



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. 1 dated 1 February 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 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. 2/2022

Warsaw, 1 February 2022

Preliminary financial and operating results for the year 2021

The Management Board of the XTB S.A (the „Issuer”, “Company”, “XTB”) hereby announces that on 1 February 2022 the aggregation process of financial data for the purpose of the preparation of the reports for the year 2021 – of the Company and of the Issuer’s Capital Group, respectively – 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 year 2021 will be submitted in the yearly reports – of the Company and of the Issuer’s Capital Group, respectively – publication of which was planned for 9 March 2022.

Legal basis:

Article 17 paragraph 1 MAR – inside information.



Appendix to the current report

No. 2/2022 dated 1 February 2022

Preliminary financial and operating results
for the year 2021

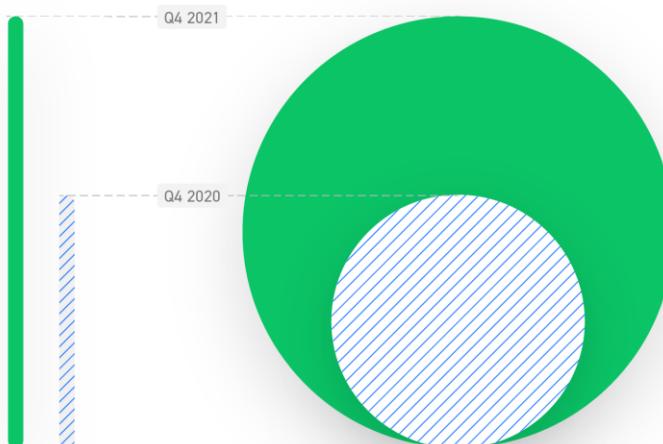


XTB KEY PERFORMANCE INDICATORS Q4 2021

NET PROFIT

68.9 MM PLN

▲ +71.4% y/y



OPERATING INCOME

183.6 MM PLN

▲ +31.2% y/y



EBIT

82.9 MM PLN

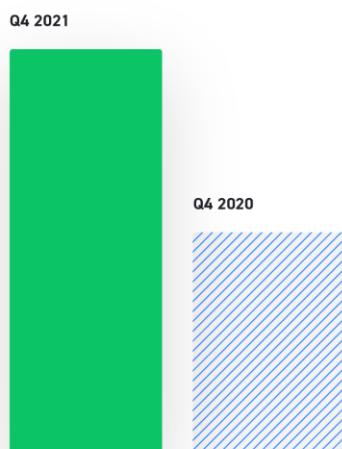
▲ +47.1% y/y



AVERAGE NUMBER OF ACTIVE CLIENTS

127 174

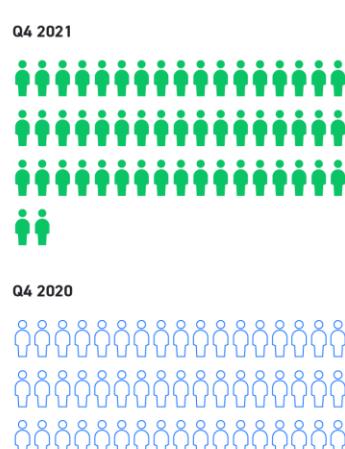
▲ +75.8% y/y



NEW CLIENTS

42 760

▲ +11.3% y/y



CFD PROFITABILITY PER LOT

171 PLN

▼ -2.2% y/y

CFD VOLUME

1 073 549

▲ +34.0% y/y



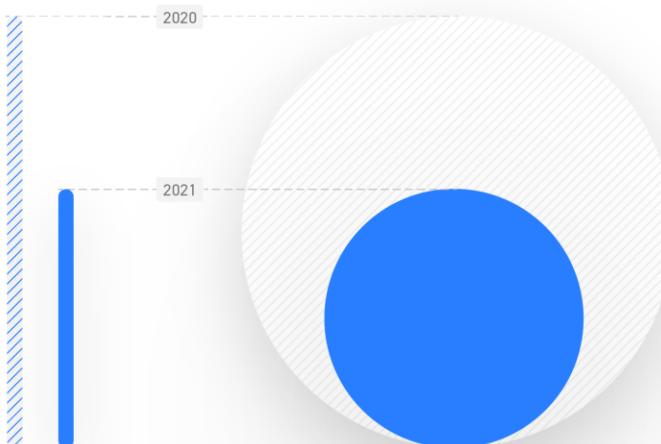


XTB KEY PERFORMANCE INDICATORS 2021

NET PROFIT

238.3 MM PLN

▼ -40.7% y/y



OPERATING INCOME

625.6 MM PLN

▼ -21.6% y/y



EBIT

276.9 MM PLN

▼ -46.3% y/y

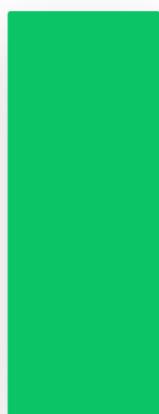


AVERAGE NUMBER OF ACTIVE CLIENTS

112 015

▲ +92.9% y/y

2021

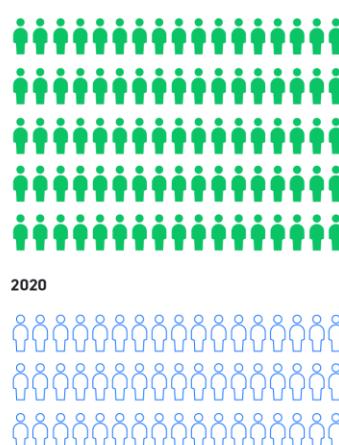


NEW CLIENTS

189 187

▲ +68.9% y/y

2021



CFD PROFITABILITY PER LOT

152 PLN

▼ -39.3% y/y

CFD VOLUME

4 104 566

▲ +29.3% y/y





Selected consolidated financial data

(in PLN'000)	THREE-MONTH PERIOD ENDED		TWELVE-MONTH PERIOD ENDED	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Total operating income	183 567	139 962	625 595	797 750
Total operating expenses	(100 675)	(83 616)	(348 732)	(282 004)
Profit on operating activities (EBIT)	82 892	56 346	276 863	515 746
Finance income	4 167	2 038	17 891	5 857
Finance costs	(2 773)	(1 310)	(4 257)	(22 906)
Profit before tax	84 286	57 074	290 497	498 697
Income tax	(15 347)	(16 843)	(52 247)	(96 610)
Net profit	68 939	40 231	238 250	402 087

(in PLN'000)	AS AT	
	31.12.2021	31.12.2020
Own cash	589 395	542 205
Own cash + bonds	921 321	940 821
Equity	915 980	888 305

Selected consolidated operating data (KPI)

	THREE-MONTH PERIOD ENDED		TWELVE-MONTH PERIOD ENDED	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
New clients ¹	42 760	38 413	189 187	112 025
Clients in total	429 157	255 791	429 157	255 791
Number of active clients ²	127 174	72 346	190 452	107 287
Average number of active clients ³	127 174	72 346	112 015	58 069
Net deposits (in PLN'000) ⁴	772 117	619 798	2 933 422	1 961 242
Average operating income per active client (in PLN'000) ⁵	1,4	1,9	5,6	13,7
Transaction volume in CFD instruments in lots ⁶	1 073 549	800 935	4 104 566	3 175 166
Profitability per lot (in PLN) ⁷	171	175	152	251
Transaction volume in CFD instruments in nominal value (in USD'000000)	482 097	292 000	1 737 351	1 021 835
Profitability for 1 million USD transaction volume in CFD instruments in nominal value (in USD) ⁸	94	126	93	200
Turnover of shares in nominal value (in USD'000000)	1 085	777	4 437	1 643

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

The year 2021 was for XTB a period of dynamic business development, entering new markets and building a client base. As a result, the Group acquired a record 189 thousand new clients compared to 112 thousand a year earlier (increase by 68,9% y/y). This translated into a significant increase in the volume of clients' trading on CFD instruments expressed in lots - an increase from 3,2 million to 4,1 million lots, i.e. by 29,3% y/y.

XTB's dynamic operating growth translated into very good financial results in 2021, despite the "high base" effect from the first half of 2020, when the markets experienced above-average volatility caused, among others, by the global COVID-19 pandemic. Consolidated net profit amounted to PLN 238,3 million compared to PLN 402,1 million a year earlier. Consolidated revenues amounted to PLN 625,6 million (2020: PLN 797,8 million) with operating expenses of PLN 348,7 million (2020: PLN 282,0 million).

In the fourth quarter of 2021, XTB reported PLN 68,9 million of consolidated net profit compared to PLN 40,2 million a year earlier (an increase of 71,4% y/y). Consolidated revenues increased by 31,2%, i.e. from PLN 140,0 million to PLN 183,6 million. The development of the business is clearly visible in the increase in the number of active clients from 72,3 thousand to 127,2 thousand (increase by 75,8% y/y).

Revenues

In 2021, XTB's revenues decreased by 21,6% y/y, from PLN 797,8 million to PLN 625,6 million. This decrease was due to the profitability per lot lower by PLN 99, amounting to PLN 152 (2020: PLN 251). This decrease is mainly due to the effect of the "high base" from the first half of 2020, when the markets experienced above-average volatility caused, among others, by the global COVID-19 pandemic. The client trading volume, calculated in lots, was higher by 29,3% y/y.

In the fourth quarter of 2021, revenues increased by 31,2% y/y, i.e. by PLN 43,6 million, from PLN 140,0 million to PLN 183,6 million. This change was influenced by: (i) higher turnover of clients in financial instruments expressed in the number of transactions concluded in lots - an increase by 272 613 lots (from 800 935 to 1 073 549 lots); (ii) slightly lower profitability per lot - a decrease by PLN 4 (from PLN 175 to PLN 171).

	TWELVE-MONTH PERIOD ENDED						
	31.12.2021	31.12.2020	31.12.2019	31.12.2018	31.12.2017	31.12.2016	31.12.2015
Total operating income (in PLN'000)	625 595	797 750	239 304	288 301	273 767	250 576	282 542
Transaction volume in CFD instruments in lots ¹	4 104 566	3 175 166	1 597 218	2 095 412	2 196 558	2 015 655	2 443 302
Profitability per lot (in PLN) ²	152	251	150	138	125	124	116
Transaction volume in CFD instruments in nominal value (in USD'000000)	1 737 351	1 021 835	541 510	773 899	653 373	565 420	801 992
Profitability for 1 million USD transaction volume in CFD instruments in nominal value (in USD) ³	93	200	115	103	111	112	93

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).



	THREE-MONTH PERIOD ENDED								
	31.12.2021	30.09.2021	30.06.2021	31.03.2021	30.12.2020	30.09.2020	30.06.2020	31.03.2020	
Total operating income (in PLN'000)	183 567	200 029	55 302	186 697	139 962	139 630	211 494	306 664	
Transaction volume in CFD instruments in lots ¹	1 073 549	1 044 329	871 300	1 115 389	800 935	760 373	829 017	784 840	
Profitability per lot (in PLN) ²	171	192	63	167	175	184	255	391	
Transaction volume in CFD instruments in nominal value (in USD'000000)	482 097	502 650	366 257	386 347	292 000	275 144	206 037	248 655	
Profitability for 1 million USD transaction volume in CFD instruments in nominal value (in USD) ³	94	102	40	127	126	135	253	309	

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. This is the key to the amount of recurring income in the future. The Group reported another record in this area, acquiring 189 187 new clients compared to 112 025 a year earlier, which means an increase of 68,9%. This is the effect of continuing the optimized sales and marketing strategy, bigger penetration of already existing markets, successive introduction of new products to the offer and expansion into new geographic markets. Similarly to the number of new clients, the average number of active clients was also record high. It increased from 107 287 to 190 452, i.e. by 77,5% y/y.

	PERIOD ENDED								
	31.12.2021	30.09.2021	30.06.2021	31.03.2021	31.12.2020	30.09.2020	30.06.2020	31.03.2020	
New clients ¹	42 760	38 573	40 623	67 231	38 413	21 178	30 523	21 911	
Average number of active clients ²	112 015	106 961	105 005	103 446	58 069	53 309	52 084	45 660	

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

²) The average quarterly number of clients respectively for 12,9,6 and 3 months of 2021 and 12, 9, 6 and 3 months of 2020.

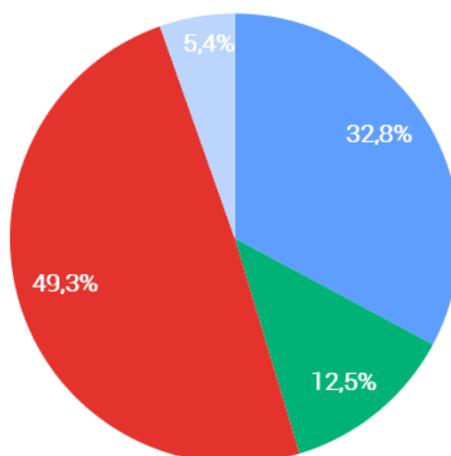
The ambition of the Management Board in 2022 is to acquire, on average, at least 40 thousand new clients quarterly. As a result of the implemented activities, the Group acquired a total of approx. 18 thousand new clients in January 2022.

Looking at XTB's revenues in terms of the classes of instruments responsible for their creation, it can be seen that in 2021 CFDs based on commodities were in the lead. Their share in the structure of revenues on financial instruments reached 49,3% compared to 33,0% a year earlier. This is a consequence of, among others high profitability on CFD instruments based on quotations of gold, natural gas, oil and silver prices. The second most profitable asset class was index based on CFDs. Their share in the revenue structure in 2021 was 32,8% (2020: 53,2%). The most profitable instruments in this class were CFDs based on the US 100 index, the German DAX share index (DE30) and the US 500 index. Revenues on CFDs based on currencies reached 12,5% of all revenues, compared to 11,5% a year earlier, where the most profitable financial instruments in this class were based on the EURUSD currency pair.

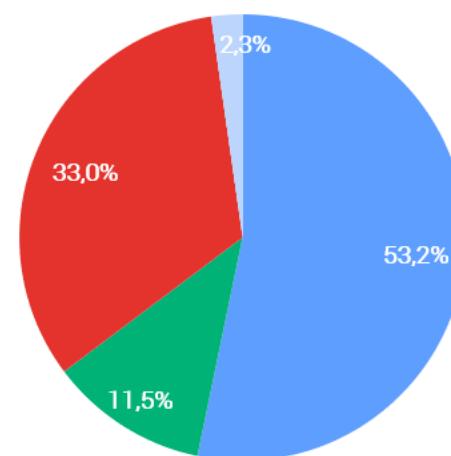


The structure of revenue by asset class (in %)

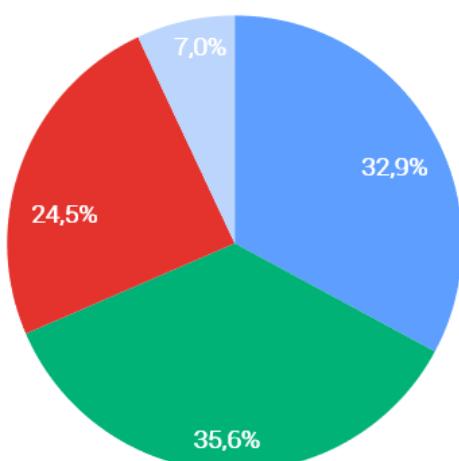
2021



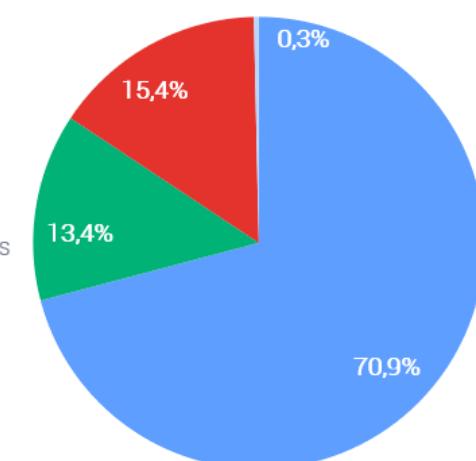
2020



Q4 2021



Q4 2020



(in PLN'000)	THREE-MONTH PERIOD ENDED		TWELVE-MONTH PERIOD ENDED	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Commodity CFDs	46 124	21 640	313 948	263 949
Index CFDs	61 899	99 935	209 304	425 917
Currency CFDs	67 108	18 901	79 761	91 951
Stock CFDs and ETFs	11 501	4 373	34 885	12 885
Bond CFDs	86	6	223	198
Total CFDs	186 718	144 855	638 121	794 900
Shares and ETFs	1 574	(3 888)	(689)	4 988
Gross gain on transactions in financial instruments	188 292	140 967	637 432	799 888
Bonuses and discounts paid to clients	(1 131)	(494)	(2 700)	(1 580)
Commission paid to cooperating brokers	(6 612)	(1 731)	(16 279)	(5 520)
Net gain on transactions in financial instruments	180 549	138 742	618 453	792 788



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 33,5% (2020: 37,0%). 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.

(in PLN'000)	THREE-MONTH PERIOD ENDED		TWELVE-MONTH PERIOD ENDED	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Central and Eastern Europe	104 382	87 840	327 289	404 414
- including Poland	77 887	70 038	209 804	295 148
Western Europe	38 675	33 095	165 349	303 177
Latin America¹	35 758	19 027	127 745	90 159
Middle East	4 752	-	5 212	-
Total operating income	183 567	139 962	625 595	797 750

¹⁾ The subsidiary XTB International Ltd., headquartered in Belize, acquires clients from Latin America and the rest of the world.

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)	THREE-MONTH PERIOD ENDED		TWELVE-MONTH PERIOD ENDED	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Retail segment	188 963	135 179	623 610	692 819
Institutional segment (X Open Hub)	(5 396)	4 783	1 985	104 931
Total operating income	183 567	139 962	625 595	797 750

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.

Expenses

The operating costs in 2021 amounted to PLN 348,7 million and were PLN 66,7 million higher than in the previous year (2020: PLN 282,0 million). The most important changes occurred in:

- marketing costs, an increase by PLN 32,3 million resulting mainly from higher expenditure on online marketing campaigns;
- commission costs, an increase by PLN 13,6 million resulting from higher amounts paid to payment service providers through which clients deposit their funds in transaction accounts;
- costs of remuneration and employee benefits, an increase by PLN 12,1 million mainly due to an increase in employment;
- other external services, an increase by PLN 9,0 million as a result of mainly higher expenditure on: (i) IT systems and licenses (increase by PLN 4,4 million y/y); (ii) legal and advisory services (increase by PLN 1,8 million y/y) and (iii) market data delivery services (increase by PLN 1,4 million y/y).

	THREE-MONTH PERIOD ENDED		TWELVE-MONTH PERIOD ENDED	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Salaries and employee benefits	35 425	28 070	131 283	119 141
Marketing	37 180	30 861	120 080	87 731
Other external services	11 264	9 166	38 398	29 443
Commission expenses	9 773	6 535	36 184	22 539
Amortization	2 324	2 106	8 921	7 753
Taxes and fees	1 315	1 305	5 373	3 723
Costs of maintenance and lease of buildings	1 437	844	4 407	3 788
Other expenses	1 957	4 729	4 086	7 886
Total operating expenses	100 675	83 616	348 732	282 004

In q/q terms, operating costs increased by PLN 15,9 million, mainly due to higher marketing expenditure by PLN 12,4 million, other external services higher by PLN 2,5 million and commission costs higher by PLN 1,2 million resulting from amounts paid to payment service providers through which clients deposit their funds in transactional accounts.

	THREE-MONTH PERIOD ENDED							
	31.12.2021	30.09.2021	30.06.2021	31.03.2021	31.12.2020	30.09.2020	30.06.2020	31.03.2020
Total operating expenses including: (in PLN'000)	100 675	84 771	76 384	86 902	83 616	60 138	65 721	72 529
- Marketing	37 180	24 772	25 078	33 050	30 861	17 870	22 260	16 740
New clients	42 760	38 573	40 623	67 231	38 413	21 178	30 523	21 911
Average number of active clients	127 174	110 875	106 563	103 446	72 346	55 760	58 508	45 660



Due to the dynamic development of XTB, the Management Board estimates that in 2022 the total costs of operating activities may be even higher by about a one-third to the level we observed in 2021. 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 over 40% 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 value of variable remuneration components will be influenced by the results of 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. The impact of a new product intervention on the Group's revenues will determine, if necessary, a revision of the cost assumptions.

Dividend

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 KNF 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.

Taking into account the position of the Polish Financial Supervision Authority published on December 9, 2021 regarding the dividend policy in 2022, it recommends the payment of dividends only by brokerage houses, which in particular:

- at the end of the second and third quarters of 2021 and as at 31 December 2021, they had a total capital ratio referred to in Article 9 (1)(c) Regulation (EU) 2019/2033 of the European Parliament and of the Council of November 27, 2019 on prudential requirements for investment firms (...), at a level of at least 175% - then it is possible to pay a dividend of no more than 100% net profit for 2021, or
- as at December 31, 2021 they had the total capital ratio referred to in Article 9 (1)(c) Regulation (EU) 2019/2033 of the European Parliament and of the Council of November 27, 2019 on prudential requirements for investment firms (...), at a level of at least 175% - then it is possible to pay a dividend of no more than 75% net profit for 2021;
- received the last final BION grade of 1 or 2.

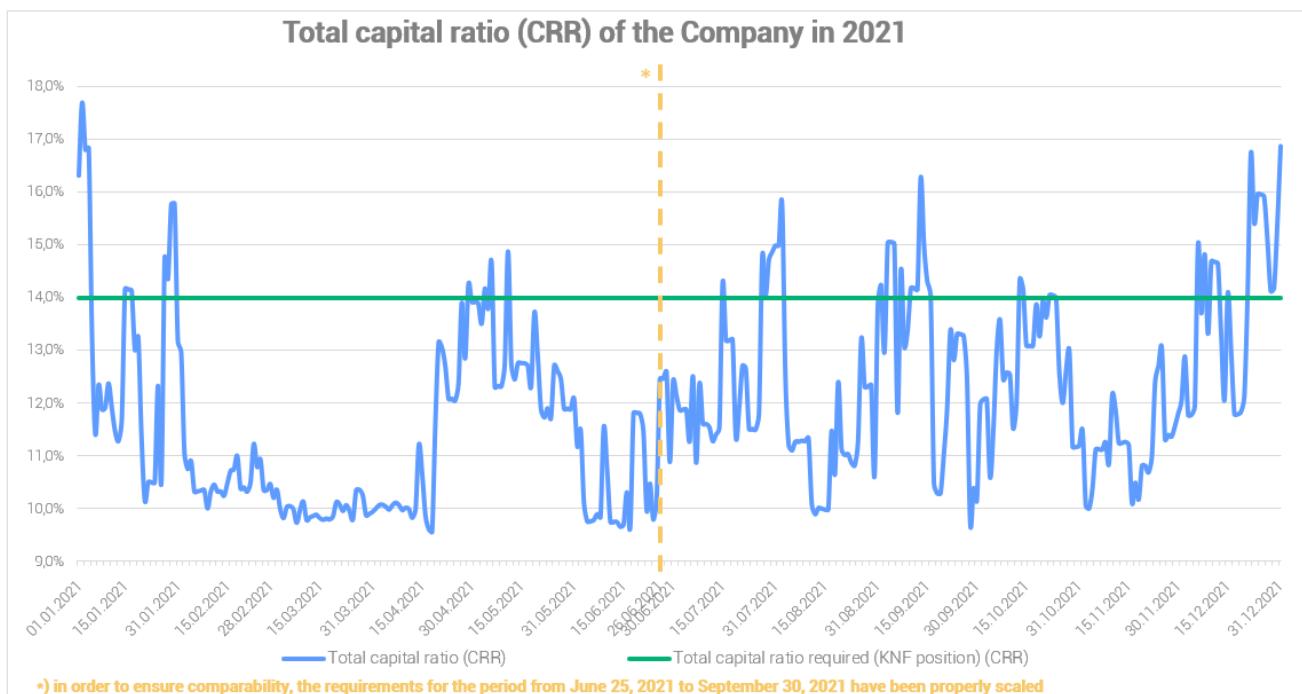
On June 28, 2021, the Company received a supervisory grade (BION) of 2 [2,46] from the Polish Financial Supervision Authority. The rating was given as at December 31, 2020. This rating is at the level of the criteria recommended by the Polish Financial Supervision Authority, which should allow the Company to potentially pay a dividend for 2021 in accordance with this criterion.

From June 26, 2021, XTB applies capital adequacy monitoring in accordance with Regulation (EU) 2019/2033 of the European Parliament and of the Council of November 27, 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, hereinafter referred to as the "IFR Regulation". It replaced, in the case of XTB, the Regulation of the European Parliament and of the Council (EU) No. 575/2013 of 26 June 2013 on prudential requirements for credit institutions and investment firms, amending Regulation (EU) No. 648/2011, hereinafter referred to as the "CRR Regulation". Both regulations require maintaining an appropriate ratio of own funds to the risk incurred - in the case of the CRR Regulation, its measure was the total risk exposure, and the total capital ratio could not be lower than 8%, while in the case of the IFR Regulation, the total measure of the risk incurred is the highest of the values: (i) a fixed overhead requirement, (ii) a fixed minimum capital requirement, or (iii) a "K-factor" requirement related to customer risk, market risk and firm risk; in the case of the IFR Regulation, the ratio of total own funds cannot be lower than 100%.

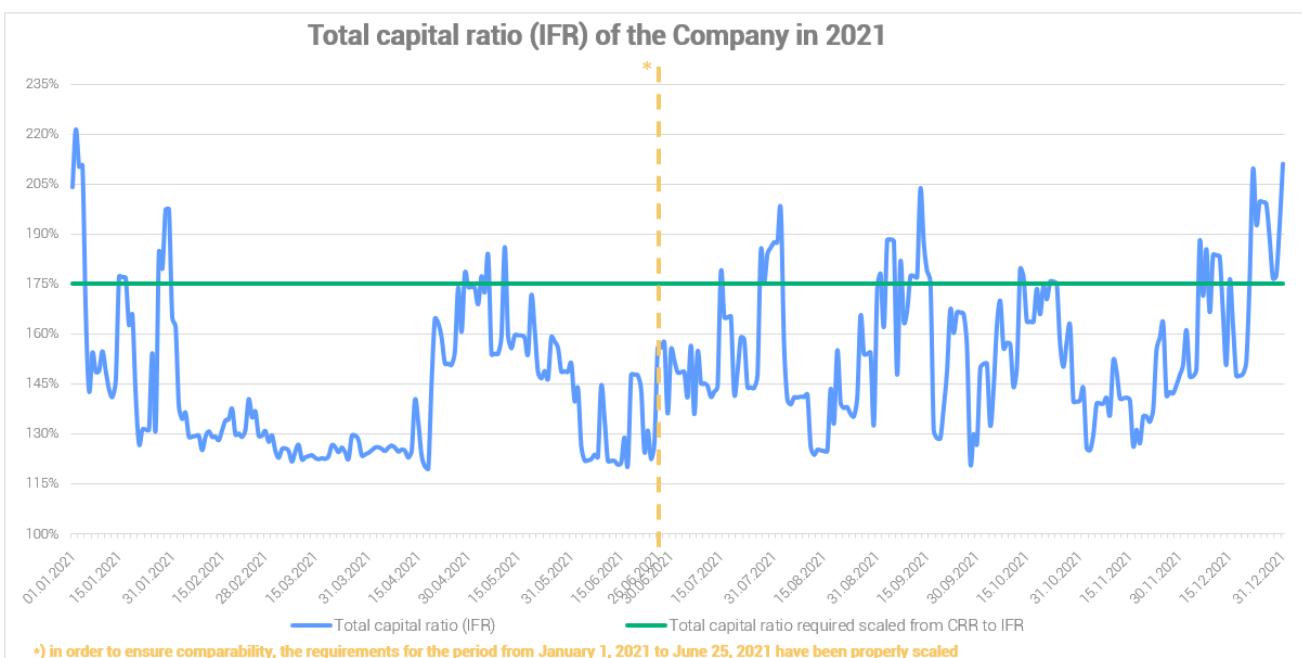


In order to ensure comparability, the requirements from previous periods have been properly scaled; however, it should be noted that the value of the total risk exposure calculated in accordance with the CRR Regulation is calculated in a different way than the value of the capital requirement calculated in accordance with the IFR Regulation.

The chart below presents the value of the total capital ratio (CRR) in 2021.



The chart below presents the value of the total capital ratio (IFR) in 2021.



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 2021, the total capital ratio in the Company was 211,0% (the equivalent under the CRR Regulation 16,9%).

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 2021 amounted to PLN 235,3 million. Taking



into account the criteria set out by the Polish Financial Supervision Authority in the position published on 9 December 2021, in 2022 it is possible to pay dividends by XTB in the maximum amount of up to 75% of the profit for 2021.

Cash and cash equivalents

XTB invests 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, 2021, the total value of own cash and bonds in the XTB Group was PLN 921,3 million, of which PLN 589,4 million was cash and PLN 331,9 million for bonds.

OWN CASH AS AT

31.12.2021



OWN CASH

64%

31.12.2020



OWN CASH

58%



TREASURY BONDS

36%



TREASURY BONDS

42%

Foreign expansion

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 may 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 group results on this action. Currently, the efforts of the Management Board are focused on expansion into the Middle East and Africa markets.

In January 2021, XTB founded a subsidiary, XTB MENA Limited, headquartered in the United Arab Emirates. It started operating at the end of July. As a result, clients from the Middle East region gained access to almost 2,0 thousand CFD financial instruments. Over time, this offer will be further developed and modified in response to the needs and preferences of local investors. As in other markets, in the UAE, XTB has placed a strong emphasis on education and collaboration with established local partners.



XTB WITH A REGIONAL OFFICE IN DUBAI



DUBAI

XTB MENA Limited is a regional hub through which XTB will reach clients from the entire MENA (Middle East and North Africa) area with its offer of financial instruments. The Middle East and North Africa is a new geographic region in the Group's operations that XTB considers in the long term. It will take at least 9-12 months to evaluate the success of the project. The Group wants to gain the trust of clients from Arab countries so that it can systematically increase its presence in this region and, over time, become a leading player in this part of the world.

In August 2021, the subsidiary XTB Africa (PTY) Ltd. received a license to operate in South Africa. Due to the prioritization of tasks, the intention of the Management Board is to start operating on this market not earlier than in the second half of 2022.

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. XTB is currently not involved in any acquisition process.



XTB OBTAINS LICENSE IN THE REPUBLIC OF SOUTH AFRICA

