



X-TRADE BROKERS DOM MAKLERSKI S.A.

(joint stock company with its registered office in Warsaw and address at ul. Ogrodowa 58, 00-876 Warszawa, entered into the Register of Business Entities of the National Court Register under No. 0000217580)

DISCLAIMER

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CURRENT REPORT NO. 10/2021

Warsaw, 23 April 2021

Preliminary financial and operating results for the I quarter 2021

The Management Board of the X-Trade Brokers Dom Maklerski S.A (the „Issuer”, “Company”, “XTB”) hereby announces that on 23 April 2021 the aggregation process of financial data for the purpose of the preparation of the condensed consolidated financial statements of the Issuer’s Group for the I quarter of 2021 was completed. Therefore the decision was made to publish the preliminary consolidated selected financial and operating data for the above period, which the Issuer submits as an attachment to the foregoing current report.

The Issuer informs also that the final financial and operating results for the I quarter of 2021 will be submitted in the extended consolidated report of the Issuer’s Group for the I quarter of 2021, publication of which was planned for 7 May 2021.

Legal basis:

Article 17 paragraph 1 MAR – inside information.



Appendix to the current report

No. 10/2021 dated 23 April 2021

Preliminary financial and operating results
for the I quarter of 2021



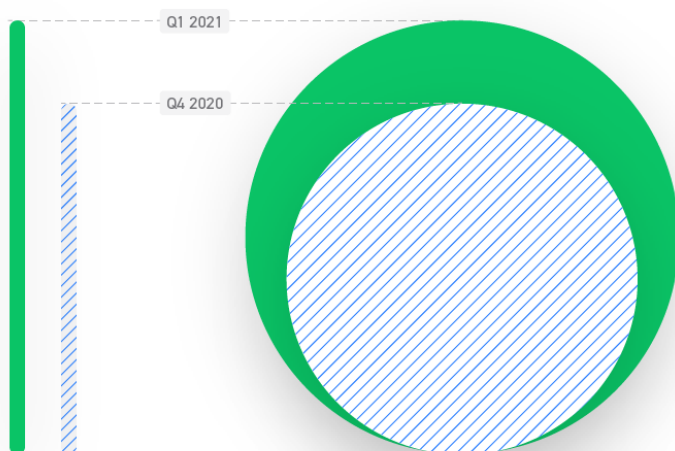
XTB KEY PERFORMANCE INDICATORS Q1 2021



NET PROFIT

89.1 MM
PLN

▲ +121.3% q/q



OPERATING INCOME

186.7 MM
PLN

▲ +33.4% q/q



EBIT

99.8 MM
PLN

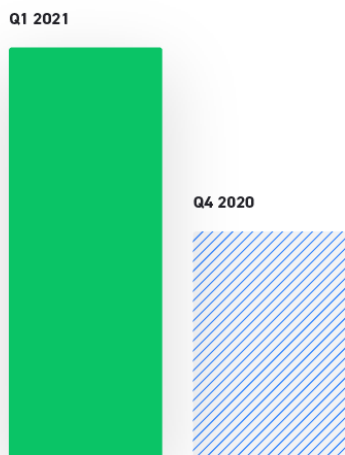
▲ +77.1% q/q



AVERAGE NUMBER OF ACTIVE CLIENTS

103 425

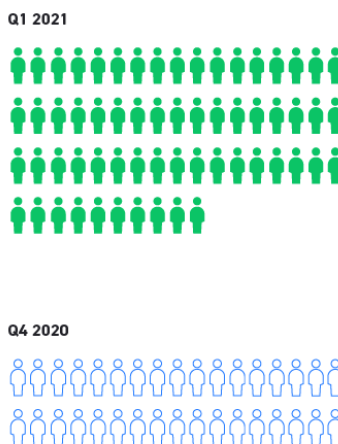
▲ +43.0% q/q



NEW CLIENTS

67 231

▲ +75.0% q/q



CFD PROFITABILITY PER LOT

167 PLN

▼ -4.2% q/q



CFD VOLUME

1 115 389

▲ +39.3% q/q





Selected consolidated financial data

(in PLN'000)	THREE-MONTH PERIOD ENDED		
	31.03.2021	31.12.2020	31.03.2020
Total operating income	186 697	139 962	306 664
Total operating expenses	(86 902)	(83 616)	(72 529)
Profit on operating activities (EBIT)	99 795	56 346	234 135
Finance income	8 278	2 038	1 043
Finance costs, including:	(114)	(1 310)	(12 904)
- negative foreign exchange differences relating to a company in Turkey	-	-	(21 880)
Profit before tax	107 959	57 074	222 274
Income tax	(18 908)	(16 843)	(46 305)
Net profit	89 051	40 231	175 969

(in PLN'000)	AS AT		
	31.03.2021	31.12.2020	31.03.2020
Own cash	642 831	542 205	731 175
Own cash + bonds	1 046 983	940 821	757 387
Equity	977 662	888 305	690 132
Standalone capital adequacy ratio (%)	9,9	17,1	18,0
Aggregated capital adequacy ratio (%)	9,5	16,0	15,1

Selected consolidated operating data (KPI)

	THREE-MONTH PERIOD ENDED		
	31.03.2021	31.12.2020	31.03.2020
New clients ¹	67 231	38 413	21 911
Clients in total	316 658	255 791	170 290
Number of active clients ²	103 425	72 346	45 660
Average number of active clients ³	103 425	72 346	45 660
Net deposits (in PLN'000) ⁴	951 295	619 798	454 360
Average operating income per active client (in PLN'000) ⁵	1,8	1,9	6,7
Transaction volume in CFD instruments in lots ⁶	1 115 389	800 935	784 840
Profitability per lot (in PLN) ⁷	167	175	391
Transaction volume in CFD instruments in nominal value (in USD'000000)	386 347	292 000	248 655
Profitability for 1 million USD transaction volume in CFD instruments in nominal value (in USD) ⁸	127	123	309
Turnover of shares in nominal value (in USD'000000)	1 417	777	157

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.

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

⁸⁾ Total operating income converted into USD by the arithmetic average of exchange rates published by the National Bank of Poland on the last day of each month of the reporting period, divided by turnover of CFD in nominal value (in USD'000000).



Management Board's commentary on the preliminary results

In the first quarter of 2021 XTB reported a consolidated net profit of PLN 89,1 million compared to PLN 40,2 million a quarter earlier. It is an increase of PLN 48,9 million. Consolidated revenue amounted to PLN 186,7 million (IV quarter 2020: PLN 140,0 million) and operating expenses amounted to PLN 86,9 million (IV quarter 2020: PLN 83,6 million). In this period the Group noted a record number of new clients i.e. 67 231, which is an increase of 75,0% q/q.

Revenues

In the first quarter of 2021 XTB noted revenues increase by 33,4% q/q, i.e. by PLN 46,7 million from PLN 140,0 million to PLN 186,7 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 1 115 thousand lots (Q4 2020: 801 thousand lots) and a profitability per lot amounted to PLN 167 (Q4 2020: PLN 175).

	31.03.2021	30.12.2020	30.09.2020	30.06.2020	31.03.2020	31.12.2019	30.09.2019	30.06.2019
Total operating income (in PLN'000)	186 697	139 962	139 630	211 494	306 664	89 571	60 952	47 891
Transaction volume in CFD instruments in lots ¹	1 115 389	800 935	760 373	829 017	784 840	394 146	423 333	385 318
Profitability per lot (in PLN) ²	167	175	184	255	391	227	144	124

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.

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

XTB has a solid foundation in the form of constantly growing client base and the number of active clients. In the Q1 of 2021 the Group reported a new record in the number of new clients amounted to 67 231 compared to 38 413 a quarter earlier i.e. an increase by 75,0%. This is the effect of continuing the optimized sales and marketing strategy, bigger penetration of already existed markets, successive introduction of new products to the offer and expansion into new geographic markets. Similarly to the number of new clients, the number of active clients was also record high. The number of active clients increased from 72 346 to 103 425, i.e. by 43,0% q/q.

	31.03.2021	31.12.2020	30.09.2020	30.06.2020	31.03.2020	31.12.2019	30.09.2019	30.06.2019
New clients ¹	67 231	38 413	21 178	30 523	21 911	10 424	10 042	9 246
Average number of active clients ²	103 425	58 069	53 309	52 084	45 660	26 582	25 171	23 688

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

²⁾ The average quarterly number of clients respectively for 3 months of 2021 and 12, 9, 6 and 3 months of 2020 and 12, 9 and 6 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 great 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 3,7 thousand financial instruments (from 1 500 to 5 200 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 2 800 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 250 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.



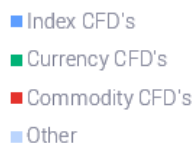
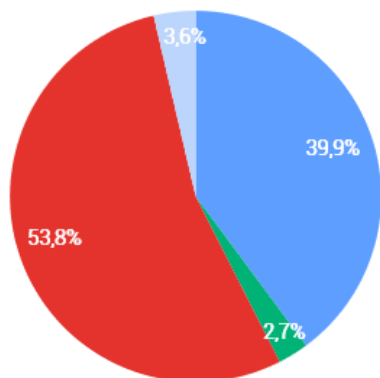
The Company expects on the effectiveness of the new offer for shares and ETFs as well as the campaign with José Mourinho. In particular, the ambition of the Management Board is to acquire in 2021 at least 120 thousand new clients, that is an average 30 thousand new clients quarterly. As a result of the implemented actions, in the first 20 days of April the Group acquired 10,6 thousand new clients in total.

Looking at revenues in terms of the classes of instruments responsible for their creation, it can be seen that in Q1 2021 CFDs based on commodities dominated. Their share in the structure of revenues on financial instruments reached 53,8% against 51,2% a year earlier. This is a consequence of the high interest of XTB clients in CFD instruments based on gold, silver and oil prices. The second most profitable class were CFD instruments based on indices. Their share in the structure of revenues in Q1 2021 reached 39,9% (Q1 2020: 36,2%). The most profitable instruments among this asset class were instruments based on the German DAX stock index (DE30) and American stock index US 100. Revenues of CFD based on currency reached 2,7% of all revenues, compared to 11,1% a year earlier.

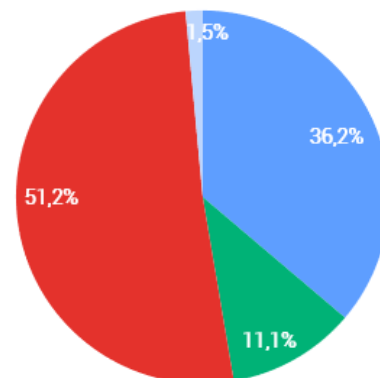


The structure of revenue by asset class (in %)

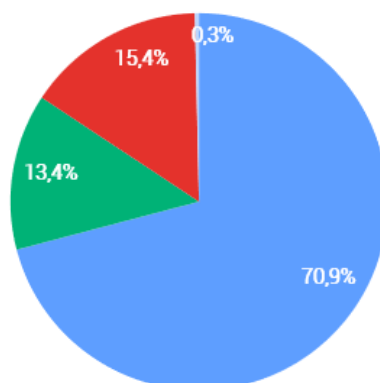
Q1 2021



Q1 2020



Q4 2020



(in PLN'000)	THREE-MONTH PERIOD ENDED		
	31.03.2021	31.12.2020	31.03.2020
Commodity CFDs	101 483	21 640	156 545
Index CFDs	75 127	99 935	110 682
Stock CFDs and ETFs	6 649	4 373	2 500
Currency CFDs	5 031	18 901	34 048
Bond CFDs	78	6	163
Total CFDs	188 368	144 855	303 938
Shares and ETFs	139	(3 888)	1 839
Gross gain on transactions in financial instruments	188 507	140 967	305 777
Bonuses and discounts paid to clients	(651)	(494)	(119)
Commission paid to cooperating brokers	(2 460)	(1 731)	(649)
Net gain on transaction in financial instruments	185 396	138 742	305 009

XTB places great importance on the geographical diversification of revenues. The countries from which the Group derives more than 15% of revenues is Poland with the share of 37,8% (Q1 2020: 27,9%). The share of other countries in the geographical structure of revenues does not exceed in any case 15%.



(in PLN'000)	THREE-MONTH PERIOD ENDED		
	31.03.2021	31.12.2020	31.03.2020
Central and Eastern Europe	110 412	87 840	151 062
- including Poland	70 495	70 038	85 432
Western Europe	53 339	33 095	132 390
- including Spain	26 244	13 561	58 136
Latin America	22 946	19 027	23 212
Total operating income	186 697	139 962	306 664

XTB puts also strong emphasis on diversification of segment revenues. Therefore the Group develops institutional activities under X Open Hub (XOH) brand, under which it provides liquidity and technology to other financial institutions, including brokerage houses. Revenues from this segment are subject to significant fluctuations from 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		
	31.03.2021	31.12.2020	31.03.2020
Retail segment	176 396	135 179	253 014
Institutional segment (X Open Hub)	10 301	4 783	53 650
Total operating income	186 697	139 962	306 664

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

In the Q1 of 2021 operating expenses amounted to PLN 86,9 million and were higher by PLN 14,4 million in relation to the same period a year earlier (Q1 2020: PLN 72,5 million). The most significant changes occurred in:

- marketing costs, an increase of PLN 16,3 million mainly due to higher expenditures on marketing online campaigns;
- costs of salaries and employee benefits, a decrease of PLN 7,9 million mainly due to lower provisions established for variable components of remuneration (bonuses);
- commission expenses, an increase of PLN 5,2 million as a result of larger amounts paid to payment service providers through which clients deposit their funds on transaction accounts.

(in PLN'000)	THREE-MONTH PERIOD ENDED		
	31.03.2021	31.12.2020	31.03.2020
Salaries and employee benefits	30 892	28 070	38 782
Marketing	33 050	30 861	16 740
Other external services	8 728	9 166	7 767
Costs of maintenance and lease of buildings	803	844	968
Amortization and depreciation	1 952	2 106	1 861
Taxes and fees	1 282	1 305	669
Commission expenses	9 711	6 535	4 540
Other expenses	484	4 729	1 202
Total operating expenses	86 902	83 616	72 529

In q/q terms, operating costs increased of PLN 3,3 million mainly due to higher by PLN 3,2 million commission expenses as a result of larger amounts paid to payment service providers through which clients deposit their funds on transaction accounts and higher by PLN 2,8 costs of salaries and employee benefits resulting from an increase in employment and higher by PLN 2,2 million marketing costs mainly due to higher expenditures on marketing online campaigns, and also lower by PLN 4,2 million other costs and lower by PLN 0,4 million other external services.

	THREE-MONTH PERIOD ENDED							
	31.03.2021	31.12.2020	30.09.2020	30.06.2020	31.03.2020	31.12.2019	30.09.2019	30.06.2019
Total operating expenses including: (in PLN'000)	86 902	83 616	60 138	65 721	72 529	47 324	42 980	42 490
- Marketing	33 050	30 861	17 870	22 260	16 740	10 222	8 735	9 581
New clients	67 231	38 413	21 178	30 523	21 911	10 424	10 042	9 246
Average number of active clients	103 425	72 346	55 760	58 508	45 660	30 815	28 136	25 131

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. As a consequence of the implemented activities marketing expenditures may increase by over 20% compared to the previous year.

The final level of operating costs will depend on the level of variable remuneration components paid to employees, the level of marketing expenditures, the dynamics of geographical expansion into new markets and the impact of potential product interventions and other external factors on the level of revenues generated by the Group.



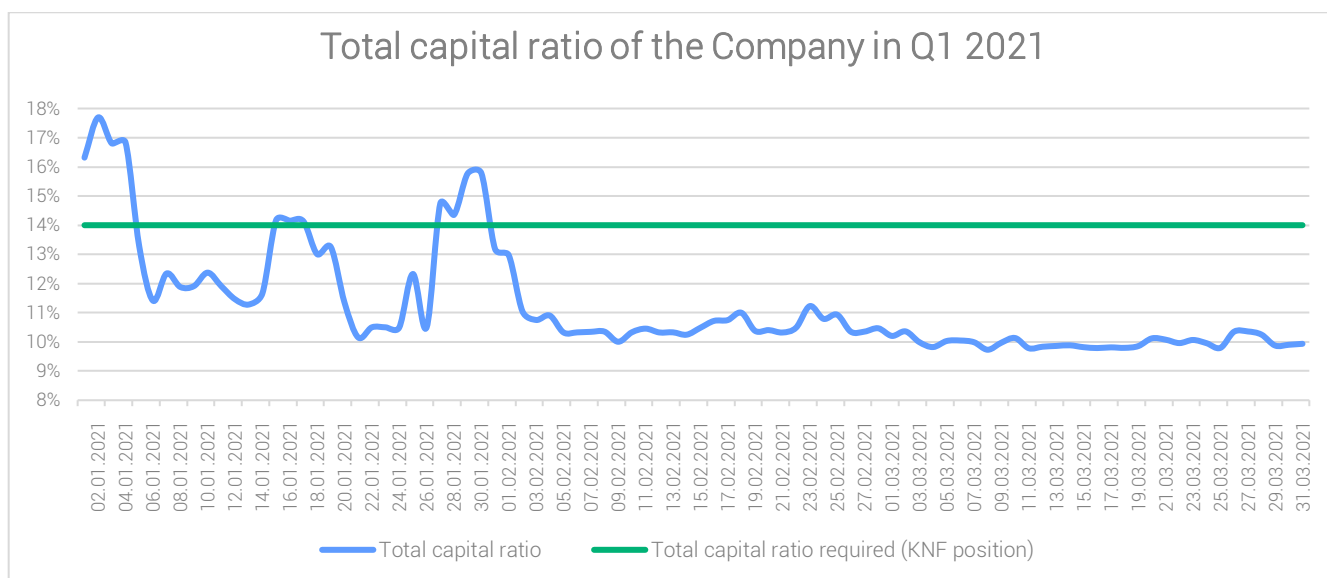
The value of variable remuneration components will be influenced by the results of the Group. The level of marketing expenditures depends on their impact on the Group's results and profitability, the rate of foreign expansion and on clients responsiveness to the actions taken. The impact of a new product intervention on the Group's revenues will determine, if necessary, a revision of the cost assumptions.

Dividend

The XTB dividend policy assumes recommendation by the Management Board to the General Meeting a dividend payment in the amount taking into account the level of net profit presented in the standalone annual financial report of the Company and a variety of factors relating to the Company, including prospects for further operations, future net profits, demand for cash, financial situation, the level of capital adequacy ratios, expansion plans, legal requirements in this area and KNF guidelines. In particular, the Management Board, when submitting proposals for dividend payment, will be guided by the need to ensure an appropriate level of the Company's capital adequacy ratios and the capital necessary for the development of the Group.

The Management Board maintains that its intention is to recommend in the future the adoption of resolutions to the General Meeting on dividend payment taking into account factors mentioned above, at the level of 50% to 100% of Company's standalone net profit of a given financial year. The standalone net profit for Q1 2021 amounted to PLN 87,0 million.

The chart below presents levels of the total capital ratio in Q1 2021.



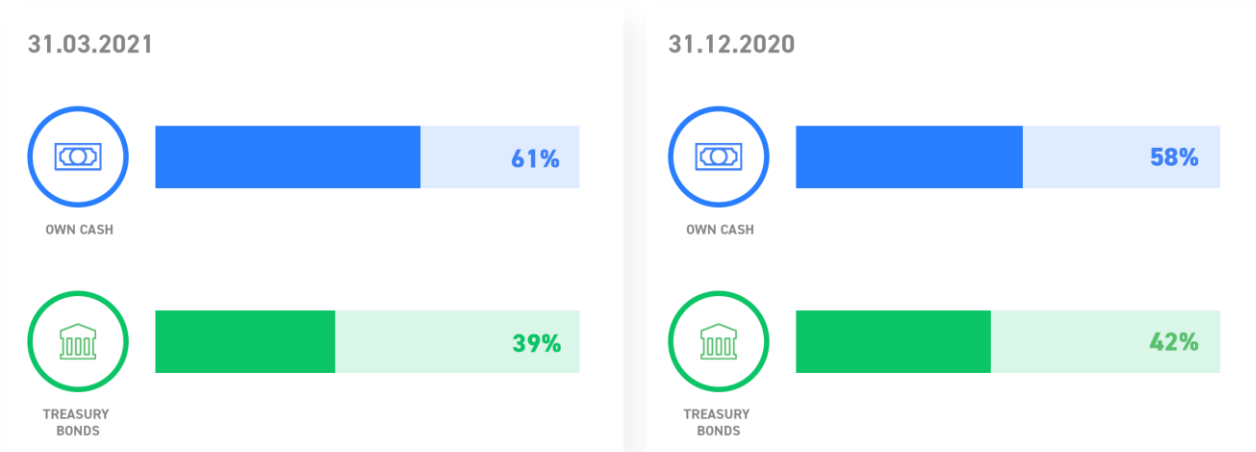
As at the end of Q1 of the current year the total capital ratio amounted to 9,9%. The total capital ratio informs about the relation between own funds and risk-weighted assets. It shows whether the brokerage house is able to cover the minimum capital requirement for market, credit, operational and other risks with its own funds.



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 31.03.2021 the total amount of own cash and treasury bonds in the Group amounted to PLN 1 047,0 million, that includes PLN 642,8 million of own cash and PLN 404,2 million of treasury bonds.

OWN CASH AS AT



Foreign expansion

XTB with its strong market position and dynamically growing client base builds its presence in the non-European markets, consequently implementing a strategy on building a global brand. The XTB Management Board puts the main emphasis on organic development, on the one hand increasing the penetration of European markets, on the other hand successively building its presence in Latin America, Asia and Africa. Following these activities, the composition of the capital group 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 group results on this action.

Currently, the Management Board efforts are focused on the start of operational activities in United Arab Emirates and Republic of South Africa. At the end of November 2020 XTB received the preliminary approval of the DFSA regulator to conduct brokerage activities in United Arab Emirates. It is an approval of the „in principal” type, that requires the fulfilment of conditions (mainly operational type) before the actual start of operations. One of the condition was the establishment of the company XTB MENA Limited in DIFC (Dubai International Financial Centre) which took place on 9 January 2021. The process is currently underway over the fulfilment of other conditions. The intention of the Management Board is to start operating activities in United Arab Emirates in the first half of 2021. In terms of Republic of South Africa, due to the complex local formal and legal conditions, the Management Board is currently not able to indicate the expected date of the start of operations on this market. Subsidiary XTB Africa (PTY) has been in the licensing process since February 2019.

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