



## **XTB S.A.**

(joint stock company with its registered office in Warsaw and address at Prosta 67, 00-838 Warszawa, entered into the Register of Business Entities of the National Court Register under No. 0000217580)

## **DISCLAIMER**

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## **CURRENT REPORT NO. 15/2022**

Warsaw, 26 July 2022

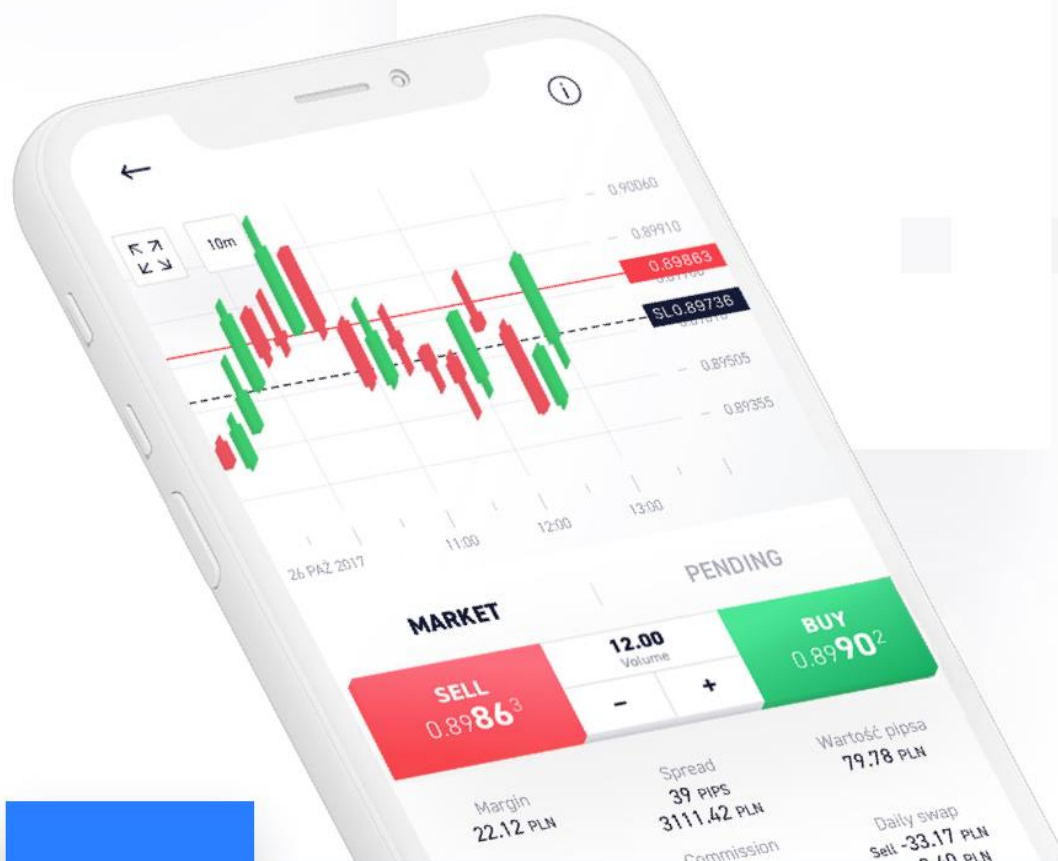
# **Preliminary financial and operating results for the I half 2022**

The Management Board of the XTB S.A. (the „Issuer”, “Company”, “XTB”) hereby announces that on 26 July 2022 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 half of 2022 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 half of 2022 will be submitted in the extended consolidated report of the Issuer’s Group for the I half of 2022, publication of which was planned for 19 August 2022.

### Legal basis:

Article 17 paragraph 1 MAR – inside information.



## Appendix to the current report

No. 15/2022 dated 26 July 2022

Preliminary financial and operating results  
for the I half of 2022



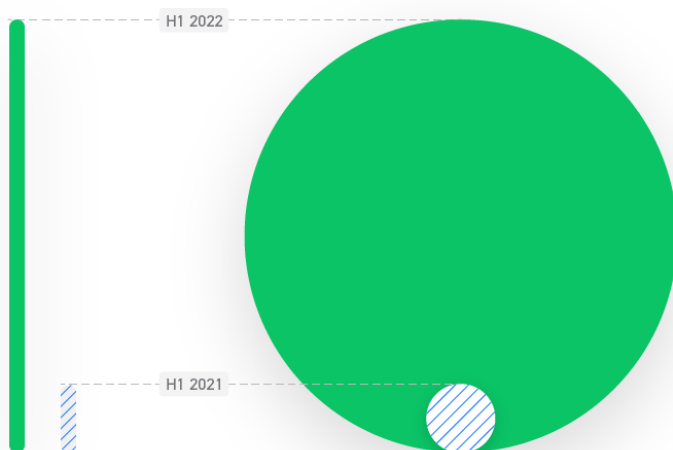
# XTB KEY PERFORMANCE INDICATORS H1 2022



## NET PROFIT

**480.0** MM  
PLN

▲ +638.4% y/y



## OPERATING INCOME

**836.2** MM  
PLN

▲ +245.5% y/y



## EBIT

**568.9** MM  
PLN

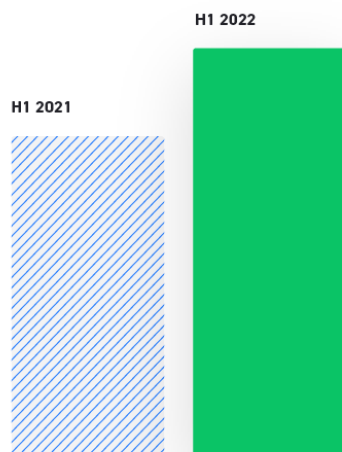
▲ +622.8% y/y



## AVERAGE NUMBER OF ACTIVE CLIENTS

**149 824**

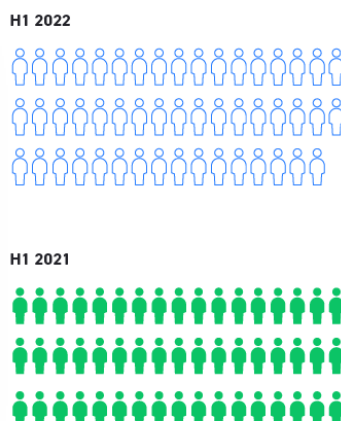
▲ +42.7% y/y



## NEW CLIENTS

**101 030**

▼ -6.3% y/y



## CFD PROFITABILITY PER LOT

**274** PLN

▲ +125.0% y/y



## CFD VOLUME

**3 050 656**

▲ +53.6% y/y





## Selected consolidated financial data

(in PLN'000)	THREE-MONTH PERIOD ENDED		SIX-MONTH PERIOD ENDED	
	30.06.2022	31.03.2022	30.06.2022	30.06.2021
Total operating income	396 410	439 804	836 214	241 999
Total operating expenses	(136 241)	(131 036)	(267 277)	(163 286)
<b>Profit (loss) on operating activities (EBIT)</b>	<b>260 169</b>	<b>308 768</b>	<b>568 937</b>	<b>78 713</b>
Finance income	16 294	1 437	17 731	660
Finance costs	1 046	(1 558)	(512)	(1 350)
<b>Profit (loss) before tax</b>	<b>277 509</b>	<b>308 647</b>	<b>586 156</b>	<b>78 023</b>
Income tax	(50 166)	(56 008)	(106 174)	(13 017)
<b>Net profit (loss)</b>	<b>227 343</b>	<b>252 639</b>	<b>479 982</b>	<b>65 006</b>

(in PLN'000)				AS AT
	30.06.2022	31.03.2022	31.12.2021	30.06.2021
Own cash	995 777	937 314	589 392	621 809
Own cash + bonds	1 342 918	1 271 573	921 318	768 008
Equity	1 221 886	1 169 316	915 560	741 613

## Selected consolidated operating data (KPI)

	THREE-MONTH PERIOD ENDED		SIX-MONTH PERIOD ENDED	
	30.06.2022	31.03.2022	30.06.2022	30.06.2021
New clients <sup>1</sup>	45 697	55 333	101 030	107 854
Clients in total	525 287	481 931	525 287	352 946
Number of active clients <sup>2</sup>	149 922	149 726	190 088	133 415
Average number of active clients <sup>3</sup>	149 922	149 726	149 824	105 005
Net deposits (in PLN'000) <sup>4</sup>	844 614	1 104 974	1 949 588	1 601 970
Average operating income per active client (in PLN'000) <sup>5</sup>	2,6	2,9	5,6	2,3
Transaction volume in CFD instruments in lots <sup>6</sup>	1 489 917	1 560 739	3 050 656	1 986 689
Profitability per lot (in PLN) <sup>7</sup>	266	282	274	122
Transaction volume in CFD instruments in nominal value (in USD'000000)	539 673	631 255	1 170 928	752 604
Profitability for 1 million USD transaction volume in CFD instruments in nominal value (in USD) <sup>8</sup>	168	167	167	85
Turnover of shares in nominal value (in USD'000000)	771	1 166	1 937	2 454

<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 first half of 2022 XTB reported a consolidated net profit PLN 480,0 million compared to PLN 65,0 million a year earlier. This is an increase by PLN 415,0 million, i.e. by 638,4% y/y. Consolidated revenue amounted to PLN 836,2 million (H1 2021: PLN 242,0 million), and operating expenses amounted to PLN 267,3 million (H1 2021: PLN 163,3 million). During the period, the average number of active clients increased by 44,8 thousand clients, which means an increase by 42,7% y/y.

### Revenues

In the first half of 2022, the Group's revenues increased by 245,5% y/y, from PLN 242,0 million to PLN 836,2 million. Significant factors determining their level were high volatility in the financial and commodity markets and the constantly growing average number of active clients (increase by 42,7% y/y), connected with their high transaction activity expressed in the number of contracts concluded in lots. As a consequence, transaction volume in CFD instruments amounted to 3 050,6 thousand lots (H1 2021: 1 986,7 thousands lots), and the profitability by 125,0%, from PLN 122 to PLN 274.

	THREE-MONTH PERIOD ENDED							
	30.06.2022	31.03.2022	31.12.2021	30.09.2021	30.06.2021	31.03.2021	30.12.2020	30.09.2020
Total operating income (in PLN'000)	396 410	439 804	183 567	200 029	55 302	186 697	139 962	139 630
Transaction volume in CFD instruments in lots <sup>1</sup>	1 489 917	1 560 739	1 073 549	1 044 329	871 300	1 115 389	800 935	760 373
Profitability per lot (in PLN) <sup>2</sup>	266	282	171	192	63	167	175	184
Transaction volume in CFD instruments in nominal value (in USD'000000)	539 673	631 255	482 097	502 650	366 257	386 347	292 000	275 144
Profitability for 1 million USD transaction volume in CFD instruments in nominal value (in USD) <sup>3</sup>	168	167	94	102	40	127	126	135

<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).

XTB has a solid foundation in the form of constantly growing client base and the number of active clients. In the first half of 2022 the Group acquired 101 030 new clients compared to 107 854 a year earlier, which means a slight decrease by 6,3% mainly due to high base from the first quarter of 2021. In the reporting period, the number of active clients was record high. It increased by 42,5% y/y., i.e. from 133 415 to 190 088.

	PERIOD ENDED							
	30.06.2022	31.03.2022	31.12.2021	30.09.2021	30.06.2021	31.03.2021	31.12.2020	30.09.2020
New clients <sup>1</sup>	45 697	55 333	42 760	38 573	40 623	67 231	38 413	21 178
Average number of active clients <sup>2</sup>	149 824	149 726	112 015	106 961	105 005	103 446	58 069	53 309

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

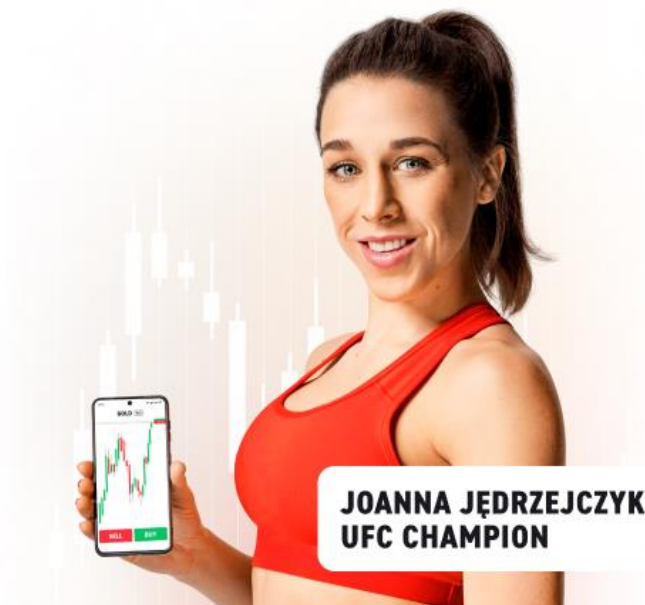
<sup>2)</sup> The average quarterly number of clients respectively for 6 and 3 months of 2022 and 12, 9, 6 and 3 months of 2021 and 12 and 9 months of 2020.



The ambition of the Management Board in 2022 is to acquire, on average, at least 40 thousand new clients quarterly. As a result of the implemented activities, the Group acquired in the first quarter of this year 55,3 thousand new clients and in the second quarter of this year nearly 45,7 thousand new clients. In the first 25 days of July 2022, XTB acquired 10,7 thousand new clients.

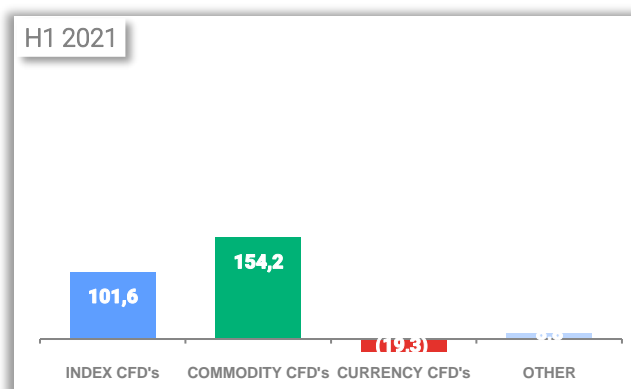
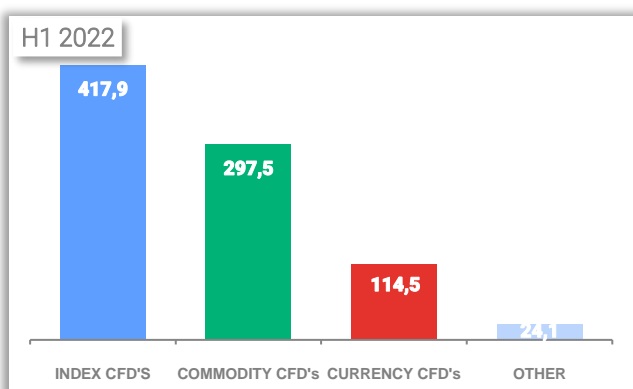
The priority of the Management Board is to further increase the client base leading to the strengthening of XTB's market position in the world. These activities are supported by a number of initiatives, including the new advertising campaign launched on February 14, 2022 with the participation of the new XTB brand ambassador – Joanna Jędrzejczyk – a titled martial arts competitor, the first Polish woman in the UFC organization and a champion in this organization, as well as a three-time world champion in Thai boxing.

XTB, thanks to the cooperation with Joanna Jędrzejczyk, started promoting the offered investment solutions, in particular, convincing that investing in various types of assets is available to everyone, using the tools provided that facilitate entry into the world of investments: through daily market analysis, as well as numerous educational materials.



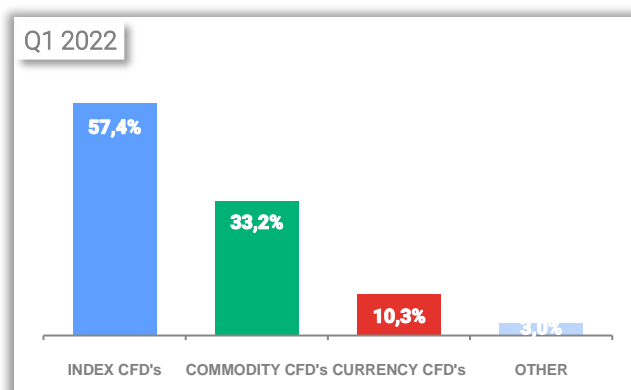
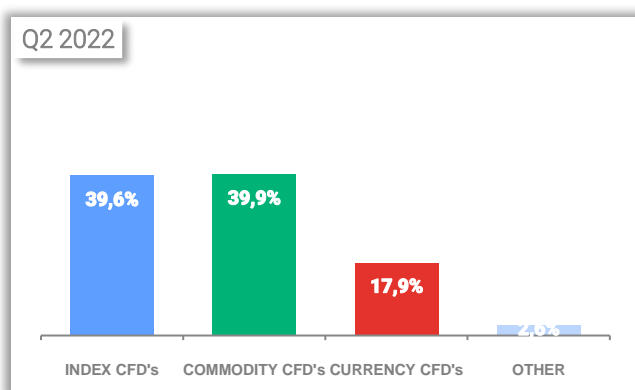
Looking at XTB's revenues in terms of the classes of instruments responsible for their creation, it can be seen that in the first half of 2022 CFDs based on index were in the lead. Their share in the structure of revenues on financial instruments reached 48,9%. This is a consequence of, high profitability on CFD instruments based on the US 100 index, the German DAX index (DE30) or the US 500 index. The second most profitable asset class was CFD based on commodities. Their share in the revenue structure in the first half of 2022 was 34,8%. The most profitable instruments in this class were CFDs on natural gas, gold and oil prices. Revenues on CFDs based on currencies accounted for 13,4% of all revenues, where the most profitable financial instruments in this class were based on the EURUSD currency pair.

#### REVENUS BY ASSET CLASS (in PLN'000000)





## THE STRUCTURE OF REVENUE BY ASSET CLASS (in %)



(in PLN'000)	THREE-MONTH PERIOD ENDED		SIX-MONTH PERIOD ENDED	
	30.06.2022	31.03.2022	30.06.2022	30.06.2021
Index CFDs	160 989	256 907	417 896	101 622
Commodity CFDs	162 411	135 079	297 490	154 247
Currency CFDs	72 621	41 847	114 468	(19 333)
Stock CFDs and ETFs	11 019	12 130	23 149	10 222
Bond CFDs	149	(1 379)	(1 230)	77
<b>Total CFDs</b>	<b>407 189</b>	<b>444 584</b>	<b>851 773</b>	<b>246 835</b>
Shares and ETFs	(572)	2 723	2 151	(1 467)
<b>Gross gain on transactions in financial instruments</b>	<b>406 617</b>	<b>447 307</b>	<b>853 924</b>	<b>245 368</b>
Bonuses and discounts paid to clients	(1 486)	(1 183)	(2 669)	(1 102)
Commission paid to cooperating brokers	(10 140)	(7 999)	(18 139)	(5 093)
<b>Net gain on transactions in financial instruments</b>	<b>394 991</b>	<b>438 125</b>	<b>833 116</b>	<b>239 173</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 at such times it achieves the highest revenues. Therefore, high activity of financial and commodities markets generally leads to an increased volume of trading on the Group's trading platforms. On the other hand, the decrease in this activity and the related decrease in the transaction activity of the Group's clients leads, as a rule, to a decrease in the Group's operating income. Due to the above, operating income and the Group's profitability may decrease in periods of low activity of financial and commodity markets. In addition, there may be a more predictable trend in which the market moves within a limited price range. This leads to market trends that can be predicted with a higher probability than in the case of larger directional movements on the markets, which creates favourable conditions for transactions concluded in a narrow range trading. In this case, a greater number of transactions that bring profits to clients is observed, which leads to a decrease in the Group's result on *market making*.



The volatility and activity of markets results from a number of external factors, some of which are characteristic for the market, and some may be related to general macroeconomic conditions. It can significantly affect the revenues generated by the Group in the subsequent quarters. This is characteristic for the Group's business model.

## Expenses

In the first half of 2022 operating expenses amounted to PLN 267,3 million and were higher PLN 104,0 million to the same period a year earlier (H1 2021 r.: PLN 163,3 million). The most significant changes occurred in:

- marketing costs, an increase of PLN 47,2 million mainly due to higher expenditures on marketing online and offline campaigns;
- costs of salaries and employee benefits, an increase of PLN 33,8 million mainly due to the increase in employment and higher provisions for variable remuneration components (bonuses);
- commission expenses, an increase of PLN 9,8 million as a result of larger amounts paid to payment service providers through which clients deposit their funds on transaction accounts;
- other costs, an increase by PLN 4,1 million, mainly due to donations in the amount of PLN 1,1 million; created write-downs of receivables (increase by PLN 1,0 million y/y); business travel costs (increase by PLN 0,8 million y/y) and provisions for litigation (increase by PLN 0,6 million y/y).

(in PLN'000)	THREE-MONTH PERIOD ENDED		SIX-MONTH PERIOD ENDED	
	30.06.2022	31.03.2022	30.06.2022	30.06.2021
Marketing	54 662	50 650	105 312	58 128
Salaries and employee benefits	45 977	46 492	92 469	58 691
Commission expenses	14 323	13 267	27 590	17 791
Other external services	10 992	11 373	22 365	18 926
Amortization	2 788	2 867	5 655	4 313
Other expenses	2 368	2 807	5 175	1 085
Taxes and fees	3 214	1 532	4 746	2 463
Costs of maintenance and lease of buildings	1 917	2 048	3 965	1 889
<b>Total operating expenses</b>	<b>136 241</b>	<b>131 036</b>	<b>267 277</b>	<b>163 286</b>

In q/q terms, operating costs increased by PLN 5,2 million, mainly due to offline marketing expenditure higher by PLN 4,0 million and higher costs of taxes and fees by PLN 1,7 million, mainly due to higher costs related to the fee to the Bank Guarantee Fund and lower costs of salaries and employee benefits by PLN 0,5 million mainly due to the lower provisions for variable components salaries (bonuses).

	THREE-MONTH PERIOD ENDED							
	30.06.2022	31.03.2022	31.12.2021	30.09.2021	30.06.2021	31.03.2021	31.12.2020	30.09.2020
Total operating expenses including: (in PLN'000)	136 241	131 036	100 715	84 771	76 384	86 902	83 616	60 138
- Marketing	54 662	50 650	37 201	24 772	25 078	33 050	30 861	17 870
New clients	45 697	55 333	42 760	38 573	40 623	67 231	38 413	21 178
Average number of active clients	149 922	149 726	127 174	110 875	106 563	103 425	72 346	55 760





Due to the dynamic development of XTB, the Management Board estimates that in 2022 the total costs of operating activities may even be about 50% higher than that observed in 2021. 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 in 2022 by nearly 70% compared to the previous year.

The final level of operating costs depend on the level of marketing expenses, changes in the level of employment in the Group, the amount of variable components paid to employees and the pace of geographic expansion into new markets.

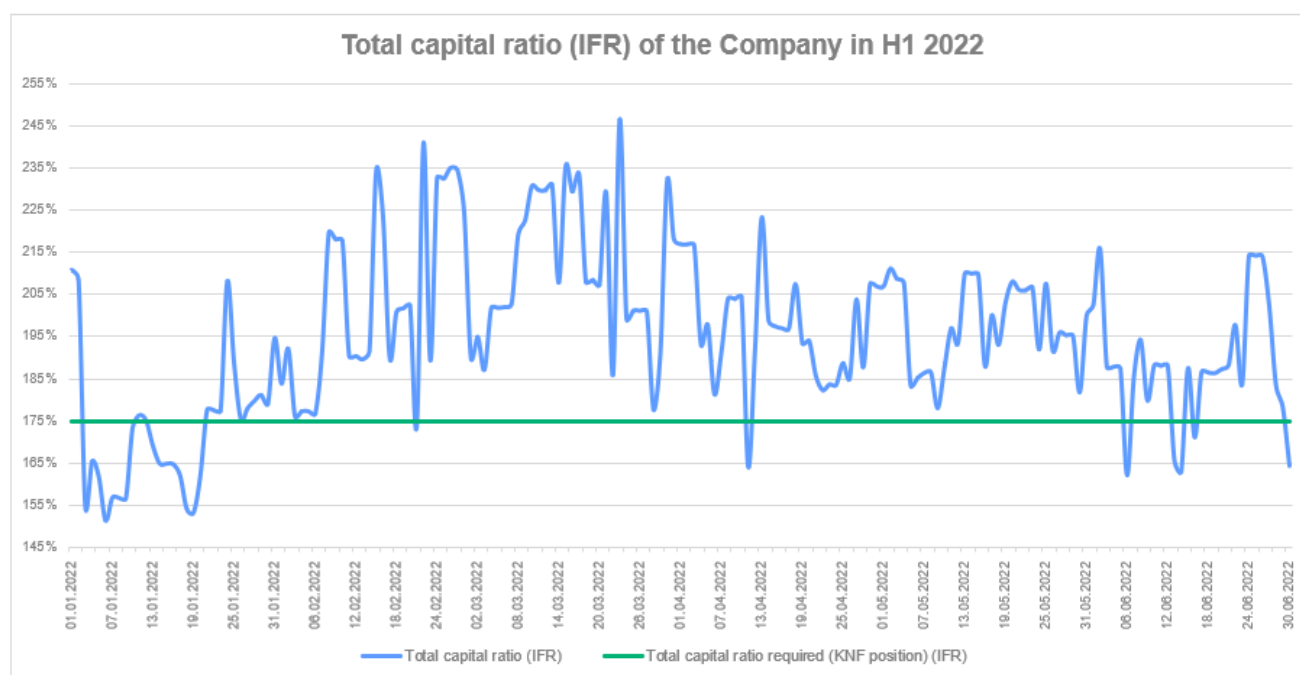
The level of marketing expenditures depends on their impact on the Group's results and profitability, the rate of foreign expansion and on clients responsiveness to the actions taken. The employment growth in the Group will be driven by its dynamic development, both on the existing and new markets. The amount of variable remuneration components is influenced by the Group's results.

## 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 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 first half of 2022 amounted PLN 472,7 million.

The levels of the total capital ratio (IFR) of XTB on individual days in the first half of 2022 are presented in the chart below.





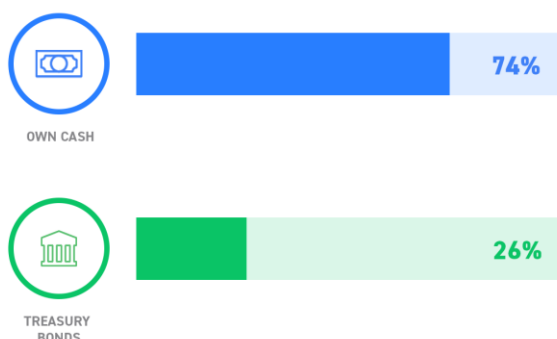
At the end of the first half of this year the total capital ratio in the Company amounted to 164,4%. The total capital ratio informs about the ratio of own funds to risk-weighted assets, in other words, it shows whether the brokerage house is able to cover the minimum capital requirement for market, credit, operational and other risks with its own funds.

## Cash and cash equivalents

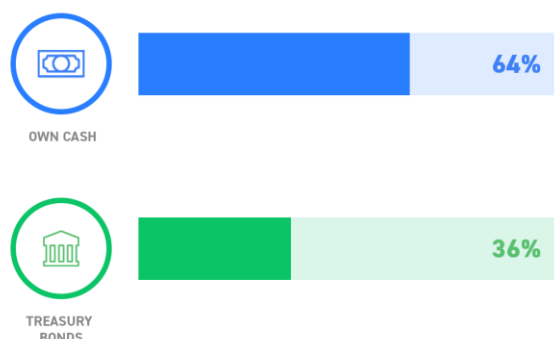
XTB invests part of its cash in financial instruments with a 0% risk weight, i.e. in treasury bonds and bonds guaranteed by the State Treasury. As at June 30, 2022, the total value of own cash and bonds in the XTB Group was PLN 1 342,9 million, which PLN 995,8 million was cash and PLN 347,1 million for bonds.

### OWN CASH AS AT

30.06.2022



31.12.2021



## 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 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. The intention of the Management Board is to start operating in South Africa in mid-2023.

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.

