retail business is focused on providing online trading in various instruments based on assets and underlying instruments from the financial and commodities markets to individual clients. For its institutional clients, the Group offers technologies that allow clients to set up their own trading environment under their own brands and acts as a liquidity provider to its institutional clients.

The Group operates on the basis of licences granted by regulators in Poland, the UK, Cyprus, Belize and in the United Arab Emirates (UAE). The Group's business is regulated and supervised by competent authorities on the markets on which the Group operates, including EU countries, where it operates on the basis of a single European passport. Currently, the Group is focusing on growing its business in 12 key countries, including Poland, Spain, the Czech Republic, Portugal, France and Germany and has prioritised Latin America, Africa and Asia as a region for future development.



Currently, the Management Board's efforts are focused on reaching mass clients with the offer. This is crucial for further dynamic development of XTB and building a global brand. This goal is to be served by new products added to the offer in 2023 and in the consecutive years. The Management Board estimates that the effects of these works will give a much higher output than if the available resources were invested in launching operations in South Africa. For this reason, the start of operations of XTB Africa (PTY) Ltd. has been postponed at least until 2024.



## 2.3 Events significantly influencing activities in 2022

Information about events and circumstances that had impact on the Company's and Group's operations in 2022 are presented in other parts of this report, in particular in section *3.2 Basic economic and financial information*. Apart from the events described in this report there were no other events which had significant impact on the Company's and the Group's activities in 2022.

## 2.4 Material contracts

In 2022, the Company and the Group companies did not enter into agreements material for XTB operations, different than described in this report, also the Company has no knowledge about contracts concluded between shareholders material for XTB operations.

## 2.5 Related party transactions

In the 12 months period ended 31 December 2022 and 31 December 2021 there were no related parties' transactions concluded on other than arm's length basis.

Transactions and the balances of settlements with related parties were presented in detail in note 30 to the Separate Financial Statements.

## 2.6 Credit and loans

In the reporting period, the Company and the Group Companies did not conclude or terminate any agreements regarding credits or loans.

In 2022, the Company and the Group companies did not grant any loans.

## 2.7 Sureties and guarantees

On 9 May 2014 the Company issued a guarantee in the amount of PLN 61 thousand to secure an agreement concluded by a subsidiary XTB Limited, based in the UK and PayPal (Europe) Sarl & Cie, SCA based in Luxembourg. The guarantee was granted for the duration of the main contract, which was concluded for an indefinite period.

On 7 July 2017, the Parent Company granted a surety of PLN 6 033 thousand to secure the agreement concluded by the subsidiary XTB Limited with its registered office in the United Kingdom and Worldpay (UK) Limited, Worldpay Limited and Worldpay AP LTD based in the United Kingdom. The guarantee was granted for the duration of the main contract, which was concluded for a period of 3 years with the possibility of further extension.

Apart from described above, in 2022 XTB did not grant and did not receive other sureties and guarantees.

## 2.8 Post balance sheet events

On February 28, 2023, in the judgment in case, the Supreme Administrative Court dismissed the cassation appeal against the judgment of the Provincial Administrative Court in Warsaw, dismissing the complaint against the decision of the Polish Financial Supervision Authority of September 18, 2018 imposing on the Parent Company a fine of PLN 9.9 million.

XTB does not see any risk related to potential client claims in this respect.

On March 8, 2023, the Management Board of XTB S.A. informed that it had made a decision regarding the intention to buy back its own shares in accordance with the Act of September 15, 2000 – Code of Commercial Companies and the intention to recommend to the Supervisory Board and the General Meeting of the Parent Company the distribution of



the standalone net profit for 2022. The buy back of own shares is subject to the Parent Company obtaining permission from the Polish Financial Supervision Authority ("PFS") to buy back up to 5 683 635 of its own shares (which constitutes 4.84% of the total number of shares/votes in the Group) by December 31, 2023 for redemption. The parent company applied to the Polish Financial Supervision Authority for permission to buy back its own shares and reduce instruments in the Company's Common Equity Tier 1 capital. As at the date of publication of this report, the Company has not received information from the Polish Financial Supervision Authority regarding the submitted application.

## **2.9 External and internal factors important for the development of the Company and the Group**

### **2.9.1 The number of active clients, transaction volumes and deposit amounts**

The Group's revenue and its results of operations are directly mostly depended on the volume of transactions concluded by the Group's clients and the amount of deposits placed by them. The transaction volumes and deposit amounts depend, in turn, on the number of new active clients.

Net deposits placed by retail clients comprise deposits less the amounts withdrawn by the Group's clients in a given period. The level of net deposits defines the ability of the Group's clients to execute transactions in derivatives offered by the Group, which affects the level of the Group's transaction volumes.

### **2.9.2 Revenues of the Company and the situation on the financial and commodity markets**

The Group's revenue depends directly on the volume of transactions concluded by the Group's clients and profitability per lot which in turn is correlated with the general level of transaction activity on the FX/CFD market.

As a rule, the Group's revenues are positively affected by higher activity of financial markets due to the fact that in such periods, a higher level of turnover is realized by the Group's clients and higher profitability per lot. The periods of clear and long market trends are favourable for the Company and it is at such times that it achieves the highest revenues. Therefore, high activity of financial markets and commodities generally leads to an increased volume of trading on the Group's trading platforms. On the other hand, the decrease in this activity and the related decrease in the transaction activity of the Group's clients leads, as a rule, to a decrease in the Group's operating income. Due to the above, operating income and the Group's profitability may decrease in periods of low activity of financial and commodity markets. In addition, there may be a more predictable trend in which the market moves within a limited price range. This leads to market trends that can be predicted with a higher probability than in the case of larger directional movements on the markets, which creates favourable conditions for transactions concluded in a narrow range trading. In this case, a greater number of transactions that bring profits to clients is observed, which leads to a decrease in the Group's result on market making.

The volatility and activity of markets results from a number of external factors, some of which are characteristic for the market, and some may be related to general macroeconomic conditions. It can significantly affect the revenues generated by the Group in the subsequent quarters. This is characteristic of the Group's business model.

### **2.9.3 General market, geopolitical and economic conditions**

Changes in the general market and economic situation in the regions, in which the Group operates, to some extent affect the general buying power of the Group's clients, as well as their readiness to spend or save, which in turn to some extent affects the demand for the Group's products and services.

Unfavourable trends in the global economy may limit the level of disposable income of the Group's clients and induce them to limit their activity on the FX/CFD market, which may, in turn, reduce the volume of transactions in financial instruments offered by the Group and result in a drop in the Group's operating income. The instability of geopolitical and economic conditions may affect the volatility of the financial and commodity markets, which may translate into clients transaction activity and, consequently, may also translate into the Group's revenues and client base.



## 2.9.4 Competition on the FX/CFD

The FX/CFD market, both globally and in Poland, is characterised by high competitiveness. The Group competes with local entities (mainly brokerage houses being a part of or owned by commercial banks), local or Western European licenced institutions (such as Saxo Bank and IG Group) and other entities, both licenced and non-licenced which gain clients through the Internet (such as Plus500).

These entities compete with one another in terms of product and service prices, advanced technological solutions and brand strength. Activities undertaken by the Group and its competition affect the Group's competitive position and its share in the FX/CFD market. To maintain and expand its position in the markets in which it operates, the Group is investing in marketing activities.

In addition, the Group's ability to strengthen the current competitive position in the markets in which it operates, depends on many factors beyond the control of the Group, including in particular the recognition of the brand and the Group's reputation, attractiveness and quality of products and services offered by the Group as well as the functionality and quality of its technological infrastructure.

Moreover, results of operations depend to some extent on the level of spreads in the derivatives CFD. Increased competition in the market FX / CFD leads to a reduction in spreads in derivative transactions CFD. Smaller spreads and increased competition may reduce the revenues and profitability of the market making business model.

## 2.9.5 Regulatory environment

The Group operates in a strictly regulated environment that places specific significant obligations on the Group within the scope of a number of international and local regulations and provisions of applicable law. Among others, the Group is subject to regulations relating to.

- sales practices, including gaining of clients and marketing activities;
- maintaining capital at a specified level;
- anti-money laundering and preventing the financing of terrorism practices and "know your client" procedures (KYC);
- reporting obligations towards regulators;
- personal data protection and professional confidentiality obligations;
- obligations concerning investor protection and providing them with the relevant data on risks related to the brokerage services provided;
- supervision over the Group's operations;
- confidential data and its use, prevention of illegal disclosure of confidential data and prevention of market manipulation;
- providing information to the public as an issuer.

The Group is subject to supervision by specific regulatory authorities and public administration authorities in jurisdictions in which the Group operates. In Poland, the conduct of brokerage activities requires a licence from the PFSA and is subject to a number of regulatory requirements. The Company is a brokerage house operating based on a licence for the conduct of brokerage activities and is subject to regulatory supervision by the PFSA.

Thanks to the "single passport" rule arising from the MiFID II Directive, the Company operates as a branch based on and as part of the licence granted by the PFSA in the following member states of the EU: the Czech Republic, Spain, Slovakia, Romania, Germany, France and Portugal.

Moreover, the Company and XTB Limited, subject to the supervision by the FCA, conduct cross-border operations without establishing a branch (the MiFID Outward Service) in a number of jurisdictions, focusing mainly on the Italian and Hungarian markets. In addition, the Company and its subsidiaries are entitled to conduct cross-border operations in Austria, Belgium, Bulgaria, Greece, the Netherland, Sweden, Hungary and Italy.

Additionally, the Company has a 100% interest in the following entities operating based on separate licences for the conduct of brokerage activities issued by the supervision authorities in foreign jurisdictions:

- XTB Limited – a brokerage house registered in Great Britain and subject to FCA supervision,
- XTB Limited – an investment firm conducting brokerage activities registered in Cyprus and subject to supervision by the CySEC,
- XTB International Limited – the company with its seats in Belize provides brokerage services based on the obtained permission issued by the International Financial Service Commission,



- XTB MENA Limited – the company with its seats in Dubai, in the United Arab Emirates, licensed to arrange and perform transactions on a matching principle in OTC products, issued by the Dubai Financial Services Authority,
- XTB Africa (Pty) Ltd. – the company with its seats in South Africa, licensed to provide financial services in the field of derivatives issued by the Financial Sector Conduct Authority. As at the date of submitting this report, the Company did not conduct any operating activities.
- XTB S.C Limited – a company based in the Republic of Seychelles, which at the time of writing the report is applying for a license to conduct brokerage activities.

The Group has created a compliance (compliance in law) function for each Group Company to ensure compliance with the regulatory and regulatory requirements to which the Group is subject.

The regulatory environment in which the Group operates is constantly evolving. In recent years, the financial services industry has been subject to increasingly comprehensive regulatory oversight. The supervisory and public administration authorities regulating and supervising the Group's activities introduced a number of changes in the regulatory requirements to which the Group is subject and may undertake additional initiatives in this area in the future.

## 2.10 The Group's activities in 2022 and development outlook

The Group's strategy is to actively strengthen its position as an international supplier of technologically advanced products, services and solutions in the field of trading in financial instruments mainly in the EU, Latin America, Asia and Africa by increasing brand recognition, acquiring new clients for its transaction platforms and building a long-term investment profile and client loyalty. The Group's strategic plan includes supporting growth through expansion into new markets, further penetration of existing markets, expansion of the Group's product and service offer as well as the development of the institutional segment of operations (X Open Hub).

The Management Board is of the opinion that the Group has built solid foundations that ensure its good position to generate stable growth in the future.

XTB with its strong market position and dynamically growing client base builds its presence in the non-European markets, consequently implementing a strategy on building a global brand. The XTB Management Board puts the main emphasis on organic development, on the one hand increasing the penetration of European markets, on the other hand successively building its presence in Latin America, Asia and Africa. Following these activities, the composition of the capital group will be expanded by new subsidiaries. It is worth mentioning that geographic expansion is a process carried out by XTB on a continuous basis, the effects of which are spread over time. Therefore, one should not expect sudden, abrupt changes in the results on this action.

The development of XTB is also possible through mergers and acquisitions, especially with entities that would allow the Group to achieve geographic synergy (complementary markets). Such transactions will be carried out, only when they will bring measurable benefits for the Company and its shareholders.

In 2022, the Company focused mainly on improving the existing processes of acquiring new clients, as well as all processes leading to the commencement of trade by clients and the experience itself resulting from concluding transactions with XTB. The Group is constantly introducing new improvements to the trading platform that make it more intuitive and easy to use.

The Group consistently implemented in its branches modern tools for comprehensive management of client relations from the moment of obtaining contact through the stages of further service, to signing the contract and maintaining the after-sales relationship. The tools allow for reporting and analysis, giving a better understanding of users and clients, which allows to optimize the cost of client acquisition and retention, which translates into a better-matched offer and faster implementation of client instructions.

The Group continued the process of educating investors by organizing free workshops and conferences and providing access to educational materials for both beginners and more experienced investors.

Currently, the Management Board's efforts are focused on reaching mass customers with the offer. This is crucial for further dynamic development of XTB and building a global brand. This goal is to be served by new products added to the offer in 2023 and subsequent years. The Management Board believes that the effects of these works will bring a much greater result than if the possessed resources were invested in launching operations in South Africa. For this reason, the start of operations of XTB Africa (PTY) Ltd. has been postponed until at least 2024.



### **The impact of COVID-19 on the Company's result**

In March 2020 the World Health Organization determined that COVID disease can be treated as a pandemic. Due to significant increase of this disease all over the world, countries take numerous action to limit or delay its spread. Management Board of XTB S.A. does not identify the impact of the COVID-19 pandemic on the Group's operations.

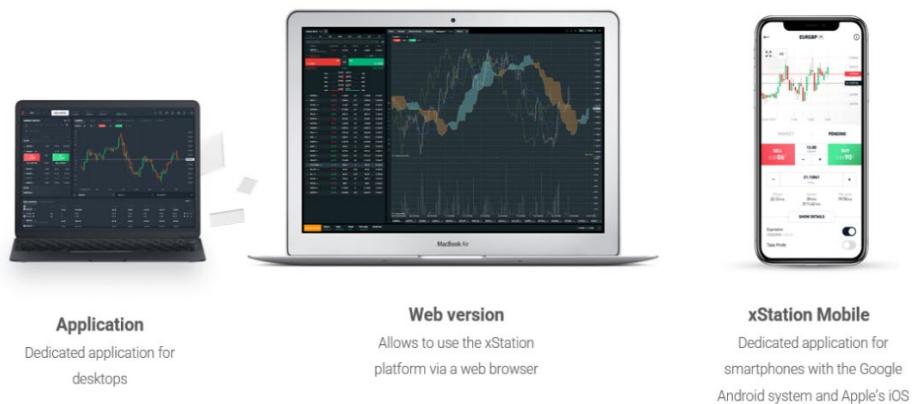
### **The impact of Russia's invasion of Ukraine on the Company's results**

On 24 February 2022, Russian troops crossed the eastern, southern and northern borders of Ukraine, attacking the territory of Ukraine. In connection with hostilities by Russia, representatives of the European Union and many other countries have introduced severe sanctions against Russia, which mainly affect strategic sectors of the Russian economy by blocking access to technology and markets. This situation does not have a significant direct impact on the Company, however, it caused high volatility in the financial and commodity markets around the world, which had an impact on the trading activity of XTB clients and the Group's results.

## **2.11 Major achievements in research and development – XTB as FinTech**

XTB, as a technological entity operating in the financial sector, realises continuous development work and developing highly innovative, comprehensive solutions in the field of online transactions and investments in financial instruments ("research and development"; "R&D"). This makes the Company a FinTech organization. The aim of the above works is to develop innovative technologies and solutions allowing, in particular, the further development of the product offer. XTB owns a number of proprietary technological solutions, including the modern xStation transaction platform.

### **Original platform xStation**



The R&D works carried out in 2022 were aimed at developing tools necessary for the efficient functioning of XTB's transaction systems, effective execution of orders, efficient client onboarding process and further development of tools supporting internal processes in the company as a result of identified development needs. Research areas focused on functionalities and security of operation of systems, processes and databases. R&D works were also conducted aimed at the development of new electronic trading systems. The main types of activities performed as part of R&D works include:

- creating new or improving existing software solutions used by XTB clients in the process of trading on financial instruments,
- creating new or improving existing software solutions used by XTB clients in the account opening process and when using the back office modules (deposits, withdrawals, account update, etc.),
- development of XTB's IT infrastructure, e.g. in order to ensure a sufficiently effective network, continuous modernization of servers and other devices active in XTB,
- creating new or improving existing software solutions supporting the activities of XTB,
- creating and developing key transactional applications and CRM systems,
- developing of solutions to increase the security of work in the network and external access,
- developing solutions for the security of data storage,
- creating and implementing new, innovative hardware, hardware-software and software solutions in the company,
- analysis of product development opportunities in terms of current technological solutions,
- work on increasing the level of security of the processed data, both in terms of data storage and transmission protocols.



Due to the adopted business strategy based on the development of new technologies, the IT Development Department has been separated within the XTB structure, in which a great part of the staff are people performing R&D works. The R&D works have a significant, almost strategic impact on the business activities realised by XTB, which not only translate into the level of revenues generated by XTB, but are also crucial in the process of building and maintaining the highly competitive position of the Company on the global capital market. It should be emphasized that XTB is one of the largest FX & CFD brokers in the world, operating on the OTC (over-the-counter) market and on the stock market.

The table below presents the number of people employed in the IT Development department and the related costs incurred with the development of highly innovative, extensive solutions in the field of Internet transactions and investments:

	TWELVE-MONTH PERIOD ENDED		CHANGE %
	31.12.2022	31.12.2021	
Related costs with technology development (in PLN'000)	58 381	36 617	59,4
Number of employees in the IT Development*	266	161	65,2

\* Employees hired on the basis of an employment contract, contract of mandate and providing services based on a B2B contract.

### 3. Operating and financial situation

#### 3.1 Principle of preparation of annual financial statements

Consolidated and separate financial statements were prepared based on International Financial Reporting Standards (IFRS), which were endorsed by the European Union.

The consolidated financial statements of the XTB S.A. Group prepared for the period from 1 January 2022 to 31 December 2022 with comparative data for the year ended 31 December 2021 cover the Parent Company's financial data and financial data of the subsidiaries comprising "The Group".

The separate financial statements of the XTB S.A. prepared for the period from 1 January 2022 to 31 December 2022 with comparative data for the year ended 31 December 2021 cover the Company's financial data and financial data of the foreign branch offices.

The consolidated and separate financial statements have been prepared on the historical cost basis, with the exception of financial assets at fair value through P&L and financial liabilities held for trading which are measured at fair value. The Group's assets are presented in the statement of financial position according to their liquidity, and its liabilities according to their maturities.

The Group companies maintain their accounting records in accordance with the accounting principles generally accepted in the countries in which these companies are established. The consolidated financial statements include adjustments not recognized in the Group companies' accounting records, made in order to reconcile their financial statements with the IFRS.

Drafting this consolidated financial statements, the Parent Company decided that none of the Standards would be applied retrospectively.

The IFRS comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

#### 3.2 Basic economic and financial information

##### 3.2.1 Basic consolidated economic and financial information

The Group's operating and financial results are mainly affected by:

- the number of active accounts, transaction volumes and deposit amounts;
- volatility on financial and commodity markets;
- general market, geopolitical and economic conditions;
- competition on the FX/CFD market;



- regulatory environment.

The key factors affecting the Group's financial and operating results in the 12 months period ended 31 December 2022 are discussed below. The Management Board believes that these factors had and may continue to have an effect on the business activities, operating and financial results, financial condition and development perspectives of the Group.

## Description of the Group results in 2022

The table below shows selected items of the consolidated statement of comprehensive income for the periods indicated.

(IN PLN'000)	12 MONTHS PERIOD ENDED		CHANGE %
	31.12.2022	31.12.2021	
Result of operations on financial instruments	1 437 160	618 453	132,4
Income from fees and charges	7 020	5 034	39,5
Other income	69	2 108	(96,7)
<b>Total operating income</b>	<b>1 444 249</b>	<b>625 595</b>	<b>130,9</b>
Salaries and employee benefits	(222 369)	(120 101)	85,2
Marketing	(192 027)	(131 262)	46,3
Other external services	(54 365)	(36 187)	50,2
Commission expenses	(49 967)	(38 434)	30,0
Amortisation	(11 997)	(8 921)	34,5
Taxes and fees	(11 560)	(4 087)	182,8
Costs of maintenance and lease of buildings	(8 614)	(5 373)	60,3
Other expenses	(7 668)	(4 407)	74,0
<b>Total operating expenses</b>	<b>(558 567)</b>	<b>(348 772)</b>	<b>60,2</b>
<b>Operating profit (EBIT)</b>	<b>885 682</b>	<b>276 823</b>	<b>219,9</b>
Finance income	50 573	17 891	182,7
Finance costs	(997)	(4 258)	(76,6)
<b>Profit before tax</b>	<b>935 258</b>	<b>290 456</b>	<b>222,0</b>
Income tax	(169 162)	(52 626)	222,4
<b>Net profit</b>	<b>766 096</b>	<b>237 830</b>	<b>222,1</b>

XTB's dynamic operational growth, coupled with favourable market conditions, translated into record-breaking financial results in 2022. Consolidated net profit amounted to PLN 766 096 thousand compared to PLN 237 830 thousand a year earlier. Consolidated revenues amounted to PLN 1 444 249 thousand (2021: PLN 625 595 thousand) with operating expenses of PLN 558 567 thousand (2021: 348 772 thousand).

## Operating income

The Group's income is primarily derived from its retail activities and consists of:

- spreads (the difference between the offer price and the bid price);
- fees and commissions charged by the Group to its clients;
- swap points charged by the Group (as a cost of maintaining the position over time) and;
- net result (profits offset by losses) from the Group's market making activities.

The table below presents the percentage share of each revenue category in the gross result of operations of financial instruments.

	12 MONTHS PERIOD ENDED	
	31.12.2022	31.12.2021
Spread	54%	83%
Swap, commission and fees	26%	40%
Market Making	20%	(23)%
<b>Gross result of operations on financial instruments</b>	<b>100%</b>	<b>100%</b>



In 2022 the retail business segment generated approximately 87% of the total volume of the Group's turnover and the institutional business segment – approximately 13%.

In 2022, XTB reported record increase in revenue from PLN 625 595 thousand to PLN 1 444 249 thousand, i.e. by 130,9% y/y. Significant factors determining their level were high volatility in the financial and commodity markets and the constantly growing number of active clients (increase by 35,9% y/y), connected with their high transaction activity expressed in the number of CFD contracts concluded in lots (increase by 55,1% y/y). As a consequence the transaction volume in CFD instruments amounted to 6 365,6 thousand lots (2021: 4 104,6 thousand lots), and a profitability per lot amounted to PLN 227 (2021: PLN 152).

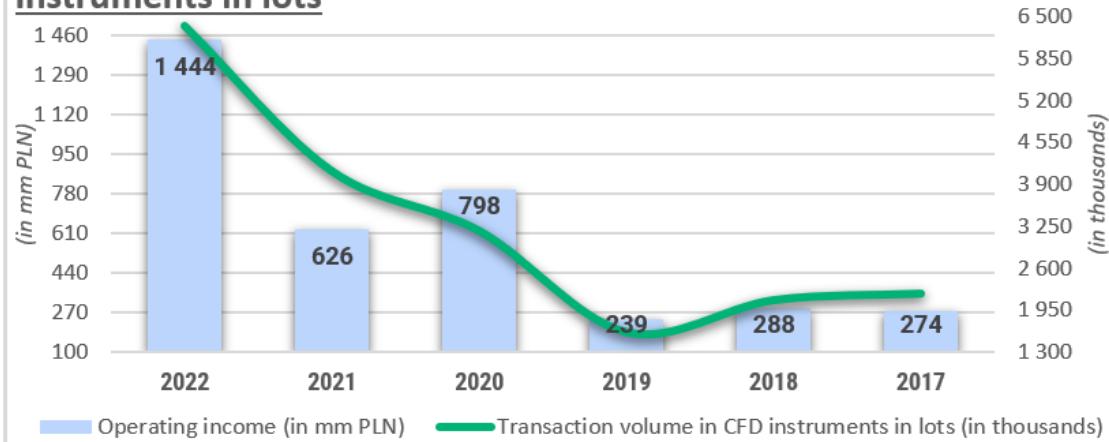
	TWELVE-MONTH PERIOD ENDED					
	31.12.2022	31.12.2021	31.12.2020	31.12.2019	31.12.2018	31.12.2017
Total operating income (in PLN'000)	1 444 249	625 595	797 750	239 304	288 301	273 767
Transaction volume in CFD instruments in lots <sup>1</sup>	6 365 643	4 104 566	3 175 166	1 597 218	2 095 412	2 196 558
Profitability per lot (in PLN) <sup>2</sup>	227	152	251	150	138	125
Transaction volume in CFD instruments in nominal value (in USD'000000)	2 259 588	1 737 351	1 021 835	541 510	773 899	653 373
Profitability for 1 million USD transaction volume in CFD instruments in nominal value (in USD) <sup>3</sup>	143	93	200	115	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. Presented value does not include CFD turnover on shares and ETFs, where 1 lot equals 1 share.

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

<sup>3</sup>) Total operating income converted into USD by the arithmetic average of exchange rates published by the National Bank of Poland on the last day of each month of the reporting period, divided by turnover of CFD in nominal value (in USD'000000).

## Operating income vs. transaction volume in CFD instruments in lots



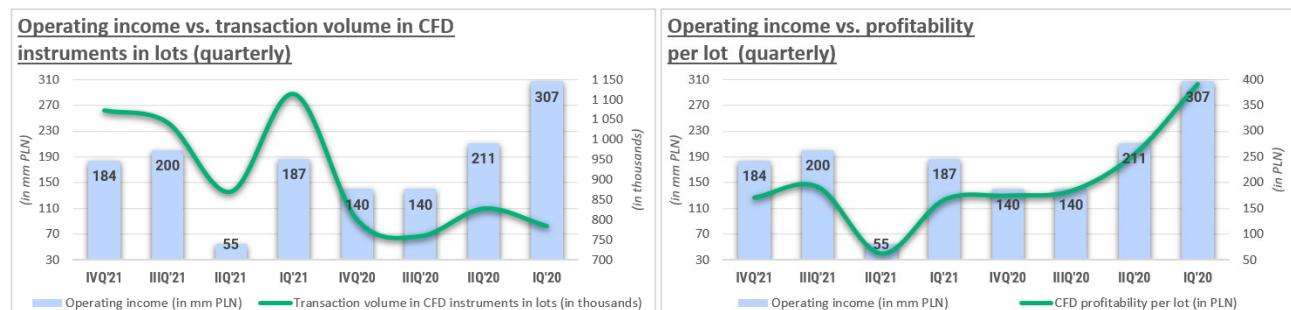


	THREE-MONTH PERIOD ENDED							
	31.12.2022	30.09.2022	30.06.2022	31.03.2022	31.12.2021	30.09.2021	30.06.2021	31.03.2021
Total operating income (in PLN'000)	216 746	391 289	396 410	439 804	183 567	200 029	55 302	186 697
Transaction volume in CFD instruments in lots <sup>1</sup>	1 720 381	1 594 606	1 489 917	1 560 739	1 073 549	1 044 329	871 300	1 115 389
Profitability per lot (in PLN) <sup>2</sup>	126	245	266	282	171	192	63	167
Transaction volume in CFD instruments in nominal value (in USD'000000)	548 781	539 879	539 673	631 255	482 097	502 650	366 257	386 347
Profitability for 1 million USD transaction volume in CFD instruments in nominal value (in USD) <sup>3</sup>	87	152	168	167	94	102	40	127

<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. Presented value does not include CFD turnover on shares and ETFs, where 1 lot equals 1 share.

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

<sup>3</sup>) Total operating income converted into USD by the arithmetic average of exchange rates published by the National Bank of Poland on the last day of each month of the reporting period, divided by turnover of CFD in nominal value (in USD'000000).



XTB has a solid foundation in the form of constantly growing client base and the number of active clients. In 2022 the Group reported another record in this area, acquiring 196 864 new clients compared to 189 187 a year earlier, which means an increase of 4,1%. Similarly to the number of new clients, the number of active clients was also record high. It increased from 190 452 to 258 799, i.e. by 35,9% y/y.

	PERIOD ENDED							
	31.12.2022	30.09.2022	30.06.2022	31.03.2022	31.12.2021	30.09.2021	30.06.2021	31.03.2021
New clients <sup>1</sup>	51 038	44 796	45 697	55 333	42 760	38 573	40 623	67 231
Clients in total <sup>2</sup>	614 934	567 387	525 287	481 931	429 157	388 973	352 946	316 658
Number of active clients <sup>3</sup>	258 799	224 339	190 088	149 726	190 452	160 608	133 415	103 446
Average number of active clients <sup>4</sup>	153 082	150 444	149 824	149 726	112 015	106 961	105 005	103 446

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

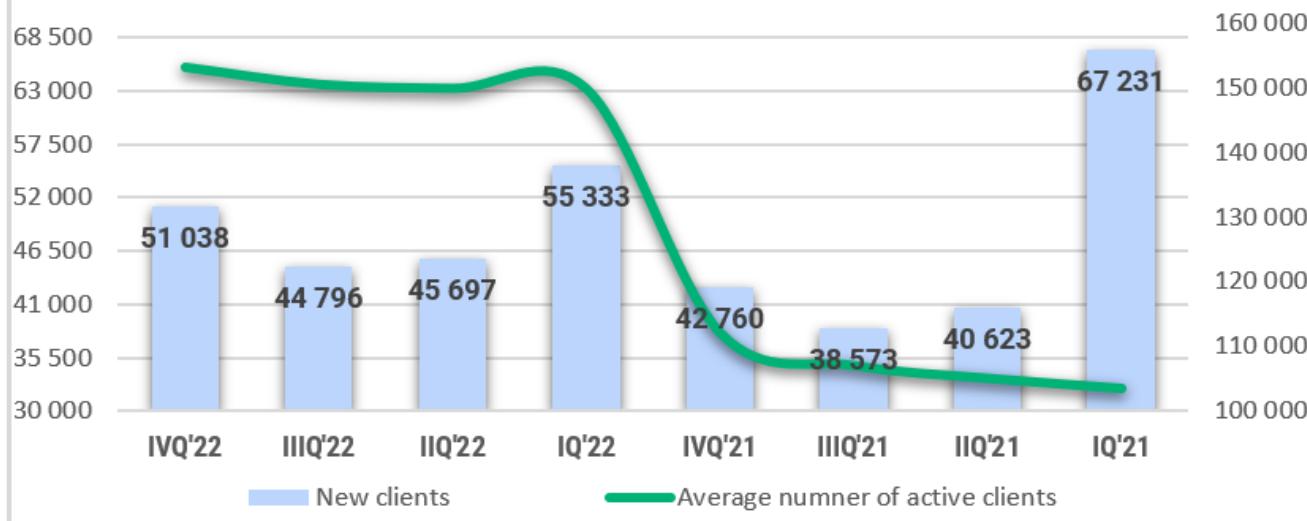
<sup>2</sup>) Number of clients at the end of individual quarters.

<sup>3</sup>) Number of active clients respectively in the 12, 9, 6 and 3 months of 2022 and 12, 9, 6 and 3 months of 2021 respectively. An active client is a client who carried out at least one transaction in a period.

<sup>4</sup>) The average quarterly number of clients respectively for 12, 9, 6 and 3 months of 2022 and 12, 9, 6 and 3 months of 2021.



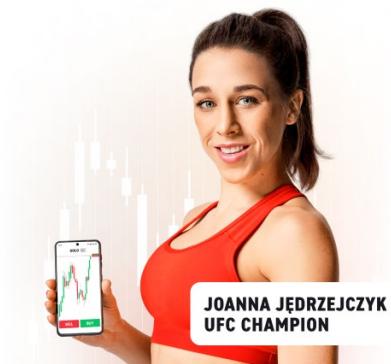
## New clients vs. average number of active clients



The priority of the Management Board is to further increase the client base leading to the strengthening of XTB's market position in the world by reaching the mass client with its product offer. These activities are and will be supported by a number of initiatives, including the introduction of new products or promotional campaigns. The ambition of the Management Board in 2023 is to acquire, on average, at least 40-60 thousand new clients quarterly. In January 2023, the Group acquired a total of 42,3 thousand new clients, while in February 2023, it was 36,5 thousand of new one.

For example, on January 9, 2023, XTB launched a new promotion "Free share for a good start" consisting in receiving a free share worth up to USD 30 for opening an account with XTB and making a deposit of any amount.

In order to strengthen its market position and worldwide recognition, XTB cooperates with titled athletes who are the ambassadors of the XTB brand. In February 2022, an advertising campaign was launched with the participation of the titled martial arts competitor, the first Polish woman in the UFC organization and the champion of this organization, as well as the three-time world champion in Thai boxing – Joanna Jędrzejczyk.





In September 2022, promotional activities were launched with the participation of Conor McGregor, another XTB brand ambassador – an Irish mixed martial arts (MMA) and the UFC fighter. Conor McGregor is the biggest martial arts star in the world and the best rewarded athlete according to Forbes list. Conor is not only a fighter, but also a successful person in business as an investor in many interesting projects.



The face of the XTB brand is also Jiří Procházka, a Czech fighter, one of the leading MMA fighters, UFC champion. Thanks to this cooperation, XTB plans to continue its intense promotional activities.



The team of XTB ambassadors was also joined in 2022 by Iker Casillas, a former Real Madrid footballer, considered one of the best goalkeepers of all time. He is currently the Deputy Director General of the Real Madrid Foundation.

Thanks to the cooperation with such personalities as Joanna Jędrzejczyk, Conor McGregor, Jiří Procházka or Iker Casillas, XTB started promoting the offered investment solutions, in particular, convincing that investing in various types of assets is available to everyone, using the tools provided that facilitate entry into the world of investments: through daily market analysis, as well as numerous educational materials.

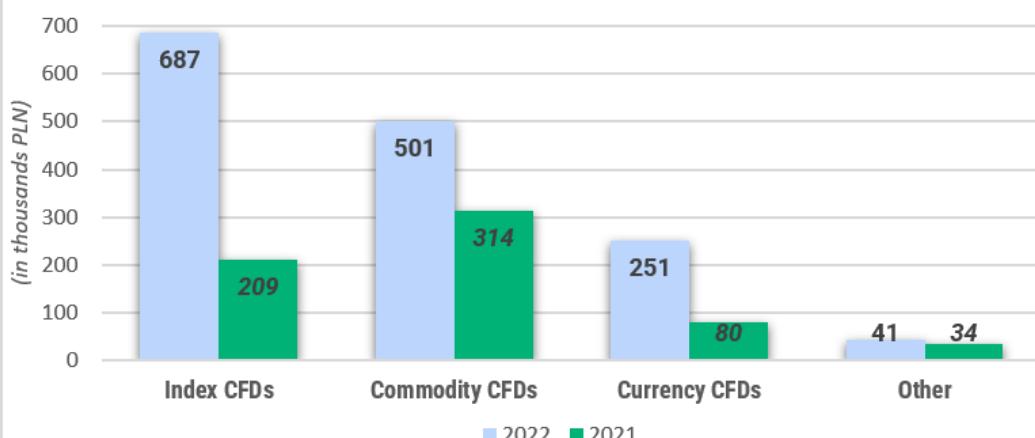
Looking at XTB's revenues in terms of the classes of instruments responsible for their creation, it can be seen that in 2022 CFDs based on index were in the lead. Their share in the structure of revenues on financial instruments reached 46,4% compared 32,8% year earlier. This is a consequence of high profitability on CFD instruments based on the US 100 index, the German DAX index (DE30) or the US 500 index. The second most profitable asset class was CFD based on commodities. Their share in the revenue structure in 2022 was 33,8% (2021: 49,3%). This is a consequence of high profitability on CFD instruments based on quotations of natural gas, gold and oil prices. Revenues on CFDs based on currencies accounted for 17,0% of all revenues, compared 12,5% year earlier, where the most profitable financial instruments in this class were CFD based on currency pairs EURUSD and GBPUSD.



## The result of operations on financial instruments

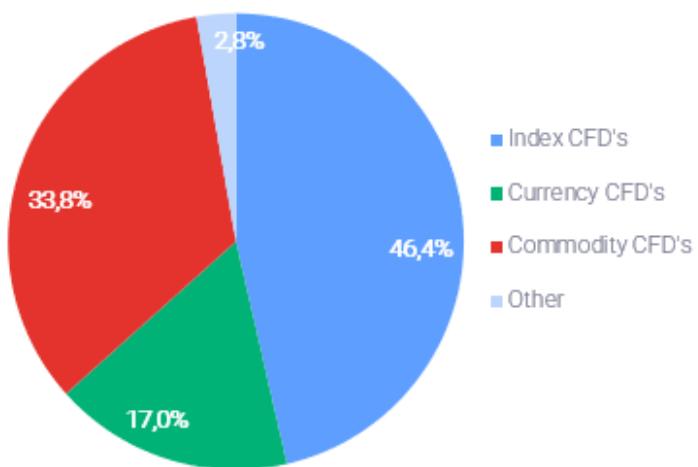
(IN PLN'000)	12 MONTHS PERIOD ENDED		CHANGE %
	31.12.2022	31.12.2021	
Index CFDs	687 424	209 304	228,4
Commodity CFDs	501 314	313 948	59,7
Currency CFDs	251 429	79 761	215,2
Stock CFDs and ETFs	36 816	34 885	5,5
Bond CFDs	796	223	257,0
<b>Total CFDs</b>	<b>1 477 779</b>	<b>638 121</b>	<b>131,6</b>
Shares and ETFs	3 494	(689)	607,1
<b>Gross gain on transactions in financial instruments</b>	<b>1 481 273</b>	<b>637 432</b>	<b>132,4</b>
Bonuses and discounts paid to customers	(5 653)	(2 700)	109,4
Commission paid to cooperating brokers	(38 460)	(16 279)	136,3
<b>Net gain on transactions in financial instruments</b>	<b>1 437 160</b>	<b>618 453</b>	<b>132,4</b>

### Gross gain on transaction in financial instruments

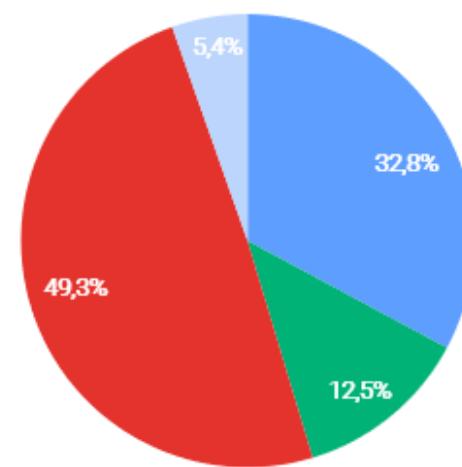


### The share of instruments in the result of operations on financial instruments

2022



2021





The business model used by the Group combines the features of the agency model and the market making model, in which the Group is a party to a transaction concluded and initiated by the client. The Group does not engage in transactions carried out on its own account in anticipation of changes in prices or values of the underlying instruments.

The hybrid business model used by XTB also uses the agency model. For example, on most CFD instruments based on cryptocurrencies, XTB secures these transactions with external partners, practically no to be the other party to the transaction (of course, from a legal point of view, it is still XTB). The fully automated risk management process adopted by the Company limits exposure to market changes and forces the Group to hedge its positions in order to maintain appropriate levels of capital requirements. Additionally, XTB realize directly on regulated markets or in alternative trading systems, all transactions on shares and ETFs as well as on CFD instruments based on these assets. XTB is not a market maker for this class of instruments.

XTB places great importance on the geographical diversification of revenues, consistently implementing the strategy of building a global brand. The country from which the Group derives more than 20% of revenues each time is Poland, with a share of 41,4% (2021: 33,5%). Due to the overall share in the Group's revenues, Poland was separated for presentation purposes as the largest market in terms of revenues in the Group. The Group breaks down its revenues by geographic area according to the country of the XTB office in which the client was acquired. The exception is the Middle East region, which also presents revenues from clients from this market acquired by the subsidiary XTB International Ltd. based in Belize.

(IN PLN'000)	12 MONTHS PERIOD ENDED	
	31.12.2022	31.12.2021
<b>Central and Eastern Europe</b>	<b>842 167</b>	<b>327 289</b>
- <i>including Poland</i>	598 006	209 804
<b>Western Europe</b>	<b>356 196</b>	<b>165 349</b>
<b>Latin America<sup>1</sup></b>	<b>197 251</b>	<b>121 314</b>
<b>Middle East<sup>2</sup></b>	<b>48 635</b>	<b>11 643</b>
<b>Total operating income</b>	<b>1 444 249</b>	<b>625 595</b>

<sup>1</sup>) The subsidiary XTB International Ltd., with its seat in Belize, acquires clients from Latin America and the rest of the world (without Europe). The item excludes revenues from clients acquired by this company from the Middle East region.

<sup>2</sup>) Revenue from clients from the Middle East, acquired by XTB International Ltd. with its seat in Belize and XTB MENA Limited with its seat in the United Arab Emirates.

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

(in PLN'000)	TWELVE-MONTH PERIOD ENDED	
	31.12.2022	31.12.2021
Retail segment	1 424 769	623 610
Institutional segment (X Open Hub)	19 480	1 985
<b>Total operating income</b>	<b>1 444 249</b>	<b>625 595</b>

XTB's business model includes high volatility of revenues depending on the period. Operating results are mainly affected by: (i) volatility on financial and commodity markets; (ii) the number of active clients; (iii) volume of concluded transactions on financial instruments; (iv) general market, geopolitical and economic conditions; (v) competition on the FX/CFD market and (vi) regulatory environment.

As a rule, the Group's revenues are positively affected by higher activity of financial markets due to the fact that in such periods, a higher level of turnover is realized by the Group's clients and higher profitability per lot. The periods of clear and long market trends are favourable for the Company and it is at such times that it achieves the highest revenues. Therefore, high activity of financial markets and commodities generally leads to an increased volume of trading on the Group's trading platforms. On the other hand, the decrease in this activity and the related decrease in the transaction activity of the Group's clients leads, as a rule, to a decrease in the Group's operating income. Due to the above, operating income and the Group's profitability may decrease in periods of low activity of financial and commodity markets. In



addition, there may be a more predictable trend in which the market moves within a limited price range. This leads to market trends that can be predicted with a higher probability than in the case of larger directional movements on the markets, which creates favourable conditions for transactions concluded in a narrow range trading. In this case, a greater number of transactions that bring profits to clients is observed, which leads to a decrease in the Group's result on market making.

The volatility and activity of markets results from a number of external factors, some of which are characteristic for the market, and some may be related to general macroeconomic conditions. It can significantly affect the revenues generated by the Group in the subsequent quarters. This is characteristic of the Group's business model.

### **Operating expenses**

The operating costs in 2022 amounted to PLN 558 567 thousand and were PLN 209 795 thousand higher than in the previous year (2021: PLN 348 772 thousand). The most important changes occurred in:

- marketing costs, an increase by PLN 102 268 thousand resulting mainly from higher expenditure on online and offline marketing campaigns;
- costs of remuneration and employee benefits, an increase by PLN 60 765 thousand, mainly due to an increase in employment and higher provisions for variable remuneration components (bonuses);
- commission costs, an increase by PLN 18 178 thousand resulting from higher amounts paid to payment service providers through which clients deposit their funds in transaction accounts;
- other external services, an increase by PLN 11 533 thousand as a result of mainly higher expenditure on: (i) support database systems (increase by PLN 4 166 thousand y/y); (ii) market data delivery services (increase by PLN 2 807 thousand y/y); (iii) legal and advisory services (increase by PLN 2 762 thousand y/y) and (iv) recruitment costs (increase by PLN 1 967 thousand y/y).

### **3.2.2 Public support**

In 2022, the Company did not receive any financial support from public funds.

In 2021 the Company received financial support in the form of the de minimis help in the total amount of PLN 30 thousand from KFS training fund.

### **3.2.3 Rate of return on assets**

The rate of return on assets, calculated as the quotient of net profit and total assets, as of 31 December 2022 amounted to 18,6%, and as of 31 December 2021 amounted to 7,6%.

### **3.2.4 Activities of the brokerage house outside the territory of the Republic of Poland**

XTB, as a brokerage house, has the following branches and subsidiaries, which are financial institutions within the meaning of Article 4 paragraphs 1 point 26 of Regulation 575/2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 64/2012:

- branches:
  - XTB S.A. organizační složka (formerly: X-Trade Brokers Dom Maklerski Spółka Akcyjna, organizační složka) in Czech Republic. The branch provides support services for the sale of financial instruments;
  - XTB S.A. Sucursal en Espana (formerly: X-Trade Brokers Dom Maklerski Spółka Akcyjna, Sucursal en Espana) in Spain. The branch provides support services for the sale of financial instruments;
  - XTB S.A. organizačná zložka (formerly: X-Trade Brokers Dom Maklerski Spółka Akcyjna, organizačná zložka) in the Slovak Republic. The branch provides support services for the sale of financial instruments;
  - XTB S.A. Varsovia Sucursala Bucuresti (formerly: X-Trade Brokers Dom Maklerski S.A. Sucursala Bucuresti Romania) in Romania. The branch provides support services for the sale of financial instruments;
  - XTB S.A. German Branch (formerly: X-Trade Brokers Dom Maklerski S.A., German Branch) in the Federal Republic of Germany. The branch provides support services for the sale of financial instruments;
  - XTB S.A. Succursale Française (formerly: X-Trade Brokers Dom Maklerski Spółka Akcyjna) in the Republic of France. The branch provides support services for the sale of financial instruments;



- XTB S.A. – Sucursal em Portugal (formerly: X-Trade Brokers Dom Maklerski S.A., Sucursal Portuguesa) in Portugal. The branch provides support services for the sale of financial instruments;
- subsidiaries:
  - XTB Limited in Cyprus. The company provides brokerage services based on the obtained permission;
  - XTB Limited in Great Britain. The company provides brokerage services based on the obtained permission;
  - XTB International Limited in Belize. The company provides brokerage services based on the obtained permission;
  - XTB MENA Limited in the United Arab Emirates. The company provides brokerage services based on the obtained permission and
  - XTB Africa (PTY) Ltd. in South Africa. The company has obtained a license to conduct brokerage activities. As at the date of publishing this report, the Company did not conduct any operating activities.

The table below presents additional data on the above branches and subsidiaries in 2022 and 2021:

NAME	AREAS OF ACTIVITIES	REVENUE FOR 2022 (in thousands PLN)	NUMBER OF EMPLOYEES AT THE END OF 2022	PROFIT BEFORE TAX FOR 2022 (in thousands PLN)	INCOME TAX FOR 2022 (in thousands PLN)
Branches	the UE	114 248	127	5 215	(1 730)
Subsidiaries	the UE	3 734	10	141	(18)
Subsidiaries	outside the UE	157 525	81	8 947	(524)

NAME	AREAS OF ACTIVITIES	REVENUE FOR 2021 (in thousands PLN)	NUMBER OF EMPLOYEES AT THE END OF 2021	PROFIT BEFORE TAX FOR 2021 (in thousands PLN)	INCOME TAX FOR 2021 (in thousands PLN)
Branches	the UE	76 205	111	3 449	(1 239)
Subsidiaries	the UE	3 195	7	158	(38)
Subsidiaries	outside the UE	83 535	46	5 738	(296)

### 3.2.5 Selected financial and operating ratios of the Group

The financial ratios presented in the following table are not a measure of the financial results in accordance with the IFRS nor should they be treated as a measure of the financial results or cash flows from operating activities, or considered an alternative to a profit. These indicators are not uniformly defined and may not be comparable to ratios presented by other companies, including companies operating in the same sector as the Group.

	12 MONTHS PERIOD ENDED	
	31.12.2022	31.12.2021
EBITDA (in PLN'000) <sup>1</sup>	897 679	285 744
EBITDA margin (%) <sup>2</sup>	62,2	45,7
Net profit margin (%) <sup>3</sup>	53,0	38,0
Return on equity –ROE (%) <sup>4</sup>	63,3	26,4
Return on assets – ROA (%) <sup>5</sup>	21,1	8,8
Aggregate capital adequacy ratio (IFR) (%)	218,1	200,1

<sup>1</sup>) EBITDA calculated as operating profit, including amortisation and depreciation.

<sup>2</sup>) Calculated as the quotient of operating profit, including amortisation and depreciation, and operating income.

<sup>3</sup>) Calculated as the quotient of net profit and operating income.

<sup>4</sup>) Calculated as the quotient of net profit and average balance of equity (calculated as the arithmetic mean of the total equity as at the end of the prior period and as at the end of the current reporting period).

<sup>5</sup>) Calculated as the quotient of net profit and average balance of total assets (calculated as the arithmetic mean of the total assets as at the end of the prior period and as at the end of the current reporting period).



The table below presents:

- the number of new clients in individual periods;
- the aggregate number of clients;
- the number of clients who at least one transaction has been concluded over the individual periods;
- the average quarterly number of clients who at least one transaction has been concluded over the last three months;
- the amount of net deposits in the individual periods;
- average operating income per one active client;
- the transaction volume in lots;
- profitability per lot;
- transaction volume of CFD derivatives at nominal value (in USD million);
- Profitability for 1 million USD transaction volume in CFD instruments in nominal value (in USD);
- the volume of share transactions at nominal value (in USD million).

The information presented in the table below is related to the aggregate operations in the retail and institutional operations segments.

	<b>12 MONTHS PERIOD ENDED</b>	
	<b>31.12.2022</b>	<b>31.12.2021</b>
New clients <sup>1</sup>	196 864	189 187
Clients in total	614 934	429 157
Number of active clients <sup>2</sup>	258 799	190 452
Average number of active clients <sup>3</sup>	153 082	112 015
Net deposits (in PLN'000) <sup>4</sup>	3 423 224	2 933 422
Average operating income per active client (in PLN'000) <sup>5</sup>	9,4	5,6
Transaction volume in CFD instruments in lots <sup>6</sup>	6 365 643	4 104 566
Profitability per lot (in PLN) <sup>7</sup>	227	152
Transaction volume in CFD instruments in nominal value (in USD'000000)	2 259 588	1 737 351
Profitability for 1 million USD transaction volume in CFD instruments in nominal value (in USD) <sup>8</sup>	143	93
Turnover of shares in nominal value (in USD'000000)	3 336	4 437

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

<sup>2</sup>) The number of clients who at least one transaction has been concluded over the individual periods.

<sup>3</sup>) The average quarterly number of clients who at least one transaction has been concluded over the last three months.

<sup>4</sup>) Net deposits comprise deposits placed by clients less amounts withdrawn by the clients in a given period.

<sup>5</sup>) The Group's operating income in a given period divided by the average quarterly number of clients who at least one transaction has been concluded over the last three months.

<sup>6</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.

Presented value does not include CFD turnover on shares and ETFs, where 1 lot equals 1 share.

<sup>7</sup>) Total operating income divided by the transaction volume in CFDs in lots.

<sup>8</sup>) Total operating income converted into USD by the arithmetic average of exchange rates published by the National Bank of Poland on the last day of each month of the reporting period, divided by turnover of CFD in nominal value (in USD'000000).



The table below shows data on the Group's transaction volumes (in lots) by geographical area for the periods indicated.

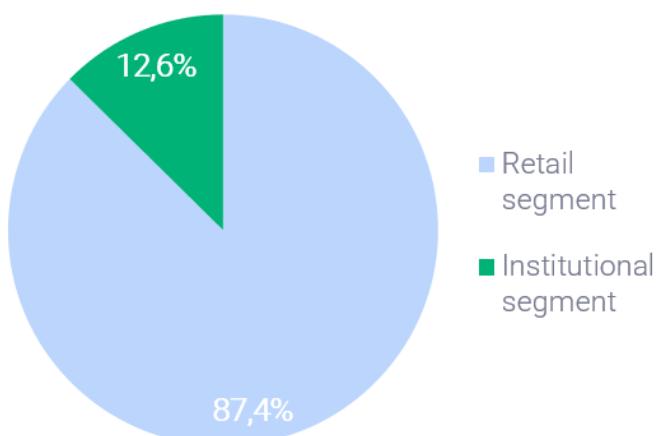
	12 MONTHS PERIOD ENDED	
	31.12.2022	31.12.2021
<b>Retail operations segment</b>	<b>5 561 112</b>	<b>3 712 714</b>
Central and Eastern Europe	2 762 057	1 744 002
Western Europe	1 204 963	1 031 132
Latin America <sup>1</sup>	1 258 226	917 870
Middle East <sup>2</sup>	335 866	19 709
<b>Institutional operations segment</b>	<b>804 530</b>	<b>391 852</b>
<b>Total</b>	<b>6 365 643</b>	<b>4 104 566</b>

<sup>1)</sup> The subsidiary XTB International Ltd., with its seat in Belize, acquires clients from Latin America and the rest of the world (without Europe). The item excludes lots from clients acquired by this company from the Middle East region.

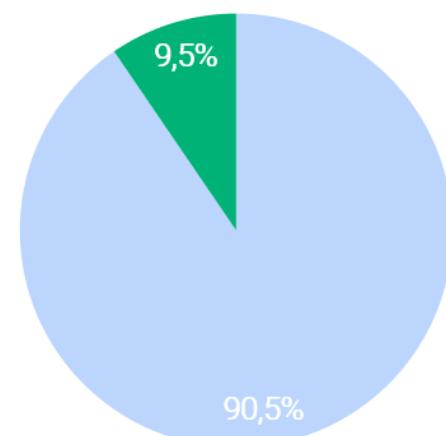
<sup>2)</sup> Lots from clients from the Middle East, acquired by XTB International Ltd. with its seat in Belize and XTB MENA Limited with its seat in the United Arab Emirates.

#### Group turnover in lots by segments

2022



2021



The table below shows data on the Group's revenue by geographical area for the periods indicated. The Group shares its revenues by geographic area according to the country of the XTB office in which the client was acquired. The exception is the Middle East region, which also presents clients from this market who were acquired by the subsidiary XTB International Ltd. in Belize.



(IN PLN'000)	12 MONTHS PERIOD ENDED	
	31.12.2022	31.12.2021
<b>Result from operations on financial instrument:</b>	<b>1 437 160</b>	<b>618 453</b>
Central and Eastern Europe	836 683	321 404
Western Europe	355 237	164 410
Latin America <sup>1</sup>	196 605	120 996
Middle East <sup>2</sup>	48 635	11 643
<b>Income from fees and charges:</b>	<b>7 020</b>	<b>5 034</b>
Central and Eastern Europe	5 415	3 777
Western Europe	959	939
Latin America <sup>1</sup>	646	318
Middle East <sup>2</sup>	0	0
<b>Other income:</b>	<b>69</b>	<b>2 108</b>
Central and Eastern Europe	69	2 108
<b>Total operating income</b>	<b>1 444 249</b>	<b>625 595</b>
Central and Eastern Europe	842 167	327 289
- including Poland <sup>3</sup>	598 006	209 804
Western Europe	356 196	165 349
Latin America <sup>1</sup>	197 251	121 314
Middle East <sup>2</sup>	48 635	11 643

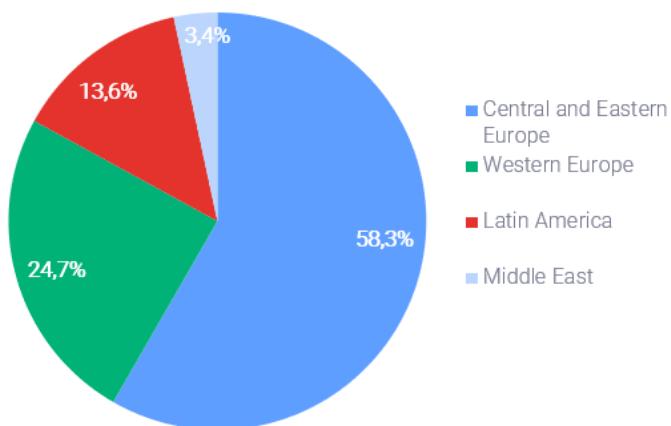
<sup>1</sup>) The subsidiary XTB International Ltd., with its seat in Belize, acquires clients from Latin America and the rest of the world (without Europe). The item excludes revenues from clients acquired by this company from the Middle East region.

<sup>2</sup>) Revenue from clients from the Middle East, acquired by XTB International Ltd. with its seat in Belize and XTB MENA Limited with its seat in the United Arab Emirates.

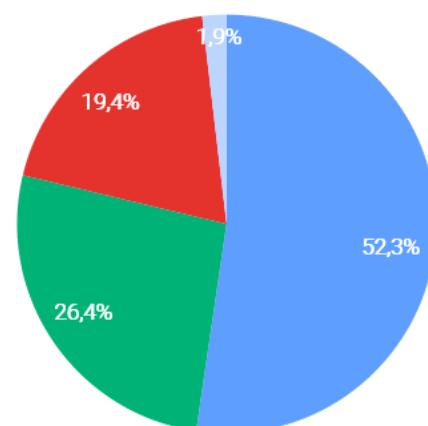
<sup>3</sup>) The country from which the Group derives more than 20% of its revenue each time is Poland with a share of 41,4% (2021: 33,5%). Due to the overall share in the Group's revenues, Poland was presented as the largest market in the Group in terms of revenue.

### Group revenues by geographical area

2022



2021





## Retail operations segment

The table below presents key operational data in the retail operations segment of the Group for the respective periods indicated.

	12 MONTHS PERIOD ENDED	
	31.12.2022	31.12.2021
New clients <sup>1</sup>	196 859	189 182
Clients in total	614 902	429 119
Number of active clients <sup>2</sup>	258 770	190 425
Average number of active clients <sup>3</sup>	153 061	111 993
Number of transactions <sup>4</sup>	135 661 515	80 129 210
Transaction volume in CFD instruments in lots <sup>5</sup>	5 561 113	3 712 714
Net deposits (in PLN'000) <sup>6</sup>	3 377 709	2 916 936
Average operating income per active client (in PLN'000) <sup>7</sup>	9,3	5,6
Average client acquisition cost (in PLN'000) <sup>8</sup>	1,1	0,6
Profitability per lot (in PLN) <sup>9</sup>	256	168
Transaction volume in CFD instruments in nominal value (in USD million)	2 120 851	1 615 612
Profitability for 1 million USD transaction volume in CFD instruments in nominal value (in USD) <sup>10</sup>	153	100
Turnover of shares in nominal value (in USD million)	3 336	4 437

<sup>1</sup>) The number of new clients in the individual periods.

<sup>2</sup>) The number of clients who at least one transaction has been concluded over the individual periods.

<sup>3</sup>) The average quarterly number of clients via which at least one transaction has been concluded over the last three months.

<sup>4</sup>) Total number of open and closed transactions in a given period.

<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. Presented value does not include CFD turnover on shares and ETFs, where 1 lot equals 1 share.

<sup>6</sup>) Net deposits comprise deposits placed by clients less amounts withdrawn by the clients in a given period.

<sup>7</sup>) The Group's operating income in a given period divided by the average quarterly number of clients via which at least one transaction has been concluded over the last three months.

<sup>8</sup>) Average cost of obtaining a client comprise total marketing costs of the Group divided by the number of new clients in given period.

<sup>9</sup>) Total operating income in retail segment divided by the transaction volume in CFDs in lots.

<sup>10</sup>) Total operating income converted into USD by the arithmetic average of exchange rates published by the National Bank of Poland on the last day of each month of the reporting period, divided by turnover of CFD in nominal value (in USD'000000).

The table below presents the average quarterly number of retail clients maintained by the Group on which at least one trade was executed in the three-month period by geographical location. The locations of active clients have been determined based on the location of the Group's office (that maintains the client). The exception is the Middle East region, which also presents revenues from clients from this market acquired by the subsidiary XTB International Ltd. based in Belize.

	12 MONTHS PERIOD ENDED		31.12.2021
	31.12.2022		
Central and Eastern Europe	90 481	59%	64 097
Western Europe	32 959	21%	28 597
Latin America <sup>1</sup>	28 552	19%	18 802
Middle East <sup>2</sup>	1 069	1%	497
<b>Total</b>	<b>153 061</b>	<b>100%</b>	<b>111 993</b>
			<b>100%</b>

<sup>1</sup>) The subsidiary XTB International Ltd., with its seat in Belize, acquires clients from Latin America and the rest of the world (without Europe). The item excludes clients acquired by this company from the Middle East region.

<sup>2</sup>) Clients from the Middle East, acquired by XTB International Ltd. with its seat in Belize and XTB MENA Limited with its seat in the United Arab Emirates.



## Institutional operations segment

The Group also provides services to institutional clients under the X Open Hub (XOH) brand, under which it provides liquidity and technology to other financial institutions as part of the institutional business segment.

The table below presents information regarding the number of clients in the Group's institutional operations segment in the periods indicated.

	12 MONTHS PERIOD ENDED	
	31.12.2022	31.12.2021
Average number of active clients	21	22
Clients in total	32	38

The table below presents the Group's turnover (in lots) in the institutional operations segment in the periods indicated.

	12 MONTHS PERIOD ENDED	
	31.12.2022	31.12.2021
Transaction volume in CFD instruments in lots	804 530	391 852

## 3.2.6 Basic separate economic financial information

### Discussion of the Company's results in 2022

The table below shows selected items of the separate statement of comprehensive income for the periods indicated.

(IN PLN'000)	12 MONTHS ENDED		CHANGE %
	31.12.2022	31.12.2021	
Result of operations on financial instruments	1 328 564	555 840	139,0
Income from fees and charges	5 764	4 404	30,9
Other income	69	2 108	(96,7)
<b>Total operating income</b>	<b>1 334 397</b>	<b>562 352</b>	<b>137,3</b>
Salaries and employee benefits	(148 627)	(102 530)	45,0
Marketing	(171 317)	(75 267)	127,6
Other external services	(79 130)	(71 157)	11,2
Commission expenses	(31 102)	(23 804)	30,7
Amortisation	(9 872)	(7 485)	31,9
Taxes and fees	(6 988)	(3 900)	79,2
Other costs	(7 932)	(2 450)	223,8
Costs of maintenance and lease of buildings	(4 189)	(2 596)	61,4
<b>Total operating expenses</b>	<b>(459 157)</b>	<b>(289 189)</b>	<b>58,8</b>
<b>Profit on operating activities</b>	<b>875 240</b>	<b>273 163</b>	<b>220,4</b>
<b>Impairment of investments in subsidiaries</b>	<b>(737)</b>	<b>(1 022)</b>	<b>(27,9)</b>
Finance income	56 208	18 625	201,8
Finance costs	(834)	(4 115)	(79,7)
<b>Profit before tax</b>	<b>929 877</b>	<b>286 651</b>	<b>224,4</b>
Income tax	(168 313)	(51 810)	224,9
<b>Net profit</b>	<b>761 564</b>	<b>234 841</b>	<b>224,3</b>



## Operating income

The Company's income is primarily derived from its retail activities and consists of:

- spreads (the difference between the offer price and the bid price);
- fees and commissions charged by the Company to its clients;
- swap points charged by the Group (as a cost of maintaining the position over time) and;
- net result (profits offset by losses) from the Group's market making activities.

The table below presents the percentage share of each revenue category in the gross result of operations of financial instruments (except dividends from subsidiaries).

	12 MONTHS PERIOD ENDED	
	31.12.2022	31.12.2021
Spread	54%	83%
Swaps, commissions and fees	26%	40%
Market Making	20%	(23)%
<b>Gross result of operations on financial instruments (expect dividends from subsidiaries)</b>	<b>100%</b>	<b>100%</b>

The table below shows information on the Company's operating income for the periods indicated.

	12 MONTHS PERIOD ENDED			
	31.12.2022	31.12.2021		
(in PLN'000)	(%)	(in PLN'000)	(%)	
Result of operations on financial instruments	1 328 564	99,6	555 840	98,8
Income from fees and charges	5 764	0,4	4 404	0,8
Other income	69	0,0	2 108	0,4
<b>Total operating income</b>	<b>1 334 397</b>	<b>100,0</b>	<b>562 352</b>	<b>100,0</b>

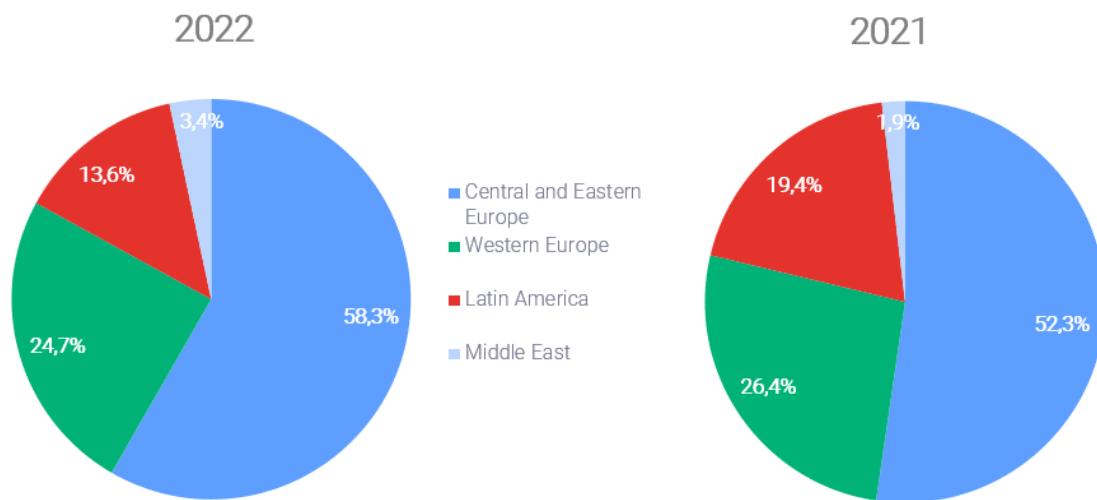
The largest source of the Company's operating income is the result from operations on financial instruments, which accounted for 99,6% and 98,8% of total operating revenues, in 2022 and 2021, respectively. The largest share in the result on transactions in gross financial instruments have three product classes: index CFDs, commodity CFDs and currency CFDs, that generated in 2022, respectively 46,1%, 33,7% and 16,9% (in 2021, respectively: 32,6%, 48,9% and 12,4%). Other products, such as CFD based on shares and ETFs, CFD based on bonds and shares and ETFs in the analysed periods accounted for a total of 2,8% and 5,4% of the result on operations in gross financial instruments in 2022 and in 2021 respectively.

## The result of operations on financial instruments

(IN PLN'000)	12 MONTHS PERIOD ENDED		CHANGE %
	31.12.2022	31.12.2021	
Index CFDs	687 424	209 304	228,4
Commodity CFDs	501 314	313 948	59,7
Currency CFDs	251 429	79 761	215,2
Stock and ETF CFDs	36 816	34 885	5,5
Bond CFDs	796	223	257,0
<b>Total CFDs</b>	<b>1 477 779</b>	<b>638 121</b>	<b>131,6</b>
Stocks and ETFs	3 494	(689)	607,1
<b>Dividends from subsidiaries</b>	<b>8 401</b>	<b>5 100</b>	<b>64,7</b>
<b>Gross gain on transactions in financial instruments</b>	<b>1 489 674</b>	<b>642 532</b>	<b>131,8</b>
Intermediary services	(160 203)	(86 148)	86,0
Commission paid to cooperating brokers	(907)	(544)	66,7
<b>Net gain on transactions in financial instruments</b>	<b>1 328 564</b>	<b>555 840</b>	<b>139,0</b>



### The share of instruments in the result on operations financial instruments



### Total operating expenses

In 2022 operating expenses amounted to PLN 459 157 thousand and were higher by PLN 169 968 thousand in relation to the same period a year earlier (2021: PLN 289 189 thousand). The most significant changes occurred in:

- marketing costs, an increase of PLN 96 050 thousand mainly due to higher expenditures on marketing online campaigns;
- costs of remuneration and employee benefits, an increase by PLN 46 097 thousand mainly due to the increase in employment and higher provisions for variable remuneration components (bonuses);
- other external services, an increase of PLN 7 973 thousand as a result of higher expenditures on: (i) IT systems and licenses (an increase of PLN 4 205 thousand y/y); (ii) market data provision services (increase by PLN 2 807 thousand y/y); (iii) legal and advisory services (increase by 2 180 thousand y/y); (iv) recruitment costs (increase by PLN 1 498 thousand y/y) and (v) lower expenditure on financial intermediation services (decrease by PLN 2 224 thousand y/y);
- commission expenses, an increase of PLN 7 298 thousand as a result of larger amounts paid to payment service providers through which clients deposit their funds on transaction accounts;
- other costs, increase by PLN 5 482 thousand related mainly to created write-downs on receivables.

### 3.2.7 Selected financial and operation ratios of the Company

The financial ratios presented in the following table are not a measure of the financial results in accordance with the IFRS nor should they be treated as a measure of the financial results or cash flows from operating activities, or considered an alternative to a profit. These ratios are not defined in a harmonised manner and may not be comparable with the ratios presented by other companies, including companies operating in the same sector as the Company.

	12 MONTHS PERIOD ENDED	
	31.12.2022	31.12.2021
EBITDA (in PLN'000) <sup>1</sup>	885 112	280 648
EBITDA margin (%) <sup>2</sup>	66,3	49,9
Net profit margin (%) <sup>3</sup>	57,1	41,8
Return on equity -ROE (%) <sup>4</sup>	63,2	26,1
Return on assets - ROA (%) <sup>5</sup>	22,1	9,2
Aggregate capital adequacy (IFR) (%)	228,0	211,5

<sup>1</sup>) EBITDA calculated as operating profit, including amortisation and depreciation.

<sup>2</sup>) Calculated as the quotient of operating profit, including amortisation and depreciation, and operating income.

<sup>3</sup>) Calculated as the quotient of net profit and operating income.

<sup>4</sup>) Calculated as the quotient of net profit and average balance of equity (calculated as the arithmetic mean of the total equity as at the end of the prior period and as at the end of the current reporting period).

<sup>5</sup>) Calculated as the quotient of net profit and average balance of total assets (calculated as the arithmetic mean of the total assets as at the end of the prior period and as at the end of the current reporting period).



Due to the fact that operating KPIs data concerning number of clients, number of active clients, deposits, volume turnover in lots and average operating income per active client are analysed by the Company's Management Board on the Group level, and not in the separate view, this data was presented only in the consolidated view. In the Company's opinion this gives complete view of the Group's situation. Therefore, in the Company's opinion analysis of the above mentioned KPIs on the consolidated level is reliable.

The table below shows data on the Company's revenue by geographical area for the periods indicated.

(IN PLN'000)	12 MONTHS PERIOD ENDED	
	31.12.2022	31.12.2021
<b>Result of the operations on financial instrument:</b>	<b>1 328 564</b>	<b>555 840</b>
Central and Eastern Europe	845 083	326 503
Western Europe	330 897	144 386
Latin America <sup>1</sup>	121 655	80 060
Middle East <sup>2</sup>	30 929	4 891
<b>Income from fees and charges:</b>	<b>5 764</b>	<b>4 404</b>
Central and Eastern Europe	5 083	3 805
Western Europe	681	599
<b>Other income:</b>	<b>69</b>	<b>2 108</b>
Central and Eastern Europe	69	2 108
<b>Total operating income</b>	<b>1 334 397</b>	<b>562 352</b>
Central and Eastern Europe	850 235	332 416
- <i>including Poland<sup>3</sup></i>	608 931	214 933
Western Europe	331 578	144 985
Latin America <sup>1</sup>	121 655	80 060
Middle East <sup>2</sup>	30 929	4 891

<sup>1</sup>) The subsidiary XTB International Ltd., with its seat in Belize, acquires clients from Latin America and the rest of the world (without Europe). The item excludes revenues from clients acquired by this company from the Middle East region.

<sup>2</sup>) Revenue from clients from the Middle East, acquired by XTB International Ltd. with its seat in Belize and XTB MENA Limited with its seat in the United Arab Emirates.

<sup>3</sup>) The country from which the Group derives more than 20% of its revenue each time is Poland with a share of 41,4% (2021: 33,5%). Due to the overall share in the Group's revenues, Poland was presented as the largest market in the Group in terms of revenue.

### 3.3 Current and projected financial situation

Current and projected financial situation of XTB S.A. and the Capital Group shows no significant risks. The Company is the parent company of the Capital Group. The Company's financial situation should be evaluated by the results of the entire Capital Group. The company maintains and intends to maintain the financial liquidity at an adequate level to the scale of its operations.



## 3.4 Structure of assets and liabilities

### 3.4.1 Structure of assets and liabilities in the consolidated statement of financial position

(IN PLN'000)	31.12.2022	% balance sheet total	31.12.2021	% balance sheet total
<b>ASSETS</b>				
Own cash	1 222 499	29,7	589 392	18,7
Clients' cash	1 938 503	47,1	1 786 869	56,8
Financial assets at fair value through P&L	842 509	20,5	703 546	22,4
Income tax receivables	-	-	7 247	0,2
Financial assets at amortized cost	41 675	1,0	26 568	0,8
Prepayments and deferred costs	14 524	0,4	8 637	0,3
Intangible assets	1 441	0,0	585	0,0
Property, plant and equipment	45 303	1,1	16 206	0,5
Deferred income tax assets	7 869	0,2	8 693	0,3
<b>Total assets</b>	<b>4 114 323</b>	<b>100,0</b>	<b>3 147 743</b>	<b>100,0</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Liabilities</b>				
Amounts due to clients	2 327 728	56,6	2 010 490	63,9
Financial liabilities held for trading	105 552	2,6	127 712	4,1
Income tax liabilities	1 827	0,0	783	0,0
Liabilities due to lease	30 450	0,7	7 437	0,2
Other liabilities	79 705	1,9	48 377	1,5
Provisions for liabilities	4 256	0,1	4 965	0,2
Deferred income tax provision	58 736	1,4	32 419	1,0
<b>Total liabilities</b>	<b>2 608 254</b>	<b>63,4</b>	<b>2 232 183</b>	<b>70,9</b>
<b>Equity</b>				
Share capital	5 869	0,1	5 869	0,2
Supplementary capital	71 608	1,7	71 608	2,3
Other reserves	657 555	16,0	598 789	19,0
Foreign exchange differences on transaction	40	0,0	(449)	0,0
Retained earnings	770 997	18,7	239 743	7,6
<b>Equity attributable to the owners of the Parent Company</b>	<b>1 506 069</b>	<b>36,6</b>	<b>915 560</b>	<b>29,1</b>
<b>Total equity</b>	<b>1 506 069</b>	<b>36,6</b>	<b>915 560</b>	<b>29,1</b>
<b>Total equity and liabilities</b>	<b>4 114 323</b>	<b>100,0</b>	<b>3 147 743</b>	<b>100,0</b>

As at 31 December 2022 balance sheet total amounted to PLN 4 114 323 thousand. In comparison to 31 December 2021 there was an increase by PLN 966 580 thousand i.e. 30,7%.

The most important asset item, both at the end of 2022 and 2021, are cash plus treasury bonds (presented in financial assets at fair value through P&L), which accounted for respectively in 2022 and 2021, 85,4% and 86,0% of assets. Cash comprises the Group's own cash and clients' cash. Clients' cash is deposited in bank accounts separately from the Group's cash. XTB place part of its cash in financial instruments with a 0% risk weight, i.e. in treasury bonds and bonds guaranteed by the State Treasury. As at 31 December 2022 the total amount of treasury bonds in the Group amounted to PLN 362 074 thousand (as at 31 December 2021: PLN 331 926 thousand). At the end of 2022, own cash plus treasury bonds increased by 72,0% y/y, while clients' cash increased by 0,8,5% y/y.

The most significant increase in terms of value, i.e. by PLN 633 107 thousand in assets took place in own cash.



With regards to the structure of liabilities, the most significant item as at 31 December 2022 were amounts due to clients (56,6% liabilities in 2022 and 63,9% in 2021). Amounts due to clients result from transactions made by clients (including cash deposited on clients' accounts).

### 3.4.2 Structure of assets and liabilities in the separate statement of financial position

(in PLN'000)	31.12.2022	% balance sheet total	31.12.2021	% balance sheet total
<b>ASSETS</b>				
Own cash	1 124 822	28,7	550 871	23,0
Clients' cash	1 803 101	46,1	1 635 115	43,7
Financial assets at fair value through P&L	796 117	20,3	663 725	29,4
Investments in subsidiaries	43 487	1,1	39 879	1,7
Income tax receivables	-	-	7 247	0,1
Financial assets at amortised cost	83 218	2,1	47 796	1,1
Prepayments and deferred costs	12 541	0,3	7 093	0,2
Intangible assets	1 333	0,0	450	0,0
Property, plant and equipment	42 455	1,1	12 562	0,5
Deferred income tax assets	6 203	0,2	6 820	0,3
<b>Total assets</b>	<b>3 913 277</b>	<b>100,0</b>	<b>2 971 558</b>	<b>100,0</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Liabilities</b>				
Amounts due to clients	2 176 863	55,6	1 879 191	51,2
Financial liabilities held for trading	68 196	1,7	94 469	3,4
Income tax liabilities	1 304	0,0	132	0,0
Liabilities due to lease	28 108	0,7	4 382	0,3
Other liabilities	78 603	2,0	44 429	2,5
Provisions for liabilities	4 002	0,1	4 665	0,2
Deferred income tax provision	57 838	1,5	31 871	1,1
<b>Total liabilities</b>	<b>2 414 914</b>	<b>61,7</b>	<b>2 059 139</b>	<b>58,8</b>
<b>Equity</b>				
Share capital	5 869	0,1	5 869	0,3
Supplementary capital	71 608	1,8	71 608	3,3
Other reserves	657 417	16,8	598 651	18,1
Foreign exchange differences on translation	1 905	0,0	1 450	0,1
Retained earnings	761 564	19,5	234 841	19,4
<b>Total equity</b>	<b>1 498 363</b>	<b>38,3</b>	<b>912 524</b>	<b>41,2</b>
<b>Total equity and liabilities</b>	<b>3 913 277</b>	<b>100,0</b>	<b>2 971 558</b>	<b>100,0</b>

As at 31 December 2022 balance sheet total amounted to PLN 3 913 277 thousand. Compared to 31 December 2021 there was an increase by PLN 941 719 thousand i.e. 31,7%.

The most important asset item, both at the end of 2022 and 2021, are cash plus treasury bonds (presented in financial assets at fair value through P&L), which accounted for respectively in 2022 and 2021, 84,1% and 84,7% of assets. Cash includes the Company's own cash and clients' cash. Clients' cash is deposited in bank accounts separately from the Company's cash. XTB place part of its cash in financial instruments with a 0% risk weight, i.e. in treasury bonds and bonds guaranteed by the State Treasury. As at December 31, 2022 the total value of bonds in the Company was PLN 362 074 thousand (as at December 31, 2021: PLN 331 926 thousand). At the end of 2022, own cash plus treasury bonds increased by 68,4% y/y, with client cash increased by 10,3% y/y.

The most significant increase in terms of value, i.e. by PLN 573 951 thousand in assets, occurred in own cash.



As regards the structure of liabilities, the most significant item as at 31 December 2022 were amounts due to clients (55,6% of liabilities in 2022 and 63,2% in 2021). Amounts due to clients result from transactions made by clients (including cash deposited on clients' accounts).

### **3.5 Factors which in the Management's Board belief may impact the Group's operations and perspectives**

The Management Board believes that the following trends have impact and will maintain and continue to impact the Group's operations in 2023 and in some cases also longer:

- The business model used by XTB combines the features of the agency model and the market maker model, in which the Company is a party to transactions concluded and initiated by clients. XTB does not engage, in the strict sense, in transactions carried out on its own account in anticipation of changes in prices or values of underlying instruments - proprietary trading).

The hybrid business model used by XTB also uses the agency model. For example, on most CFD instruments based on cryptocurrencies, XTB secures these transactions with external partners, practically is no to be the other party to the transaction (of course, from a legal point of view, it is still XTB). The fully automated risk management process adopted by the Company limits exposure to market changes and forces the Group to hedge its positions in order to maintain appropriate levels of capital requirements. Additionally, XTB realize directly on regulated markets or in alternative trading systems, all transactions on shares and ETFs as well as on CFD instruments based on these assets. XTB is not a market maker for this class of instruments.

The Group's offer includes both CFD instruments and stocks / ETFs from the cash markets. In the case of selected CFD instruments, e.g. based on share prices, the position of XTB is fully hedged with external brokers. For equity instruments and ETFs, the Group transmits the client's order to be executed directly on the regulated market or in an alternative trading system.

The Group's operating income is generated:

- i. spreads (the difference between the offer price and the bid price);
- ii. fees and commissions charged by the Group to its clients;
- iii. swap points charged by the Group (as a cost of maintaining the position over time) and;
- iv. net result (profits offset by losses) from the Group's market making activities;

As a rule, the Group's revenues are positively affected by higher activity of financial markets due to the fact that in such periods, a higher level of turnover is realized by the Group's clients and higher profitability per lot. The periods of clear and long market trends are favourable for the Company and it is at such times that it achieves the highest revenues. Therefore, high activity of financial markets and commodities generally leads to an increased volume of trading on the Group's trading platforms. On the other hand, the decrease in this activity and the related decrease in the transaction activity of the Group's clients leads, as a rule, to a decrease in the Group's operating income. Due to the above, operating income and the Group's profitability may decrease in periods of low activity of financial and commodity markets. In addition, there may be a more predictable trend in which the market moves within a limited price range. This leads to market trends that can be predicted with a higher probability than in the case of larger directional movements on the markets, which creates favourable conditions for transactions concluded in a narrow range of the market (range trading). In this case, a higher number of transactions that bring profits to clients is observed, which leads to a decrease in the Group's result on market making.

The volatility and activity of markets results from a number of external factors, some of which are characteristic for the market, and some may be related to general macroeconomic, economic or geopolitical conditions. It can significantly affect the revenues generated by the Group in the subsequent quarters. This is characteristic of the Group's business model. To illustrate this impact, the table below presents the historical financial results of the Group on a quarterly basis.



	THREE-MONTH PERIOD ENDED							
	31.12.2022	30.09.2022	30.06.2022	31.03.2022	31.12.2021	30.09.2021	30.06.2021	31.03.2021
Total operating income (in PLN'000)	216 746	391 289	396 410	439 804	183 567	200 029	55 302	186 697
Transaction volume in CFD instruments in lots <sup>1</sup>	1 720 381	1 594 606	1 489 917	1 560 739	1 073 549	1 044 329	871 300	1 115 389
Profitability per lot (in PLN) <sup>2</sup>	126	245	266	282	171	192	63	167
Transaction volume in CFD instruments in nominal value (in USD'000000)	548 781	539 879	539 673	631 255	482 097	502 650	366 257	386 347
Profitability for 1 million USD transaction volume in CFD instruments in nominal value (in USD) <sup>3</sup>	87	152	168	167	94	102	40	127

<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. Presented value does not include CFD turnover on shares and ETFs, where 1 lot equals 1 share.

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

<sup>3</sup>) Total operating income converted into USD by the arithmetic average of exchange rates published by the National Bank of Poland on the last day of each month of the reporting period, divided by turnover of CFD in nominal value (in USD'000000).

Although in quarterly terms, the revenues of the XTB Group are subject to significant fluctuations, which is a phenomenon typical of the XTB business model, then in a longer time horizon, which is a year, they take on more stable and comparable values to those from historical years.

	12 MONTHS PERIOD ENDED					
	31.12.2022	31.12.2021	31.12.2020	31.12.2019	31.12.2018	31.12.2017
Total operating income (in PLN'000)	1 444 249	625 595	797 750	239 304	288 301	273 767
Transaction volume in CFD instruments in lots <sup>1</sup>	6 365 643	4 104 566	3 175 166	1 597 218	2 095 412	2 196 558
Profitability per lot (in PLN) <sup>2</sup>	227	152	251	150	138	125
Transaction volume in CFD instruments in nominal value (in USD'000000)	2 259 588	1 737 351	1 021 835	541 510	773 899	653 373
Profitability for 1 million USD transaction volume in CFD instruments in nominal value (in USD) <sup>3</sup>	143	93	200	115	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. Presented value does not include CFD turnover on shares and ETFs, where 1 lot equals 1 share.

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

<sup>3</sup>) Total operating income converted into USD by the arithmetic average of exchange rates published by the National Bank of Poland on the last day of each month of the reporting period, divided by turnover of CFD in nominal value (in USD'000000).

- The Group provides services for institutional clients within the institutional activity segment (X Open Hub). The products and services offered by the Group as part of the X Open Hub differ from those offered as part of the retail segment, which entails different risks and challenges. As a result, the Group's revenues from this segment are exposed to large fluctuations from period to period. The table below illustrates the percentage share of the institutional business segment in total operating income.



	2022	2021	2020	2019	2018	2017
% share of operating income from institutional operations in total operating income	1,3%	0,3%	13,2%	8,7%	6,5%	15,2%

The level of volatility in financial and commodity markets in 2023, regulatory changes as well as other factors (if they occur) may affect the condition of XTB's institutional partners, transaction volume in lots, as well as XTB revenues from these clients.

- Due to the dynamic development of XTB, the Management Board estimates that in 2023 the total operating costs may even be about a quarter higher than that observed in 2022. The priority of the Management Board is to further increase the client base and build a global brand. As a consequence of the implemented activities, marketing expenditure may increase by about one-fifth compared to the previous year.

The final level of operating costs will depend on the level of variable remuneration components paid to employees, the level of marketing expenditures, the dynamics of geographical expansion into new markets and the impact of potential product interventions and other external factors on the level of revenues generated by the Group.

The level of marketing expenditures depends on their impact on the Group's results and profitability, the rate of foreign expansion and on clients responsiveness to the actions taken. To increase employment in the Group will be driven by its dynamic development, both on existing and new markets. In turn, the amount of variable remuneration components will be influenced by the Group's results.

- XTB with its strong market position and dynamically growing client base builds its presence in the non-European markets, consequently implementing a strategy on building a global brand. The XTB Management Board puts the main emphasis on organic development, on the one hand increasing the penetration of European markets, on the other hand successively building its presence in Latin America, Asia and Africa. Following these activities, the composition of the capital group will be expanded by new subsidiaries. It is worth mentioning that geographic expansion is a process carried out by XTB on a continuous basis, the effects of which are spread over time. Therefore, one should not expect sudden, abrupt changes in the results on this action.
- The development of XTB is also possible through mergers and acquisitions, especially with entities that would allow the Group to achieve geographic synergy (complementary markets). Such transactions will be carried out, only when they will bring measurable benefits for the Company and its shareholders.
- Currently, the Management Board's efforts are focused on reaching mass clients with the offer. This is crucial for further dynamic development of XTB and building a global brand. This goal is to be served by new products added to the offer in 2023 and in the consecutive years. The Management Board estimates that the effects of these works will give a much higher output than if the available resources were invested in launching operations in South Africa. For this reason, the start of operations of XTB Africa (PTY) Ltd. has been postponed at least until 2024.

Due to the uncertainty regarding future economic conditions, the expectations and forecasts of the Management Board are subject to a particularly high level of uncertainty.

## 3.6 Risk factors

### 3.6.1 Risk management

The Group is exposed to a variety of risks connected with its current operations. The purpose of risk management is to make sure that the Group takes risk in a conscious and controlled manner. Risk management policies are formulated in order to identify and measure the risks taken and for regularly setting appropriate limits to limit the scale of exposure to these risks.

At the strategy level, the Management Board is responsible for establishing and monitoring the risk management policy. All risks are monitored and controlled with regard to profitability of the operations as well as the level of capital necessary to ensure safety of operations from the capital requirement perspective.



The Risk Management Committee, composed of members of the Supervisory Board, was appointed in the Parent Company. The Committee's tasks include: preparation of a draft document regarding risk appetite of the brokerage house, issuing opinions on management strategy developed by the Management Board, supporting the Supervisory Board in supervising the strategy of the brokerage house in risk management by the Management Board, verification of remuneration policy and principles of its implementation in terms of adjusting the remuneration system to the risk the brokerage house is exposed to, its capital, liquidity and probabilities and dates of obtaining income.

The Risk Control Department supports the Management Board in formulating, reviewing and updating ICAAP rules in the event of the occurrence of new types of risk, significant changes in strategy and operating plans. The Department also monitors the appropriateness and efficiency of the implemented risk management system, identifies, monitors and controls the market risk of the Group's own investments, defines the overall capital requirement and estimates internal capital. The Risk Control Department reports directly to the Member of the Management Board responsible for the operation of the Company's internal control system.

The Parent Company's Supervisory Board approves procedures for internal capital estimation, capital management and planning.

### 3.6.2 Risk factors and threats

The Group within its operations monitors and assesses risks and undertakes activities in order to minimize their impact on the financial situation.

As at 31 December 2022 and as at the date of this report, the Group identifies the following risks associated with the Group's operations and with the regulatory environment.

Risks associated with the Group's operations:

- Group's revenue and profitability are influenced by trading volume and volatility in financial and commodity markets that are impacted by factors that are beyond the Group's control;
- economic, political and market factors beyond the Group's control may harm its business and profitability;
- the Group may incur material financial losses from its market making model;
- the Group's risk management policies and procedures may prove ineffective;
- the Group may experience disruptions to or corruption of its infrastructure necessary for the conduct of the Group's business;
- the Group's business relies, to a great extent, on the Group's ability to maintain its good reputation and the general perception of the financial instruments;
- the Company may not be able to pay dividends in the future or pay lower dividends than provided in the Group's dividend policy;
- the Group may fail to implement its strategy;
- as a result of implementing its strategy relating to developing its operations in various regions of the world may be exposed to various risks specific to these regions;
- the Group may experience difficulties in attracting new retail clients and maintain its active retail client base;
- the Group may be unable to effectively manage its growth;
- the Group is subject to counterparty credit risk;
- the Group is exposed to client credit risk;
- the Group is exposed to the risk of losing its liquidity;
- the Group may lose access to market liquidity;
- the decline in interest rates may have an adverse impact on the Group's revenue;
- the Group's operations in certain regions are subject to increased risks associated with political instability and the risks that are typical of the developing markets;
- the Group operates on a highly competitive market;
- the Group may not be able to maintain technological competitiveness and respond to dynamically changing client demands;
- the Group may be unable to effectively protect or to ensure the continued use of its current intellectual property rights;
- the development of the Group's product and services portfolio and expansion of the Group's operations to include new lines of business may involve increased risks;
- the Group may not be able to hire or retain qualified staff;
- risks related to the Group's cost structure;
- the Group's insurance coverage relating to its operations may be insufficient or not available;
- within its operations the Group is significantly dependent on third parties;



- the Group may not be able to prevent potential conflicts between its interest connected with its activities and the interests of the clients;
- other factors beyond the Group's control could have negative impact on its operating activities.

Risks associated with the regulatory environment:

- the Group operates in a heavily regulated environment and may fail to comply with the rapidly changing laws and regulations. Additional information regarding the Group's regulatory environment were presented in section 5.2.;
- the Group is required to adapt its business to the new PFSA Guidelines and other supervisory authorities (including ESMA), which may force the Group to incur significant financial expenditures and to implement material organisational changes, and may adversely affect the Group's competitive position;
- the Company is required to maintain minimum levels of capital, which could restrict the Company's and as a consequence Group's growth and subject it to regulatory sanctions;
- the Company may be required to maintain higher capital ratios or buffers;
- maximum leverage ratios may be further reduced by regulators;
- the interpretation of the applicable laws may be unclear, and the laws may be subject to change;
- the Group may be exposed to increased administrative burdens and compliance costs as a respect of entering new markets;
- the procedures utilised by the Group, including in respect of anti-money laundering, preventing the financing of terrorism and 'know your client', may not be sufficient to prevent money laundering, the financing of terrorism, market manipulation or to identify other prohibited trades;
- the Group may be exposed to risks related to personal data and other sensitive data processed by the Group;
- a breach of consumer protection regulations may result in adverse consequences for the Group;
- advertising regulations and other regulations may impact the Group's ability to advertise;
- changes in tax law regulations specific for the Group's business, their interpretation or changes to the individual interpretations of tax law regulations could adversely affect the Group;
- the related-party transactions carried out by the Company and the Group Companies could be subject to inspection by the tax or fiscal authorities;
- court, administrative or other proceedings may have an unfavourable impact on the Group's operations, and the Group is exposed, in particular, to the risk of proceedings relating to client complaints and litigation, and regulatory investigation;
- as a brokerage house, XTB may be required to bear additional financial burdens under Polish law, including contributions to the investment compensation scheme established by the NDS and contributions for the purpose of financing the PFSA's supervision of capital markets, as well as fees related to the costs of the Financial Ombudsman and his office;
- risk related to increased reporting obligations due to the applicability of FATCA and the automatic exchange of information on tax matters;
- the Group will be required to observe and to adjust its business to the MiFID II/MiFIR Package after it enters into force, which may be expensive and time-consuming and may result in significant restrictions in terms of the manner and scope in which the Group may offer its products and services;
- the risk related to the application of EU law on the implementation of remedial actions and the resolution of financial institutions.

### 3.6.3 Market risk

In the period covered by these report, the Group entered into OTC contracts for differences (CFDs). The Group also acquire securities and may enter into forward contracts on its own account on regulated stock markets.

The following risks are specified, depending on the risk factor:

- Currency risk connected with fluctuations of exchange rates,
- Interest rate risk,
- Commodity price risk,
- Equity investment price risk.



The Group's key market risk management objective is to mitigate the impact of such risk on the profitability of its operations. The Group's practice in this area is consistent with the following principles:

As part of the internal procedures, the Group applies limits to mitigate market risk connected with maintaining open positions on financial instruments. These are, in particular: a maximum open position on a given financial instrument, currency exposure limits, maximum value of a single instruction. The Trading Department monitors open positions subject to limits on a current basis, and in case of excesses, enters into appropriate hedging transactions. The Risk Control Department reviews the limit usage on a regular basis, and controls the hedges entered into.

### **3.6.4 Currency risk**

The Group enters into transactions on the foreign exchange derivative contracts. In addition to transactions whose underlying is the exchange rate, the Group has instruments which price or value is denominated in foreign currency.

Brokerage house also manages the market risk generated by the assets held in foreign currencies, the so-called currency positions. Currency position consists of own resources of Brokerage house denominated in foreign currencies in order to settle transactions on foreign markets and related to the conduct of foreign branches.

Accounting Department supervises the state of own funds on bank accounts. Risk Control Department is actively involved in setting limits related to market risk, monitors the effectiveness of the control systems of market risk, monitors adherence to internal limits.

### **3.6.5 Credit risk**

Credit risk is mainly affected by the risks associated with maintaining cash both own and customers' on bank accounts, as well as maintaining a portfolio of debt instruments. The credit risk related to cash is limited by the choice of banks with high credit ratings awarded by international rating agencies and through diversification of banks in which accounts are opened. With regard to the portfolio of debt instruments, credit risk is limited by the choice of instruments issued or guaranteed by the State Treasury. Risk Control Department continuously monitors the probability of default and credit ratings of banks, undertaking where appropriate the actions described in internal procedures. The concentration of exposures is monitored daily in order to avoid excessive negative impact on the Company of single event in the field of credit risk.

Credit risk involving financial assets held for trading is connected with the risk of customer or counterparty insolvency. With regard to OTC transactions with customers, the Group's policy is to mitigate the counterparty credit risk through the so-called "stop out" mechanism. Customer funds deposited in the brokerage house serve as a security. If a customer's current balance is equal or less than 50% of the security paid in and blocked by the transaction system, the position that generates the highest losses is automatically closed at the current market price. The initial margin amount is established depending on the type of financial instrument, customer account, account currency and the balance of the cash account in the transaction system, as a percent of the transaction's nominal value. A detailed mechanism is set forth in the rules binding on the customers. In addition, in order to mitigate counterparty credit risk, the Group includes special clauses in agreements with selected customers, in particular, requirements regarding minimum balances in cash accounts.

Transactions made by clients on the regulated market practically does not generate relevant credit risk, since the vast majority of clients' orders is fully covered by the cash account, while the transaction is settled by the central contractor.

### **3.6.6 Interest rate risk**

Interest rate risk is the risk of exposure of the Company's current and future financial result and equity to the adverse impact of interest rate fluctuations. Such risk may result from the contracts entered into by the Company, where receivables or liabilities are dependent upon interest rates as well as from holding assets or liabilities dependent on interest rates.

As a rule, the change in bank interest rates does not significantly affect the Company's financial position, since the Company determines interest rates for funds deposited in customers' cash accounts based on a variable formula, in an amount not higher than the interest received by the Group from the bank maintaining the bank account in which customers' funds are deposited.



Interest rates applicable to cash accounts are floating and related to interest rates on the interbank market. Therefore, the risk of interest rate mismatch adverse to the brokerage is very low.

Since the Group maintains a low duration of assets and liabilities and minimises the duration gap, sensitivity of the market value of assets and liabilities to fluctuations of market interest rates is very low. There is a slight sensitivity of financial result on changes of interest rates due to the Company's possession of Treasury Bond.

Additional costs may arise in the Group related to cash deposited in bank due to market negative interest rate.

### **3.6.7 Liquidity risk**

For the Company, liquidity risk is the risk of losing its payment liquidity, i.e. the risk of losing capacity to finance its assets and to perform its obligations in a timely manner in the course of normal operations or in other predictable circumstances with no risk of loss. In its liquidity analysis, the Group takes into consideration current possibility of generation of liquid assets, future needs, alternative scenarios and payment liquidity contingency plans.

Currently at the Brokerage house the value of the most liquid assets (own cash) far exceeds the value of liabilities, hence liquidity risk is relatively low. These values are continuously monitored.

### **3.6.8 Operational risk**

Due to the dynamic development of the Parent Company, the expansion of product offerings and IT infrastructure, the Company to a large extent is exposed to operational risk, defined as the possibility of losses due to mismatch or failed internal processes, human and systems errors or external events, while the legal risk is considered to part of the operational risk.

The Brokerage house applies a number of procedures for the operational risk management, including business continuity plans of the Company, emergency plans and personnel policy. As in the case of other risks, the Company approaches to operational risk in an active way - trying to identify risks and take action to prevent their occurrence, or limiting their effects and an important element of this process is the analysis of the frequency of site and the type of events in the field of operational risk.

### **3.6.9 Hedge accounting**

XTB does not apply hedge accounting.

## **3.7 Assessment of financial funds management**

The Group manages its financial funds through ongoing monitoring of possibility to finance its assets and to perform its obligations in a timely manner in the course of normal operations or in other predictable circumstances with no risk of loss. In its liquidity analysis, the Group takes into consideration current possibility of generation of liquid assets, future needs, alternative scenarios and payment liquidity contingency plans.

The objective of liquidity management in XTB is to maintain the amount of cash on the appropriate bank accounts that will cover all the operations necessary to be carried on such accounts.

In order to manage liquidity in relation to certain bank accounts associated with the operations of financial instruments, the Parent Company uses the liquidity model. The essence of the model is to determine the safe area of the state of free cash flow that does not require corrective action.

When the upper limit is achieved, the Parent Company makes a transfer to the appropriate current account corresponding to the surplus above the optimum level. Similarly, if the cash in the account falls to the lower limit, the Parent Company makes transfer of funds from the current account to the appropriate account in order to bring cash to the optimum level.

Operational activities related to liquidity management are also performed by the Trading Department and the Finance and Accounting Department.

The subsidiaries manage liquidity by analysing the anticipated cash flows and by matching the maturities of assets with the maturities of liabilities. The subsidiaries do not use any models for managing liquidity. Liquidity management based



on the liquidity gap analysis is effective and sufficient – in subsidiaries, there were no incidents related to lack of liquidity or the lack of possibility of meeting financial obligations. In extraordinary cases, the subsidiaries' liquidity may be provided by the Parent Company.

The procedure also provides for the possibility of deviating from its application, and such procedure requires the consent of at least two members of the Parent Company's Management Board. Information on deviations is transmitted to the Risk Control Department of the Parent Company.

The Parent Company has also implemented liquidity contingency plans, which were not used in the period covered by the financial statements and in the comparative period, due to the fact that the amount of the most liquid assets (own cash and cash equivalents) greatly exceeds the amount of liabilities.

As part of ongoing business and the tasks related to liquidity risk management, the managers of appropriate organisational units of the Parent Company monitor the balance of funds deposited in the account in the context of planned liquidity needs related to the Parent Company's operating activities. In its liquidity analysis, the existing possibility of generation of liquid assets, future needs, alternative scenarios and payment liquidity contingency plans are taken into consideration.

Supervision and control operations concerning the balance of cash accounts are also performed by the Risk Control Department of Parent Company on a daily basis.

The contractual payment periods of financial assets and liabilities are presented in notes 37.3 and 38.3 to the Consolidated and Separate Financial Statements, respectively. The marginal and cumulative contractual liquidity gap, calculated as the difference between total assets and total liabilities for each maturity bucket, is presented for specific payment periods.

In 2022, the Company did not issue any securities.

### **3.8 Material off-balance sheet items**

Nominal value of financial instruments (off-balance sheet items) as at 31 December 2022 and as at 31 December 2021 was presented in notes 34 and 35, respectively to the consolidated and separate financial statements.

### **3.9 Financial forecasts**

XTB S.A. did not publish any financial forecasts for 2022 (respectively consolidated and separate).

### **3.10 Dividend policy**

The XTB dividend policy assumes recommendation by the Management Board to the General Meeting a dividend payment in the amount taking into account the level of net profit presented in the standalone annual financial report of the Company and a variety of factors relating to the Company, including prospects for further operations, future net profits, demand for cash, financial situation, the level of capital adequacy ratios, expansion plans, legal requirements in this area and PFSA guidelines. In particular, the Management Board, when submitting proposals for dividend payment, will be guided by the need to ensure an appropriate level of the Company's capital adequacy ratios and the capital necessary for the development of the Group.

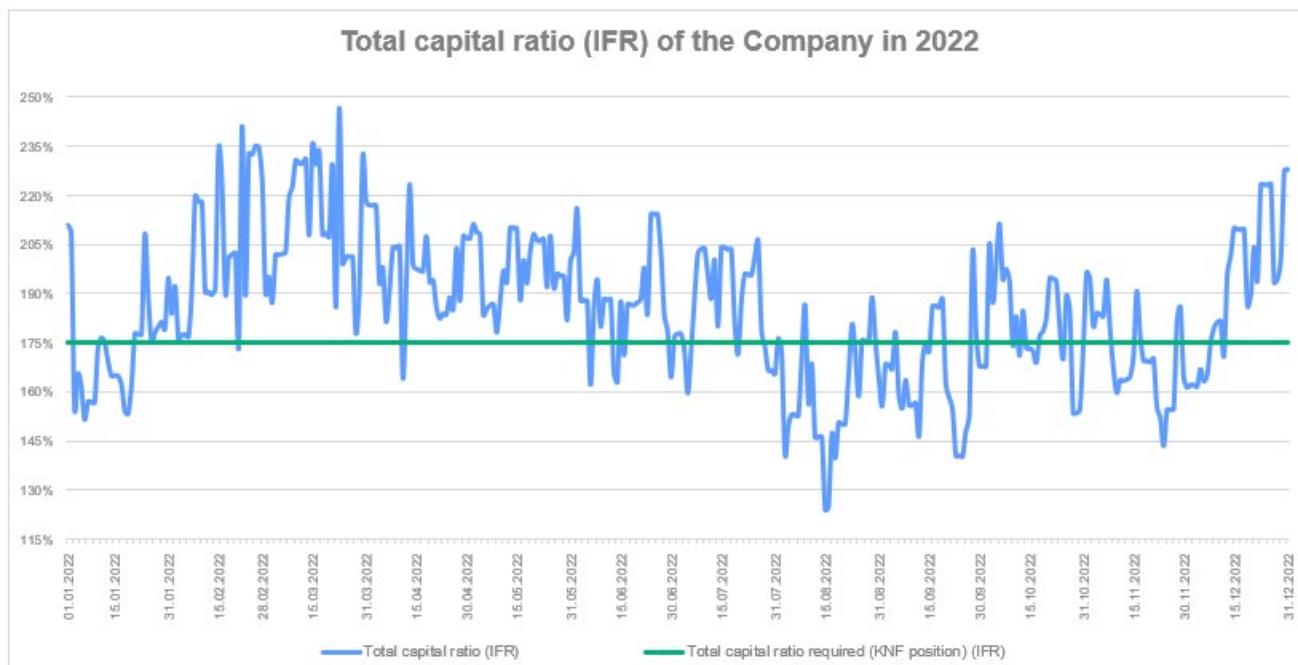
The Management Board maintains that its intention is to recommend to the General Meeting in the future to adopt resolutions on the payment of dividends, taking into account the factors indicated above, in the amount ranging from 50% to 100% of the Company's standalone net profit for a given financial year. The unit net profit for 2022 amounted to PLN 761 564 thousand. Taking into account the criteria set out by the Polish Financial Supervision Authority in the position published on 6 December 2022, in particular with regard to the level of the total capital ratio and the BION assessment, in 2023 it is possible to pay dividends by XTB in the maximum amount of up to 75% of the profit for 2022.

On December 30, 2022, the Company received a supervisory rating (BION) of 2 [2.56] from the Department of Investment Firms of the Polish Financial Supervision Authority. The rating was assigned as of June 30, 2022. The rating at level 2 means a low level of threat to the stability of the brokerage house and thus meets the criteria recommended



by the Polish Financial Supervision Authority, which should allow the Company to pay dividends for 2022 in accordance with this criterion.

The chart below presents the value of the total capital ratio (IFR) in 2022.



The total capital ratio informs about the ratio of own funds to risk-weighted assets, in other words, it shows whether the brokerage house is able to cover the minimum capital requirement for market, credit, operational and other risks with its own funds. At the end of 2022 the total capital ratio in the Company was 228,0%.

The table below contains information on the standalone net profit of the Company and the general amount of dividend paid for the financial years indicated therein.

	FOR THE YEAR ENDED (IN PLN'000)	
	31.12.2021	31.12.2020
Net profit of the Company	234 841	418 176
Dividend	176 075	210 117

Pursuant to the decision of the General Meeting of Shareholders of the Company, the net profit for 2021 in the amount of PLN 234 841 thousand was partly allocated to the payment of a dividend in the amount of PLN 176 075 thousand, the remaining part of the profit in the amount of PLN 58 766 thousand was transferred to reserve capital.

The value of the dividend per share paid for 2021 was PLN 1,50. The dividend was paid on May 16, 2022.



## 4. Corporate Governance

### 4.1 Set of rules of corporate governance applied by XTB S.A.

Acting pursuant to § 70 section 6 point 5 in connection with § 72 section 4 of the Regulation on current and periodic information (...), the Management Board of XTB S.A. provides a declaration on the application of corporate governance principles in 2022.

#### Best Practice of WSE Listed Companies

In 2022, XTB S.A. complied with the corporate governance principles set out in the document "Code of Best Practice for WSE Listed Companies 2021" adopted by the Stock Exchange Supervisory Board by Resolution No. 13/1834/2021 of March 29, 2021. The current content is available on the website devoted to the principles of corporate governance of companies listed on the WSE at: [www.gpw.pl/dobre-praktyki](http://www.gpw.pl/dobre-praktyki).

On the website of XTB S.A., in the Investor Relations section, there is information on the company's application of the recommendations and principles contained in the Code of Best Practice for WSE Listed Companies 2021.

In 2022, XTB S.A. complied with the principles set out in the Best Practice of WSE Listed Companies 2021 with the exception of three rules: 2.1., 2.2. and 2.11.6.

Regarding the following specific rules:

"2.1. A company should have a diversity policy towards the management board and supervisory board, adopted respectively by the supervisory board or the general meeting. The diversity policy defines the goals and criteria of diversity, among others in such areas as gender, field of education, specialist knowledge, age and professional experience, as well as indicates the date and method of monitoring the achievement of these goals. In terms of gender diversity, the condition for ensuring the diversity of the company's bodies is the participation of a minority in a given body at a level not lower than 30%."

The Company implements the "Diversity Policy with regard to members of the management board of XTB S.A." approved by the Supervisory Board, however, it does not provide for a minority share in the body at a level of no less than 30%. The company does not have a diversity policy towards the supervisory board adopted by the general meeting. It is worth noting that the members of the Company's governing bodies are specialists in various areas of knowledge and have diverse industry experience corresponding to the currently performed function. The company places emphasis on employing employees based on the multitude of qualifications and competences in terms of education, professional experience and skills of the selected managerial staff in order to ensure comprehensive and reliable performance of the tasks entrusted to it.

Regarding the following specific rule:

"2.2. The decision-makers on the appointment of members of the management board or supervisory board of a company should ensure the versatility of these bodies by selecting persons who ensure diversity in their composition, enabling, *inter alia*, achieving the target minimum minority participation rate set at a level of no less than 30%, in line with the objectives set out in the adopted diversity policy referred to in principle 2.1."

The composition of the Company's Supervisory Board is the result of decisions made by the General Meeting, and the determination of the composition of the Company's Management Board is within the competence of the Supervisory Board. When selecting members of the management board or supervisory board of the Company, the decisive persons take into account the current needs of the enterprise, applying substantive criteria and taking into account the need to ensure the versatility of these bodies by selecting people to ensure diversity to their composition. A necessary condition for all candidates is their substantive preparation to perform a given function, appropriate professional experience and selection of competences, as well as education. The individual competences of the members of the Company's governing bodies complement each other in such a way as to ensure an appropriate level of collective management in the organization.

Regarding the following specific rule:

"2.11. In addition to the activities resulting from legal regulations, the supervisory board prepares and presents an annual report for approval to the ordinary general meeting once a year. The report referred to above shall contain at least:



2.11.6. information on the degree of implementation of the diversity policy in relation to the management board and the supervisory board, including the achievement of the objectives referred to in principle 2.1."

The principle is not applied due to the non-application of principle 2.1.

### **Principles of Corporate Governance of the PFSA**

On July 22, 2014 the Polish Financial Supervision Authority issued the Principles of Corporate Governance for Supervised Institutions.

In accordance with the PFSA Corporate Governance Principles, a supervised institution should strive to apply the principles set out in the Corporate Governance Rules of the Polish Financial Supervision Authority to the widest extent, taking into account the principle of proportionality resulting from the scale, nature of the business and the specifics of the institution. However, the withdrawal from the application of specific rules to the full extent can only occur if their comprehensive introduction would be unduly burdensome for the supervised institution.

On 18 December 2014, the Management Board adopted a resolution regarding the application of the Corporate Governance Rules of the Polish Financial Supervision Authority. The application of the Corporate Governance Rules of the Polish Financial Supervision Authority was confirmed by a resolution of the Extraordinary General Meeting of Shareholders of 28 January 2015.

The Company applies the Corporate Governance Rules of the Polish Financial Supervision Authority to the extent to which they define the rules of functioning of brokerage houses and are consistent with the generally applicable provisions.

The PFSA Corporate Governance Principles, as expected by the PFSA, were implemented by the Company as of 1 January 2015. In the reporting period, the Company applied the PFSA Corporate Governance Rules, with the following reservations:

- The principle set out in § 8 section 4 of the Corporate Governance Code of PFSA to the extent that it imposes on the supervised institution the obligation to facilitate the participation of all shareholders in the assembly of the supervisory body, *inter alia* by ensuring the possibility of electronically active participation in the meetings of the decision-making body.

Pursuant to the Articles of Association, participation in the General Meeting using electronic means of communication will be provided by the Company, if the announcement on convening the General Meeting will contain information about the possibility of shareholders participating in the General Meeting using electronic means of communication.

- The principle set out in § 21 section 2 of the Corporate Governance Code of PFSA to the extent it stipulates that the election of the chairman of the supervisory body should be made on the basis of experience and the ability to manage such body, taking into account the independence criterion.

Pursuant to the Articles of Association, Jakub Zabłocki has the right to appoint and dismiss one member of the Supervisory Board acting as the Chairman of the Supervisory Board by way of a written statement on the appointment or dismissal of the Chairman of the Supervisory Board delivered to the Company. Therefore, compliance with the above rule will depend on Jakub Zabłocki.

## **4.2 Equity**

As at December 31, 2022 and as at the date of submitting this annual report, the share capital of XTB S.A. consisted of 117 383 635 A-series ordinary shares. Nominal value of each XTB S.A. share is PLN 0,05.

## **4.3 Shares on the stock exchange**

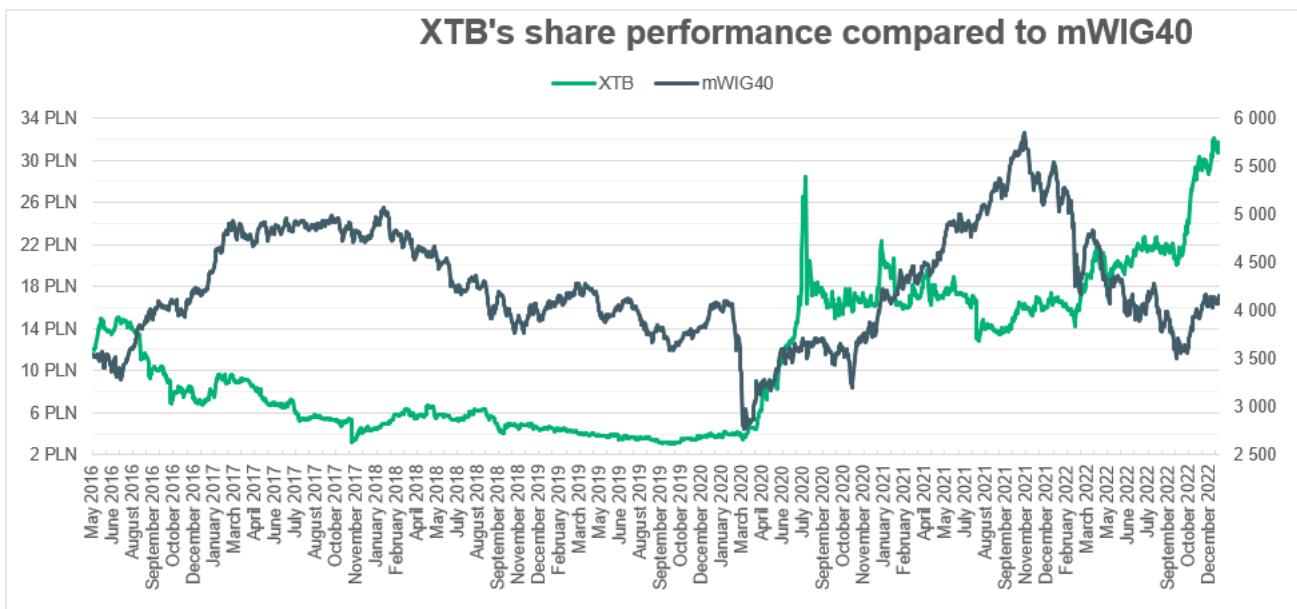
On 4 May 2016, the Warsaw Stock Exchange (WSE) Management Board adopted a resolution to admit the Company's shares to trading on the regulated market with the same day. Subsequently, on 5 May 2016, the WSE Management Board adopted a resolution to introduce, as of 6 May 2016, all Company shares for stock exchange trading.



## XTB's share price

XTB S.A. made its debut on the Warsaw Stock Exchange on May 6, 2016. The company is listed on the main market. On September 3, 2020 XTB joined the mWIG40 index.

The maximum price of XTB shares in 2022 was PLN 32,08 on December 21, 2022 (according to the closing prices). The price low of PLN 14,20 was marked on February 24, 2022.



## 4.4 Shareholding structure

### 4.4.1 Shareholding structure at the end of the reporting period

To the best knowledge of the Management Board of the Company as at 31 December 2022, the status of shareholders holding directly or through subsidiaries, at least 5% of the total number of votes at the General Meeting of the Parent Entity, was as follows:

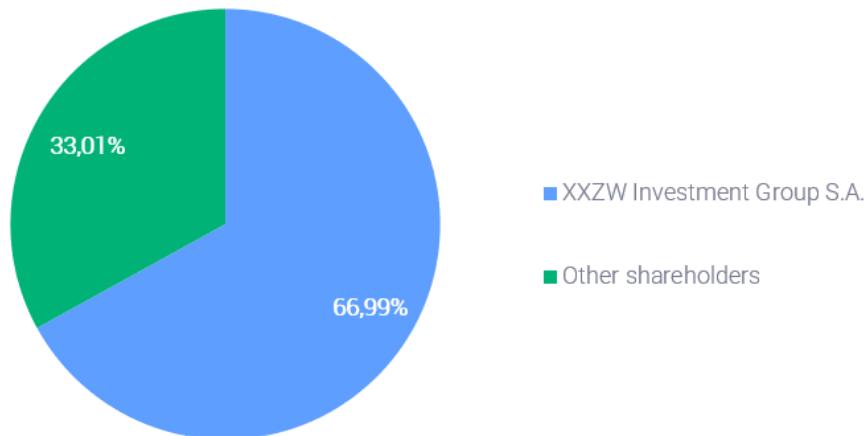
	NUMBER OF SHARES/ VOTES	NOMINAL SHARE VALUE (in PLN'000)	SHARE IN CAPITAL/ IN TOTAL VOTES
XXZW Investment Group S.A. <sup>1</sup>	78 629 794	3 932	66,99%
Other shareholders	38 753 841	1 937	33,01%
<b>Total</b>	<b>117 383 635</b>	<b>5 869</b>	<b>100%</b>

<sup>1</sup>) XXZW Investment Group S.A. with its registered office in Luxembourg is directly controlled by Jakub Zabłocki, who holds shares representing 81,97% of the share capital authorising the exercise of 81,97% of the votes at the general meeting of the shareholders of XXZW.

The percentage share in the share capital of the Parent Company of the abovementioned shareholders is in line with the percentage shares in the number of votes at the General Meeting.



The shareholding structure as at 31 December 2022 is presented in the following chart:



#### **4.4.2 Changes in the shareholding structure after the balance sheet date**

To the best knowledge of the Management Board of the Company as at the date of publishing this periodic report, the status of shareholders holding directly or through subsidiaries at least 5% of the total number of votes at the General Meeting of the Parent Entity did not change compared to the status as at 31 December 2022.

#### **4.5 Acquisition of own shares**

In the financial year 2022, the Company and its subsidiaries did not acquire the shares of XTB S.A.

#### **4.6 Holders of securities with special control rights**

In the 2022 financial year and as at the date of publication of this report, there were no securities that would give special control rights to the Company.

#### **4.7 Restrictions on exercising the voting right**

In the 2022 financial year and as at the date of publication of this report, there were no limitations to the exercise of voting rights attached to the Company's securities.

#### **4.8 Restrictions on the transfer of ownership of shares**

As at the balance sheet date and the publication date of this report, there were no restrictions on the transfer of ownership of securities.

#### **4.9 Agreements as a result of which changes may occur in the future in the proportions of shares held by the current shareholders**

As at the date of publication of this annual report, the Company is not aware of any events that may result in future changes in the proportions of shares held by existing shareholders.



## 4.10 Management Board

The governing body of the Company is the Management Board.

### 4.10.1 Composition, changes and election of the Management Board

The rules for appointing and dismissing Management Board members and their rights are specified in the Company's Articles of Association. Pursuant to the Articles of Association of the XTB, the composition of the Management Board may include from three to six members, including the President of the Management Board and two Vice Presidents of the Management Board.

In accordance with its Articles of Association, at least two members of the Management Board need to have:

- higher education,
- at least three years of experience of working for financial market institutions
- a good opinion in connection with the positions held thereby.

Articles of Association of the Company is available on the Company's website [ir.xtb.com](http://ir.xtb.com) in the Investor Relations section.

Members of the Management Board are appointed and dismissed by the Supervisory Board. The number of members of the Management Board is determined by the Supervisory Board in the resolution on appointing members of the Management Board. A member of the Management Board may also be dismissed or suspended from office by resolution of the General Meeting.

The Management Board is appointed for a joint three-year term.

The mandates of members of the Supervisory Board shall expire on the date of the General Meeting which approves the financial statements of the Company for the last full year of their term of office and in other cases specified in the Code of Commercial Companies..

As at 31 December 2022 and as at the date of publication of this interim report, the composition of the Management Board was as follows:

NAME AND SURNAME	FUNCTION	DATE OF FIRST APPOINTMENT	EXPIRATION DATE OF THE CURRENT TERM
Omar Arnaout*	President of the Management Board	10.01.2017	01.07.2025
Filip Kaczmarzyk	Board Member	10.01.2017	01.07.2025
Paweł Szejko	Board Member	28.01.2015	01.07.2025
Jakub Kubacki	Board Member	10.07.2018	01.07.2025
Andrzej Przybylski	Board Member	01.05.2019	01.07.2025

\* Omar Arnaout on 10.01.2017 was appointed as a member of the Management Board for Sales in the rank of Vice Chairman of the Board. On 23.03.2017 he was appointed the Chairman of the Management Board.

On 2 June 2022, the Supervisory Board of the Company adopted a resolution on the appointment of the existing five-person composition of the Company's Management Board for a new joint term of office of three years, i.e. from 1 July 2022 to the end of 1 July 2025.



The main information on the education, qualifications and previously held positions of the members of the Management Board are presented below:



### **Omar Arnaout**

CEO and President of the Management Board. Mr. Omar Arnaout graduated in 2005 with a master's degree from the Warsaw School of Economics – Banking and Finance. He is associated with the Company since January 2007. In 2007-2009 he held the position of the Sales Dealer. In 2009-2010 he worked as the deputy director of the Romanian branch of XTB and in 2010-2012 as deputy director of the Italian branch of XTB. In 2012-2014 Mr. Omar Arnaout worked as the director of the foreign branches office at Noble Securities Dom Maklerski S.A. and in 2014, he also worked as Sales Director and Chairman of the Management Board of xStore sp. z o.o. In 2014-2016 he held the position of the Retail Sales Director in XTB Limited in the UK and in 2016 Mr. Omar Arnaout became the regional director of XTB for Poland, Hungary, Germany and Romania.



### **Filip Kaczmarzyk**

Member of the Management Board responsible for Trading. Mr. Filip Kaczmarzyk is a graduate of the Warsaw School of Economics majoring in Quantitative Methods in Economics and Information Systems. He started his professional career at XTB S.A. in 2007 in the Trading Department on the position of Junior Trader. Since April 2009 he held the position of Deputy Chief Trader. In November 2010 he began working in the CFH Markets in London in the Customer Support Department. From May 2011 to May 2015 he worked at Noble Securities SA, initially as the Director of the OTC Instruments Trading Office, and from November 2012 as the Director of the Foreign Markets Department. Mr. Filip Kaczmarzyk returned to XTB in May 2015 for the position of the Director of Trading Department.



### **Paweł Szejko**

Chief Financial Officer and Member of the Management Board at XTB. Mr. Paweł Szejko graduated from the Economy Academy and the Higher School of Banking in Poznań. Mr. Paweł Szejko also studied at the Aarhus University in Denmark. He has the qualifications of a Polish statutory auditor and an ACCA certificate in international finance reporting. Mr. Paweł Szejko commenced his professional career in 2003 in the audit companies (BDO and PwC), auditing among others, financial institutions, including banks and investment funds. In 2008-2014 he held the position of finance director and also a member of the Management Board of P.R.E.S.C.O. GROUP S.A., managing the area of finance in the capital group, both at the national and international level. In October 2014 Mr. Paweł Szejko joined XTB and he took the position of CFO. Mr. Paweł Szejko is responsible for financial matters in XTB group.



### **Jakub Kubacki**

Member of the Management Board responsible for Legal. Mr. Jakub Kubacki graduated in 2009 as a Master of Law from Koźmiński University, then he completed his training advocate and in 2013 passed the Bar exam at the District Warsaw Bar Association he was admitted to the Bar. In 2010 he started his professional career at XTB in the Legal and Compliance Department, where since 2012 he has been the Compliance Officer. From 25 April 2018 he became the Director of the Legal Department. He specializes in capital market law. Mr. Jakub Kubacki is responsible for legal affairs and internal control in the XTB Group.



### **Andrzej Przybylski**

Member of the Management Board responsible for Risk Management. Mr. Przybylski graduated in 1994 with a master's degree on Wroclaw University of Technology and completed doctoral studies in economics at the Warsaw School of Economics in 2011. Since 1995, Mr. Przybylski has a stockbroker license. Professionally connected with brokerage houses and offices since 1995 until 1997 with DDM S.A. in Wrocław, then CBM WBK S.A., and until 1998 with Dom Maklerski BMT S.A. From 1998 he worked as a stockbroker specialist at CDM Pekao S.A. and then since 2002 as a risk management specialist. From 2007 to 2010 he worked at UniCredit CAIB Poland S.A. as a risk and compliance manager. From 2010 to 2013 he worked at ING TFI S.S. and ING Investment Management (Poland) S.A. as a senior specialist in risk management and performance measurement. From 2013 to 2014 he was the Director of business project part of launching a brokerage house and an expert on risk management at PGE Dom Maklerski S.A. From 2014 Mr. Przybylski became the Director of the Risk Management Department at XTB and from 1 May 2019 he became a Member of the Management Board at XTB.

In the reporting period and until the date of submission of this report, there were no changes in the composition of the Management Board.

## **4.10.2 Powers of the Management Boards**

The Management Board is authorized to conduct the affairs of the Company, represent the Company and any meters not reserved by law or the Articles of Association of the Company to the General Meeting or the Supervisory Board. The Management Board conducting the Company's affairs, makes decisions in the interest of the Company, shall draft the Company's development strategy and identifies the main goals of the Company.

All members of the Management Board are obliged and authorized to jointly conduct the Company's affairs.

President of the Management Board shall convene meetings of the Management Board and chair. Chairman of the Management Board may authorize other members of the Management Board to convene and preside over meetings of the Management Board. In the absence of the President Management, the meeting of the Management Board shall be convened by the oldest member of the Management Board.

In particular, the Management Board shall have the power and shall be required to:

- act on behalf of the Company and represent the Company in dealings with third parties,
- prepare periodic reports and statements of the Company within timeframes allowing for their publication in accordance with relevant laws,
- submit financial statements to a statutory auditor for the purpose of their audit or review,
- submit reports of the Management Board on the activities of the Company and the financial statements, including an opinion and report of the statutory auditor (if required by law), to the Supervisory Board for the purpose of evaluation,
- convene General Meetings, submit proposals to be considered by the General Meeting and prepare draft resolutions of the General Meeting in a timely manner,



- submit reports of the Management Board on the activities of the Company and the financial statements, including an opinion and report of the statutory auditor, for the last financial year, to the General Meeting for the purpose of consideration and approval,
- develop and adopt regulations related to the operations of the Company, unless such authority has been reserved for any other body of the Company,
- prepare draft annual budgets, including the budget of the Company, budgets of Subsidiaries and the consolidated budget of the capital group of the Company, to be presented for approval to the Supervisory Board,
- fulfil reporting obligations imposed on brokerage houses,
- any other matters not reserved for other bodies of the Company.

The Management Board does not have a special competence in the issue and redemption of XTB shares.

#### 4.10.3 The operation of the Management Board

The Management Board operates on the basis of the Regulations of the Management Board.

Meetings of the Management Board shall be held not less than once a month at the headquarters of the Company or if all members agree, elsewhere on Polish territory. The Management Board may hold a meeting without being formally convened if all members are present at the meeting and no one objects to holding the meeting or any of the proposed items on the agenda. Management Board resolutions are passed by an absolute majority of votes cast, and in the case of an equal number of votes "for" and "against" the vote of the Chairman of the Board decides.

Board members may participate in adopting resolutions of the Board by casting their votes in writing through another member of the Management Board. Casting a vote in writing may not concern matters introduced to the agenda during the meeting of the Board. Resolutions may be passed in writing or using means of direct remote communication. The resolution is valid if all the members of the Board have been notified of the draft resolution.

In accordance with the Articles of Association, the President of the Management Board supervises the activities of the Management Board and determines the internal division of tasks and powers among particular members of the Management Board, specifically, the President of the Management Board may entrust the management of specific departments to particular members of the Management Board. Furthermore, the President of the Management Board calls and chairs meetings of the Management Board. The President of the Management Board may authorise other members of the Management Board to convene and chair meetings of the Management Board. In the absence of the President of the Management Board or if the position of the President of the Management Board is vacant, the meetings of the Management Board are convened by the oldest member of the Management Board. Additionally, special rights of the President of the Management Board in terms of managing the work of the Management Board may be determined in the Regulations of the Management Board.

Two members of the Management Board acting jointly are authorised to make representations on behalf of the Company.

#### 4.10.4 Shares of the Company and related entities held by the Members of the Management Board

The table below presents the total number and nominal value of the Company's shares held directly by the Company's managing and supervising persons, as at the date of this report:

NAME AND SURNAME	FUNCTION	OWNED THE NUMBER OF ACTIONS	TOTAL VALUE NOMINAL SHARE (IN PLN)
Paweł Szejko	Board Member	4 000	200
Jakub Kubacki	Board Member	2 400	120

In the reporting period and until the date of submission of this report, the following changes in the ownership of the Company's shares by managing and supervising persons took place:

- on May 9, 2022 Paweł Szejko acquired a total of 3 300 shares of the Company;
- on June 28, 2022, Paweł Szejko acquired a total of 700 shares of the Company;
- on July 1, 2022, Jakub Kubacki acquired a total of 2 400 shares of the Company.



Other managing persons and the supervising persons did not have any shares or rights to the Company's shares as at the end of the reporting period and as at the date of submitting this report.

#### 4.10.5 Positions held by the Management Board Members of the issuer in the Group companies

The following table provides information on the functions carried out by members of the Management Board of the parent company in the authorities of subsidiaries:

NAME AND SURNAME	COMPANY	FUNCTION
Paweł Szejko	Tasfiye Halinde XTB Yönetim Danışmanlığı A.Ş. (formerly: X Trade Brokers Menkul Değerler A.Ş.)	Board Member
Omar Arnaout*	Tasfiye Halinde XTB Yönetim Danışmanlığı A.Ş. (formerly: X Trade Brokers Menkul Değerler A.Ş.)	Board Member
Omar Arnaout	XTB Mena Limited	Board Member
Jakub Kubacki	XTB Mena Limited	Board Member
Andrzej Przybyski	XTB Limited, Great Britain	Executive Director of SMF3
Andrzej Przybyski	XTB Mena Limited	Senior Manager

\* Omar Arnaout has been Chairman of the Management Board of Tasfiye Halinde XTB Yönetim Danışmanlığı A.Ş. (former: X-Trade Brokers Menkul Değerler from 17 February 2017.

Members of the Management Board of the parent company did not receive in 2022 and 2021 remuneration for performing functions in the bodies of subsidiaries. On 15 September 2020, the liquidation process of the company in Turkey began.

#### 4.11 Supervisory Board

Supervisory Board shall supervise the operations of the Company in all areas of its operations.

##### 4.11.1 Composition, changes and election of the members of the Supervisory Board

Pursuant to § 15 of the Articles of Association of the Company, the Supervisory Board consists of five to nine members. The Supervisory Board members are appointed for a joint three year term of office.

###### Composition and election if the Supervisory Boards

Members of the Supervisory Board were appointed and dismissed as follows:

- Jakub Zabłocki has the right to appoint and dismiss one member of the Supervisory Board, who is the Chairman of the Supervisory Board, by way of a written representation on the appointment or dismissal of the chairman of the Supervisory Board submitted to the Company; the above right which, within the meaning of Article 385 §2 of the Commercial Companies Code is classified as an "other method of appointment" of a member of the Supervisory Board, will be enjoyed by Jakub Zabłocki until such time that, through entities personally controlled thereby, within the meaning of the Accounting Act, or jointly with such entities or personally, he holds shares in the Company representing at least 33% of the overall number of votes at the General Meeting;
- the other members of the Supervisory Board will be appointed and dismissed by the General Meeting.

The number of members of the Supervisory Board in a given term is determined by the General Meeting, and if the General Meeting does not reach other decision, the number of members of the Supervisory Board will be five. In the case of the election of the Supervisory Board by way of separate group voting in compliance with Article 385 of the Commercial Companies Code, the number of Supervisory Board members will be five.



The members of the Supervisory Board may elect from among themselves a Deputy Chairman of the Supervisory Board and a secretary of the Supervisory Board. Once Jakub Zabłocki loses his personal right referred to above, the members of the Supervisory Board will elect a Chairman of the Supervisory Board from amongst themselves.

The mandates of the Supervisory Board members shall expire on the date of the General Meeting approving financial statements for the last full year as a member of the Supervisory Board and in other cases specified in the Code of Commercial Companies.

As at 31 December 2022 and as at the date of submission of this report, the composition of the Supervisory Board was as follows:

NAME AND SURNAME	FUNCTION	STARTING DATE OF THE CURRENT TERM OF OFFICE	EXPIRATION DATE OF THE CURRENT TERM OF OFFICE
Jan Byrski	Chairman of the Supervisory Board	22.11.2021	19.11.2024
Jakub Leonkiewicz	Member of the Supervisory Board	19.11.2021	19.11.2024
Łukasz Baszczyński	Member of the Supervisory Board	19.11.2021	19.11.2024
Bartosz Zabłocki	Member of the Supervisory Board	19.11.2021	19.11.2024
Grzegorz Grabowicz	Member of the Supervisory Board	19.11.2021	19.11.2024

The main information on the education, qualifications and previously held positions of the members of the Supervisory Board are presented below:

**Jan Byrski,  
Chairman of the  
Supervisory  
Board**

Jan Byrski specializes in financial innovation law (FinTech), including in the payment and banking market and insurance, in the aspects of legal protection of information (personal data, professional secrets, business secrets), IT and TMT as well as conducting proceedings before the President of the National Bank of Poland, the President of the Polish Financial Supervision Authority and the President of the Personal Data Protection Office and cases before administrative courts. He advises companies and financial institutions from the Polish and international markets. Jan Byrski is a legal expert of the Polish Chamber of Insurance and the Foundation for the Development of Cashless Transactions. Member of the IAPP (International Association of Privacy Professionals) and the SABI-IOD (Data Protection Officer Association, Poland) and Vice-President of the FinTech Committee of the Polish Chamber of Information Technology and Telecommunications (PIIT). He is a member of working parties at the PFSA Office on the development of financial innovation (FinTech) and MC working groups, including distributed registers and blockchain. He takes part in parliamentary work on the adaptation of Polish law to PSD 2, interchange fee regulation (IF Reg), the GDPR, and numerous amendments to the Act on the Protection of Personal Data and the Act on Payment Services. He is a speaker at conferences, seminars and training courses in Poland and elsewhere, and a member of the Consultative Council of the IT in Administration monthly.

He is the author and co-author of numerous academic and popular-science publications, including the monograph „Tajemnica prawnie chroniona w działalności bankowej” (Legally-Protected Secret in Banking Operations) (C.H. Beck 2010), which earned him the top award in the Scientiae Legis Excellentia contest for the best PhD dissertation on economic law organized by the National Bank of Poland, as well as the habilitation dissertation “Outsourcing in the Activities of Payment Service Providers” (C.H. Beck 2018). He has also received individual recommendations in the Chambers & Partners Europe 2020 and 2021 Banking & Finance ranking, Regulatory Poland, FinTech Legal Poland 2020 and 2021, The Legal 500 EMEA 2020 and 2021 in the category Data privacy and data protection.

He is a professor in Economic Law of the Faculty of Finance at the Cracow University of Economics. He is a graduate of the Faculty of Law and Administration of the Jagiellonian University, and attended the School of German Law of the Jagiellonian University, University of Heidelberg, and the University of Mainz, and the School of Austrian Law of the Jagiellonian University and the University of Vienna. He studied at Ruhr-Universität Bochum on a scholarship awarded by the Foundation for Polish-German Cooperation. He has been on scholarships at the Ernst-Moritz-Arndt Universität Greifswald, Johann Gutenberg Universität Mainz, and Max-Planck-Institut für Immaterialgüter-und Wettbewerbsrecht.

A member of the Supervisory Board meets the independence criteria specified in § 20 paragraph 2 of the Articles of Association.

**Jakub Leonkiewicz,  
Member of the  
Supervisory  
Board**

Jakub Leonkiewicz started his professional career in 2001 in the business development department at Interhyp.de in Germany. In 2001-2002 he worked at Roland Berger Strategy Consultants in Germany. In the years 2002-2015 Jakub Leonkiewicz was associated with J.P. Morgan – first as an analyst in the merger and acquisition team in London and since 2012 as a director of J.P. Morgan in Warsaw, where he was responsible for J.P. Morgan's practice in Poland and the Baltic countries. From November 2015 to January 2017 and once again from May 2017 he is the Chairman of the XTB Supervisory Board. Currently, Mr. Jakub Leonkiewicz acts as a partner in Avia Capital private equity fund.

Jakub Leonkiewicz graduated in 2002 with a master's degree from the Warsaw School of Economics with a degree in finance and banking. Jakub Leonkiewicz participated in the CEMS Master Program (Community of European Management Schools) at the London School of Economics and was a scholarship holder at the Christian-Albrecht Universität zu Kiel.

Member of the Supervisory Board satisfies the independence criteria provided for in § 20, section 2 of the Articles of Association.

**Łukasz Baszczyński,  
Member of the  
Supervisory  
Board**

Łukasz Baszczyński commenced his professional career in 1999 as a clerk in the District Court in Zgierz. From 2002 to 2006 he cooperated as an attorney with the law office of Kancelaria Radców Prawnych P. Stopczyk & R. Mikulski and as an assistant to the management board of Sarton Management sp. z o.o. He is a partner at the law office of Kancelaria Prawna P. Grzelka & Wspólnicy sp. k. and a partner in Baszczyński & Dąbrowska Intellectual Property Law and a member of the supervisory board of Novama Cloud S.A.

Łukasz Baszczyński graduated from the Faculty of Law and Administration at the University of Łódź. In 2008, he was registered in the register of legal advisors and in 2010 in the register of advocates at the District Chamber of Advocates in Warsaw. Łukasz Baszczyński is entered in the list of candidates for members of supervisory boards of companies with the shareholding of the State Treasury.

**Bartosz Zabłocki,  
Member of the  
Supervisory  
Board**

Bartosz Zabłocki started his professional career in 2002 at Contract Administration sp. z o.o. where until 2007 he was the specialist for brand protection. Since 2005 to June 2022 he was a partner in the law office of Kancelaria Prawna P. Grzelka & Wspólnicy sp. k. Since 2006, Bartosz Zabłocki has been running his own business: "Globetroter Bartosz Zabłocki". Since March 2021, he is a Member of the Management Board of Kamienica sp. z o.o.

Bartosz Zabłocki graduated from the Department of Law and Administration at the University of Łódź.

Member of the Supervisory Board does not meet the independence criteria specified in § 20, section 2 of the Articles of Association

**Grzegorz Grabowicz,  
Member of the  
Supervisory  
Board**

Grzegorz Grabowicz has been a Member of the Management Board and Financial Director at Mabion S.A. since January 2019. Grzegorz Grabowicz gained knowledge and experience in management while working: over the period 1998 – 2003 in the Audit Department at Deloitte, in 2003 as Financial Controller at BFF Polska S.A. (formerly: Magellan S.A.), over the period 2004 – 2017 as Financial Director at BFF Polska S.A. and Vice President of the Management Board at BFF Polska S.A. Between 2010 and 2013 he worked as President of the Management Board of MEDFinance S.A. In the years 2007 – 2017 was a Member of the Supervisory Board of Magellan Czech Republic and Magellan Slovakia. Over the period 2013 – 2017 he was a Chairman of the Supervisory Board of MEDFinance S.A. From 2014 to October 2018 Mr Grzegorz Grabowicz was a Member of the Supervisory Board of Skarbiec Holding S.A. From October 2017 to August 2020 he was a Member of the Supervisory Board of Develia S.A. (formerly: LC Corp S.A.) and from June 2018 to May 2019 he was a Member of the Supervisory Board of Medicalgorithms S.A. From May 2020, he is a member of the Supervisory Board of PRAGMAGO S.A.

In 1998 he graduated from the University of Łódź, Faculty of Management and Marketing, specialisation in Accounting, and received a Master's degree in Management and Marketing. In 2010 he completed a programme organised by the Nottingham Trent University and the WSB at the University in Poznań and receive the EMBA (Executive Master of Business Administration) degree. Grzegorz Grabowicz is also a Statutory Auditor.



Member of the Supervisory Board satisfies the independence criteria provided for in § 20, section 2 of the Articles of Association

In 2022, members of the Company's Supervisory Board devoted an appropriate amount of time to performing their duties. In 2022, the Supervisory Board held nine meetings. In 2022, 60 resolutions were adopted at the meetings of the Supervisory Board and by circulation. The average attendance was 97,8%.

In the reporting period and until the date of submitting this report, there were no changes in the composition of the Supervisory Board.

#### **4.11.2 Powers of the Supervisory Board**

The Supervisory Board shall exercise permanent supervision over the operations of the Company in all areas of such operations.

Apart from the matters reserved for the competence of the Supervisory Board by the Code of Commercial Companies, the Supervisory Board shall be responsible, in particular, for:

- evaluation and review of the financial statements for the last financial year and evaluation of the report of the Management Board on the activities of the Company for the last financial year, in terms of their compliance with accounting books and documents, as well as the actual state of affairs, and review of the distribution of profits or covering the losses proposed by the Management Board;
- submitting to the General Meeting of the annual written report on the results of the review and evaluation referred to in point above;
- suspending members of the Management Board in their activities, for material reasons;
- determining conditions of remuneration and employment of members of the Management Board;
- appointing committees referred to in §18 of the Regulations of the Supervisory Board;
- granting consent to the payment of interim dividends;
- approving annual budgets, including the budget of the Company, the budgets of the Subsidiaries, and the consolidated budget of the capital group of the Company;
- appointing an independent external auditor for the Company and the Subsidiaries;
- granting consent to the provision of sureties, guarantees or other forms of collateral for third-party liabilities, excluding any events which are directly and closely related to the operations of the Company, which shall be understood as any activities directly related to the current brokerage activities performed by the Company and the Subsidiaries, and in particular those related to trading in foreign exchange contracts, contracts for difference and any other instruments in the OTC market, including any marketing activities (the "Operations of the Company");
- granting consent to establishment of pledges, mortgages, assignments by way of security, and any other encumbrances on the assets of the Company or the Subsidiaries, not provided for in the budget;
- granting consent to the acquisition, subscription or disposal by the Company or any of the Subsidiaries any shares or stocks in other companies, or any assets or organised part of the enterprise of another company or other companies, or to mergers with (or demergers from) other companies or enterprises by the Company or any of the Subsidiaries, excluding any agreements concluded within the framework of Operations of the Company, if such acquisition, subscription or disposal does not exceed 5% of the share capital of such other company;
- granting consent to the sale, encumbrance, leasing or any other disposal of the real estate of the Company or any of its Subsidiaries, not provided for in the budget approved by the Supervisory Board;
- granting consent to the conclusion of agreements between the Company or any of its subsidiaries and the members of the Management Board, the Supervisory Board or shareholders of the Company, or any related party, with any member of the Management Board, the Supervisory Board or any shareholder of the Company, excluding any agreements concluded within the framework of Operations of the Company;
- expressing an opinion on changes to the investment policy of the Company, if any such change would result in the increase, by more than 50%, of the maximum exposure of the Company to market risk, unless the revenues of the Company, as planned in the budget approved by the Supervisory Board, were to increase by more than 50%, and in this case, such an opinion of the Supervisory Board shall be required if the percentage of the increase in the exposure exceeds the percentage of the increase in the revenues, as planned in the budget;
- granting members of the Management Board consent for competitive interests, within the meaning of article 380 of the Code of Commercial Companies;



- granting consent to the disposal by the Company of any right or incurring a liability with a value exceeding EUR 1 000 000 (one million), if any such disposal or liability has not been provided for in the budget approved by the Supervisory Board, including any disposal or liability related to repeated or continuous benefits/services, if the value of benefits arising therefrom exceeds EUR 1 000 000 (one million) per annum. In the event that the total value of all such disposals and liabilities made or incurred by the Company, and not provided for, or exceeding the value provided for, in the budget of the Company, exceeds in the calendar year the amount of EUR 3 000 000 (three million), the Management Board shall be required to request the Supervisory Board for its approval of any disposal of right or liability to be incurred which has not been provided for in the budget of the Company, regardless of the value thereof,
- granting consent to members of the Management Board to take office in the management or supervisory boards of companies from outside the capital group of the Company;
- granting consent to the appointment and dismissal of persons in charge of the internal audit and compliance departments of the Company,
- review and expressing opinion on matters to be discussed and put to a vote at the General Meeting.

#### **4.11.3 The operation of the Supervisory Board**

The Chairman of the Supervisory Board manages the work of the Supervisory Board and represents the Supervisory Board before other authorities of the Company. In the case of the absence of the chairman of the Supervisory Board or a vacancy in such position, the above-mentioned rights of the chairman of the Supervisory Board should be exercised by a member of the Supervisory Board authorised thereby to exercise such rights, and if no such authorisation has been granted, by the eldest member of the Supervisory Board.

The Chairman of the Supervisory Board or a member of the Supervisory Board authorised thereby convenes the meetings of the Supervisory Board and chairs such meetings, and if the chairman of the Supervisory Board has not granted the relevant authorisation, the right to convene and chair the meetings is enjoyed by the eldest member of the Supervisory Board. A meeting of the Supervisory Board may also be convened by two members of the Supervisory Board acting jointly.

The Management Board or a member of the Supervisory Board may demand that a meeting of the Supervisory Board be convened by presenting the proposed agenda. Such meeting of the Supervisory Board should be convened for a date falling no later than the 14th day from the date of submitting the request, provided that, if reasonable circumstances exist preventing the presence of at least half of the members of the Supervisory Board at the meeting within the above mentioned deadline, the meeting of the Supervisory Board may be convened not later than within 30 days from the date of filing the application.

Resolutions of the Supervisory Board may also be adopted in writing by circulating the resolution or by using means of direct remote communication.

Members of the Supervisory Board may participate in the adoption of resolutions of the Supervisory Board by casting their vote in writing and delivering it through another member of the Supervisory Board. Such method of voting may only be used when voting on matters already on the agenda of a meeting of the Supervisory Board.

The detailed procedure for the operation of the Supervisory Board and the organisation thereof is set out in the Regulations of the Supervisory Board.

Resolutions of the Supervisory Board will be valid if all of the members of the Supervisory Board have been invited to and at least half are present at a Supervisory Board meeting, including the chairman or a deputy chairman of the Supervisory Board.

The Supervisory Board resolutions are passed by a simple majority. In case of equal number of votes, the vote of the Chairman of the Supervisory Board decides.

#### **4.11.4 Shares of the Company and related entities held by the Supervisory Board Members**

Supervising persons did not hold shares of the Company.

The supervising persons did not own shares in related entities.



## 4.11.5 Positions held by the Supervisory Board Members of the Issuer in the Group companies

Members of the Supervisory Board of the Parent Company did not hold in the reporting period at the same time functions in the bodies of subsidiaries.

## 4.11.6 Committees of the Supervisory Board

The following committees operate within the Supervisory Board:

- Audit Committee;
- Remuneration Committee;
- Risk Management Committee;
- Nomination Committee (until August 16, 2022).

The duties of the Remuneration Committee, Risk Committee and Nomination Committee are performed by all of the members of the Supervisory Board collectively pursuant to a resolution adopted thereby. From the date of 13 October 2017 the Audit Committee functions as a separate committee, before that date, the duties of the Audit Committee are performed by all of the members of the Supervisory Board.

The Supervisory Board may also appoint other committees. The detailed duties and procedures for the appointment and operation of the committees are provided for in the Regulations of the Supervisory Board.

On August 16, 2022 the Supervisory Board passed a resolution to dissolve the Nomination Committee, which has functioned within it until now.

### Audit Committee

In the period from January 1, 2022 to December 31, 2022, the Audit Committee was composed of the following composition:

- Grzegorz Grabowicz – Chairman of the Audit Committee;
- Jakub Leonkiewicz – Member of the Audit Committee;
- Bartosz Zabłocki – Member of the Audit Committee.

Basic assignments taken by the Audit Committee:

- monitoring the financial reporting process;
- monitoring Company's SLC systems, SIC systems, SIA systems including SRM;
- monitoring the performance of financial audit activities, particularly an audit performed by an audit firm, taking into account any conclusions and findings of an inspection carried out at the audit firm;
- checking and monitoring the independence of the statutory auditor of permitted non-audit services;
- presenting to the Supervisory Board offers of audit firms and recommending the selection of a company to conduct audits of financial statements;
- informing the Supervisory Board on the results of the audit and explaining in what way the audit contributed to the honesty of the financial reporting process in the Company, as well as what was the role of the audit committee in the audit process;
- monitoring the independence of the statutory auditor and granting consent for performance of services permitted by him other than financial audits;
- establishing an audit firm selection policy and regularly reviewing this documents;
- establishing the policy for conducting permitted non-audit services by an audit firm carrying out the statutory audit, entities related to this audit firm and any member of the network to which the audit firm and regularly reviewing this documents;
- establishing the procedure of an audit firm selection and regularly reviewing this documents;
- presenting the recommendation regarding selection of the certified auditors or audit firms to the Supervisory Board;
- providing recommendations to ensure reliability of the public-interest entity's financial reporting process;
- adoption of the report on the activities of the Audit Committee for the previous year.



Regarding XTB Audit Committee:

- **members who meet the independence criteria:**

In 2022 in the members of the Audit Committee fulfilled the criteria of independence specified in article 129 item 3 of the Act of 11 May 2017 in auditors, audit firms and public supervision:

- Grzegorz Grabowicz –Chairman of the Audit Committee;
- Jakub Leonkiewicz –Member of Audit Committee.

- **members with knowledge and skills in the field of accounting or auditing of financial statements, with an indication of how to acquire them**

The persons listed below, who are members of the Audit Committee, acquired as a result of the described education and professional experience knowledge and skills in the field of accounting or auditing of financial statements:

- Grzegorz Grabowicz graduated from the University of Lodz, Faculty of Management and Marketing, specialisation in Accounting, and received a Master's degree in Management and Marketing in 1998. In 2010 he completed a programme organised by the Nottingham Trent University and the WSB at the University in Poznań and receive the EMBA (Executive Master of Business Administration) degree. Grzegorz Grabowicz is also a Statutory Auditor. Over the period has worked in the Audit Department at Deloitte, in 2003 he was a financial controller at BFF Polska S.A. (formerly Magellan S.A.), in the years 2004 - 2017 he was the financial director at BFF Polska S.A.;
- Jakub Leonkiewicz graduated in 2002 with a master's degree from the Warsaw School of Economics with a degree in finance and banking. Jakub Leonkiewicz participated in the CEMS Master Program (Community of European Management Schools) at the London School of Economics and was a scholarship holder at the Christian-Albrecht Universität zu Kiel. He gained his professional experience in Roland Berger Strategy Consultants in Germany and also in J.P. Morgan;
- Bartosz Zabłocki graduated from the Faculty of Law and Administration at the University of Łódź. From 2005 to June 2022 he was a partner in the Law Firm of P. Grzelka & Wspólnicy sp. k. Since 2006, Bartosz Zabłocki also runs his own business: "Globetroter Bartosz Zabłocki". Since March 2021, he has been a Member of the Management Board of Kamienica sp. z o.o. He has been a member of the Company's Supervisory Board for over 6 years.

- **members with knowledge and skills in the industry in which the issuer operates, with an indication of how to acquire them**

- Jakub Leonkiewicz – for over 6 years he has been a member of the Supervisory Board of XTB, which allowed him to learn in detail about the financial industry and the specification of brokerage activities on the stock market and the OTC market (currency derivatives, commodities, indices, stocks and bonds) operated by XTB. Additionally, in 2001-2002 he worked for Roland Berger Strategy Consultants in Germany. In the years 2002-2015 he was related with J.P. Morgan - first as an analyst in the M&A team in London, and from 2012 as director of J.P. Morgan in Warsaw, where he was responsible for the practice of J.P. Morgan on Poland and the Baltic countries. Currently, he is a partner in the private equity fund Avia Capital;
- Bartosz Zabłocki – for over 6 years he has been a member of the Supervisory Board of XTB, which allowed him to acquire relevant knowledge in the industry. From 2005 to June 2022, he was a partner in the Law Office of P. Grzelka & Wspólnicy sp. k.

- **information on providing services by audit firm examining financial statement permitted non-audit services and on conducted assessment of independency of audit firm and expressed consent for providing these services**

In 2022, the auditing company PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audit sp.k. performed the following permitted non-audit services:

- review of the condensed interim financial statements and the condensed interim consolidated financial statements for the period from January 1, 2022 to June 30, 2022;
- review of the process of storing the assets of the Company's clients as at December 31, 2022;
- assurance service for compliance with the applicable requirements of the remuneration report prepared by the Supervisory Board of the Company for the year ended December 31, 2022.

The above services were performed on the basis of the consent of the Supervisory Board after prior familiarization with the recommendation of the Audit Committee of May 4, 2021.

The Audit Committee approved the employment of an auditing company (i.e. PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audit sp.k.) to perform the above-mentioned permitted non-audit



services. Prior to submitting relevant recommendations to the Audit Committee, the independence of the auditor's services in the process of auditing statements was positively verified.

- **the main assumptions of the developed policy of selecting an audit firm to conduct the audit and the policy for the provision of permitted non-audit services by the audit firm conducting the audit, entities related to this audit firm and by a member of this audit firm's network**

On 13 October 2017 Supervisory Board approved:

- Procedure of selecting an audit firm;
- Policy of selecting an audit firm;
- Policy for the provision of permitted non-audit services by the audit firm.

#### Procedure for selection an audit firm:

The purpose of the Procedure is to describe the process of selecting an audit firm. This procedure contains the following elements:

- offer inquiry;
- evaluation of offers;
- selection of the offer;
- conclusion of the agreement or repeated selecting.

#### Policy for selection of audit firm:

The purpose of the Policy is to define rules and criteria for selection of audit firm, which will conduct audit in the Company. It describes:

- selection criteria for entities authorized to conduct the audit;
- evaluation criteria of offers received;
- criteria for the independence assessment carried out by the Audit Committee;
- rules for submitting and selecting offers.

Criteria for selecting an audit firm included in the Policy:

1. The Company will each time send requests for proposals to the following audit companies: EY, PwC, KPMG and Deloitte.
2. The Management Board of the Company is entitled to submit inquiries to audit firms other than those listed in point 1, provided that they are reputable international audit companies.
3. In order to ensure the independence of the statutory auditor and the audit firm, the selection of the audit firm is made taking into account the rotation rules of the audit firm and the key statutory auditor resulting from the Act. on statutory auditors and Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on detailed requirements for statutory audits of financial statements of public-interest entities, repealing Commission Decision 2005/909 / EC, in particular:
  - a) the maximum uninterrupted duration of statutory audit engagements referred to in Art. 17 sec. 1, second paragraph of the Regulation, carried out by the same audit firm or a related audit firm with this audit firm or any member of the network operating in the European Union countries to which these audit firms belong, may not exceed 10 years;
  - b) the key statutory auditor may not conduct the statutory audit in the Company for a period longer than 5 years;
  - c) the key statutory auditor may re-conduct the statutory audit in the Company after at least 3 years from the end of the last statutory audit.
4. No inquiries are sent to the audit company that has carried out the Research for the previous 10 financial years.
5. Re-sending the inquiry to the audit company referred to in item 3 may take place after 4 years from the end of the last Research carried out by this company.

#### Policy for the provision of permitted non-audit services by the audit firm:

The purpose of the Policy is to define general principles on which the audit firm conducting audit may provide services to the Company or entities affiliated with the Company. The policy includes a catalogue of the permitted services.

- **recommendation regarding the selection of an audit firm to conduct the audit**

In 2021, the Supervisory Board of the Company selected the auditing company PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. to audit the Company's financial statements for



the years 2021-2023, i.e. conducting reviews of the separate and consolidated interim financial statements of the Company for the six-month period ended June 30, 2021; June 30, 2022; June 30, 2023 and audits of the Company's annual separate and consolidated financial statements for the end of the year December 31, 2021; December 31, 2022; December 31, 2023. The selection of a new entity authorized to audit financial statements was carried out on the basis of the Company's Audit Firm Selection Policy and the Audit Firm Selection Procedure for the Audit of XTB Financial Statements. The essence of the procedure in question was the Audit Committee's analysis of the collected offers in terms of the requirements under the Act on Experts and the criteria and guidelines set out in the above-mentioned Policy. As a result of analysing and comparing the offers, the Audit Committee recommended two audit companies to the Supervisory Board, at the same time indicating the offer of PricewaterhouseCoopers Polska Sp. z o.o. Audyt sp.k. as preferred.

Having read the recommendation, the Supervisory Board selected an entity preferred by the Audit Committee.

- **number of meetings of the Audit Committee or meetings of the Supervisory Board or other supervisory or controlling body dedicated to performing the duties of the Audit Committee**

In 2022, 10 meetings of the Company's Audit Committee were held.

### **Remuneration Committee**

The function of the Compensation Committee in the Company is performed by the entire Supervisory Board. The tasks of the Compensation Committee include:

- expressing opinion on the variable remuneration components policy, including the amount of remuneration and the components of remuneration;
- expressing opinion on performing the variable remuneration components policy;
- expressing opinion on the Remuneration Policy for Members of the Management Board and Members of the Supervisory Board;
- expressing opinion on and monitoring of payment of the remuneration variable components to the persons holding managerial positions responsible for risk management, internal audit and compliance of the brokerage house's activity with law;
- determining list of the persons holding managerial positions in the Company, and;
- approving the planned amount of remuneration and the components of remunerations of the persons holding managerial positions.

In 2022, 5 meetings of the Remuneration Committee were held.

### **Risk Management Committee**

The function of the Risk Management Committee is performed by the entire Supervisory Board in the Company. The main tasks include:

- developing a draft document regarding the risk appetite of a brokerage house;
- expressing opinions on the strategy of a brokerage house developed by the Management Board in the scope of risk management;
- supporting the Supervisory Board in monitoring the implementation of the brokerage house strategy in terms of risk management by the Management Board;
- verification of the remuneration policy and the rules of its implementation in terms of adjusting the remuneration system to the risk to which the brokerage house is exposed, its capital, liquidity and probabilities and dates of obtaining income.
- discussing and approving the Declaration of the Acceptable Level of Risk;
- discussing and approving the ICAAP report.

In 2022, the 1st meeting of the Nominations Committee was held.

### **Nomination Committee**

The function of the Nominating Committee functioning until 16 August 2022 was performed by the entire Supervisory Board. Its main tasks included:

- recommending candidates for the management board of the brokerage house, taking into account the necessary knowledge and skills as well as the experience of the management board as a whole, necessary to manage the brokerage house, and taking into account diversity in the composition of the management board of the brokerage house;



- defining the scope of duties for the candidate to the management board of a brokerage house, knowledge and skills requirements and anticipated commitment in terms of time spent, that is necessary to perform the function;
- conducting periodic reviews, at least once a year, of the knowledge, skills and experience of the board as a whole and individual board members and informing the management board about the results of this assessment;
- periodically reviewing management's policy regarding the selection and appointment of persons holding management positions and presenting recommendations to the management board in this regard.
- accepting individual and collegial assessment of the suitability of bodies.

In 2022, one meeting of the Nomination Committee was held.

Due to amendments to the Law on Trading in Financial Instruments and the repeal of the provision requiring the appointment of a Nomination Committee at a brokerage house and also the revocation of the Regulation of the Minister of Finance dated May 7, 2018 on the detailed scope of tasks of the Nomination Committee at brokerage houses, on August 16, 2022. The Company's Supervisory Board decided to dissolve the Nomination Committee.

## 4.11.7 The control system for employee share schemes

XTB does not operate employee share program.

## 4.12 General Meeting of Shareholders

The operation of the General Meeting of the Company and its powers are contained in the Articles of Association and the Regulations of the General Meeting of XTB S.A. with its registered office in Warsaw, which is available on the Company's website under [ir.xtb.com](http://ir.xtb.com) in Corporate Governance section.

### 4.12.1 Operation of the General Meeting

General Meetings is convened by the Management Board as ordinary or extraordinary.

Ordinary General Meetings are held annually, not later than within six months after the end of the financial year.

Extraordinary General Meetings are convened in the circumstances specified in the Commercial Companies Code or in the Articles of Association and also if the authorities or persons authorised to convene General Meetings believe such to be necessary.

Ordinary General Meeting may be convened by the Supervisory Board, if the Management Board fails to convene it on time. The Supervisory Board may also convene the extraordinary General Meeting if it deems it necessary. The right to convene an extraordinary General Meeting is also vested with the Company's shareholders representing at least one-half of the Company's share capital or at least one-half of the total number of votes in the Company. In such case, the Company's shareholders will appoint the chairman of such General Meeting.

Furthermore, a shareholder or shareholders of the Company representing at least one-twentieth of the Company's share capital may request that an extraordinary General Meeting be convened and that certain matters be placed on the agenda of such General Meeting. The request to convene the extraordinary General Meeting must be submitted to the Management Board in writing or in electronic form. If within two weeks from the submission of such request to the Management Board the extraordinary General Meeting is not convened, the registry court may authorise the Company's shareholders submitting such request to convene an extraordinary General Meeting. In such case, the chairman of the General Meeting is appointed by the court.

### 4.12.2 Powers of General Meetings

According to the Commercial Code of Companies, tasks of the General Meeting include in particular:

- the consideration and approval of the Management Board's report on the Company's Operations and the financial statements for the previous financial year,
- the granting of a vote of approval to the members of the Management Board and the Supervisory Board with respect to the performance of their duties,



- decisions regarding claims for the redress of damage caused while establishing the Company or exercising management or supervision over the Company,
- the sale or lease of the Company's enterprise or an organised part thereof and the establishment of a limited property right thereon,
- making a distribution of profit or covering of losses,
- issue of convertible bonds or bonds with priority rights and subscription warrants, referred to in art. 453 § 2 of the CCC,
- liquidation of the Company,
- the acquisition of own shares for redemption, redemption and reduction of share capital of the Company,
- the merger, transformation or split of the Company,
- amending the Articles of Association of the Company.

According to the Articles of Association, the competences of the General Meetings include also:

- the approval of the Regulations of the Management Board,
- the adoption of the Regulations of the Supervisory Board,
- the determination of the rules and amount of the remuneration of the members of the Supervisory Board,
- the creation, drawing upon and liquidation of reserve capitals and other special-purpose funds and the drawing upon the supplementary capital.

The resolutions of the General Meeting passed by an absolute majority of votes, unless the law or the Articles of Association provide for stricter requirements for the adoption of the resolution.

As of the Dematerialisation Date, the General Meeting will be deemed to have been validly convened regardless of the number of shares represented thereat, provided that the General Meeting will be able to adopt a resolution regarding the amendment to § 15, sections 3 and 4 of the Articles of Association only in the presence of shareholders representing at least 2/3 (two-thirds) of the overall number of votes at the General Meeting.

### 4.12.3 Rights and obligations related to the Shares

Certain rights and obligations related to the Shares are presented below. The issues regarding the rights and obligations related to the shares are specifically regulated under the Polish Commercial Companies Code, the Act on Public Offering, the Act on Trading in Financial Instruments and the Articles of Association.

The Articles of Association do not contain provisions regarding the threshold amount of shares owned, beyond which it is necessary to state the shareholding of the Company shareholder or contain provisions imposing stricter conditions governing changes in capital than specified by the applicable law.

#### Right to dispose of the Shares

The shareholders of the Company have the right to dispose of shares. Disposal of shares consists of their disposal (transfer of ownership) and other forms of the ordinance, including pledging, establishing rights of use and their lease.

#### Dividend

The shareholders of the Company have the right to participate in the profit, which will be shown in the annual financial statement audited by the statutory auditor, designated by the resolution of the General Meeting for payment to the shareholders of the Company (right to dividend).

The Ordinary General Meeting is the body authorized to make decisions on the distribution of the Company's profit and dividend payment. The Ordinary General Meeting of Shareholders adopts a resolution on whether and what part of the Company's profit shown in the financial statements, audited by the statutory auditor, should be used to pay dividends. The Ordinary General Meeting should take place within six months after the end of each financial year (the financial year corresponds to the calendar year), i.e. by the end of June.

The Ordinary General Meeting also sets the date of the dividend and the date of dividend payment. The dividend day may be designated as at the date of adoption of the resolution on the distribution of profit or within the next three months, counting from that day.

The amount to be distributed among the shareholders of the Company may not exceed the profit for the last financial year, increased by undistributed profits from previous years, and amounts transferred from the supplementary and reserve capital created from profit, which may be allocated for the payment of dividends. However, this amount should



be reduced by uncovered losses, own shares and amounts that, according to the Commercial Companies Code or the Articles of Association, should be allocated from the profit for the last financial year to supplementary or reserve capital.

The Management Board may pay shareholders an advance on the anticipated dividend at the end of the financial year if the Company has sufficient funds to pay. The advance payment requires the consent of the Supervisory Board. The company may pay an advance if its approved financial statements for the previous financial year show profit. The advance may amount to at most half of the profit earned from the end of the previous financial year, shown in the financial statements audited by the statutory auditor, increased by reserve capital created from profit, which the Management Board may use to distribute advances and reduced by uncovered losses and own shares.

The right to dividend is payable to persons on accounts of which dematerialized shares (bearer shares) are kept on the dividend day and to entities authorized to sell dematerialized Shares on a collective account.

A shareholder's claim against the Company for payment of a dividend may be made within 10 years, starting from the date of adoption by the ordinary General Meeting of a resolution to allocate all or part of the Company's profit to be paid to shareholders. After this date, the Company may evade payment of the dividend, raising the plea of limitation.

### **Terms of payment of dividend**

The conditions for the receipt of dividends by the shareholders of the Company correspond to the rules adopted for public companies. The resolution on dividend payment should indicate the date of determining the right to dividend (dividend day) and the dividend payment date. Subject to the provisions of the Rules and Regulations of the NDS, the dividend day may be designated as at the date of adoption of the resolution or within the next three months, counting from that day. The dividend is paid on the day specified in the resolution of the General Meeting, and if the resolution of the General Meeting does not specify such a day, the dividend is paid on the day determined by the Supervisory Board.

### **Pre-emption right**

The shareholders of the Company have the right to subscribe for the new shares of the Company in relation to the number of Shares held (pre-emptive right). The Company's shareholders have the right of priority to acquire new shares of the Company in relation to the number of Shares held, with the pre-emptive right also for issuing securities convertible into shares of the Company or incorporating the right to subscribe for shares of the Company.

The resolution on increasing the share capital of the Company should indicate the day according to which the shareholders of the Company are designated who have the right to collect new shares (day of subscription right). The subscription right can't be determined later than within six months from the day the resolution was passed.

The agenda of the General Meeting at which a resolution to increase the share capital of the Company is to be adopted should specify the proposed day of subscription right. Depriving the Company's shareholders of the right to acquire the shares of the new issue of the Company may take place only in the interest of the Company and in the event that it was announced in the agenda of the General Meeting. The Management Board presents the General Meeting with a written opinion justifying the reasons for the deprivation of the pre-emptive right and the proposed issue price of new shares of the Company or the method of its determination. A majority of at least four fifths of votes is required to pass a resolution regarding the deprivation of the Company's shareholders rights.

The above-mentioned requirements regarding the adoption of a resolution regarding the deprivation of the current shareholders of the Company's pre-emptive rights are not applicable if:

- the resolution on capital increase states that the new shares of the Company are to be fully covered by the financial institution (underwriter), with the obligation to offer them to the shareholders of the Company in order to enable them to exercise the pre-emptive right on the terms specified in the resolution;
- the resolution states that the new shares of the Company are to be taken up by the underwriter in the event that the shareholders of the Company, with whom the pre-emptive right is used, will not take part or all of the shares offered to them.

### **Right to a share in the assets in the case of the liquidation of the Company**

If the Company is liquidated, the assets remaining after the satisfaction or securing of the creditors of the Company are divided between the shareholders of the Company on a pro rata basis to their contributions to the share capital.

### **The right to participate in the General Meeting and voting rights**

The shareholder exercises the right to vote at General Meetings. Pursuant to the Code of Commercial Companies, General Meetings may be ordinary (ordinary General Meetings) or extraordinary (Extraordinary General Meetings).

Each Action gives the right to one vote at the General Meeting.



A shareholder of the Company may participate in the General Meeting and exercise the right to vote in person or through a proxy. A shareholder of the Company intending to participate in the General Meeting through a proxy must give the proxy proxies in writing or in electronic form. The Company takes appropriate actions to identify the Company's shareholder and proxy in order to verify the validity of the power of attorney granted in electronic form.

A detailed description of the manner of verifying the validity of the power of attorney granted in electronic form includes an announcement on convening the General Meeting.

Pursuant to the Articles of Association, participation in the General Meeting by means of electronic communication is allowed, subject to the following. In the event that the announcement on convening the General Meeting contains information about the possibility of shareholders participating in the General Meeting using electronic means of communication, the Company is obliged to provide shareholders with the opportunity to participate in the General Meeting using electronic means of communication.

The detailed rules for conducting the General Meeting using electronic means of communication are determined by the Management Board, taking into account the provisions of the Regulations of the General Meeting. The Management Board announces the rules on the Company's website along with the announcement on convening the General Meeting.

A shareholder of the Company holding shares registered on more than one securities account may appoint separate proxies to exercise the rights attached to shares registered on each account.

If a representative of a shareholder of the Company at the General Meeting is a member of the Management Board, a member of the Supervisory Board, liquidator, employee of the Company or a member of the bodies or employee of a subsidiary or a subsidiary of the Company, the power of attorney may authorize to represent only one General Meeting.

The proxy is obliged to disclose to the shareholder of the Company circumstances indicating the existence or the possibility of a conflict of interests. In this case, granting a further power of attorney is unacceptable. The proxy referred to above votes in accordance with the instructions provided by the shareholder of the Company.

Each share gives the right to one vote at the General Meeting. The Articles of Association do not provide for voting preference. A shareholder may vote differently from each of the shares held. A proxy may represent more than one shareholder of the Company and vote differently from the shares of each shareholder of the Company.

A shareholder of the Company may not, either personally or by proxy, vote on adopting resolutions regarding his liability towards the Company for any reason, including granting a vote of acceptance, exemption from obligations towards the Company and a dispute between him and the Company. The above limitation does not apply to voting by a shareholder of the Company as a proxy of another shareholder when adopting resolutions regarding the person referred to above.

Only persons who are shareholders of the Company sixteen days before the date of the General Meeting (day of registration of participation in the General Meeting) have the right to participate in the General Meeting. In order to participate in the General Meeting, those entitled from the dematerialized Bearer Stocks of the Company should request the entity maintaining their securities account to issue a personal certificate on the right to participate in the General Meeting. The demand should be presented not earlier than after the announcement of convening the General Meeting and no later than the first weekday after the date of registration of participation in the General Meeting.

Holders of registered shares and temporary certificates, as well as pledgees and users who have the right to vote, have the right to participate in the General Meeting, if they are entered into the book of shares on the day of registration of participation in the General Meeting.

The list of persons entitled to participate in the General Meeting is determined on the basis of the list prepared by the entity keeping the securities deposit in accordance with the Act on Trading in Financial Instruments and on the basis disclosed in the Company's share register on the day of registration of participation in the General Meeting. The above list is displayed at the Company's office for three days preceding the day of the General Meeting. The Company's shareholder may request that the list of shareholders entitled to participate in the General Meeting be sent to him free of charge via e-mail, providing his own e-mail address to which the list should be sent.

In relation to shares registered on a collective account, a certificate confirming the right to participate in the General Meeting shall be a document with appropriate content issued by the holder of the said account. If the omnibus account is maintained by NDS (or an entity employed by NDS to perform duties related to the maintenance of securities), information on the holder of such an account should be disclosed to NDS (or an entity employed by NDS to perform duties related to the operation of the securities depository) by the entity conducting a collective account for it before the first issue of such a document.



On the basis of the above-mentioned documents, the omnibus account holder will prepare a list of persons authorized to participate in the General Meeting. If the omnibus account holder is not a NDS participant (or a bank employed by NDS in order to perform duties related to the securities depository), the list of persons authorized to participate in the General Meeting is delivered through a NDS participant (or a bank that NDS has employed to perform its duties associated with keeping a securities depository).

The Company's shareholder may transfer the Shares in the period between the date of registration of participation in the General Meeting and the date of closing the General Meeting.

### **Right to place particular matters on the agenda**

A shareholder or shareholders of the Company representing at least one twentieth of the Company's share capital may request that specific matters be placed on the agenda of the next General Meeting. The request should be submitted to the Management Board no later than twenty one days before the set date of the General Meeting. The request may be submitted in electronic form. The Management Board is obliged to announce immediately, but no later than eighteen days before the set date of the General Meeting, changes to the agenda introduced at the request of the Company's shareholders. The announcement is made in a manner appropriate for convening the General Meeting.

### **Manner in which the General Meeting is convened**

The General Meeting is convened through an announcement made on the Company's website and in a manner specified for the provision of current information in accordance with the Act on Public Offering. The announcement should be made at least twenty-six days before the date of the General Meeting. The announcement about the General Meeting should include in particular:

- the date, time and place of the General Meeting and the detailed agenda,
- a precise description of the procedures for participation in the General Meeting and the exercise of voting rights,
- day of registering participation in the General Meeting,
- information that only persons who are shareholders of the Company on the registration date of participation in the General Meeting have the right to participate in the General Meeting,
- an indication of where and how a person entitled to participate in the General Meeting may obtain the full text of documentation to be presented to the General Meeting and draft resolutions or, if no resolutions are envisaged, comments of the Management Board or Supervisory Board regarding matters introduced into the agenda the General Meeting or issues that are to be included in the agenda before the date of the General Meeting,
- indication of the address of the website on which information on the General Meeting will be made available.

Pursuant to the Regulation on Reports, the Company will be required to submit in the form of a current report, among others the date, time and place of the General Meeting together with its detailed agenda.

In addition, in the event of a planned amendment to the Statute, the current provisions, the content of the proposed amendments and if, due to a large scope of intended changes, the Company makes a decision to prepare a new uniform text, the new uniform text of the Articles of Association together with the calculation of its new provisions. The content of draft resolutions and attachments to the projects to be discussed at the General Meeting that are relevant to the resolutions adopted shall also be announced in the form of a current report.

### **Venue of the General Meeting**

General Meetings are held in the Company's registered office.

### **Right to propose draft resolutions to the Company**

A shareholder or shareholders of the Company representing at least one-twentieth of the share capital may submit to the Company in writing or using electronic communication means draft resolutions regarding matters included in the agenda of the General Meeting or issues to be included in the agenda prior to the date of the General Meeting. The company immediately publishes draft resolutions on its website.

### **Right to demand the issuance of duplicates of motions**

Each shareholder of the Company has the right to demand copies of motions regarding issues included in the agenda of the next General Meeting. Such a request should be submitted to the Management Board, no later than one week before the General Meeting.



## **Right to demand that the list of participants of the General Meeting be verified**

Immediately after the election of the chairman of the General Meeting, an attendance list containing a list of participants of the General Meeting should be drawn up, specifying the number of shares of the Company that each of them presents and their votes. The attendance list should be signed by the chairman of the General Meeting and presented during the meeting. At the request of shareholders holding one-tenth of the share capital represented at the General Meeting, the attendance list should be checked by a committee elected for this purpose, composed of at least three persons. Applicants have the right to choose one member of the commission.

## **Right to information**

The Management Board is obliged to provide the Company's shareholder, during the General Meeting, upon request with information regarding the Company, if it is justified for the assessment of a matter covered by the agenda of the General Meeting. If there are important reasons to do so, the Management Board may provide information in writing outside the General Meeting. In such a case, the Management Board is obliged to provide information not later than within two weeks from the day the shareholder filed a request at the General Meeting.

The Management Board refuses to provide information if it could cause damage to the Company, a company associated with the Company or a company or a cooperative subsidiary of the Company, in particular by disclosing technical, commercial or organizational secrets of the company. A member of the Management Board may refuse to provide information if the provision of information could be the basis of his criminal, civil or administrative liability.

The information provided to the Company shareholder should be made available to the public in the form of a current report.

A shareholder who was refused to disclose the information requested during the General Meeting and who filed an objection to the Minutes may submit an application to the registry court to oblige the Management Board to provide information. Such a request should be submitted within one week from the end of the General Meeting at which information was refused. A shareholder may also submit an application to the registry court for obliging the Company to publish information provided to another shareholder outside the General Meeting. Pursuant to the Regulation on Reports, the Company will be obliged to provide in the form of a current report information provided to a shareholder following the Management Board's obligation by the registry court in the cases referred to above.

## **Right to demand the issuance of duplicates of the annual financial statements**

Each shareholder of the Company has the right to request copies of the Management Board's report on the Company's operations and financial statements along with a copy of the Supervisory Board's report and the auditor's opinion no later than fifteen days before the General Meeting.

## **Right to request the election of the Supervisory Board by separate groups**

At the request of the Company's shareholders representing at least one fifth of the Company's share capital, the Supervisory Board should be elected by the next General Meeting by voting in separate groups. In this case, the mode provided for in the Statute will not be applicable and the shareholders will apply the procedure provided for in the Code of Commercial Companies. The mechanism of such selection is as follows: the total number of Company shares is divided by the total number of members of the Company's Supervisory Board. Shareholders who represent such a number of shares may form a separate group to elect one member of the Supervisory Board and may not vote in the selection of other members. If, after a vote in the voting mode, separate groups in the Supervisory Board remain vacancies, shareholders who have not participated in the creation of any group will be entitled to elect other members of the Supervisory Board. If the election of the Supervisory Board is made by way of voting in separate groups, the limitation of the preference for voting rights does not apply, and each Action gives the right to one vote, excluding restrictions on shares that do not entitle to exercise voting rights.

## **Right to appeal against the resolutions of the General Meeting**

The Company's shareholders are entitled to appeal against resolutions adopted by the General Meeting by way of an action to repeal a resolution or an action for annulment of a resolution.

## **Action for the revocation of a resolution**

A resolution of the General Meeting that is contrary to the Statute or decency and which harms the interest of the Company or intended to harm a shareholder of the Company may be appealed against by way of action against the Company for repealing the resolution.



An action to cancel a resolution of the General Meeting should be brought within one month from the date of receipt of information about the resolution, however not later than within three months from the date of adopting the resolution.

### **Action to have a resolution declared invalid**

A resolution of the General Meeting contrary to the Act may be challenged by an action brought against the Company for the annulment of a resolution.

An action for annulment of a resolution of the General Meeting should be brought within thirty days from the date of its announcement, but no later than one year from the date of adoption of the resolution.

### **Entities authorised to challenge resolutions of the General Meeting**

The following persons have the right to file an action seeking to have a resolution of the General Meeting declared invalid or an action for the revocation of a resolution of the General Meeting:

- the Management Board, the Supervisory Board and the individual members thereof;
- a shareholder of the Company who voted against the resolution and who upon the adoption thereof requested that his objection be recorded in the minutes of the General Meeting;
- a shareholder of the Company who was refused participation in the General Meeting without providing a good reason;
- the shareholders of the Company who were not present at the General Meeting – only if the General Meeting was improperly convened or in the case of a resolution on a matter which was not included on the agenda.

### **Change to the Rights Entrusted with the Company's Shareholders**

A change in the rights of shareholders in the form of amending the provisions of the Statute requires a resolution of the General Meeting adopted by a three-fourths majority of votes and an entry in the Register of Entrepreneurs of the National Court Register. In addition, a resolution to amend the Articles of Association, increasing the benefits of the Company's shareholders or reducing the rights granted personally to the Company's shareholders, requires the consent of all shareholders of the Company to whom it applies.

### **Redemption of Shares**

Shares may be redeemed by way of a decrease in the share capital of the Company, however, the redemption requires the consent of the shareholder of the Company. The Statute does not contain a provision regarding the compulsory retirement of the Shares.

The conditions, legal basis and procedure for redemption of shares and the amount of remuneration for redeemed shares or justification for redemption without remuneration shall be determined each time by the General Meeting in the form of a resolution

### **Right to Request the Appointment of a Special-Purpose Auditor**

According to art. 84 of the Act on Public Offer, at the request of a shareholder or shareholders of the Company, holding at least 5% of the total number of votes, the General Meeting may adopt a resolution regarding the examination by a court expert of a specific issue related to the creation of the Company or conducting its affairs. These shareholders may, for this purpose, request that an extraordinary General Meeting be convened or that the matter of adopting this resolution be placed on the agenda of the next General Meeting. If the shareholders decide to take advantage of the first option and within two weeks from the date of requesting convening such a General Meeting, the Extraordinary General Meeting will not be convened, the registry court may authorize the shareholders of the Company to submit the request to convene an extraordinary General Meeting. The court appoints the chairman of this General Meeting. If shareholders decide to use the second option and request that the resolution be placed on the agenda of the next General Meeting, such request must be delivered to the Management Board in writing no later than twenty one days before the planned date of the General Meeting.

The resolution of the General Meeting on the selection of the auditor for special matters should specify in particular:

- the data of the special-purpose auditor, which auditor should be approved in writing by the requesting shareholder;
- the subject and the scope of the audit, which should comply with the contents of the request, unless the requesting party consented in writing to change the subject and scope of the audit;
- the types of documents that should be made available to the auditor by the Company; and
- the start date of the audit, which should not be later than three months from the date of the adoption of the resolution.



If the General Meeting fails to adopt the resolution in accordance with the request or adopts such resolution in breach of Article 84 clause 4 of the Act on Public Offering, the requesting parties may, within 14 days of the date of the adoption of the resolution, request that the registry court appoint the identified entity as a special purpose auditor.

The auditor for special matters may only be an entity having the expertise and qualifications necessary to examine the matter specified in the resolution of the General Meeting, which will ensure the preparation of a reliable and objective audit report. The auditor for special matters may not be an entity providing services to the Company, its parent or subsidiary in the audited period, as well as its parent entity or a significant investor within the meaning of the Accounting Act. The auditor for special matters may also not be an entity that belongs to the same capital group as the entity that provided the services referred to above.

The Management Board and the Supervisory Board are required to make available to the special-purpose auditor such documents as have been specified in the resolution of the General Meeting upon the appointment of the special purpose auditor, or upon the decision of the court on the appointment of the special purpose auditor, and to provide the auditor with the explanations necessary for carrying out the audit.

The special purpose auditor is required to present to the Management Board and the Supervisory Board of the company a written report on the audit results. The Management Board is required to announce the report in the form of a current report. The report of the special purpose auditor may not disclose information that constitutes a technical, trade or organisational secret of the Company, unless it is necessary for justifying the position presented in the report.

The Management Board is required to submit a report on the consideration of the audit findings at the next General Meeting.

#### **4.13 Change of the Articles of Association of the Company**

Change of the Articles of Association of the Company in accordance with the provisions of the Commercial Companies Code, is within the competence of the General Meeting. The resolution concerning amendments to the Statute is adopted by a majority of three-quarters of votes.

Resolution on amendments to the statute, increasing the benefits of shareholders or limiting the rights granted personally to individual shareholders in accordance with art. 354 Commercial Companies Code, requires the consent of all shareholders concerned.

#### **4.14 The main features of internal control and risk management in relations to the process of preparing separate and consolidated financial statements**

The system of internal control and risk management in relation to the process of preparing separate financial statements and consolidated financial is directly under the Management Board of the parent company. Supervision over the process of preparation of financial statements lies with the Financial Director. Financial statements are prepared by the Finance and Accounting Department of the parent company under the supervision of the Chief Accountant. The Parent Company also controls and analyses costs in terms of financial targets.

In order to eliminate the risks associated with the preparation of financial statements, also of the Group subsidiaries are annually audited by the independent auditor. The Group constantly monitors the performance of individual areas and compares to financial targets. The annual financial statements of the Parent Company and the annual consolidated financial statements of the Group are audited by an independent auditor. While the half-year financial statements of the Parent Company and consolidated half-year financial statements of the Group are reviewed by the certified auditor. The quarterly and half-yearly condensed consolidated financial statements of the Group as well as the annual financial statements of the Parent Company and the Group are approved prior to publication by the Management Board of the Parent Company.

#### **4.15 Remuneration Policy**

According to the internal system of remuneration, employees receive salary for the work corresponding to the type of work performed and the qualifications required for its performance, taking into account the quality and quantity of work performed.



#### 4.15.1 Remuneration of the Management Board members

The remuneration of Board members is determined adequate to their function and to the scale of operations of the company. The total remuneration consists of the following:

- **fixed remuneration** – flat-rate monthly basic salary (for a calendar month);
- **variable remuneration** – supplementary remuneration for a given financial year depending on the level of achievements of management objectives. The employment contracts with the members of the Management Board concludes the amount and the components of remuneration, also provide the opportunity to receive additional commissions or annual bonus granted in the amount and under the conditions specified separately. According to the adopted Variable Remuneration Policy, employees holding key management positions may receive variable remuneration, paid in cash and in the form of a financial instrument.

The key parameters for determining the variable remuneration components are described in the Variable Remuneration Component Policy at XTB S.A. of February 17, 2022. In addition, the rules regarding variable remuneration components are regulated in the Remuneration Policy for Members of the Management Board and Members of the Supervisory Board of February 16, 2022, approved on April 25, 2022 by the Ordinary General Meeting of the Company ("Remuneration Policy").

The assumptions of implementation of the Variable Remuneration Policy are determined by the Supervisory Board, acting as the Remuneration Committee, with the approval of the budget of the brokerage house for a given financial year.

The Supervisory Board, after verification of the fulfilment of the criteria and justification for obtaining the Variable Component of Remuneration may approve granting of a premium in derivatives based on the value of XTB shares, for the realization of plans for the year.

The bonus is determined by the Supervisory Board in the form of a resolution on the terms specified in the Policy of Variable Remuneration Components. The bonus must meet the following conditions:

- take into account the company's results for the period in which the person holds a position, but not longer than for the last 3 financial years;
- should consider the way of performance of the tasks assigned to a person holding a managerial position based on internal organizational rules of the company and on the basis of regulations of organizational units directed by that person for the period in which the person holds a managerial position, but not longer than for the previous 3 years.

The employment contracts of the members of the management board do not provide for severance pay in case of termination.

Due to the fact that the members of the management board were concluded non-competition agreements, in respect of compliance with this prohibition on competition after termination of employment of board members, they shall be entitled to compensation, the amount of which was determined as follows:

- Member of Management Board – Mr Paweł Szejko is entitled to compensation amounting to 50% of gross salary received by the employee before the termination of employment for a period corresponding to the non-competition, payable in 12 monthly instalments.

The tables below presents the remuneration received by each member of the Management Board in 2022 and 2021. Fixed remuneration, which consists of: gross base salary, pension scheme (PPK), additional non-cash benefits and variable remuneration. In 2022 and in 2021, members of the Management Board of the Company received remuneration based on employment contracts.



## Fixed remuneration

NAME AND SURNAME	FIXED REMUNERATION RECEIVED FROM THE COMPANY IN THE YEAR: (IN PLN'000)	
	2022	2021
Omar Arnaout	986	745
Filip Kaczmarzyk	689	501
Paweł Szejko	497	398
Jakub Kubacki	450	372
Andrzej Przybylski	435	363

## Variable remuneration

IMIE I NAZWISKO	VARIABLE REMUNERATION RECEIVED FROM THE COMPANY IN THE YEAR: (IN PLN'000) <sup>1</sup>	
	2022	2021
Omar Arnaout	1 200	462
Filip Kaczmarzyk	840	323
Paweł Szejko	600	231
Jakub Kubacki	440	166
Andrzej Przybylski	220	180

<sup>1</sup>) At least 40% of the variable remuneration component paid out in the form of a financial instrument is settled and paid over a period of three to five years, with this period being determined taking into account the business cycle, the nature and risk of the obligations of that person. In case, the total remuneration of that person in the previous financial year exceeds the PLN equivalent of EUR 1.000.000 of the average published by the National Bank of Poland in force on the last day of the previous year, the above applies to 60% of the variable remuneration components.

Non-wage benefits enjoyed by individual members of the management board and key managers include health benefits, vacation benefits, provision of recreation and sports, and Christmas vouchers. In addition, in the reporting period board members – Filip Kaczmarzyk, Jakub Kubacki were provided with a company car.

## 4.15.2 Agreements concluded with the management, including compensation in case of resignation or dismissal from the position without a material ground or their removal or dismissal is due to the Company's merger by acquisition

As at 31 December 2022, and as at the date of publication of this report in the Parent Company and the Group companies there were no agreements with management providing for compensation in case of their resignation or dismissal from the position without a material reason or if their removal or dismissal is due to merger of the Parent Company by acquisition.

## 4.15.3 Remuneration of the Supervisory Board members

The table below presents the remuneration received by the members of the Supervisory Board of the Company. The total remuneration includes gross salaries and contributions to social security paid for by the employer. In 2022 and 2021 the members of the Company's Supervisory Board received remuneration on the basis of their appointment.



NAME AND SURNAME	FIXED REMUNERATION RECEIVED FROM THE COMPANY IN THE YEAR: (IN PLN'000)	
	2022	2021
Jan Byrski <sup>1</sup>	58	5
Jakub Leonkiewicz	49	46
Łukasz Baszczyński	49	44
Jarosław Jasik <sup>2</sup>	-	40
Bartosz Zabłocki	49	44
Grzegorz Grabowicz	49	44

<sup>1</sup>) Jan Byrski appointed as the Chairman of the Supervisory Board for the joint term of office of the Supervisory Board from November 22, 2021 to the end of November 19, 2024.

<sup>2</sup>) Jarosław Jasik was as a Member of the Supervisory Board until November 10, 2021.

#### 4.15.4 Information on liabilities arising from pensions and similar benefits for former members of management, supervisory and administrative bodies

As at 31 December 2022 there were no liabilities arising from pensions and similar benefits for former members of management, supervisory or administrative bodies, as well as no liabilities incurred in relation with these pensions

#### 4.15.5 Changes in the remuneration policy

On April 25, 2022 the Ordinary General Meeting of the Company adopted the updated Remuneration Policy for Members of the Management Board and Members of the Supervisory Board. There were no changes from the date of adoption of the Remuneration Policy to the balance sheet date.

On February 17, 2022, the Management Board and the Supervisory Board adopted the updated Policy of Variable Remuneration Components at XTB S.A.

#### 4.15.6 Assessment of the remuneration policy

The general principles of the remuneration policy are aimed to ensure the coherence of the system of remuneration and additional benefits for employees with the strategy of long-term development of the company and taking into account the costs adopted in the financial plan, while maintaining compliance of risk management and stability of the company.

Additionally, assumptions of the variable components of the remuneration for persons in key positions, which should strengthen the relationship between the amount of the variable part of the remuneration and the implementation of long-term company growth, contributes significantly to the stabilization of the company's operations and its shareholder value growth.

Evaluation of the remuneration policy is under the Supervisory Board, which exercises ongoing supervision over the adopted remuneration policy, subjects them to review and makes recommendations to the Management Board as to possible changes in order to ensure a competitive level and effectiveness of remunerations, and ensuring their transparency, compliance with legal regulations and internal justice. Additionally, the remuneration policy for Members of the Management Board and Members of the Supervisory Board is subject to adoption by a resolution of the General Meeting adopted by a simple majority of votes. In addition, the Supervisory Board annually reviews the application of the Remuneration Policy and prepares a remuneration report.

#### 4.15.7 Sponsorship, charity and similar activities

XTB makes every effort to ensure that the actions taken strengthen the organization in the area of social responsibility, taking into account environmental and climate protection, and consciously and effectively manages natural resources. For this purpose, in the fourth quarter of 2021, the ESG Strategy of the XTB Capital Group was adopted, under which



the Company emphasizes the implementation of commitments in the area of the environment and sustainable development.

All activities in the area of social responsibility are carried out by the XTB Capital Group and the one established in December 2020, the XTB Foundation.

The company strengthens the education of XTB employees in the field of environmental protection and health protection. For this purpose, an environmental education program has been developed and the solutions contained therein are systematically implemented, as well as meetings with specialists in the field of prophylaxis and health protection are organized.

Activities in the area of charity and sponsorship are constantly being strengthened. In 2022, activities in this area were largely focused on helping in connection with the outbreak of war in Ukraine. To this end, the Company supported two charity organizations in the total amount of PLN 1 million and conducted a number of activities aimed at helping refugees.

In addition, the Company provides charity support in response to the current situation of people in need.

Sports activities of XTB employees are also supported, including in the area of the football team playing tournaments in the business league, or the XTB Running Team taking part in marathons, half-marathons and other runs.

#### **4.15.8 Description of diversity policy**

XTB S.A follows a policy of diversity and a policy of equal treatment for all the Company's employees, its authorities and key managers, because of its firm belief that diversity, as a fundamental value of contemporary society, has a significant impact on the development, competitiveness and innovation of our organization.

The pursuit of a policy of diversity can be seen, among other things, in hiring employees of different gender, age, educational background, qualifications, professional experience, nationality, ethnic background, religion, denomination, nondenominational character, political views, state of health, psychosexual orientation, family status, lifestyle, place of residence, form, scope and basis of employment, ensuring respect, tolerance and equal treatment in the workplace for all employees, as well as creating a work environment conducive to making the most of the above differences for the good of the organization.

The policy of diversity pursued at XTB S.A is aimed at exploiting the potential of our employees, their skills, talents, passions, knowledge and qualifications to the full.

XTB creates an organizational culture focused on achieving the Company's objectives by building in-house teams which vary in terms of gender, age and qualifications, which makes it possible to resolve problems in a more effective manner, leads to a better working environment, boosts the creativity of project teams, and enables effective knowledge sharing. In the implementation of one of the important aspects of the policy of diversity, the Company offers internships and traineeships to university students and graduates with various job profiles and gives them the opportunity to pursue a career within our organization.

As part of the policy of diversity, XTB S.A. also promotes and supports charitable initiatives initiated by its employees.

Managing diversity also consists of including provisions for preventing discrimination and mobbing as well as other regulations which specify the standards for equal treatment, protection against violence, harassment or unfair dismissal in the policies and procedures in place at XTB. The principles of equal treatment in employment are described in the Company's internal documents, among others, in the Labour Regulations, and are freely available to all employees. All employees and associates are required to react if they witness the exclusion or stigmatization of associates in accordance with the applicable Anonymous Reporting Procedure.

In the scope of diversification in connection with the selection of XTB S.A. authorities the Company has implemented the Diversity Policy in relation to the Members of the Management Board of the Company. The company provides a variety of qualifications and competences in terms of education, professional experience and the skills of the selected staff, including the managerial staff, in order to guarantee comprehensive and reliable performance of the tasks entrusted to it. In addition, as part of the Diversity Policy during recruitment to the authorities of the Company in XTB S.A. professional qualifications, reputation, professional experience, predispositions to perform duties within a given position or function, as well as gender, age, place of origin and education are taken into account.

The members of the Company's authorities are specialists in various areas of knowledge and are equipped with varied industry-specific experience which corresponds to the functions they currently perform. The individual competencies



of the members of the Company's authorities complement each other in such a manner as to ensure an appropriate level of collegial management at XTB S.A.

## 5. Other information

### 5.1 Audit company authorised to audit the financial statements

On May 4, 2021, the Supervisory Board of the Company, acting pursuant to § 19 section 2 lit. h) the Articles of Association of the Company and in accordance § 8 sec. 2 lit. h) Regulations of the Supervisory Board of XTB, after getting acquainted with the recommendation of the Audit Committee, adopted a resolution and entrusted PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. based in Warsaw (hereinafter referred to as PWC) to carry out:

- audits of individual and consolidated financial statements for the years 2021-2023 and;
- reviews of condensed separate and consolidated semi-annual financial statements for the period 6 months ended June 30, 2021, June 30, 2022 and June 30, 2023 and;
- attestation service regarding the storage and protection of the assets of the Company's clients in accordance with the Regulation of the Minister of Finance of September 24, 2012 on the procedures and conditions of conduct of investment firms, banks [...] and the issuance of a report for the year ended December 31, 2021, December 31 2022 and December 31, 2023;
- attestation service regarding the remuneration report of the Supervisory Board in accordance with the Act on Public Offering of July 29, 2005 and the issue of a report for the year ended December 31, 2021, December 31, 2022 and December 31, 2023.

Selection of PWC in accordance with applicable law, i.e. in particular the Act of May 11, 2017 on statutory auditors [...], and based on internal policies and procedures.

On June 10, 2021, an annex to the contract of January 25, 2019 was concluded between XTB and PWC regarding:

- auditing the financial statements and the consolidated financial statements of the capital group for the financial periods from January 1, 2021 to December 31, 2021, from January 1, 2022 to December 31, 2022 and from January 1, 2023 to December 31, 2023 r.
- review of the condensed interim financial statements and the condensed interim consolidated financial statements of the capital group for the financial periods from January 1, 2021 to June 30, 2021, from January 1, 2022 to June 30, 2022 and from January 1, 2023 to June 30, 2023.

Additionally, on March 2, 2022, an annex was signed to the agreement of January 25, 2019 for:

- verification of marking the annual consolidated financial statements for the financial period from January 1, 2021 to December 31, 2021 with XBRL tags in accordance with the ESEF regulation.

On March 2, 2022, an annex to the agreement of February 16, 2021 was signed for:

- performance of an assurance service and preparation of an independent auditor's report including an assessment of compliance with the requirements for the safekeeping of the Company's clients' assets in the annual period ended December 31, 2021, December 31, 2022 and December 31, 2023;
- Performing all procedures related to the remuneration report for the years ended December 31, 2021, December 31, 2022 and December 31, 2023;

On February 27, 2023, an annex was signed to the agreement of January 25, 2019 on:

- change in the amount of remuneration for services for the financial year from January 1, 2022 to December 31, 2022 and from January 1, 2023 to December 31, 2023.

In the previous years, the company used advisory services provided by other entities of the PwC network, mainly in the field of tax consultancy. In the opinion of the Company, the services provided do not affect the assurance of the required level of impartiality and independence of the auditor.

The total amount of remuneration paid or due to the audit firm for the current and previous financial year, separately for the audit of the annual financial statements, other assurance services, including the review of the financial statements and other services, is disclosed in Notes 31 and 30, respectively, to the separate and consolidated financial statements.



## 5.2 The information on the significant court proceedings, arbitration authority or public administration authority

As at December 31, 2022 and as at the submission date of this report the Parent company and its subsidiaries were not a party to any significant proceedings pending before arbitration authority. The most important of the ongoing proceedings were indicated below.

### Court proceedings

The Company and Group companies are parties to several court proceedings related to the Group's operations. The proceedings in which the Company and Group companies appear as defendants are above all related to employees' claims and clients' claims. As at the submission date of this report the total value of the claims brought against the Company and/or the Group Companies amounted to PLN 17,8 million, which consists of four proceedings on employee claims, with a value of approximately PLN 1,2 million, eight suits brought by clients with the total value of PLN 9 million and moreover, one proceeding brought by ESBANK Bank Spółdzielczy regarding the alleged failure to apply financial security measures by the Company. Below are presented the most significant, in the Company's view:

- lawsuit dated August 2019 regarding Company's alleged illegal actions delivered to the Company in December 2019 – value of the claim is PLN 7 million. In previous reports the Company informed that there was a possibility of filing a suit by one of the Company's clients who accused the Company of improper execution of the agreement concluded with Company for provision of services consisting in the execution of orders to buy or sell property rights, keeping property rights accounts and cash accounts, by allegedly delaying and interrupting execution of the transactions via the trading platforms provided. The management board finds client's claims groundless. The only reason for the loss of the customer was his wrong investment decisions. This has been clearly demonstrated, among others, during the audits of the Polish Financial Supervision Authority (PFSA) in 2016, in the subsequent correspondence of the company with the supervisor, and in the expertise of an independent consultancy company, Roland Berger, which analysed the client's transaction history. The analysis confirmed that the customer's transactions were not delayed, and the timing of his orders was even faster than the average for other clients;
- law suit brought by ESBANK Bank Spółdzielczy dated July 2020, delivered to the Company in November 2020 – value of the proceeding is approximately PLN 7,6 million. In this case in February 2020 the Company received a pre-trial payment order. The damage was to consist in the Company's failure to apply financial security measures, which lead to effective appropriation of funds by an employee of Bank Spółdzielczy, who was also a client of the Company. The Company considers the charges made in the tender offer to be completely unfounded. In December 2020 the Company filed the response to the law suit.

### Proceedings against XFR Financial Ltd. (the company currently operating under the name XTRADE Europe Ltd.)

On November 18, 2016, the Company filed a lawsuit against XTRADE Europe Ltd. (formerly: XFR Financial Ltd. or "XFR") based in Cyprus for securing claims in connection with violation of the principles of fair competition, in which it brought, among others:

(i) forbidding XFR to use the word and figurative word "XTRADE" and (ii) forbidding XFR to use the word mark "XTRADE" as the domain name. The Court of Appeal in Warsaw secured the Company's claims against XTRADE Europe Ltd. for prohibiting XTRADE Europe Ltd. from using as a company designation or services (i) verbal and word-graphic designations "XTB", "X-Trade", "XTrade", "X" and (ii) the word sign xtrade.eu. The company has applied to the Warsaw-Śródmieście District Court for enforcement due to the fact that XTRADE Europe Ltd. has not ceased to use as a company designation or provided services owned by the company, despite the relevant decision of the Court of Appeal in Warsaw of March 15 2017. On January 12, 2018, the District Court for Warsaw-Śródmieście in Warsaw issued a decision pursuant to which XTRADE Europe Ltd. was ordered to pay PLN 5,000 to the Company. There was also a threat of ordering payment to the Company in the event of any subsequent violation by the debtor of the obligation to comply with the decision of the Court of Appeals in Warsaw of 15 March 2017.

Therefore, on April 19, 2018, the Company applied to the District Court for an order against XTRADE Europe Ltd. for PLN 100 000 in connection with the failure by XTRADE Europe Ltd. to secure the security established by the Court of Appeal. During the enforcement proceedings, XTRADE Europe Ltd. closed its branch in Warsaw and declared that it had ceased to provide services to recipients in Poland. In connection with the decision of November 28, 2018, the District Court dismissed the Company's request and determined that, as at the date of issuing the decision, the XTRADE markings were no longer used in Poland by XTRADE Europe Ltd. By virtue of the decision of March 27, 2019 the District Court in Warsaw, he dismissed the company's complaint.



Before the District Court in Warsaw, from 12 April 2017, proceedings were pending due to the Company's action to prohibit XTRADE Europe Ltd. from violating the principles of fair competition, consisting in the unlawful use by the defendant as a company designation or as financial services, brokerage and consulting services. financial, brokerage and brokerage services, word and word and graphic markings "XTB", "X-Trade", "XTrade" and "X".

On July 12, 2019, the District Court in Warsaw, in a case against Xtrade Europe Ltd., issued a judgment in which: (i) ordered the defendant XTRADE EUROPE LTD to refrain from acts of unfair competition against the plaintiff X-TRADE Brokers Dom Maklerski S.A. in Warsaw, consisting in the unlawful use by the defendant as a company designation or of financial services rendered, financial intermediation and consultancy, brokerage and brokerage services, including services provided via the Internet, using specialized computer software, as well as training services, including in materials advertising and in the name of the Internet domain xtrade.com, as well as on the websites available at: www.xtrade.eu and xtrade.com, the following markings in the territory of the Republic of Poland: (a) the word markings "XTB", "X-Trade", "XTrade"; (b) the symbols xtrade.eu and xtrade.com; (ii) ordered the defendant XTRADE EUROPE LTD to submit and publish, at his own expense and with his own effort, within 2 (two) months from the announcement of the final judgment in the case and after changing the name of the defendant's company pursuant to paragraph 1 of the final judgment, the statement on the decision referred to in the judgment content in the following media: a) "Gazeta Giełdy i Inwestorów Parkiet"; b) on the defendant's website - on the home page; c) on websites identified by domains: <http://www.parkiet.com/>, <http://www.gazetaprawna.pl/> and <http://rp.pl> (iii) in the event that before the publication of the statement there was a change of the defendant company, the defendant in the content of the statement in place of the words "XTRADE EUROPE LTD" is obliged to use the name of the company current as of the date of publication statements; and (iv) authorized the plaintiff to publish the statement at the defendant's expense in the event of the defendant's failure to comply with the obligation to publish the statement on the content and within the time limits specified in paragraph 2 of the judgment, and obliged the defendant to reimburse the costs incurred by the plaintiff.

On 5 January 2022 the Court of Appeal ruled on the Company's appeal against the judgment of the Court of First Instance. The appeal was upheld for the most part: the Court amended the judgment of the Court of First Instance and prohibited XTRADE Europe from using a further 3 word and graphic signs, as claimed in the lawsuit. The appeal regarding the claim for publishing an apology in the media was dismissed. The proceeding is legally closed.

In addition, the Munich Regional Court, in a judgment of 25 July 2017, issued a ban on the use of the designations "XTRADE" and "XTRADE EUROPE Ltd." in Germany, confirming that the designations are confusingly similar to the trademarks reserved by the Company. In addition, Xtrade Europe Ltd. was also required to provide information on the extent and number of past use of the marks and to pay damages, the amount of which has not yet been determined. On April 19, 2018, the Court of Appeal dismissed the appeal of the Cypriot company - the verdict prohibiting the use of the XTRADE sign in Germany is final. As at the date of submitting this report, proceedings are still pending to order XTRADE Europe Ltd. to pay the costs of legal representation and to enforce a final judgment. Proceedings enforcing the ruling ban were pending before European Union Intellectual Property Office (EUIPO) as regards the annulment of conflicting marks of Xtrade Europe Ltd. On March 20, 2020, EUIPO issued a decision rejecting the application for a declaration of invalidity. On 19 May 2020, an appeal was filed with the Board of Appeal of EUIPO. Currently we are waiting for the decision of the authority. On 8 November 2021 the EUIPO Board of Appeal issued its decision and upheld the arguments and evidence submitted by the Company and found that the Company's sign was used in Germany in the course of trade of more than local significance prior to the date of application for the disputed mark and that the Company's sign was used for "brokerage and financial services". For the rest, the Board of Appeal remitted the case back to the first instance, the Cancellation Division, which will re-examine the application in question. In its re-examination, the Cancellation Division will be bound by the arguments and reasoning of the Board of Appeal. In addition, the Cancellation Division should analyse whether the other grounds for invalidity of the contested mark which were not analysed by the Board of Appeal in its decision are fulfilled. Only after this analysis and reconsideration will the Cancellation Division issue a decision on the merits of the application and the cancellation. This decision will again be subject to appeal by either party. The proceeding before EUIPO is pending.

XTRADE EUROPE Ltd., currently under the name of Guma Holding Ltd., filed a complaint with the General Court of the European Union against the decision of the Fifth Board of Appeal of EUIPO of November 8, 2021, in which it applied for the amendment of this decision in its entirety by dismissing the application for annulment. The company responded to the complaint on May 26, 2022. Guma Holding Ltd. applied to the General Court of the European Union for a hearing. On January 26, 2023, a hearing was held before the European Union Court in the case and the Company is awaiting a ruling.



## Administrative and control proceedings

The Company and the Group Companies are party to several administrative and control proceedings related to the Group's business. The Company believes that below are presented the most significant among them:

- on September 27, 2018, the Company received information about imposition onto the Company pursuant to art. 167 para. 2 point 1 in connection with art. 167 para. 1 point 1 of the act on Trading in Financial Instruments a fine of PLN 9.9 million in connection with the violation of the law, in particular in the area of providing brokerage services to the Company's clients. In the Company's opinion, the imposition of a fine for above-mentioned fraud is not justifiable and is not reflected in the facts. The PFSA refused to take the evidence requested by the Company (including the expert's opinion) and did not take into account independent expert's opinions submitted by the Company. Acting in the best interest of the Company, its employees and shareholders, as well as having clients best interest in mind, the Management Board appealed the abovementioned decision by filing on October 29, 2018, complaint against the PFSA decision to Provincial Administrative Court (hereinafter the "PAC"). On June 6, 2019, the PAC dismissed the Company's plaint against the Commission's decision to impose a financial fine in the amount of PLN 9.9 million. After delivery by PAC a copy of the ruling along with its justification, the Company's Management Board decided to lodge a final cassation appeal to Supreme Administrative Court, which was lodged on August 16, 2019. On February 28, 2023, a hearing was held before the Supreme Administrative Court during which the Court decided to dismiss the Company's complaint. The decision is legally binding. The Company does not see any risk related to potential customer claims in this respect.
- by letter dated November 27th, 2020, the French Branch of the Company was informed of the initiation of control by the French supervisory authority Autorité de contrôle prudentiel et de résolution – ACPR Banque de France against the Company's Branch, pursuant to articles L. 612-23 and R.612- 22 of the Monetary and Financial Code. The audit was intended to assess the compliance of the anti-money laundering and anti-terrorist financing system. The inspection activities started on December 2nd, 2020. As of the submission date of this report, the control has been completed. On June 23, 2021, the Company received the draft inspection report of June 20, 2021. In the reply sent to the supervisory authority to the draft report received, the Company addressed in detail the preliminary post-inspection findings. It cannot be ruled out, that the irregularities identified during the control may result in the application of supervisory measures and sanctions to the Company provided for in the applicable regulations and may result in the must for the Company to bear significant financial expenses, as well as to implement significant organizational changes.
- on March 25, 2021, the Company's branch in Portugal was informed about the initiation of an inspection by the Portuguese supervisor authority Comissão do Mercado de Valores Mobiliários – CMVM. The inspection shall be considered as a comprehensive assessment of the operations of the Company's Branch, based, inter alia, on the regulations of the MiFID II Directive as well as the delegated regulations that were issued on the basis of the previously mentioned Directive. February 8, 2022, CMVM provided XTB with a summary of its inspection activities. On March 25, 2022, the company received post-inspection report with recommendations, which will be implemented in the Portuguese branch.
- on January 10, 2022, a customs and tax inspection held by the Head of the Masovian Customs and Tax Office in Warsaw regarding the correctness and reliability of XTB settlements for corporate income tax for 2019 began. The inspection ended on January 19, 2023. The company received an inspection report in which no irregularities were found during the period covered by the inspection.
- on May 11, 2022, an inspection by the Polish Financial Supervision Authority commenced in the scope of compliance with the obligations arising from the Act of March 1, 2018 on counteracting money laundering and financing of terrorism. The scope of the inspection covers the activities of the Company as an obligated institution within the meaning of the provisions of the above-mentioned Act. In its response to the draft protocol received, sent to the supervisory authority, the company referred in detail to the preliminary post-inspection findings. And as of the date of publication of this report, the company is awaiting the Commission's response to the comments and the final audit protocol.
- on October 14, 2022, the Company received a notice from the President of the Office of Competition and Consumer Protection on the initiation of proceedings against the Company for recognizing a provision of the standard agreement as prohibited in relation to two provisions of the Regulations for the Provision of Services of the Execution of Orders for the Purchase or Sale of Property Rights and Securities, Maintenance of Property Rights Accounts and Cash Accounts by XTB S.A., which may be considered prohibited contractual provisions within the meaning of the Civil Code. The Company assesses the risk of recognizing the provisions in question as prohibited and incurring negative consequences as a result of their use as low.



## Regulatory environment

The Group operates in a highly regulated environment imposing on it certain obligations regarding the respect of complying with many international and local regulatory and law provisions. The Group is subject to regulations concerning inter alia (i) sales practices, including customer acquisition and marketing activities, (ii) maintaining the capital at a certain level, (iii) practices applied in the scope of preventing money laundering and terrorist financing and procedures for customer identification (KYC), (iv) reporting duties to the regulatory authorities and reporting to the trade repository, (v) the obligations regarding the protection of personal data and professional secrecy, (vi) the obligations in the scope of investors protection and communicating of relevant information on the risks associated with the brokerage services, (vii) supervision over the Group's activity, (viii) inside information and insider dealing, preventing the unlawful disclosure of inside information, preventing market manipulation, and (ix) providing information to the public as the issuer.

The sections below describe the most relevant, from the Company's point of view, changes of regulatory obligations occurring during the last period covered by this report and the changes that will enter into force in the forthcoming period.

### Act amending the Banking Law and certain other acts

On December 28, 2020, the parliament received a draft act amending the Banking Law and certain other acts, including the act on trading in financial instruments and was published on the website of the Government Legislation Centre. The most important assumptions of the project: (i) implementation of EU law in connection with the entry into force of European Union legal regulations on capital requirements for financial institutions, the so-called CRD V / CRR II package; (ii) introducing a standard methodology and a simplified standard methodology for the assessment of interest rate risk; (iii) authorizing the Polish Financial Supervision Authority to dismiss a member of the management board of the brokerage house if a given person does not meet the requirements necessary to perform a given function; and (iv) clarifying the definition of a person whose professional activity has a significant impact on the risk profile of the brokerage house. On February 25, 2021, the act was adopted by Sejm and then submitted to the President and the Marshal of the Senate. On April 1, 2021, the act was signed by the President. The effective date of the Act has been split, with some provisions taking effect within 14 days of the Act's promulgation, some taking effect on June 28, 2021, and the remainder taking effect on January 1, 2023.

The Company exercised due diligence in order to comply with obligation under Act amending the Banking law and certain other acts. However, it cannot be excluded that a given rule or requirement will be interpreted by the Group in a manner inconsistent with the act which may be connected with risk of supervisory activities and other administrative measures specified in binding laws and may require incurring by the Company further significant financial outlays and implementation of the significant organizational changes.

### Preventing use of the financial system for money laundering or terrorist financing - the so-called V AML Directive

On July 9, 2018, the Directive (EU) 2018/843 of the European Parliament and of the Council (hereinafter referred to as the "Directive V AML"), amending the Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (hereinafter referred to as the "IV AML Directive") and amending the Directives 2009/138/EC and 2013/36/EU came into force. The main assumption of the directive is to create within the European Union conditions for the efficient exchange of information in order to increase the effectiveness of counteracting money laundering and terrorist financing. In accordance with the assumptions of the Directive V AML, European Union member states were obliged to implement the provisions of the Directive V AML until January 10, 2020.

Polish legislator failed to transpose the provisions of Directive V AML within the required deadline. On March 4, 2020, a draft act amending the Act on Counteracting Money Laundering and Financing of Terrorism and some other acts (hereinafter referred to as the "Project") was published, which aims to implement the provisions of the AML V Directive into the Polish legal order. also numerous details of the provisions of the Act of March 1, 2018 on counteracting money laundering and terrorist financing (under the AML IV Directive. The most important assumptions of the Project include: (i) extension of the list of obligated institutions, (ii) changes in definitions, including the definition of the actual beneficiary and the group, (iii) extension of the catalogue of cases in whose obligated institutions apply financial security measures, (iv) expanding the catalogue of premises for a higher risk of money laundering and terrorist financing, and (v) changes in the scope of applying financial security measures. On February 25, 2021, the act was adopted by the Sejm and then submitted to the President and the Marshal of the Senate. On April 8, 2021, the act was signed by the President and on April 30, 2021 announced in the Journal of Laws. The entry into force of the Act has been staggered – some of the provisions came into force 14 days after the date of announcement, some 3 months after the date of announcement, and some 6 months after the date of announcement.



The Company exercised due diligence in order to comply with obligation under act on prevention of money laundering practices and financing of terrorism and the regulation on the transfer of information about transactions and a form identifying the obligated institution. However, it cannot be excluded that a given rule or requirement will be interpreted by the Group in a manner inconsistent with the act which may be connected with risk of supervisory activities and other administrative measures specified in binding laws and may require incurring by the Company further significant financial outlays and implementation of the significant organizational changes.

### **Draft act on the consideration of complaints and disputes of clients of financial market entities and on the Financial Education Fund**

On September 21, 2020 on the website of the Government Legislation System a draft act on the consideration of complaints and disputes of clients of financial markets entities and on the Financial Education Fund was published. The purpose of the act is to increase the effectiveness of the proceedings in matters of protection of collective consumer interests. According to the assumptions, the act is to enter into force on January 1, 2021, except for some provisions which will come into force accordingly on November 16, 2020 and December 31, 2020. Main assumptions of the project: (i) most of the existing competences of the Financial Ombudsman will be passed to the President of the Office of Competition and Consumer Protection; (ii) the President of the Office of Competition and Consumer Protection will obtain competence to protect financial market entities' clients, which will include, *inter alia*, the possibility of intervening in individual cases arising from the submission of complaints; and (iii) out-of-court proceedings will be held by the coordinator for out-of-court dispute resolution between the client and the financial market entity, who will be working next to the President of the Office of Competition and Consumer Protection. The project is currently at the stage of review. The Project is currently in Sejm after the stage of I reading.

### **Act amending the Trading in financial instruments act and other acts (IFD/IFR framework)**

On October 23, 2020 on the website of the Government Legislation System a draft act amending the Trading in financial instruments act and other acts was published. According to the assumptions, the act was to enter into force of June 26, 2021. Main assumptions of the project:

- division of the investment firms into the categories based on their size and connections with other financial and economic entities;
- the application of prudential supervision for investment firms which, due to their size and interconnectedness with other financial and economic entities, are not considered systemically important entities;
- regulating, by appropriate application of the provisions of the CRR, the structure of own funds of investment companies;
- an obligation for small and unrelated investment firms to hold their own funds equal to their fixed minimum capital requirement or one quarter of their fixed overheads calculated on the basis of their activities in the previous year;
- setting a minimum own funds requirement for tier two investment firms corresponding to their fixed minimum capital requirement, one quarter of their fixed overheads for the previous year or the sum of their requirement on the basis of a set of risk factors tailored to the specificity of investment firms;
- obliging investment firms to comply with liquidity requirements, resulting in mandatory internal procedures to monitor and manage liquidity requirements;
- an obligation to disclose relevant information, for example on own funds and liquidity requirements;
- making the capital requirements of the investment firm dependent on the type of activity authorized or authorized by the investment firm to provide or operate; and
- obliging investment firms to demonstrate compliance with a fixed minimum capital requirement at all times equal to the required share capital.

The Bill was passed in session on 1 October 2021 and was transmitted to the President and the Speaker of the Senate on 4 October 2021, and on 25 November 2021 it was promulgated. The entry into force of the Act has been staggered – some provisions entered into force on the day after the date of promulgation, some on 1 January 2022 and some entered force on 1 January 2023.

The Company exercised due diligence in order to comply with obligation under Act amending the Trading in financial instruments act and other acts. However, it cannot be excluded that a given rule or requirement will be interpreted by the Group in a manner inconsistent with the act which may be connected with risk of supervisory activities and other administrative measures specified in binding laws and may require incurring by the Company further significant financial outlays and implementation of the significant organizational changes.



## **Draft regulations amending the regulation on the scope, procedure, form and deadlines for submitting information to the Polish Financial Supervision Authority by investment firms, banks referred to in art. 70 sec. 2 of the Act on Trading in Financial Instruments, and custodian banks**

On 18 June 2021 and 7 July 2021, draft regulations amending the regulation on the scope, mode and form of and deadlines for the provision of information to the Polish Financial Supervision Authority by investment firms, banks referred to in Article 70(2) of the Act on Trading in Financial Instruments, and custodian banks were published. Both regulations were announced.

The most important assumptions of the regulations:

- draft dated 18 June 2021 - amendments to the current regulation with respect to the quarterly sales activity report, which is prepared in accordance with the template set out in Annex 10 to the regulation – The regulation was promulgated on 15 December 2021 and entered into force on 1 June 2022;
- draft dated 7 July 2021 - amendments to the regulation currently in force are aimed at making the necessary changes to the national legal order in connection with the entry into force of Directive (EU) 2021/338 of the European Parliament and of the Council of 16 February 2021 amending Directive 2014/65/EU as regards information requirements, product governance and position limits and Directives 2013/36/EU and (EU) 2019/878 as regards their application to investment firms in order to support the recovery from the COVID-19 crisis and consists in (i) incorporating the EU regulations on the prudential supervision of investment firms into the text of the Regulation, (ii) specifying the obligations of investment firms in the event of an inability to comply with certain disclosure obligations, (iii) specifying certain obligations relating to the use of research services and (iv) introducing new responsibilities for the compliance function – the regulation was promulgated on 14 December 2021 and entered into force on 28 February 2022.

The Company exercised due diligence in order to comply with these regulations. However, it cannot be excluded that a given rule or requirement will be interpreted by the Group in a manner inconsistent with the act which may be connected with risk of supervisory activities and other administrative measures specified in binding laws and may require incurring by the Company further significant financial outlays and implementation of the significant organizational changes.

### **Draft act on the protection of whistle-blowers**

On 18 October 2021, the Draft Act on the Protection of Whistle-blowers was published on the website of the Government Legislation Centre. The Draft act aims to implement Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons reporting infringements of Union law.

The guarantees and remedies provided for in the act will be available to the whistle-blower, regardless of the basis and form of work provision (including, but not limited to, an employment contract, civil law contract, business activity by an individual, management contract, voluntary work, internship and traineeship), including those providing work to entities with which the employer has a business relationship, such as contractors, subcontractors or suppliers, and other whistle-blowers in a work-related context, such as shareholders and partners and members of bodies of a legal entity. It will be possible to report violations of the law through internal reporting channels established by private and public entities, through external reporting channels to the relevant state authorities and through public disclosure. The draft act will set out the requirements for the establishment and organisation of internal and external channels (procedures and organisational arrangements) for reporting violations and the rules for making public disclosures.

According to the draft, the Act will enter into force after 14 days from the date of its publication. Implementation of the obligation to establish internal notification rules by entities in the private sector with at least 50 and less than 250 employees will take place by 17 December 2023. July 7 this year another version of the bill was published on the website of the Government Legislation Centre. As of the date of preparation of this report, the project is being developed by the Committee for European Affairs. It is estimated that the act will enter into force in the first quarter of 2023. The company is already making efforts to adjust its internal procedures on to the requirements of the draft Act.

### **Draft Act on amending certain laws in connection with ensuring the development of the financial market and the protection of investors in this market.**

On July 20, 2021, a draft act on amending certain acts in connection with ensuring the development of the financial market and the protection of investors in this market was published on the website of the Government Legislation Centre.

The draft aims to organize and improve the functioning of financial market institutions, particularly in terms of eliminating barriers to access to the financial market, improving supervision of the financial market, protecting



customers of financial institutions, protecting minority shareholders in public companies, and increasing the level of digitization in the Financial Supervision Commission's (KNF) realisation of its supervisory duties, through appropriate amendments to the laws governing it.

The project's key objectives include:

- expanding and strengthening the KNF's supervisory powers;
- giving KNF additional powers to impose fines on supervised entities;
- regulations on the method of conducting inspection activities by the FSC, including allowing inspection activities to be conducted outside the place of business of controlled entities;
- enabling the use of electronic delivery within the meaning of the Act of November 18, 2020 on electronic delivery with respect to control activities and other supervisory activities of the FSC that do not have the form of an administrative decision;
- issues of access to professional secrecy;

Currently, the draft is at the opinion stage and has not yet reached the Parliament. It is estimated that the law may enter into force in the first half of 2023.

### **Changes to the Commercial Companies Code**

As of October 13, 2022, amendments to the Commercial Companies Code, introduced by the Act of February 9, 2022, amending the Act - Commercial Companies Code and certain other acts came into force. The new regulations introduce provisions for groups of joint-stock companies (the so-called "holding law"), but also increase the powers and responsibilities of a joint-stock company's supervisory board by also granting it the tools to exercise supervision more autonomously. The most important changes include:

- An obligation to exercise due diligence arising from the professional nature of their activities and to maintain loyalty to the company while serving as a member of the board of directors or a member of the supervisory board, including not disclosing company secrets even after the termination of this function, which makes it possible to hold these persons liable for damage caused to the company and acting contrary to the company's interests if they fail to fulfil these duties.
- The introduction of the business judgement rule, which excludes the liability of management and supervisory board members for damage caused to the company if they acted in loyalty to the company and within the limits of reasonable business risk, including on the basis of information, analysis and opinions that should have been taken into account under the circumstances in making a careful assessment.
- Introduction of an obligation to prepare and submit an annual report on the activities of the supervisory board to the general meeting of shareholders.
- Introduction of the power of the supervisory board to require the management board, proxies and persons employed by the company to prepare or submit any documents and explanations concerning the group of companies, and introduction of criminal sanctions for failure to do so
- The possibility of appointing, by resolution of the supervisory board (at the company's expense), an independent advisor and entrusting him with the examination of a specific matter concerning the company's business or assets. The contract with the advisor shall be signed by the supervisory board.
- Introduction of the possibility of adopting a resolution on the formation of a "group of companies" guided by common interest, which will allow the parent company to issue binding instructions to its subsidiaries.

The company is exercising due diligence to adapt to the new legal obligations, among other things, it is planned to make appropriate amendments to the articles of association and regulations of its corporate bodies.

### **Act of December 1, 2022 on amending the Law on Complaint Handling by Financial Market Entities and the Financial Ombudsman and certain other laws**

On February 1, 2022, a draft act on amending the Act on Complaint Handling by Financial Market Entities and the Financial Ombudsman and certain other acts was published on the website of the Government Legislation Centre. The purpose of the draft is to increase the effectiveness and efficiency of the system of protecting customers of financial market institutions by, among other things, increasing the competence of the Financial Ombudsman and financial education of the Polish public.

The most important changes from the Company's perspective include:

- expanding the educational and informational powers of the Financial Ombudsman;
- expansion of the Financial Ombudsman's litigation powers, including giving it the authority to file civil lawsuits on behalf of customers of financial market institutions or to join civil proceedings already underway, and the



authority to file lawsuits in group proceedings as a representative of the group with respect to claims by customers of a financial market institution;

- increasing the maximum amount of the financial penalty imposed by the Financial Ombudsman on financial market entities for their failure to perform certain obligations;

The Parliament passed the act on December 1, 2022, which was then signed by the President on December 12, 2022. Most of the act's provisions came into effect on January 1, 2023, while provisions related to granting the Financial Ombudsman the authority to act as a representative in class actions are expected to come into effect 3 months after the law's promulgation.

**Regulation of the European Parliament and of the Council on the digital operational resilience of the financial sector and amending Regulations (EC) No. 1060/2009, (EU) No. 648/2012, (EU) No. 600/2014 and (EU) No. 909/2014 (Digital Operational Resilience Act "DORA")**

On December 27, 2022, a regulation was published in the Official Journal of the EU, the provisions of which are aimed at ensuring the resilience of financial sector entities to threats related to the use of digital and information and communication technologies (ICT).

Key issues of the regulation include:

- Rules for managing ICT risks, including the use of third-party technology providers.
- Obligations to periodically conduct digital resilience testing of systems;
- Requirement for detailed classification and reporting of incidents;
- Introduction of systems for sharing information among financial entities on methods and techniques for effective defence against ICT-related threats.

### 5.3 Employment information

As of December 31, 2022, the Group employed 860 people, including 580 people employed by the Company. The Group's employment structure is dominated by IT staff. The Group does not employ a significant number of temporary workers.

The table below presents information on the number of employees of the parent company and its foreign branches and Group Companies as at the dates indicated therein.

	AS AT	
	31.12.2022	31.12.2021
Parent Company	580	404
Foreign branches	127	95
Group Company	153	106
<b>Total</b>	<b>860</b>	<b>605</b>



## 6. Statement and information of the Management Board

### **Statement of the Management Board of XTB S.A. on the reliability of preparation of the consolidated and separate financial statements**

The Management Board of XTB S.A. declares that, to the best of its knowledge, the consolidated and separate financial statements for 2022 and comparative data have been prepared in accordance with the applicable accounting principles and reflect in a true, reliable and clear financial and financial situation and the financial result of the Group and the Company, respectively. In addition, the Management Board declares that activity report contains a true picture of the development and achievements of the Group and the Company, respectively, including a description of the basic threats and risk.

### **Information of the Management Board of XTB S.A. about appointing an audit company to audit financial statements**

Hereby, the Management Board of XTB S.A. informs that on the basis of the statement of the Supervisory Board, an auditing company authorized to audit financial statements, undertaking consolidated and separate financial statements for 2022 was selected in accordance with the regulations, including the selection and procedure for selecting an audit firm. At the same time, the Management Board of XTB S.A. informs that the audit company and the registered auditors performing the review meet the requirements indispensable for issuing an objective and independent report on the annual consolidated and separate financial statements, in line with the binding provisions of the law and professional standards and that the applicable regulations related to the rotation of the audit firm and the key statutory auditor and mandatory grace periods are observed. In addition, the Management Board of XTB S.A. informs that the Issuer has a policy of selecting an audit firm to carry out statutory audit of XTB S.A. financial statements and the policy of carrying out the permitted non-audit services by the audit firm conducting the audit, by entities related to this audit firm and by any member of the network to which the audit firm belongs, including services conditionally exempt from the prohibition of provision by an audit company.

Warsaw, March 21, 2023

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Omar Arnaout

President of the  
Management Board

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Filip Kaczmarzyk

Member of the  
Management Board

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Paweł Szejko

Member of the  
Management Board

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Jakub Kubacki

Member of the  
Management Board

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Andrzej Przybylski

Member of the  
Management Board



# **REPORT**

## **of XTB S.A. Capital Group**

on non-financial information

for 2022





## 1. Introduction

This report on non-financial information of XTB S.A. Capital Group (XTB Capital Group, Group, XTB Group) has been prepared in accordance with Article 55(2b) in conjunction with Article 49b of the Accounting Act.

This report includes information on XTB Capital Group companies for the year 2022. In preparing this report, XTB relied on the Non-Financial Information Standard (NFIS) developed by the Reporting Standards Foundation. This report on non-financial information in principle complies with the NFIS, subject to the incompatibility of the sectors included in the NFIS with the activities carried out by the XTB Capital Group, as well as the significantly limited operating activities of the subsidiaries operating within the XTB Capital Group, which affects the inappropriateness of assigning some of the NFIS ratios to the activities of a specific subsidiary.

## 2. Organization of XTB Capital Group

### 2.1 Profile of operations

The Group is an international provider of products, services and technological solutions for trading financial instruments, specializing in the OTC market and CFD derivatives in particular, which are investment products whose returns depend on changes in the price and value of the instruments and underlying assets. The Group also offers investments in shares and ETFs on the same trading platform. The Group operates in two segments: retail operations and institutional operations. The Group's retail operations mainly include, for retail customers, online trading in derivatives based on assets and underlying instruments traded on financial and commodity markets. For institutional customer, the Group offers technologies that enable them to offer their customer the opportunity to trade financial instruments under their own brand. The Group also acts as a liquidity provider for institutional customer.

For both retail and institutional customer, the Group offers two trading platforms:

- xStation and
- MetaTrader 4 (MT4), a platform offered to new customers until 18 January 2021

which are supported by an advanced technological infrastructure developed by the Group. The Group's retail customers receive access to one of the aforementioned front-end trading platforms and a number of its components, as well as back-office systems. Institutional customers receive full access to settings and management functions, the branding system and risk management tools.

The Group also offers its customers a variety of trading options, depending on the level of sophistication of the customer in question (from beginner to expert) and the method of access (from smartphone to web interfaces to desktop applications). The applications include tools for retail customers investing in CFD derivatives based on various financial instruments, including charts, analysis, research and the ability to trade online.

The functionality of the XTB Group offer enables clients to open accounts, deposit funds into them, place orders and transfer funds between accounts, and order statements via the Internet. XTB Group's core technology uses software designed to ensure functionality and scalability.

### 2.2 Management of non-financial aspects at the XTB Group

As of 31 December 2022, the XTB Group consisted of XTB as the Parent Company and its 12 subsidiaries. XTB also has 7 foreign branches. The diagram below shows the Group's structure as of 31 December 2022.



## XTB SPÓŁKA AKCYJNA

### FOREIGN BRANCHES



Two new companies: XTB Digital Ltd., Cyprus and XTB S.C. Limited, Republic of Seychelles were established in Q4 2022. As of the date of submission of this report, the aforementioned companies were not in operation.

Detailed information on individual subsidiaries and branches is presented in the Management Report under Description of the Group's organization.

There were no significant changes in the XTB Group's business model during the fiscal year.

The processes related to providing users with its proprietary information technology (an area for which XTB's IT department is responsible) as well as processes related to acquiring and supporting customers are crucial for the operating activities. Processes related to customer acquisition and support, on the other hand, are carried out both directly by XTB in Poland and by branches and subsidiaries operating in local markets. XTB is also responsible for coordinating the activities of individual subsidiaries and branches, management processes, setting development goals for businesses operating in individual countries, setting budgets and financial targets, standards of conduct and overseeing their achievement. Subsidiaries and branches employ from a few to several dozen people. Thus, by far the largest number of operational processes are carried out at XTB in Poland and the activities of subsidiaries and foreign branches are, as a rule, of a nature supporting sales and ensuring compliance with local regulations required for their operations. Consequently, also from the point of view of ESG issues, the most important processes and solutions for managing non-financial issues are carried out at XTB in Poland and the creation of extensive corporate solutions and dedicated policies for individual subsidiaries would be considered ineffective.

With the above in mind, the identification of significant areas of management and related risks, including non-financial aspects, is carried out at the XTB level in consultation with individual organizational units operating in subsidiaries.

This process is related to the ongoing assessment of the impact on the environment and risks associated with individual areas of interaction with stakeholders. The assessment also takes into account current changes (among others: legal, economic and social) in the environment. In detail, these aspects are identified and assessed in accordance with the relevant procedures relating to the identification of risks and risk assessment for the given area.



In doing so, particular XTB Group companies take individual measures to meet the requirements of local regulations. XTB, on the other hand, is the recipient of information on the results of its actions in individual ESG areas, particularly in situations in which these results could result in a violation of applicable regulations and related financial or image liability. Thus, to the best of our knowledge, this report on non-financial information does not omit information that could have a material impact on the accuracy of the description of the XTB Group's impact on social, labour, environmental, respect for human rights, anti-corruption or climate issues.

In the course of business operations and management processes, the following areas are identified in which relationships of significant importance occur. In the course of work related to the preparation of this report, the above-mentioned areas were reviewed, as a result of which no discrepancies were identified compared to the previous reporting period.

Relation area	Examples of impact
<b>Relations with customers</b>	<ul style="list-style-type: none"> <li>• delivery of reliable software</li> <li>• marketing communications</li> <li>• education and training activities</li> </ul>
<b>Relations with employees</b>	<ul style="list-style-type: none"> <li>• ensuring good working conditions</li> <li>• development of employee competence</li> <li>• educational activities</li> </ul>
<b>Relationships with regulatory institutions</b>	<ul style="list-style-type: none"> <li>• ensuring compliance of the business with local regulations</li> <li>• prevention of violations of applicable regulations</li> <li>• prevention of unethical behaviour</li> </ul>
<b>Occupational health and safety</b>	<ul style="list-style-type: none"> <li>• ensuring a safe working environment</li> </ul>
<b>Environmental impact</b>	<ul style="list-style-type: none"> <li>• energy consumption</li> <li>• education in the environmental area</li> </ul>

### Identification of stakeholders

Given the nature of the XTB Group's operations, the following key stakeholder groups have been identified for the purposes of the management processes carried out:

- employees,
- retail and institutional customers,
- potential customers - those interested in education about financial markets,
- providers,
- competitors,
- state institutions, including local supervisory authorities,
- the media,
- shareholders, analysts and potential investors.

The needs and expectations of interested parties are systematically identified through, among other things, the identification of regulatory requirements and feedback from the various stakeholder groups.

In the course of preparing this non-financial report, the list of identified stakeholders was analysed and no changes were made compared to the previous reporting period.



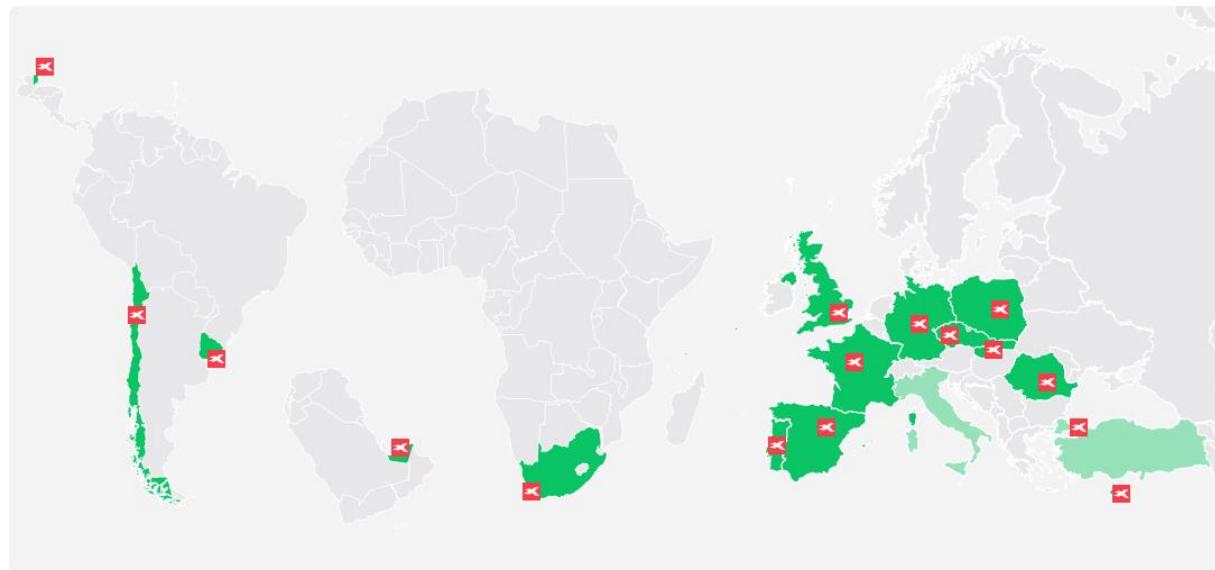
## Communication with stakeholders

XTB, in order to properly communicate with its stakeholders, posts information on its website about the objectives of its strategy, including long-term goals and planned activities.

The progress of its implementation, determined by financial and non-financial metrics, is presented in current and periodic reports. The company holds quarterly meetings for investors, inviting in particular shareholders, analysts, and industry experts and media representatives. XTB, as a listed company, publishes periodic reports on a quarterly basis, while reports to supervision institutions are prepared at least monthly.

Later in this report, under Customer Communications, information is provided on communication activities and retail customer education.

## Location of operations



The XTB Group operates under licenses granted by regulatory authorities in Poland, the United Kingdom, Cyprus, Belize and the United Arab Emirates. The XTB Group's activities are regulated and subject to supervision by the competent authorities in the markets in which the Group operates, in these EU countries, on the basis of the so-called Single European Passport. Currently, the Group is focused on developing its operations in 12 key markets, including Poland, Spain, the Czech Republic, Portugal, France and Germany. Meanwhile, the Group considers Latin America, Asia and Africa as a priority region for further expansion. Currently, the XTB Group's efforts are focused on reaching the mass customer with its offerings. This is crucial for XTB's further dynamic growth and building a global brand. This goal is also served by the addition of new products to the offer in 2023 and subsequent years. The Management Board assesses that the above activities are characterized by greater potential than placing its resources in launching operations in South Africa. For this reason, the launch of operations in XTB Africa (PTY) has been postponed until at least 2024.

Both in Poland and in other countries, the Group operates exclusively in leased properties. These include office space and space for IT infrastructure.

## 3. ESG strategy

The XTB Group's ESG Strategy was adopted in Q4 2021. Within the framework of the adopted ESG Strategy, XTB emphasizes the continuation of existing solutions and the fulfilment of commitments in the area of environmental protection and sustainable development. In connection with the above, goals have been set, which will be gradually implemented. Undertaking various initiatives in this area will help build environmental awareness not only among employees, but also customers and business partners. XTB's intention is to constantly increase its involvement in projects in the area of social responsibility.



## OUR VALUES

**SUPPORT**

**TECHNOLOGY**

**TRUST**

The ESG strategy is based on three pillars, i.e. i) Environment, ii) Social responsibility, iii) Corporate governance.

<b>Environment</b>	<b>Social responsibility</b>	<b>Corporate governance</b>
<ul style="list-style-type: none"> <li>• Taking care of the environment in the workplace.</li> <li>• Introducing a number of solutions to manage natural resources more efficiently.</li> <li>• Striving to reduce the organization's carbon footprint.</li> <li>• Building environmental and climate awareness among employees and co-workers.</li> </ul>	<ul style="list-style-type: none"> <li>• Providing immediate access to financial markets from around the world.</li> <li>• The XTB Group's overarching goal is to educate the society economically.</li> <li>• XTB shares knowledge and experience by collaborating with universities and other institutions.</li> <li>• XTB's team is made up of ambitious people who are supported to continuously develop and achieve their goals.</li> </ul>	<ul style="list-style-type: none"> <li>• XTB is one of the world's largest listed Forex &amp; CFD brokers.</li> <li>• XTB Group's operations are subject to financial supervision in the international financial markets including: FCA, BaFin, ACPR, CySEC, IFSC.</li> </ul>

The ESG Strategy document is available on XTB's corporate website. Information on the implementation of the ESG Strategy will be presented in subsequent reports and non-financial reports of the XTB Group.

Information on implemented and planned initiatives in specific areas is described in the following sections of this report.

As of December 2020, XTB shares are included in the WIG-ESG index. The WIG-ESG Index aims to measure the value of a portfolio of listed companies, qualified for the WIG20 and mWIG40 Indices, verified using the adjustment factor of assessing the degree to which they fulfil environmental, social and corporate governance principles in their operations.

## 4. Description of the Group's operations

### 4.1 Description of basic products and services

The XTB Group is an international provider of products, services and technological solutions for trading financial instruments, specializing in the OTC market and CFD derivatives in particular, which are investment products whose returns depend on changes in the price and value of the instruments and underlying assets. The Group also offers investments in shares and ETFs on the same trading platform.



## XTB's product offering



### FOREX

Forex (Foreign Exchange Market) is the largest financial market in the world. Forex trading takes place 24 hours a day, 5 days a week. XTB offers about 50 CFD instruments based on currency pairs.



### INDICES

CFDs are derivatives. This means that you don't actually own the underlying asset - you just speculate whether its price will go up or down. XTB offers about 30 CFD instruments based on share indices from around the world: USA, Germany, China.



### COMMODITIES

With commodity CFDs, you can invest in instruments based on commodities such as gold, silver and oil. This allows you to make money by speculating on commodity prices by playing on price increases and decreases. At XTB, you can choose from more than 20 commodity-based CFDs.



### SHARES

XTB offers access to CFD instruments on shares as well as listed shares. Exchange-traded shares are securities that confirm a stake in a particular company. They combine a property right (the right to dividends) with a non-property right (voting rights).



### ETF

Exchange - traded fund (ETF) - is an investment fund, the purpose of which is to faithfully reproduce a designated index, and the titles are listed on the stock exchange. And XTB offers both CFD instruments on ETFs and cash instruments.



### CRYPTOCURRENCIES

Cryptocurrencies are a form of digital currency created and held electronically. XTB offers a CFD instrument, which means you don't have to make a physical purchase of a cryptocurrency. All you have to do is invest and speculate on future price movements without owning the underlying instrument. XTB provides about 45 CFD derivatives based on cryptocurrencies.

At the end of 2022, the Group had a total of nearly 5,800 financial instruments on offer from around the world. This number consisted of 2,300 leveraged CFD derivatives, including more than 50 based on currency pairs, about 20 based on commodities and about 30 based on indices and 50 on cryptocurrencies, about 1,900 based on shares of companies listed on exchanges in 16 countries, and more than 150 based on US and European ETFs. The second arm of XTB's offering consists of more than 3,500 cash instruments, more specifically, almost 3,200 equity instruments and more than 300 ETF instruments from European markets. In 2022, the Company's main focus was on improving existing processes for acquiring new customers, optimizing transaction costs for both customers and the Company, as well as any processes leading up to customers starting to trade, and the very experience of them trading at XTB. The Group is constantly actively making improvements to the trading platform that make it more intuitive and easier to use.

Environmental and social aspects are not a dominant factor in the design of the product offering. Nonetheless, XTB offers financial instruments (e.g. ETFs) that allow investments in climate-conscious entities or entities classified in ESG-sensitive indices. In 2022, the Company added ESG rating information to its investment platform for most of the securities of companies on offer and for ETF instruments. In addition, XTB offers financial instruments linked to CO2 emission rights (EMISS contract) as well as it is considering expanding offering to include instruments that support direct management of selected aspects of climate risk, i.e. weather derivatives, for example.



## 4.2 Providers

### Materials used and services provided to the Group

As part of its operations, the XTB Group cooperates with providers providing services that support organizational processes, marketing, analytics, IT development and support for the trading area. The activities of these entities are mainly located in Europe and the USA.

In most cases, cooperation with providers should be attributed to permanent character. In certain cases, one-time cooperation is also established in order to achieve a specific goal.

XTB's key providers are providers supporting XTB's customer service processes (including, in particular, providers whose services contribute to the automation of the aforementioned processes) and providers of services for the needs of the trading area (e.g. market data providers). As far as other provisions are concerned, it should be noted in particular purchases of IT equipment, energy and office supplies.

In 2022, no labour rights violations were identified among the XTB Group providers. Given the profile and location of its providers' operations, the XTB does not identify providers that may pose a threat to the right to freedom of association and the right to collective disputes or violate these rights.

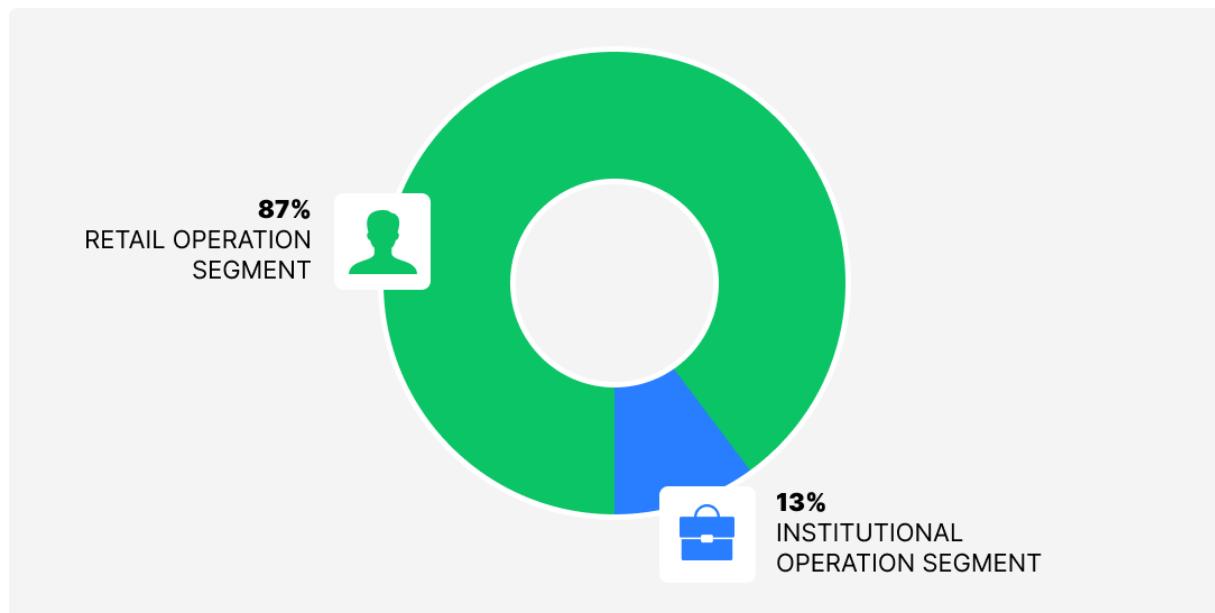
### Dependence on providers

Due to the nature of its business, the XTB Group is not dependent on any providers.

## 4.3 Customers

### The XTB Group operates in two segments:

- retail operations
- institutional operations.



In 2022, the retail operation segment generated about 87% of the Group's total turnover volume, and the institutional operation segment generated about 13%.

### Retail segment

The XTB Group's retail operations mainly include, for retail customers, online trading in derivatives based on assets and underlying instruments traded on financial and commodity markets, as well as activities related to trading in shares from selected exchanges from around the world and ETF instruments.



The Group's retail customers receive access to the front-end trading platform and a number of its components, as well as back-office systems.

In the retail segment, XTB's customer base is characterized by the following parameters i) new customers, ii) total number of customers and iii) average number of active customers.

In 2022, the XTB Group attracted 196,864 new customers, with a total number of 614,934, while the number of active customers (i.e., customers who conducted at least one transaction in the 2022 period) was 258,799.

### **Communication with individual customers and educational activities**

Since its inception, XTB has paid special attention to education about the functioning of financial markets. XTB's overriding goal is to build investment awareness and facilitate access to economic knowledge for every interested person. XTB makes sure that everyone who is interested in the functioning of financial markets has the opportunity to obtain the necessary knowledge. Most of the educational materials prepared by XTB are available free of charge to potential customers

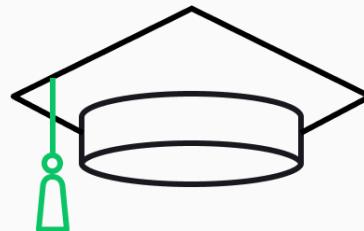
These materials include nearly 100 hours of educational video training available on the xStation platform developed by XTB, as well as dozens of articles made available as part of the so-called Trading Academy.

The authors of the trainings are both XTB specialists and external experts in financial markets. The variety of topics and the level of sophistication make them create value for both beginners and advanced investors.

In addition, depending on individual needs, customers can participate in regularly held conferences and webinars organized by XTB.

Since 2016, XTB has organized the Masterclass Conference, which is attended by several thousand people every year.

In 2022, there were no situations of penalties/violations of competition regulations by XTB Group companies as well as no penalties related to violations of marketing communications regulations in 2022.



### **Institutional segment**

XTB's institutional customers are offered technology that allows them to offer their customers the ability to trade financial instruments under their own brand. XTB also acts as a liquidity provider for institutional customers. Institutional customers include brokerages, banks, start-ups and other financial institutions. Institutional customers receive full access to settings and management functions, branding system, reports, front and back-office tools.

In the institutional segment, the number of customers at the end of 2022 was 56.

### **Dependence on customers**

Due to the nature of the core business focused on individual customers, there is no risk of becoming dependent on any recipient.

## **4.4 Cooperation with counterparties**

Contracts with counterparties do not contain clauses on ethical, environmental or human rights aspects other than those arising from laws generally applicable to the location.

XTB's business model does not provide for participation in public procurement. In 2022, the XTB Group companies did not participate in such procurements.

In 2022, no audits were carried out on behalf of the XTB Group companies in the environmental, occupational health and safety, human rights or ethical areas. The counterparties of the XTB Group also did not commission any audits to be performed at XTB in the above areas.



## 4.5 Trading contracts and transactions

Due to the characteristics of its operations and the generation of revenues based mainly on individual contracts with natural persons while having a dispersed group of providers, the XTB Group did not enter into any significant contracts for its operations in 2022.

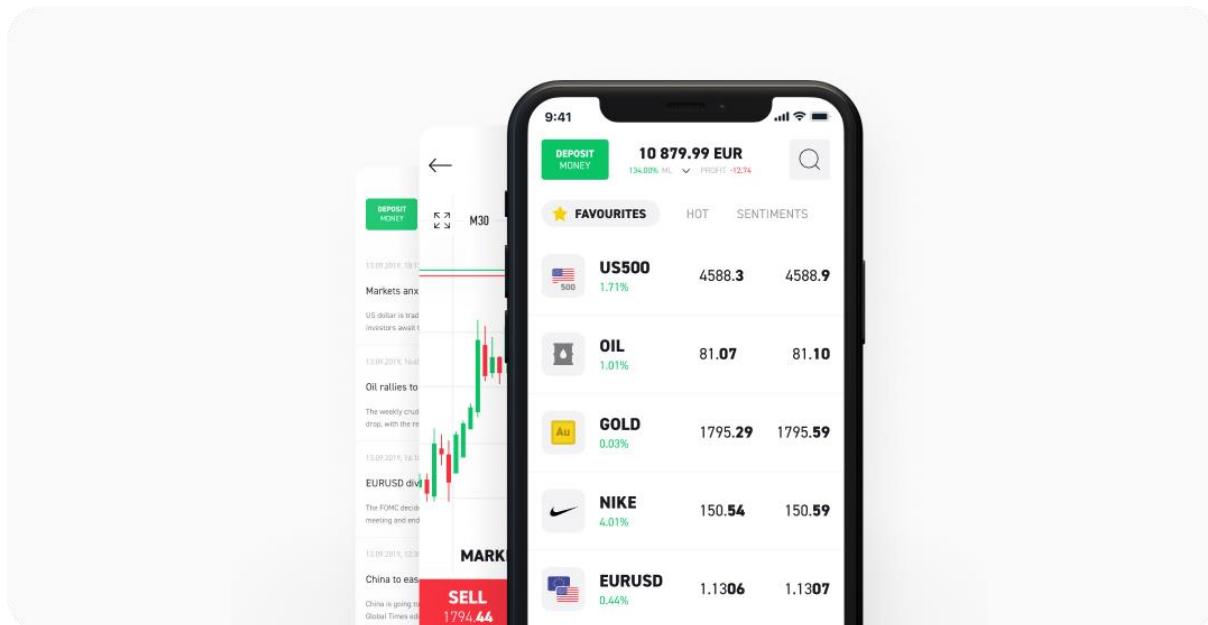
## 4.6 Public aid

The XTB Group companies did not benefit from public support in 2022.

The XTB Group companies did not benefit from support resulting from the so-called anti-crisis shields.

## 4.7 Technology development

As part of its IT work, XTB is expanding the functionalities of its proprietary desktop and mobile version of the xStation trading system, modules to ensure effective execution of orders and other support systems available to customers and employees. During the reporting period, work was carried out to design and develop highly innovative, comprehensive solutions in the field of transactions and online investments ("R&D work"). The purpose of the above work is to develop innovative technologies and solutions to further develop the products offered to customers.



The R&D work carried out in 2022 was aimed at the development of tools necessary for the efficient operation of XTB's trading systems, effective execution of orders, efficient onboarding of customers, and further development of tools to support the company's internal processes as a result of identified development needs. Research areas focused on the functionality and security of the operation of systems, processes and databases. The R&D work focused on the development of new electronic trading systems was also carried out. The main types of activities performed as part of the R&D work included:

- creation of new or improvement of current software solutions used by XTB customers in the process of trading on financial instruments,
- creation of new or improvement of current software solutions used by XTB customers in the process of account opening and during the use of back office modules (deposits, withdrawals, account updates, etc.),
- development of XTB's IT infrastructure to, among other things, ensure an appropriately efficient network, continuously upgrade servers and other active equipment at XTB,
- creation of new or improvement of current software solutions to support XTB's operations,



- creation and development of key transactional applications and CRM systems,
- development of solutions to increase security of network operations as well as external access,
- development of solutions for data storage security,
- creation and implementation of new innovative hardware, hardware-software and software solutions in the company,
- analysis of product development opportunities, in terms of current technological solutions,
- work on improving the security level of processed data both in terms of data storage and transmission protocols.

## 5. Employment

### 5.1 XTB's Human Resources Policy

XTB's Human Resources Policy is closely linked to the company's mission and strategy. The guidelines of the Human Resources Policy are aimed at effective management of human resources through effective selection, choice, support of development and retention of a team of employees that will guarantee the implementation of the Company's planned business activities at the highest possible level. The Human Resources Policy is based on the assumption that the most important factor in the Company's success is its employees, so the overriding goal is to constantly strive to create the best possible jobs and employment conditions that enable the development of competencies.

**In particular, the implementation of the Human Resources Policy is aimed at:**

- acquiring, in the process of professional recruitment, the optimal number of employees with specific qualifications and professional potential, necessary to ensure staffing of XTB's various organizational units;
- supporting the process of employee identification with the organization's goals and mission;
- shaping employees' attitudes and standards of conduct in accordance with XTB's internal regulations, orders and procedures;
- ensuring professional stability, preventing employee turnover and retaining a highly qualified, valuable workforce;
- supporting the development of specialized skills necessary to perform tasks and achieve set goals;
- creating an incentive system based on the proper formation of working conditions in conjunction with the system of remuneration, promotion and bonus along with the assessment of professionalism and effectiveness of work provided.

**Areas of activity in the field of Human Resources Policy are:**

- employment planning;
- recruitment;
- employee evaluation;
- employee retention (motivating, rewarding, promoting, bonuses);
- employee development (individual professional development programs, training).

All entities in the XTB Group are based on the assumptions of the Human Resources Policy.

Detailed provisions relating to the above area are included in the Human Resources Policy document and related procedures.

#### Dialogue with employees

Documented dialogue with employees is most often carried out through email communication or online meetings. In quarterly or semi-annual cycles, employees are communicated by the CEO with the XTB Group's results, current implementation of the strategy and strategic plans for the next period.



At XTB, cyclical meetings are held with employee representatives, during which proposals for regulatory changes linked to changes in the Labour Code, changes in benefits, improvements in work organization are discussed, and other suggestions and proposals from employees are presented for discussion with the Management Board.

At the end of 2021 and the beginning of 2022, an anonymous global satisfaction survey of XTB employees was conducted, within the framework of which it was possible to express opinions on such areas as training and development, motivation, communication, work environment, productivity and management and relations. In addition, employees had the opportunity to voice their opinions about their employer and provide free conclusions. The results of the global satisfaction survey are published for the information of all XTB employees.

As of January 2022, the return to hybrid work at XTB began, which was preceded by consultations with employee representatives on the topics of changes to work rules and regulations for remote work, as well as rules for the XTB office during the COVID-19 epidemiological emergency.

## 5.2 Ensuring diversity

### Management approach to diversity

The XTB Group employees differ in talents, skills, character traits, personalities, experiences, personal situations, views and other attributes. The XTB Group considers diversity, and equal treatment towards all employees, authorities and key managers, to be fundamental due to the firm belief that diversity as a fundamental value of modern society significantly affects the development, competitiveness and innovation of the organization. This approach aims to fully utilize the potential of employees, their skills, talents, passions, knowledge and qualifications.

The XTB Group creates an organizational culture focused on achieving the organization's goals by building gender-, age- and qualification-diverse internal teams, which enables more effective problem solving, a better working atmosphere, higher creativity of project teams and effective knowledge sharing. The XTB Group employs employees who are diverse in terms of gender, age, education, qualifications, work experience, nationality, ethnicity, religion, creed, irreligion, political beliefs, health status, psychosexual orientation, family





status, lifestyle, place of residence, form, scope and basis of employment, and ensures that all employees are respected, tolerated and treated equally in the workplace, and that a work environment is created that is conducive to using these differences to the benefit of the organization.

Diversity management also involves incorporating into XTB's policies and procedures, provisions on anti-discrimination, anti-bullying and other regulations setting standards for equal treatment, protection against violence, harassment, or unjustified dismissal. The principles of equal treatment in employment are described in internal documents, including, among others, in the work regulations, and are generally available to employees.

In accordance with the anonymous whistleblowing procedure in place, all employees and co-workers are required to respond if they witness the exclusion or stigmatization of co-workers.

As of 2021 XTB is a signatory to the Diversity Charter.

In 2022, no cases of discrimination, bullying or sexual harassment were found in the XTB Group. No human rights violations were also identified during the above period.

### **Diversity policy with regard to members of the Company's Management Board**

In terms of diversity in connection with the election of the Company's authorities, a Diversity Policy has been adopted with respect to the Company's Management Board Members. XTB ensures a plurality of qualifications and competencies in terms of education, work experience and skills of the selected personnel, including managers, in order to guarantee comprehensive and reliable performance of the tasks assigned to them. In addition, as part of the Diversity Policy, professional qualifications, reputation, work experience, predisposition to perform the duties of the position or function, as well as diversity in terms of gender, age, place of origin and education are taken into account during recruitment to the authorities. Members of XTB's authorities are specialists in different areas of expertise and have diverse industry experience corresponding to their current function. The individual competencies of the members of XTB's authorities complement each other in such a way as to make it possible to ensure an appropriate level of collegial management in the organization.

## **5.3 Employment structure**

The average annual FTE employment at the XTB Group was 659 in 2022 and 562 in 2021.

Given the XTB Group's business model, the main groups of people employed are IT specialists and people in customer support areas.

**Below are the employment figures as of the end of 2021-2022.**

Employment contract (per FTE)	Criterion	XTB Group	
		2022	2021
Employment contract (per FTE)	up to 30 years of age	total	297
		women	88
		men	209
	30-40 years of age	total	333
		women	110
		men	223
	40-50 years of age	total	71
			42



Employment contract for an indefinite period (per FTE)	over 50 years of age	women	22	11
		men	49	31
		total	10	5
		women	2	0
		men	8	5
	up to 30 years of age	total	206	179
		women	66	57
		men	140	122
	30-40 years of age	total	286	262
		women	96	73
		men	190	189
	40-50 years of age	total	63	41
		women	20	11
		men	43	30
	over 50 years of age	total	9	4
		women	2	0
		men	7	4
other (contract of mandate)	total		other (contract of mandate)	18
	up to 30 years of age	total	39	17
		women	10	4
		men	29	13
	others		0	1

The greatest diversity of employment, understood as the variety of functions and positions held, takes place in the Parent Company at XTB Headquarters. People employed at subsidiaries and branches are those mainly responsible for supporting sales processes on local markets.



**The shares of the key categories of positions and functions occurring at XTB Headquarters, i.e. excluding branch operations, which is characterized by the greatest diversity of employment, are presented below.**

Area/position	2022	2021
<b>IT area</b>	<b>41%</b>	<b>39%</b>
<b>sales area</b>	<b>4%</b>	<b>3%</b>
<b>customer service area</b>	<b>24%</b>	<b>24%</b>
<b>other specialized positions</b>	<b>15%</b>	<b>13%</b>
<b>managerial positions</b>	<b>10%</b>	<b>14%</b>
<b>director positions</b>	<b>6%</b>	<b>7%</b>

*\*the number of persons employed in a given area in relation to the number of persons employed at XTB Headquarters, expressed in %.*

**Below is information on employee turnover.**

admissions of employees	Criterion	XTB Group	
		2022	2021
admissions of employees	up to 30 years of age	<b>total</b>	<b>155</b>
		<b>women</b>	<b>42</b>
		<b>men</b>	<b>113</b>
	30-40 years of age	<b>total</b>	<b>76</b>
		<b>women</b>	<b>33</b>
		<b>men</b>	<b>43</b>
	40-50 years of age	<b>total</b>	<b>9</b>
		<b>women</b>	<b>5</b>
		<b>men</b>	<b>3</b>



departures of employees	over 50 years of age	men	4	4
		total	1	0
		women	0	0
		men	1	0
	up to 30 years of age	total	53	68
		women	16	23
		men	37	45
	30-40 years of age	total	47	41
		women	8	12
		men	39	29
	40-50 years of age	total	11	2
		women	3	2
		men	8	0
	over 50 years of age	total	2	1
		women	0	0
		men	2	1
	including in connection with the acquisition of pension rights	total	0	0
		women	0	0
		men	0	0

Employee turnover rate *	2022	2021
Total	17,3%	20,0%

Women	13,2%	22,2%
Men	19,1%	19,4%

\* the number of employees who left divided by the average of the sum including the initial and final number of employees in the period

**The following is a summary of information on the XTB Group's cooperation under civil contracts.**

	Criterion	XTB Group	
		2022	2021
civil contracts	<b>number of civil contracts at the end of the period</b>	<b>total</b>	<b>38</b>
	<b>number of civil contracts concluded during the period</b>	<b>total</b>	<b>54</b>
	<b>number of civil contracts terminated/ended during the period</b>	<b>total</b>	<b>31</b>

In 2022, the XTB Group employed 3 people with disabilities.

In 2022, the XTB Group cooperated on the basis of employee outsourcing within the equivalent of 15 FTEs.

No labour unions were established in any of the XTB Group companies. At XTB's headquarters in Poland, employee representatives were appointed in accordance with labour laws.

There were no industrial disputes in 2022.

In 2022, there were three occasions when a woman, after giving birth and returning to work, resigned from her job within 12 months of returning to work.

Given its business model, the XTB Group does not envisage hiring employees from economically weaker countries to perform so-called low-cost tasks. The principle is to ensure equality of employment rules for similar positions. Thus, even if an employee comes from an economically weaker country, he or she is employed on equal terms as employees from Poland, the EU, or other regions of the world.



## 5.4 Employment conditions

### Remuneration system

According to the internal remuneration system, employees receive remuneration for work corresponding to the type of work performed and the qualifications required for its performance, taking into account the quality and quantity of work performed. The internal remuneration regulations specify the terms and conditions of remuneration for work and work-related benefits and the conditions of their award.

At XTB, the system of remuneration, reassignment and promotion of employees is implemented by creating sustainable mechanisms to motivate employees to increase the quality and efficiency of their work. Due to the desire to enrich the remuneration system with non-wage solutions and the constant effort to increase the integration and identification of employees with the company, people employed at XTB Headquarters are covered by a package of additional benefits. The remuneration/promotion system is built in cooperation with the directors of XTB Headquarters' departments by the Human Resources Department. The system of employee remuneration and the scope of non-wage benefits in branches is set by branch directors in cooperation with regional directors.

The promotion, incentive and bonus policy takes into account the full-time needs, planned budgets of head office/foreign branch departments and funds allocated for human resources, as well as employee qualifications and performance evaluations.

The general principles of the remuneration policy aim to ensure the consistency of the system of remuneration and additional benefits for employees with the implementation of the long-term development strategy and taking into account the costs adopted in the financial plan, while maintaining compliance with risk management and operational stability.

### Gender Pay Gap Ratio

In terms of remuneration, the Company applies market principles, i.e. it makes the level of employees' remuneration dependent, in particular, on their knowledge, professional experience and substantive contribution to the development of the Company.

The organization conducts a periodic analysis of the development of men's and women's remunerations in each Department. If discrepancies are detected, the Department Director is consulted and corrective measures are taken if necessary.

Below is presented information on the Gender Pay Gap Ratios (GPGR) for XTB Headquarters. The Company presents the ratios for XTB Headquarters bearing in mind the greatest diversity of positions at XTB Headquarters compared to other organizational units, i.e. foreign branches and subsidiaries, which are dominated by people employed in sales positions.

The GPGR is calculated as a percentage as the absolute value of the difference of the quotient of the average monthly remuneration of women divided by the average monthly remuneration of men and the number 1. The ratios are presented taking into account base remuneration and base remuneration plus additional benefits, respectively.

XTB Headquarters		2022	2021
GPGR (based on base remuneration)	Employees in managerial positions	19%	12%
	Employees in director positions	1%	1%
	Employees in positions other than the above	14%	19%



GPGR (base remuneration plus additional cash benefits, awards, etc.)	Employees in managerial positions	10%	15%
	Employees in director positions	14%	6%
	Employees in positions other than the above	19%	12%

The Company explains that approx. 37% of the people employed at XTB Headquarters are IT employees (in particular, programmers) for whom the amount of remuneration as well as the dominant share of the male gender in this category results in a wage gap in the level of wages between men and women. High remunerations in this professional group are related to wage pressure in the labour market and the need to attract and retain high-class specialists in this area. However, this relationship is typical of the IT industry and does not apply only to XTB.

With the above in mind, the aforementioned ratios are presented excluding IT employees.

XTB Headquarters excluding IT Department	2022	2021
GPGR (based on base remuneration)	Employees in managerial positions	10%
	Employees in director positions	0%
	Employees in positions other than the above	8%
GPGR (base remuneration plus additional cash benefits, awards, etc.)	Employees in managerial positions	9%
	Employees in director positions	0%
	Employees in positions other than the above	6%

The difference in the size of the ratio based on base remuneration compared to base remuneration plus additional benefits is mainly related to the higher share of male employees in the Trading Department and Sales Department in which additional benefits (i.e., bonuses and incentives in particular) are higher than the corresponding benefits in administrative positions.

The ratio of the Company's lowest emoluments (on a full-time basis) to the average remuneration of members of the Management Board was approximately 0.07 in 2022.

### Non-wage benefits

Below is information on non-wage benefits available at the Company.



- private medical care - available to persons cooperating with the Company under both employment contracts and contracts of mandate;
- reimbursement of the cost of corrective glasses - available to Company employees;
- Christmas vouchers - available to employees;
- vacation leave subsidies - available to employees;
- MyBenefit platform and Multisport Package - available to persons cooperating with the Company under both employment contracts and contracts of mandate;
- group life insurance - available to employees;
- additional paid leave day for birthdays - available to employees;
- an additional day of paid leave for care for young parents - available to employees;
- days off for volunteer services-available to employees;
- meal subsidies - available to employees.

The scope and form of non-wage benefits at subsidiaries are adapted to local conditions and standards in the area of employee compensation and include, for example, additional medical benefits, group insurance or Christmas gifts.

### **Health promotion**

In 2022, XTB held flu vaccinations for company employees for the twelfth time. Employees who did not participate or could not take the vaccination at the XTB office on a given date had the opportunity to be vaccinated free of charge within the framework of their medical subscription at a selected healthcare provider's facility.

XTB is strengthening employee awareness of environmental protection and health promotion. The promotion of health care is carried out by promoting actions such as European Breast Cancer Day and Movember - organizing webinar meetings with specialists in preventive health care, as well as organizing a series of internal first aid training courses for employees and blood donation campaigns.

In addition, XTB finances projects related to the promotion of sports activities among employees, supporting, among others, the XTB team playing in a business soccer league or the XTB Running Team. In addition, XTB is organizing the XTB Challenge sports challenge, the SKYBIKE and Rak'n'Roll Foundation cycling event, healthy lifestyle webinars in cooperation with Multisport, and participating in the Operation - Two Hours for the Family, promoting the work-life balance approach.

There are plans to introduce a Day for Health for XTB employees, during which they will be able to perform the most relevant preventive examinations and increase their involvement in promoting more sports.

### **Satisfaction survey**

Satisfaction surveys are conducted once a year for the entire XTB Group. For the purposes of this survey, information is collected through anonymous surveys completed online by employees. The satisfaction survey report is made available to all employees.

## **5.5 Employee development**

### **Management approach**

XTB emphasizes the creation of favourable conditions toward long-term professional development of employees and continuous improvement of professional skills. Creating the right conditions for employee development is aimed at efficient use of human resources and ensures professional performance of duties and completion of assigned tasks. The planning and development of an employee's career is considered both in the context of his or her personal development and XTB's requirements for the desired competence and qualification of staff.

Funds for qualification enhancement are included in the budgets of individual XTB departments. In foreign branches, the training budget is set by the branch director. Employees are delegated to training by their immediate supervisor as required for upgrading their education.



XTB promotes employees' desire to acquire specialized qualifications by reimbursing the costs of successfully passing examinations, e.g. obtaining broker, investment advisor, CFA licenses etc.

### **External training**

#### **The main categories of training include:**

- technical (in the IT area);
- specialized (concerning the expansion of professional knowledge, including postgraduate studies, CFA, ACCA, MBA, ICA, course preparing to pass a broker's license, etc.);
- soft skills training;
- language training (tuition subsidies, reimbursement for courses, access to the eTutor e-learning platform for online foreign language learning).

#### **In 2022 at XTB Headquarters:**

- 6 persons took part in subsidized study and post-graduate studies (subsidies were maintained for employees who continue their studies in subsequent semesters, so it is planned to participate in the cost of education in future years as well);
- 49 persons took part in thematic conferences;
- 94 persons took part in technical training (in the IT area);
- 134 persons took part in specialized training courses;
- 6 persons benefited from subsidized language courses;
- 48 persons used the eTutor e-learning platform for online foreign language learning - 279 training hours were used within this platform.

In 2022, a total of more than 100 training courses were conducted within the XTB Group, including IT technical training, specialized training, language-related training, and soft skills training. In 2022, a total of about 520 people were trained in the XTB Group (about 1/3 women and 2/3 men) and about 5,000 training hours were dedicated to training (of which about 1/3 dedicated to women and 2/3 dedicated to men).

In 2022, 4 XTB employees used training leave.

In addition, webinars on cancer prevention, healthy living and responding to emotions in a war situation in Ukraine were conducted for employees in 2022. A first aid course was also conducted, which was attended by 89 employees.

### **Internal training system**

XTB exercises due diligence to ensure that employees have a level of knowledge and competence adequate to the scope and nature of their activities to comply with relevant legal requirements and recommendations of the supervisory authority, ethical standards, and that they act in accordance with the principles of fair trading and in the best interests of the customer or potential customer.

The principles of the training system are described in the dedicated Procedure for conducting educational training and confirming the knowledge and competence of employees.

Within XTB, from the point of view of training criteria, authorized and unauthorized employees for whom dedicated training platforms have been made available have been distinguished.

Authorized employees are employees authorized to provide customers or potential customers with information about brokerage services provided by XTB and financial instruments offered by XTB. Authorized employees are employed in the Global Customer Support Department, Analysis Department, Customer Services Department, Sales Department and External Partner Cooperation Department and are absolutely obliged to participate in a mandatory educational program.

Authorized employees are further required to:

- regularly participate in additional educational training on the rules and procedures of brokerage services provided by XTB in connection with changes in laws or the introduction of new regulations applicable to XTB's operations,



- regularly participate in additional educational training provided by XTB on the features and characteristics of financial instruments offered by the Company or introduced to XTB's offerings,
- join the annual review of knowledge and competence of authorized employees prepared and conducted and complete it with a positive result.

If an authorized employee fails to take part in the review of knowledge and competence, which shall be considered a grave violation of employee duties, this may result in the authorized employee's inability to continue working for XTB.

Unauthorized employees are also obliged to participate in the educational program for newcomers. Training materials are automatically provided in such a situation by the educational platform in the first days of work.

In addition, at XTB Headquarters, the HR Department conducts "First Day at XTB" training; this is an induction training on the first day of work for all new employees, including interns and employees employed under contracts of mandate. In 2022 287 people participated in the implementation training.

### **Employee evaluation system**

The employee evaluation system is an important area of human resources management at XTB. Obtaining reliable information for the formulation of an employee's performance appraisal, which takes into account the employee's competence, capabilities, motivation and contribution to the performance of tasks, is an important element of the Human Resources Policy.

Evaluations are carried out in order to:

- improve the quality and efficiency of XTB's employees;
- provide feedback to employees on how their work is evaluated;
- record and promote achievements;
- increase employee motivation;
- identify and analyse possible problems, errors in the performance of duties;
- enable the supervisor to make rational personnel decisions, including planning the individual professional development of the employee (posting for training).

Evaluations are carried out in an objective, professional and reliable manner, so that they reflect the actual level of performance of duties and work provided by the evaluated employee. Employees are subject to permanent, ongoing evaluation conducted by direct supervisors and periodic evaluations. Continuous evaluation is carried out by the immediate supervisor and serves to inform subordinates about the quality of their work and the degree to which they fulfil the duties imposed on them. It is carried out in the form of routine and cyclical communication between the employee and his immediate supervisor. Periodic employee evaluations are carried out on a quarterly or annual basis depending on the department and position. Quarterly evaluation of employees is carried out, among others, by supervisors of the Customer Service, Trading and Sales Departments.

Annual evaluation applies to employees of other departments, senior employees and managers, who are evaluated by their immediate supervisor.

### **Development Review program - career planning**

A Development Review program has been introduced at XTB to support career planning, acquisition of necessary knowledge and new competencies.

In 2022, the "Your Next Best Step" survey was conducted twice to provide support in career development within the organization. The results of the survey help plan development paths and facilitate reaching employees with relevant career proposals.

### **Internship programs**

As part of the implementation of one aspect of its diversity policy, XTB hires students and graduates from universities with different professional profiles for internships and placements. XTB has launched an internship program called the IT Academy. The IT Academy is aimed at spreading the knowledge that XTB is



not just a brokerage house, but primarily a FinTech organization, where proprietary IT products are developed based on various technologies. XTB periodically recruits candidates for programming internships, who, after going through an implementation period under the guidance of a mentor, join selected teams using innovative technologies. In addition to the IT Department, internships at XTB Headquarters were carried out in the Analysis, Trading, Controlling, Sales Departments.

At XTB Headquarters, internships are implemented throughout the year. During 2022, a total of 48 interns completed internships at XTB Headquarters. The largest number of internships was carried out in the IT Department, where 37 people participated in the IT Academy program.

Internship programs are also carried out in foreign branches, but due to the scale of operations of individual branches, cooperation in this area usually involves one or two interns - mainly in the marketing and sales departments.

## 6. Occupational health and safety

From January to September 2022, there was a systematic return of individual departments to work from the office. The implementation of hybrid (partially stationary) work was preceded by consultations with employee representatives and the occupational physician, during which the adopted safety measures specified were considered sufficient. In doing so, the principle was introduced that the number of people working stationary in the office and the number of people doing remote work depends on the internal decision of the director of the respective department.

Taking into account, among other things, the still large share of remote work and concern for the mental and physical condition of employees, webinars were conducted in February and March 2022 to promote prophylaxis in the field of healthy lifestyle, i.e. a series of 3 online meetings with experts on the following topics: training, diet and motivation.

At XTB, an information policy encouraging immunization was adopted in 2020, which was also implemented in 2021 and continued in 2022.

In 2022, there were no accidents at work or accidents equated to accidents at work in the XTB Group.

XTB has had an Occupational Health and Safety Committee established in accordance with applicable regulations since 2018.

There are no conditions of exceeding maximum permissible concentrations (MPC) or maximum permissible intensities (MPI) with individual workplaces, as well as no workplaces for which the level of assessed occupational risk is unacceptably high.

There are also no cases of occupational disease identified in 2022.

## 7. Environmental aspects

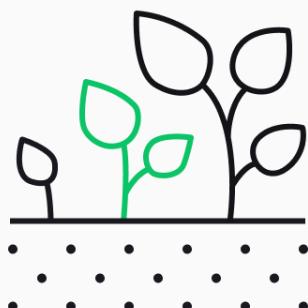
### Environmental impact

Given the nature of its business based primarily on IT and office operations, the XTB Group does not identify any significant impact on environmental aspects.

In providing services, XTB uses IT infrastructure, office supplies and electricity. The waste generated is mainly IT equipment and municipal waste.

Thus, the XTB Group's operations are characterized by a relatively low environmental impact. These activities do not cause significant emissions, do not generate a significant amount of waste, nor does the XTB Group consume significant raw materials and materials.

The leased office space is located in urban locations, largely in business centres - these locations are not protected areas from the point of view of biodiversity. Subject to the waste generated in the





course of operations, the individual locations do not generate any particular negative impact on the environment.

Nevertheless, XTB undertakes a number of initiatives related to environmental protection, including, among others:

- initiatives related to the energy efficiency of the infrastructure used,
- digitization of documents,
- reducing waste production and segregating and recycling,
- employee education - the Natural Investment program,
- new company headquarters - as of January 2022, XTB's headquarters is located in a new location awarded with a sustainable construction certificate - the building of XTB's new headquarters was designed with care for ecology, which is confirmed by a BREEAM Certificate at Excellent and 100% of the energy used by the Skyliner comes from renewable energy sources,
- monitoring and calculation activities and initiatives to reduce the organization's carbon footprint.

## **Waste**

The waste generated is classified as usable waste and mainly includes packaging and typical office waste. Due to the small scale of waste generated, XTB Group companies were not required to make an entry in the waste database register.

Waste segregation is carried out in the offices. Appropriate garbage cans for segregation, along with full introductory information on how to properly segregate waste, are placed in kitchens.

Waste electronic equipment is regularly sent for recycling. Mainly desktop computers, laptops, monitors, phones and printers are sent for recycling. On the other hand, replaced computer equipment that is still usable is donated to charity.



## **Environmental education program**

XTB has introduced an environmental education program for XTB employees called Natural Investment. This program is designed to increase XTB's environmental awareness, creating a friendly workplace that attaches importance to caring for the environment and the efficient use of natural resources.

The program aims to encourage employees to adopt green behaviour in the workplace, which at the same time can translate into the application of good habits in daily life.

The program specifies a number of measures to reduce environmental impact, including, among others:

- conserving water and electricity by placing notices in specific locations around the office to remind people to turn off lights, conserve water, etc;
- reducing printing and copying of documents, etc., by periodic mailings and placing information at printers reminding them to save paper;
- segregating trash in common areas of the office with full segregation instructions. Special trash segregation garbage cans are placed in kitchens;
- collecting wastepaper;
- collecting used batteries in a special container located in each kitchen, which are then transferred to the appropriate collection point;
- collecting plastic caps and donating them to the appropriate collection point or to support charitable causes;



- promoting green days, such as car-free day, by posting specific information in common areas of the office;
- stop for food waste - sharing food in refrigerators, monitoring discarded food;
- gradually replacing traditional flipcharts with erasable whiteboards;
- replacing plastic kitchen accessories with biodegradable and compostable ones;
- eliminating plastic cups at water dispensers;
- reducing disposable accessories in the procurement process;
- increasing the number of plants in office spaces.

The priority is to implement all the solutions covered by the program at XTB's new headquarters in Warsaw. XTB's goal in the environmental area is to continuously raise environmental awareness among employees. It is planned to expand the Natural Investment program to branches and subsidiaries in order to achieve consistency in environmental policies at the workplace.

### **Fuel and electricity consumption**

Sources of direct fuel consumption include company cars and generators.

Below is information on the direct consumption of fossil fuels at the XTB Group.

Type of fuel	UNIT	2022	2021
diesel	t.	2,51	1,79
petrol		1,50	0,89

The most significant sources of electricity and heat consumption are offices and the server room. Below is information on the direct consumption of electricity and heat at XTB Group.

Type of energy	UNIT	2022	2021
electricity	MWh	1 016,21	385,0
thermal energy	GJ	319,1	4 374,8

Significant changes in the structure of electricity (increase) and thermal energy consumption (decrease) compared to the previous year are related to the change of headquarters. Since January 2022, XTB's headquarters has been located in a new location awarded a sustainable building certificate. In addition, the increase in electricity consumption is related to the increase in the scale of operations in Poland expressed through an increase in rental space and the number of employees.



## Climate-related issues

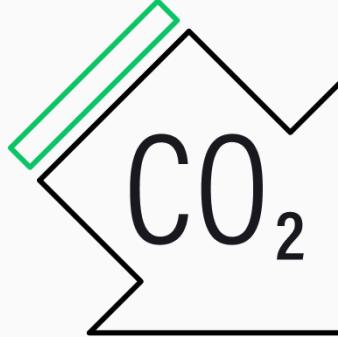
The nature of XTB's core business in the form of providing financial services (online trading in financial instruments) and delivering technological solutions means that from the point of view of the impact on the environment, including climate change, XTB's operations can be characterized as typical office and IT infrastructure maintenance activities for which the most significant area of impact is the consumption of purchased energy.

With the above in mind, the impact of its operations on greenhouse gas emissions is significantly limited compared to industries such as manufacturing, construction or energy.

XTB's intention, however, is to take measures to systematically reduce its carbon footprint and ultimately achieve climate neutrality for the organization.

Achieving the above is planned in particular through:

- initiatives to reduce energy intensity, including, in particular, those relating to its IT infrastructure,
- use of electricity from renewable sources,
- long-term cooperation in the area of increasing tree stands,
- more efficient management of resource consumption.



The XTB Group identifies impacts on the climate area in the following areas:

- impact on greenhouse gas emissions from direct fuel consumption,
- indirect impact related to consumption of purchased electricity and heat,
- indirect impact related to the activities of providers,
- education of employees and co-workers on climate awareness.

### **At the same time, climate issues are having (or may have in the future) an impact in the following areas:**

- legislative changes imposing obligations to incur capital expenditures that reduce the energy intensity of IT infrastructure;
- impact on its product offerings in terms of instruments used for climate risk management;
- the possibility of increased local severe weather events that may affect the physical destruction of office locations and IT infrastructure;
- rising electricity and heat prices.

Below is information on greenhouse gas emissions of which the XTB Group is a source.

The sources of emission factors for Poland were publications of KOBIZE (National Balancing and Emission Management Centre), and the Energy Regulatory Office. The sources of emission factors for other countries were in particular the UK Government Conversion Factors (Defra) compilation.



	Unit	2022	2021
<b>Emissions from fuel consumption (Scope 1)</b>	Mg CO2e	<b>11,9</b>	<b>7,9</b>
<b>Emissions from energy consumption (Scope 2)</b>		<b>705,2</b>	<b>560,9</b>
<b>Total emissions (Scope 1 and 2)</b>		<b>717,1</b>	<b>568,8</b>

Climate issues have so far not been included in the XTB Group's decision-making processes. The impact of core operations (which also includes product offerings and the source of revenue and cost generation) on climate issues can be considered insignificant compared to the impact of an organization of similar scale operating in a traditional industry or construction sector. However, XTB's intention is for the reduction of environmental impact (including climate in particular) to become one of the basic criteria taken into account when making decisions in the area of business support and administration.

The intention is also to include climate risk in the risk management system operating at the XTB Group level.

At the same time, the following actions are planned:

- monitoring the carbon footprint for the organization ultimately in three scopes;
- as a long-term initiative, to cooperate with an external organization that will plant trees and take care of the forest in cooperation with XTB employees;
- systematically reducing paper consumption;
- building environmental awareness among employees as part of further initiatives of the Natural Investment program and business partners by including the ESG area in the Company's business strategy.

### Water consumption

Water supply and wastewater collection are handled by local municipal entities in accordance with contracts with building owners. Due to the location of the headquarters and offices in office buildings, the Group companies use only water from waterworks. Total water consumption in 2022 at the XTB Group was approximately 836 m3.

## 8. Impact of COVID-19 on the XTB Group

In March 2020, the World Health Organization declared that the disease caused by the COVID-19 coronavirus could be described as a pandemic. As the disease is increasingly spreading around the world, countries are taking numerous measures to limit or delay its spread. The Management Board of XTB S.A. does not identify the impact of the COVID-19 pandemic on the Group's operations.

## 9. Impact of Russia's invasion of Ukraine in the Group's results

On February 24, 2022, Russian troops crossed the eastern, southern and northern borders of Ukraine attacking Ukrainian territory.

In connection with the above, XTB undertook a number of charitable activities directed at supporting Ukraine and its citizens.



In particular, the following actions were taken:

- As a signatory of the Diversity Charter, XTB signed the "Statement of the Forum for Responsible Business on the War in Ukraine"
- XTB made a donation of PLN 500,000 to UNICEF Poland for relief efforts in Ukraine
- XTB made a donation of PLN 500,000 to Polish Humanitarian Action for relief efforts in Ukraine
- XTB organized an auction for the SOS Ukraine goal of the Polish Humanitarian Organization, where MMA gloves signed by Joanna Jędrzejczyk were auctioned for PLN 4,250
- XTB participated in the auction of a bottle of Cantillon Brewery from Belgium organized by the Cooperative Brewery, the item was auctioned for 4,000 PLN, the amount was paid directly to the Polish Humanitarian Action as a donation to Ukraine
- XTB provided refugees from Ukraine with a total of several computers (laptops and desktop computers).

## 10. EU Non-Financial Taxonomy

### Contextual information - ratios for non-financial companies

Regardless of the disclosures on the Non-Financial Taxonomy dedicated to investment firms, for the purposes of this report, an analysis of the share of compliant and non-compliant business activities in the EU Non-Financial Taxonomy systematics in total turnover, capital expenditures and operating expenditures was carried out, as well as adequate qualitative information insofar as it relates to the above-mentioned ratios for fiscal year 2022. The presented ratios simultaneously relate to systematics related to climate change mitigation and climate change adaptation.

With regard to the presented ratios, compliance with the Taxonomy was assessed for the first time. The Group does not have comparative data for 2021 insofar as it relates to compliance with the Taxonomy.

The Group has not yet developed or implemented the plan referred to in Section 1.1.2.2. of Annex 1 to Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation (Regulation 2178). The XTB Group does not have equity investments accounted for in joint ventures, in accordance with IFRS 11 or IAS 28. For the purposes of calculating individual ratios, double recognition of the items in question was avoided by assigning the item only separately to expense items or capital expenditures. For the purpose of calculating non-financial ratios, no disaggregation of data was performed. For none of the activities included in the Taxonomy was production for so-called own consumption.

a) turnover ratio

Turnover ratio - percentage of turnover compliant with systematics		
	Value of revenues (PLN thousand)	Proportion of revenues (%)
<b>Business activities compliant with systematics</b>	0	0.0%
<b>Business activities non-compliant with systematics</b>	<b>PLN 1,444,249 thousand</b>	<b>100.0%</b>
<b>SUM</b>	<b>PLN 1,444,249 thousand</b>	<b>100.0%</b>



For the turnover ratio:

- the basis was the Group's total consolidated revenues in 2022 as disclosed in the consolidated financial statements, i.e. PLN 1,444,249 thousand;
- for the purposes of the analysis of the numerator, no revenues were identified from the sale of products and provision of services related to the XTB Group's activities included in the EU Non-Financial Taxonomy.

The XTB Group companies did not issue green bonds or debt securities to finance certain identified business activities compliant with systematics.

b) capital expenditures ratio

Capital expenditures ratio - percentage of capital expenditures compliant with systematics		
	Capital expenditures (PLN thousands)	Proportion of capital expenditures (%)
<b>Business activities compliant with systematics</b>	<b>PLN 0 thousand</b>	<b>0,0%</b>
<b>Business activities non-compliant with systematics</b>	<b>PLN 41,771 thousand</b>	<b>100%</b>
<b>SUM</b>	<b>PLN 41,771 thousand</b>	<b>100,0%</b>

For the capital expenditures ratio:

- the basis was capital expenditures in the XTB Group in the total amount of approximately PLN 41,771 thousand calculated on the basis of the IAS/IFRS provisions indicated in the annex to Regulation 2178;
- for the purposes of the numerator analysis, capital expenditures related to business activities included in the EU Non-Financial Taxonomy were identified in the amount corresponding to the equivalent of approximately PLN 297 thousand and were related to the business activity;
- expenditures classified as included in the Taxonomy do not meet the compliance criteria provided for this type of business activity.

The capital expenditures classified as included in the Taxonomy represent investments including property, plant and equipment (means of transportation) financed by leasing and related to activities included in Section 6.5 of the Taxonomy related to climate change mitigation and adaptation. The capital expenditures in question have been recognized in accordance with the provisions of IFRS 16 Leases Section 53(h).

The XTB Group has not adopted the capital expenditure plan referred to in Item 1.1.2 of Annex 1 to Regulation 2178. The Group companies have not issued green bonds or other securities to finance certain identified capital expenditures compliant with systematics.



## c) operating expenditure ratio

Operating expenditures ratio - percentage of operating expenditures compliant with systematics		
	Investment operating expenditures (PLN thousands)	Proportion of operating expenditures
<b>Business activities compliant with systematics</b>	<b>0</b>	<b>0,0%</b>
<b>Business activities non compliant with systematics</b>	<b>PLN 57,461 thousand</b>	<b>100,0%</b>
<b>SUM</b>	<b>PLN 57,461 thousand</b>	<b>100,0%</b>

For the operating expenditures ratio, an analysis of the component items of operating expenditures was carried out in accordance with the definition of the EU Non-Financial Taxonomy, as a result of which the denominator value for the turnover ratio was calculated at approximately PLN 57,461 thousand. The aforementioned value consists, in particular, of non-capitalized research and development costs in the total amount of approximately PLN 56,789 thousand, which corresponds to approximately 99% of the value of identified operating expenditures, as well as expenditures related to the day-to-day operation of the Group's fixed assets and keeping them in proper condition (in particular, costs related to repairs and renovations or cleaning costs) in the total amount of approximately PLN 671 thousand.

Taking into account the XTB Group's business model of providing products, services and technological solutions for trading in financial instruments, and the fact that the value of the identified operating expenditures is considered insignificant from the point of view of the scale of the XTB Group's operations, for the purposes of calculating the operating expenditures ratio, the possibility of assigning a value equal to zero to the numerator of this ratio was used.

The tables of results for the ratios of turnover, capital expenditures and operating expenditures, respectively, are included in Section 15 of this non-financial report.

At the same time, bearing in mind that the XTB Group's activities are not related to natural gas and nuclear energy (and therefore the XTB Group's activities do not qualify for the activities indicated in Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities, the presentation of the tables included in Annex III to the aforementioned Regulation was waived.

#### Contextual information - ratios for investment firms

Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (the "Taxonomy") provides for the publication by investment firms of information on how and to what extent their activities are related to and compliant with business activities that qualify as environmentally sustainable under Articles 3 and 9 of the aforementioned Regulation.

In turn, Article 10 of Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation, provides for simplification of the scope of disclosures for financial companies. The simplification of disclosures is applicable for 2023 information. The introduction of the aforementioned disclosures is aimed at preparing financial enterprises for future reporting of key performance indicators.

Due to the simplification of the disclosures mentioned above, the disclosures indicated in Annex VII and the template constituting Annex VIII of Regulation 2021/2178 are not applied for investment firms.



Thus, the Issuer presents and provides explanations on certain data related to its portfolio of assets related to transactions for its own account. Information on investment activities other than those related to the conclusion of transactions on own account is not presented.

The Issuer deems it appropriate to clarify that, given the specific business model of the XTB Group, which includes operating on the FOREX market, the key disclosure ratios related to its asset portfolio resulting from the proprietary trading activity of concluding transactions on its own account, differ significantly from the significance of such data for other financial companies and investment firms.

This is because, in particular, it should be pointed out that while XTB has a portfolio of financial assets, this portfolio of assets does not have the character of a classic investment portfolio. The XTB Group is not in the business of financing business activities or investment projects. Instead, given the XTB Group's business model, income of an operational nature is generated from its portfolio of financial assets. The result from financial assets measured at fair value through profit or loss represents the result on financial instruments from transactions with customers and brokers.

Below is information on the portfolio of assets at fair value through profit or loss. The assets included in this portfolio correspond to assets invested as part of the investment firm's activities related to the conclusion of transactions on own account.

As of 31.12.2022			
	(IN PLN THOUSAND)	Share in total Group assets (%)	Share in financial assets at fair value through profit or loss
Derivatives -contracts for differences (CFDs)	470 151	11,4%	55,8%
Debt instruments (treasury bonds)	362 074	8,8%	43,0%
Shares and ETFs	10 284	0,2%	1,2%
<b>Total assets invested in the investment firm's activities related to the conclusion of transactions on own account</b>	<b>842 509</b>	<b>20,5%</b>	<b>100%</b>
<b>Total assets (balance sheet total)</b>	<b>4 114 323</b>	<b>100,0%</b>	<b>n/a</b>

The structure of the portfolio of financial assets indicated above consists of:

- derivatives - for which the percentage of total assets invested within the framework of investment firms' activities related to the conclusion of transactions on their own account of exposures, referred to in Article 7 (2) of Regulation 2021/2178, i.e. derivatives, is 55.8%,
- treasury bonds - for which the percentage of total assets invested in the framework of investment firms' activities related to the conclusion of transactions on their own account of exposures, referred to in Article 7 (1) of Regulation 2021/2178, i.e. exposures to central governments, central banks and supranational issuers, is 43.0%.



The remainder of XTB's asset portfolio consists of shares and ETF (Exchange Traded Fund) units. The shares and ETF units held account for about 1.2% of the aforementioned portfolio and 0.2% of total assets. The shares that are in the portfolio in question are collateral for the purchase of a so-called synthetic share by an XTB customer. Thus, the composition of the share portfolio is mainly driven by the structure of orders received from customers and brokers. The composition of the share portfolio held is adjusted on an ongoing basis to subsequent customer orders. Accordingly, at no stage of the formation of the portfolio in question does the Issuer evaluate or consider aspects that would be related to the eligibility or compliance of the assets in question from the perspective of the Non-Financial Taxonomy. The above significantly distinguishes the XTB Group's portfolio of assets from the credit portfolio of a credit institution or the investment portfolio of an investment fund or analogous entity. In practice, the composition of the portfolio of non-financial assets within the XTB Group may change on a daily basis, significantly and unintentionally. Therefore, the structure of the portfolio, especially the share portfolio, is almost random in terms of the eligibility of the activities of individual issuers to the Non-Financial Taxonomy.

It should be pointed out, at the same time, that the technical process of detailed analysis of eligibility with respect to the issuers of individual shares in the portfolio at the end of the reporting period from the point of view of the KPI for non-financial companies would require a significant amount of work. This, in turn, would have to be assessed as an inadequate measure from the perspective of the XTB Group's operations and its business model in relation to the potential level of utility of the calculated ratios for other market participants.

Consequently, for the purpose of disclosures for 2022, the Issuer has assumed that the exposure (percentage) of total assets invested in the investment firms' activities related to the conclusion of transactions on own account against:

- business activities non-eligible for systematics is 100%,
- business activities eligible for systematics is 0%.

Taking into account the assumption made regarding the non-eligibility of assets for systematics, the Issuer also assumed that the percentage of total assets of the exposure referred to in Article 7 (3) of Regulation 2021/2178, i.e. exposure to companies that are not subject to the obligation to publish non-financial information in accordance with Article 19a or 29a of Directive 2013/34/EU, is 0%.

The XTB Group is disclosing the above information for the first time. The Issuer explains that so far compliance with Regulation 2020/852 has not been taken into account with regard to business strategy, product design process and cooperation with customers and counterparties. The XTB Group does not engage in third-party financing activities.

At the same time, the Issuer indicates that in 2023, analyses will be carried out on the mode of aggregation, presentation and usability of data provided for disclosures by investment firms in accordance with the target scope of disclosures provided for in Article 10 of Regulation 2021/2178.

### **Minimum guarantees**

According to Article 3 of the EU Non-Financial Taxonomy Regulation<sup>1</sup>, for the purposes of determining the extent to which an investment is environmentally sustainable, an economic activity qualifies as environmentally sustainable if the activity: (i) makes a significant contribution to one or more of the environmental objectives set forth in Article 9 in accordance with Articles 10-16 of the Regulation; (ii) does not cause serious harm to any of the environmental objectives set forth in Article 9 in accordance with Article 17 of the Regulation; (iii) is carried out in accordance with the minimum guarantees set forth in Article 18 of the Regulation; and (iv) meets the technical qualification criteria that were established by the Commission in delegated acts to the EU Non-Financial Taxonomy Regulation.

The minimum guarantees are, on the other hand, the procedures followed by the business enterprise to ensure compliance with the OECD Guidelines for Multinational Enterprises (the "OECD Guidelines") and the UN Guiding Principles on Business and Human Rights, including the principles and rights set forth in the eight fundamental conventions identified in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the principles and rights set forth in the International Bill of Human Rights. In applying the procedures referred to above, companies comply with the "do no serious harm" ("DNSH") principle referred to in Article 2(17) of the SFDR<sup>2</sup>.



The Company's examination of compliance with the minimum guarantees was carried out by taking into account, among other things, an assessment of the degree of implementation of the six due diligence steps referred to in the OECD Due Diligence Guidelines for Responsible Business Conduct. The assessment was made after first analysing the risk of a negative effect on individual principles, values and rights, and evaluating the seriousness of individual issues. The analysis omitted those risks to which the XTB Group contributes on a small scale or slightly contributes to their occurrence. In the course of the study, the conclusions of the Platform Report<sup>3</sup> and the TEG Report<sup>4</sup> were also applied, with conclusions and interpretations regarding the methods of implementing the guidelines and assessing compliance with the minimum guarantees, taking into account, among other things, the principles of prioritization (implementing solutions first in relation to the principles and values about which the risk of their violation and negative impact are the greatest) and proportionality (taking into account the scale and structure of the company and the so-called "position of the company" in terms of its ability to influence co-operators). The examination also took into account the requirement to respect the DNSH principle, and not to violate the principles of cooperation with the National Contact Point referred to in Part II of the OECD Guidelines and the Business & Human Rights Resource Centre.

Subject to the caveat made below, in the Company's assessment, in all key areas, the individual activities carried out by the Company identified as eligible and compliant with the Non-Financial Taxonomy, both for the Company and the XTB Group, overwhelmingly meet the requirements of the minimum guarantees referred to in Article 18 of the EU Non-Financial Taxonomy Regulation. However, the assessment is affected by the fact of being subject to "ultimate liability," i.e., the final statement by the Supreme Administrative Court against XTB in March 2023, of violations of the principles and rights set forth in Chapter VIII of the OECD Guidelines.

Due diligence in the responsible conduct of business activities within the XTB Group is reflected in an extensive compliance system, based on procedures, other regulations and system solutions, which is designed to ensure compliance with the principles, values and rights set forth in the acts mentioned above, among others.

As of 2019, XTB has a Code of Ethics in place, which defines the basic norms, principles of conduct and values to be observed by employees and associates. The Code of Ethics contains provisions relating to:

- ethical principles in mutual relations;
- ethical principles regarding loyalty, integrity and conflict of interest;
- ethical principles regarding gifts and loyalty to counterparties, business partners and retail customers.

Formal reference to respect for human rights within the XTB Group can be found in the Work Regulations and the Code of Ethics. Any doubts about the compliance of conducted activities with aspects of human rights protection, according to the provisions of the Code of Ethics, should be reported under the anonymous whistleblowing procedure.

XTB has a procedure for anonymous whistleblowing, which defines the rules for employees to make anonymous reports of actual or potential violations of the law, including violations of anti-money laundering and terrorist financing regulations, internal procedures and ethical standards. Violations are reported in a dedicated electronic form that ensures anonymity. Reports are received by the Management Board Member for Legal Affairs and if the violation involves the Management Board or individual Management Board Members, the report is received by the Supervisory Board. Employees are required by internal regulations, among others, the ethical standards described in the Code of Ethics, to respond to any irregularities. Any person has the right and may report the aforementioned violations confidentially and in a manner that protects them from retaliatory actions, discrimination or other types of unfair treatment in accordance with the procedure for anonymous reporting of violations.

Incentive management policies and conflict of interest management regulations have been adopted within the XTB Group. In addition, all centralized purchases (i.e., made in Poland) are carried out in accordance with a dedicated procedure for the purchase of goods and services.

XTB is an obligated entity within the meaning of the provisions of the Anti-Money Laundering and Countering the Financing of Terrorism Act. In view of the need to ensure compliance with the aforementioned regulations, XTB adopted an AML/CFT Procedure (the "AML Procedure") defining detailed solutions, including the responsibilities of employees of individual departments in the area of anti-money laundering and financing of terrorism. The AML Procedure sets out, among other things, the rules of conduct and responsibilities



related to the above area for employees of the Sales Department, Global Customer Support Department, Finance and Accounting Department, Legal and Compliance Department, External Partner Cooperation Department and IT Development Department, respectively.

The XTB Group operates in a highly regulated environment, imposing certain significant obligations on the XTB Group in terms of many international and local regulations and laws.

The XTB Group has established a compliance (compliance supervision) function for each XTB Group company providing brokerage services to ensure compliance with the laws and regulatory requirements to which the XTB Group is subject. The Legal and Compliance Department at the XTB Group level is headed by the Head of the Department, who is also a Management Board Member for Legal Affairs and reports directly to the President of Management the Board. The Legal and Compliance Department has been divided into the following four teams: the Internal Control Team, the Compliance Supervision Team, the Operational Support Team and the Anti-Money Laundering and Terrorist Financing Team.

The XTB Group has adopted a dedicated Personnel Risk Management Procedure that sets out the principles and procedure for managing this risk as part of the Operational Risk Management Policy. Identification and assessment of risks and determination of the method of counteracting the risk are carried out by the Human Resources Management Department on an ongoing basis.

The main role in the area of compliance is performed at XTB by the Compliance Officer acting on the basis of the Compliance Regulations and the Organizational Regulations of the Legal and Compliance Department ("LCD Regulations"). The purpose of the aforementioned Regulations is, among other things, to establish a system for supervising compliance with the law (the "compliance system") for the purpose of disclosing and preventing violations by XTB of its obligations under the laws governing the conduct of brokerage activities. The objectives of the compliance system implemented at XTB are achieved by, among other things, taking steps to ensure that XTB complies with its obligations under the laws governing the conduct of brokerage activities, advising and providing ongoing assistance to persons performing activities as part of XTB's brokerage activities in fulfilling their obligations in accordance with the laws governing its conduct, and by examining and regularly assessing the adequacy and effectiveness of the compliance system adopted, as well as actions taken to ensure that XTB complies with its obligations under the laws governing the conduct of brokerage activities. Ensuring the proper operation of the compliance system in XTB branches is the responsibility of a person designated in the structure of a given XTB branch, who in this respect reports directly to the Supervision Inspector.

The Supervision Inspector at XTB is primarily responsible for developing and implementing the XTB's policy on the compliance function and supervising its compliance by XTB's various organizational units, directing the process of identifying and assessing compliance risks in various areas of XTB's operations, preparing and presenting to the XTB's Management Board and Supervisory Board a report on the functioning of the system for supervising operations with the law, and directing the process of verifying, analysing the assessment of information received on violations of internal regulations in terms of compliance risks.

The XTB's compliance risk management process includes identifying compliance risks, assessing the likelihood of their occurrence, evaluating the consequences of the occurrence of a given compliance risk, assigning weights to individual risks, applying risk mitigation measures and documenting the measures applied.

As part of the compliance system at XTB, control proceedings are also conducted at XTB's organizational units in accordance with generally applicable regulations.

The involvement of the Management Board is also important from the perspective of the functioning of the compliance system at XTB. As part of the compliance system, the Management Board Member for Legal Affairs is responsible for, among other things, expressing opinions and making decisions on all legal issues concerning XTB, overseeing the process of identifying and assessing compliance risks in various areas of XTB's operations, preparing, executing and settling the budget of the Legal and Compliance Department, and supporting the Supervision Inspector in supervising the compliance of XTB's operations.

The Company also indicates that it has an effective and adequate set of identified and described processes and procedures for managing the performance of its tax law obligations and ensuring their proper execution. The Company has adequate control over its tax processes, ensuring that risks are identified on an ongoing basis and that tax returns containing correct data are filed on time. In addition, XTB is able to ensure the proper functioning of internal control mechanisms for the tax function, has appropriate procedures for



internal tax supervision, adequate personal, technical and financial resources necessary to implement them and maintain supervision of the proper execution of tax obligations.

For example, the Company has implemented an instruction defining the scope of responsibility for carrying out tasks on the Company's tax liability settlements. The Procedure in question defines the processes for identifying economic events that give rise to certain tax consequences and the procedures used to fulfil XTB's obligations as a taxpayer and payer, as well as the tasks of individual employees working in the Company's various organizational units in the process of fulfilling the tax law obligations indicated in the Procedure.

The Company also has an internal procedure for counteracting the failure to comply with the obligation to provide information on tax schemes. The indicated Procedure establishes uniform rules for the application of the requirements set forth in Articles 86a - 86o of the Tax Ordinance Act at XTB related to the obligation to submit information on tax schemes to the Head of the National Revenue Administration.

The Company's tax strategy is to strive to create and maintain an effective, efficient and transparent tax function within the company, which in effect ensures compliance of conduct with tax regulations and certainty in the control of tax risks.

In accordance with Article 27c (1) of the Corporate Income Tax Law, XTB prepares and publishes the Information on the implemented tax strategy.

In summary, the XTB Group has implemented and is developing an advanced and effective multi-faceted compliance system aimed at complying with the principles and rights expressed, among others, in the acts referred to in Article 18 of the EU Non-Financial Taxonomy Regulation. The compliance supervision system is based on such key solutions as the adoption of a Code of Ethics, the adoption and implementation of Compliance Regulations, or the introduction of Organizational Regulations of the Legal and Compliance Department. In addition, the Company has established and is developing a risk management system that also covers legal and regulatory risks. The above measures allow us to conclude that the Company overwhelmingly meets the requirements of the minimum guarantees referred to in Article 18 of the EU Non-Financial Taxonomy Regulation, subject to Area VIII of the OECD Guidelines. Areas in which the Company plans to increase its activity in developing a compliance system based on the guidelines indicated in this provision are deepening structured dialogue with stakeholders and broadening the spectrum of supply chain analysis.

## 11. Business Ethics

### Code of Ethics

The XTB Group exercises due diligence to ensure that its operations comply with the law, internal regulations, the standards recommended for the anti-corruption compliance management system and the whistle-blower protection system for companies listed on the markets organized by the Warsaw Stock Exchange, the principles of social coexistence, good market practices and the principles of fair competition, and all decisions regarding the XTB Group's operations are made in an appropriate manner, on the basis of reliable data and in a manner that minimizes the risk of a conflict of interest.

As of 2019, XTB has a Code of Ethics, which sets out the basic standards, principles of conduct and values to be observed by employees and associates.

All employees are obliged to behave responsibly and ethically, adhere to the principles of the Code of Ethics, as well as act with integrity in all employee and business activities and interactions.

The Code of Ethics contains provisions relating to:

- ethical principles in mutual relations;
- ethical principles regarding loyalty, integrity and conflicts of interest;
- ethical principles regarding gifts and loyalty to counterparties, business partners and retail customers.

Analogous solutions are applied by subsidiaries through customary application of developed rules of conduct and corporate relationships within the XTB Group.



Ethical aspects are an important part of the induction training for every new employee hired at the Company. All new employees familiarize themselves with internal procedures and regulations, including the Code of Ethics, and agree to abide by its provisions.

Formal reference to respect for human rights within the XTB Group can be found in the Work Regulations and the Code of Ethics. Any doubts about the compliance of ongoing activities with aspects of human rights protection, in accordance with the provisions of the Code of Ethics, should be reported under the anonymous whistleblowing procedure.

In 2022, there were no complaints regarding potential violations of ethical standards.

In 2022, there were no complaints of potential ethical violations.

### **Counteracting corruption**

However, no formal anti-corruption policy has been adopted at XTB. Nevertheless, the nature of the business and regulatory requirements for the XTB Group companies as financial market entities (in particular, regulations relating to the area of counteracting money laundering and financing of terrorism) impose numerous restrictions on employees that shape the awareness of individual organizational units regarding ethical conduct and legal restrictions in relations with partners and the sanctions associated with their violation.

Within the XTB Group, incentive management policies and conflict of interest management regulations have been adopted. In addition, all centralized purchases (i.e., in Poland) are carried out in accordance with a dedicated procedure for purchasing goods and services.

There were no reported/confirmed cases of corruption within the XTB Group in 2022.

### **Counteracting money laundering and financing of terrorism**

XTB is a so-called obligated entity within the meaning of the provisions of the Anti-Money Laundering and Countering the Financing of Terrorism Act.

In view of the need to ensure compliance with the aforementioned regulations, XTB adopted the so-called AML Procedure defining detailed solutions including the duties of employees of individual departments in the area of anti-money laundering and financing of terrorism. The procedure in question defines, among other things, the rules of conduct and responsibilities related to the above area for employees of the Sales Department, Global Customer Support Department, Finance and Accounting Department, Legal and Compliance Department, External Partner Cooperation Department and IT Development Department, respectively.

In 2022, no irregularities involving the XTB Group employees in the area of anti-money laundering and financing of terrorism were identified.

### **Anonymous reporting of violations**

XTB has an anonymous whistleblowing procedure that defines the rules for employees to make anonymous reports of actual or potential violations of the law, including violations of anti-money laundering and countering the financing of terrorism regulations, internal procedures and ethical standards. Violations are reported in a dedicated electronic form that ensures anonymity. Reports are received by the Management Board Member for Legal Affairs and if the violation involves the Management Board or individual Management Board Members, the report is received by the Supervisory Board. At the same time, if local laws or regulations are stricter than the rules set forth in the above procedure, the stricter rules should be applied.

Employees are obliged by internal regulations, among others, the ethical standards described in the Code of Ethics, to respond to any irregularities. Any person has the right and may report the aforementioned violations confidentially and in a manner that protects them from retributive actions, discrimination or other types of unfair treatment in accordance with the anonymous reporting procedure. All reports shall be handled with due seriousness, integrity, fairness and in full discretion.

Verification of reports is carried out by authorized employees, which allows for fair and impartial clarification of objections.



## 12. Data protection

The following internal procedures are in place at XTB to protect privacy and personal data:

- Regulations for the protection of the flow of confidential information and information constituting professional secrets at XTB;
- Security policy for the protection of personal data at XTB;
- IT security policy.

In 2022, the Company did not receive any notifications from regulatory authorities regarding customers/employees/co-workers regarding violations. In 2022, there were isolated situations in which customers reported a violation of their personal data. In each such case, appropriate measures were taken to minimize the negative potential consequences of these incidents. In isolated, justified cases, the President of the Office for Personal Data Protection was informed about violations of the confidentiality of customers' personal data.

In 2022, there were no incidents in the XTB Group related to leakage, theft or loss of customer/employee/co-worker information.

## 13. Regulatory compliance

The XTB Group operates in a highly regulated environment that imposes certain significant obligations on the XTB Group with respect to a number of international and local regulations and laws. The XTB Group is subject to regulations regarding, among other things:

- sales practices, including customer acquisition and marketing activities;
- maintenance of capital at certain levels;
- money laundering and terrorist financing prevention practices and customer identification procedures (KYC);
- reporting obligations to regulatory authorities;
- obligations to protect personal information and observe professional secrecy;
- obligations to protect investors and provide them with adequate information on the risks associated with the brokerage services provided; and
- supervision of the Group's activities;
- insider information and its use, prevention of unlawful disclosure of inside information, prevention of market manipulation;
- making information public as a listed entity on a regulated market.

The Group is subject to the supervision of certain regulatory supervision authorities and public administration authorities in the jurisdictions in which the Group operates.

The Group has established a compliance function for each Group company providing brokerage services to ensure compliance with the laws and regulatory requirements to which the Group is subject.

The Legal and Compliance Department at the XTB Group level is headed by the Head of the Department, who is also the Management Board Member for Legal Affairs and reports directly to the President of the Management Board. The Legal and Compliance Department is divided into the following four teams: the Internal Control Team, the Compliance Supervision Team, the Operational Support Team and the Anti-Money Laundering and Terrorist Financing Team. For the purpose of risk management in the above area, dedicated compliance regulations and a procedure related to legal and regulatory risk management have been adopted.

Detailed information on the description and management of regulatory risk is described in the *Management Board Report of the operations of the Group and Company*.



In 2022, no sanctions were imposed on the XTB Group companies related to violations of regulations in the area of the environment, human and labour rights, occupational health and safety, corruption incidents, anti-competitive activities or data confidentiality.

Details of significant or potentially significant legal proceedings and proceedings before administrative authorities are described in the *Management Board Report of the operations of the Group and Company*.

## 14. Risk related to non-financial issues

### Risks related to non-financial issues

Considering the XTB Group's business model, the key non-financial aspects from the point of view of its relevance to the Group's operations are the areas of labour, human rights and ethics, anti-corruption.

#### Risks related to the employee area

The XTB Group has adopted a dedicated Personnel Risk Management Procedure that defines the principles and procedure for managing this risk as part of its operational risk management policy.

Identification and assessment of the risk and determination of the method of counteracting the risk is carried out by the Human Resources Department on an ongoing basis.

Below is information on risk factors related to the employee area.

- employee turnover in key positions,
- psychosocial factors - workplace stress exacerbated by pandemic-induced isolation and remote working,
- long-term sickness absence,
- high employee turnover,
- shortage of highly skilled professionals,
- fraud, embezzlement, unethical practices.

Determining the impact of personnel risks involves determining the anticipated effects that will affect the performance of tasks and the achievement of the organization's goals. In turn, a detailed description of risk management is included in the referenced procedure.

#### Risks in the area of respect for ethics and human rights.

The consequences of violations of ethical and human rights obligations and standards, in addition to possible financial consequences, would result in a deterioration of the Group's image, which could affect future relations with customers and potential customers.

The XTB Group identifies impact on social relations in the following areas:

- educational activities;
- respect for human rights.

The XTB Group manages the above-mentioned relations by taking measures in the area of reliable communication, applying the provisions of the Code of Ethics, transparent terms of cooperation and ensuring conformance in the area of compliance.

#### Risks related to anti-corruption

The XTB Group's credibility and transparency in operations is crucial to the XTB Group's image as a trusted provider of financial instruments trading solutions.

The occurrence of a corruption incident could have negative image consequences for the XTB Group, which could hinder future business relationships as well as damage the XTB Group's reputation as a credible and reliable business partner. Activities related to corruption risk management relate in particular to the application of the Code of Ethics and the policies, procedures and regulations described earlier in this report.



## 15. XTB Foundation

Beginning in 2020, the XTB Foundation is in operation, which XTB performs ESG tasks.



The foundation's activities are aimed in particular at:

- increasing entrepreneurship and innovation, particularly in the area of new technologies and the financial market,
- raising awareness and knowledge of economics, finance and new technologies,
- scientific and research activities and promotion of solutions developed within the XTB Capital Group's operations,
- supporting and organizing all initiatives related to the promotion of financial institutions and new Technologies,
- financial support, transfer of knowledge or business consulting for the benefit of selected entrepreneurs,
- acting in the field of corporate social responsibility, sustainable development,
- promotion of employment and education and equalization of development opportunities,
- initiating and supporting activities of the XTB Capital Group employees,
- charitable and social activities, in particular aimed at equalizing opportunities and helping the disabled and excluded.

The Foundation's activities in 2022 were largely focused on assistance in connection with the outbreak of war in Ukraine. Indeed, regardless of the activities of XTB described earlier in this report, the XTB Foundation undertook the initiatives described below.

- Internally, a closed group was created for employees on Facebook, where employees exchanged ideas for organizing aid/collections for Ukraine, where important official information about aid centres, hotlines, psychological support, etc. was provided.
- The Foundation provided support for employees who are Ukrainian citizens as well as their families.
- Grassroots initiatives of XTB employees in the field of individual assistance to refugees, collections of medical supplies, collections to finance accommodation, collections of clothing and other products for refugees from Ukraine were carried out
- The XTB Foundation provided accommodation for 41 people from Ukraine who came to Warsaw in hotels and hostels for a week, as well as providing them with needed clothing, shoes, toys for children etc.
- The XTB Foundation made a donation of PLN 23,980 to UNICEF for the purchase of 50 mathematics teaching kits in support of Ukrainian children.

In 2022, XTB employees once again got involved in helping the Noble Parcel, a collection was organized among employees, which allowed the purchase of products to meet the needs of the selected family.

Regardless of the above, in 2022 the XTB Foundation donated an amount of PLN 100 thousand to charity.

In 2022, a series of webinars in Polish and English was conducted for XTB Capital Group employees as part of the "Full-Time Health" Program aimed at promoting healthy lifestyles.



In 2022, an internal page for XTB's employees "Employee News" was created, which provides information on events in the life of the company, so that everyone can be up-to-date with all the activities of XTB and its employees.

The XTB Foundation is constantly developing new courses of action and looking for opportunities to cooperate with external entities in order to achieve the Foundation's statutory goals.

The Foundation's annual reports are available on the XTB Group's corporate website.

Activities planned by the Foundation in the social area:

- systematically expanding the knowledge base for each level of expertise,
- systematically supplementing our educational video materials with transcripts to make them easier to receive for the hard of hearing,
- increased involvement in programs supporting the development and innovation of Polish entrepreneurs,
- systematic increase in charitable contributions and development of the partnership area in social projects,
- continuation of the program to donate company-replaced but still functional electronic equipment to charity in order to remove barriers and counteract exclusion,
- increase involvement in environmental projects, including planting forests,
- increase involvement in social projects systematic,
- increase in volunteer hours worked,
- taking measures to prevent the exclusion of children and young people,
- economic education program for children and young people and support for their education in science subjects.

Notwithstanding the above, subsidiaries also undertook, according to their scale, individual activities in the area of charity addressing them mainly to local institutions and medical institutions.



## 16. Scoreboards - Non-Financial Taxonomy

### Scoreboard - turnover ratio

Category (transition activities) (21) [Y]	0.0%		
Category (supporting activities) (20) [E]	0.0%		
Percentage of turnover compliant with systematics, year N-1 (19) [%]	0.0%		
Percentage of turnover compliant with systematics, Year N (18) [%]	0		
Minimum guarantees (17) [Y/N]			
Biodiversity and ecosystems (16) [Y/N]			
Pollution (15) [Y/N]			
Closed-loop economy (14) [Y/N]			
Water and marine resources (13) [Y/N]			
Climate change adaptation (12) [Y/N]			
Climate change mitigation (11) [Y/N]			
Biodiversity and ecosystems (10) [%]	n/a		
Pollution (9) [%]	n/a		
Closed-loop economy (8) [%]	n/a		
Water and marine resources (7) [%]	n/a		
Climate change adaptation (6) [%]	0.0%		
Climate change mitigation (5) [%]	0.0%		
Proportion of turnover (4) [%]	0.0%	0.0 %	100%
Turnover (absolute value) (3) [PLN thousand]	0		100%
Code or codes (2)			
Business activity (1)			
Turnover from environmentally sustainable business activities (consistent with systematics)		Total (A.1+A.2)	
B. BUSINESS ACTIVITIES NON-COMPLIANT WITH SYSTEMATICS		Turnover from business activities non-eligible for systematics (B)	Total (A+B)

## Scoreboard – capital expenditures ratio

Category (transition activities) (21) [M]	0.0%
Category (supporting activities) (20) [E]	0.0%
Percentage of turnover compliant with systematics, year N-1 (19) [%]	0.0%
Percentage of turnover compliant with systematics, year N [19] [%]	0.0%
Minimum guarantees (17) [Y/N]	
Biodiversity and ecosystems (16)	
Pollution (15) [Y/N]	
Closed-loop economy (14) [Y/N]	
Water and marine resources (13)	
Climate change adaptation (12)	
Climate change mitigation (11)	
Biodiversity and ecosystems (10)	
Closed-loop economy (8) [%]	
Water and marine resources (7)	
Climate change adaptation (6) [%]	
Climate change mitigation (5) [%]	
Proportion of turnover (4) [%]	
Turnover (absolute value) (3) [PLN thousand]	
Code or codes (2)	
Business activity (1)	
Capital expenditures for environmentally sustainable activities (compliant with systematics)	
6.5 Transportation by motorcycles, passenger cars and light commercial vehicles	
Capital expenditures from business activities eligible for systematics but not environmentally sustainable (b) business activities non-compliant with systematics	
<b>Total (A.1+A.2)</b>	<b>297</b> <b>0.7%</b>
B. BUSINESS ACTIVITIES NON-COMPLIANT WITH SYSTEMATICS	
Capital expenditures from business activities non-eligible for systematics (B)	41,474 99,3%
<b>Total (A+B)</b>	<b>41,771</b> <b>100%</b>

## Scoreboard – operating expenditures ratio

Category (transition activities) (21) [Y]	n/a
Category (supporting activities) (20) [E]	n/a
Percentage of turnover compliant with systematics, year N-1 (19) [%]	n/a
Percentage of turnover compliant with systematics, Year N (18) [%]	n/a
Minimum guarantees (17) <small>n/a<sup>11</sup></small>	n/a
Biodiversity and ecosystems (16) [Y/N]	n/a
Pollution (15) [Y/N]	n/a
Closed-loop economy (14) <small>n/a<sup>11</sup></small>	n/a
Water and marine resources (13) [Y/N]	n/a
Climate change adaptation (12) [Y/N]	n/a
Climate change mitigation (11) [Y/N]	n/a
Biodiversity and ecosystems (10) [%]	n/a
Pollution (9) [%]	n/a
Closed-loop economy (8) [%]	n/a
Water and marine resources (7) [%]	n/a
Climate change adaptation (6) <small>n/a<sup>11</sup></small>	n/a
Climate change mitigation (5) <small>n/a<sup>11</sup></small>	0
Proportion of turnover (4) [%]	0
Turnover (absolute value) (3) [PLN thousand]	n/a
Code or codes (2)	n/a
Business activity (1)	n/a
Operating expenditures for environmentally sustainable business activities (compliant with systematics) (A.1)	n/a
Operating expenditures for business activities eligible for systematics but not environmentally sustainable (B)	n/a
<b>Total (A.1+A.2)</b>	<b>n/a</b>
B. BUSINESS ACTIVITIES NON-COMPLIANT WITH SYSTEMATICS	
Operating expenditures for business activities eligible for systematics but not environmentally sustainable (B)	57,461
<b>Total (A+B)</b>	<b>n/a</b>



## Signatures of managing persons

Warsaw, 21 March 2023

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**Omar Arnaout**

President of the Management Board

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**Filip Kaczmarzyk**

Member of the Management Board

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**Paweł Szejko**

Member of the Management Board

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**Jakub Kubacki**

Member of the Management Board

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**Andrzej Przybylski**

Member of the Management Board

# **DECLARATION AND ASSESSMENT OF THE SUPERVISORY BOARD**



## Declaration and assessment of the Supervisory Board

### Declaration of the Supervisory Board of XTB S.A concerning the Audit Committee

The Supervisory Board hereby declares that it is in compliance with the regulations concerning appointment, composition and functioning of the audit committee, including the requirements for its members to satisfy the independence criteria and the requirements concerning knowledge and abilities from the sector in which the Company operates as well as accounting and audit of financial statements; Moreover the Supervisory Board declares that the Audit Committee performed the tasks of the audit committee as provided by the applicable laws.

### Supervisory Board assessment of the consolidated and standalone financial statements prepared jointly with the Management Board report on the operations of the Group and the Company

The Supervisory Board of XTB S.A has assessed the presented by the Management Board:

- the standalone financial statements of XTB S.A for the year 2022,
- the consolidated financial statements of Capital Group XTB S.A for the year 2022,
- the Management Board report on the operations of the Group and Company for the year 2022,
- non-financial statement of XTB S.A. Capital Group for 2022,

hereinafter referred to as 'statements'.

As a result of the assessment The Supervisory Board stated that Statements present truly and fairly all necessary information for assessment of financial standing of the Company and the Group and are in line with the ledgers, documents and the state of affairs.

The Supervisory Board of XTB S.A. positively assessed the financial statements on the basis of:

- the contents of the statements presented by the Company's Management;
- independent auditor's report on the audit of the consolidated and standalone financial statements for the year 2022, as well as additional report for the Audit Committee prepared in accordance with the provisions of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 and the Act on auditors, audit firms and public supervision of 11 May 2017;
- meetings with the representatives of the audit firm, including the key statutory auditor;
- meeting with the Company's Management Board;
- the results of other verification activities made in selected financial and operational areas.

Warsaw, 22 March 2023

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on behalf of the  
Supervisory Board  
Grzegorz Grabowicz  
Member of the  
Supervisory Board

**WWW.XTB.COM**



## Independent Registered Auditor's Report

To the General Shareholders' Meeting and the Supervisory Board XTB S.A.

### Report on the audit of financial statements

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#### Our opinion

In our opinion, the attached annual financial statements of XTB S.A. ("the Company"):

- give a true and fair view of the financial position of the Company as at 31 December 2022 and financial performance and its cash flows for the year then ended in accordance with the applicable International Financial Reporting Standards as adopted by the European Union and the adopted accounting policies;
- comply in terms of form and content with the laws applicable to the Company and the Company's Articles of Association;
- have been prepared on the basis of properly maintained books of account in accordance with the provisions of Chapter 2 of the Accounting Act of 29 September 1994 ("the Accounting Act" – Consolidated text: Journal of Laws of 2021, item 217, as amended).

This opinion is consistent with our additional report to the Audit Committee, which we issued as of the date of this report.

#### What we have audited

We have audited the annual financial statements of which comprise:

- the statement of financial position as at 31 December 2022;

and the following prepared for the financial year from 1 January to 31 December 2022:

- the statement of comprehensive income;
- the statement of changes in equity;
- the statement of cash flows, and
- the notes comprising a description of the adopted accounting policies and other explanations.

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#### Basis for opinion

##### Basis for opinion

We conducted our audit in accordance with the National Auditing Standards in the wording of the International Standards on Auditing adopted by a resolution by the National Council of Statutory Auditors ("KSB") and in accordance with the provisions of the Act of May 11, 2017 on Statutory



Auditors, Audit Firms and Public Oversight ("Act on statutory auditors"), as well as EU Regulation No. 537/2014 of 16 April 2014 on detailed requirements for statutory audits of financial statements of public-interest entities (the "EU Regulation"). Our responsibilities under NSA are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

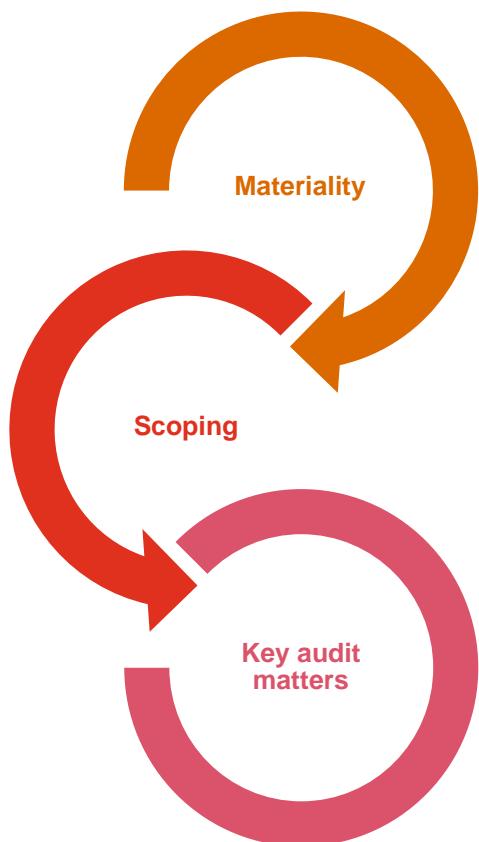
#### **Independence**

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted by resolution of the National Council of Statutory Auditors and other ethical requirements that are relevant to our audit of the financial statements in Poland. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. During the audit, the key registered auditor and the registered audit firm remained independent of the Company in accordance with the independence requirements set out in the Act on Registered Auditors and in the EU Regulation.

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## Our audit approach

### Overview



- The overall materiality threshold adopted for the purposes of our audit was set at PLN 46,400 thousand, which represents 5% of the profit before tax.
- We have audited the annual financial statement of the Company for the period ended 31 December 2022.
- Valuation of financial assets and liabilities and recognition of the result on financial operations.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the Company's Management Board made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

### **Materiality**

The scope of our audit was influenced by the adopted materiality level. Our audit was designed to obtain reasonable assurance that the financial statements as a whole are free from material misstatement. Misstatements may arise due to fraud or error.

They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole. These thresholds, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

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<b>Overall materiality</b>	PLN 46.400 thousand (14.320 thousand PLN in 2021)
<b>How we determined it</b>	approximately 5% of profit before tax
<b>Rationale for the materiality benchmark applied</b>	We have taken profit before tax as the basis for determining materiality because we believe this measure is commonly used to evaluate the Company's operations by users of financial statements and is a generally accepted benchmark.
<p>We applied materiality at 5% because, based on our professional judgement, it is consistent with the level of quantitative materiality used in the examination of profit-oriented entities in the brokerage industry.</p> <hr/>	

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above PLN 2,320 thousand, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

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### **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. They include the most significant identified risks of material misstatements, including the identified risks of material misstatement resulting from fraud. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming

our opinion thereon. We summarized our response to these risks and, when deemed appropriate, presented the most important observations relating to these risks. We do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<b>Valuation of financial assets and liabilities and recognition of result on operations on financial instruments</b>	<p>As part of our audit procedures, we obtained an understanding of the Company's policies and procedures for entering into transactions and valuing financial instruments and recognizing the result thereof.</p>
<p>The result on operations on financial instruments for the year ended December 31, 2022 amounted to PLN 1,328,564 thousand and constituted the most important item in the statement of comprehensive income of the Company. The value of financial assets at fair value through profit or loss and financial liabilities held for trading as at December 31, 2022 amounted to PLN 796,117 thousand and PLN 68,196 thousand respectively.</p>	<p>We analysed the design and verified the effectiveness of the control mechanisms implemented by the Company in this area, including the process of concluding transactions with customers, the valuation process, as well as the risk management process, including limits on open positions.</p>
<p>The result on operations on financial instruments of the Company consists of realized and unrealized gains or losses and costs related to trading in financial instruments.</p>	<p>With respect to the IT systems through which transactions are executed and financial instruments are valued, we have updated our understanding and assessment of internal controls covering the area of change management and access control to systems that process customer transaction data.</p>
<p>The process of transacting with clients and performing valuations of derivative financial instruments is massive and involves large amounts of market data necessary for valuation.</p>	<p>On selected populations of transactions, we performed independent valuation of financial instruments and analysis of correctness of recognition of valuation in the books as at the balance sheet date. Furthermore, with regard to the result on financial instruments, we performed detailed tests, including independent recalculation of the result on a sample basis, as well as reconciliation of selected transactions to source documentation and tests of system reports on transactions on financial instruments. In addition, we conducted an analysis of customer complaints and claims.</p>
<p>Given the above, this area requires significant effort and expertise in financial instruments and the use of information systems, which is why we have identified it as a key research matter.</p>	<p>Furthermore, we assessed the adequacy and completeness of the disclosures concerning the result on financial instruments, financial assets at fair value through profit or loss and financial liabilities held for trading in the financial statements in accordance with the accounting standards applicable to the Company.</p>
<p>Information on accounting policies, as well as quantitative disclosures regarding the result on operations on financial instruments, financial assets at fair value through profit or loss and financial liabilities held for trading are described in notes 4.3, 4.13, 4.4, 5.1, 15 and 22 respectively.</p>	

## Responsibility of the Management and Supervisory Board for the financial statements

The Management Board of the Company is responsible for the preparation of the annual financial statements that give a true and fair view of the Company's financial position and results of operations, in accordance with the adopted accounting policies, the applicable laws and the Company's Articles of Association, and for such internal control as the Management Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Company's Management Board is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so process.

The Company's Management Board are obliged to ensure that the financial statements comply with the requirements specified in the Accounting Act. Members of the Supervisory Board are responsible for overseeing the financial reporting

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### Auditor's responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the NSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these financial statements.

The scope of the audit does not cover an assurance on the Company's future profitability or the efficiency and effectiveness of the Company's Management Board conducting its affairs, now or in future.

As part of an audit in accordance with the NSA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's Management Board.
- Conclude on the appropriateness of the Company's Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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## Other information, including the report on the operations

### Other information

Other information includes:

- "Report of the Management Board on the operations of the Group and the Company" for the financial year ended December 31, 2022 ("Report on operations") along with a statement on the application of corporate governance, which is a separate part of this Report on activities.
- A separate report on non-financial information
- Annual Report for the financial year ended December 31, 2022 ("Annual Report") (together "Other Information")

Other information does not include the financial statements and our auditor's report thereon.

We obtained the annual report before the date of this audit report, except for the Statements of the Supervisory Board:

- a) regarding the appointment, composition and functioning of the audit committee referred to in Art. 70 section 1 point 8 of the Regulation of the Minister of Finance of March 29, 2018 on current and periodic information provided by issuers of securities and the conditions for recognizing as equivalent information required by the law of a non-member state ("Regulation on current information")
- b) in the scope of assessment, together with justification, regarding the report on the activity of the issuer and the financial statement in terms of their compliance with the books, documents and the facts referred to in Art. 70 sec. 1 point 14 of the Regulation on current information, which will be available after that date.

### Responsibility of the Management and Supervisory Board

The Management Board of the Company is responsible for preparing Other Information in accordance with the law.

The Company's Management Board is obliged to ensure that the Report on the operations together with the separate sections and the separate report on non-financial information complies with the requirements of the Accounting Act.

## **Registered auditor's responsibility**

Our opinion on the audit of the financial statements does not cover Other Information.

In connection with our audit of the financial statements, our responsibility is to read Other Information and, in doing so, consider whether it is materially inconsistent with the information in the financial statements, our knowledge obtained in our audit, or otherwise appears to be materially misstated. If, based on the work performed, we identified a material misstatement in Other Information, we are obliged to inform about it in our audit report. In accordance with the requirements of the Act on the Registered Auditors, we are also obliged to issue an opinion on whether the Report on the operations has been prepared in accordance with the law and is consistent with information included in annual financial statements.

Moreover, we are obliged to issue an opinion on whether the Parent Company provided the required information in its corporate governance statement.

In addition, we are required to audit the financial information included in the Report on the operations in accordance with the scope described in this audit report and the requirements of the Financial Instruments Trading Act of July 29, 2005 (the "Trading Act").

## **Other Information Statement**

We represent that in the light of the knowledge about the Group and its environment obtained during our audit, we have not identified any significant misstatements in the Report on operations and other information that we obtained before the date of this audit report.

In the event that we find a significant distortion in the Statements of the Supervisory Board:

- a) with regard to the appointment, composition and operation of the audit committee referred to in Art. 70 section 1 item 8 of the Regulation on current information and
- b) in the scope of the assessment with justification regarding the report on the issuer's activities and financial statements in terms of their compliance with the books, documents and the facts referred to in Art. 70 sec. 1 point 14 of the Regulation on current information,

we are obliged to inform the Parent Company's Supervisory Board about it.

## **Opinion on the Report on the operations**

Based on the work we carried out during the audit, in our opinion, the Report on the operations:

- has been prepared in accordance with the requirements of Art. 49 of the Accounting Act, paragraph 70 of the Ordinance on current information and art. 110w sec. 1 of the Trading Act;
- is consistent with the information in the financial statements.

Moreover, based on the knowledge of the Company and its environment obtained during our audit, we have not identified any material misstatements in the Report on the operations and Other information.

## **Opinion on the corporate governance statement**

In our opinion, in its corporate governance statement, the Company included information set out in para. 70.6 (5) of the Regulation on current information. In addition, in our opinion, information specified in paragraph 70.6 (5)(c)–(f), (h) and (i) of the said Regulation included in the corporate governance statement are consistent with the applicable provisions of the law and with information included in the financial statements.

## **Information on non-financial information**

In accordance with the requirements of the Chartered Accountants Act, we confirm that the Company has included in the Directors' Report information about the preparation of a separate report on non-financial information as referred to in Article 49b of the Accounting Act and that the Company has prepared such a separate report.

We have not performed any assurance work on the separate non-financial information report and we do not express any assurance thereon.

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## Report on other legal and regulatory requirements

### I Information on compliance with prudential regulations

The Management Board of the Company is responsible for complying with the applicable prudential regulations set out in separate legislation, and in particular, for the correct determination of the capital ratios.

The capital ratios as at 31 December 2022 have been presented in Note 37 of the financial statements and include the total capital requirement.

We are obliged to give information in our report on the audit of the financial statements as to whether the Company has complied with the applicable prudential regulations set out in separate legislation, and in particular, whether the Company has correctly determined its capital ratios. For the purposes of the said information, the following legal acts are understood as 2021 Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on prudential requirements for investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014 ("IFR"), the Act of 5 August 2015 on macroprudential supervision of the financial system and crisis management in the financial system (the "Macroprudential Supervision Act"), Regulation of the Minister of Development and Finance of April 25, 2017 on internal capital, risk management system, supervisory assessment program and supervisory examination and evaluation, as well as remuneration policy in a brokerage house, Regulation of the Minister of Development and Finance of December 8, 2021. on the estimation of internal capital and liquid assets, the risk management system, supervisory review and evaluation, as well as the remuneration policy in a brokerage house and a small brokerage house.

It is not the purpose of an audit of the financial statements to present an opinion on compliance with the applicable prudential regulations specified in the separate legislation specified above, and in particular, on the correct determination of the capital ratios, and therefore, we do not express such an opinion.

Based on the work performed by us, we inform you that we have not identified:

- any cases of non-compliance by the Company with the applicable prudential regulations set out in the separate legislation referred to above, in the period from 1 January to 31 December 2022;
- any irregularities in the determination by the Company of the capital ratios as at 31 December 2022 in accordance with separate legislation referred to above,

which would have a material impact on the financial statements.

### **Statement on the provision of non-audit services**

To the best of our knowledge and belief, we declare that the non-audit services we have provided to the Company and its subsidiaries are in accordance with the laws and regulations applicable in Poland and that we have not provided any non-audit services prohibited under Article 5(1) of the EU regulation and Article 136 of the Act on Registered Auditors.

The non-audit services which we have provided to the Company and its subsidiaries in the audited period are disclosed in the note 31 to the financial statements.

### **Appointment**

We were first appointed to audit the Company's annual financial statements by Board Resolution 45/2018 dated November 7, 2018 and again by resolution dated May 4, 2021. We have audited the Company's financial statements continuously beginning with the fiscal year ended December 31, 2019, a period of four years.

The Key Registered Auditor responsible for the audit on behalf of PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k., a company entered on the list of Registered Audit Companies with the number 144., is Agnieszka Accordi.

Agnieszka Accordi  
Key Registered Auditor  
No. 11665

Warsaw, 21 March 2023