



XTB S.A.

(joint stock company with its registered office in Warsaw and address at Prosta 67, 00-838 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. 19 dated 26 July 2023 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 2018, item 757).

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.

CURRENT REPORT NO. 19/2023

Warsaw, 26 July 2023

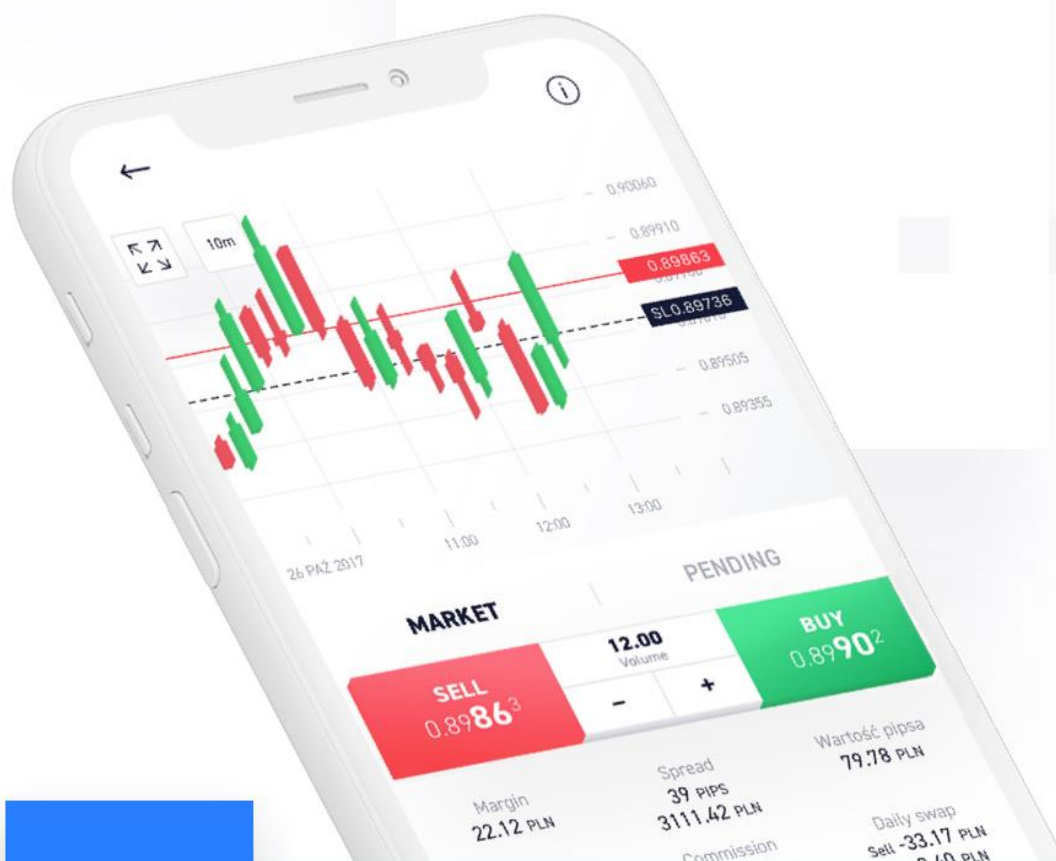
Preliminary financial and operating results for the I half 2023

The Management Board of the XTB S.A (the „Issuer”, “Company”, “XTB”) hereby announces that on 26 July 2023 the aggregation process of financial data for the purpose of the preparation of the condensed consolidated financial statements of the Issuer’s Group for the I half of 2023 was completed. Therefore the decision was made to publish the preliminary consolidated selected financial and operating data for the above period, which the Issuer submits as an attachment to the foregoing current report.

The Issuer informs also that the final financial and operating results for the I half of 2023 will be submitted in the extended consolidated report of the Issuer’s Group for the I half of 2023, publication of which was planned for 18 August 2023.

Legal basis:

Article 17 paragraph 1 MAR – inside information.



Appendix to the current report No. 19/2023 dated 26 July 2023

Preliminary financial and operating results
for the I half of 2023

XTB S.A.



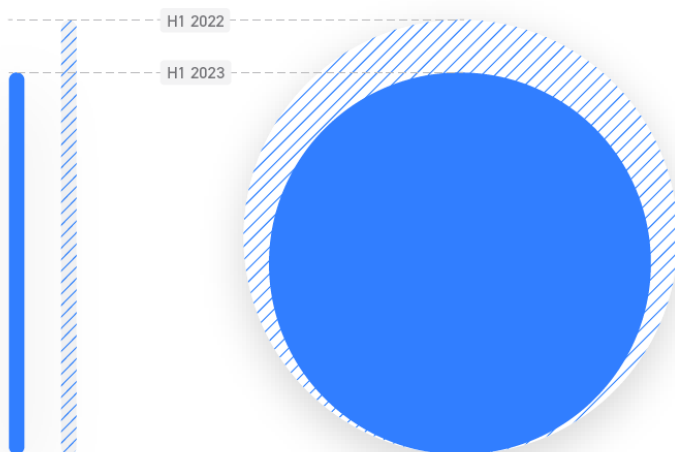
XTB KEY PERFORMANCE INDICATORS H1 2023



NET PROFIT

421.0 MM
PLN

▼ -12.2% y/y



OPERATING INCOME

818.9 MM
PLN

▼ -2.1% y/y



EBIT

477.3 MM
PLN

▼ -16.0% y/y



NUMBER OF ACTIVE CLIENTS

274 450

▲ +44.4% y/y

H1 2023



H1 2022

NEW CLIENTS

167 200

▲ +65.5% y/y

H1 2023



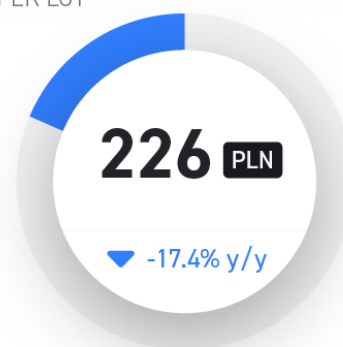
H1 2022



CFD PROFITABILITY PER LOT

226 PLN

▼ -17.4% y/y



CFD VOLUME

3 615 545

▲ +18.5% y/y





Selected consolidated financial data

(in PLN'000)	THREE-MONTH PERIOD ENDED		SIX-MONTH PERIOD ENDED	
	30.06.2023	31.03.2023	30.06.2023	30.06.2022
Total operating income	287 245	531 607	818 852	836 214
Total operating expenses	(157 377)	(184 219)	(341 596)	(267 786)
Profit on operating activities (EBIT)	129 868	347 388	477 256	568 428
Finance income	26 430	27 400	53 830	17 731
Finance costs	(11 260)	(7 776)	(19 036)	(512)
Profit before tax	145 038	367 012	512 050	585 647
Income tax	(26 855)	(64 198)	(91 053)	(106 077)
Net profit	118 183	302 814	420 997	479 570

(in PLN'000)			AS AT	
	30.06.2023	31.03.2023	31.12.2022	30.06.2022
Own cash	1 651 053	1 535 160	1 222 499	995 777
Own cash + bonds	2 030 935	1 906 612	1 584 573	1 342 918
Equity	1 352 880	1 808 373	1 506 069	1 221 474

Selected consolidated operating data (KPI)

	THREE-MONTH PERIOD ENDED		SIX-MONTH PERIOD ENDED	
	30.06.2023	31.03.2023	30.06.2023	30.06.2022
New clients ¹	62 994	104 206	167 200	101 030
Clients in total	762 624	703 928	762 624	525 287
Number of active clients ²	204 213	215 703	274 450	190 088
Average number of active clients ³	204 213	215 703	209 958	149 824
Net deposits (in PLN'000) ⁴	776 122	1 025 147	1 801 268	1 949 588
Average operating income per active client (in PLN'000) ⁵	1,4	2,5	3,9	5,6
Transaction volume in CFD instruments in lots ⁶	1 770 385	1 845 160	3 615 545	3 050 656
Profitability per lot (in PLN) ⁷	162	288	226	274
Transaction volume in CFD instruments in nominal value (in USD'000000)	547 088	596 645	1 143 732	1 170 928
Profitability for 1 million USD transaction volume in CFD instruments in nominal value (in USD) ⁸	126	204	168	167
Turnover of shares in nominal value (in USD'000000)	1 034	1 091	2 125	1 937

¹⁾ The number of new Group's clients in the individual periods.

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

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

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

⁵⁾ 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.

⁶⁾ 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.

⁷⁾ Total operating income divided by the transaction volume in CFDs in lots.

⁸⁾ 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).



Management Board's commentary on the preliminary results

In the first half of 2023, XTB reported a consolidated net profit of PLN 421,0 million compared to PLN 479,6 million a year earlier. Consolidated revenues amounted to PLN 818,9 million (H1 2022: PLN 836,2 million), and operating expenses amounted to PLN 341,6 million (H1 2022: PLN 267,8 million). During the period, the Group acquired a record 167,2 thousand new clients, while the number of active clients increased by 44,4% y/y from 190,1 thousand to 274,5 thousand.

Revenues

In the first half of 2023, the Group's revenue decreased by 2,1% y/y, from PLN 836,2 million to PLN 818,9 million. Contributing to this decline was a lower profitability per lot of PLN 48, amounting to PLN 226 (H1 2022: PLN 274). This decrease is mainly the results of lower volatility in the financial and commodity markets in Q2 2023, compensated in part by the constantly increasing number of new clients (increase by 65,5% y/y), combined with their high transactional activity expressed in the number of CFD contracts concluded in lots. Consequently, trading in derivatives amounted to 3 615,5 thousand lots (H1 2022: 3 050,7 thousand lots).

	THREE-MONTH PERIOD ENDED							
	30.06.2023	31.03.2023	31.12.2022	30.09.2022	30.06.2022	31.03.2022	31.12.2021	30.09.2021
Total operating income (in PLN'000)	287 245	531 607	216 746	391 289	396 410	439 804	183 567	200 029
Transaction volume in CFD instruments in lots ¹	1 770 385	1 845 160	1 720 381	1 594 606	1 489 917	1 560 739	1 073 549	1 044 329
Profitability per lot (in PLN) ²	162	288	126	245	266	282	171	192
Transaction volume in CFD instruments in nominal value (in USD'000000)	547 088	596 6459	548 781	539 879	539 673	631 255	482 097	502 650
Profitability for 1 million USD transaction volume in CFD instruments in nominal value (in USD) ³	126	204	87	152	168	167	94	102

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

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

³) 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 the first half of 2023, the Group recorded another record in this area by acquiring 167 200 new clients compared to 101 030 a year earlier, an increase of 65,5%. Analogous to the number of new clients, the number of active clients was also a record. This rose from 190 088 to 274 450, i.e. an increase of 44,4% y/y.



	PERIOD ENDED							
	30.06.2023	31.03.2023	31.12.2022	30.09.2022	30.06.2022	31.03.2022	31.12.2021	30.09.2021
New clients ¹	62 994	104 206	51 038	44 796	45 697	55 333	42 760	38 573
Clients in total ²	762 624	703 928	614 934	567 387	525 287	481 931	429 157	388 973
Number of active clients ³	274 450	215 703	258 799	224 339	190 088	149 726	190 452	160 608
Average number of active clients ⁴	209 958	215 703	153 082	150 444	149 824	149 726	112 015	106 961

¹⁾ The number of new Group's clients in the individual periods.

²⁾ Number of clients at the end of individual quarters.

³⁾ The number of active clients in the period of 6 and 3 months of 2023 and 12, 9, 6 and 3 months of 2022 and 12 and 9 months of 2021, respectively. An active client is a client who has carried out at least one transaction during a period.

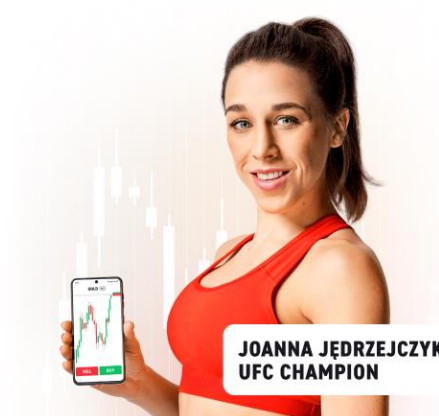
⁴⁾ Quarterly average number of active clients for the period 6 and 3 months 2023 and 12, 9, 6 and 3 months 2022 and 12 and 9 months 2021 respectively.

The priority of the Management Board is to further increase the client base leading to the strengthening of XTB's market position globally by reaching the with its product offering to the mass client. The ambition of the Management Board in 2023 is to acquire, on average, at least 40-60 thousand new clients per quarter. These activities are supported by a number of initiatives, including the offer, introduced on April 11, 2023, to invest in the Romanian market (expanded in other markets, including: the Portuguese, Czech, Slovak, Polish, Italian or Spanish markets) in company shares and ETFs for a fraction of their price. Fractional shares allow greater flexibility and control over investments. This makes it easier for clients to tailor their investment portfolio to their own unique financial goals and risk tolerance.



Following the ongoing activities, the Group acquired a total of 104,2 thousand new clients in the first quarter of 2023, and nearly 63,0 thousand new clients in the second quarter of this year. In contract, 18,4 thousand new clients were acquired in the first 25 days of July 2023.

In order to strengthen its market position and global recognition, XTB cooperates with titled athletes who are XTB brand ambassadors. In February 2022, an advertising campaign was introduced featuring titled combat sports athlete, the first Polish woman in the UFC organization and a champion in the organization, as well as three-time world champion in Thai boxing – Joanna Jędrzejczyk.





In September 2022, promotional activities were launched featuring Conor McGregor, another XTB brand ambassador – the Irish mixed martial arts (MMA) and UFC fighter. Conor McGregor is the biggest combat sports star in the world and the highest paid athlete according to a list compiled by Forbes. In addition to being a fighter, Conor is also a successful business person as an investor in number of interesting projects.

Jiří Procházka, a Czech fighter, one of the one of the top MMA fighters, UFC champion, also became the face of XTB brand. This cooperation ended in May 2023.



Iker Casillas, former Real Madrid footballer, considered one of the best goalkeepers of all time, also joined the XTB ambassador team in 2022. He currently serves as deputy general manager of the Real Madrid Foundation.

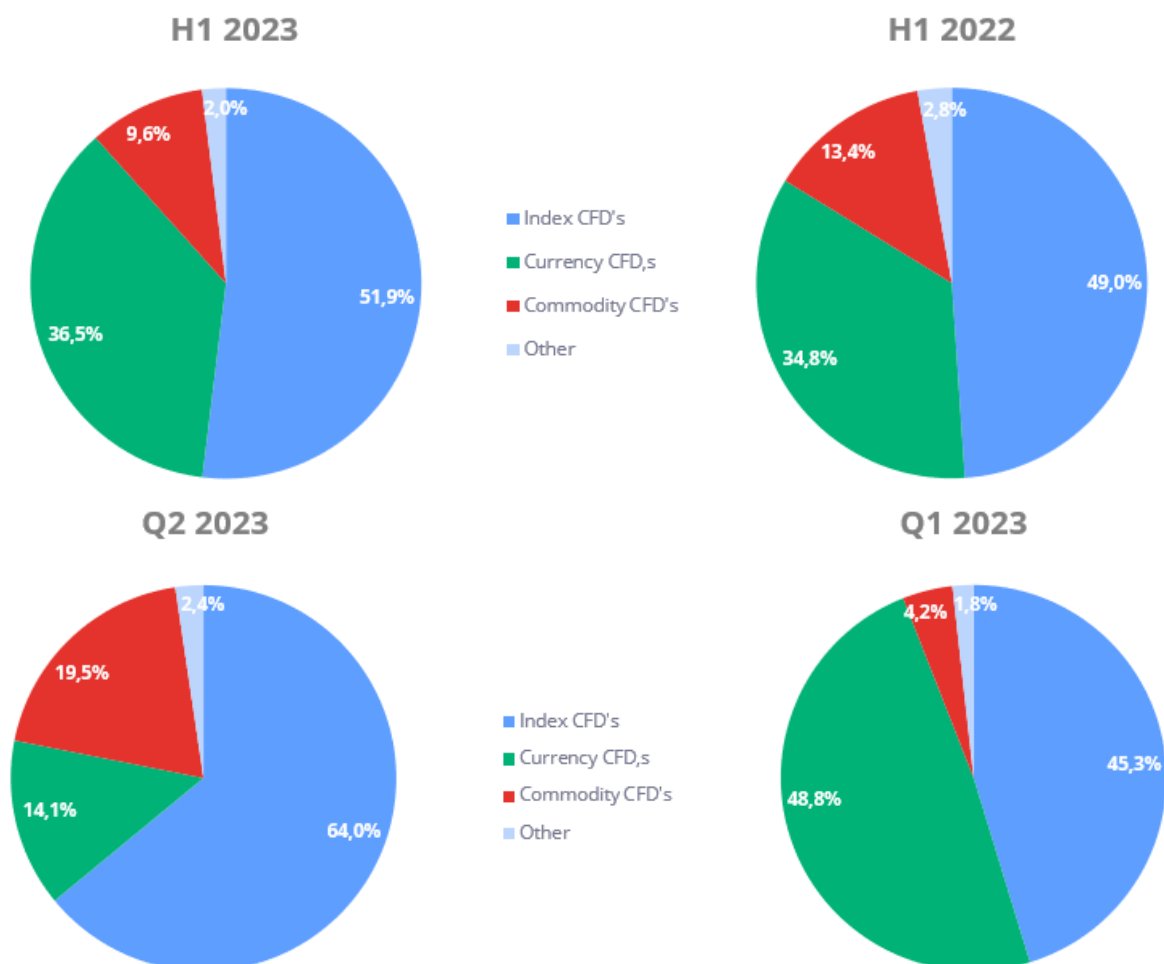
XTB, thanks to its cooperation with such celebrities as Joanna Jędrzejczyk, Conor McGregor, Jiří Procházka or Iker Casillas, has started to promote the investment solutions it offers, in particular convincing that investing in different types of assets is accessible to everyone, with tools that make it easier to enter the world of investment into the world of investment: through daily market analyses, 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 CFDs based on indices led in the first half of 2023. Their share in the structure of revenues on financial instruments reached 51,9%. This is a consequence of the high profitability on CFDs instruments based on the US 100 index, the German DAX stock index (DE30) or US 500 index. The second most profitable asset was CFD instruments based on commodities.



Their share in the revenue structure in the first half of 2023 was 36,5%. The most profitable instruments in this class were CFDs based on natural gas and gold quotation. Revenues on CFDs instruments based on currencies accounted for 9,6% of total revenues, where the most profitable financial instruments in this class were those based on the USDJPY and EURUSD currency pair.

Revenue structure by asset class (in %)



(in PLN'000)	THREE-MONTH PERIOD ENDED		SIX-MONTH PERIOD ENDED	
	30.06.2023	31.03.2023	30.06.2023	30.06.2022
Index CFDs	191 259	245 812	437 071	417 896
Commodity CFDs	42 090	264 713	306 803	297 490
Currency CFDs	58 315	22 852	81 167	114 468
Stock CFDs and ETFs	2 358	6 943	9 301	23 149
Bond CFDs	516	177	693	(1 230)
Total CFDs	294 538	540 497	835 035	851 773
Shares and ETFs	4 147	2 398	6 545	2 151
Gross gain on transactions in financial instruments	298 685	542 895	841 580	853 924
Bonuses and discounts paid to clients	(3 345)	(2 598)	(5 943)	(2 669)
Commission paid to cooperating brokers	(11 203)	(11 751)	(22 954)	(18 139)
Net gain on transactions in financial instruments	284 137	528 546	812 683	833 116



The business model used by XTB combines 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 proprietary trading for its own account in anticipation of changes in the price or value of the underlying instruments (so-called *proprietary trading*).

The hybrid business model used by XTB also uses an agency model. For example, on most CFD instruments based on cryptocurrencies, XTB hedges these transactions with third-party counterparties, virtually ceasing to be the other party to the transaction (legally, of course, it is still XTB). The Company's fully automated risk management process limits exposure to market changes and forces it to hedge positions in order to maintain appropriate levels of capital requirements. In addition, XTB executes directly on regulated markets or alternative trading venues all transactions in shares and ETFs and CFDs instruments based on these assets. XTB is not a market maker for this class of instruments.

It is inherent in XTB's business model that revenues are highly volatile from period to period. Operating results are affected primarily by: (i) volatility on financial and commodity markets; (ii) the number of active clients; (iii) the volume of their transactions in financial instruments; (iv) general market, geopolitical and economic; (v) competition in the FX/CFD market and (vi) the regulatory environment.

As a general rule, the Group's revenues are positively affected by higher activity in the financial and commodity markets due to the fact that in such periods see higher levels of trading by the Group's clients and higher profitability per lot. Periods of clear and long market trends are favourable for the Company and it is at such times it achieves the highest revenues. Therefore, the high activity of the financial and commodities markets generally leads to increased trading volume on the Group's trading platforms. Conversely, a decrease in this activity and the related decrease in trading activity of the Group's clients generally leads to a decrease in the Group's operating income. Accordingly, the Group's operating income and profitability may decline during periods of low activity in the financial and commodity markets. In addition, a more predictable trend may emerge in which the market moves in 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 in the markets, which creates favourable conditions for trading within a narrow market range (range trading). In this case, a higher number of profitable trades are observed for clients, leading to a reduction in the Group's market making result.

Volatility and market activity is driven by a number of external factors, some of which are market specific and some of which may be linked to general macroeconomic conditions. It can significantly affect the Group's revenues in subsequent quarters. This is characteristic of the Group's business model.

Expenses

Operating expenses in H1 2023 amounted to PLN 341,6 million and were PLN 73,8 million higher than in the comparable period (H1 2022: PLN 267,8 million). The most significant y/y changes occurred in:

- costs of salaries and employee benefits, an increase of PLN 31,8 million, mainly due to an increase in employment;
- marketing costs, an increase of PLN 30,9 million resulting mainly from higher expenditures on online marketing campaigns;



- other external services, increase by PLN 7,6 million as a result of incurring mainly higher expenditure on:
 - (i) IT systems and licenses (increase by PLN 3,8 million y/y); (ii) legal and advisory services (increase by PLN 2,1 million y/y) and (iii) market data services (increase by PLN 0,8 million y/y).

(in PLN'000)	THREE-MONTH PERIOD		SIX-MONTH PERIOD ENDED	
	30.06.2023	31.03.2022	30.06.2023	30.06.2022
Marketing	54 823	81 435	136 258	105 312
Salaries and employee benefits	61 413	63 367	124 780	92 978
Other external services	15 945	14 062	30 007	22 365
Commission expenses	13 906	15 079	28 985	27 590
Amortization	3 984	3 746	7 730	5 655
Taxes and fees	2 885	3 004	5 889	4 746
Other expenses	2 572	1 600	4 172	5 175
Costs of maintenance and lease of buildings	1 849	1 926	3 775	3 965
Total operating expenses	157 377	184 219	341 596	267 786

On a quarterly basis, operating expenses decreased by PLN 26,8 million, mainly due to PLN 26,6 million lower offline marketing expenses.

	THREE-MONTH PERIOD ENDED							
	30.06.2023	31.03.2023	31.12.2022	30.09.2022	30.06.2022	31.03.2022	31.12.2021	30.09.2021
Total operating expenses including: (in PLN'000)	157 377	184 219	158 235	132 546	136 750	131 036	100 715	84 771
- Marketing	54 823	81 435	68 478	48 579	54 662	50 650	37 201	24 772
New clients ¹	62 994	104 206	51 038	44 796	45 697	55 333	42 760	38 573
Clients in total ²	726 624	703 928	614 934	567 387	525 287	481 931	429 157	388 973
Number of active clients ³	274 450	215 703	258 799	224 339	190 088	149 726	190 452	160 608
Average number of active clients ⁴	209 958	215 703	160 995	151 685	149 922	149 726	127 174	110 875
Average cost of acquiring a client ⁵	0,9	0,8	1,3	1,1	1,2	0,9	0,9	0,6

¹⁾ The number of new Group's clients in the individual periods.

²⁾ Number of clients at the end of individual quarters.

³⁾ The number of active clients in the period of 6 and 3 months of 2023 and 12, 9, 6 and 3 months of 2022 and 12 and 9 months of 2021, respectively. An active client is a customer who has made at least one transaction in a period.

⁴⁾ Average quarterly number of active clients for the period of 6 and 3 months of 2023 and 12, 9, 6 and 3 months of 2022 and 12 and 9 months of 2021.

⁵⁾ Average client acquisition cost is defined as marketing expenses in a period divided by the number of new clients over the same period.

As a result of XTB's rapid growth, the Board estimates that total operating expenses in 2023 could be as much as a quarter higher than what we saw in 2022. The Management Board's priority is to further increase the client base and build a global brand. As a consequence of the ongoing activities, marketing expenditure may increase by around a fifth compared to last year.

The final level of operating expenses will depend, in particular, on the rate of employment growth and the amount of variable remuneration paid to employees, on the level of marketing expenses, on the rate of geographical expansion



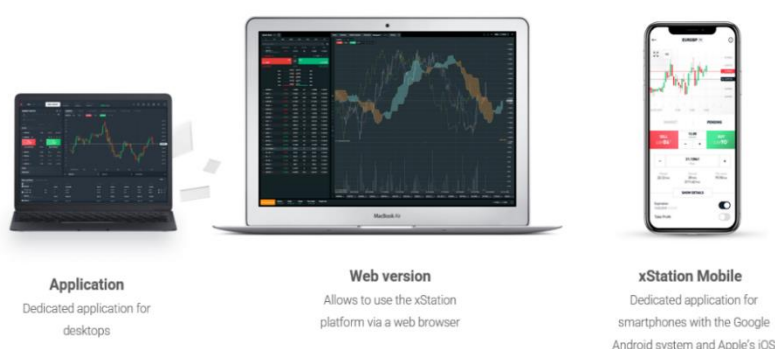
into new markets and on the impact of possible new regulations and other external factors on the level of revenues generated by the Group.

The level of marketing expenses will depend on an assessment of its impact on the Group's performance and profitability, the pace of overseas expansion and the degree of client responsiveness to the actions undertaken. Employment growth in the Group will be contributed by its dynamic growth, both in existing and new markets. In turn, variable remuneration components will be influenced by the Group's performance.

XTB as FinTech

XTB as a technology entity operating in the financial sector, conducts continuous work involving the design and development of highly innovative, comprehensive solutions in the field of transactions and online investments in financial instruments ("research and development"). This makes the Company a FinTech organization. The purpose of the aforementioned work is to develop innovative technologies and

Original platform xStation



solutions to further develop the product offering in particular. XTB owns of a number of proprietary technological solutions, including the modern xStation trading platform.

The research and development work carried out in the first half of 2023 was aimed at developing tools necessary for the efficient operation of XTB's trading systems, effective execution of orders, efficient onboarding of client and further development of tools to support the company's internal processes as a result of identified development needs. The research areas focused on functionalities and operational security of systems, processes and databases. There was also research and development work focused on the development of new electronic trading systems.

In view of the business strategy adopted, which is based on the development of new technologies, an IT Development Department has been separated within the structure of XTB, in which a significant part of the staff is made up of people performing research and development work. The work has a significant, almost strategic impact on the business activities conducted by XTB. This not only translates into the level of revenue generated by XTB but is also crucial in the process of building and maintaining a 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 market and on the stock market.

The table below presents the number of people employed in the IT Development department and the costs incurred in related to the design and development of highly innovative, comprehensive solutions in the field of transactions and online investment solutions:



	SIX-MONTH PERIOD ENDED 30.06.2023	TWELVE-MONTH PERIOD ENDED 31.12.2022	TWELVE-MONTH PERIOD ENDED 31.12.2021
Costs related to the development and development of technologies (in PLN'000)	42 995	58 381	36 617
Number of employees in the IT Development Department*	345	266	161

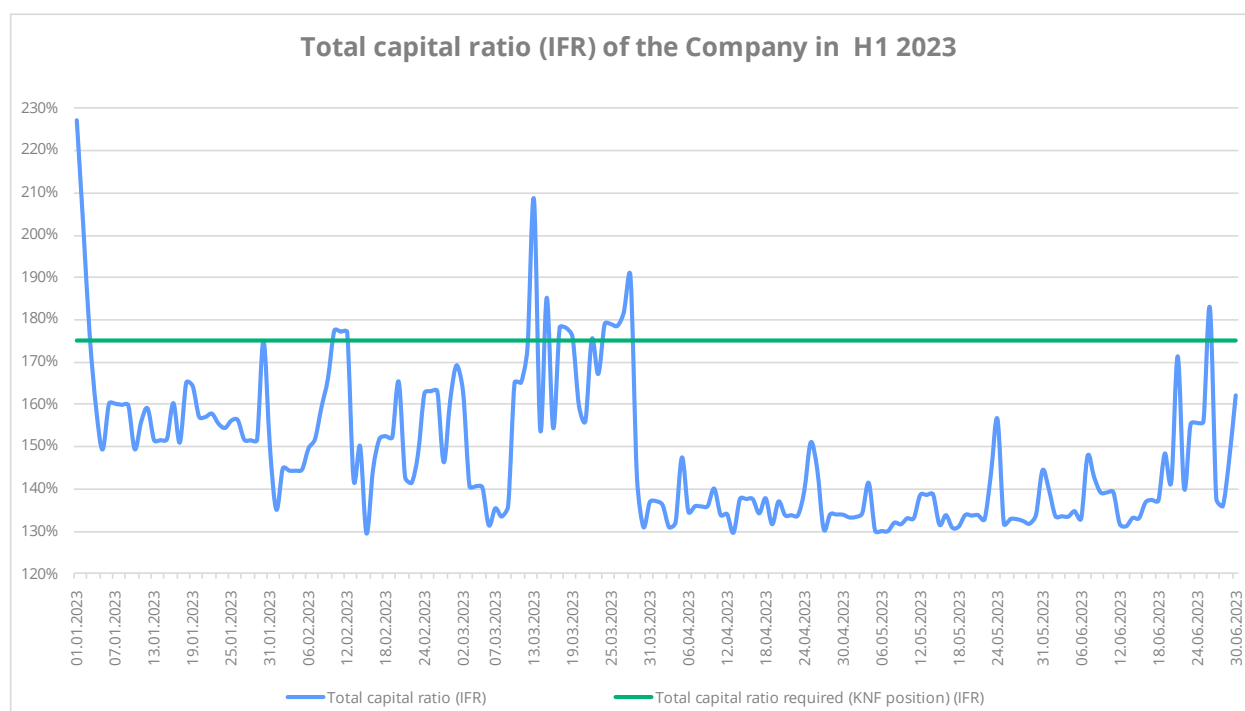
*Persons employed based on an employment contract, mandate contract and those providing services based on a B2B contract.

Dividend

XTB's dividend policy assumes that the Management Board recommends to the General Meeting of Shareholders the payment of dividend in the amount which takes into account the level of net profit presented in the Company's standalone annual financial statements and a number of various factors concerning to the Company, including the prospects for further operations, future profits, cash requirements, financial situation, the level of capital adequacy ratios, expansion plans, legal requirements in this respect as well as FSA guidelines. In particular, the Management Board will be guided by the need to ensure an adequate level of the Company's capital adequacy ratios and the capital required for the Group's growth when making its dividends payment proposals.

The Management Board reiterates that its intention is to recommend the General Meeting in the future to adopt resolutions on the payment of dividend, taking into account the factors indicated above, in an amount ranging from 50% to 100% of the Company's standalone net profit for a given financial year. The standalone net profit for the first half of 2023 amounted to PLN 422,8 million.

The levels of XTB's total capital ratio (IFR) at individual dates in the first half of 2023 are presented in the chart below.



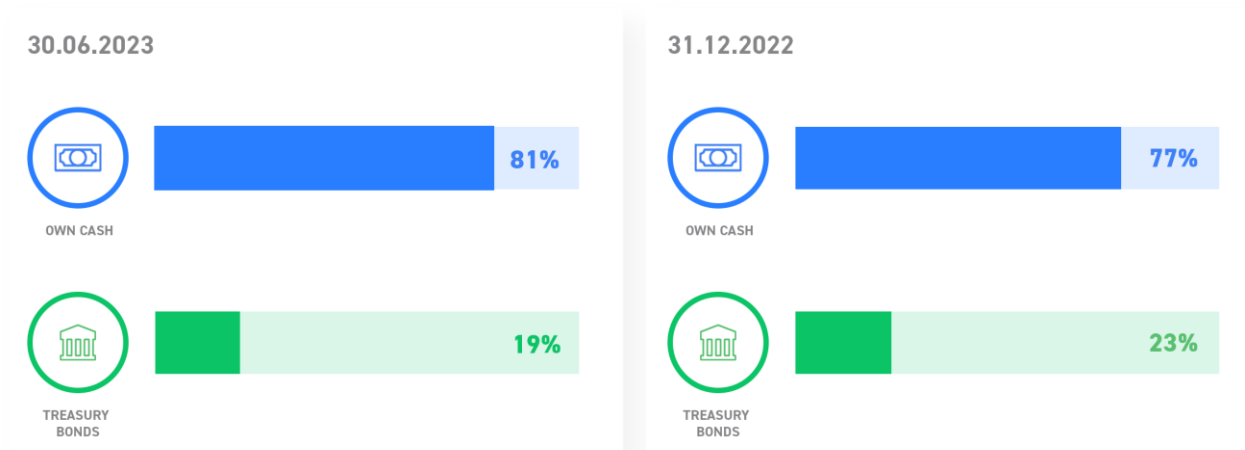
At the end of the first half of the year, the Company's total capital ratio was 162,0%. The total capital ratio provides information on the ratio of own funds to risk-weighted assets, or to put in other words, it shows whether a brokerage house is able to cover the minimum capital requirement for market, credit, operational and other risks with its own funds.



Cash and cash equivalents

XTB invests part of its cash in bank deposits and financial instruments with a 0% risk weighting i.e., in government bonds and bonds guaranteed by the State Treasury. As at June 30, 2023, XTB Group's total own cash and bonds amounted to PLN 2 030,9 million, of which PLN 1 651,1 million was in cash and PLN 379,9 million in bonds.

OWN CASH AS AT



Foreign expansion

XTB, with its strong market position and dynamically growing client base, is increasingly boldly building its presence in non-European markets, consistently pursuing the strategy of creating a global brand. The Management Board of XTB puts the main emphasis on organic growth, on the one hand increasing the penetration of European markets, and on the other successively building its presence in Latin America, Asia and Africa. Following these actions, the composition of the capital group may expand with new subsidiaries. It is worth mentioning that geographical expansion is a process carried out by XTB on a continuous basis, the effects of which are spread over time. Therefore, one should rather not expect sudden, abrupt changes in the Group's results on this account.

XTB's development is also possible through mergers and acquisitions, especially with entities that would allow the Group to achieve geographical synergies (complementary markets). The Management Board intends to carry out transactions of this type only if they are associated with tangible benefits for the Company and its shareholders.

Currently, the Management Board's efforts are focused on reaching the mass client with its offer. This is crucial for XTB's further dynamic development 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 estimates that the results of this works will give a much higher yield 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 until at least 2024.