



REPORT FOR

THE 3RD QUARTER 2021

X-TRADE BROKERS DM S.A.

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FINANCIAL CONSOLIDATED HIGHLIGHTS





FINANCIAL CONSOLIDATED HIGHLIGHTS

	IN PLN'000		IN EUR'000	
	NINE-MONTH ENDED		NINE-MONTH ENDED	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
Consolidated comprehensive income statement:				
Total operating income	442 028	657 788	96 968	148 084
Profit on operating activities	193 971	459 400	42 551	103 422
Profit before tax	206 211	441 623	45 237	99 420
Net profit	169 311	361 856	37 142	81 462
Net profit and diluted net profit per share attributable to shareholders of the Parent Company (in PLN/EUR per share)	1,44	3,08	0,32	0,69
Consolidated cash flow statement:				
Net cash from operating activities	163 105	407 770	35 780	91 799
Net cash from investing activities	250 209	(186 024)	54 888	(41 878)
Net cash from financing activities	(214 532)	(31 712)	(47 062)	(7 139)
Increase/(Decrease) in net cash and cash equivalents	198 782	190 033	43 607	42 781

	IN PLN'000		IN EUR'000	
	30.09.2021	31.12.2020	30.09.2021	31.12.2020
Consolidated statement of financial position:				
Total assets	2 979 417	2 283 526	643 100	494 827
Total liabilities	2 132 183	1 395 221	460 226	302 336
Share capital	5 869	5 869	1 267	1 272
Equity	847 234	888 305	182 873	192 490
Number of shares	117 383 635	117 383 635	117 383 635	117 383 635
Carrying amount and diluted carrying amount per share attributable to shareholders of the Parent Company (in PLN/EUR per share)	7,22	7,57	1,56	1,64

The above data was translated into EUR as follows:

- items in the consolidated comprehensive income statement and consolidated cash flow statement – by the arithmetic average of exchange rates published by the National bank of Poland as of the last day of the month during the reporting period:
 - for the current period: 4,5585;
 - for the comparative period: 4,4420;
- items of consolidated statement of financial position – by the average exchange rate published by the National Bank of Poland as of the end of the reporting period:
 - for the current period: 4,6329;
 - for the comparative period: 4,6148.

The image features a large blue rectangular area on the left side, which serves as a background for the text. To the right of this blue area, there is a light gray rectangular shape that appears to be a shadow or a secondary layer. At the bottom left, there is a small grid of six light gray squares arranged in two rows of three. The text is centered within the blue area and is written in a bold, white, sans-serif font.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



INTERIM CONDENSED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(IN PLN'000)	NOTE	THREE-MONTH PERIOD ENDED 30.09.2021 (UNAUDITED)	THREE-MONTH PERIOD ENDED 30.09.2020 (UNAUDITED)	NINE-MONTH PERIOD ENDED 30.09.2021 (UNAUDITED)	NINE-MONTH PERIOD ENDED 30.09.2020 (UNAUDITED)
Result of operations on financial instruments	6.1	198 731	138 648	437 904	654 046
Income from fees and charges	6.2	1 269	977	3 780	3 658
Other income		29	5	344	84
Total operating income	6	200 029	139 630	442 028	657 788
Salaries and employee benefits	7	(36 613)	(25 385)	(95 858)	(91 071)
Marketing	8	(24 772)	(17 870)	(82 900)	(56 870)
Other external services	9	(8 762)	(7 045)	(27 134)	(20 277)
Costs of maintenance and lease of buildings		(1 081)	(1 043)	(2 970)	(2 944)
Amortisation and depreciation	16,17	(2 284)	(1 832)	(6 597)	(5 647)
Taxes and fees		(1 595)	(1 026)	(4 058)	(2 418)
Commission expenses	10	(8 620)	(5 480)	(26 411)	(16 004)
Other costs		(1 044)	(457)	(2 129)	(3 157)
Total operating expenses		(84 771)	(60 138)	(248 057)	(198 388)
Profit (loss) on operating activities		115 258	79 492	193 971	459 400
Finance income	11	13 064	754	13 724	3 819
Finance costs	11	(134)	(839)	(1 484)	(21 596)
Profit (loss) before tax		128 188	79 407	206 211	441 623
Income tax	26	(23 883)	(11 010)	(36 900)	(79 767)
Net profit (loss)		104 305	68 397	169 311	361 856
Other comprehensive income		1 316	148	(265)	22 162
Items which were reclassified to profit (loss)		-	-	-	21 880
- foreign exchange differences on translation of foreign operations		-	-	-	21 880
Items which will be reclassified to profit (loss) after meeting specific conditions		1 316	148	(265)	282
- foreign exchange differences on translation of foreign operations		502	(279)	(329)	(1 637)
- foreign exchange differences on valuation of separated equity		1 006	527	79	2 369
- deferred income tax		(192)	(100)	(15)	(450)
Total comprehensive income		105 621	68 545	169 046	384 018
Net profit attributable to shareholders of the Parent Company		104 305	68 397	169 311	361 856
Total comprehensive income attributable to shareholders of the Parent Company		105 621	68 545	169 046	384 018
Earnings per share:					
- basic profit per year attributable to shareholders of the Parent Company (in PLN)	25	0,89	0,58	1,44	3,08
- basic profit from continued operations per year attributable to shareholders of the Parent Company (in PLN)	25	0,89	0,58	1,44	3,08
- diluted profit of the year attributable to shareholders of the Parent Company (in PLN)	25	0,89	0,58	1,44	3,08
- diluted profit from continued operations of the year attributable to shareholders of the Parent Company (in PLN)	25	0,89	0,58	1,44	3,08

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



INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(IN PLN'000)	NOTE	30.09.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.09.2020 (UNAUDITED)
ASSETS				
Cash and cash equivalents	13	2 355 705	1 575 807	1 484 076
Financial assets at fair value through P&L	14	570 021	663 133	416 363
Income tax receivables		30	2 593	2 604
Financial assets at amortized cost	15	21 303	13 310	10 061
Prepayments and deferred costs		9 469	5 397	7 128
Intangible assets	16	638	639	685
Property, plant and equipment	17	13 121	13 260	12 874
Deferred income tax assets	26.2	9 130	9 387	9 190
Total assets		2 979 417	2 283 526	1 942 981
EQUITY AND LIABILITIES				
Liabilities				
Amounts due to clients	18	1 903 659	1 203 243	963 967
Financial liabilities held for trading	19	123 595	96 632	54 848
Income tax liabilities		5 041	1 329	1 205
Liabilities due to lease	20	8 110	8 654	9 512
Other liabilities	21	41 601	54 167	39 884
Provisions for liabilities	22	6 004	7 939	4 078
Deferred income tax provision	26.2	44 173	23 257	22 897
Total liabilities		2 132 183	1 395 221	1 096 391
Equity				
Share capital	23	5 869	5 869	5 869
Supplementary capital	23	71 608	71 608	71 608
Other reserves	23	598 789	390 730	390 730
Foreign exchange differences on translation	23	(256)	9	(1 475)
Retained earnings		171 224	420 089	379 858
Equity attributable to the owners of the Parent Company		847 234	888 305	846 590
Total equity		847 234	888 305	846 590
Total equity and liabilities		2 979 417	2 283 526	1 942 981

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



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Interim condensed consolidated statement of changes in equity for the period from 1 January 2021 to 30 September 2021

(IN PLN'000)	SHARE CAPITAL	SUPPLEMENTARY CAPITAL	OTHER RESERVES	FOREIGN EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS AND SEPARATE FUNDS	RETAINED EARNINGS	EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY	TOTAL EQUITY
NOTE	23	23	23,24	23	24		
As at 1 January 2021	5 869	71 608	390 730	9	420 089	888 305	888 305
Total comprehensive income for the financial year							
Net profit	-	-	-	-	169 311	169 311	169 311
Other comprehensive income	-	-	-	(265)	-	(265)	(265)
Total comprehensive income for the financial year	-	-	-	(265)	169 311	169 046	169 046
Transactions with Parent Company's owners recognized directly in equity							
Appropriation of profit/offset of loss							
- dividend payment	-	-	-	-	(210 117)	(210 117)	(210 117)
- transfer to other reserves	-	-	208 059	-	(208 059)	-	-
Increase (decrease) in equity	-	-	208 059	(265)	(248 865)	(41 071)	(41 071)
As at 30 September 2021 (unaudited)	5 869	71 608	598 789	(256)	171 224	847 234	847 234

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



Consolidated statement of changes in equity for the period from 1 January 2020 to 31 December 2020

(IN PLN'000)	SHARE CAPITAL	SUPPLEMENTARY CAPITAL	OTHER RESERVES	FOREIGN EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS AND SEPARATE FUNDS	RETAINED EARNINGS	EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY	TOTAL EQUITY
NOTE	23	23	23, 24	23	24		
As at 1 January 2020	5 869	71 608	364 757	(23 637)	72 147	490 744	490 744
Total comprehensive income for the financial year							
Net profit	–	–	–	–	402 087	402 087	402 087
Other comprehensive income	–	–	–	23 646	–	23 646	23 646
- including foreign exchange differences on the translation of a subsidiary in Turkey	–	–	–	21 880	–	21 880	21 880
Total comprehensive income for the financial year	–	–	–	23 646	402 087	425 733	425 733
Transactions with Parent Company's owners recognized directly in equity							
Appropriation of profit/offset of loss							
- dividend payment	–	–	–	–	(28 172)	(28 172)	(28 172)
- transfer to other reserves	–	–	25 973	–	(25 973)	–	–
Increase (decrease) in equity	–	–	25 973	23 646	347 942	397 561	397 561
As at 31 December 2020 (audited)	5 869	71 608	390 730	9	420 089	888 305	888 305

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



Interim condensed consolidated statement of changes in equity for the period from 1 January 2020 to 30 September 2020

(IN PLN'000)	SHARE CAPITAL	SUPPLEMENTARY CAPITAL	OTHER RESERVES	FOREIGN EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS AND SEPARATE FUNDS	RETAINED EARNINGS	EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY	TOTAL EQUITY
NOTE	23	23	23,24	23	24		
As at 1 January 2020	5 869	71 608	364 757	(23 637)	72 147		490 744
Total comprehensive income for the financial year							
Net profit	-	-	-	-	361 856	361 856	361 856
Foreign exchange differences on the translation of a subsidiary in Turkey	-	-	-	21 880	-	21 880	21 880
Other comprehensive income	-	-	-	282	-	282	282
Total comprehensive income for the financial year	-	-	-	22 162	361 856	384 018	384 018
Transactions with Parent Company's owners recognized directly in equity							
Appropriation of profit/offset of loss							
- dividend payment	-	-	-	-	(28 172)	(28 172)	(28 172)
- transfer to other reserves	-	-	25 973	-	(25 973)	-	-
Increase (decrease) in equity	-	-	25 973	22 162	307 711	355 846	355 846
As at 30 September 2020 (unaudited)	5 869	71 608	390 730	(1 475)	379 858	846 590	846 590

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



INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(IN PLN'000)	NOTE	NINE-MONTH PERIOD ENDED	
		30.09.2021 (UNAUDITED)	30.09.2020 (UNAUDITED)
Cash flows from operating activities			
Profit before tax		206 211	441 623
Adjustments:		(33 894)	41 546
(Profit) Loss on investment activity		1 168	(1 855)
Amortization and depreciation	16,17	6 597	5 647
Foreign exchange (gains) losses from translation of own cash		(13 566)	(5 639)
Other adjustments	28.1	(210)	21 900
Changes			
Change in provisions		(1 935)	949
Change in balance of financial assets at fair value through P&L and financial liabilities held for trading		(134 183)	(49 990)
Change in balance of restricted cash		(567 550)	(333 207)
Change in financial assets at amortised cost		(7 993)	(3 587)
Change in balance of prepayments and accruals		(4 072)	(3 055)
Change in balance of amounts due to customers		700 416	390 175
Change in balance of other liabilities		(12 566)	20 208
Cash from operating activities		172 317	483 169
Income tax paid		(9 452)	(75 643)
Interests		240	244
Net cash from operating activities		163 105	407 770
Cash flow from investing activities			
Expenses relating to payments for property, plant and equipment	17	(2 715)	(2 252)
Expenses relating to payments for intangible assets	16	(196)	(296)
Expenses relating purchase of bonds		(397 476)	(304 323)
Proceeds from sale of bonds		648 309	119 130
Interests on bonds		2 287	1 717
Net cash from investing activities		250 209	(186 024)
Cash flow from financing activities			
Payments of liabilities under finance lease agreements		(4 176)	(3 296)
Interest paid under lease		(239)	(244)
Dividend paid to owners		(210 117)	(28 172)
Net cash from financing activities		(214 532)	(31 712)
Cash flow from financing activities			
Increase (Decrease) in net cash and cash equivalents		198 782	190 033
Cash and cash equivalents – opening balance		542 205	484 351
Effect of FX rates fluctuations on balance of cash in foreign currencies		13 566	5 640
Cash and cash equivalents – closing balance	13	754 553	680 024

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



ADDITIONAL EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Information about the Parent Company and composition of the Group

The Parent Company in the X-Trade Brokers Dom Maklerski S.A. Group (the "Group") is X-Trade Brokers Dom Maklerski S.A. (hereinafter: the "Parent Entity", "Company", "Parent Company", "Brokerage") with its headquarters located in Warsaw, at Ogrodowa street 58, 00-876 Warsaw.

X-Trade Brokers Dom Maklerski S.A. is entered in the Commercial Register of the National Court Register by the District Court for the Capital City of Warsaw, XII Commercial Division of the National Court Register, under No. KRS 0000217580. The Parent Company was granted a statistical REGON number and a tax identification (NIP) number 527-24-43-955.

The Parent Company's operations consist of conducting brokerage activities. The Parent Company is supervised by the Polish Financial Supervision Authority and conducts regulated activities pursuant to a permit dated 8 November 2005, No. DDM-M-4021-57-1/2005.

1.1 Information on the reporting entities in the Parent Company's organisational structure

The interim condensed consolidated financial statements cover the following foreign branches which form the Parent Company:

- X-Trade Brokers Dom Maklerski Spółka Akcyjna, organizační složka – a branch established on 7 March 2007 in the Czech Republic. The branch was registered in the commercial register maintained by the City Court in Prague under No. 56720 and was granted the following tax identification number: CZK 27867102.
- X-Trade Brokers Dom Maklerski Spółka Akcyjna, Sucursal en Espana – a branch established on 19 December 2007 in Spain. On 16 January 2008, the branch was registered by the Spanish authorities and was granted the tax identification number ES W0601162A.
- X-Trade Brokers Dom Maklerski Spółka Akcyjna, organizačná zložka – a branch established on 1 July 2008 in the Slovak Republic. On 6 August 2008, the branch was registered in the commercial register maintained by the City Court in Bratislava under No. 36859699 and was granted the following tax identification number: SK4020230324.
- X-Trade Brokers Dom Maklerski S.A. Sucursala Bucuresti Romania (branch in Romania) – a branch established on 31 July 2008 in Romania. On 4 August 2008, the branch was registered in the Commercial Register under No. 402030 and was granted the following tax identification number: RO27187343.
- X-Trade Brokers Dom Maklerski S.A., German Branch (branch in Germany) – a branch established on 5 September 2008 in the Federal Republic of Germany. On 24 October 2008, the branch was registered in the Commercial Register under No. HRB 84148 and was granted the following tax identification number: DE266307947.
- X-Trade Brokers Dom Maklerski Spółka Akcyjna a branch in France – a branch established on 21 April 2010 in the Republic of France. On 31 May 2010, the branch was registered in the Commercial Register under No. 522758689 and was granted the following tax identification number FR61522758689.
- X-Trade Brokers Dom Maklerski S.A., Sucursal Portuguesa – a branch established on 7 July 2010 in Portugal. On 7 July 2010, the branch was registered in the Commercial Register and as tax identification number under No. PT980436613.



1.2 Composition of the Group

The X-Trade Brokers Dom Maklerski S.A. Group is composed of X-Trade Brokers Dom Maklerski S.A. as the Parent Company and the following subsidiaries

NAME OF SUBSIDIARY	CONSOLIDATION METHOD	COUNTRY OF REGISTERED OFFICE	PERCENTAGE SHARE IN THE CAPITAL		
			30.09.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.09.2020 (UNAUDITED)
XTB Limited (UK)	Full	Great Britain	100%	100%	100%
X Open Hub Sp. z o.o.	Full	Poland	100%	100%	100%
XTB Limited (CY)	Full	Cyprus	100%	100%	100%
Tasfiye Halinde XTB Yönetim Danışmanlığı A.Ş.	Full	Turkey	100%	100%	100%
XTB International Limited	Full	Belize	100%	100%	100%
XTB Chile SpA	Full	Chile	100%	100%	100%
XTB Services Limited	Full	Cyprus	100%	100%	100%
Lirsar S.A. en liquidacion	Full	Uruguay	100%	100%	100%
XTB Africa (PTY) Ltd.	Full	South Africa	100%	100%	100%
XTB MENA Limited	Full	UAE	100%	-	-

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

On 30 September 2021, amount of negative foreign exchange differences on translation of balances in foreign currencies of Turkish company amounted PLN (3 217) thousand, on 31 December 2020 PLN (3 022) thousand, on 30 September 2020 PLN (3 065) thousand (ref note 23). Exchange differences will be recognized in consolidated financial statement at the date of liquidation of the company.

On 19 August 2019 the Company established XTB Services Asia Pte. Ltd. with its seat in Singapore in which it owns 100% of shares. As at the date of these financial statements the company has not conduct its operations On April 2020 the Parent Company has started liquidation of XTB Services Asia Pte. Ltd. with its seat in Singapore by Accounting and Corporate Regulatory Authority and on 23 September 2020 decision regarding deletion of XTB Services Asia Pte. Ltd from ACRA was legalized.

In September 2020 the Company established XTB Foundation. On 23 December 2020 foundation was entered into the National Court Register. As at the date of these interim financial statements the foundation has not conduct its statutory activity.

On 9 January 2021 XTB MENA Limited with its seat in United Arab Emirates was registered. the Parent Company will acquire 100% of shares in the subsidiary. On 13 April 2021 shared of XTB MENA Limited with its seat in United Arab Emirates were paid by the Company. Capital was contributed in the amount of USD 1 million.

1.3 Composition of the Management Board

In the period covered by the interim condensed consolidated financial statements, the Management Board was composed of the following persons:

NAME AND SURNAME	FUNCTION	DATE OF FIRST APPOINTMENT	TERM OF OFFICE
Omar Arnaout	Chairman of the Management Board	23.03.2017	from the 23 March 2017 appointed for the position of the Chairman of the Management Board; term of office ends on 30 June 2022
Paweł Szejko	Board Member	28.01.2015	from the 30 June 2019 appointed for the 3-years term of office ending 30 June 2022
Filip Kaczmarzyk	Board Member	10.01.2017	from the 30 June 2019 appointed for the 3-years term of office ending 30 June 2022
Jakub Kubacki	Board Member	10.07.2018	from the 30 June 2019 appointed for the 3-years term of office ending 30 June 2022
Andrzej Przybylski	Board Member	01.05.2019	from the 30 June 2019 appointed for the 3-years term of office ending 30 June 2022



2. Basis for drafting the financial statements

2.1 Compliance statement

The interim condensed consolidated financial statements of the X-Trade Brokers Dom Maklerski S.A. Group prepared for the period from 1 January 2021 to 30 September 2021 with comparative data for the period ended 30 September 2020 and 31 December 2020 cover the Parent Company's financial data and financial data of the subsidiaries comprising the "Group".

These interim condensed consolidated financial statements have been prepared according to the International Accounting Standard 34 "Interim Financial Reporting" approved by the European Union, taking into account the principle of recognizing the income tax burden based on the best possible estimate of the weighted average annual income tax rate applied by the Group Equity expected in the full fiscal year.

To prepare the interim condensed consolidated financial statements, the Group applied the accounting principles and calculation methods consistent with the principles applicable in the financial year ended December 31, 2020.

The interim condensed consolidated financial statements do not cover all information and disclosures required by the International Financial Reporting Standards accepted by the European Union ("IFRS") to be presented in annual consolidated financial statements and they should be read jointly with the consolidated financial statements of the X-Trade Brokers Dom Maklerski S.A. Group for the year 2020.

The interim condensed consolidated financial statements were approved by the Management Board of the Parent Company on 8 November 2021. Drafting these interim condensed consolidated financial statements, the Parent Company decided that none of the standards would be applied retrospectively.

The interim condensed consolidated financial statements were prepared based on the assumption that the Group would continue as a going concern in the foreseeable future. At the date of preparation of these condensed consolidated financial statements, the Management Board of X-Trade Brokers Dom Maklerski S.A. does not state any circumstances that would threaten the Group companies' continued operations with the exception of subsidiary Tasfiye Halinde XTB Yönetim Danışmanlığı A.Ş. in Turkey and subsidiaries described in note 1.2.

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

2.2 Functional currency and reporting currency

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

2.3 Comparability of data and consistency of the policies applied

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

2.4 The impact of COVID-19 on the Company's results

In March 2020 the World Health Organization determined that COVID disease can be treated as a pandemic. Due to significant increase of this disease all over the world, countries take numerous action to limit or delay its spread. Undertaken measures have increasing impact on global economy.

The Group has adapted to applicable regulations related to the COVID-19 pandemic in 2021 and not identify any further impact on the Group's operations.



2.5 Changes in the accounting policies

The accounting policies applied in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the preparation of the consolidated financial statements of the Group for the year ended 31 December 2020, except for the application of new or amended standards and interpretations applicable to annual periods beginning on or after 1 January 2021.

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Reform of reference interest rate – stage 2
The amendments complement the changes introduced in Phase 1 and relate to the following areas: changes in cash flows, hedge accounting and disclosures. The change in cash flows resulting from reform will only require updating the EIR, without affecting the gross carrying amount of the financial instrument or the need to derecognise it.
- Amendments to IFRS 16– COVID-19 - Related Rent Concessions
The amendments provide the possibility of exempting lessees from recognizing rental concessions as modifications in accordance with IFRS 16, if they meet certain conditions and result from COVID-19. Extension by one year for rent concessions beyond 30 June 2021 (May 2020 amendment)

The Group has not decided to apply earlier any Standard, Interpretation or Amendment that has been issued, but has not yet become effective in light of the EU regulations.

The new or amended standards and interpretations that are applicable for the first time in 2021 do not have a significant impact on the Group's interim condensed consolidated financial statements.

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

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

- Annual amendments to various standards due to "Improvements to IFRS (Cycle 2018-2020)" – not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2022;
- Amendments to IAS 37 - Onerous Contracts—Cost of Fulfilling a Contract– not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2022;
- Amendments to IAS 16 - Property, Plant and Equipment – Proceeds before Intended Use– not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2022;
- Amendments to IFRS 3 – Reference to the Conceptual Framework– not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2022;
- Amendments to IFRS 17 "Insurance contracts" (issued on 18 May 2017) – not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2023;
- Amendments to IAS 8 "Accounting policies, changes in accounting estimates and errors"- not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2023;
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture (issued on 11 September 2014) - the endorsement process of these Amendments has been postponed by EU - the effective date was deferred indefinitely by IASB;
- Amendments to IAS 1 – Classification of liabilities as current or non-current - not yet endorsed by EU at the date of approval of these financial statements –effective for financial years beginning on or after 1 January 2023.



3. Professional judgement

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

Amortisation periods of intangible assets

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

3.1 Material estimates and valuations

In order to prepare its financial statements in accordance with the IFRS, the Group has to make certain estimates and assumptions that affect the amounts disclosed in the financial statements. Estimates and assumptions subject to day-to-day evaluation by the Group's management are based on experience and other factors, including expectations as to future events that seem justified in the given situation. The results are a basis for estimates of carrying amounts of assets and liabilities. Although the estimates are based on best knowledge regarding the current conditions and actions taken by the Group, actual results may differ from the estimates. Adjustments to estimates are recognised during the reporting period in which the adjustment was made provided that such adjustment refers only to the given period or in subsequent periods if the adjustment affects both the current period and subsequent periods. The most important areas for which the Group makes estimates are presented below.

3.2 Impairment of assets

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

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

Deferred income tax assets

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

Period for settlement of the deferred tax asset

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

3.3 Fair value measurement

Information on estimates relative to fair value measurement is presented in note 33 – Risk management.



3.4 Other estimates

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

Provision for unused holidays is calculated on the basis of the estimated payment of holiday benefits, based on the number of unused holidays, and remuneration as at the balance sheet date. Provisions for legal risk are calculated on the basis of the estimated amount of outflow of cash in the case in which it is probable that such outflow will occur, if the given case ends unsuccessfully.

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

4. Adopted accounting principles

The accounting policies applied in the preparation of the interim condensed consolidated financial statements are consistent with the accounting policies applied in the preparation of the annual consolidated financial statements for the financial year ended 31 December 2020, except for the new or amended standards and new interpretations binding for the annual periods starting on or after 1 January 2021.

5. Seasonality of operations

The Group's operations are not seasonal.

6. Operating income

6.1 Result on financial instruments

(IN PLN'000)	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2021 (UNAUDITED)	30.09.2020 (UNAUDITED)	30.09.2021 (UNAUDITED)	30.09.2020 (UNAUDITED)
Financial instruments (CFD)				
Commodity CFDs	118 572	32 266	267 824	242 309
Index CFDs	45 783	73 164	147 405	325 982
Stock and ETF CFDs	8 167	4 112	23 384	8 512
Currency CFDs	31 986	28 307	12 653	73 050
Bond CFDs	60	54	137	192
Total CFDs	204 568	137 903	451 403	650 045
Stocks and ETFs	(796)	2 878	(2 263)	8 876
Gross gain on transactions in financial instruments	203 772	140 781	449 140	658 921
Bonuses and discounts paid to customers	(467)	(627)	(1 569)	(1 086)
Commission paid to cooperating brokers	(4 574)	(1 506)	(9 667)	(3 789)
Net result on transactions in financial instruments	198 731	138 648	437 904	654 046

Bonuses paid to clients are strictly related to trading in financial instruments by the customer with Group. Until 1 August 2018, i.e. until the date of temporary restriction on contracts for differences in the European Union retail clients received discounts and bonuses under bonus campaigns where the condition for awarding a bonus is the generation of a top-down determined trade volume in financial instruments in a specified period. On the territory of European Union from 1 August 2018 bonuses and discounts are given only to clients classified as professional clients.

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



6.2 Income from fees and charges

(IN PLN'000)	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2021 (UNAUDITED)	30.09.2020 (UNAUDITED)	30.09.2021 (UNAUDITED)	30.09.2020 (UNAUDITED)
Fees and charges from institutional clients	661	633	1 986	2 180
Fees and charges from retail clients	608	344	1 794	1 478
Total income from fees and charges	1 269	977	3 780	3 658

6.3 Geographical areas

(IN PLN'000)	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2021 (UNAUDITED)	30.09.2020 (UNAUDITED)	30.09.2021 (UNAUDITED)	30.09.2020 (UNAUDITED)
Operating income				
Central and Eastern Europe	106 597	59 450	222 907	316 574
- including Poland	64 413	48 180	131 917	225 110
Western Europe	50 512	54 550	126 674	270 082
Latin America *	42 460	25 630	91 987	71 132
Middle East	460	-	460	-
Total operating income	200 029	139 630	442 028	657 788

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

The country from which the Group derives each time 15% and over of its revenue is Poland. The share of other countries in the structure of the Group's revenue by geographical area does not exceed 15%. Due to the overall share in the Group's revenue, Poland was set apart for presentation purposes as the Group's largest revenue market.

The Group breaks down its revenues by geographic area according to the country of the XTB office in which the client was acquired.

7. Salaries and employee benefits

(IN PLN'000)	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2021 (UNAUDITED)	30.09.2020 (UNAUDITED)	30.09.2021 (UNAUDITED)	30.09.2020 (UNAUDITED)
Salaries	(31 311)	(21 169)	(80 229)	(76 278)
Social insurance and other benefits	(4 487)	(3 433)	(12 960)	(12 519)
Employee benefits	(815)	(783)	(2 669)	(2 274)
Total salaries and employee benefits	(36 613)	(25 385)	(95 858)	(91 071)

8. Marketing

(IN PLN'000)	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2021 (UNAUDITED)	30.09.2020 (UNAUDITED)	30.09.2021 (UNAUDITED)	30.09.2020 (UNAUDITED)
Marketing online	(23 666)	(16 808)	(79 365)	(54 690)
Marketing offline	(1 106)	(1 062)	(3 535)	(2 170)
Competitions for clients	-	-	-	(10)
Total marketing expense	(24 772)	(17 870)	(82 900)	(56 870)

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



9. Other external services

(IN PLN'000)	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2021 (UNAUDITED)	30.09.2020 (UNAUDITED)	30.09.2021 (UNAUDITED)	30.09.2020 (UNAUDITED)
Support database systems	(3 850)	(2 676)	(10 675)	(6 956)
Market data delivery	(1 724)	(1 500)	(5 046)	(4 343)
Legal and advisory services	(1 047)	(886)	(4 593)	(3 277)
Internet and telecommunications	(872)	(605)	(2 367)	(1 967)
Accounting and audit services	(526)	(406)	(1 605)	(1 414)
IT support services	(359)	(596)	(1 283)	(1 182)
Recruitment	(164)	(86)	(527)	(327)
Postal and courier services	(69)	(41)	(351)	(224)
Translations	(61)	(9)	(86)	(69)
Other external services	(90)	(240)	(601)	(518)
Total other external services	(8 762)	(7 045)	(27 134)	(20 277)

10. Commission expenses

(IN PLN'000)	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2021 (UNAUDITED)	30.09.2020 (UNAUDITED)	30.09.2021 (UNAUDITED)	30.09.2020 (UNAUDITED)
Bank commissions	(7 627)	(4 764)	(23 104)	(13 281)
Stock exchange fees and charges	(921)	(551)	(2 902)	(2 388)
Commissions of foreign brokers	(72)	(165)	(405)	(335)
Total commission expenses	(8 620)	(5 480)	(26 411)	(16 004)

11. Finance income and costs

(IN PLN'000)	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2021 (UNAUDITED)	30.09.2020 (UNAUDITED)	30.09.2021 (UNAUDITED)	30.09.2020 (UNAUDITED)
Interest income				
Interest on own cash	92	34	276	873
Interest on clients' cash	-	-	-	619
Total interest income	92	34	276	1 492
Profit on bonds	-	720	-	2 260
Positive exchange differences	12 871	-	13 306	-
Other finance income	101	-	142	67
Total finance income	13 064	754	13 724	3 819

(IN PLN'000)	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2021 (UNAUDITED)	30.09.2020 (UNAUDITED)	30.09.2021 (UNAUDITED)	30.09.2020 (UNAUDITED)
Interest expense				
Interest paid to clients	-	(1)	-	(2)
Interest paid under lease agreements	(83)	(81)	(240)	(244)
Other interest	(14)	(30)	(105)	(42)
Total interest expense	(97)	(112)	(345)	(288)
Loss on bonds	(36)	-	(1 138)	-
Foreign exchange losses	-	(727)	-	(21 308)
Other finance costs	(1)	-	(1)	-
Total finance costs	(134)	(839)	(1 484)	(21 596)

Foreign exchange losses presented in 2020 result mainly from reduction the share capital of subsidiary in Turkey.

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



12. Segment information

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

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

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

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

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

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

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



SKO CONSOLIDATED COMPREHENSIVE INCOME STATEMENT FOR THREE-MONTH PERIOD ENDED 30.09.2021 (UNAUDITED) (IN PLN'000)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	CONSOLIDATED COMPREHENSIVE INCOME STATEMENT
Net result on transactions in financial instruments	205 935	(7 204)	198 731	198 731
CFDs				
Commodity CFDs	117 733	839	118 572	118 572
Index CFDs	54 842	(9 059)	45 783	45 783
Currency CFDs	31 775	211	31 986	31 986
Stock and ETF CFDs	7 350	817	8 167	8 167
Bond CFDs	72	(12)	60	60
Stocks and ETFs	(796)	-	(796)	(796)
Bonuses and discounts paid to customers	(467)	-	(467)	(467)
Commission paid to cooperating brokers	(4 574)	-	(4 574)	(4 574)
Fee and commission income	608	661	1 269	1 269
Other income	29	-	29	29
Total operating income	206 572	(6 543)	200 029	200 029
Salaries and employee benefits	(36 381)	(232)	(36 613)	(36 613)
Marketing	(24 771)	(1)	(24 772)	(24 772)
Other external services	(8 468)	(294)	(8 762)	(8 762)
Cost of maintenance and lease of buildings	(1 072)	(9)	(1 081)	(1 081)
Amortization and depreciation	(2 261)	(23)	(2 284)	(2 284)
Taxes and fees	(1 587)	(8)	(1 595)	(1 595)
Commission expense	(8 620)	-	(8 620)	(8 620)
Other expenses	(1 032)	(12)	(1 044)	(1 044)
Total operating expenses	(84 192)	(579)	(84 771)	(84 771)
Operating profit	122 380	(7 122)	115 258	115 258
Finance income	-	-	-	13 064
Finance costs	-	-	-	(134)
Profit before tax	-	-	-	127 188
Income tax	-	-	-	(23 883)
Net profit	-	-	-	104 305



CONSOLIDATED COMPREHENSIVE INCOME STATEMENT FOR NINE-MONTH PERIOD ENDED 30.09.2021 (UNAUDITED) (IN PLN'000)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	CONSOLIDATED COMPREHENSIVE INCOME STATEMENT
Net result on transactions in financial instruments	432 509	5 395	437 904	437 904
CFDs				
Commodity CFDs	263 181	4 643	267 824	267 824
Index CFDs	146 040	1 365	147 405	147 405
Stock and ETF CFDs	24 302	(918)	23 384	23 384
Currency CFDs	12 347	306	12 653	12 653
Bond CFDs	138	(1)	137	137
Stocks and ETFs	(2 263)	–	(2 263)	(2 263)
Bonuses and discounts paid to customers	(1 569)	–	(1 569)	(1 569)
Commission paid to cooperating brokers	(9 667)	–	(9 667)	(9 667)
Fee and commission income	1 794	1 986	3 780	3 780
Other income	344	–	344	344
Total operating income	434 647	7 381	442 028	442 028
Salaries and employee benefits	(94 776)	(1 082)	(95 858)	(95 858)
Marketing	(82 600)	(300)	(82 900)	(82 900)
Other external services	(26 085)	(1 049)	(27 134)	(27 134)
Cost of maintenance and lease of buildings	(2 944)	(26)	(2 970)	(2 970)
Amortization and depreciation	(6 532)	(65)	(6 597)	(6 597)
Taxes and fees	(4 033)	(25)	(4 058)	(4 058)
Commission expense	(26 404)	(7)	(26 411)	(26 411)
Other expenses	(2 112)	(17)	(2 129)	(2 129)
Total operating expenses	(245 486)	(2 571)	(248 057)	(248 057)
Operating profit	189 161	4 810	193 971	193 971
Finance income	–	–	–	13 724
Finance costs	–	–	–	(1 484)
Profit before tax	–	–	–	206 211
Income tax	–	–	–	(36 900)
Net profit	–	–	–	169 311



ASSETS AND LIABILITIES AS AT 30.09.2021 (UNAUDITED) (IN PLN'000)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	CONSOLIDATED COMPREHENSIVE INCOME STATEMENT
Clients' cash and cash equivalents	1 539 155	61 997	1 601 152	1 601 152
Financial assets at fair value through P&L	554 660	15 361	570 021	570 021
Other assets	807 830	414	808 244	808 244
Total assets	2 901 645	77 772	2 979 417	2 979 417
Amounts due to clients	1 835 196	68 463	1 903 659	1 903 659
Financial liabilities held for trading	113 716	9 879	123 595	123 595
Other liabilities	104 924	5	104 929	104 929
Total liabilities	2 053 836	78 347	2 132 183	2 132 183

ASSETS AND LIABILITIES AS AT 31.12.2020 (AUDITED) (IN PLN'000)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	CONSOLIDATED COMPREHENSIVE INCOME STATEMENT
Clients' cash and cash equivalents	976 720	56 882	1 033 602	1 033 602
Financial assets at fair value through P&L	648 934	14 199	663 133	663 133
Other assets	586 564	227	586 791	586 791
Total assets	2 212 218	71 308	2 283 526	2 283 526
Amounts due to clients	1 145 630	57 613	1 203 243	1 203 243
Financial liabilities held for trading	86 525	10 107	96 632	96 632
Other liabilities	95 346	–	95 346	95 346
Total liabilities	1 327 501	67 720	1 395 221	1 395 221



CONSOLIDATED COMPREHENSIVE INCOME STATEMENT FOR THREE-MONTH PERIOD ENDED 30.09.2020 (UNAUDITED) (IN PLN'000)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	CONSOLIDATED COMPREHENSIVE INCOME STATEMENT
Net result on transactions in financial instruments	128 734	9 914	138 648	138 648
CFDs				
Currency CFDs	67 581	5 583	73 164	73 164
Index CFDs	29 470	2 796	32 266	32 266
Commodity CFDs	27 534	773	28 307	28 307
Stock and ETF CFDs	3 396	716	4 112	4 112
Bond CFDs	8	46	54	54
Stocks and ETFs	2 878	–	2 878	2 878
Bonuses and discounts paid to customers	(627)	–	(627)	(627)
Commission paid to cooperating brokers	(1 506)	–	(1 506)	(1 506)
Fee and commission income	344	633	977	977
Other income	5	–	5	5
Total operating income	129 083	10 547	139 630	139 630
Salaries and employee benefits	(25 076)	(309)	(25 385)	(25 385)
Marketing expense	(17 580)	(290)	(17 870)	(17 870)
Other external services	(6 795)	(250)	(7 045)	(7 045)
Cost of maintenance and lease of buildings	(1 035)	(8)	(1 043)	(1 043)
Amortization and depreciation	(1 811)	(21)	(1 832)	(1 832)
Taxes and fees	(1 019)	(7)	(1 026)	(1 026)
Commission expense	(5 436)	(44)	(5 480)	(5 480)
Other expenses	(482)	25	(457)	(457)
Total operating expenses	(59 234)	(904)	(60 138)	(60 138)
Operating profit	69 849	9 643	79 492	79 492
Finance income	–	–	–	754
Finance costs	–	–	–	(839)
Profit before tax	–	–	–	79 407
Income tax	–	–	–	(11 010)
Net profit	–	–	–	68 397



CONSOLIDATED COMPREHENSIVE INCOME STATEMENT FOR NINE-MONTH PERIOD ENDED 30.09.2020 (UNAUDITED) (IN PLN'000)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	CONSOLIDATED COMPREHENSIVE INCOME STATEMENT
Net gain on transactions in financial instruments	556 078	97 968	654 046	654 046
CFDs				
Index CFDs	277 618	48 364	325 982	325 982
Currency CFDs	194 937	47 372	242 309	242 309
Commodity CFDs	70 387	2 663	73 050	73 050
Stock and ETF CFDs	9 140	(628)	8 512	8 512
Bond CFDs	(5)	197	192	192
Stocks and ETFs	8 876	-	8 876	8 876
Bonuses and discounts paid to customers	(1 086)	-	(1 086)	(1 086)
Commission paid to cooperating brokers	(3 789)	-	(3 789)	(3 789)
Fee and commission income	1 478	2 180	3 658	3 658
Other income	84	-	84	84
Total operating income	557 640	100 148	657 788	657 788
Salaries and employee benefits	(89 434)	(1 637)	(91 071)	(91 071)
Marketing	(56 178)	(692)	(56 870)	(56 870)
Other external services	(19 834)	(443)	(20 277)	(20 277)
Cost of maintenance and lease of buildings	(2 919)	(25)	(2 944)	(2 944)
Amortization and depreciation	(5 581)	(66)	(5 647)	(5 647)
Taxes and fees	(2 390)	(28)	(2 418)	(2 418)
Commission expense	(15 893)	(111)	(16 004)	(16 004)
Other expenses	(3 051)	(106)	(3 157)	(3 157)
Total operating expenses	(195 280)	(3 108)	(198 388)	(198 388)
Operating profit	362 360	97 040	459 400	459 400
Finance income	-	-	-	3 819
Finance costs	-	-	-	(21 596)
Profit before tax	-	-	-	441 623
Income tax	-	-	-	(79 767)
Net profit	-	-	-	361 856



ASSETS AND LIABILITIES AS AT 30.09.2020 (UNAUDITED) (IN PLN'000)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	CONSOLIDATED COMPREHENSIVE INCOME STATEMENT
Clients' cash and cash equivalents	759 804	44 248	804 052	804 052
Financial assets at fair value through P&L	403 244	13 119	416 363	416 363
Other assets	722 304	262	722 566	722 566
Total assets	1 885 352	57 629	1 942 981	1 942 981
Amounts due to clients	919 711	44 256	963 967	963 967
Financial liabilities held for trading	49 290	5 558	54 848	54 848
Other liabilities	77 575	1	77 576	77 576
Total liabilities	1 046 576	49 815	1 096 391	1 096 391



13. Cash and cash equivalents

Broken down by type:

(IN PLN'000)	30.09.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.09.2020 (UNAUDITED)
In hand	–	1	1
In current bank accounts	2 355 705	1 575 806	1 484 075
Cash and cash equivalents in total	2 355 705	1 575 807	1 484 076

Own cash and restricted cash – clients' cash:

(IN PLN'000)	30.09.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.09.2020 (UNAUDITED)
Clients' cash and cash equivalents	1 601 152	1 033 602	804 052
Own cash and cash equivalents	754 553	542 205	680 024
Cash and cash equivalents in total	2 355 705	1 575 807	1 484 076

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

14. Financial assets at fair value through P&L

(IN PLN'000)	30.09.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.09.2020 (UNAUDITED)
Financial instruments (CFD)			
Index CFDs	165 828	133 307	92 885
Commodity CFDs	95 793	43 975	47 118
Stock and ETF CFDs	76 145	36 396	38 084
Currency CFDs	68 088	41 609	28 544
Bond CFDs	29	14	39
Debt instruments	144 357	398 616	200 635
Stocks and ETFs	19 781	9 216	9 058
Total financial assets at fair value through P&L	570 021	663 133	416 363

Detailed information on the estimated fair value of the instrument is presented in note 33.1.1.

15. Financial assets at amortised cost

(IN PLN'000)	30.09.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.09.2020 (UNAUDITED)
Trade receivables	16 540	10 366	6 644
Receivables due from clients	4 414	4 453	4 059
Deposits	4 318	2 478	2 603
Statutory receivables	1 192	1 081	1 622
Gross other receivables	26 464	18 378	14 928
Impairment write-downs of receivables	(1 282)	(1 207)	(1 099)
Impairment write-downs of receivables due from clients	(3 879)	(3 861)	(3 768)
Total net other receivables	21 303	13 310	10 061



Movements in impairment write-downs of receivables

(IN PLN'000)	30.09.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.09.2020 (UNAUDITED)
Impairment write-downs of receivables – at the beginning of the reporting period	(5 068)	(4 051)	(4 052)
Write-downs recorded	(587)	(1 095)	(850)
Write-downs reversed	346	46	36
Write-downs utilized	148	32	(1)
Impairment write-downs of receivables – at the end of the reporting period	(5 161)	(5 068)	(4 867)

Write-downs of receivables in 2021 and 2020 resulted from the debit balances which arose in clients' accounts in those periods.



16. Intangible assets

Intangible assets in the period from 1 January 2021 to 30 September 2021 (unaudited)

(IN PLN'000)	LICENCES FOR COMPUTER SOFTWARE	INTANGIBLE ASSETS MANUFACTURED INTERNALLY	OTHER INTANGIBLE ASSETS	TOTAL
Gross value as at 1 January 2021	5 961	10 792	4 814	21 567
Additions	196	–	–	196
Sale and scrapping	(493)	–	–	(493)
Net foreign exchange differences	19	–	–	19
Gross value as at 30 September 2021	5 683	10 792	4 814	21 289
Accumulated amortization as at 1 January 2021	(5 479)	(10 792)	(4 657)	(20 928)
Amortization for the current period	(179)	–	(19)	(198)
Sale and scrapping	493	–	–	493
Net foreign exchange differences	(18)	–	–	(18)
Accumulated amortization as at 30 September 2021	(5 183)	(10 792)	(4 676)	(20 651)
Net book value as at 1 January 2021	482	–	157	639
Net book value as at 30 September 2021	500	–	138	638

Intangible assets manufactured internally relate to a financial instrument trading platform and applications compatible with this platform. Other intangible assets relate to the separated licence value under the acquisition of the subsidiary described in note 1.2 and client base purchased by XTB International. Client base was purchased on 18 April 2017 from company in Chile for the amount of USD 540 thousand.



Intangible assets in the period from 1 January 2020 to 31 December 2020 (audited)

(IN PLN'000)	LICENCES FOR COMPUTER SOFTWARE	INTANGIBLE ASSETS MANUFACTURED INTERNALLY	OTHER INTANGIBLE ASSETS	TOTAL
Gross value as at 1 January 2020	5 654	10 792	4 814	21 260
Additions	324	–	–	324
Sale and scrapping	(47)	–	–	(47)
Net foreign exchange differences	30	–	–	30
Gross value as at 31 December 2020	5 961	10 792	4 814	21 567
Accumulated amortization as at 1 January 2020	(5 265)	(10 792)	(4 631)	(20 688)
Amortization for the current period	(223)	–	(26)	(249)
Sale and scrapping	37	–	–	37
Net foreign exchange differences	(28)	–	–	(28)
Accumulated amortization as at 31 December 2020	(5 479)	(10 792)	(4 657)	(20 928)
Net book value as at 1 January 2020	389	–	183	572
Net book value as at 31 December 2020	482	–	157	639

Intangible assets manufactured internally relate to a financial instrument trading platform and applications compatible with this platform. Other intangible assets relate to the separated licence value under the acquisition of the subsidiary described in note 1.2 and client base purchased by XTB International. Client base was purchased on 18 April 2017 from company in Chile for the amount of USD 540 thousand.



Intangible assets in the period from 1 January 2020 to 30 September 2020 (unaudited)

(IN PLN'000)	LICENCES FOR COMPUTER SOFTWARE	INTANGIBLE ASSETS MANUFACTURED INTERNALLY	OTHER INTANGIBLE ASSETS	TOTAL
Gross value as at 1 January 2020	5 654	10 792	4 814	21 260
Additions	296	–	–	296
Sale and scrapping	(36)	–	–	(36)
Net foreign exchange differences	(17)	–	–	(17)
Gross value as at 30 September 2020	5 897	10 792	4 814	21 503
Accumulated amortization as at 1 January 2020	(5 265)	(10 792)	(4 631)	(20 688)
Amortization for the current period	(163)	–	(19)	(182)
Sale and scrapping	36	–	–	36
Net foreign exchange differences	16	–	–	16
Accumulated amortization as at 30 September 2020	(5 376)	(10 792)	(4 650)	(20 818)
Net book value as at 1 January 2020	389	–	183	572
Net book value as at 30 September 2020	521	–	164	685

Intangible assets manufactured internally relate to a financial instrument trading platform and applications compatible with this platform. Other intangible assets relate to the separated licence value under the acquisition of the subsidiary described in note 1.2 and client base purchased by XTB International. Client base was purchased on 18 April 2017 from company in Chile for the amount of USD 540 thousand.



17. Property, plant and equipment

Property, plant and equipment in the period from 1 January 2021 to 30 September 2021 (unaudited)

(IN PLN'000)	COMPUTER SYSTEMS	OTHER PROPERTY, PLANT AND EQUIPMENT	RIGHT TO USE		PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION	COMPUTER SYSTEMS
			OFFICES	VEHICLES		
Gross value as at 1 January 2021	15 882	7 665	15 153	361	23	39 084
Additions	2 592	(8)	–	–	131	2 715
Lease	–	–	3 436	196	–	3 632
Sale and scrapping	(510)	(51)	(731)	(151)	–	(1 443)
Net foreign exchange differences	(5)	32	(5)	5	–	27
Gross value as at 30 September 2021	17 959	7 638	17 853	411	154	44 015
Accumulated amortization as at 1 January 2021	(12 364)	(6 010)	(7 207)	(243)	–	(25 824)
Amortization for the current period	(2 248)	(428)	(3 627)	(96)	–	(6 399)
Sale and scrapping	509	51	703	149	–	1 412
Net foreign exchange differences	(3)	(29)	(46)	(5)	–	(83)
Accumulated amortization as at 30 September 2021	(14 106)	(6 416)	(10 177)	(195)	–	(30 894)
Net book value as at 1 January 2021	3 518	1 655	7 946	118	23	13 260
Net book value as at 30 September 2021	3 853	1 222	7 676	216	154	13 121



Property, plant and equipment in the period from 1 January 2020 to 31 December 2020 (audited)

(IN PLN'000)	COMPUTER SYSTEMS	OTHER PROPERTY, PLANT AND EQUIPMENT	RIGHT TO USE OFFICE	RIGHT TO USE CAR	TANGIBLE FIXED ASSETS UNDER CONSTRUCTION	COMPUTER SYSTEMS
Gross value as at 1 January 2020	11 935	7 049	14 586	334	117	34 021
Additions	4 018	429	–	–	(94)	4 353
Lease	–	–	2 247	3	–	2 250
Sale and scrapping	(155)	(12)	(2 258)	–	–	(2 425)
Net foreign exchange differences	84	199	578	24	–	885
Gross value as at 31 December 2020	15 882	7 665	15 153	361	23	39 084
Accumulated amortization as at 1 January 2020	(9 926)	(5 342)	(4 456)	(104)	–	(19 828)
Amortization for the current period	(2 516)	(512)	(4 349)	(127)	–	(7 504)
Sale and scrapping	151	17	1 845	–	–	2 013
Net foreign exchange differences	(73)	(173)	(247)	(12)	–	(505)
Accumulated amortization as at 31 December 2020	(12 364)	(6 010)	(7 207)	(243)	–	(25 824)
Net book value as at 1 January 2020	2 009	1 707	10 130	230	117	14 193
Net book value as at 31 December 2020	3 518	1 655	7 946	118	23	13 260



Property, plant and equipment in the period from 1 January 2020 to 30 September 2020 (unaudited)

(IN PLN'000)	COMPUTER SYSTEMS	OTHER PROPERTY, PLANT AND EQUIPMENT	RIGHT TO USE		PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION	COMPUTER SYSTEMS
			OFFICES	VEHICLES		
Gross value as at 1 January 2020	11 935	7 049	14 586	334	117	34 021
Additions	2 161	187	–	–	(96)	2 252
Lease	–	–	2 032	3	–	2 035
Sale and scrapping	(11)	–	(1 414)	–	–	(1 425)
Net foreign exchange differences	14	102	351	13	–	480
Gross value as at 30 September 2020	14 099	7 338	15 555	350	21	37 363
Accumulated amortization as at 1 January 2020	(9 926)	(5 342)	(4 456)	(104)	–	(19 828)
Amortization for the current period	(1 676)	(909)	(2 840)	(40)	–	(5 465)
Sale and scrapping	11	–	1 010	–	–	1 021
Net foreign exchange differences	(15)	(101)	(96)	(5)	–	(217)
Accumulated amortization as at 30 September 2020	(11 606)	(6 352)	(6 382)	(149)	–	(24 489)
Net book value as at 1 January 2020	2 009	1 707	10 130	230	117	14 193
Net book value as at 30 September 2020	2 493	986	9 173	201	21	12 874



Non-current assets by geographical area

(IN PLN'000)	30.09.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.09.2020 (UNAUDITED)
Non-current assets			
Central and Eastern Europe	6 100	7 717	7 084
- including Poland	5 261	6 580	6 069
Western Europe	6 733	4 893	5 237
Latin America and Turkey	926	1 289	1 238
Total non-current assets	13 759	13 899	13 559

18. Amounts due to customers

(IN PLN'000)	30.09.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.09.2020 (UNAUDITED)
Amounts due to retail customers	1 835 196	1 145 630	919 711
Amounts due to institutional customers	68 463	57 613	44 256
Total amounts due to customers	1 903 659	1 203 243	963 967

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

19. Financial liabilities held for trading

(IN PLN'000)	30.09.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.09.2020 (UNAUDITED)
Financial instruments (CFD)			
Stock and ETF CFDs	52 751	31 427	16 863
Index CFDs	28 566	31 673	17 459
Currency CFDs	25 447	13 414	3 960
Commodity CFDs	16 798	20 113	16 563
Bond CFDs	33	5	3
Total financial liabilities held for trading	123 595	96 632	54 848

20. Liabilities due to lease

(IN PLN'000)	30.09.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.09.2020 (UNAUDITED)
Short-term	3 451	4 628	4 459
Long-term	4 659	4 026	5 053
Total liabilities due to lease	8 110	8 654	9 512

The Company is the lessee in the case of office space and car rental contracts. The value of the leased assets is reported in note 17.

21. Other liabilities

(IN PLN'000)	30.09.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.09.2020 (UNAUDITED)
Provisions for other employee benefits	19 382	27 091	24 556
Trade liabilities	9 524	15 822	9 712
Liabilities due to brokers	7 562	6 842	1 400
Statutory liabilities	4 035	3 728	3 636
Liabilities due to employees	899	506	410
Amounts due to the Central Securities Depository of Poland	199	178	170
Total other liabilities	41 601	54 167	39 884



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

Besides leasing liabilities, there are no other long-term liabilities.

Program of variable remuneration elements

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

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

As at 30 September 2021, salaries and employee benefits included the provision for variable remuneration elements in the amount of PLN 2 494 thousand, as at 31 December 2020 in the amount of PLN 3 951 thousand and as at 30 September 2020 in the amount of PLN 3 931 thousand.

22. Provisions for liabilities and contingent liabilities

22.1 Provisions for liabilities

(IN PLN'000)	30.09.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.09.2020 (UNAUDITED)
Provisions for retirement benefits	1 192	1 610	1 345
Provisions for legal risk	4 812	6 329	2 733
Total provisions	6 004	7 939	4 078

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

Provisions for legal risk include expected amounts of payments to be made in connection with disputes to which the Group is a party. As at the date of preparation of these the interim condensed consolidated financial statements, the Company is not able to specify when the above liabilities will be repaid. The information on the significant court proceedings, arbitration authority or public administration authority was described in point 5.5 of the Management Board report on the operations of the Group and Company. To the best of our knowledge and belief, the procedures described therein and the future resolution of these proceedings in the context of a possible impact on other clients of the Group do not have a material impact on these the interim condensed consolidated financial statements.

Movements in provisions in the period from 1 January 2021 to 30 September 2021 (unaudited)

(IN PLN'000)	AS AT 01.01.2021	INCREASES	DECREASES USE	REVERSAL	AS AT 30.09.2021
Provisions for retirement benefits	1 610	–	–	418	1 192
Provisions for legal risk	6 329	–	1 334	183	4 812
Total provisions	7 939	–	1 334	601	6 004

Movements in provisions in the period from 1 January 2020 to 31 December 2020 (audited)

(IN PLN'000)	AS AT 01.01.2020	INCREASES	DECREASES USE	REVERSAL	AS AT 31.12.2020
Provisions for retirement benefits	1 184	426	–	–	1 610
Provisions for legal risk	1 945	4 607	28	195	6 329
Total provisions	3 129	5 033	28	195	7 939



Movements in provisions in the period from 1 January 2020 to 30 September 2020 (unaudited)

(IN PLN'000)	AS AT 01.01.2020	INCREASES	DECREASES USE	REVERSAL	AS AT 30.09.2020
Provisions for retirement benefits	1 184	161	–	–	1 345
Provisions for legal risk	1 945	986	–	199	2 732
Total provisions	3 129	1 147	–	199	4 077

22.2 Contingent liabilities

The Group is party to court proceedings associated with the Group's operations. The proceedings in which the Group acts as defendant relate mainly to employees' and clients' claims. As at 30 September 2021 the total value of claims brought against the Group amounted to approx. PLN 15 057 thousand (as at 31 December 2020: PLN 14 801 thousand, as at 30 September 2020: PLN 7 131 thousand). Group has not created provisions for the above proceedings. In the assessment of the Group the probability of loss in these proceedings is less than 50%.

On May 9, 2014, the Parent Company issued a guarantee in the amount of PLN 60 thousand to secure an agreement concluded by a subsidiary XTB Limited, based in the UK and PayPal (Europe) Sarl & Cie, SCA based in Luxembourg. The guarantee was granted for the duration of the main contract, which was concluded for an indefinite period.

On 7 July 2017 the Parent Company issued a guarantee in the amount of PLN 5 902 thousand to secure the agreement concluded between subsidiary XTB Limited based in UK and Worldpay (UK) Limited, Worldpay Limited and Worldpay AP LTD based in UK. The guarantee was issued for the period of the agreement which was concluded for three years with the possibility of further extension.

23. Equity

Share capital structure as at 30 September 2021, 31 December 2020 and 30 September 2020

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

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

Shareholding structure of the Company

To the best Parent Company's knowledge, the shareholding structure of the Parent Company as at 30 September 2021, 31 December 2020 and 30 September 2020 was as follows:

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



Other capitals

Other capitals consist of:

- supplementary capital in the total amount of PLN 71 608 thousand, mandatorily established from annual profit distribution to be used to cover potential losses that may occur in connection with the Company's operations, up to the amount of at least one third of the share capital, amounting to PLN 1 957 thousand and from surplus of the issue price over the nominal price in the amount of PLN 69 651 thousand, resulting from the capital increase in 2012 with a nominal value of PLN 348 thousand for the price of PLN 69 999 thousand,
- reserve capital in the amount of PLN 598 789 thousand, established from annual distribution of profit as resolved by the General Meeting of Shareholders to be used for financing of further operations of the Company or payment of dividend,
- foreign exchange differences on translation, including foreign exchange differences on translation of balances in foreign currencies of branches and foreign operations in the amount of PLN (256) thousand. The detailed specification of foreign exchange differences on translation was presented in the table below.

(IN PLN'000)	30.09.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.09.2020 (UNAUDITED)
Trade Brokers Dom Maklerski Spółka Akcyjna branch in Germany	824	796	675
XTB Limited UK	561	(8)	(428)
XTB Limited CY	528	496	349
XTB International	328	(258)	(41)
X-Trade Brokers Dom Maklerski Spółka Akcyjna branch in France	294	275	192
X-Trade Brokers Dom Maklerski Spółka Akcyjna branch in Romania	287	287	284
XTB MENA Limited	147	-	-
XTB Services Limited	124	105	70
X-Trade Brokers Dom Maklerski Spółka Akcyjna branch in Czech Republic	32	701	394
X-Trade Brokers Dom Maklerski Spółka Akcyjna	32	20	(83)
X-Trade Brokers Dom Maklerski Spółka Akcyjna branch in Spain	30	463	347
XTB Africa	27	2	(93)
X-Trade Brokers Dom Maklerski Spółka Akcyjna branch in Slovakia	12	136	101
X-Trade Brokers Dom Maklerski Spółka Akcyjna branch in Portugal	3	81	61
XTB Chile SpA	(268)	(65)	(238)
Tasfiye Halinde XTB Yönetim Danışmanlığı A.Ş.	(3 217)	(3 022)	(3 065)
Total foreign exchange differences on translation	(256)	9	(1 475)

24. Profit distribution and dividend

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

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

Pursuant to the decision of the General Shareholders' Meeting of the Parent Company, the net profit for 2019 in the amount of PLN 54 145 thousand was partially earmarked for the payment of a dividend in the amount of PLN 28 172 thousand, the remaining amount was transferred to reserve capital.

The amount of dividend per share paid for 2019 was equal to PLN 0,24. The dividend was paid on 15 May 2020.

25. Earnings per share

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



(IN PLN'000)	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2021 (UNAUDITED)	30.09.2020 (UNAUDITED)	30.09.2021 (UNAUDITED)	30.09.2020 (UNAUDITED)
Profit from continuing operations attributable to shareholders of the Company	104 305	68 397	169 311	361 856
Weighted average number of ordinary shares	117 383 635	117 383 635	117 383 635	117 383 635
Weighted average number of shares including dilution effect	–	–	–	–
Profit from continuing operations attributable to shareholders of the Company	117 383 635	117 383 635	117 383 635	117 383 635
Basic net profit per share from continuing operations for the year attributable to shareholders of the Company	0,89	0,58	1,44	3,08
Diluted net profit per share from continuing operations for the year attributable to shareholders of the Company	0,89	0,58	1,44	3,08

26. Current tax and deferred income tax

26.1 Income tax

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

(IN PLN'000)	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2021 (UNAUDITED)	30.09.2020 (UNAUDITED)	30.09.2021 (UNAUDITED)	30.09.2020 (UNAUDITED)
Income tax – current portion				
Income tax for the reporting period	(17 408)	(3 052)	(15 742)	(73 068)
Income tax – deferred portion				
Occurrence / reversal of temporary differences	(6 475)	(7 958)	(21 158)	(6 699)
Income tax disclosed in profit and loss	(23 883)	(11 010)	(36 900)	(79 767)

Reconciliation of the actual tax burden

(IN PLN'000)	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2021 (UNAUDITED)	30.09.2020 (UNAUDITED)	30.09.2021 (UNAUDITED)	30.09.2020 (UNAUDITED)
Profit before tax	128 188	79 407	206 211	441 623
Income tax based in the applicable tax rate of 19%	(24 356)	(15 087)	(39 180)	(83 908)
Difference resulting from application of tax rates applicable in other countries	231	165	335	220
Non-taxable revenue	39	230	542	263
Non-deductible expenses	338	(196)	(171)	(681)
Tax loss for the reporting period not disclosed in the deferred tax	(94)	–	(94)	–
Realisation of tax losses for the preceding periods	13	5	26	42
Writing off tax losses activated in previous years	–	–	–	–
Other items affecting the tax burden amount	(54)	3 873	1 642	4 297
Income tax disclosed in profit or loss	(23 883)	(11 010)	(36 900)	(79 767)



26.2 Deferred income tax

Change in the balance of deferred tax for the period from 1 January to 30 September 2021 (unaudited)

(IN PLN'000)	AS AT 01.01.2021	PROFIT OR (LOSS)	AS AT 30.09.2021
Deferred income tax assets:			
Property, plant and equipment	138	35	173
Financial liabilities held for trading	14 196	2 734	16 930
Provisions for liabilities	670	-	670
Prepayments and deferred costs	3 453	(932)	2 521
Other liabilities	3 002	3 540	6 542
Tax losses of previous periods to be settled in future periods	9 217	(204)	9 013
Total deferred income tax assets	30 676	5 173	35 849

(IN PLN'000)	AS AT 01.01.2021	PROFIT OR (LOSS)	AS AT 30.09.2021
Deferred income tax provision:			
Cash and cash equivalents	15	22	37
Financial assets at fair value through P&L	43 227	25 136	68 363
Other liabilities	203	1 179	1 382
Financial assets at amortised cost	383	(26)	357
Property, plant and equipment	-	20	20
Total deferred income tax provision	43 828	26 331	70 159
Deferred tax disclosed in profit or (loss)	-	(21 158)	-

(IN PLN'000)	AS AT 01.01.2021	INCLUDED IN EQUITY	AS AT 30.09.2021
Deferred income tax provision included directly in the equity:			
Separate equity of branches	718	15	733
Total deferred income tax provision included directly in the equity	718	15	733

Change in the balance of deferred tax for the period from 1 January to 31 December 2020 (audited)

(IN PLN'000)	AS AT 01.01.2020	PROFIT OR (LOSS)	AS AT 31.12.2020
Deferred income tax assets:			
Property, plant and equipment	81	57	138
Financial liabilities held for trading	3 809	10 387	14 196
Provisions for liabilities	24	646	670
Prepayments and deferred costs	1 551	1 902	3 453
Other liabilities	1 829	1 173	3 002
Tax losses of previous periods to be settled in future periods	8 916	301	9 217
Total deferred income tax assets	16 210	14 466	30 676

(IN PLN'000)	AS AT 01.01.2020	PROFIT OR (LOSS)	AS AT 31.12.2020
Deferred income tax provision:			
Cash and cash equivalents	-	15	15
Financial assets at fair value through P&L	22 325	20 902	43 227
Other liabilities	93	110	203
Financial assets at amortised cost	237	146	383
Total deferred income tax provision	22 655	21 173	43 828
Deferred tax disclosed in profit or (loss)	-	(6 707)	-



(IN PLN'000)	AS AT 01.01.2020	INCLUDED IN EQUITY	AS AT 31.12.2020
Deferred income tax provision included directly in the equity:			
Separate equity of branches	113	605	718
Total deferred income tax provision included directly in the equity	113	605	718

Change in the balance of deferred tax for the period from 1 January to 30 September 2020 (unaudited)

(IN PLN'000)	AS AT 01.01.2020	PROFIT OR (LOSS)	AS AT 30.09.2020
Deferred income tax assets:			
Property, plant and equipment	81	66	147
Financial liabilities held for trading	3 809	4 133	7 942
Provisions for liabilities	24	–	24
Prepayments and deferred costs	1 551	1 612	3 163
Other liabilities	1 829	(1)	1 828
Tax losses of previous periods to be settled in future periods	8 916	99	9 015
Total deferred income tax assets	16 210	5 909	22 119

(IN PLN'000)	AS AT 01.01.2020	PROFIT OR (LOSS)	AS AT 30.09.2020
Deferred income tax provision:			
Cash and cash equivalents	–	6	6
Financial assets at fair value through P&L	22 325	12 576	34 901
Other liabilities	93	(93)	–
Financial assets at amortised cost	237	119	356
Total deferred income tax provision	22 655	12 608	35 263
Deferred tax disclosed in profit or (loss)	–	(6 699)	–

(IN PLN'000)	AS AT 01.01.2020	INCLUDED IN EQUITY	AS AT 30.09.2020
Deferred income tax provision included directly in the equity:			
Separate equity of branches	113	450	563
Total deferred income tax provision included directly in the equity	113	450	563

Geographical division of deferred income tax assets

(IN PLN'000)	30.09.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.09.2020 (UNAUDITED)
Central and Eastern Europe	100	153	157
Western Europe	9 030	9 234	9 033
Total deferred income tax assets	9 130	9 387	9 190



Data concerning the presentation of deferred income tax by country of origin and reconciliation of presentation in the statement of financial position as at 30 September 2021 (unaudited):

(IN PLN'000)	DATA ACCORDING TO THE NATURE OF ORIGIN		DATA PRESENTED IN THE STATEMENT OF FINANCIAL POSITION	
	DEFERRED INCOME TAX ASSETS	DEFERRED INCOME TAX PROVISION	DEFERRED INCOME TAX ASSETS	DEFERRED INCOME TAX PROVISION
Poland	26 376	70 311	–	43 935
Czech Republic	42	19	23	–
Slovakia	95	18	77	–
Germany	2 641	–	2 641	–
France	4 527	–	4 527	–
Chile	306	358	–	52
Great Britain	1 862	–	1 862	–
Belize	–	186	–	186
Total	35 849	70 892	9 130	44 173

Data concerning the presentation of deferred income tax by country of origin and reconciliation of presentation in the statement of financial position as at 31 December 2020 (audited):

(IN PLN'000)	DATA ACCORDING TO THE NATURE OF ORIGIN		DATA PRESENTED IN THE STATEMENT OF FINANCIAL POSITION	
	DEFERRED INCOME TAX ASSETS	DEFERRED INCOME TAX PROVISION	DEFERRED INCOME TAX ASSETS	DEFERRED INCOME TAX PROVISION
Poland	20 923	44 089	–	23 166
Czech Republic	67	–	67	–
Slovakia	102	16	86	–
Germany	2 718	–	2 718	–
France	4 647	–	4 647	–
Chile	1 869	–	1 869	–
Great Britain	350	383	–	33
Belize	–	58	–	58
Total	30 676	44 546	9 387	23 257

Data concerning the presentation of deferred income tax by country of origin and reconciliation of presentation in the statement of financial position as at 30 September 2020 (unaudited):

(IN PLN'000)	DATA ACCORDING TO THE NATURE OF ORIGIN		DATA PRESENTED IN THE STATEMENT OF FINANCIAL POSITION	
	DEFERRED INCOME TAX ASSETS	DEFERRED INCOME TAX PROVISION	DEFERRED INCOME TAX ASSETS	DEFERRED INCOME TAX PROVISION
Poland	12 621	35 464	–	22 843
Czech Republic	62	–	62	–
Slovakia	102	6	96	–
Germany	2 752	–	2 752	–
France	4 625	–	4 625	–
Great Britain	1 655	–	1 655	–
Chile	302	356	–	54
Total	22 119	35 826	9 190	22 897



27. Related party transactions

27.1 Parent Company

XXZW Investment Group S.A. with its registered office in Luxembourg is the key shareholder of the Company. As per Company's best knowledge as at 30 September 2021 it holds 66,99% of shares and votes in the General Meeting. XXZW Investment Group S.A. prepares consolidated financial statements.

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

27.2 Figured concerning related party transactions

As at 30 September 2021 the Company has liabilities to Mr Jakub Zabłocki in the amount of PLN 19 thousand due to his investment account (as at 31 December 2020: PLN 14 thousand, as at 30 September 2020 PLN 13 thousand). In the period from 1 January to 30 September 2021 the Company note profit on transactions on financial instruments with Mr Jakub Zabłocki in the amount of PLN 405,87 and in 1 January to 30 September 2020 the Company did not note the results on transactions on financial instruments with Mr Jakub Zabłocki. Moreover Mr Jakub Zabłocki is employed on the basis of work contract in subsidiary in Great Britain. In the period from 1 January to 30 September 2021 the gross salary and bonuses amounted to PLN 1 166 thousand and in the analogical period of 2020 amounted to PLN 2 135 thousand.

Mr Hubert Walentynowicz receives salary on the basis of work contract. In the period from 1 January to 30 September 2021 the gross salary and bonuses amounted to PLN 364 thousand and in the analogical period of 2020 amounted to PLN 360 thousand.

As at 30 September 2021 the Company has liabilities to Mr Filip Kaczmarzyk in the amount of PLN 80 thousand due to his investment account (as at 31 December 2020: PLN 42 thousand, as at 30 September 2020 PLN 42 thousand).

On March 24, 2021, the Company concluded an agreement with XTB MENA Limited, which concerns a loan of up to PLN 950 thousand, paid in tranches. The loan interest rate was set at WIBOR 3M + 2.0% margin. As at the balance sheet date, the loan was repaid by the subsidiary, the amount of interest received was PLN 5 thousand.

27.3 Benefits to Management Board and Supervisory Board

(IN PLN'000)	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2021 (UNAUDITED)	30.09.2020 (UNAUDITED)	30.09.2021 (UNAUDITED)	30.09.2020 (UNAUDITED)
Benefits to the Management Board members	(1 553)	(601)	(2 871)	(2 990)
Benefits to the Supervisory Board members	(64)	(63)	(193)	(192)
Total benefits to the Management Board and Supervisory Board	(1 617)	(664)	(3 064)	(3 182)

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

Members of the Management Board of the Parent Company are included in the scheme of variable remuneration elements specified in note 21 of the interim condensed consolidated financial statements.

27.4 Loans granted to the Management Board and Supervisory Board

As at 30 September 2021, 31 December 2020 and 30 September 2020 there are no loans granted to the Management and Supervisory Board members.



28. Supplementary information and explanations to the cash flow statement

28.1 Other adjustments

The "other adjustments" item includes the following adjustments:

(IN PLN'000)	NINE-MONTH PERIOD ENDED	
	30.09.2021 (UNAUDITED)	30.09.2020 (UNAUDITED)
Change in the balance of differences from the conversion of branches and subsidiaries	(265)	22 162
Foreign exchange differences on translation of movements in property, plant and equipment, and intangible assets	55	(262)
Change in other adjustments	(210)	21 900

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

29. Post balance sheet events

There were no events after the balance sheet date.

30. Off-balance sheet items

30.1 Nominal value of financial instruments

(IN PLN'000)	30.09.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.09.2020 (UNAUDITED)
Index CFDs	4 410 533	3 990 495	1 946 180
Currency CFDs	2 284 684	1 481 916	1 220 703
Commodity CFDs	1 600 912	1 143 499	920 235
Stock and ETF CFDs	956 657	876 726	644 944
Bond CFDs	5 733	384 593	197 605
Total financial instruments	9 258 519	7 877 229	4 929 667

The nominal value of instruments presented in the chart above includes transactions with customers and brokers. As at 30 September 2021 transactions with brokers represent 6% of the total nominal value of instruments (as at 31 December 2020: 14% of the total nominal value of instruments, as at 30 September 2020: 8% of the total nominal value of instruments).

30.2 Customers' financial instruments

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

(IN PLN'000)	30.09.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.09.2020 (UNAUDITED)
Listed stocks and rights to stocks registered in customers' securities accounts	1 798 608	871 389	477 113
Other securities registered in customers' securities accounts	207	207	207
Total customers' financial instruments	1 798 815	871 596	477 320



30.3 Transaction limits

The amount of unused transaction limits granted to related entities was PLN 18 898 thousand as at 30 September 2021, at 31 December 2020 PLN 12 403 thousand and as at 30 September 2020 was PLN 11 056 thousand.

31. Items regarding the compensation scheme

(IN PLN'000)	30.09.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.09.2020 (UNAUDITED)
1. Contributions made to the compensation scheme			
a) opening balance	5 654	4 709	4 709
- increases	1 224	945	690
b) closing balance	6 878	5 654	5 399
2. XTB's share in the profits from the compensation scheme	350	336	329

32. Capital management

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

The objective of the capital management policy is to ensure balanced long-term growth for the shareholders and to maintain sufficient capital to enable the Group to operate in a prudent and efficient manner. This objective is attained by maintaining an appropriate capital base, taking into account the Group's risk profile and prudential regulations, as well as risk-based capital management in view of the operating goals. Determination of capital-related goals is essential for equity management and serves as a basic reference in the context of capital planning, allocation and contingency plans. The Group establishes capital-related objectives which ensure a stable capital base, achievement of its capital strategy goals (in accordance with its general principles), and also match the Group's risk appetite. To establish its capital-related goals, the Group takes into consideration its strategic plans and expected growth of operations as well as external conditions, including the macroeconomic situation and other business environment factors. The capital-related goals are set for a horizon similar to that of the business strategy and are approved by the Management Board.

Capital planning is focused on an assessment of the Group's current and future capital requirements (both regulatory and internal), and on comparing them with the current and projected levels of available capital. The Group has prepared contingency plans to be launched in the event of a capital liquidity shortage, described in detail in the "Capital management policy at X-Trade Brokers Dom Maklerski S.A." and in the "Recovery Plan" approved by the Polish Financial Supervision Authority.

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

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

- capital requirements:
 - till 25th June 2021 calculated in accordance with the Regulation (EU) of the European Parliament and of the Council No. 575/2013 of 26 June 2013 on prudential requirements for credit institutions and investment firms (CRR)
 - since 26th June 2021 calculated according with Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27th November 2019 on the prudential requirements of investment firms and amending the regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014, (EU) No 806/2014 (IFR)
- internal capital estimated in compliance with the Ordinance of the Minister of Finance of 25 April 2017 on internal capital, risk management system, supervisory assessment program and supervisory examination and evaluation as well as remuneration policy in a brokerage house (Journal of Laws 2017, item 856).

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

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



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

Till 25th June 2021 the Parent Company calculated own funds in accordance to second part of the European Parliament and of the Council (EU) No 575/2013 of 26th 2013 on prudential requirements for credit institutions and investment firms, amending Regulation (EU) No 648/2012 ("CRR"). Starting from 26th June 2021 the Parent Company calculate own funds according to the second part of Regulation (EU) 2019/2033 of the European Parliament and of the Council 2019/2033 of 27th November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014 ("IFR").

The principles for calculation of own funds are established in the CRR and IFR Regulations, "Procedure for calculating capital adequacy ratios of X-Trade Brokers Dom Maklerski S.A." the Parent company and are not regulated by IFRS.

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

Prudential consolidation in accordance with IFR covers subsidiaries that are investment firms, financial institutions, ancillary services undertakings or tied agents. When applied to the Group, the Parent Company includes the following subsidiaries in prudential consolidation:

- till 30th July 2021 XTB Yönetim Danışmanlığı Anonim Şirketi,
- since 31st Nov 2015 XTB Limited (UK),
- since 30th April 2017 XTB International
- since 31st July 2018 XTB Limited (CY)
- since 31th July 2021 XTB MENA Limited
- since 31th August 2021 XTB Africa (PTY) Ltd.

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

Key values in capital management:

(IN PLN'000)	30.09.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.09.2020 (UNAUDITED)
The Group's own funds	659 209	528 869	451 832
Tier I Capital	659 209	528 869	451 832
Common Equity Tier I capital	659 209	528 869	451 832
Total Group's risk exposure *	6 370 053	2 836 093	2 667 033
Total Group's capital requirement*	509 604	226 888	213 363
Capital conservation buffer	–	70 902	66 676
Countercyclical capital buffer	–	3 932	7 084
Combined buffer requirement CRR**	–	74 834	73 760
Total capital ratio CRR**	10,3%	18,6%	16,9%
Total capital ratio CRR ** including buffers	10,3%	16,0%	14,2%
Minimal required total capital ratio including buffers (article 92 section1 letter c) of CRR)	8%	8%	8%
Total capital ratio IFR***	129,4%	233,1%	177,1%
Minimal required total capital ratio including buffers (article 9 section1 letter c) of IFR)***	100%	100%	100%

* For comparativeness in the period from 26th June 2021 total risk exposure is presented as 12.5 * K-factor capital requirement. Till 25th June 2021 total capital requirement is presented as 8% of total risk exposure.

** For comparativeness in the period from 26th June 2021 total capital ratio CRR is calculated as the IFR capital requirement divided by 12.5.

*** For comparativeness in the period till 25th June 2021 total capital ratio IFR is calculated as total capital ratio CRR including buffers multiplied by 12.5.

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

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

In the table below, in order to ensure comparability of the presentation, the total capital requirement was presented as 8% of the total risk exposure, calculated in accordance with the CRR.



(IN PLN'000)	AS AT 30.09.2021 (UNAUDITED)	AVERAGE MONTHLY VALUE IN THE PERIOD	AS AT 31.12.2020 (AUDITED)	AS AT 30.09.2020 (UNAUDITED)
1. Capital/Own funds	659 209	609 933	528 869	451 832
1.1. Base capital/Common Equity Tier I without deductions	675 665	627 548	545 606	462 367
1.2. Additional items of common equity/Supplementary capital Tier I	–	–	–	–
1.3. Items decreasing share capitals	(16 456)	(17 615)	(16 737)	(10 535)
2. Amount of Tier II capital included in the value of capital subject to monitoring/Tier II capital	–	–	–	–
I. Level of capitals subject to monitoring/Own funds	659 209	609 924	528 869	451 832
1. Market risk	–	233 191	123 376	115 868
2. Settlement and delivery risk, contractor's credit risk and the CVA requirement	–	11 131	8 964	4 855
3. Credit risk	–	60 408	46 041	44 133
4. Operating risk	–	68 541	48 507	48 507
5. Exceeding the limit of exposure concentration and the limit of high exposures	–	–	–	–
6. Capital requirement due to fixed overheads CRR	N/A	N/A	N/A	N/A
Ila. Overall capital requirement **	509 604	373 271	226 888	213 363
Ilb. Total risk exposure CRR**	6 370 053	4 665 882	2 836 093	2 667 033
Capital conservation buffer	–	108 349	70 902	66 676
Countercyclical capital buffer	–	6 377	3 932	7 084
Ilc. Combined buffer requirement	–	114 726	74 834	73 760
1. Risk to Client, including:	8 432	7 291	–	–
1.1. K-AUM	–	–	–	–
1.2. K-CMH	7 671	6 664	–	–
1.3. K-ASA	701	549	–	–
1.4. K-COH	60	78	–	–
2. Risk to Market, including:	345 222	233 191	–	–
2.1. K-NPR	345 222	233 191	–	–
2.2. K-CMG	–	–	–	–
3. Risk to Firm, including:	155 950	143 348	–	–
3.1. K-TCD	154 340	141 872	–	–
3.2. K-DTF	1 610	1 476	–	–
3.3. K-CON	–	–	–	–
III. Total K-factor capital requirement (IFR)	509 604	383 830	–	–

*Average monthly values in the period in part II is calculated based on values till 25th June 2021. In part III average monthly values in the period is calculated based on values since 26th June 2021. Averages for market risk requirement, which is equivalent to K-NPR requirement, is calculated based on data from whole period covered by this financial statement.

** For comparativeness in the period from 26th June 2021 total risk exposure is presented as 12.5 * K-factor capital requirement. Till 25th June 2021 total capital requirement is presented as 8% of total risk exposure.

*** Due to the identical method of calculating the requirement for market risk under CRR and the requirement of K-NPR under IFR, the average value of K-NPR and the requirement for market risk calculated for the entire period covered by this statement.

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

According to IFR from 26th June 2021 the Parent Company calculates the requirement for fixed overheads. However, it is significantly lower than the K-factor capital requirement.

33. Risk management

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

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

The Parent Company has appointed a Risk Management Committee. Its key tasks include performing supervisory, consultative and advisory functions for the Company's statutory bodies in the area of capital management strategy, risk management policy, risk measurement methods, capital planning and the Company's capital adequacy. In particular, the Committee supports the Risk Control Department in the area of identifying significant risks within the Company and creating a catalogue of risks,



approves policies and procedures of risk and ICAAP management, reviews and approves analyses carried out by owners of specific risks and the Risk Control Department as part of the risk and ICAAP management system within the Company.

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

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

The Parent Company's Supervisory Board approves risk management system.

33.1 Fair value

33.1.1 Carrying amount and fair value

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

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

33.1.2 Fair value hierarchy

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

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

(IN PLN'000)	30.09.2021 (UNAUDITED)			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial assets				
Financial assets at fair value through P&L	164 138	405 883	–	570 021
Total financial assets	164 138	405 883	–	570 021
Financial liabilities				
Financial liabilities held for trading	–	123 595	–	123 595
Total financial liabilities	–	123 595	–	123 595

(IN PLN'000)	31.12.2020 (AUDITED)			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial assets				
Financial assets at fair value through P&L	407 832	255 301	–	663 133
Total financial assets	407 832	255 301	–	663 133
Financial liabilities				
Financial liabilities held for trading	–	96 632	–	96 632
Total financial liabilities	–	96 632	–	96 632



(IN PLN'000)	30.09.2020 (UNAUDITED)			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial assets				
Financial assets at fair value through P&L	209 693	206 670	–	416 363
Total financial assets	209 693	206 670	–	416 363
Financial liabilities				
Financial liabilities held for trading	–	54 848	–	54 848
Total financial liabilities	–	54 848	–	54 848

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

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

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

33.2 Market risk

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

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

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

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

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

33.2.1 Currency risk

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

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



Assets and liabilities denominated in foreign currencies as at 30 September 2021 (unaudited)

(IN PLN'000)	VALUE IN FOREIGN CURRENCIES CONVERTED TO PLN							TOTAL	CARRYING AMOUNT
	USD	EUR	GBP	CZK	HUF	RON	OTHER CURRENCIES		
Assets									
Cash and cash equivalents	473 244	801 156	41 409	190 267	11 491	21 891	37 007	1 576 465	2 355 705
Financial assets at fair value through P&L	82 852	139 923	11 368	43 138	3 238	4 975	17 561	303 055	570 021
Income tax receivables	–	30	–	–	–	–	–	30	30
Financial assets at amortised cost	884	7 583	320	1 500	126	1 273	1 418	13 104	21 303
Prepayments and deferred costs	434	667	372	150	–	18	35	1 676	9 469
Intangible assets	–	–	–	37	–	1	3	41	638
Property, plant and equipment	2 145	4 594	61	688	–	50	780	8 318	13 121
Deferred income tax assets	–	7 245	1 862	23	–	–	–	9 130	9 130
Total assets	559 559	961 198	55 392	235 803	14 855	28 208	56 804	1 911 819	2 979 417
Liabilities									
Amounts due to Clients	203 352	750 650	27 607	201 519	10 677	23 069	28 523	1 245 397	1 903 659
Financial liabilities held for trading	52 266	24 830	6 024	7 914	975	709	10 969	103 687	123 595
Income tax liabilities	–	253	–	–	–	–	735	988	5 041
Liabilities due to lease	–	5 510	–	32	–	–	2 564	8 106	8 110
Other liabilities	431	17 690	2 874	1 323	46	510	1 162	24 036	41 601
Provisions for liabilities	–	–	–	–	–	–	1 399	1 399	6 004
Deferred income tax provision	–	–	–	–	–	–	238	238	44 173
Total liabilities	256 049	798 933	36 505	210 788	11 698	24 288	45 590	1 383 851	2 132 183



Assets and liabilities denominated in foreign currencies as at 31 December 2020 (audited)

(IN PLN'000)	VALUE IN FOREIGN CURRENCIES CONVERTED TO PLN							TOTAL	CARRYING AMOUNT
	USD	EUR	GBP	CZK	HUF	RON	OTHER CURRENCIES		
Assets									
Cash and cash equivalents	304 665	556 126	38 769	140 083	7 193	17 973	28 246	1 093 055	1 575 807
Financial assets at fair value through P&L	37 744	94 864	10 272	26 356	1 777	3 093	18 218	192 324	663 133
Income tax receivables	–	9	–	–	–	–	–	9	2 593
Financial assets at amortised cost	1 518	6 997	433	401	43	554	1 685	11 631	13 310
Prepayments and deferred costs	226	296	191	88	–	15	41	857	5 397
Intangible assets	–	1	–	58	–	1	4	64	639
Property, plant and equipment	6	4 963	73	883	–	52	1 121	7 098	13 260
Deferred income tax assets	–	7 451	1 869	67	–	–	–	9 387	9 387
Total assets	344 159	670 707	51 607	167 936	9 013	21 688	49 315	1 314 425	2 283 526
Liabilities									
Amounts due to Clients	112 057	490 013	23 628	126 293	6 813	15 900	21 735	796 439	1 203 243
Financial liabilities held for trading	23 549	28 568	3 386	8 327	450	765	11 574	76 619	96 632
Income tax liabilities	–	494	–	–	–	–	826	1 320	1 329
Liabilities due to lease	–	7 752	–	63	–	–	825	8 640	8 654
Other liabilities	7 069	16 361	4 436	1 977	3	465	1 612	31 923	54 167
Provisions for liabilities	–	–	1 127	–	–	–	1 901	3 028	7 939
Deferred income tax provision	–	–	–	–	–	–	90	90	23 257
Total liabilities	142 675	543 188	32 577	136 660	7 266	17 130	38 563	918 059	1 395 221



Assets and liabilities denominated in foreign currencies as at 30 September 2020 (unaudited)

(IN PLN'000)	VALUE IN FOREIGN CURRENCIES CONVERTED TO PLN							TOTAL	CARRYING AMOUNT
	USD	EUR	GBP	CZK	HUF	RON	OTHER CURRENCIES		
Assets									
Cash and cash equivalents	213 539	468 267	34 367	123 875	5 198	14 656	22 546	882 448	1 484 076
Financial assets at fair value through P&L	31 427	76 728	7 801	20 402	1 318	3 964	13 498	155 138	416 363
Income tax receivables	–	–	–	2	–	–	–	2	2 604
Financial assets at amortised cost	1 018	4 971	292	303	24	444	1 632	8 684	10 061
Prepayments and deferred costs	235	476	372	85	–	17	11	1 196	7 128
Intangible assets	–	2	–	62	–	–	5	69	685
Property, plant and equipment	7	5 211	75	902	–	–	1 063	7 258	12 874
Deferred income tax assets	–	7 473	1 655	62	–	–	–	9 190	9 190
Total assets	246 226	563 128	44 562	145 693	6 540	19 081	38 755	1 063 985	1 942 981
Liabilities									
Amounts due to Clients	83 695	411 068	23 650	108 180	5 548	15 113	16 700	663 954	963 967
Financial liabilities held for trading	14 887	13 954	3 733	4 612	246	409	7 739	45 580	54 848
Income tax liabilities	–	582	–	–	–	–	623	1 205	1 205
Liabilities due to lease	–	8 591	–	70	–	–	834	9 495	9 512
Other liabilities	2 376	11 725	3 438	1 635	1	330	1 715	21 220	39 884
Provisions for liabilities	–	–	–	–	–	–	2 611	2 611	4 078
Deferred income tax provision	–	–	–	–	–	–	54	54	22 897
Total liabilities	100 958	445 920	30 821	114 497	5 795	15 852	30 276	744 119	1 096 391



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

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

(IN PLN'000)	NINE-MONTH PERIOD ENDED			
	30.09.2021 (UNAUDITED)		30.09.2020 (UNAUDITED)	
	INCREASE IN EXCHANGE RATES BY 5%	DECREASE IN EXCHANGE RATES BY 5%	INCREASE IN EXCHANGE RATES BY 5%	DECREASE IN EXCHANGE RATES BY 5%
Income (expenses) of the period	38 967	(38 967)	18 361	(18 361)
Equity, of which:	2 640	(2 640)	2 847	(2 847)
Foreign exchange differences on translation	2 640	(2 640)	2 847	(2 847)

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

33.2.2 Interest rate risk

Interest rate risk is the risk of exposure of the current and future financial result and equity of the Group to the adverse impact of exchange rate fluctuations. Such risk may result from the contracts entered into by the Group, where receivables or liabilities are dependent upon exchange rates as well as from holding assets or liabilities dependent on exchange rates.

The basic interest rate risk for the Group is the mismatch of interest rates paid to clients in connection with funds deposited in cash accounts in the Group, and of the bank account and bank deposits where the Group's clients' funds are invested.

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

Since the Group maintains a low duration of assets and liabilities and minimises the duration gap, sensitivity of the market value of assets and liabilities to calculations of market interest rates is very low. However, due to the significant involvement of X-Trade Brokers in Treasury bonds, the interest rate risk was considered significant in the Group's operations.

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

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

(IN PLN'000)	30.09.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.09.2020 (UNAUDITED)
Financial assets			
Cash and cash equivalents	2 355 705	1 575 807	1 484 076
Debt instruments	144 357	398 616	200 635
Total financial assets	2 500 062	1 974 423	1 684 711
Financial liabilities			
Amounts due to clients	–	60	–
Other liabilities	8 110	8 654	9 448
Total financial liabilities	8 110	8 714	9 448

Impact of a change in interest rates by 50 base points (BP) on profit before tax is presented below. The analysis below relies on the assumption that other variables, in particular exchange rates, will remain constant. The analysis was carried out on the basis of average balances of cash in the period from 1 January to 30 September 2021 and from 1 July to 30 September 2020, using the average 1M interest rate in a given market.



(IN PLN'000)	THREE-MONTH PERIOD ENDED			
	30.09.2021 (UNAUDITED)		30.09.2020 (UNAUDITED)	
	INCREASE	DECREASE	INCREASE	DECREASE
	BY 50 PB	BY 50 PB	BY 50 PB	BY 50 PB
Profit/(loss) before tax	3 115	(3 115)	6 580	(6 580)

The analysis was carried out on the basis of average balances of cash in the period from 1 January to 30 September 2021 and from 1 January to 30 September 2020, using the average 1M interest rate in a given market.

(IN PLN'000)	NINE-MONTH PERIOD ENDED			
	30.09.2021 (UNAUDITED)		30.09.2020 (UNAUDITED)	
	INCREASE	DECREASE	INCREASE	DECREASE
	BY 50 PB	BY 50 PB	BY 50 PB	BY 50 PB
Profit/(loss) before tax	2 791	(2 791)	6 438	(6 438)

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

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

(IN PLN'000)	NINE-MONTH PERIOD ENDED			
	30.09.2021 (UNAUDITED)		30.09.2020 (UNAUDITED)	
	WZROST	SPADEK	WZROST	SPADEK
	O 50 PB	O 50 PB	O 50 PB	O 50 PB
Profit/(loss) before tax	(625)	631	(1 979)	2 028

33.2.3 Other price risk

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

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

(IN PLN'000)	30.09.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.09.2020 (UNAUDITED)
Financial assets at fair value through P&L			
Commodity			
Precious metals	42 292	9 490	17 011
Base metals	1 618	508	258
Other	46 399	29 653	25 406
Total commodity	90 309	39 651	42 675
Equity instruments			
Stocks and ETF	83 893	40 930	43 325
Indicies	154 875	126 578	88 079
Total equity instruments	238 768	167 508	131 404
Debt instruments	21	12	201 446
Total financial assets at fair value through P&L	329 098	207 171	375 525
Financial liabilities held for trading			
Commodity			
Precious metals	1 875	7 141	3 225
Base metals	308	94	45
Other	9 128	8 546	8 848
Total commodity	11 311	15 781	12 118
Equity instruments			
Stocks and ETF	40 788	26 835	13 122
Indicies	17 694	24 884	12 638
Total equity instruments	58 482	51 719	25 760
Debt instruments	25	3	2
Total financial liabilities held for trading	69 818	67 503	37 880



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

(IN PLN'000)	NINE-MONTH PERIOD ENDED			
	30.09.2021 (UNAUDITED)		30.09.2020 (UNAUDITED)	
	INCREASE BY 5%	DECREASE BY 5%	INCREASE BY 5%	DECREASE BY 5%
Income/(expenses) for the period				
Commodity				
Precious metals	(26 278)	26 278	(13 544)	13 544
Base metals	(532)	532	15	(15)
Other	7 855	(7 855)	(9 590)	9 590
Total commodity	(18 955)	18 955	(23 119)	23 119
Equity instruments				
Stocks and ETFs	32	(32)	50	(50)
Indicies	(92 794)	92 794	3 557	(3 557)
Total equity instruments	(92 762)	92 762	3 607	(3 607)
Debt instruments	(10)	10	87	(87)
Total income/(expenses) for the period	(111 727)	111 727	(19 425)	19 425

33.3 Liquidity risk

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

The objective of liquidity management at X-Trade Brokers is to maintain the amount of cash on the appropriate bank accounts that will cover all the operations necessary to be carried on such accounts. In order to manage liquidity in relation to certain bank accounts associated with the operations of financial instruments, the Group uses the liquidity model of which the essence is to determine the safe area of the state of free cash flow that does not require corrective action. Where the upper limit is achieved, the Group makes a transfer to the appropriate current account corresponding to the surplus above the optimum level. Similarly, if the cash in the account falls to the lower limit, the Group makes a transfer of funds from the current account to the appropriate account in order to bring cash to the optimum level.

Tasks relating to the maintenance and updating of the rules of the liquidity model are performed by the Parent Company's Risk Control Department. Risk Control Department employees are required to analyse liquidity at least once a week, as well as to transfer the relevant information to the Parent Company's Accounting Department in order to make certain operations in the accounts.

The subsidiaries manage liquidity by analysing the anticipated cash flows and by matching the maturities of assets with the maturities of liabilities. The subsidiaries do not use any models for managing liquidity. Liquidity management based on the liquidity gap analysis is effective and sufficient – in subsidiaries, there were no incidents related to lack of liquidity or the lack of possibility of meeting financial obligations. In extraordinary cases, the subsidiaries' liquidity may be provided by the Parent Company.

The procedure also provides for the possibility of deviating from its application, and such procedure requires the consent of at least two members of the Parent Company's Management. Information on deviations is transmitted to the Risk Control Department of the Parent Company.

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

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

According to IFR from 26th June 2021 the Parent Company holds the amount of liquid assets equivalent to at least one third of the fixed overhead requirement. For the purpose of this requirement the Parent Company recognized as the liquid assets inter



alia unencumbered short term own deposits at credit institutions and denominated in PLN investments in Polish Government Treasury bonds and bonds with a guarantee by the Polish Government Treasury. At date of preparation of the financial statement the Parent Company holds over a dozen times higher level of liquid assets than required by IFR.

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



Contractual payment periods of financial assets and liabilities as at 30 September 2021 (unaudited)

(IN PLN'000)	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	UP TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 – 5 YEARS	OVER 5 YEARS	WITH NO SPECIFIED MATURITY
Financial assets							
Cash and cash equivalents	2 355 705	2 355 705	2 355 705	–	–	–	–
Financial assets at fair value through P&L							
Listed stocks and ETFs	19 781	19 781	19 781	–	–	–	–
Bonds	144 357	144 357	144 357				
CFDs	405 883	405 883	405 883	–	–	–	–
Total financial assets at fair value through P&L	570 021	570 021	570 021	–	–	–	–
Financial assets at amortised cost	21 303	21 303	16 985	–	4 318	–	–
Total financial assets	2 947 029	2 947 029	2 942 711	–	4 318	–	–
Financial liabilities							
Amounts due to clients	1 903 659	1 903 659	1 903 659	–	–	–	–
Financial liabilities held for trading							
CFDs	123 595	123 595	123 595	–	–	–	–
Total financial liabilities held for trading	123 595	123 595	123 595	–	–	–	–
Liabilities due to lease	8 110	8 110	1 520	1 931	4 659	–	–
Other liabilities	41 601	41 601	22 020	15 387	–	–	4 194
Total financial liabilities	2 076 965	2 076 965	2 050 794	17 318	4 659	–	4 194
Contractual liquidity gap in maturities (payment dates)			891 917	(17 318)	(341)	–	(4 194)
Contractual cumulative liquidity gap			891 917	874 599	874 258	874 258	870 064



Contractual payment periods of financial assets and liabilities as at 31 December 2020 (audited)

(IN PLN'000)	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	UP TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 – 5 YEARS	OVER 5 YEARS	WITH NO SPECIFIED MATURITY
Financial assets							
Cash and cash equivalents	2 113 339	2 113 339	2 113 339	–	–	–	–
Financial assets at fair value through P&L							
Listed stocks and ETFs	14 848	14 848	14 848	–	–	–	–
Bonds	146 199	146 199	146 199	–	–	–	–
CFDs	390 358	390 358	390 358	–	–	–	–
Total financial assets at fair value through P&L	551 405	551 405	551 405	–	–	–	–
Financial assets at amortised cost	14 312	14 312	10 062	–	4 250	–	–
Total financial assets	2 679 056	2 679 056	2 674 806	–	4 250	–	–
Financial liabilities							
Amounts due to clients	1 751 502	1 751 502	1 751 502	–	–	–	–
Financial liabilities held for trading							
CFDs	140 963	140 963	140 963	–	–	–	–
Total financial liabilities held for trading	140 963	140 963	140 963	–	–	–	–
Liabilities due to lease	9 126	9 126	1 392	2 731	5 003	–	–
Other liabilities	32 842	32 842	20 985	7 555	–	–	4 302
Total financial liabilities	1 934 433	1 934 433	1 914 842	10 286	5 003	–	4 302
Contractual liquidity gap in maturities (payment dates)			759 964	(10 286)	(753)	–	(4 302)
Contractual cumulative liquidity gap			759 964	749 678	748 925	748 925	744 623



Contractual payment periods of financial assets and liabilities as at 30 September 2020 (unaudited)

(IN PLN'000)	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	UP TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 – 5 YEARS	OVER 5 YEARS	WITH NO SPECIFIED MATURITY
Financial assets							
Cash and cash equivalents	1 484 076	1 484 076	1 484 076	–	–	–	–
Financial assets at fair value through P&L							
Listed stocks and ETFs	9 058	9 058	9 058	–	–	–	–
Bonds	200 635	200 635	200 635	–	–	–	–
CFDs	206 670	206 670	206 670	–	–	–	–
Total financial assets at fair value through P&L	416 363	416 363	416 363	–	–	–	–
Financial assets at amortised cost	10 061	10 061	7 458	–	2 603	–	–
Total financial assets	1 910 500	1 910 500	1 907 897	–	2 603	–	–
Financial liabilities							
Amounts due to clients	963 967	963 967	963 967	–	–	–	–
Financial liabilities held for trading							
CFDs	54 848	54 848	54 848	–	–	–	–
Total financial liabilities held for trading	54 848	54 848	54 848	–	–	–	–
Liabilities due to lease	9 512	9 512	1 180	3 279	4 493	560	–
Other liabilities	39 884	39 884	15 160	19 981	–	–	4 743
Total financial liabilities	1 068 211	1 068 211	1 035 155	23 260	4 493	560	4 743
Contractual liquidity gap in maturities (payment dates)			872 742	(23 260)	(1 890)	(560)	(4 743)
Contractual cumulative liquidity gap			872 742	849 482	847 592	847 032	842 289

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



33.4 Credit risk

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

(IN PLN'000)	30.09.2021 (UNAUDITED)		31.12.2020 (AUDITED)		30.09.2020 (UNAUDITED)	
	CARRYING AMOUNT	MAXIMUM EXPOSURE TO CREDIT RISK	CARRYING AMOUNT	MAXIMUM EXPOSURE TO CREDIT RISK	CARRYING AMOUNT	MAXIMUM EXPOSURE TO CREDIT RISK
Financial assets						
Cash and cash equivalents	2 355 705	2 355 705	1 575 807	1 575 807	1 484 076	1 484 076
Financial assets at fair value through P&L *	570 021	21 802	663 133	20 779	206 670	9 453
Financial assets at amortised cost	21 303	21 303	13 310	13 310	10 061	10 061
Total financial assets	2 947 029	2 398 810	2 252 250	1 609 896	1 910 500	1 503 590

* As at 30 September 2021 the maximum exposure to credit risk for financial assets held for trading, not including the collateral received, was PLN 370 922 thousand (31 December 2020: PLN 234 999 thousand, 30 September 2020: PLN 191 913 thousand). This exposure was collateralised with clients' cash, which, as at 30 September 2021, covered the amount of PLN 349 121 thousand (31 December 2020: PLN 214 221 thousand, 30 September 2020: PLN 182 459 thousand). Exposures to credit risk connected with transactions with brokers as well as exposures to the Warsaw Stock Exchange were not collateralised.

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

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

- Fitch Ratings – from F1+ to B
- Standard & Poor's Ratings Services – from A-1+ to B
- Moody's – from P-1 to N/A

Cash and cash equivalents

Credit risk connected with cash and cash equivalents is related to the fact that own cash and clients' cash is held in bank accounts. Credit risk involving cash is mitigated by selecting banks with a high credit rating granted by international rating agencies and through diversification of banks with which accounts are opened. As at 30 September 2021, the Group had deposit accounts in 50 banks and institutions (31 December 2020: in 45 banks and institutions, 30 September 2020: in 8 banks and institutions). The ten largest exposures are presented in the table below (numbering of banks and institutions determined individually for each period):

30.09.2021 (UNAUDITED)		31.12.2020 (AUDITED)		30.09.2020 (UNAUDITED)	
ENTITY	(IN PLN'000)	ENTITY	(IN PLN'000)	ENTITY	(IN PLN'000)
Bank 1	569 689	Bank 1	443 072	Bank 1	322 502
Bank 2	513 170	Bank 2	217 016	Bank 2	279 338
Bank 3	305 578	Bank 3	149 940	Bank 3	187 621
Bank 4	270 307	Bank 4	112 916	Bank 4	184 871
Bank 5	141 939	Institution 1	91 259	Bank 5	74 883
Bank 6	81 592	Bank 6	80 292	Bank 6	70 050
Bank 7	75 950	Bank 7	58 939	Bank 7	59 344
Bank 8	66 182	Bank 8	54 793	Bank 8	48 292
Bank 9	54 949	Bank 9	53 925	Bank 9	47 966
Bank 10	54 221	Bank 10	49 917	Bank 10	42 459
Other	222 128	Other	263 738	Other	166 750
Total	2 355 705	Total	1 575 807	Total	1 484 076

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



CREDIT QUALITY STEPS	CARRYING AMOUNT (IN PLN'000)		
	30.09.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.09.2020 (UNAUDITED)
Cash and cash equivalent			
Step 1	1 674 316	1 346 247	1 346 761
Step 2	20 040	10 646	32 011
Step 3	659 263	216 325	81 604
Step 4	2 086	2 589	1 841
Step 5	-	-	-
Step 6	-	-	1 951
Total	2 355 705	1 575 807	1 464 168

Financial assets at fair value through P&L

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

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

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

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

30.09.2021 (UNAUDITED)		31.12.2020 (AUDITED)		30.09.2020 (UNAUDITED)	
ENTITY	NET EXPOSURE (IN PLN'000)	ENTITY	NET EXPOSURE (IN PLN'000)	ENTITY	NET EXPOSURE (IN PLN'000)
Entity 1	9 641	Entity 1	8 542	Entity 1	3 753
Entity 2	7 043	Entity 2	4 665	Entity 2	2 951
Entity 3	1 310	Entity 3	747	Entity 3	381
Entity 4	696	Entity 4	604	Entity 4	371
Entity 5	342	Entity 5	566	Entity 5	148
Entity 6	300	Entity 6	528	Entity 6	141
Entity 7	282	Entity 7	440	Entity 7	99
Entity 8	255	Entity 8	258	Entity 8	85
Entity 9	183	Entity 9	247	Entity 9	83
Entity 10	126	Entity 10	211	Entity 10	78
Total	20 178	Total	16 808	Total	8 090

Other receivables

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

NOTES TO QUARTERLY REPORT





NOTES TO THE QUARTERLY REPORT

1. Information about the Group's activities

The Parent Company in the X-Trade Brokers Dom Maklerski S.A. Group (the "Group") is X-Trade Brokers Dom Maklerski S.A. (hereinafter: the "Company", "Parent Company", "Parent Entity", "Brokerage", "XTB") with its headquarters located in Warsaw, Ogrodowa 58, 00-876 Warszawa.

The Group is an international provider of trading and investment products, services and solutions, specializing in OTC markets with a particular focus on CFDs, which are investment products with returns linked to the changes in the prices and values of underlying instruments and assets. The group also offers investments in shares and ETF instruments on the same trading platform. The Group conducts its operations through two business segments: retail and institutional operations. The Group's retail business is focused on providing online trading in various instruments based on assets and underlying instruments from the financial and commodities markets to individual clients. For its institutional clients, the Group offers technologies that allow clients to set up their own trading environment under their own brands and acts as a liquidity provider to its institutional clients.

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

On July 11, 2021 XTB MENA Limited received a notification from Dubai Financial Services Authority on granting the company a license to operate in the UAE with the effective date on July 8, 2021. Additionally, on August 10, 2021, XTB Africa (PTY) Ltd. received a license from the Financial Sector Conduct Authority to operate in South Africa. The obtained licenses are the next step in the international geographical expansion of XTB, which is part of the Group's development strategy, leading to building a global brand.

XTB Group continuously conducts activities aimed at extending the offer for its clients and optimizing internal and external processes. Extending the offer mainly concerns the stock offer and ETF, where at present there are almost 3 300 instruments. There are also CFD products, which gives in total over 5 400 instruments available for trade by the Group's clients. Process optimization is mainly about speeding up on-boarding and development of self-service processes through xStation platform. The Management Board believes that the platform is currently one of the most developed trading platform on the CFD and stock market. The company is constantly trying to develop the platform with elements supporting transactions on OTC markets. The Management Board believes that the Group has built solid foundations ensuring it's a good position to generate growth in the future.

2. Summary and analysis of the results of the Group

In the third quarter of 2021 XTB reported PLN 104,3 million of consolidated net profit compared to PLN 68,4 million of profit a year earlier. Consolidated revenues reached PLN 200,0 million (Q3 2020: PLN 139,6 million), and operating costs PLN 84,8 million (Q3 2020: PLN 60,1 million). In this period, the Group acquired over 38 thousand new clients against 21 thousand a year earlier (increase by 82,1% y / y).

In Q1-Q3 2021, the Company generated PLN 169,3 million of consolidated net profit compared to PLN 361,9 million of profit a year earlier.

2.1 Factors affecting operating and financial results

The Group's operating and financial results are primarily influenced by:

- number of active clients, transaction volume and amount of deposits;
- volatility in financial and commodity markets;
- general market, geopolitical and economic conditions;
- competition in the FX/CFD market; and
- regulatory environment.

The key factors influencing the Group's financial and operating results for the 3 and 9 months ended 31 September 2021 are discussed below. According to the Management Board, these factors have and may have an impact on the Group's operations, operational and financial results, financial situation and prospects in the future.



2.2 Discussion of the Group's results

The table below presents selected items of the consolidated statement of comprehensive income in the given periods.

(in PLN'000)	THREE-MONTH PERIOD ENDED			
	30.09.2021	30.09.2020	CHANGE IN VALUE	CHANGE %
Result of operations on financial instruments	198 731	138 648	60 083	43,3
Income from fees and charges	1 269	977	292	29,9
Other income	29	5	24	480,0
Total operating income	200 029	139 630	60 399	43,3
Salaries and employee benefits	(36 613)	(25 385)	11 228	44,2
Marketing	(24 772)	(17 870)	6 902	38,6
Other external services	(8 762)	(7 045)	1 717	24,4
Costs of maintenance and lease of buildings	(1 081)	(1 043)	38	3,6
Amortisation	(2 284)	(1 832)	452	24,7
Taxes and Fees	(1 595)	(1 026)	569	55,5
Commission expenses	(8 620)	(5 480)	3 140	57,3
Other expenses	(1 044)	(457)	587	128,4
Total operating expenses	(84 771)	(60 138)	24 633	41,0
Profit on operating activities (EBIT)	115 258	79 492	35 766	45,0
Finance income	13 064	754	12 310	1 632,6
Finance costs	(134)	(839)	(705)	(84,0)
Profit before tax	128 188	79 407	48 781	61,4
Income tax	(23 883)	(11 010)	12 873	116,9
Net profit	104 305	68 397	35 908	52,5

(in PLN'000)	NINE-MONTH PERIOD ENDED			
	30.09.2021	30.09.2020	CHANGE IN VALUE	CHANGE %
Result of operations on financial instruments	437 904	654 046	(216 142)	(33,0)
Income from fees and charges	3 780	3 658	122	3,3
Other income	344	84	260	309,5
Total operating income	442 028	657 788	(215 760)	(32,8)
Salaries and employee benefits	(95 858)	(91 071)	4 787	5,3
Marketing	(82 900)	(56 870)	26 030	45,8
Other external services	(27 134)	(20 277)	6 857	33,8
Costs of maintenance and lease of buildings	(2 970)	(2 944)	26	0,9
Amortisation	(6 597)	(5 647)	950	16,8
Taxes and Fees	(4 058)	(2 418)	1 640	67,8
Commission expenses	(26 411)	(16 004)	10 407	65,0
Other expenses	(2 129)	(3 157)	(1 028)	(32,6)
Total operating expenses	(248 057)	(198 388)	49 669	25,0
Profit on operating activities (EBIT)	193 971	459 400	(265 429)	(57,8)
Finance income	13 724	3 819	9 905	259,4
Finance costs	(1 484)	(21 596)	(20 112)	(93,1)
Profit before tax	206 211	441 623	(235 412)	(53,3)
Income tax	(36 900)	(79 767)	(42 867)	(53,7)
Net profit	169 311	361 856	(192 545)	(53,2)

Revenues

In the third quarter of 2021 XTB noted revenues increase by 43,3% y/y, i.e. from PLN 139,6 million to PLN 200,0 million. The significant factor determining the level of revenues was a constantly growing client base combined with their high transaction activity noted in the number of concluded transactions in lots and in the nominal value of the realized turnover.



As a consequence the transaction volume in CFD instruments amounted to 1 044 thousand lots (III quarter 2020: 760 thousand lots) and a profitability per lot amounted to PLN 192 (III quarter 2020: PLN 184).

	THREE-MONTH PERIOD ENDED							
	30.09.2021	30.06.2021	31.03.2021	31.12.2020	30.09.2020	30.06.2020	31.03.2020	31.12.2019
Total operating income (in PLN'000)	200 029	55 302	186 697	139 962	139 630	211 494	306 664	89 571
Transaction volume in CFD instruments in lots ¹	1 044 329	871 300	1 115 389	800 935	760 373	829 017	784 840	394 146
Profitability per lot (in PLN) ²	192	63	167	175	184	255	391	227
Transaction volume in CFD instruments in nominal value (in USD'000000)	502 650	366 257	386 347	292 000	275 144	206 037	248 655	132 376
Profitability for 1 million USD transaction volume in CFD instruments in nominal value (in USD) ³	102	40	127	126	135	253	309	176

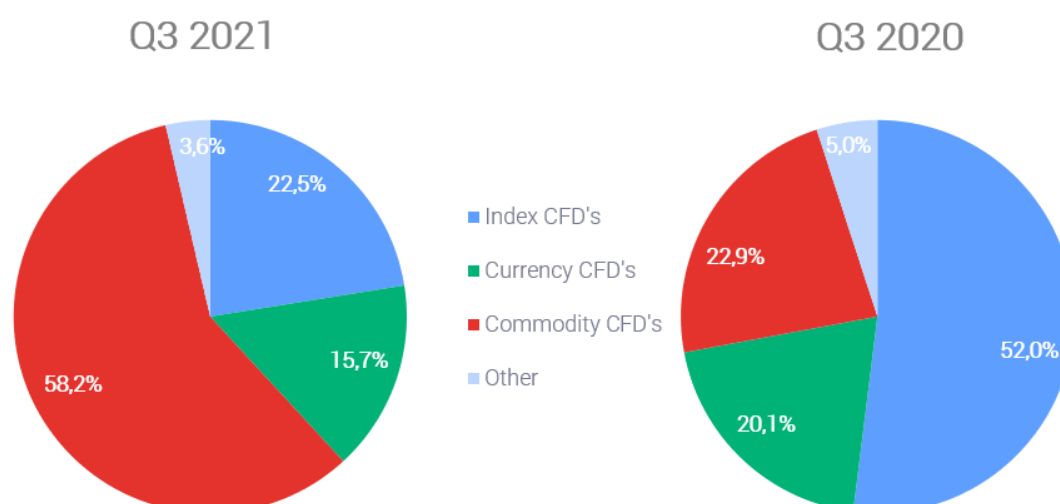
¹⁾ A lot is a unit of trading in financial instruments; in the case of foreign currency transactions, a lot corresponds to 100,000 units of the underlying currency; in the case of instruments other than CFDs based on currencies, the amount is specified in the instruments table and varies for various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

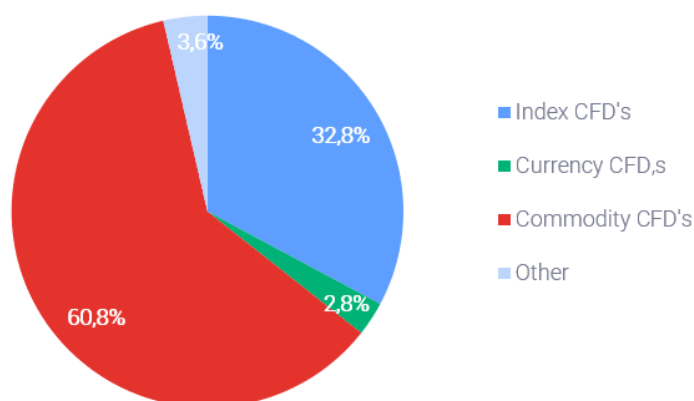
Looking at revenues in terms of the classes of instruments responsible for their creation, it can be seen that CFDs based on commodities dominated. Their share in the structure of revenues on financial instruments in the third quarter of 2021 reached 58,2% against 22,9% a year earlier. This is a consequence of the high interest of XTB clients in CFD instruments based on gold, silver and natural gas. The second most profitable class were CFD instruments based on indices. Their share in the structure of revenues in III quarter of 2021 reached 22,5% (III quarter 2020: 52,0%). The most profitable instruments among this asset class were CFDs based on the US 100 and US 500 indexes. Revenues of CFD based on currencies reached 15,7% of all revenues, compared to 20,1% a year earlier, where the most popular financial instruments in this class were based on the EURUSD currency pair.

The structure of revenue by asset class (in %)

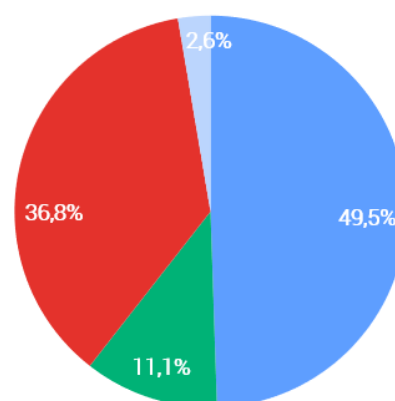




Q1 - Q3 2021



Q1 - Q3 2020



(in PLN'000)	THREE-MONTH PERIOD ENDED			NINE-MONTH PERIOD ENDED		
	30.09.2021	30.09.2020	CHANGE %	30.09.2021	30.09.2020	CHANGE %
Commodity CFDs	118 572	32 266	267,5	267 824	242 309	10,5
Index CFDs	45 783	73 164	(37,4)	147 405	325 982	(54,8)
Currency CFDs	31 986	28 307	13,0	12 653	73 050	(82,7)
Stock CFDs and ETFs	8 167	4 112	98,6	23 384	8 512	174,7
Bond CFDs	60	54	11,1	137	192	(28,6)
Total CFDs	204 568	137 903	48,3	451 403	650 045	(30,6)
Shares and ETFs	(796)	2 878	(127,7)	(2 263)	8 876	(125,5)
Gross gain on transactions in financial instruments	203 772	140 781	44,7	449 140	658 921	(31,8)
Bonuses and discounts paid to clients	(467)	(627)	(25,5)	(1 569)	(1 086)	44,5
Commission paid to cooperating brokers	(4 574)	(1 506)	203,7	(9 667)	(3 789)	155,1
Net gain on transactions in financial instruments	198 731	138 648	43,3	437 904	654 046	(33,0)

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. From the beginning of the year, the Group reported another record in this area, acquiring 146 427 new clients compared to 73 612 a year earlier, which means an increase of 98,9%. 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 53 309 to 106 961, i.e. by 100,6% y/y.

	PERIOD ENDED							
	30.09.2021	30.06.2021	31.03.2021	31.12.2020	30.09.2020	30.06.2020	31.03.2020	31.12.2019
New clients ¹	38 573	40 623	67 231	38 413	21 178	30 523	21 911	10 424
Average number of active clients ²	106 961	105 005	103 446	58 069	53 309	52 084	45 660	26 582

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

²⁾ The average quarterly number of clients respectively for 9, 6 and 3 months of 2021 and 12, 9, 6 and 3 months of 2020 and 12 months of 2019.

The priority of the Management Board is to further increase the client base, leading to strengthen the market position of XTB in the world. These activities will be supported by a number of initiatives, including introduced on 5th October 2020 a new offer for shares and ETFs (Exchange-Traded Funds) "0% commission" for monthly volumes up to EUR 100 000. This offer was received with enthusiasm by current and new XTB clients. The company aims to be the first choice and comprehensive solution for every investor. Over the past few years, XTB has done a great deal of work – from expanding the offer by around 3,9 thousand financial instruments (from 1 500 to 5 400 currently), to the continuous improvement of the web and mobile version of the award-winning xStation platform. Now with a free offer, XTB has opened the door wide to anyone interested in investing in both real stocks and



ETFs. XTB currently allows client to invest in over 3 000 real stocks from 16 of the world's largest stock exchanges, including New York Stock Exchange, London Stock Exchange, Spanish Bolsa de Madrid, German Börse Frankfurt and of course Warsaw Stock Exchange. Besides stocks, XTB offers over 270 ETFs, including commodities, real estate and bonds.

The „0% commission” offer is supported by a marketing and advertising campaign with the participation of the new XTB brand ambassador – one of the best football manager on the world, José Mourinho. The new XTB ambassador is the coach who not only won championships in a record number of countries (Portugal, England, Italy and Spain), but is also one of only three coaches who have won the UEFA Champions League twice with two clubs.

The ambition of the Management Board for 2021 was to acquire at least 120 thousand new clients. This goal was achieved in July this year. The management board assumes that in the following periods it will be possible to acquire at least 30 000 new clients quarterly on average. In October 2021, the Group acquired a total of 13,0 thousand new clients.



XTB places great importance on the geographical diversification of revenues. The country from which the Group derives more than 15% of revenues is Poland with the share of 32,1% in III quarter of 2021 (III quarter 2020: 34,5%). The share of other countries in the geographical structure of revenues does not exceed 15%. Due to the overall share in the Group's revenue, Poland was set apart for presentation purposes as the Group's largest revenue market.

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			NINE-MONTH PERIOD ENDED		
	30.09.2021	30.09.2020	CHANGE %	30.09.2021	30.09.2020	CHANGE %
Central and Eastern Europe	106 597	59 450	79,3	222 907	316 574	(29,6)
- including Poland	64 413	48 180	33,7	131 917	225 110	(41,4)
Western Europe	50 512	54 550	(7,4)	126 674	270 082	(53,1)
Latin America ¹	42 460	25 630	65,7	91 987	71 132	29,3
Middle East	460	-	100,0	460	-	100,0
Total operating income	200 029	139 630	43,3	442 028	657 788	(32,8)

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. Revenues from this segment are subject to significant fluctuations from quarter to quarter, analogically to the retail segment, which is typical for the business model adopted by the Group.

(in PLN'000)	THREE-MONTH PERIOD ENDED			NINE-MONTH PERIOD ENDED		
	30.09.2021	30.09.2020	CHANGE %	30.09.2021	30.09.2020	CHANGE %
Retail segment	206 572	129 083	60,0	434 647	557 640	(22,1)
Institutional segment (X Open Hub)	(6 543)	10 547	(162,0)	7 381	100 148	(92,6)
Total operating income	200 029	139 630	43,3	442 028	657 788	(32,8)



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 the third quarter of 2021 amounted to PLN 84,8 million and were PLN 24,7 million higher compared to the comparable period (III quarter 2020: PLN 60,1 million). The most important y/y changes occurred in:

- costs of salaries and employee benefits, an increase by PLN 11,2 million, mainly related to new employment;
- marketing costs, an increase by PLN 6,9 million resulting mainly from higher expenditure on online marketing campaigns;
- commission costs, an increase of PLN 3,1 million resulting from higher amounts paid to payment service providers through which clients deposit their funds in transaction accounts;
- other external services, an increase by PLN 1,7 million as a result of mainly higher expenditure on: (i) IT systems and licenses (increase by PLN 1,2 million y/y); (ii) internet and telecommunications (increase by PLN 0,3 million y/y).

(in PLN'000)	THREE-MONTH PERIOD ENDED			NINE-MONTH PERIOD ENDED		
	30.09.2021	30.09.2020	CHANGE %	30.09.2021	30.09.2020	CHANGE %
Salaries and employee benefits	36 613	25 385	11,2	95 858	91 071	4,8
Marketing	24 772	17 870	6,9	82 900	56 870	26,0
Other external services	8 762	7 045	1,7	27 134	20 277	6,9
Costs of maintenance and lease of buildings	1 081	1 043	0,0	2 970	2 944	0,0
Amortization	2 284	1 832	0,5	6 597	5 647	1,0
Taxes and fees	1 595	1 026	0,6	4 058	2 418	1,6
Commission expenses	8 620	5 480	3,1	26 411	16 004	10,4
Other expenses	1 044	457	0,6	2 129	3 157	(1,0)
Total operating expenses	84 771	60 138	24,6	248 057	198 388	49,7

In q/q terms, operating costs increased by PLN 8,4 million, mainly due to higher by PLN 8,3 million costs of salaries and employee benefits, mainly due to the creation of provisions for variable remuneration components (bonuses) and employment growth.



	THREE-MONTH PERIOD ENDED							
	30.09.2021	30.06.2021	31.03.2021	31.12.2020	30.09.2020	30.06.2020	31.03.2020	31.12.2019
Total operating expenses including: (in PLN'000)	84 771	76 384	86 902	83 616	60 138	65 721	72 529	47 324
- marketing	24 772	25 078	33 050	30 861	17 870	22 260	16 740	10 222
New clients	38 573	40 623	67 231	38 413	21 178	30 523	21 911	10 424
Average number of active clients	110 875	106 563	103 446	72 346	55 760	58 508	45 660	30 815

Due to the dynamic Group development, the Management Board estimates that in 2021 the total costs of operating activities may be about a dozen percent higher than what we noticed in 2020. The priority of the Management Board is to further increase the client base and build a global brand. In the fourth quarter of this year, an increase in marketing expenditure is assumed compared to the level in the third quarter of this 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 any new regulations 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 and capital requirements

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.

For example, the Polish Financial Supervision Authority, in its last Statement on dividend policy in 2021, published on December 16, 2020 recommended that the dividend in 2021 should be paid only by brokerage houses that have met, among others, the following criteria:

- A. Dividend in the amount not exceeding 75% of the net profit for 2020:
 - I. for entities subject to capital adequacy standards pursuant to Regulation (EU) No 575/2013 of the European Parliament and the Council of the European Union of 26 June 2013 on prudential requirements for credit institutions and investment firms amending Regulation (EU) No 648/2012 (EU Official Journal of the EU L 176 of June 27, 2013, hereinafter referred to as: "Regulation 575/2013") as of December 31, 2020:
 - Common Equity Tier I ratio was at least 6%;
 - Tier I capital ratio was at least 9%;
 - the total capital ratio is at least 14%;
 - II. for entities not subject to capital adequacy standards pursuant to Regulation 575/2013 as at 31 December 2020, the ratio being the share of equity in total assets is at least 50%;
 - III. the last supervisory grade assigned in the BION process is 1 or 2;
 - IV. the entity in 2020 and until the date of approval of the financial report and adoption of the resolution on the distribution of profit for 2020 did not violate the provisions on capital requirements contained in Regulation 575/2013 and the Law of July 29, 2005 on trading in financial instruments (OJ, 2020, item 89) and the provisions on limits on large exposures, excluding breaches of limits relating to clients' funds.
- B. Dividend in the amount not exceeding 100% of the net profit for 2020:
 - I. meets all the criteria listed in A;
 - II. for entities subject to capital adequacy standards in accordance with Regulation 575/2013, the criteria referred to in point (a) And points I are met at the end of each quarter in 2020;



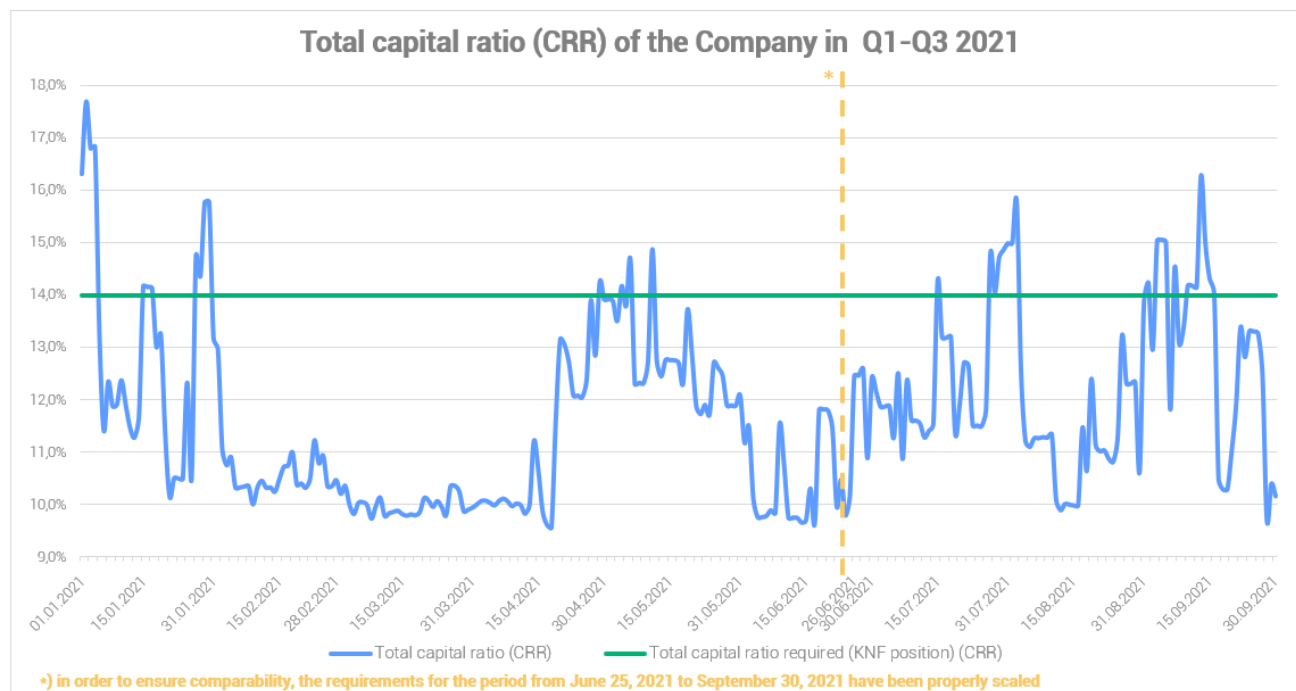
- III. for entities not subject to capital adequacy standards in accordance with Regulation 575/2013, the criterion referred to in point (a) A point II is met at the end of each quarter in 2020.

On June 28, 2021, the Company received a supervisory grade (BION) of 2 [2,46] from the Polish Financial Supervision Authority. The assessment was given on December 31, 2020. Published by the Polish Financial Supervision Authority on May 22, 2018. Announcement on the position regarding the dividend policy in the medium-term, aimed at facilitating financial market entities supervised by the Polish Financial Supervision Authority in terms of financial planning related to the payment of dividends in the average indicates that the current supervisory assessment for XTb is in line with the criteria recommended by the Polish Financial Supervision Authority, which should allow the Company to potentially pay dividends for the current financial year in accordance with these criteria.

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 "IFR Regulation". It replaced, in the case of XTb, 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. 648/2012, 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, it's 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%.

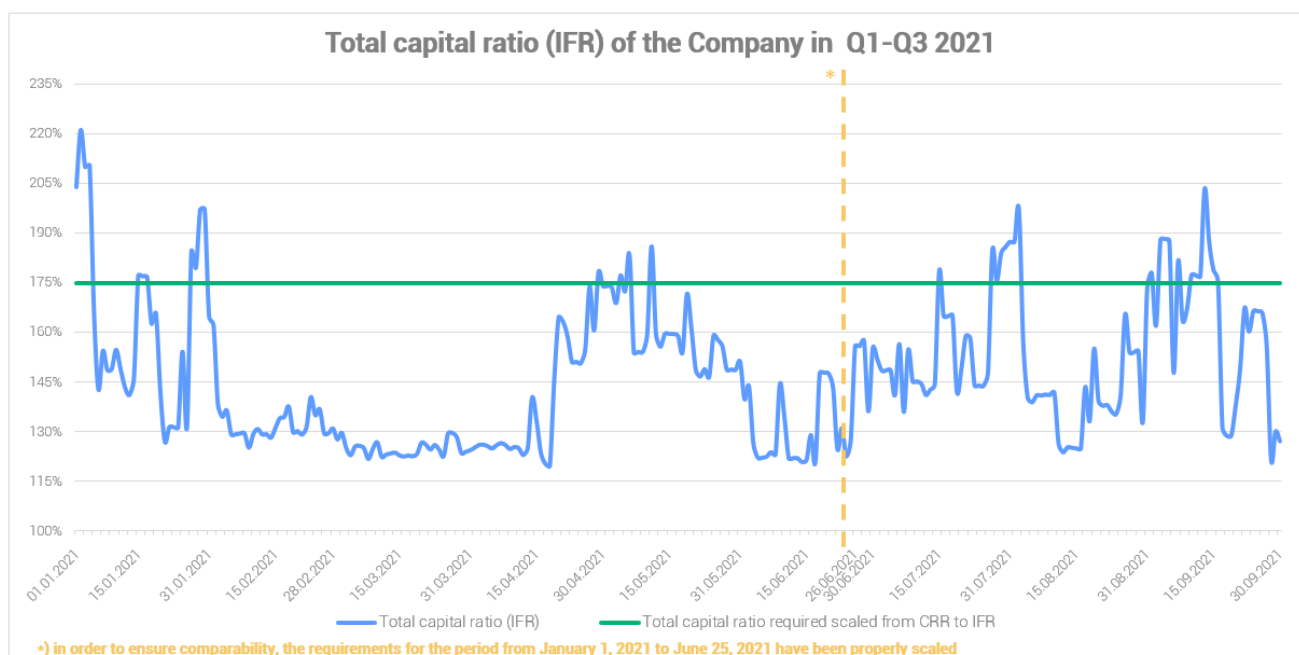
In order to ensure comparability, the requirements from previous periods have been properly scaled; however, it should be noted that the value of the total risk exposure calculated in accordance with the CRR Regulation is calculated in a different way than the value of the capital requirement calculated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

The chart below presents the value of the total capital ratio (CRR) in Q1-Q3 2021.





The chart below presents the value of the total capital ratio (IFR) in Q1-Q3 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 the third quarter of this year, the total capital ratio in the Company was 126,9% (the equivalent under the CRR Regulation 10,2%).

It should be remembered that every year the PFSA publishes updated Positions on dividend policy applicable to brokerage houses when paying dividends for a given year. If the PFSA uses a simple scaling of the ratios in the future, the level of equity and capital requirements above which XTB could pay a dividend could be 175%. It should be noted, however, that the Commission may set the appropriate levels in a completely different way, taking into account the ongoing supervision over brokerage houses. If the criteria are left unchanged in future positions, the position of the PFSA will apply, stating that for entities not subject to capital adequacy standards in accordance with Regulation 575/2013 (CRR Regulation), the ratio being the share of equity in total assets as at 31 December of the previous year was at least 50%.

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 the period of 9 months of 2021 amounted to PLN 167,9 million.

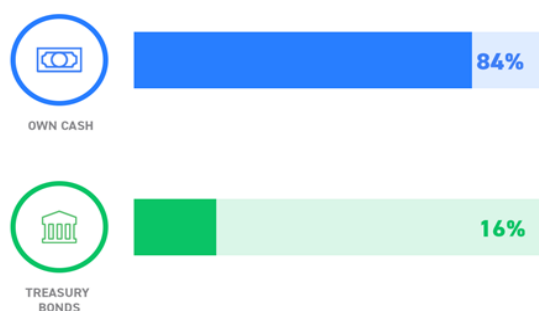
Cash and cash equivalents

In an environment of low interest rates, which discourages the maintenance of deposits in banks, XTB started to locate part of its cash in financial instruments with a risk weight of 0% (treasury bonds and bonds guaranteed by the State Treasury). As at 30.09.2021 the total amount of own cash and treasury bonds in the Group amounted to PLN 898,9 million, that includes PLN 754,6 million of own cash and PLN 144,3 million of treasury bonds.

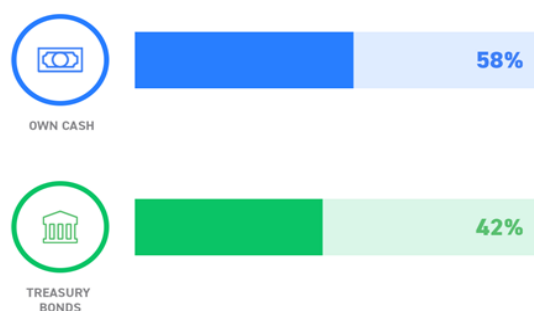


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30.09.2021



31.12.2020



2.3 Group's selected financial ratios

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

	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
EBITDA (in PLN'000) ¹⁾	117 542	81 324	200 568	465 047
EBITDA margin (%) ²⁾	58,8	58,2	45,4	70,7
Net profit margin (%) ³⁾	52,1	49,0	38,3	55,0
Return on equity – ROE (%) ⁴⁾	52,5	33,7	26,0	72,2
Return on assets – ROA (%) ⁵⁾	14,6	14,7	8,6	31,3
Aggregate capital adequacy ratio (IFR) of the Company(%) (%) ⁶⁾	126,9	188,8	126,9	188,8
Aggregate capital adequacy ratio (IFR) of the Group (%) ⁶⁾	129,4	177,1	129,4	177,1

¹⁾ EBITDA calculated as operating profit, including amortisation and depreciation.

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

³⁾ Calculated as the quotient of net profit and operating income.

⁴⁾ Calculated as the quotient of net profit and average balance of equity (calculated as the arithmetic mean of the total equity as at the end of the prior period and as at the end of the current reporting period; the ratios for the 3 and 9-month periods have been annualized).

⁵⁾ Calculated as the quotient of net profit and average balance of total assets (calculated as the arithmetic mean of the total assets as at the end of the prior period and as at the end of the current reporting period; the ratios for the 3 and 9-month periods have been annualized).

⁶⁾ For comparability of presentation in the period until June 25, 2021, the IFR capital ratio calculated as the capital ratio CRR, taking into account buffers, multiplied x 12.5.



2.4 Selected operating data

The table below shows data on the Group's transaction volumes (in lots) by geographical area for the periods indicated. Transaction volumes in lots have been determined based on the location of the Group's office.

	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
Retail operations segment	982 193	698 440	2 711 833	2 159 384
Central and Eastern Europe	444 379	352 029	1 282 981	1 129 466
Western Europe	279 995	222 611	779 511	740 795
Latin America	256 435	123 800	647 957	289 122
Middle East	1 385	-	1 385	-
Institutional operations segment	62 136	61 933	319 184	214 846
Total	1 044 329	760 373	3 031 018	2 374 230

The table below presents:

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

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



	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2021	30.09.2020	30.09.2020	30.09.2019
New clients ¹⁾	38 573	21 178	146 427	73 612
Clients in total	388 973	219 024	388 973	219 024
Number of active clients ²⁾	110 875	55 760	160 608	82 969
Average number of active clients ³⁾	110 875	55 760	106 961	53 309
Net deposits (in PLN'000) ⁴⁾	559 334	296 259	2 161 304	1 341 444
Average operating income per active client (in PLN'000) ⁵⁾	1,8	2,5	4,1	12,3
Transaction volume in CFD instruments in lots ⁶⁾	1 044 329	760 373	3 031 018	2 374 230
Profitability per lot (in PLN) ⁷⁾	192	184	146	277
Transaction volume in CFD instruments in nominal value (in USD million)	502 650	275 144	1 255 254	729 835
Profitability per 1 million USD transaction volume in CFD instruments (in PLN) ⁸⁾	102	135	92	229
Turnover of shares in nominal value (in USD million)	898	346	3 352	867

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 divided by the transaction volume in CFDs in nominal value in PLN



Retail operations segment

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

	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
New clients ¹	38 573	21 176	146 422	73 612
Clients in total	388 936	218 988	388 936	218 988
Number of active clients ²	110 852	55 727	160 581	82 943
Average number of active clients ³	110 852	55 735	106 939	53 285
Number of transactions ⁴	20 227 693	14 705 406	57 354 319	45 338 223
Transaction volume in CFD instruments in lots ⁵	982 193	698 441	2 711 834	2 159 384
Net deposits (in PLN'000) ⁶	567 247	283 835	2 143 527	1 241 888
Average operating income per active client (in PLN'000) ⁷	1,9	2,3	4,1	10,5
Average cost of obtaining an client (in PLN'000) ⁸	0,6	0,8	0,6	0,8
Profitability per lot (in PLN) ⁹	210	185	160	258
Transactions volume in CFD at nominal value (in USD million)	473 515	253 444	1 165 505	667 684
Profitability per 1 million turnover in CFD derivatives (in PLN) ¹⁰	112	136	98	212
Share transaction volume at nominal value (in USD million)	898	346	3 352	867

¹⁾ The number of new 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⁾ Total number of open and closed transactions in a given period.

⁵⁾ A lot is a unit of trading in financial instruments; in the case of foreign currency transactions, a lot corresponds to 100,000 units of the underlying currency; in the case of instruments other than CFDs based on currencies, the amount is specified in the instruments table and varies for various instruments. The presented value does not include CFDs on stocks and ETFs, where 1 lot equals 1 share.

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

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

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

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

¹⁰⁾ Total operating income converted into USD, based on the exchange rate being the arithmetic mean of the average rates determined by the National Bank of Poland on the last day of each month of the reporting period, divided by the transaction volume in CFDs at nominal value (in USD million).

The table below presents the average quarterly number of retail clients maintained by the Group on which at least one trade was executed in the last three months, by geographical location. The location of active clients was determined based on the location of the Group's office where the clients was acquired.

	THREE-MONTH PERIOD ENDED			
	30.09.2021		30.09.2020	
Central and Eastern Europe	61 710	55,7%	28 388	50,9%
Western Europe	27 551	24,9%	17 000	30,5%
Latin America ¹	21 586	19,5%	10 347	18,6%
Middle East	5	0,0%	-	0,0%
Average number of active clients	110 852	100,0%	55 735	100,0%

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

	NINE-MONTH PERIOD ENDED			
	30.09.2021		30.09.2020	
Central and Eastern Europe	61 195	57,2%	27 537	51,7%
Western Europe	28 006	26,2%	17 125	32,1%
Latin America ¹	17 736	16,6%	8 624	16,2%
Middle East	2	0,0%	-	0,0%
Average number of active clients	106 939	100,0%	53 285	100,0%

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



Institutional operations segment

The Group has provided its services to institutional clients, including brokerage houses and other financial institutions.

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

	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
Average number of active clients	23	25	22	24
Clients in total	37	36	37	36

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

	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
Transaction volume in CFD instruments in lots	62 136	61 933	319 184	214 846

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

The development of XTB is also possible through mergers and acquisitions, especially with entities that would allow the Group to achieve geographic synergy (complementary markets). Such transactions will be carried out, only when they will bring measurable benefits for the Company and its shareholders. Currently, XTB is not involved in any acquisition process.

2.5 Factors which in the Management's Board opinion may impact the Group's results in the perspective of at least the next quarter

The Management Board believes that the following trends have impact and will maintain and continue to impact the Group's operations until the end of 2021 and in some cases also longer:

- The business model used by the Group combines the features of the agency model and the market making principal model in which the Group is a party to a transaction concluded and initiated by the client. The Group does not engage in proprietary trading awaiting changes in prices or values of the underlying instruments.

The group offers both CFD instruments and stocks/ETFs from the cash markets. In the case of selected CFD instruments, e.g. based on share prices, the position of XTB is fully hedged with external brokers. For equity instruments and ETFs, the Group transmits the client's order to be executed directly on the regulated market or in an alternative trading system.

The Group's operating income is generated:

- from spreads (the difference between the selling price – offer and the buying price – bid);
- from commissions and fees charged to clients by the Group and
- from charged swap points (being the amounts resulting from the difference between the theoretical forward rate and the spot price of the financial instrument).
- from the net result (profits minus losses) on the Group's market making activities;

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



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

The volatility and activity of markets results from a number of external factors, some of which are characteristic for the market, and some may be related to general macroeconomic conditions. It can significantly affect the revenues generated by the Group in the subsequent quarters. This is characteristic of the Group's business model. To illustrate this impact, the table below presents the historical financial results of the Group on a quarterly basis.

	THREE-MONTH PERIOD ENDED							
	30.09.2021	30.06.2021	31.03.2021	31.12.2020	30.09.2020	30.06.2020	31.03.2020	31.12.2019
Total operating income (in PLN'000)	200 029	55 302	186 697	139 962	139 630	211 494	306 664	89 571
Transaction volume in CFD instruments in lots ¹	1 044 329	871 300	1 115 389	800 935	760 373	829 017	784 840	394 146
Profitability per lot (in PLN) ²	192	63	167	175	184	255	391	227
Transactions volume in CFD at nominal value (in USD million)	502 650	366 257	386 347	292 000	275 144	206 037	248 655	132 376
Profitability per 1 million turnover in CFD derivatives (in PLN) ³	102	40	127	126	135	253	309	176

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. The presented value does not include CFDs on stocks 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, based on the exchange rate being the arithmetic mean of the average rates determined by the National Bank of Poland on the last day of each month of the reporting period, divided by the transaction volume in CFDs at nominal value (in USD million).

- The Group provides services for institutional clients, including brokerage houses, start-ups and other financial institutions within the institutional activity segment (X Open Hub). The products and services offered by the Group as part of the X Open Hub differ from those offered as part of the retail segment, which entails different risks and challenges. As a result, the Group's revenues from this segment are exposed to large fluctuations from period to period. The table below illustrates the percentage share of the institutional business segment in total operating income.

	01.01.2021 - 30.09.2021	2020	2019	2018	2017	2016
% share of operating income from institutional operations in total operating income	1,7%	13,2%	8,7%	6,5%	15,2%	7,8%

The level of volatility on financial and commodity markets, regulatory changes and other factors (if they occur) may affect the condition of XTB institutional partners, transaction volume in lots and XTB revenues from these clients as well.

- Due to the dynamic growth of the Group, the Management Board estimates that in 2021 the total operating costs may be about a dozen percent higher than what we observed in 2020. The priority of the Management Board is to further increase the client base and build a global brand. In the fourth quarter of this year an increase in marketing expenditure is assumed compared to the level in the third quarter of this 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.



- At the end of November 2020, XTB received the preliminary approval of the Dubai Financial Services Authority to conduct brokerage activities in the United Arab Emirates. It was a consent of the principal type, that is, requiring the fulfilment of conditions (mainly of an operational nature) before the actual commencement of operations. One of them was the establishment of XTB MENA Limited in Dubai International Financial Centre, which took place on January 9, 2021. On July 11, 2021 it received a notification from the DFSA confirming the grant of the license with its effective date on July 8 2021.

The official start of operating activities of XTB MENA Limited in the United Arab Emirates took place on July 29, 2021. At the beginning, clients will be given access to approximately 2k CFD financial instruments. Over time, this offer will be developed and modified in response to the needs and preferences of local investors. As in other markets, UAE XTB strongly focuses on education and cooperation with established local partners.

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.

- On August 10, 2021, the subsidiary XTB Africa (PTY) Ltd. received a license to operate in South Africa. The intention of the Management Board is to start operating on this market in the second half of 2022.

Due to the uncertainty regarding future economic conditions, the expectations and forecasts of the Management Board are subject to a particularly high level of uncertainty.

3. Company's authorities

3.1 Management Board

As at September 30, 2021 and as at the date of publication of this periodic report, the composition of the Management Board was as follows:

NAME AND SURNAME	FUNCTION	DATE OF APPOINTMENT	EXPIRATION DATE OF THE CURRENT TERM
Omar Arnaout ¹⁾	President of the Management	10.01.2017	30.06.2022
Paweł Szejko	Board Member	28.01.2015	30.06.2022
Filip Kaczmarzyk	Board Member	10.01.2017	30.06.2022
Jakub Kubacki	Board Member	10.07.2018	30.06.2022
Andrzej Przybylski	Board Member	01.05.2019	30.06.2022

¹⁾ Omar Arnaout on 10.01.2017 was appointed as a member of the Management Board for Sales in the rank of Vice President of the Board. On 23.03.2017 he was appointed the President of the Management Board

In the reporting period and as at the submission date of this report there were no changes in the composition of the Management Board.



3.2 Supervisory Board

As at September 30, 2021 and as at the date of publication of this periodic report, the composition of the Supervisory Board was as follows:

NAME AND SURNAME	FUNCTION	DATE OF APPOINTMENT	EXPIRATION DATE OF THE CURRENT TERM
Jakub Leonkiewicz	President of the Supervisory Board	10.11.2018	10.11.2021
Łukasz Baszczyński	Member of the Supervisory Board	10.11.2018	10.11.2021
Jarosław Jasik	Member of the Supervisory Board	10.11.2018	10.11.2021
Bartosz Zabłocki	Member of the Supervisory Board	10.11.2018	10.11.2021
Grzegorz Grabowicz	Member of the Supervisory Board	10.11.2018	10.11.2021

There were no changes in the composition of the Supervisory Board in the reporting period. After the balance sheet date, i.e. on October 15, 2021, the Company received a declaration from Mr. Jarosław Jasik dated October 8, 2021 on resignation from applying for the election of the Supervisory Board of XTB in the next term of office for personal reasons.

4. Information about shares and shareholding

4.1 Equity

As at September 30, 2021 and as at the submission date of this periodic report, share capital of X-Trade Brokers Dom Maklerski S.A. comprised of 117 383 635 A-series ordinary shares. The nominal value of the shares is PLN 0.05 per share.

4.2 Share in the free float

On 4 May 2016, the WSE Management Board adopted a resolution to admit the Company's shares to trading on the regulated market with the same day. Subsequently, on 5 May 2016, the WSE Management Board adopted a resolution to introduce, as of 6 May 2016, all Company shares for stock exchange trading.

4.3 Shareholding structure

To the best knowledge of the Management Board of the Company as of August 20, 2021, i.e. the submission of the previous periodic report (i.e. the report for the first half of 2021) the number of shareholders holding, directly or through subsidiaries, at least 5% of the total number of votes at the General Meeting of the Parent Entity was as follows:

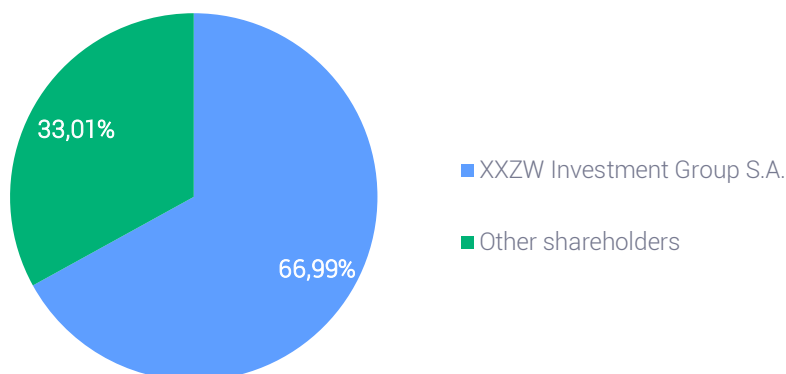
	NUMBER OF SHARES/ VOTES	NOMINAL SHARE VALUE (IN PLN'000)	SHARE IN CAPITAL/ IN TOTAL VOTES
XXZW Investment Group S.A. ¹	78 629 794	3 932	66,99%
Other shareholders	38 753 841	1 937	33,01%
Total	117 383 635	5 869	100%

¹⁾ XXZW Investment Group S.A. with its registered office in Luxembourg is directly controlled by Jakub Zabłocki, who holds shares representing 81,97% of the share capital authorising the exercise of 81,97% of the votes at the general meeting of the shareholders of XXZW.

The percentage share in the share capital of the Parent Company of the abovementioned shareholders is in line with the percentage shares in the number of votes at the General Meeting.



The shareholding structure as at September 30, 2021 is presented on the graph below



According to the best knowledge of the Management Board of the Company, as at September 30, 2021 and as at the date of submitting this periodic report, the number of shareholders holding, directly or through subsidiaries, at least 5% of the total number of votes at the General Meeting of the Parent Company did not change compared to the status as at August 20, 2021 year.

4.4 Shares and rights held by Members of the Management and Supervisory board

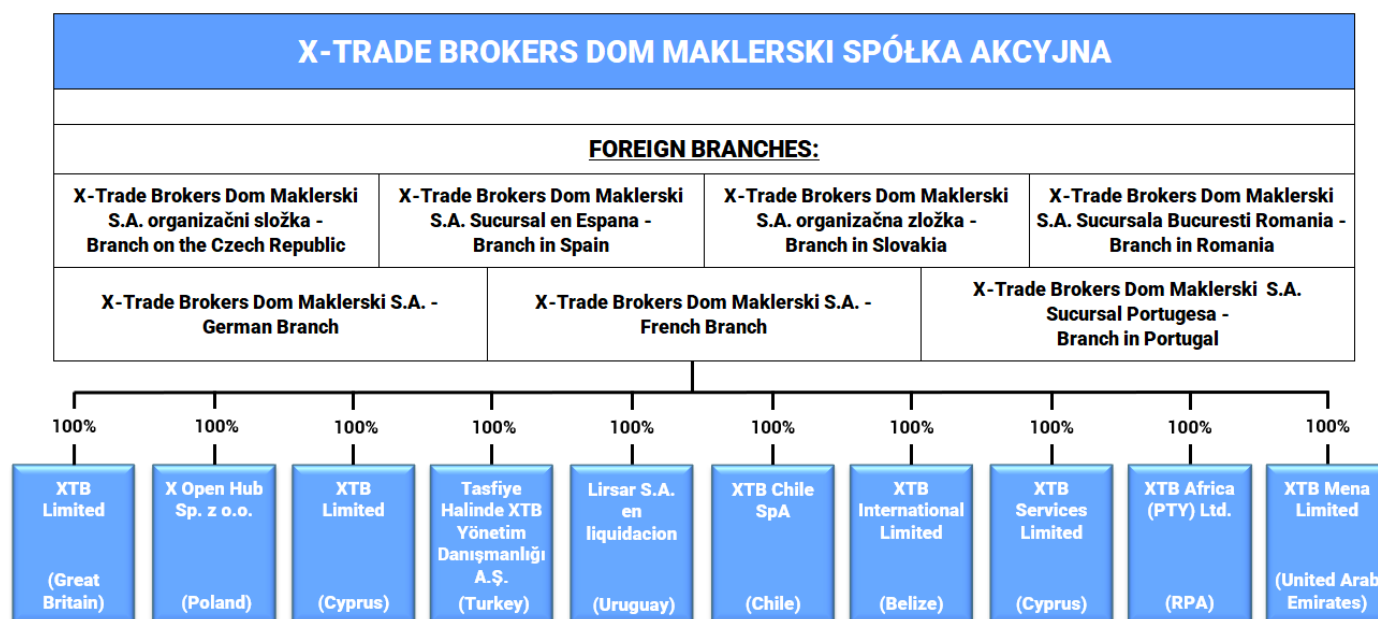
The managing and supervising persons did not have any shares or rights to the Company's shares as at the end of the reporting period and as at the date of submitting this report.

5. Other information

5.1 Description of the Group's organization

As at the balance sheet date, ie September 30, 2021 the Group comprised Parent Company and 9 subsidiaries. The company owns 7 foreign branches.

The diagram below shows the structure of the Group, including the Company's foreign branches, along with the share in the share capital / number of votes at the general meeting or shareholders' meeting to which the shareholder or partner is entitled.





The results of all subsidiaries are fully consolidated from the date of their creation/acquisition.

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

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

XTB Limited, Great Britain

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

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

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

XTB Limited (formerly: DUB Investments Ltd.), Cyprus

The company provides brokerage services based on the obtained permission issued by the CySEC (Cyprus Securities and Exchange Commission), license no 169/12. On May 3 2018 DUB Investments Limited changed its name to XTB Limited. On June 6 2018 the parent company acquired 1 165 shares in the increased share capital of the subsidiary, maintaining a 100% share in its capital.

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

In the first half of 2021 XTB Yönetim Danışmanlığı Anonim Şirketi did not conduct any operating activities. In the past the company business encompassed among other.:

- investment consulting,
- trading derivatives,
- leverage trading on the forex market,
- trading intermediation.

On February 10, 2017, the Turkish regulatory authority, i.e. the Capital Markets Board of Turkey (CMB), introduced changes in regulations concerning the activities of investment services, investment activities and additional services. As a result, the Management Board decided to terminate the activities on the Turkish market and liquidate the subsidiary in Turkey.

On 3 March 2020 the General Meeting of company XTB Yönetim Danışmanlığı Anonim Şirketi with its office in Turkey decided to reduce the company's share capital from TRY 22 500 thousands to TRY 100 thousands. Therefore, X-Trade Brokers Dom Maklerski S.A. Group, on the basis of Management Board decision of 15 April 2020, made a decision on recognition in accounting records reclassification of the part of negative foreign exchange differences in the amount of PLN 21,9 million arising from the translation of the XTB Yönetim Danışmanlığı Anonim Şirketi subsidiary's equity from the position "Foreign exchange differences on translation" in equity to income statement.

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

The remaining part of foreign exchange differences arising from the translation of the Turkish company's equity, which as at the end of the 3rd quarter of 2021 amounted to PLN (-) 3,2 million and is derived among other the exchange rate of Turkish lira, will be recognized in consolidated result at the date of liquidation of this company.

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

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

Lirsar S.A in liquidacion, Uruguay

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



XTB Chile SpA, Chile

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

XTB International Limited, Belize

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

XTB Services Limited, Cyprus

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

XTB Africa (PTY) Ltd., South Africa

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

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

As at the date of report publication, the company did not conduct any operating activities.

XTB Foundation, Poland

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

The subject of foundation activity is:

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

XTB MENA Limited, United Arab Emirates

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

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

In the reporting period, i.e. from 1 January to 30 September 2021 and until the date of submission of this report, there were no changes in the structure of the X-Trade Brokers Dom Maklerski S.A. Capital Group other than those described above.



5.2 Information on transactions with related parties

In the 9-month period ended September 30, 2021 and September 30, 2020 there were no related transactions concluded on other than arm's length basis.

The table below shows the Group's transactions and balances of settlements with related parties:

(in PLN'000)	01.01.2021- 30.09.2021 REVENUES	30.09.2021 RECEIVABLES	01.01.2020- 30.09.2020 REVENUES	31.12.2020 RECEIVABLES	30.09.2020 RECEIVABLES
Subsidiaries:					
XTB Limited (UK)	13 594	10 163	41 628	11 095	15 475
XTB Limited (CY)	5 953	414	7 935	97	9
X Open Hub Sp. z o.o. (PL)	1 394	189	1 603	292	370
XTB International Limited (Belize)	105 394	4 607	75 160	1 388	1 777
XTB MENA Limited (UAE)	460	178	-	-	-

(in PLN'000)	01.01.2021- 30.09.2021 COSTS	30.09.2021 LIABILITIES	01.01.2020- 30.09.2020 COSTS	31.12.2020 LIABILITIES	30.09.2020 LIABILITIES
Subsidiaries:					
XTB Limited (UK)	(12 559)	11 960	(12 208)	5 158	7 725
XTB Limited (CY)	(2 402)	386	(2 078)	1 456	657
X Open Hub Sp. z o.o. (PL)	(1 581)	128	(1 074)	323	111
XTB International Limited (Belize)	(40 335)	27 159	(26 496)	7 415	7 942
XTB Services Limited (CY)	(27 191)	2 293	(22 674)	1 763	1 832
XTB MENA Limited (UAE)	(4 496)	1 693	-	-	-

As at September 30, 2021, the Company shows a balance of liabilities to Mr. Jakub Zabłocki in the amount of PLN 19 thousand due to the investment account held. As at December 31, 2020, the balance of settlements with Mr. Jakub Zabłocki was PLN 14 thousand and as of September 30, 2020: PLN 13 thousand. In the period from January 1 to September 30, 2021 the Company recorded a profit of PLN 406 on transactions concluded by Mr. Jakub Zabłocki. In the period from January 1 to September 30, 2020 the Company did not record any result on transactions on financial instruments concluded by Mr. Jakub Zabłocki. In addition, Mr. Jakub Zabłocki receives remuneration under an employment contract with a subsidiary in Great Britain. Gross salary with bonuses in the period from January 1 to September 30, 2021 amounted to PLN 1 166 thousand, where in the same period of 2020 it was PLN 2 135 thousand.

Mr. Hubert Walentynowicz receives remuneration under the employment contract. Gross remuneration with bonuses in the period from January 1 to September 30, 2021 amounted to PLN 364 thousand, where in the same period of 2020 it was PLN 360 thousand.

As at September 30, 2021, the Company shows a balance of liabilities to Mr. Filip Kaczmarzyk in the amount of PLN 80 thousand due to the investment account held. As at December 31, 2020, the balance of settlements with Mr. Filip Kaczmarzyk amounted to PLN 42 thousand, while as of September 30, 2020 it amounted to PLN 42 thousand.

On March 24, 2021, the Company concluded an agreement with XTB MENA Limited, the subject of the agreement is a loan in the amount up to PLN 950 thousand paid in tranches. The loan interest rate was set at WIBOR 3M + 2.0% margin. As at the balance sheet date, the loan was repaid by the subsidiary, the amount of interest received was PLN 5 thousand.

5.3 Information concerning issuing loan and guarantees by an issuer or its subsidiary

As at September 30, 2021 and in the reporting period, i.e. from January 1, 2021 to September 30, 2021 neither the Parent Company nor any of its subsidiaries granted any warranties in respect of loans or advances or any guarantees to any third party or its subsidiary, whose combined value is significant.



5.4 The Management Board's position concerning the realization of previous published forecast of the results for the current

The Management Board of X-Trade Brokers Dom Maklerski S.A. did not publish any forecasts of the results for 2021

5.5 The information on the significant court proceedings, arbitration authority or public administration authority

As of 30 September 2021 and as at the submission date of this report the Parent company and its subsidiaries were not a party to any significant proceedings pending before arbitration authority. The most important of the ongoing proceedings were indicated below.

Court proceedings

The Company and Group companies are parties to several court proceedings related to the Group's operations. The proceedings in which the Company and Group companies appear as defendants are above all related to employees' claims and clients' claims. As at the submission date of this report the total value of the claims brought against the Company and/or the Group Companies amounted to PLN 15,8 million, which consists of five suits brought by clients with the total value of PLN 7,8 million and moreover, one proceeding brought by ESBANK Bank Spółdzielczy regarding the alleged failure to apply financial security measures by the Company. Below are presented the most significant, in the Company's view:

- on January 5 2018, the Financial Ombudsman received a request from the client to investigate the legitimacy of restoring by the Company of this client's margin in the amount of PLN 131 000, i.e. the amount resulting from the loss of transactions closed by the Company. Their closing took place as a result of the mechanism of closing the position after 365 days from the day of their opening. This mechanism has been described in the regulations on the provision of brokerage services. On February 19, 2019 a lawsuit in the case under consideration was filed with the District Court. On April 26, 2019 the Company lodged an appeal. On December 7, 2020 a judgment has passed, according to which the claim was dismissed, while on February 22, 2021 the Company received the justification of the judgement. At the end of March 2021 the claimant filled an appeal from the judgement issued by the District Court. The Company has filed the response to the delivered appeal.
- law suit dated August 2019 regarding Company's alleged illegal actions delivered to the Company in December 2019 – value of the claim is PLN 7 million. In previous reports the Company informed that there was a possibility of filing a suit by one of the Company's clients who accused the Company of improper execution of the agreement concluded with Company for provision of services consisting in the execution of orders to buy or sell property rights, keeping property rights accounts and cash accounts, by allegedly delaying and interrupting execution of the transactions via the trading platforms provided. The management board finds client's claims groundless. The only reason for the loss of the customer was his wrong investment decisions. This has been clearly demonstrated, among others, during the audits of the Polish Financial Supervision Authority (PFSA) in 2016, in the subsequent correspondence of the company with the supervisor, and in the expertise of an independent consultancy company, Roland Berger, which analysed the client's transaction history. The analysis confirmed that the customer's transactions were not delayed, and the timing of his orders was even faster than the average for other clients;
- law suit brought by ESBANK Bank Spółdzielczy dated July 2020, delivered to the Company in November 2020 – value of the proceeding is approximately PLN 7,6 million. In this case in February 2020 the Company received a pre-trial payment order. The damage was to consist in the Company's failure to apply financial security measures, which lead to effective appropriation of funds by an employee of Bank Spółdzielczy, who was also a client of the Company. The Company considers the charges made in the tender offer to be completely unfounded. In December 2020 the Company filed the response to the law suit.

Proceedings against XFR Financial Ltd. (the company currently operating under the name XTRADE Europe Ltd.)

On November 18, 2016, the Company filed a lawsuit against XTRADE Europe Ltd. (formerly: XFR Financial Ltd. or "XFR") based in Cyprus for securing claims in connection with violation of the principles of fair competition, in which it brought, among others:

(i) forbidding XFR to use the word and figurative word "XTRADE" and (ii) forbidding XFR to use the word mark "XTRADE" as the domain name. The Court of Appeal in Warsaw secured the Company's claims against XTRADE Europe Ltd. for prohibiting XTRADE Europe Ltd. from using as a company designation or services (i) verbal and word-graphic designations "XTB", "X-Trade", "XTrade", "X" and (ii) the word sign xtrade.eu. The company has applied to the Warsaw-Śródmieście District Court for enforcement due to the fact that XTRADE Europe Ltd. has not ceased to use as a company designation or provided services owned by the company, despite the relevant decision of the Court of Appeal in Warsaw of March 15 2017. On January 12, 2018,



the District Court for Warsaw-Śródmieście in Warsaw issued a decision pursuant to which XTRADE Europe Ltd. was ordered to pay PLN 5,000 to the Company. There was also a threat of ordering payment to the Company in the event of any subsequent violation by the debtor of the obligation to comply with the decision of the Court of Appeals in Warsaw of 15 March 2017.

Therefore, on April 19, 2018, the Company applied to the District Court for an order against XTRADE Europe Ltd. for PLN 100 000 in connection with the failure by XTRADE Europe Ltd. to secure the security established by the Court of Appeal. During the enforcement proceedings, XTRADE Europe Ltd. closed its branch in Warsaw and declared that it had ceased to provide services to recipients in Poland. In connection with the decision of November 28, 2018, the District Court dismissed the Company's request and determined that, as at the date of issuing the decision, the XTRADE markings were no longer used in Poland by XTRADE Europe Ltd. By virtue of the decision of March 27, 2019 the District Court in Warsaw, he dismissed the company's complaint.

Before the District Court in Warsaw, from 12 April 2017, proceedings were pending due to the Company's action to prohibit XTRADE Europe Ltd. from violating the principles of fair competition, consisting in the unlawful use by the defendant as a company designation or as financial services, brokerage and consulting services. financial, brokerage and brokerage services, word and word and graphic markings "XTB", "X-Trade", "XTrade" and "X".

On July 12, 2019, the District Court in Warsaw, in a case against Xtrade Europe Ltd., issued a judgment in which: (i) ordered the defendant XTRADE EUROPE LTD to refrain from acts of unfair competition against the plaintiff X-TRADE Brokers Dom Maklerski S.A. in Warsaw, consisting in the unlawful use by the defendant as a company designation or of financial services rendered, financial intermediation and consultancy, brokerage and brokerage services, including services provided via the Internet, using specialized computer software, as well as training services, including in materials advertising and in the name of the Internet domain xtrade.com, as well as on the websites available at: www.xtrade.eu and www.xtrade.com, the following markings in the territory of the Republic of Poland: (a) the word markings "XTB", "X-Trade", "XTrade", "Xtrade"; (b) the symbols [xtrade.eu](http://www.xtrade.eu) and [xtrade.com](http://www.xtrade.com); (ii) ordered the defendant XTRADE EUROPE LTD to submit and publish, at his own expense and with his own effort, within 2 (two) months from the announcement of the final judgment in the case and after changing the name of the defendant's company pursuant to paragraph 1 of the final judgment, the statement on the decision referred to in the judgment content in the following media: a) "Gazeta Giełdy i Inwestorów Parkiet"; b) on the defendant's website - on the home page; c) on websites identified by domains: <http://www.parkiet.com/>, <http://www.gazetaprawna.pl/> and <http://rp.pl> (iii) in the event that before the publication of the statement there was a change of the defendant company, the defendant in the content of the statement in place of the words "XTRADE EUROPE LTD" is obliged to use the name of the company current as of the date of publication statements; and (iv) authorized the plaintiff to publish the statement at the defendant's expense in the event of the defendant's failure to comply with the obligation to publish the statement on the content and within the time limits specified in paragraph 2 of the judgment, and obliged the defendant to reimburse the costs incurred by the plaintiff.

The verdict is partially invalid, an appeal was filed on behalf of the Company to the extent that the court dismissed the action for prohibiting Xtrade Europe Ltd. from using XTRADE graphic signs. As at 25.10.2019, no impact of the appeal from Xtrade Europe Ltd. was noted. To the extent that the judgment became final, an application for an enforcement clause was lodged. The executive title was delivered on October 16 this year. The non-contested judgment is enforceable by Xtrade Europe Ltd. – on February 3, 2020 the Company was requested to provide information on the status of enforcement of the judgement.

In addition, the Munich Regional Court, in a judgment of 25 July 2017, issued a ban on the use of the designations "XTRADE" and "XTRADE EUROPE Ltd." in Germany, confirming that the designations are confusingly similar to the trademarks reserved by the Company. In addition, Xtrade Europe Ltd. was also required to provide information on the extent and number of past use of the marks and to pay damages, the amount of which has not yet been determined. On April 19, 2018, the Court of Appeal dismissed the appeal of the Cypriot company - the verdict prohibiting the use of the XTRADE sign in Germany is final. As at the date of submitting this report, proceedings are still pending to order XTRADE Europe Ltd. to pay the costs of legal representation and to enforce a final judgment. Proceedings enforcing the ruling ban were pending before European Union Intellectual Property Office (EUIPO) as regards the annulment of conflicting marks of Xtrade Europe Ltd. On March 20, 2020, EUIPO issued a decision rejecting the application for a declaration of invalidity. On 19 May 2020, an appeal was filed with the Board of Appeal of EUIPO. Currently we are waiting for the decision of the authority.

Administrative and control proceedings

The Company and the Group Companies are party to several administrative and control proceedings related to the Group's business. The Company believes that below are presented the most significant among them:

- on September 27, 2018, the Company received information about imposition onto the Company pursuant to art. 167 para. 2 point 1 in connection with art. 167 para. 1 point 1 of the act on Trading in Financial Instruments a fine of PLN 9.9 million in connection with the violation of the law, in particular in the area of providing brokerage services to the Company's clients. In the Company's opinion, the imposition of a fine for above-mentioned fraud is not justifiable and is not reflected in the facts. The PFSA refused to take the evidence requested by the Company (including the expert's opinion) and did take into



account independent expert's opinions submitted by the Company. Acting in the best interest of the Company, its employees and shareholders, as well as having clients best interest in mind, the Management Board appealed the abovementioned decision by filing on October 29, 2018, complaint against the PFSA decision to Provincial Administrative Court (hereinafter the "PAC"). On June 6, 2019, the PAC dismissed the Company's plaint against the Commission's decision to impose a financial fine in the amount of PLN 9.9 million. The Court decision is not legally binding yet. After delivery by PAC a copy of the ruling along with its justification, the Company's Management Board decided to lodge a final cassation appeal to Supreme Administrative Court, which was lodged on August 16, 2019.

- by letter dated July 16, 2019, the French supervisory authority, AMF, informed about initiation of control at the Company's French branch pursuant to Article L.621-9 of the French Monetary and Financial Code in order to verify if the Company respects professional obligations. On July 19, 2019, inspection activities were initiated by AMF. The control was a comprehensive assessment of activity of the Company's branch in France, among others, based on the regulations of the MiFID II Directive, MIFIR Regulations, the European Securities and Markets Authority (ESMA) requirements and the French anti-corruption law Sapin II.

On February 10, 2020, the Company received a control report indicating that the inspectors found irregularities and deficiencies in the implementation and enforcement of the applicable laws and regulations by the Company's branch in France, in the response to which on March 9, 2020 the Company lodged substantiated objections in accordance with the provisions in force. In a letter of October 9, 2020, the Company was notified of the commencement of administrative proceeding initiated by AMF, with regard to the irregularities detected during the AMF's inspection at the Company's branch in France. The Company was requested to present its position regarding the detected irregularities and the conducted implementations resulting from the protocol of February 10, 2020. The Company submitted its clarification in a letter dated November 20th 2020. Administrative proceeding conducted by AMF may lead to the imposition of penalties or other sanctions on the Company under the AMF supervisory powers.

- by letter dated November 27th, 2020, the French Branch of the Company was informed of the initiation of control by the French supervisory authority Autorité de contrôle prudentiel et de résolution – ACPR Banque de France against the Company's Branch, pursuant to articles L. 612-23 and R.612- 22 of the Monetary and Financial Code. The audit was intended to assess the compliance of the anti-money laundering and anti-terrorist financing system. The inspection activities started on December 2nd, 2020. As of the submission date of this report, the control has been completed. On June 23, 2021, the Company received the draft inspection report of June 20, 2021. In the reply sent to the supervisory authority to the draft report received, the Company addressed in detail the preliminary post-inspection findings. It cannot be ruled out, that the irregularities identified during the control may result in the application of supervisory measures and sanctions to the Company provided for in the applicable regulations and may result in the must for the Company to bear significant financial expenses, as well as to implement significant organizational changes.
- on March 25, 2021, the Company's branch in Portugal was informed about the initiation of an inspection by the Portuguese supervision authority Comissão do Mercado de Valores Mobiliários – CMVM. The inspection shall be considered as a comprehensive assessment of the operations of the Company's Branch, based, inter alia, on the regulations of the MiFID II Directive as well as the delegated regulations that were issued on the basis of the previously mentioned Directive. As of the submission date of this report, the control has not been completed.

Regulatory environment

The Group operates in a highly regulated environment imposing on it certain obligations regarding the respect of complying with many international and local regulatory and law provisions. The Group is subject to regulations concerning inter alia (i) sales practices, including customer acquisition and marketing activities, (ii) maintaining the capital at a certain level, (iii) practices applied in the scope of preventing money laundering and terrorist financing and procedures for customer identification (KYC), (iv) reporting duties to the regulatory authorities and reporting to the trade repository, (v) the obligations regarding the protection of personal data and professional secrecy, (vi) the obligations in the scope of investors protection and communicating of relevant information on the risks associated with the brokerage services, (vii) supervision over the Group's activity, (viii) inside information and insider dealing, preventing the unlawful disclosure of inside information, preventing market manipulation, and (ix) providing information to the public as the issuer.

The sections below describe the most relevant, from the Company's point of view, changes of regulatory obligations occurring during the last period covered by this report and the changes that will enter into force in the forthcoming period.

Act amending the Banking Law and certain other acts, including the act on trading in financial instruments

On April 9, the draft act amending the Banking Law and certain other acts, including the act on trading in financial instruments, was published on the website of the Government Legislation Centre. The most important assumptions of the project: (i) implementation of EU law in connection with the entry into force of European Union legal regulations on capital requirements for financial institutions, the so-called CRD V / CRR II package; (ii) introducing a standard methodology and a simplified standard



methodology for the assessment of interest rate risk; (iii) authorizing the Polish Financial Supervision Authority to dismiss a member of the management board of the brokerage house if a given person does not meet the requirements necessary to perform a given function; and (iv) clarifying the definition of a person whose professional activity has a significant impact on the risk profile of the brokerage house.. On February 25, 2021, the act was adopted by Sejm and then submitted to the President and the Marshal of the Senate. On April 1, 2021, the act was signed by the President. The effective date of the Act has been split, with some provisions taking effect within 14 days of the Act's promulgation, some taking effect on June 28, 2021, and the remainder taking effect on January 1, 2023.

Preventing use of the financial system for money laundering or terrorist financing - the so-called V AML Directive

On July 9, 2018, the Directive (EU) 2018/843 of the European Parliament and of the Council (hereinafter referred to as the "Directive V AML"), amending the Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (hereinafter referred to as the "IV AML Directive") and amending the Directives 2009/138/EC and 2013/36/EU came into force. The main assumption of the directive is to create within the European Union conditions for the efficient exchange of information in order to increase the effectiveness of counteracting money laundering and terrorist financing. In accordance with the assumptions of the Directive V AML, European Union member states were obliged to implement the provisions of the Directive V AML until January 10, 2020.

Polish legislator failed to transpose the provisions of Directive V AML within the required deadline. On March 4, 2020, a draft act amending the Act on Counteracting Money Laundering and Financing of Terrorism and some other acts (hereinafter referred to as the "Project") was published, which aims to implement the provisions of the AML V Directive into the Polish legal order. also numerous details of the provisions of the Act of March 1, 2018 on counteracting money laundering and terrorist financing (under the AML IV Directive. The most important assumptions of the Project include: (i) extension of the list of obligated institutions, (ii) changes in definitions, including the definition of the actual beneficiary and the group, (iii) extension of the catalogue of cases in whose obligated institutions apply financial security measures, (iv) expanding the catalogue of premises for a higher risk of money laundering and terrorist financing, and (v) changes in the scope of applying financial security measures. On February 25, 2021, the act was adopted by the Sejm and then submitted to the President and the Marshal of the Senate. On April 8, 2021, the act was signed by the President and on April 30, 2021 announced in the Journal of Laws. The entry into force of the Act has been staggered - some of the provisions came into force 14 days after the date of announcement, some 3 months after the date of announcement, and some 6 months after the date of announcement.

The Company exercised due diligence in order to comply with obligation under act on prevention of money laundering practices and financing of terrorism and the regulation on the transfer of information about transactions and a form identifying the obligated institution. However, it cannot be excluded that a given rule or requirement will be interpreted by the Group in a manner inconsistent with the act which may be connected with risk of supervisory activities and other administrative measures specified in binding laws and may require incurring by the Company further significant financial outlays and implementation of the significant organizational changes.

Draft act on the consideration of complaints and disputes of clients of financial market entities and on the Financial Education Fund

On September 21, 2020 on the website of the Government Legislation System a draft act on the consideration of complaints and disputes of clients of financial markets entities and on the Financial Education Fund was published. The purpose of the act is to increase the effectiveness of the proceedings in matters of protection of collective consumer interests. According to the assumptions, the act is to enter into force on January 1, 2021, except for some provisions which will come into force accordingly on November 16, 2020 and December 31, 2020. Main assumptions of the project: (i) most of the existing competences of the Financial Ombudsman will be passed to the President of the Office of Competition and Consumer Protection; (ii) the President of the Office of Competition and Consumer Protection will obtain competence to protect financial market entities' clients, which will include, *inter alia*, the possibility of intervening in individual cases arising from the submission of complaints; and (iii) out-of-court proceedings will be held by the coordinator for out-of-court dispute resolution between the client and the financial market entity, who will be working next to the President of the Office of Competition and Consumer Protection. The project is currently at the stage of review. The Project is currently in Sejm after the stage of I reading.

Act amending the Trading in financial instruments act and other acts

On October 23, 2020 on the website of the Government Legislation System a draft act amending the Trading in financial instruments act and other acts was published. According to the assumptions, the act was to enter into force of June 26, 2021. Main assumptions of the project: (i) division of the investment firms into the categories based on their size and connections with other financial and economic entities; (ii) the application of prudential supervision for investment firms which, due to their size and interconnectedness with other financial and economic entities, are not considered systemically important entities; (iii) regulating, by appropriate application of the provisions of the CRR, the structure of own funds of investment companies;



(iv) an obligation for small and unrelated investment firms to hold their own funds equal to their fixed minimum capital requirement or one quarter of their fixed overheads calculated on the basis of their activities in the previous year; (v) setting a minimum own funds requirement for tier two investment firms corresponding to their fixed minimum capital requirement, one quarter of their fixed overheads for the previous year or the sum of their requirement on the basis of a set of risk factors tailored to the specificity of investment firms; (vi) obliging investment firms to comply with liquidity requirements, resulting in mandatory internal procedures to monitor and manage liquidity requirements; (vii) an obligation to disclose relevant information, for example on own funds and liquidity requirements; (viii) making the capital requirements of the investment firm dependent on the type of activity authorized or authorized by the investment firm to provide or operate; and (ix) obliging investment firms to demonstrate compliance with a fixed minimum capital requirement at all times equal to the required share capital. The Bill was passed in session on 1 October 2021 and was transmitted to the President and the Speaker of the Senate on 4 October 2021.

Draft regulations amending the regulation on the scope, procedure, form and deadlines for submitting information to the Polish Financial Supervision Authority by investment firms, banks referred to in art. 70 sec. 2 of the Act on Trading in Financial Instruments, and custodian banks

On 18 June 2021 and 7 July 2021, draft regulations amending the regulation on the scope, mode and form of and deadlines for the provision of information to the Polish Financial Supervision Authority by investment firms, banks referred to in Article 70(2) of the Act on Trading in Financial Instruments, and custodian banks were published. The drafts are currently at the stage of giving opinions.

The most important assumptions of the regulations:

- draft dated 18 June 2021 - amendments to the current regulation with respect to the quarterly sales activity report, which is prepared in accordance with the template set out in Annex 10 to the regulation – according to the draft, the regulation will enter into force 6 months after the date of publication;
- draft dated 7 July 2021 - amendments to the regulation currently in force are aimed at making the necessary changes to the national legal order in connection with the entry into force of Directive (EU) 2021/338 of the European Parliament and of the Council of 16 February 2021 amending Directive 2014/65/EU as regards information requirements, product governance and position limits and Directives 2013/36/EU and (EU) 2019/878 as regards their application to investment firms in order to support the recovery from the COVID-19 crisis and consists in (i) incorporating the EU regulations on the prudential supervision of investment firms into the text of the Regulation, (ii) specifying the obligations of investment firms in the event of an inability to comply with certain disclosure obligations, (iii) specifying certain obligations relating to the use of research services and (iv) introducing new responsibilities for the compliance function - under the draft, the Regulation will enter into force on 28 February 2022.

Draft act on the protection of whistleblowers

On 18 October 2021, the Draft Act on the Protection of Whistleblowers was published on the website of the Government Legislation Centre. The Draft act aims to implement Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons reporting infringements of Union law.

The guarantees and remedies provided for in the act will be available to the whistleblower, regardless of the basis and form of work provision (including, but not limited to, an employment contract, civil law contract, business activity by an individual, management contract, voluntary work, internship and traineeship), including those providing work to entities with which the employer has a business relationship, such as contractors, subcontractors or suppliers, and other whistleblowers in a work-related context, such as shareholders and partners and members of bodies of a legal entity. It will be possible to report violations of the law through internal reporting channels established by private and public entities, through external reporting channels to the relevant state authorities and through public disclosure. The draft act will set out the requirements for the establishment and organisation of internal and external channels (procedures and organisational arrangements) for reporting violations and the rules for making public disclosures.

According to the draft, the Act will enter into force after 14 days from the date of its publication. Implementation of the obligation to establish internal notification rules by entities in the private sector with at least 50 and less than 250 employees will take place by 17 December 2023. The draft is currently at the opinion stage.



INTERIM CONDENSED FINANCIAL STATEMENTS





INTERIM CONDENSED COMPREHENSIVE INCOME STATEMENT

(IN PLN'000)	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2021 (UNAUDITED)	30.09.2020 (UNAUDITED)	30.09.2021 (UNAUDITED)	30.09.2020 (UNAUDITED)
Result of operations on financial instruments	183 967	127 925	394 137	620 215
Income from fees and charges	1 083	824	3 308	2 875
Other income	29	5	344	84
Total operating income	185 079	128 754	397 789	623 174
Salaries and employee benefits	(27 629)	(19 596)	(74 161)	(72 821)
Marketing expense	(14 503)	(9 872)	(49 811)	(31 225)
Other external services	(15 665)	(13 444)	(51 475)	(40 927)
Costs associated with maintenance and lease of buildings	(693)	(625)	(1 896)	(1 816)
Amortization and depreciation	(1 908)	(1 654)	(5 602)	(4 953)
Taxes and statutory fees	(986)	(787)	(3 144)	(1 916)
Commission expenses	(5 218)	(3 116)	(17 648)	(10 214)
Other costs	(477)	(382)	(1 080)	(1 390)
Total operating expenses	(67 079)	(49 476)	(204 817)	(165 262)
Profit (loss) on operating activities	118 000	79 278	192 972	457 912
Impairment of investments in subsidiaries	36	(469)	(424)	(2 095)
Finance income	12 942	(27)	14 317	4 129
Finance costs	(97)	(99)	(1 379)	(264)
Profit (loss) before tax	130 881	78 683	205 486	459 682
Income tax	(23 665)	(10 835)	(36 309)	(79 203)
Net profit (loss)	107 216	67 848	169 177	380 479
Other comprehensive income	338	253	(1 252)	1 025
Items which will be reclassified to profit (loss) after meeting specific conditions	338	253	(1 252)	1 025
- foreign exchange differences on translation of foreign operations	(477)	(174)	(1 316)	(894)
- foreign exchange differences on valuation of separated equity	1 006	527	79	2 369
- deferred income tax	(191)	(100)	(15)	(450)
Total comprehensive income	107 554	68 101	167 925	381 504
Earnings per share:				
- basic profit per year attributable to shareholders of the Parent Company (in PLN)	0,91	0,58	1,44	3,24
- basic profit from continued operations per year attributable to shareholders of the Parent Company (in PLN)	0,91	0,58	1,44	3,24
- diluted profit of the year attributable to shareholders of the Parent Company (in PLN)	0,91	0,58	1,44	3,24
- diluted profit from continued operations of the year attributable to shareholders of the Parent Company (in PLN)	0,91	0,58	1,44	3,24



INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

(IN PLN'000)	30.09.2021 (UNAUDITED)	31.12.2020 (AUDITED)	30.09.2020 (UNAUDITED)
ASSETS			
Cash and cash equivalents	2 183 103	1 436 232	1 359 329
Financial assets at fair value through P&L	523 271	632 760	393 299
Investments in subsidiaries	39 280	35 890	36 039
Income tax receivables	26	2 584	2 604
Financial assets at amortised cost	33 786	23 564	24 378
Prepayments and deferred costs	8 538	4 881	6 429
Intangible assets	496	477	516
Property, plant and equipment	9 957	11 725	11 347
Deferred income tax assets	7 268	7 518	7 534
Total assets	2 805 725	2 155 631	1 841 475
EQUITY AND LIABILITIES			
Liabilities			
Amounts due to clients	1 771 685	1 104 252	880 703
Financial liabilities held for trading	86 428	73 398	39 276
Income tax liabilities	4 267	494	442
Liabilities due to lease	5 411	7 544	8 352
Other liabilities	42 603	52 883	37 794
Provisions for liabilities	4 605	4 911	1 466
Deferred income tax provision	43 935	23 166	22 843
Total liabilities	1 958 934	1 266 648	990 876
Equity			
Share capital	5 869	5 869	5 869
Supplementary capital	71 608	71 608	71 608
Other reserves	598 651	390 592	390 592
Foreign exchange differences on translation	1 486	2 738	2 051
Retained earnings	169 177	418 176	380 479
Total equity	846 791	888 983	850 599
Total equity and liabilities	2 805 725	2 155 631	1 841 475



INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

Interim condensed statement of changes in equity for the period from 1 January 2021 to 30 September 2021

(IN PLN'000)	SHARE CAPITAL	SUPPLEMENTARY CAPITAL	OTHER RESERVES	FOREIGN EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS AND SEPARATE FUNDS	RETAINED EARNINGS	TOTAL EQUITY
As at 1 January 2021	5 869	71 608	390 592	2 738	418 176	888 983
Total comprehensive income for the financial year						
Net profit	–	–	–	–	169 177	169 177
Other comprehensive income	–	–	–	(1 252)	–	(1 252)
Total comprehensive income for the financial year	–	–	–	(1 252)	169 177	167 925
Transactions with Parent Company's owners recognized directly in equity						
Appropriation of profit						
- dividend payment	–	–	–	–	(210 117)	(210 117)
- transfer to other reserves	–	–	208 059	–	(208 059)	–
Increase (decrease) in equity	–	–	208 059	(1 252)	(248 999)	(42 192)
As at 30 September 2021 (unaudited)	5 869	71 608	598 651	1 486	169 177	846 791



Statement of changes in equity for the period from 1 January 2020 to 31 December 2020

(IN PLN'000)	SHARE CAPITAL	SUPPLEMENTARY CAPITAL	OTHER RESERVES	FOREIGN EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS AND SEPARATE FUNDS	RETAINED EARNINGS	TOTAL EQUITY
As at 1 January 2020	5 869	71 608	364 619	1 026	54 145	497 267
Total comprehensive income for the financial year						
Net profit	-	-	-	-	418 176	418 176
Other comprehensive income	-	-	-	1 712	-	1 712
Total comprehensive income for the financial year	-	-	-	1 712	418 176	419 888
Transactions with Parent Company's owners recognized directly in equity						
Appropriation of profit						
- dividend payment	-	-	-	-	(28 172)	(28 172)
- transfer to other reserves	-	-	25 973	-	(25 973)	-
Increase (decrease) in equity	-	-	25 973	1 712	364 031	391 716
As at 31 December 2020 (audited)	5 869	71 608	390 592	2 738	418 176	888 983



Interim condensed statement of changes in equity for the period from 1 January 2020 to 30 September 2020

(IN PLN'000)	SHARE CAPITAL	SUPPLEMENTARY CAPITAL	OTHER RESERVES	FOREIGN EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS AND SEPARATE FUNDS	RETAINED EARNINGS	TOTAL EQUITY
As at 1 January 2020	5 869	71 608	364 619	1 026	54 145	497 267
Total comprehensive income for the financial year						
Net profit (loss)	-	-	-	-	380 479	380 479
Other comprehensive income	-	-	-	1 025	-	1 025
Total comprehensive income for the financial year	-	-	-	1 025	380 479	381 504
Transactions with Parent Company's owners recognized directly in equity						
Appropriation of profit						
- dividend payment	-	-	-	-	(28 172)	(28 172)
- transfer to other reserves	-	-	25 973	-	(25 973)	-
Increase (decrease) in equity	-	-	25 973	1 025	326 334	353 332
As at 30 September 2020 (unaudited)	5 869	71 608	390 592	2 051	380 479	850 599



INTERIM CONDENSED CASH FLOW STATEMENT

(IN PLN'000)	NINE-MONTH PERIOD ENDED	
	30.09.2021 (UNAUDITED)	30.09.2020 (UNAUDITED)
Cash flows from operating activities		
Profit before tax	205 486	459 682
Adjustments:	(31 732)	21 168
Amortization and depreciation	5 602	4 953
Foreign exchange (gains) losses from translation of cash	(13 566)	(5 640)
(Gain) Loss on investment activity	(3 506)	13 860
Other adjustments	(1 275)	761
Changes		
Change in provisions	(306)	14
Change in balance of financial assets at fair value through P&L and financial liabilities held for trading	(131 739)	(50 897)
Change in balance of restricted cash	(530 216)	(306 865)
Change in financial assets at amortised cost	(10 222)	(11 631)
Change in balance of prepayments and accruals	(3 657)	(2 888)
Change in balance of amounts due to customers	667 433	361 153
Change in balance of other liabilities	(10 280)	18 348
Cash from operating activities	173 754	480 850
Income tax paid	(8 959)	(75 692)
Interests	139	221
Net cash from operating activities	164 934	405 379
Cash flow from investing activities		
Expenses relating to payments for property, plant and equipment	(2 462)	(2 150)
Expenses relating to payments for intangible assets	(196)	(296)
Expenses relating to payments for investments in subsidiaries	(3 814)	-
Expenses relating purchase of bonds	(397 476)	(304 323)
Proceeds from sale of bonds	648 309	119 130
Interests on bonds	2 287	1 717
Dividends received from subsidiaries	5 100	2 666
Net cash from investing activities	251 748	(183 256)
Cash flow from financing activities		
Payments of liabilities under finance lease agreements	(3 337)	(2 718)
Interest paid under lease	(139)	(221)
Dividend paid to owners	(210 117)	(28 172)
Net cash from financing activities	(213 593)	(31 111)
Increase (Decrease) in net cash and cash equivalents	203 089	191 013
Cash and cash equivalents – opening balance	494 766	435 039
Effect of FX rates fluctuations on balance of cash in foreign currencies	13 566	5 640
Cash and cash equivalents – closing balance	711 421	631 692

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