



## **Report on the activities of the Supervisory Board of XTB S.A. (the "Company", "XTB") in 2023**

### **I. Composition of the Supervisory Board and its committees**

There were no personnel changes to the composition of the Company's Supervisory Board in 2023. Throughout 2023, the Supervisory Board met in the following composition:

- a) Mr. Jan Byrski - Chairman of the Supervisory Board
- b) Mr Jakub Leonkiewicz - Member of the Supervisory Board, from 28 June 2023 Vice-Chairman of the Supervisory Board
- c) Mr. Grzegorz Grabowicz - Member of the Supervisory Board
- d) Mr Łukasz Baszczyński - Member of the Supervisory Board
- e) Mr Bartosz Zabłocki - Member of the Supervisory Board

### **II. Committees of the Supervisory Board**

The Supervisory Board includes Remuneration Committee and Risk Management Committee. The functions of the above committees are performed by all Members of the Supervisory Board collectively, under a resolution adopted by the Supervisory Board. An Audit Committee has been established in the Company, which functions as a separate committee.

### **III. Supervisory Board members meeting the criterion of independence and knowledge of accounting and auditing.**

In accordance with the Articles of Association, at least two members of the Supervisory Board should meet the criteria for independence from the Company and entities with significant connections with the Company set out in § 20 (1) of the Articles of Association. Furthermore, pursuant to the Articles of Association, as long as the Company is a public interest entity within the meaning of the Act on Statutory Auditors, at least one member of the Supervisory Board should have knowledge and skills in accounting or auditing (§ 20 (2) of the Articles of Association). The same member of the Supervisory Board may fulfil the criteria provided for in § 20 (1) and § 20 (2) of the Articles of Association.

The Supervisory Board assessed the relationships and circumstances that could affect the fulfilment of the independence criteria by the members of the Supervisory Board. As part of the assessment, it was determined that Jan Byrski, Grzegorz Grabowicz and Jakub Leonkiewicz met the criteria set out in § 20 (1) of the Articles of Association.

It was also established that Grzegorz Grabowicz, Bartosz Zabłocki and Jakub Leonkiewicz have knowledge and skills in accounting or auditing and thus meet the criteria set out in § 20 (2) of the Articles of Association.

#### **IV. Basic tasks of the Supervisory Board**

In compliance with the commonly governing law, including the Code of Commercial Companies of 15 September 2000 and Regulations of the Supervisory Board, in 2023 the Supervisory Board performed supervisory and control activities, which could have included, among others:

- a) evaluation of the financial statements for the previous financial year and evaluation of the Management Board's report on the Company's activities for the previous financial year as to their consistency with the books and documents and with the facts, as well as the Management Board's proposals for the distribution of profit or coverage of losses;
- b) to report annually in writing to the General Meeting on the results of the evaluation referred to in (a);
- c) setting the terms and conditions of remuneration and employment of the members of the Management Board;
- d) approval of the annual budgets, which included the budgets of the Company, the Subsidiaries and the consolidated budget of the Company's capital group;
- e) appointment of an independent external auditor for the Company and Subsidiaries;
- f) carrying out the tasks of the Remuneration Committee, which include:
  - supporting the Management Board in the preparation of remuneration arrangements in line with the Variable Remuneration Policy ("Remuneration Policy");
  - giving an opinion on the Remuneration Policy, including the amount and components of remuneration;
  - reviewing the Remuneration Policy;
  - overseeing the payment of variable remuneration to those in positions with a material impact on the investment firm's risk profile;
  - determining the variable components of the remuneration of the members of the Management Board, taking into account the principles described in the Remuneration Policy.
- g) carrying out the tasks of the Risk Management Committee, whose tasks include:
  - preparation of the draft document regarding the risk appetite of the brokerage house;
  - issue of opinions on the strategy of the brokerage house prepared by the Management Board, including risk management aspects;
  - supporting the Supervisory Board in supervision of implementation of the strategy of the brokerage house in the scope of risk management by the management board;
  - verification of the remuneration policy and rules of its implementation in terms of adjustment of the remuneration system to the risk the brokerage house is exposed to, its capital, liquidity as well as likelihood and time limits of earning income;
- h) giving approval to the appointment and dismissal of the heads of the internal audit and compliance functions;
- i) considering and giving its opinion on matters to be the subject of resolutions by the General Assembly.
- j) other formal and legal matters related to the activities of the Supervisory Board.

#### **V. Actions taken by the Supervisory Board**

The actions taken by the Supervisory Board were aimed at improving the prudent and stable management of the Company, both in the financial area and the compliance of its activities with the applicable legislation and the decisions, recommendations and recommendations issued by the relevant supervisory authorities. The actions taken and analysed by the Supervisory Board were aimed at maximising its financial performance, increasing its value, ensuring its long-term development and stable position on the market, and ensuring an effective internal system for monitoring potential risks and possibly preventing the emergence of such risks.

In 2023, the Supervisory Board held 11 meetings, the Remuneration Committee held 5 meetings and the Risk Management Committee held 2 meetings.

Meetings were held on the following dates:

1.	22 March 2023	Meeting of the Supervisory Board
2.	31 March 2023	Meeting of the Supervisory Board
		Meeting of the Remuneration Committee
		Meeting of the Risk Management Committee
3.	24 May 2023	Meeting of the Supervisory Board
4.	31 May 2023	Meeting of the Supervisory Board
		Meeting of the Remuneration Committee
5.	28 June 2023	Meeting of the Supervisory Board
6.	26 July 2023	Meeting of the Supervisory Board
7.	16 August 2023	Meeting of the Supervisory Board
		Meeting of the Remuneration Committee
8.	30 August 2023	Meeting of the Supervisory Board

9.	27 September 2023	Meeting of the Supervisory Board
		Meeting of the Risk Management Committee
10.	23 October 2023	Meeting of the Supervisory Board
		Meeting of the Remuneration Committee
11.	7 December 2023	Meeting of the Supervisory Board
		Meeting of the Remuneration Committee

According to the Supervisory Board Regulations, at least four Supervisory Board meetings should be held during the calendar year, and therefore the Supervisory Board met in 2023 in accordance with the Company's internal regulations.

In 2023, 64 resolutions were adopted at Supervisory Board meetings and by circulation. The more important of the resolutions adopted concerned:

1. To assess the Company's separate and consolidated financial statements for 2022, the Management Board's report on the Group's and the Company's activities for 2022 and the XT B S.A. Group's report on non-financial information for 2022 in terms of their consistency with the books and documents as well as with the facts, and the Management Board's proposal for the distribution of profit for 2022;
2. Adoption of amendments to the Management Board Regulations;
3. To express an opinion on the draft resolutions that have been put on the agenda of the General Meeting of Shareholders by the Management Board;
4. Adoption of the consolidated texts of the Articles of Association, the Supervisory Board Regulations and the Management Board Regulations;
5. Repeal of the Bonus Regulations for Employees with Material Risk Takers status dated 17 February 2022 and the Assumptions for the Implementation of the Variable Compensation Policy for 2022 in connection with the introduction of the new Incentive Programme in the Company, adopted by General Meeting Resolution No. 4 dated 31 July 2023;
6. To appoint auditors to audit the financial statements of the subsidiaries;
7. Discuss the Reports on the System of Legal Compliance Supervision (SLC), the System of Internal Control (SIC), the Report on the Operation of the Risk Management System and the Report on the Operation of the Internal Audit System for H2 2022 and H1 2023;
8. To approve the acquisition of shares in a company based in Indonesia;
9. To approve the Company's and the Company's group's budget for 2024.

At the same time, the following issues were discussed at selected meetings of the Supervisory Board:

- a) the financial performance of the Company, in particular with regard to the Company's liquidity, the level of supervised capital, internal capital and the capital adequacy ratio;
- b) the Company's financial performance by country in relation to the adopted budget;
- c) the operation of the Information Technology and Information Environment Security Areas in the Company.

**VI. Evaluation of the report of the Management Board on the activities of the Group and the Company in the financial year 2023, the financial statements for 2023 and the proposal of the Management Board concerning the distribution of profit for 2023**

The Supervisory Board reports on the results of its evaluation of the following reports and conclusions of the Company for the financial year 2023:

**VII. XTB's separate and consolidated financial statements for 2023**

Having familiarised itself with the auditor's opinion and report on the course and results of the audit of the Company's financial statements for 2023 and having assessed those statements, the Supervisory Board concurs with the auditor's opinion and concludes that the Company's financial statements for the financial year 2023 have been prepared on the basis of properly maintained accounting books, are compliant in form and content with the applicable laws and present all information which is significant for the assessment of the profitability and financial result in the audited period, as well as the assets and financial situation of the Company and the Group. In view of the above, the Supervisory Board requests the General Meeting to approve the separate and consolidated financial statements of XTB for the financial year 2023.

**VIII. Report of the Board of Directors on the operations of the Group and the Company for 2023 and the Sustainability Report of the XTB S.A. Group for 2023.**

The Supervisory Board, having analysed and evaluated the Management Board's report on the Group's and the Company's activities in 2023 and the XTB S.A. Group Sustainability Report for 2023, concludes that they are consistent with the Company's books and documents. Accordingly, the Supervisory Board accepts the reports presented and requests the General Meeting to approve them.

At the same time, after reviewing the Management Board's report on the Group's and the Company's activities for the year 2023, the Supervisory Board requests the General Meeting to grant the President of the Management Board - Mr. Omar Arnaout and the Members of the Management Board: Mr. Paweł Szejko, Mr. Filip Kaczmarzyk, Mr. Jakub Kubacki and Mr. Andrzej Przybylski in relation to fulfilment of their duties in financial year 2023.

**IX. Evaluation of the Management Board's proposal for the distribution of the Company's profit for 2023.**

Having familiarised itself with the separate and consolidated financial statements of XTB S.A. and the Management Board's proposal on the distribution of profit for 2023, and based on the discussion held on the impact of the profit distribution proposed by the Management Board, the Supervisory Board approved the Management Board's recommendation of 23 April 2024 on the distribution of profit, which amounted to PLN 787,135,881.94, by paying a dividend to shareholders in the amount of PLN 590,197,640.02, which corresponds to PLN 5.02 dividend per share, and allocating the remaining part of the generated profit, i.e. the amount estimated at PLN 196,938,241.92 to be retained at the disposal of the Company by allocating it to reserve capital. The Management Board's recommendation is in line with the Company's dividend policy. In addition, the Supervisory Board positively evaluates the proposal to designate 5 June 2024 as the dividend date and 20 June 2024 as the dividend payment date.

**X. Assessment of the Board's performance of its disclosure obligations to the Supervisory Board and of the total remuneration payable by the company for all studies commissioned by the Supervisory Board during the financial year.**

The Supervisory Board correctly assesses the performance of the Company's Management Board's information duties towards the Supervisory Board. The Management Board performed the said information duties as defined by the relevant provisions of the Companies Act in accordance with the provisions of the Companies Act and the manner determined by the Supervisory Board. The Supervisory Board has not encountered any difficulties in accessing information and documents requested from the Company.

In 2023 the Supervisory Board did not exercise its authority to order an audit pursuant to section 382(1) of the Companies Act and therefore the Company did not incur costs in this respect.

**XI. Evaluation of the Company's situation, including evaluation of the effectiveness of the following systems: risk management, supervision of legal compliance, internal control and internal audit**

XTB's dynamic operational growth with favourable market conditions translated into record financial results in 2023. Consolidated net profit amounted to PLN 791.2 million compared to PLN 766.1 million a year earlier. Consolidated revenues reached PLN 1,588.3 million (2022: PLN 1,444.2 million) with operating expenses of PLN 694.2 million (2022: PLN 558.6 million).

In 2023, the retail business segment generated around 93% of the Group's total operating income and the institutional business segment around 7%.

XTB has a solid foundation in the form of a steadily growing client base and number of active clients. In 2023. The Group recorded another record in this area by acquiring 311,971 new clients compared to 196,864 the year before, an increase of 58.5%. Similarly to the number of new customers, the number of active customers was also a record. This rose from 270,560 to 408,528, an increase of 51.0% year-on-year.

In 2023, XTB recorded record revenue growth from PLN 1,444.2 million to PLN 1,588.3 million, up 10.0% year-on-year. The important factors determining their level were the high volatility on the financial and commodity markets and the steadily increasing number of active clients (up 51.0% year-on-year), combined with their high trading activity expressed, inter alia, in the number of CFD contracts concluded in lots (up 16.5% year-on-year). As a result, derivatives turnover amounted to 7,416.5 thousand lots (2022: 6,365.6 thousand lots) and the yield per lot reached PLN 214 (2022: PLN 227).

Operating costs in 2023 stood at PLN 694,231 thousand and were PLN 135,664 thousand higher than those of the previous year (2022: PLN 558,567 thousand). The most significant changes occurred in:

- Salaries and employee benefits costs, up by PLN 67,113 thousand mainly due to an increase in employment and higher provisions for variable remuneration components (bonuses);
- marketing costs, an increase of PLN 41,555k resulting mainly from higher expenditure on online marketing campaigns;
- other third-party services, an increase of PLN 14,174k following mainly higher expenditure on: (i) IT systems and licences (up by PLN 7,809 thousand y-o-y); (ii) legal and consulting services (up by PLN 3,404 thousand y-o-y) and (iii) IT support services (up by PLN 2,015 thousand y-o-y);
- commission costs, an increase of PLN 7 451 thousand resulting from higher amounts paid to payment service providers through which customers deposit their funds on transaction accounts.

The Supervisory Board correctly assesses the Group's situation and emphasises that the business is conducted in an adequate and efficient manner and that the financial results achieved place the Group at a satisfactory level.

Pursuant to the requirement set out in §10 (a) of the Regulations of the Supervisory Board of XTB S.A. of 30 June 2023 and the Good Practices of the WSE, we present below an assessment of the effectiveness of the following systems and functions: risk management, supervision of legal compliance, internal control and internal audit.

## **1. Risk management system**

The Board has ongoing oversight of the various risks, approves internal procedures related to the functioning of the risk management system and regularly reviews the periodic reports of the Risk Management System submitted by the Director of Risk Management, since 1 May 2019 also acting as Member of the Board of Directors for Risk Management. The reports received so far allow the assertion that the Risk Management System is functioning

effectively. Also, the ongoing cooperation with the Director of Risk Management allow a correct assessment of the functioning of the Risk Control Department and, as a further consequence, of the Risk Management System model adopted in the Company. In view of the above, the Supervisory Board assesses the functioning of the Company's risk management system as adequate and effective.

## **2. Compliance monitoring system**

The Company's Legal Compliance System is the responsibility of the Compliance Oversight Team separated within the Legal and Compliance Department and subordinate to the Board Member for Legal Affairs, which is headed by the Supervisor. The Supervisory Board regularly receives reports on the Legal Compliance System and approves changes to the internal procedures governing the operation of the Company's compliance function. Also, the ongoing cooperation with the Supervision Inspector makes it possible to correctly assess the functioning of the compliance system adopted in the Company. In view of the above, the Supervisory Board assesses the functioning of the Company's compliance system as adequate and effective.

## **3. Internal control system**

The Internal Control Team, separated within the Legal and Compliance Department, is responsible for the proper functioning of the Company's internal control system.

Based on the reports received, the Supervisory Board assesses the functioning of the Company's internal control system as adequate and effective.

## **4. Internal audit system**

The internal audit function is performed by the Internal Audit Department, which organisationally reports to the President of the Management Board and functionally reports to the Supervisory Board. The Internal Auditor is responsible for the functioning of the Department. The Supervisory Board has ongoing oversight of internal audit matters, approves the Audit Plan and Programme, and receives regular reports from the Internal Audit System. Accordingly, the Supervisory Board assesses the functioning of the Company's internal audit system as adequate and effective.

## **XII. Assessment of the Company's compliance with its disclosure obligations regarding the application of corporate governance principles as set out in the Stock Exchange Rules and the regulations on current and periodic information provided by issuers of securities**



Given the Company's obligation to comply with its disclosure obligations regarding the application of corporate governance principles under the Listing Rules and the Regulation of the Minister of Finance of 29 February 2018 on current and periodic information provided by issuers of securities and the conditions for recognising as equivalent the information required by the laws of a non-member state, the Supervisory Board presents to the general meeting the Company's assessment of its compliance with this obligation.

On XTB S.A.'s website, in the Investor Relations section, Information on the status of the company's application of the recommendations and principles contained in the Code of Best Practice for WSE Listed Companies 2016 and the Code of Best Practice for WSE Listed Companies 2021 is posted.

In 2023, the Company complied with the principles expressed in the Best Practices of WSE Listed Companies 2021, with the exception of three principles: 2.1., 2.2. i 2.11.6.

With regard to the specific principle as follows:

"2.1 The company shall have a diversity policy for the management board and the supervisory board, adopted by the supervisory board or the general meeting respectively. The diversity policy shall specify the objectives and criteria for diversity in areas such as gender, field of education, specialist knowledge, age and professional experience, among others, and indicate when and how the achievement of these objectives will be monitored. With regard to gender diversity, the condition for ensuring the diversity of the company's bodies is that the minority participation in the respective body is no less than 30%."

The Company has implemented a "Diversity Policy with respect to the members of the Management Board of XTB S.A." adopted by the Supervisory Board, but it does not provide for minority participation in the body at a level of no less than 30%. The Company does not have a diversity policy for the supervisory board adopted by the general meeting. It is noteworthy that the members of the Company's governing body are specialists in different areas of expertise and have diverse industry experience corresponding to their current function. The Company places emphasis on hiring employees based on a multiplicity of qualifications and competencies in terms of education, professional experience and skills of the selected managers to ensure comprehensive and reliable performance of the tasks entrusted to them.

With regard to the following specific principle: "2.2 The persons deciding on the election of the members of the management or supervisory board of the company should ensure the comprehensiveness of these bodies by electing to their composition persons ensuring diversity, enabling, inter alia, the achievement of a target minimum minority participation rate set at not less than 30%, in accordance with the objectives set out in the adopted diversity policy referred to in principle 2.1."

The composition of the Company's Supervisory Board is the result of decisions taken by the General Meeting, while the determination of the composition of the Company's Management Board falls within the competence of the Supervisory Board. In selecting the members of the Company's Management Board or Supervisory Board, the

decision-makers shall be guided by the current needs of the company, applying merit criteria and taking into account the need to ensure the versatility of these bodies by selecting diversity in their composition. An essential prerequisite for all candidates is that they are qualified for the function in question, have relevant professional experience and have a good selection of competencies and education. The individual competences of the members of the Company's authorities shall be complementary in such a way as to make it possible to ensure an adequate level of collegial governance in the organisation.

With regard to the specific principle as follows: "2.11. In addition to the activities prescribed by law, once a year the supervisory board shall prepare and present an annual report to the ordinary general meeting for approval. The report referred to above shall include at least: 2.11.6 information on the degree of implementation of the diversity policy with regard to the management board and the supervisory board, including the achievement of the objectives referred to in principle 2.1." The principle is not applied, due to the non-application of principle 2.1.

In addition to the above above exceptions, the Supervisory Board has not found violations of the principles of the "Code of Best Practice for WSE Listed Companies 2021". Subsequently, it correctly assesses the manner in which the Company fulfils its disclosure obligations regarding the application of the principles of corporate governance.

### **XIII. Assessment of the rationality of the Company's sponsorship policy**

In 2023 the Company had no material sponsorship or charitable activities.

### **XIV. Self-assessment of the Supervisory Board's work**

In 2023, the Company's Supervisory Board held eleven meetings to evaluate the day-to-day operations of the Company's Management Board and the Company's financial activities.

All convened meetings of the Supervisory Board were held in a composition enabling the adoption of valid resolutions. During the meetings, the Supervisory Board considered matters arising from the provisions of the Companies Act, other generally applicable laws, as well as from the needs of the Company's day-to-day operations.

During the period under review, the Supervisory Board was in regular contact with the Management Board, analysing and consulting on important aspects of the Company's operations on an ongoing basis, as well as successively assessing the Company's situation and formulating appropriate conclusions or comments on an ongoing basis.



The Supervisory Board concludes that the cooperation with the Management Board of the Company was proper. In addition, the Management Board provided the technical and organisational means to enable the Supervisory Board to perform its tasks properly, fulfilled its reporting obligations and the information submitted was prepared in a reliable and complete manner.

In view of the above, the Supervisory Board assesses that it has performed its duties effectively in 2023.

Under the authority of the Supervisory Board:

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Jan Byrski  
Chairman of the Supervisory Board