



X-TRADE BROKERS DOM MAKLERSKI S.A.

*(joint stock company with its registered office in Warsaw and address at ul. Ogrodowa 58, 00-876 Warszawa,
entered into the Register of Business Entities of the National Court Register under No. 0000217580)*

DISCLAIMER

This document is an unofficial translation of the Polish version of Current Report No. 33 dated 24 October 2017 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 Financial Instruments to Organised Trading, and Public Companies dated 29 July 2005 (amended and restated: Journal of Laws of 2013, item 1382).

CURRENT REPORT NO. 33/2017

Warsaw, 24 October 2017

Information on the preliminary financial and operating results for the III quarter of 2017

The Management Board of X-Trade Brokers Dom Maklerski S.A. (the „Issuer”, “Company”, “XTB”) hereby announces that on 24 October 2017 the aggregation process of financial data for the purpose of the preparation of the condensed consolidated financial statements of the Issuer’s Group was completed. Therefore the decision was made to publish the preliminary consolidated selected financial and operating data for the above period, which the Issuer submits as an attachment to the foregoing current report.

The Issuer informs also that the final financial and operation results for III quarter of 2017 will be submitted in the extended consolidated report of the Issuer’s group for the III quarter of 2017, publication of which was planned for 14 November 2017.

Legal basis:

Article 17 paragraph 1 MAR – inside information.

APPENDIX TO THE CURRENT REPORT NO 33/2017 DATED 24 OCTOBER 2017
Selected consolidated financial data

| (IN PLN'000) | THREE-MONTH PERIOD ENDED 30.09.2017 | THREE-MONTH PERIOD ENDED 30.09.2016 | NINE-MONTH PERIOD ENDED 30.09.2017 | NINE-MONTH PERIOD ENDED 30.09.2016 |
|---|--|--|---------------------------------------|---------------------------------------|
| Total operating income | 73 063 | 42 802 | 198 307 | 156 617 |
| Total operating expenses | (34 725) | (34 378) | (107 263) | (129 572) |
| Operating profit | 38 338 | 8 424 | 91 044 | 27 045 |
| Impairment write-off of intangible assets | - | - | (5 612) | - |
| Finance income | 1 364 | (5 343) | 3 785 | 4 330 |
| Finance costs | 602 | 2 263 | (12 114) | (1 063) |
| Profit before tax | 40 304 | 5 344 | 77 103 | 30 312 |
| Net profit | 31 342 | 4 238 | 60 700 | 27 285 |

Selected consolidated operating data (KPI)

| | THREE-MONTH PERIOD ENDED 30.09.2017 | THREE-MONTH PERIOD ENDED 30.09.2016 | NINE-MONTH PERIOD ENDED 30.09.2017 | NINE-MONTH PERIOD ENDED 30.09.2016 |
|---|--|--|---------------------------------------|---------------------------------------|
| New accounts ¹ | 11 278 | 8 060 | 34 193 | 21 676 |
| Average number of active accounts ² | 20 549 | 16 984 | 20 194 | 16 531 |
| Accounts in total | 188 380 | 146 939 | 188 380 | 146 939 |
| Net deposits (in PLN'000) ³ | 56 779 | 60 717 | 272 766 | 197 286 |
| Average operating income per active account (in PLN'000) ⁴ | 3,6 | 2,5 | 9,8 | 9,5 |
| Transaction volume in CFD instruments in lots ⁵ | 523 769 | 468 686 | 1 577 665 | 1 526 995 |
| Profitability per lot (in PLN) ⁶ | 139 | 91 | 126 | 103 |

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

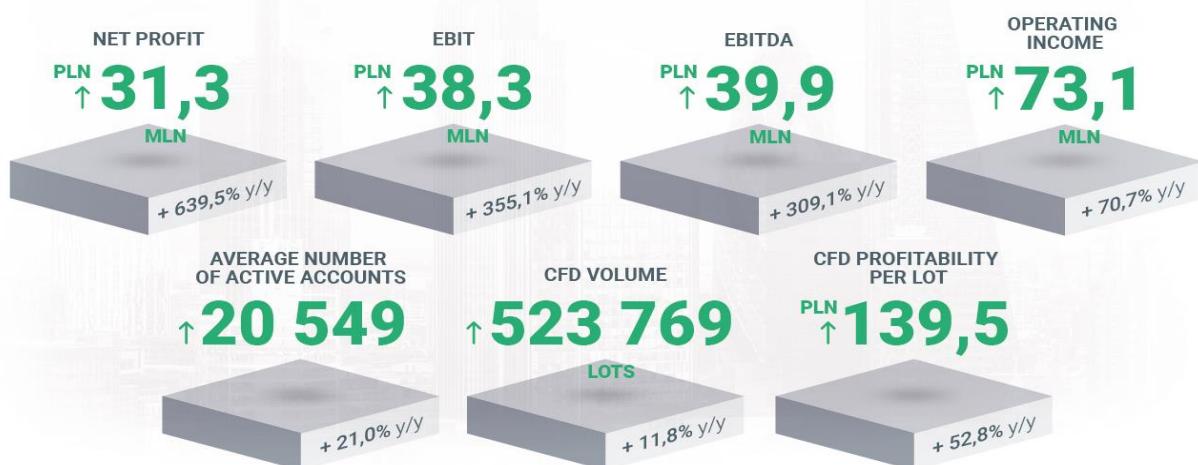
²) The average quarterly number of accounts via which at least one transaction has been concluded over the last three months.

³) Net deposits comprise deposits placed by clients less amounts withdrawn by the clients in a given period.

⁴) The Group's operating income in a given period divided by the average quarterly number of accounts via which at least one transaction has been concluded over the last three months.

⁵) 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.

⁶) Total operating income divided by the transaction volume in CFDs in lots.

III quarter 2017


Management's commentary on the preliminary results

In the III quarter of 2017, XTB recorded a consolidated net profit of PLN 31.3 million against PLN 4.2 million profit a year earlier. This is an increase of PLN 27.1 million, i.e. 639.5%. Operating profit (EBIT) was PLN 38.3 million vs. PLN 8.4 million a year earlier. Consolidated revenues increased by PLN 30.3 million y/y, i.e. 70.7% to PLN 73.1 million.

In period I-III quarter of 2017, the Company had PLN 60.7 million consolidated net profit compared to PLN 27.3 million profit a year earlier with sales revenue of PLN 198.3 million compared to PLN 156.6 million a year before.

Revenues

Revenue growth in the III quarter by 70.7% y/y from PLN 42.8 million to PLN 73.1 million, is attributable both to the increase in the volume of turnover calculated in lots and to the profitability per lot. Turnover was higher by 55.1 thousand lots and unit profitability by PLN 48.

| | THREE-MONTH PERIOD ENDED | | | | | |
|--|--------------------------|------------|------------|------------|------------|------------|
| | 30.09.2017 | 30.06.2017 | 31.03.2017 | 31.12.2016 | 30.09.2016 | 30.06.2016 |
| Total operating income (in PLN'000) | 73 063 | 66 526 | 58 718 | 93 959 | 42 802 | 31 050 |
| Transaction volume in CFD instruments in lots ¹ | 523 769 | 513 814 | 540 082 | 488 660 | 468 686 | 525 108 |
| Profitability per lot (in PLN) ² | 139 | 129 | 109 | 192 | 91 | 59 |

¹) A lot is a unit of trading in financial instruments; in the case of foreign currency transactions, a lot corresponds to 100,000 units of the underlying currency; in the case of instruments other than CFDs based on currencies, the amount is specified in the instruments table and varies for various instruments.

²) Total operating income divided by the transaction volume in CFDs in lots.

XTB has a solid foundation for growth in the form of a constantly growing customer base. In the III quarter of 2017 the number of new accounts increased both in relation to the II quarter of 2017 and the individual quarters of 2016, while the I quarter of 2017 was the record for new accounts. The total number of new accounts opened in the period I-III quarter of 2017 increased by 57.7% over the comparable period. In turn the average number of active accounts in the above period amounted to 20 194, which represents an increase of 22.2% y/y.

| | PERIOD ENDED | | | | | |
|--|--------------|------------|------------|------------|------------|------------|
| | 30.09.2017 | 30.06.2017 | 31.03.2017 | 31.12.2016 | 30.09.2016 | 30.06.2016 |
| New accounts ¹ | 11 278 | 9 635 | 13 280 | 9 624 | 8 060 | 7 178 |
| Average number of active accounts ² | 20 194 | 20 016 | 20 408 | 17 243 | 16 531 | 16 305 |

¹) The number of accounts opened by the Group's clients in the individual periods

²) The average quarterly number of accounts respectively for 9, 6, 3 months of 2017 and 12, 9, 6 months of 2016.

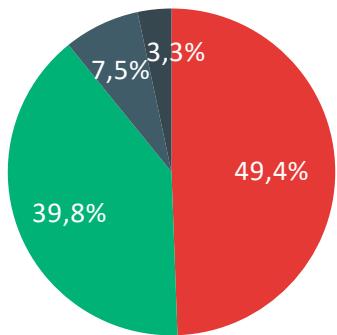
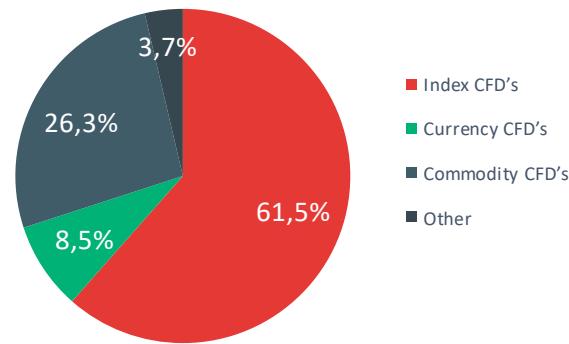
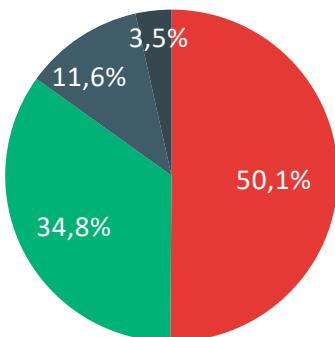
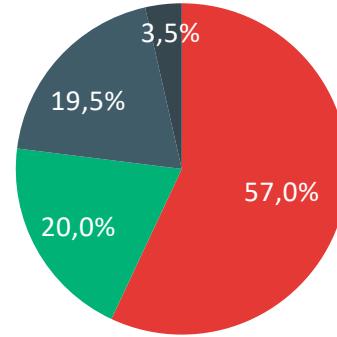
Similarly to the I half of 2017 the increase in accounts in III quarter was connected with the implementation of an optimized sales and marketing strategy and new products. An additional factor supporting such growth was the favorable situation on the financial markets.

According to the Management Board, in IV quarter of 2017, the growth of accounts should be accelerated q/q due to the intensified marketing activity and introduction of new products into the XTB offer. Moreover, the Management Board maintains that the greatest potential for business growth is in the German, French and Latin American markets.

Looking at the income from the classes of instruments responsible for their emergence, it is clear that, as in earlier periods, the stock CFDs have been leading the way. Their share in the revenue structure in the III quarter of this year reached 49.4% against 61.5% a year earlier. This is a consequence of the high interest of XTB clients in CFD instruments based on the German stock index DAX (DE30) and the US indexes US30 and US500.

The III quarter of this year revenue growth was also attributed to currency CFDs, which increased to 39.7% from 8.5% y/y. This asset class was most popular with the EURUSD currency pair. Clients also actively traded in pairs: AUDUSD, EURGBP, USDJPY, BTCUSD and USDCAD.

| (IN PLN'000) | THREE-MONTH PERIOD ENDED | | NINE-MONTH PERIOD ENDED | |
|--|--------------------------|---------------|-------------------------|----------------|
| | 30.09.2017 | 30.09.2016 | 30.09.2017 | 30.09.2016 |
| Index CFD's | 36 530 | 27 111 | 101 055 | 90 779 |
| Currency CFD's | 29 380 | 3 742 | 70 122 | 31 885 |
| Commodity CFD's | 5 544 | 11 609 | 23 388 | 31 047 |
| Stock CFD's | 918 | 389 | 2 871 | 944 |
| Bond CFD's | 171 | 113 | (86) | 1 351 |
| Total CFD's | 72 543 | 42 964 | 197 350 | 156 006 |
| Option derivatives | 1 376 | 1 114 | 5 119 | 3 352 |
| Stocks and exchange derivative | (3) | - | (859) | - |
| Gross gain on transactions in financial instruments | 73 916 | 44 078 | 201 610 | 159 358 |
| Bonuses and discounts paid to costumers | (1 051) | (663) | (2 826) | (2 763) |
| Commission paid to cooperating brokers | (869) | (1 921) | (3 828) | (4 007) |
| Net gain on transaction in financial instruments | 71 996 | 41 494 | 194 956 | 152 588 |

III quarter 2017

III quarter 2016

I - III quarter 2017

I - III quarter 2016


Geographically, XTB revenues were well diversified. Their growth has occurred in both Central and Eastern Europe and Western Europe. Countries from which the Group derives more than 15% of revenues are Poland (24.5% share for 9 months) and Spain (20.3% share for 9 months). The share of other countries in the geographical structure of revenues does not exceed in any case 15%. Latin America is also gaining on importance, which has already replaced the gap in Turkey.

| (IN PLN'000) | THREE-MONTH PERIOD ENDED | | NINE-MONTH PERIOD ENDED | |
|-------------------------------|--------------------------|---------------|-------------------------|----------------|
| | 30.09.2017 | 30.09.2016 | 30.09.2017 | 30.09.2016 |
| Central and Eastern Europe | 40 020 | 23 340 | 90 185 | 70 313 |
| - including Poland | 24 173 | 15 052 | 48 495 | 41 673 |
| Western Europe | 29 367 | 19 101 | 96 408 | 77 462 |
| - including Spain | 11 548 | 7 332 | 40 339 | 36 313 |
| Latin America and Turkey | 3 676 | 361 | 11 714 | 8 842 |
| - including Turkey | (130) | 361 | 4 943 | 8 842 |
| Total operating income | 73 063 | 42 802 | 198 307 | 156 617 |

XTB's segmental revenue diversification is becoming increasingly clear. This is due to the dynamic development of the institutional segment (X Open Hub). From 2013, the Group provides services to institutional clients. Under it, XTB provides liquidity and technology to other financial institutions, including brokerage houses.

| (IN PLN'000) | THREE-MONTH PERIOD ENDED | | NINE-MONTH PERIOD ENDED | |
|------------------------------------|--------------------------|---------------|-------------------------|----------------|
| | 30.09.2017 | 30.09.2016 | 30.09.2017 | 30.09.2016 |
| Retail segment | 67 899 | 40 675 | 172 999 | 146 354 |
| Institutional segment (X Open Hub) | 5 164 | 2 127 | 25 308 | 10 263 |
| Total operating income | 73 063 | 42 802 | 198 307 | 156 617 |

Expenses

In the I quarter of 2017, XTB significantly improved its cost effectiveness compared to the same period of the previous year, while maintaining the increase in new accounts opened and the number of active accounts. In the period, operating expenses amounted to PLN 107.3 million (Q1-Q3 2016: PLN 129.6 million), decreased by 17.2% y/y. This decrease was attributed to the lower by PLN 21.1m y/y in marketing costs, mainly due to the lower spending on advertising campaigns.

| (IN PLN'000) | THREE-MONTH PERIOD ENDED | | NINE-MONTH PERIOD ENDED | |
|---|--------------------------|---------------|-------------------------|----------------|
| | 30.09.2017 | 30.09.2016 | 30.09.2017 | 30.09.2016 |
| Salaries and employee benefits | 17 590 | 16 174 | 53 857 | 54 708 |
| Marketing | 5 563 | 8 041 | 19 283 | 40 341 |
| Other external services | 5 304 | 4 295 | 15 429 | 15 111 |
| Costs of maintenance and lease of buildings | 1 849 | 1 960 | 5 612 | 6 441 |
| Amortization and depreciation | 1 551 | 1 327 | 4 572 | 4 104 |
| Taxes and fees | 363 | 1 018 | 1 709 | 1 908 |
| Commission expenses | 1 196 | 932 | 3 817 | 3 243 |
| Other expenses | 1 309 | 631 | 2 984 | 3 716 |
| Total operating expenses | 34 725 | 34 378 | 107 263 | 129 572 |

In the III quarter of this year operating expenses were comparable to the level of the corresponding period of the previous year and lower than in the two preceding quarters.

| | THREE-MONTH PERIOD ENDED | | | | | |
|---|--------------------------|---------------|---------------|---------------|---------------|---------------|
| | 30.09.2017 | 30.06.2017 | 31.03.2017 | 31.12.2016 | 30.09.2016 | 30.06.2016 |
| Total operating expenses, including: | 34 725 | 35 973 | 36 565 | 38 889 | 34 378 | 54 730 |
| - Marketing | 5 563 | 6 545 | 7 175 | 8 997 | 8 041 | 24 310 |
| New accounts | 11 278 | 9 635 | 13 280 | 9 624 | 8 060 | 7 178 |

The management expects operating expenses to be at a level comparable to that observed in the first three quarters of 2017. The final level will depend on the variable remuneration components paid to employees and the level of marketing expenditure. The value of variable remuneration components will be influenced by the results of the Group. The level of marketing expenditure will depend on the impact of the Group on the results and profitability of the Group and on the responsiveness of the customers to the actions taken.

Market environment and prospects

Management plans for the forthcoming periods assume the development of the Group in particular by expanding the client base, further penetrating existing markets and expanding its geographical presence in Latin America. With determination he intends to strive to build value for the shareholders.

In the opinion of the Management Board, the Company is significantly underestimated in relation to competitors listed among others on the London Stock Exchange. Emphasis requires that the XTB be internationally recognized, has a well-diversified geographic revenue base based on sound operating fundamentals, and a highly motivated board of directors. As a result, the Group generates high net profits, as confirmed by the III quarter of 2017.

XTB, as an international entity, listed on the stock exchange has a real chance to consolidate in the industry and become a global player in the FX/CFD market of TOP 5. The XTB Board sees one of the Group's development directions. However, it is necessary to have a satisfactory valuation of the Company itself on the WSE, without which the implementation of the strategy in this area is severely hampered.