



## **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**

This document is an unofficial translation of the Polish version of Current Report No. 16 dated 25 October 2021 and does not constitute a current or periodical report as defined under the Regulation of the Minister of Finance on the current and periodical information provided by issuers of securities and the conditions for considering the information required by the provisions of law of the state not being a member state as equivalent thereto that was issued in accordance with the Polish Act on Public Offering, the Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies dated 29 July 2005 (amended and restated: Journal of Laws of 2018, item 757).

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### **CURRENT REPORT NO. 16/2021**

Warsaw, 25 October 2021

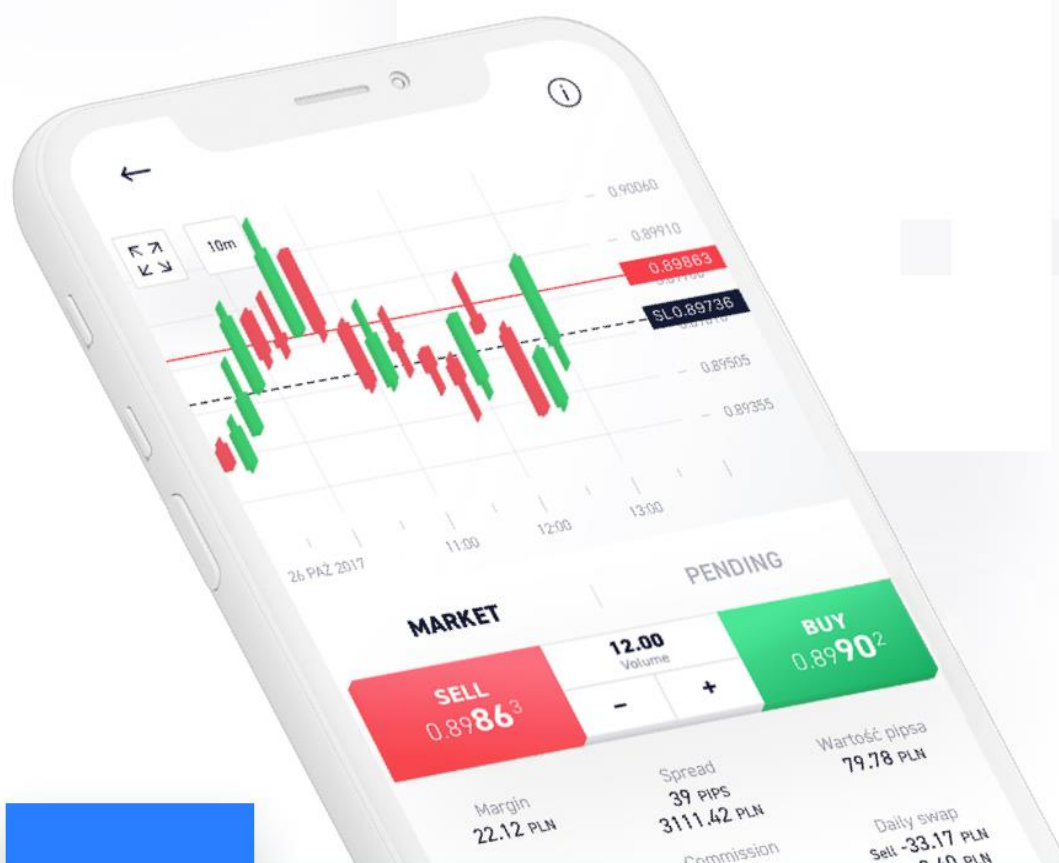
# **Preliminary financial and operating results for the III quarter of 2021**

The Management Board of the X-Trade Brokers Dom Maklerski S.A (the „Issuer“) hereby announces that on 25 October 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 III 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 III quarter of 2021 will be submitted in the extended consolidated report of the Issuer's Group for the III quarter of 2021, publication of which was planned for 9 November 2021.

#### Legal basis:

Article 17 paragraph 1 MAR – inside information.



## Appendix to the current report

No. 16/2021 dated 25 October 2021

Preliminary financial and operating results  
for the III quarter of 2021



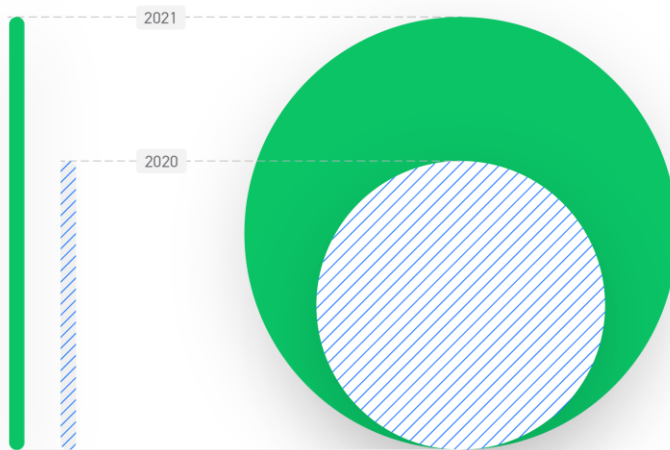
# XTB KEY PERFORMANCE INDICATORS Q3 2021



## NET PROFIT

**101.5** MM PLN

▲ +48.4% y/y



## OPERATING INCOME

**196.6** MM PLN

▲ +40.8% y/y



## EBIT

**111.8** MM PLN

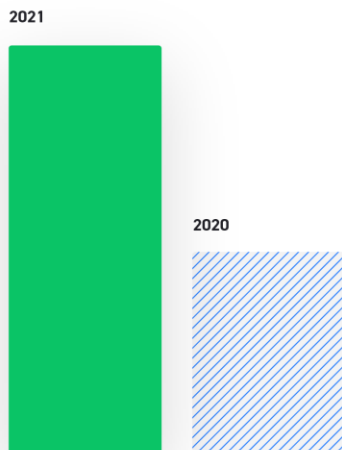
▲ +40.6% y/y



## AVERAGE NUMBER OF ACTIVE CLIENTS

**110 875**

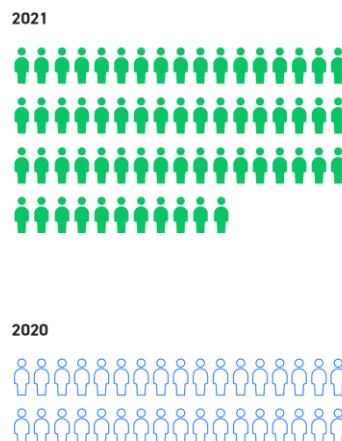
▲ +98.8% y/y



## NEW CLIENTS

**38 573**

▲ +82.1% y/y



## CFD PROFITABILITY PER LOT

**188** PLN

▲ +2,5% y/y



## CFD VOLUME

**1 044 329**

▲ +37.3% y/y





## Selected consolidated financial data

(in PLN'000)	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
Total operating income	196 551	139 630	438 550	657 788
Total operating expenses	(84 770)	(60 138)	(248 056)	(198 388)
<b>Profit on operating activities (EBIT)</b>	<b>111 781</b>	<b>79 492</b>	<b>190 494</b>	<b>459 400</b>
Finance income	13 064	754	13 724	3 819
Finance costs	(134)	(839)	(1 484)	(21 596)
<b>Profit before tax</b>	<b>124 711</b>	<b>79 407</b>	<b>202 734</b>	<b>441 623</b>
Income tax	(23 222)	(11 010)	(36 239)	(79 767)
<b>Net profit</b>	<b>101 489</b>	<b>68 397</b>	<b>166 495</b>	<b>361 856</b>

(in PLN'000)			AS AT
	30.09.2021	31.12.2020	30.09.2020
Own cash	754 553	542 205	680 024
Own cash + bonds	898 910	940 821	880 659
Equity	844 418	888 305	846 590

## Selected consolidated operating data (KPI)

	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
New clients <sup>1</sup>	38 573	21 178	146 427	73 612
Clients in total	388 973	219 024	388 973	219 024
Number of active clients <sup>2</sup>	110 875	55 760	160 608	82 969
Average number of active clients <sup>3</sup>	110 875	55 760	106 961	53 309
Net deposits (in PLN'000) <sup>4</sup>	559 334	296 259	2 161 304	1 341 444
Average operating income per active client (in PLN'000) <sup>5</sup>	1,8	2,5	4,1	12,3
Transaction volume in CFD instruments in lots <sup>6</sup>	1 044 329	760 373	3 031 018	2 374 230
Profitability per lot (in PLN) <sup>7</sup>	188	184	145	277
Transaction volume in CFD instruments in nominal value (in USD'000000)	502 650	275 144	1 255 254	729 835
Profitability for 1 million USD transaction volume in CFD instruments in nominal value (in USD) <sup>8</sup>	101	135	92	229
Turnover of shares in nominal value (in USD'000000)	898	346	3 352	867

<sup>1)</sup> The number of new Group's clients in the individual periods.

<sup>2)</sup> The number of clients who at least one transaction has been concluded over the individual periods.

<sup>3)</sup> The average quarterly number of clients who at least one transaction has been concluded over the last three months.

<sup>4)</sup> Net deposits comprise deposits placed by clients less amounts withdrawn by the clients in a given period.

<sup>5)</sup> 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.

<sup>6)</sup> 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.

<sup>7)</sup> Total operating income divided by the transaction volume in CFDs in lots.

<sup>8)</sup> 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 third quarter of 2021 XTB reported a consolidated net profit of PLN 101,5 million compared to PLN 68,4 million a year earlier. Consolidated revenue amounted to PLN 196,6 million (III quarter 2020: PLN 139,6 million) and operating expenses amounted to PLN 84,8 million (III quarter 2020: PLN 60,1 million). In this period the Group reported over 38 thousand new clients compared to 21 thousand a year earlier (an increase by 82,1% y/y).

### Revenues

In the third quarter of 2021 XTB noted revenues increase by 40,8% y/y, i.e. from PLN 139,6 million to PLN 196,6 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 188 (III quarter 2020: PLN 184).

	THREE-MONTH PERIOD ENDED							
	30.09.2021	30.06.2021	31.03.2021	30.12.2020	30.09.2020	30.06.2020	31.03.2020	31.12.2019
Total operating income (in PLN'000)	196 551	55 302	186 697	139 962	139 630	211 494	306 664	89 571
Transaction volume in CFD instruments in lots <sup>1</sup>	1 044 329	871 300	1 115 389	800 935	760 373	829 017	784 840	394 146
Profitability per lot (in PLN) <sup>2</sup>	188	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) <sup>3</sup>	101	40	127	126	135	253	309	176

<sup>1)</sup> 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.

<sup>2)</sup> Total operating income divided by the transaction volume in CFDs in lots.

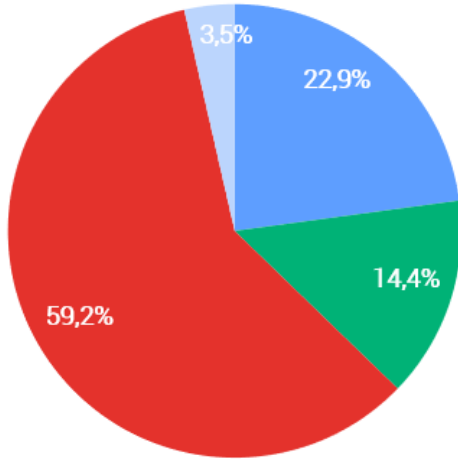
<sup>3)</sup> Total operating income converted into USD by the arithmetic average of exchange rates published by the National Bank of Poland on the last day of each month of the reporting period, divided by turnover of CFD in nominal value (in USD'000000).

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 59,2% against 22,9% a year earlier. This is a consequence of high profitability on 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 22,9% (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 14,4% 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.

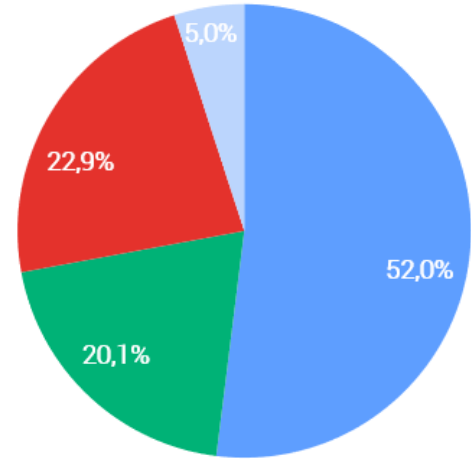


The structure of revenue by asset class (in %)

Q3 2021

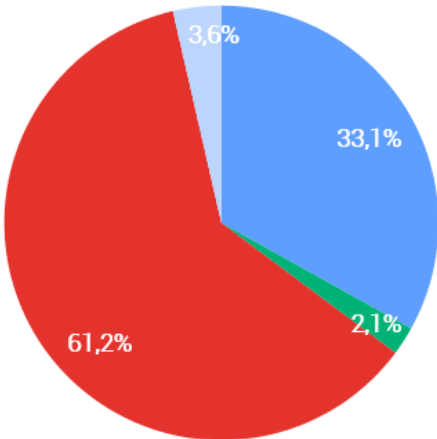


Q3 2020

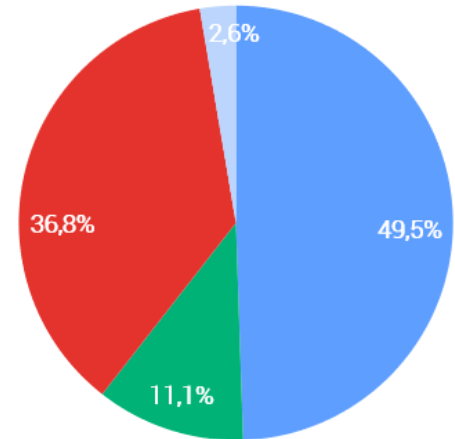


- Index CFD's
- Currency CFD's
- Commodity CFD's
- Other

Q1 - Q3 2021



Q1 - Q3 2020



- Index CFD's
- Currency CFD's
- Commodity CFD's
- Other



(in PLN'000)	THREE-MONTH PERIOD ENDED		NINE-MONTH PERIOD ENDED	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
Commodity CFDs	118 572	32 266	267 824	242 309
Index CFDs	45 783	73 164	147 405	325 982
Currency CFDs, including:	28 781	28 307	9 448	73 050
- <i>Cryptocurrency CFDs</i>	13 604	916	(32 989)	4 920
Stock CFDs and ETFs	8 167	4 112	23 384	8 512
Bond CFDs	60	54	137	192
<b>Total CFDs</b>	<b>201 363</b>	<b>137 903</b>	<b>448 198</b>	<b>650 045</b>
Shares and ETFs	(1 068)	2 878	(2 535)	8 876
<b>Gross gain on transactions in financial instruments</b>	<b>200 295</b>	<b>140 781</b>	<b>445 663</b>	<b>658 921</b>
Bonuses and discounts paid to clients	(466)	(627)	(1 568)	(1 086)
Commission paid to cooperating brokers	(4 575)	(1 506)	(9 668)	(3 789)
<b>Net gain on transactions in financial instruments</b>	<b>195 254</b>	<b>138 648</b>	<b>434 427</b>	<b>654 046</b>

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 <sup>1)</sup>	38 573	40 623	67 231	38 413	21 178	30 523	21 911	10 424
Average number of active clients <sup>2)</sup>	106 961	105 005	103 446	58 069	53 309	52 084	45 660	26 582

<sup>1)</sup> The number of new Group's clients in the individual periods.

<sup>2)</sup> 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 the first 24 days of October 2021, the Group acquired a total of 9,2 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 31,0% in III quarter of 2021 (III quarter 2020: 34,5%). 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		NINE-MONTH PERIOD ENDED	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
<b>Central and Eastern Europe</b>	<b>103 119</b>	<b>59 450</b>	<b>219 329</b>	<b>316 574</b>
- including Poland	60 963	48 180	128 440	225 110
<b>Western Europe</b>	<b>50 512</b>	<b>54 550</b>	<b>126 674</b>	<b>270 082</b>
<b>Latin America</b>	<b>42 460</b>	<b>25 630</b>	<b>91 987</b>	<b>71 132</b>
<b>Middle East</b>	<b>460</b>	<b>-</b>	<b>460</b>	<b>-</b>
<b>Total operating income</b>	<b>196 551</b>	<b>139 630</b>	<b>438 550</b>	<b>657 788</b>

XTB puts also strong emphasis on diversification of segment revenues. Therefore the Group develops institutional activities under X Open Hub brand, under which it provides liquidity and technology to other financial institutions, including brokerage houses. Revenues from this segment are subject to significant fluctuations from 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	30.09.2021	30.09.2020
Retail segment	203 094	129 083	431 169	557 640
Institutional segment (X Open Hub)	(6 543)	10 547	7 381	100 148
<b>Total operating income</b>	<b>196 551</b>	<b>139 630</b>	<b>438 550</b>	<b>657 788</b>





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	30.09.2021	30.09.2020
Salaries and employee benefits	36 613	25 385	95 858	91 071
Marketing	24 772	17 870	82 900	56 870
Other external services	8 762	7 045	27 134	20 277
Costs of maintenance and lease of buildings	1 081	1 043	2 970	2 944
Amortization	2 284	1 832	6 597	5 647
Taxes and fees	1 595	1 026	4 058	2 418
Commission expenses	8 620	5 480	26 411	16 004
Other expenses	1 043	457	2 128	3 157
<b>Total operating expenses</b>	<b>84 770</b>	<b>60 138</b>	<b>248 056</b>	<b>198 388</b>



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)	84 770	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 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 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.

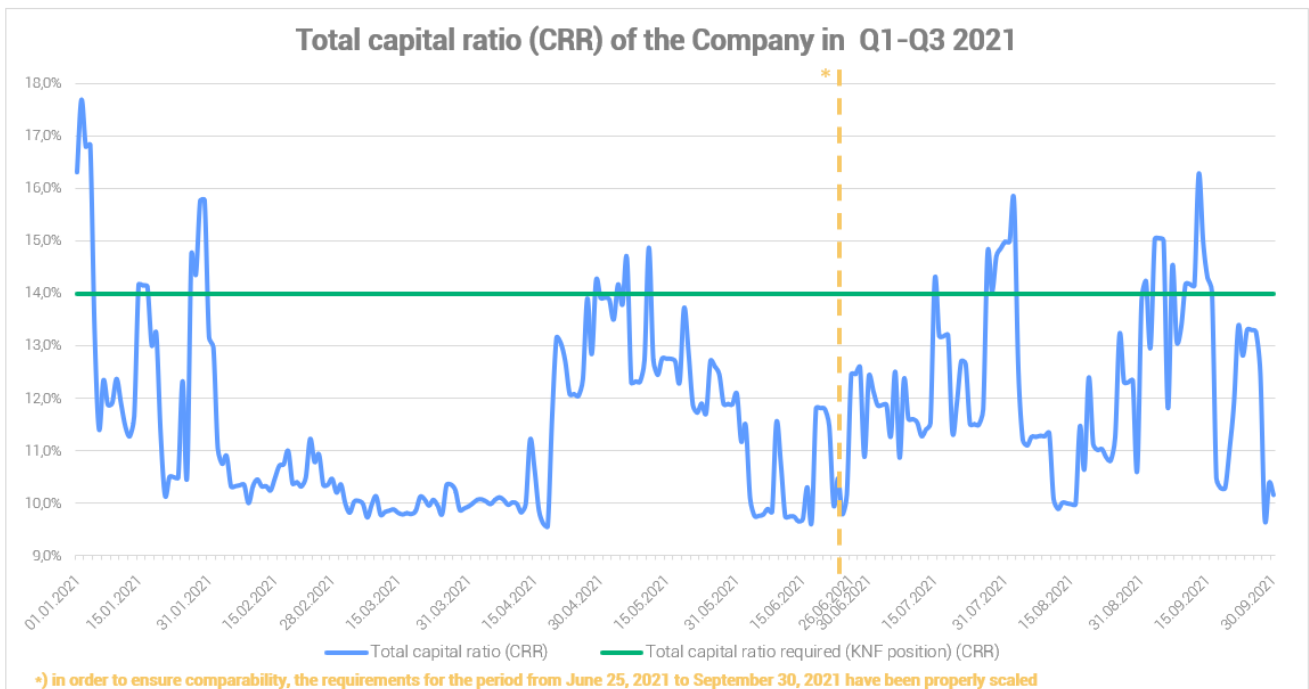
On June 28, 2021, the Company received a supervisory grade (BION) of 2 [2,46] from the Polish Financial Supervision Authority. The assessment was given on December 31, 2020. Published by the Polish Financial Supervision Authority on May 22, 2018. Announcement on the position regarding the dividend policy 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. 648/2011, hereinafter referred to as the "CRR Regulation". Both regulations require maintaining an appropriate ratio of own funds to the risk incurred - in the case of the CRR Regulation, 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%.

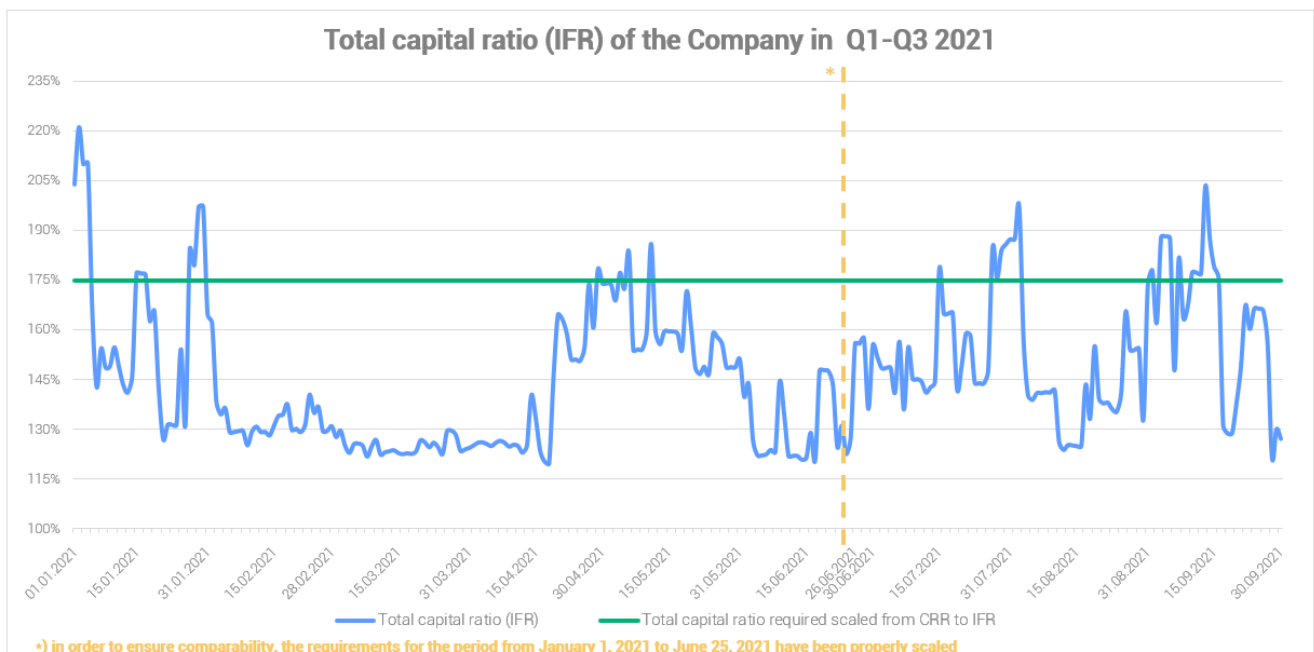
In order to ensure comparability, the requirements from previous periods have been properly scaled; however, it should be noted that the value of the total risk exposure calculated in accordance with the CRR Regulation is calculated in a different way than the value of the capital requirement calculated 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 127,0% (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 166,5 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.

### 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 may 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 efforts of the Management Board are focused on expansion into the Middle East and Africa markets.

At the end of November 2020, XTB received the preliminary approval of the DFSA (Dubai Financial Services Authority) regulator to conduct brokerage activities in the United Arab Emirates. It was a consent of the principal type, i.e. requiring the fulfilment of conditions (mainly of an operational nature) before the actual start of operations. One of them was the establishment of XTB MENA Limited in DIFC (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. Clients have access to almost 2 thousand CFD financial instruments. Over time, this offer will be further developed and modified in response to the needs and preferences of local investors. As in other markets, in the UAE, XTB strongly focuses on education and cooperation with established local partners.



## **XTB WITH A REGIONAL OFFICE IN DUBAI**



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

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.



## **XTB OBTAINS LICENSE IN THE REPUBLIC OF SOUTH 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. XTB is currently not involved in any acquisition process.