



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

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CURRENT REPORT NO. 2/2024

Warsaw, 30 January 2024

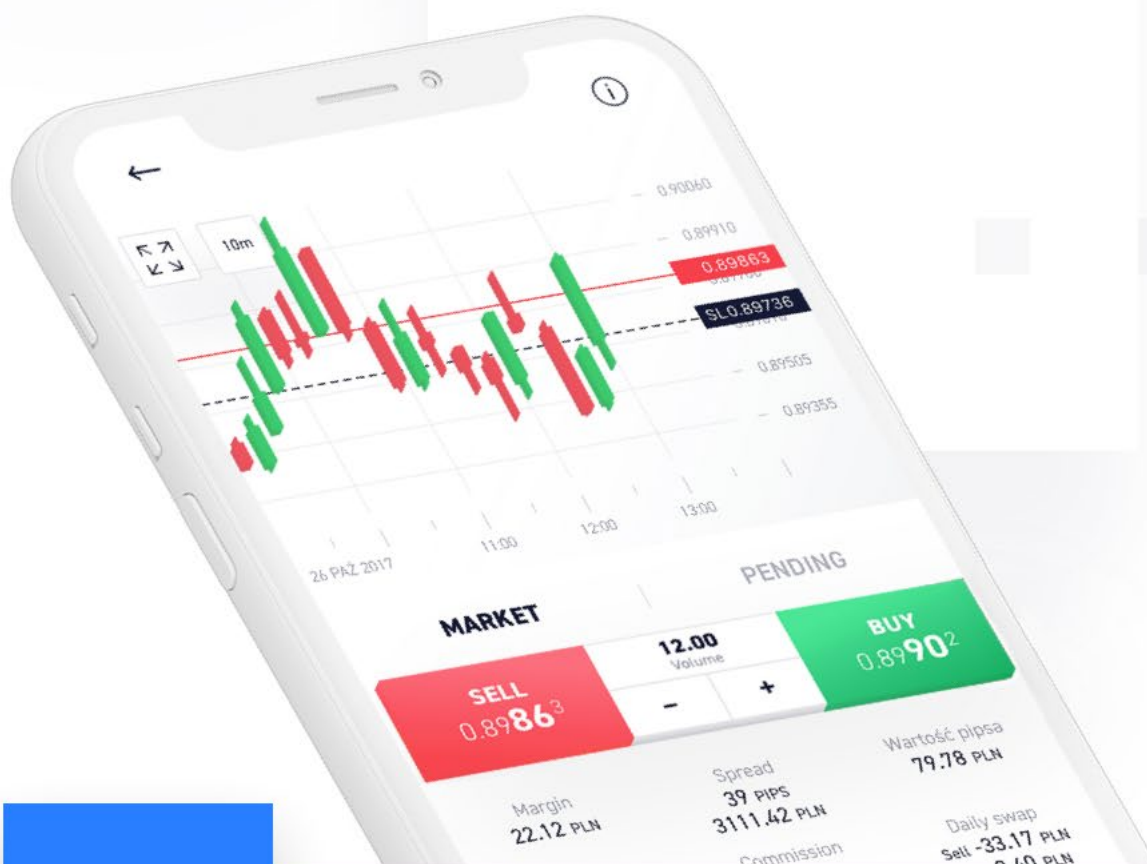
Preliminary financial and operating results for the year 2023

The Management Board of the XTB S.A (the „Issuer”, the “Company”, “XTB”) hereby announces that on 30 January 2024, the aggregation process of financial data for the purpose of preparing the reports for the year 2023 – of the Company and of the Issuer’s Capital Group, respectively – was completed. Therefore, it has been decided to publish the preliminary consolidated selected financial and operating data for the aforementioned period, which the Issuer submits as an attachment to the foregoing current report.

The Issuer also informs that the final financial and operating results for the year 2023 will be published in the annual reports – of the Company and of the Issuer’s Capital Group, respectively – the publication of which was planned for 28 March 2024.

Legal basis:

Article 17 paragraph 1 MAR – inside information.



Appendix to the current report No. 2/2024 dated 30 January 2024

Preliminary financial and operating results
for the year 2023



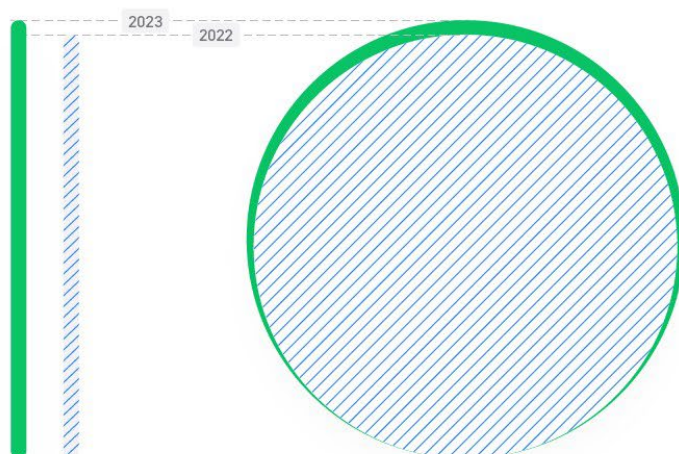
XTB KEY PERFORMANCE INDICATORS 2023



NET PROFIT

791.3 MM
PLN

▲ +3.3% y/y



OPERATING INCOME

1588.2 MM
PLN

▲ +10.0% y/y



EBIT

894.6 MM
PLN

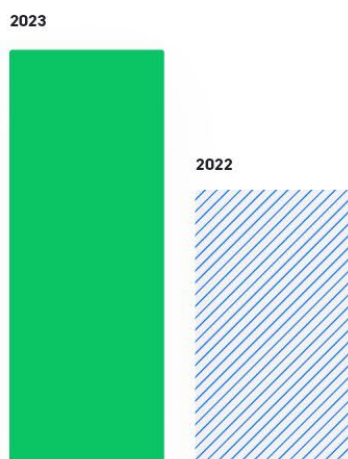
▲ +1.0% y/y



NUMBER OF ACTIVE CLIENTS

408 528

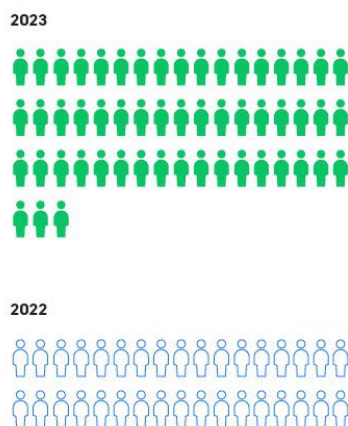
▲ +51.0% y/y



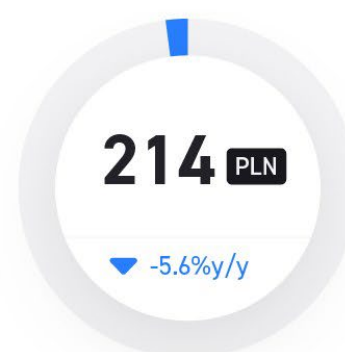
NEW CLIENTS

311 971

▲ +58.5% y/y



CFD PROFITABILITY PER LOT



CFD VOLUME

7 416 479

▲ +16.5% y/y





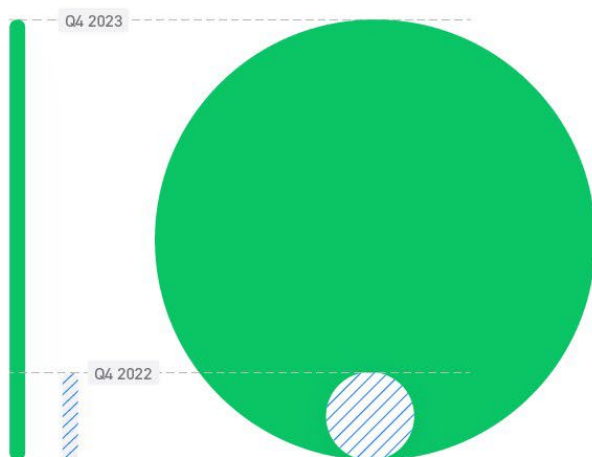
XTB KEY PERFORMANCE INDICATORS Q4 2023



NET PROFIT

249.2 MM
PLN

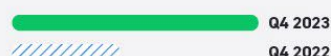
▲ +395.4% y/y



OPERATING INCOME

493.6 MM
PLN

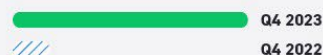
▲ +127.7% y/y



EBIT

306.6 MM
PLN

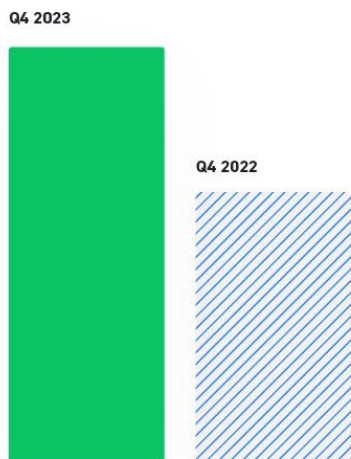
▲ +424.0% y/y



NUMBER OF ACTIVE CLIENTS

310 220

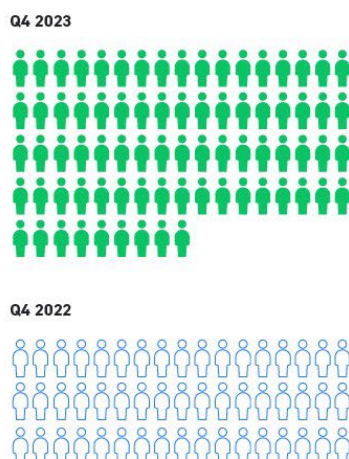
▲ +52.5% y/y



NEW CLIENTS

77 267

▲ +51.4% y/y



CFD PROFITABILITY PER LOT

276 PLN

▲ +119.0% y/y



CFD VOLUME

1 789 481

▲ +4.0% y/y





Selected consolidated financial data

(in PLN'000)	THREE-MONTH PERIOD ENDED		TWELVE-MONTH PERIOD ENDED	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Total operating income	493 628	216 746	1 588 201	1 444 249
Total operating expenses	(187 049)	(158 235)	(693 611)	(558 567)
Profit on operating activities (EBIT)	306 579	58 511	894 590	885 682
Finance income	32 927	761	106 048	50 573
Finance costs	(35 117)	(208)	(39 669)	(997)
Profit before tax	304 389	59 064	960 969	935 258
Income tax	(55 173)	(8 757)	(169 629)	(169 162)
Net profit	249 216	50 307	791 340	766 096

(in PLN'000)	AS AT	
	31.12.2023	31.12.2022
Own cash	1 409 936	1 222 499
Own cash + bonds	1 805 744	1 584 573
Equity	1 734 746	1 506 069

Selected consolidated operating data (KPI)

	THREE-MONTH PERIOD ENDED		TWELVE-MONTH PERIOD ENDED	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
New clients ¹	77 267	51 038	311 971	196 864
Clients in total	897 573	614 934	897 573	614 934
Number of active clients ²	310 220	203 410	408 528	270 560
Average number of active clients ³	310 220	203 410	277 684	186 053
Net deposits (in PLN'000) ⁴	1 163 119	676 737	3 792 449	3 423 224
Average operating income per active client (in PLN'000) ⁵	1,6	1,1	5,7	7,8
Transaction volume in CFD instruments in lots ⁶	1 789 481	1 720 381	7 416 479	6 365 643
Profitability per lot (in PLN) ⁷	276	126	214	227
Transaction volume in CFD instruments in nominal value (in USD'000000)	548 927	548 781	2 285 891	2 259 588
Profitability for 1 million USD transaction volume in CFD instruments in nominal value (in USD) ⁸	223	87	166	143
Turnover of shares in nominal value (in USD'000000)	1 310	721	4 513	3 336

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

²⁾ The number of clients who have made at least one transaction and/or had at least one open position during 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 2023 was a further period of dynamic business development and building a client base for XTB. The continued volatility in the financial and commodity markets and a high inflationary environment meant that trading in financial instruments continued to be a very attractive proposition for many investors. As a result, the Group acquired a record 312,0 thousand new clients and the number of active clients increased by 51,0% y/y from 270,6 thousand to 408,5 thousand.

XTB's dynamic operational growth, combined with favourable market conditions, resulted in record financial results for 2023 year. Consolidated net profit amounted to PLN 791,3 million compared to PLN 766,1 million a year earlier. Consolidated revenues amounted to PLN 1 588,2 million (2022: PLN 1 444,2 million) with operating expenses of PLN 693,6 million (2022: PLN 558,6 million).

Revenues

In 2023, XTB reported record increase in revenue from PLN 1 444,2 million to PLN 1 588,2 million, i.e. by 10,0% 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 51,0% y/y), connected with their high transaction activity expressed in the number of CFD contracts concluded in lots (increase by 16,5% y/y). As a consequence the transaction volume in CFD instruments amounted to 7 416,5 thousand lots (2022: 6 365,6 thousand lots), and a profitability per lot amounted to PLN 214 (2022: PLN 227).

In the fourth quarter of 2023, which was characterised by noticeably higher volatility in the financial and commodity markets compared to the preceding quarters, especially in terms of the occurrence of long and clear trends, revenues increased by 127,7% y/y, i.e. by PLN 276,9 million from PLN 216,7 million to PLN 493,6 million. This change was influenced by: (i) higher profitability per lot – an increase of PLN 150 (from PLN 126 to PLN 276); (ii) significantly higher client turnover in financial instruments expressed in the number of concluded transactions concluded in lots – an increase of 69,1 thousand lots (from 1 720,4 thousand to 1 789,5 thousand lots).

	TWELVE-MONTH PERIOD ENDED						
	31.12.2023	31.12.2022	31.12.2021	31.12.2020	31.12.2019	31.12.2018	31.12.2017
Total operating income (in PLN'000)	1 588 201	1 444 249	625 595	797 750	239 304	288 301	273 767
Transaction volume in CFD instruments in lots ¹	7 416 479	6 365 643	4 104 566	3 175 166	1 597 218	2 095 412	2 196 558
Profitability per lot (in PLN) ²	214	227	152	251	150	138	125
Transaction volume in CFD instruments in nominal value (in USD'000000)	2 285 891	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) ³	166	143	93	200	115	103	111

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							
	31.12.2023	30.09.2023	30.06.2023	31.03.2023	31.12.2022	30.09.2022	30.06.2022	31.03.2022
Total operating income (in PLN'000)	493 628	275 721	287 245	531 607	216 746	391 289	396 410	439 804
Transaction volume in CFD instruments in lots ¹	1 789 481	2 011 452	1 770 385	1 845 160	1 720 381	1 594 606	1 489 917	1 560 739
Profitability per lot (in PLN) ²	276	137	162	288	126	245	266	282
Transaction volume in CFD instruments in nominal value (in USD'000000)	548 927	593 232	547 088	596 645	548 781	539 879	539 673	631 255
Profitability for 1 million USD transaction volume in CFD instruments in nominal value (in USD) ³	223	112	126	204	87	152	168	167

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).

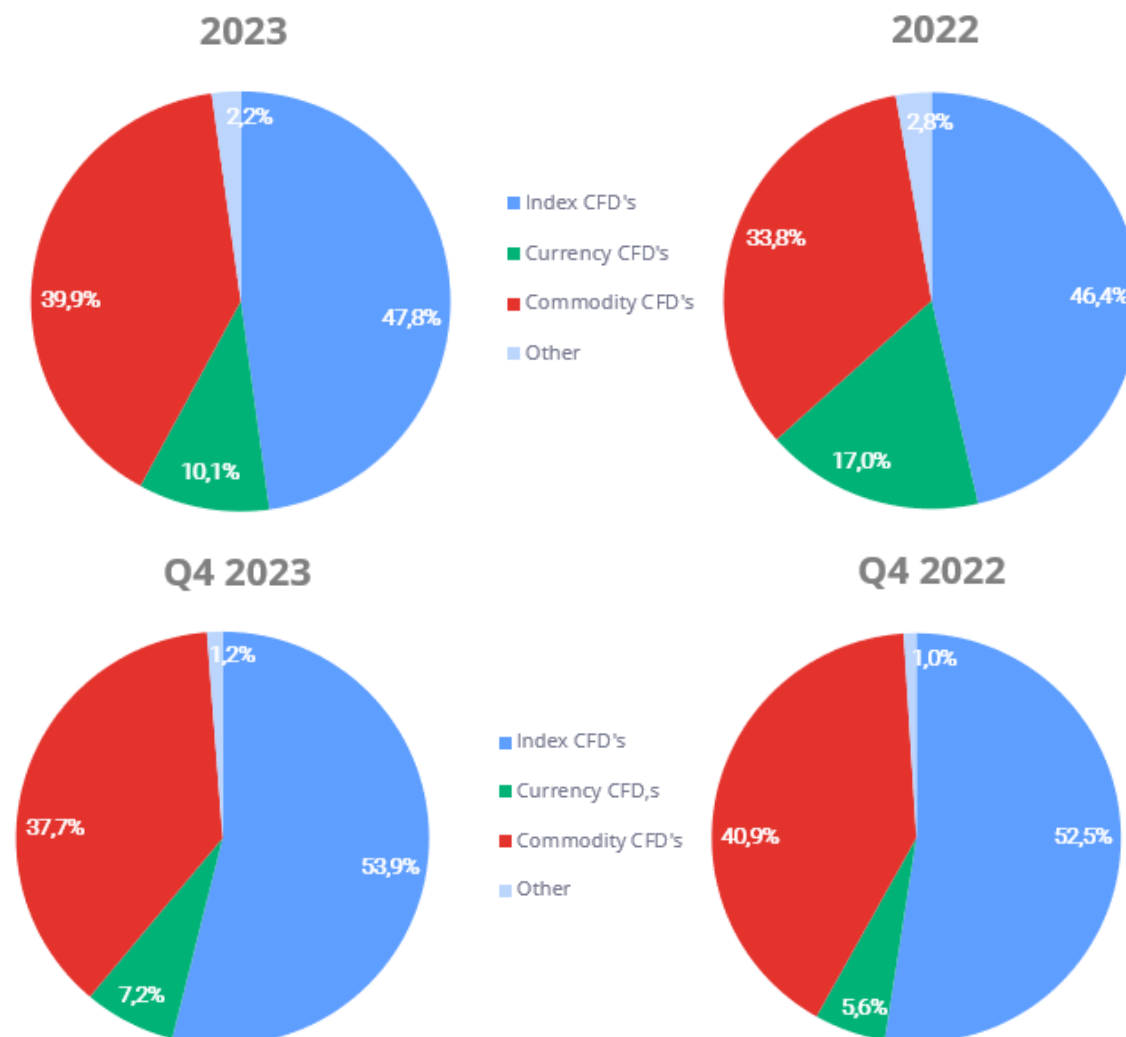
The Group's operating income is generated from: (i) spreads (the differences between the "offer" price and the "bid" price); (ii) fees and commissions charged by the Group to its clients; (iii) swap points charged (being the amounts resulting from the difference between the notional forward rate and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

	THREE-MONTH PERIOD ENDED					
	31.12.2023	31.12.2022	31.12.2021	31.12.2020	31.12.2019	31.12.2018
Spread	46%	54%	83%	54%	62%	64%
Swap, fees and commissions	30%	26%	40%	16%	15%	12%
Market Making	24%	20%	(23%)	30%	23%	24%
Gross gain on transactions in financial instruments	100%	100%	100%	100%	100%	100%

Looking at XTB's revenues in terms of the classes of instruments responsible for their generation, it can be seen that in 2023 CFDs based on index were in the lead. Their share in the structure of revenues on financial instruments reached 47,8% compared to 46,4% in the previous year. This is due to the high profitability of 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 2023 was 39,9% (2022: 33,8%). This is due to the high profitability of CFD instruments based on natural gas, gold and oil prices. Revenues from CFDs based on currencies accounted for 10,1% of total revenues, compared to 17,0% in the previous year, with the most profitable financial instruments in this class being CFDs based on the EURUSD and USDJPY currency pairs.



The structure of revenue by asset class (in %)



in PLN'000)	THREE-MONTH PERIOD ENDED		TWELVE-MONTH PERIOD ENDED	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Index CFDs	271 873	118 636	781 285	687 424
Commodity CFDs	189 966	92 403	650 847	501 314
Currency CFDs	36 117	12 739	165 161	251 429
Stock CFDs and ETFs	2 677	1 117	24 261	36 816
Bond CFDs	(94)	248	1 079	796
Total CFDs	500 539	225 143	1 622 633	1 477 779
Shares and ETFs	3 544	902	11 050	3 494
Gross gain on transactions in financial instruments	504 083	226 045	1 633 683	1 481 273
Bonuses and discounts paid to clients	(2 310)	(1 487)	(9 428)	(5 653)
Commission paid to cooperating brokers	(12 909)	(10 082)	(49 765)	(38 460)
Net gain on transactions in financial instruments	488 864	214 476	1 574 490	1 437 160



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.

XTB's business model includes high volatility of revenues from period to 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 at such times it achieves the highest revenues. Therefore, high activity of financial and commodities markets 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 for the Group's business model.

Expenses

Operating costs in 2023 amounted to PLN 693,6 million and were PLN 135,0 million higher than in the previous year (2022: PLN 558,6 million). The most significant changes were in:

- costs of remuneration and employee benefits, an increase by PLN 67,0 million, mainly due to an increase in the number of employees and higher provisions for variable remuneration components (bonuses);
- marketing costs, an increase of PLN 41,6 million resulting mainly due to higher expenses for online marketing campaigns;



- other external services, an increase by PLN 14,1 million, mainly as a result of higher expenses for: (i) IT systems and licences (up by PLN 7,8 million y/y); (ii) legal and consulting services (up by PLN 3,4 million y/y); and (iii) IT support services (up by PLN 2,0 million y/y);
- commission costs, which increased by PLN 7,4 million as a result of higher amounts paid to payment service providers through which clients deposit their funds on transaction accounts.

(in PLN'000)	THREE-MONTH PERIOD ENDED		TWELVE-MONTH PERIOD ENDED	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Salaries and employee benefits	70 468	50 013	259 015	192 027
Marketing	69 144	68 478	263 987	222 369
Other external services	18 620	14 865	64 116	49 967
Commission expenses	18 214	13 780	61 775	54 365
Amortization and depreciation	4 427	3 262	16 353	11 997
Other costs	3 176	5 123	10 556	11 560
Costs of maintenance and lease of buildings	2 183	1 745	8 156	7 668
Taxes and fees	817	969	9 653	8 614
Total operating expenses	187 049	158 235	693 611	558 567

On a quarter-on-quarter basis, operating expenses increased by PLN 22,1 million mainly due to PLN 10,6 million higher online marketing expenses, PLN 6,7 million higher salary and employee benefits expenses, mainly as a result of an increase in the number of employees, and PLN 3,6 million higher commission expenses, as a result of higher amounts paid to payment service providers through which clients deposit their funds on transaction accounts.

	THREE-MONTH PERIOD ENDED							
	31.12.2023	30.09.2023	30.06.2023	31.03.2023	31.12.2022	30.09.2022	30.06.2022	31.03.2022
Total operating expenses including: (in PLN'000)	187 049	164 966	157 377	184 219	158 235	132 546	136 750	131 036
- Marketing	69 144	58 585	54 823	81 435	68 478	48 579	54 662	50 650
New clients ¹	77 267	67 505	62 994	104 206	51 038	44 796	45 697	55 333
Clients in total ²	897 573	826 042	762 624	703 928	614 934	567 387	525 287	481 931
Number of active clients ³	408 528	355 461	307 511	260 095	270 560	237 527	205 778	170 859
Average number of active clients ⁴	310 220	281 101	259 318	260 095	203 410	190 210	179 731	170 859
Average cost of acquiring a client ⁵	0,9	0,9	0,9	0,8	1,3	1,1	1,2	0,9

¹) Number of new Group's clients in each period.

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

³) Number of active clients in the period of 12, 9, 6 and 3 months of 2023 and 12, 9, 6 and 3 months 2022 respectively. An active client is a client who has made at least one transaction and/or had an open position during the period.

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

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 2024 could be up to a quarter higher than what we saw in 2023. The Board's priority is to continue to grow its client base and build the global brand. As a result of ongoing activities, marketing expenses could increase by around a third compared to last year.

The final level of operating expenses will depend, in particular, on the rate of employment growth and the level of variable remuneration paid to employees, the level of marketing expenditure, the rate of geographical expansion into new markets and the impact of possible new regulations and other external factors on the level of revenues generated by the Group.

The level of marketing expenditure will depend on an assessment of its impact on the Group's performance and profitability, the pace of overseas expansion and the degree of customer responsiveness to the activities 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.

Clients

XTB has a solid foundation in the form of constantly growing client base and the number of active clients. In 2023, the Group recorded a further record in this area, acquiring 311 971 new clients compared to 196 864 a year earlier, an increase of 58,5%. Similar to the number of new clients, the number of active clients was also a record. It increased from 270 560 to 408 528, i.e. by 51,0% y/y.

	PERIOD ENDED							
	31.12.2023	30.09.2023	30.06.2023	31.03.2023	31.12.2022	30.09.2022	30.06.2022	31.03.2022
New clients ¹	77 267	67 505	62 994	104 206	51 038	44 796	45 697	55 333
Clients in total ²	897 573	826 042	762 624	703 928	614 934	567 387	525 287	481 931
Number of active clients ³	408 528	355 461	307 511	260 095	270 560	237 527	205 778	170 859
Average number of active clients ⁴	277 684	266 838	259 707	260 095	186 053	180 267	175 295	170 859

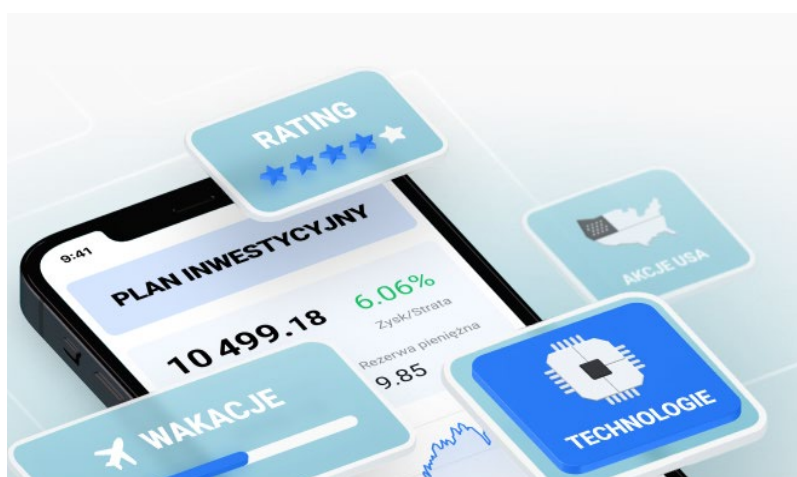
¹⁾ Number of new Group's clients in the individual periods.

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

³⁾ Number of active clients respectively in the 12, 9, 6 and 3 months of 2023 and 12, 9, 6 and 3 months of 2022. An active client is a client who has made at least one transaction and/or had an open position during the period.

⁴⁾ The average quarterly number of clients respectively for 12, 9, 6 and 3 months of 2023 and 12, 9, 6 and 3 months of 2022.

These activities are supported by a number of initiatives, including the Investment Plans that have been introduced, which allow savings to be invested intelligently. Thanks to the new product, clients can easily set up their Plan and invest specific funds - starting from the amount of PLN 50. It is possible to launch up to 10 Investment Plans at the same time. Setting up and running Investment Plans at XTB is completely free of charge, as long as the monthly





turnover does not exceed EUR 100,000, in which case the commission is 0.2%, minimum EUR 10.

In addition, from April 2023, XTB allows investment in selected European and non-European markets in company shares and ETFs at a fraction of their price. Fractional shares offer greater flexibility and control over investments. This makes it easier for clients to tailor their investment portfolio to their individual financial goals and risk tolerance.



In November 2023, XTB introduced another new feature, i.e. interest on free funds in client accounts. The interest is calculated daily and paid to the account at the end of the month. Interest is offered for the following currencies: PLN, EUR, USD, GBP, CZK and RON.

The Board's priority is to continue to grow the client base, which will strengthen XTB's position in the global marketplace by reaching the mass client with its product offering. These activities are and will be supported by a number of initiatives, including the introduction of new products or promotional campaigns. The Management Board's objective for 2024 is to acquire an average of at least 65-90 thousand new clients per quarter. In the first 29 days of January 2024, the Group acquired a total of 27,3 thousand new clients.



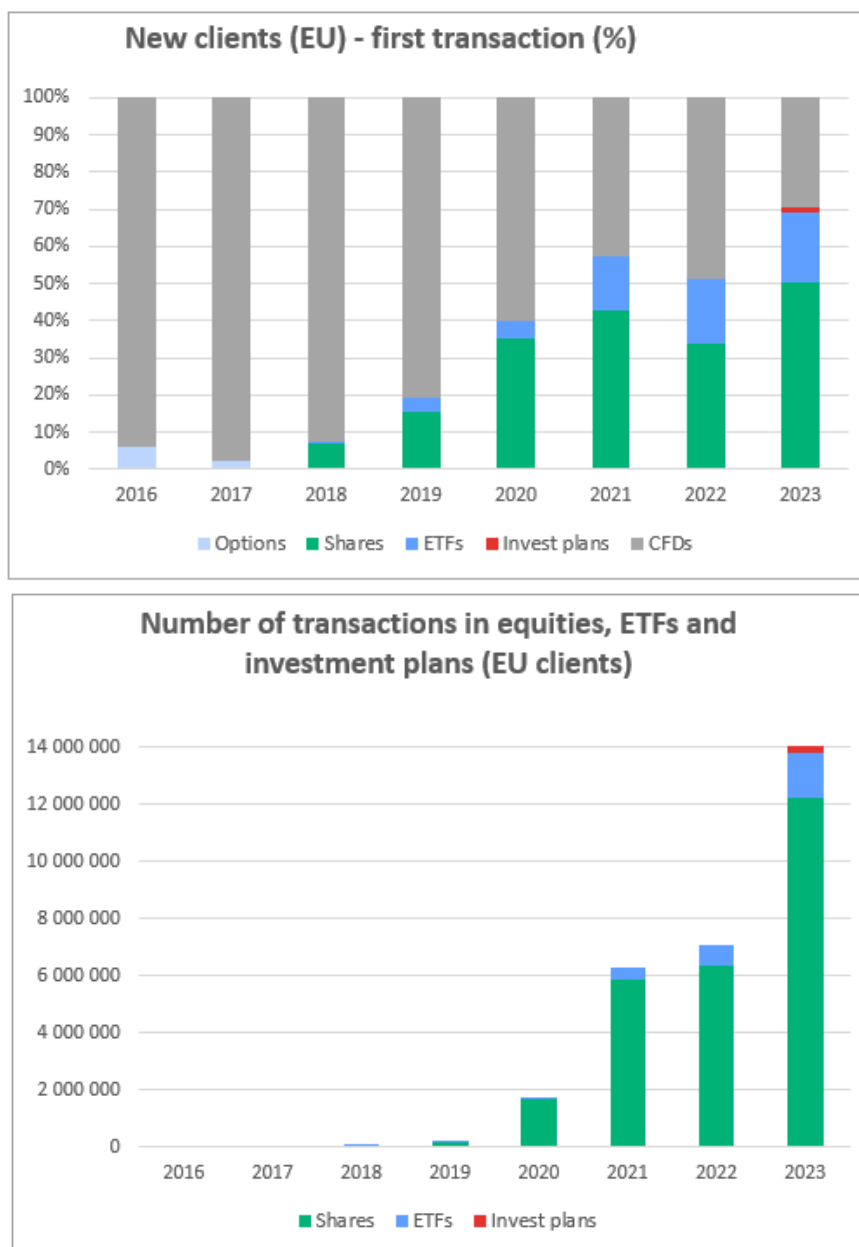
Marketing is XTB's second engine. To strengthen its market position and global visibility, the Group works with successful athletes who are XTB brand ambassadors, such as Conor McGregor and Iker Casillas. A new brand ambassador is planned for 2024.



All-in-One Investment App

The Management Board's ambition is for XTB to become the leading all-in-one investment application in Europe, offering clients easy, smart and efficient ways to trade, invest and save, while giving them instant access to their money.

XTB's transformation from a CFD broker to a universal investment application has progressed over the past few years. This will continue into 2024 and beyond.





Product pipeline

In 2024, XTB will continue to focus on acquiring new clients and expanding the target group to be able to reach potential users interested in investing and also, more broadly, financial products and finance management.

In order to achieve it, XTB plans to strengthen its product offer and implement enhancements aimed at improving customer experience of both - the desktop platform as well as the mobile app. All those changes and improvements have been carefully planned, which is reflected in the continuous growth of the Product and Technology department and the ongoing works and developments in the research & development area, including those related to the implementation of AI-driven solutions.



The beginning of 2024 was marked with broadening of the passive product portfolio. Investment Plans, the ETF-based product allowing to invest in 350 ETFs, was enhanced with the autoinvest feature enabling clients to decide how often and how much money they want to invest regularly in their individual portfolios. As a result, the product has become even more attractive for clients looking for mid- and long-term investment opportunities when compared to solutions provided by XTB competitors.

In the upcoming quarters, passive investment offering will be supplemented by bonds. XTB clients will gain access to another asset class: government bonds (i.e. issued by Poland, the US or Germany) and corporate bonds issued by renowned, global companies with a relatively stable rating (from AAA to BBB-). Thanks to leveraging the same mechanism as in the case of fractional shares, investing in bonds will be possible with only a small amount of money.

At the same time, social trading will be launched. It will enable XTB clients to follow the transactions made by other users, whose investment strategy they find interesting or eye-catching. As part of this product, client data will be anonymized and classified based on the return on investment achieved as well as their risk appetite.

Third quarter of 2024 will mark the debut of the product that was long awaited by Polish clients - namely IKE and IKZE accounts. Currently, only a fraction of adults in Poland use it but the interest is growing year on year. As XTB sees potential in the further growth of long-term investment products, this offer will be implemented also in other global markets, including the UK, where the company plans to act as ISA Manager.

At the end of 2024, XTB plans to launch a product that will accelerate its transformation towards the everyday platform for managing personal finance. Virtual wallet and a multi-currency card will enable XTB clients to make instant local payments, transfers, card transactions and currency exchange. Thanks to this product, clients will be able to make payments between their XTB accounts instantly. Real-time notifications will support finance control and expense management.



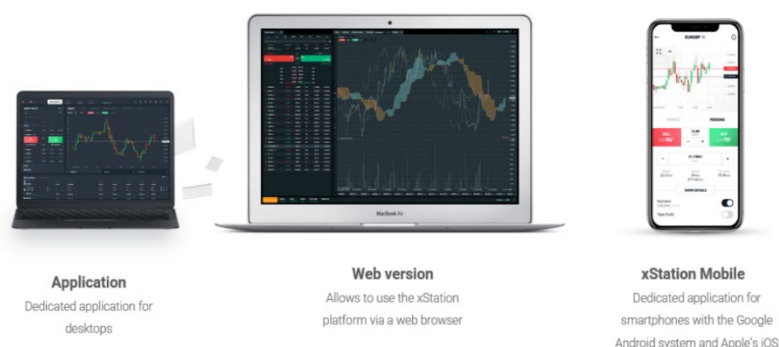
In 2025 and beyond, XTB plans to add other new products to its offerings.

The above product plan is based on the current knowledge and resources. Therefore, it can be modified and changed, including due to the reasons resulting from XTB's cooperation with third parties.

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

Original platform xStation



The research and development work carried out in 2023 was aimed at developing the tools necessary for the efficient operation of XTB's trading systems, effective execution of orders, efficient process of acquiring new customers (so-called onboarding) 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.

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:

	TWELVE-MONTH PERIOD ENDED					
	31.12.2023	31.12.2022	31.12.2021	31.12.2020	31.12.2019	31.12.2018
Costs related to the development and development of technologies (in PLN'000)	94 770	58 381	36 616	27 159	21 151	18 974
Number of employees in technology departments*, including:	429	282	176	129	116	106
- in the IT Development department	395	266	161	118	103	93

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



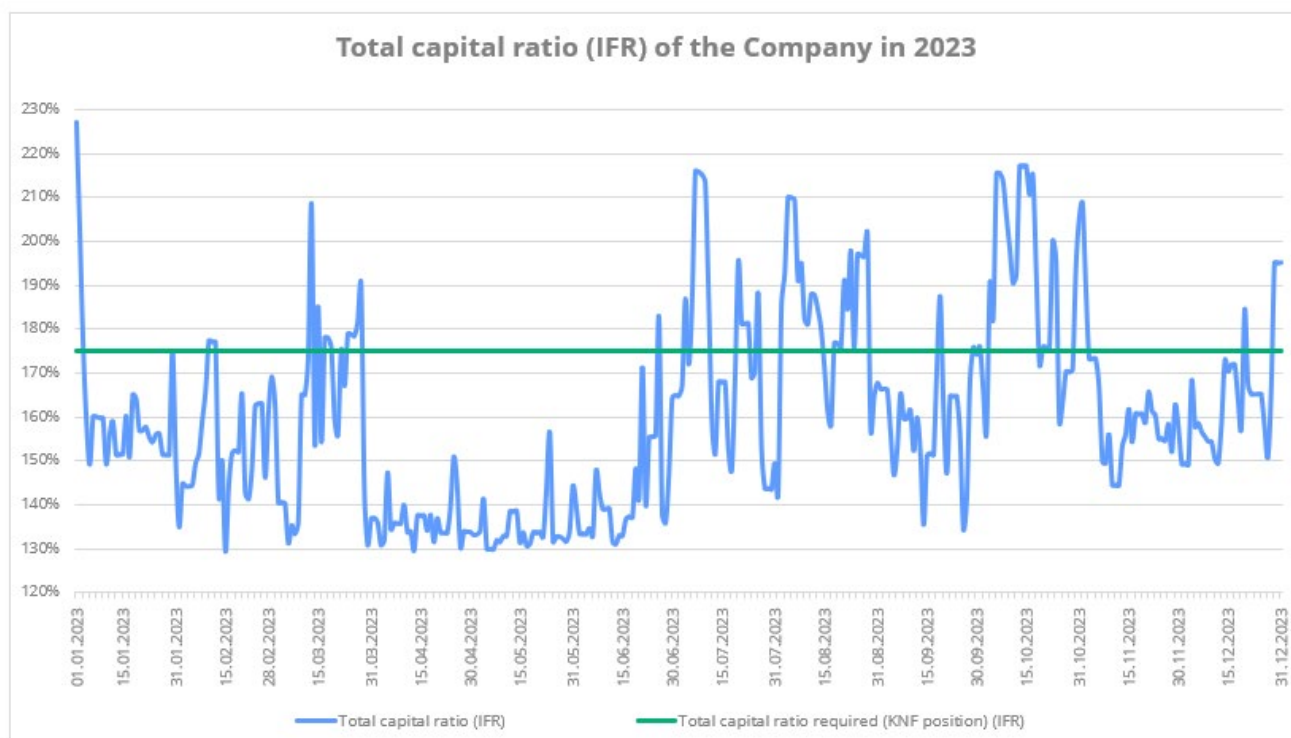
Dividend

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 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 2023 amounted to PLN 787,9 million. Taking into account the criteria set out by the Polish Financial Supervision Authority in the position published on 14 December 2023, in particular with regard to the level of the total capital ratio and the BION assessment in 2024, it is possible for XTB to pay out a dividend of up to 75% of the profit for 2023.

On December 29, 2023, the Company received a supervisory rating (BION) of 2 [2,52] from the Department of Investment Firms of the Polish Financial Supervision Authority. The rating was assigned as of June 30, 2023. 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 2023 in accordance with this criterion.

The chart below presents the value of the total capital ratio (IFR) in 2023.





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 2023 the total capital ratio in the Company was 195,2%.

Cash and cash equivalents

XTB invests part of its cash in bank deposits and in financial instruments with a 0% risk weight, i.e. in treasury bonds and bonds guaranteed by the State Treasury. As of December 31, 2023 the total value of own cash and bonds in the XTB Group was PLN 1 805,7 million, which PLN 1 409,9 million was cash and PLN 395,8 million was bonds.

OWN CASH AS AT

31.12.2023



31.12.2022



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. In 2024, the Management Board's efforts will focus on obtaining the necessary licenses and starting operations in Brazil and Indonesia.

XTB's growth is also possible through mergers and acquisitions, especially with companies that would allow the Group to achieve geographical synergies (complementary markets). Transactions of this type are realized by the Management Board only if they are associated with tangible benefits for the Company and its shareholders.