



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. 5/2023

Warsaw, 26 April 2023

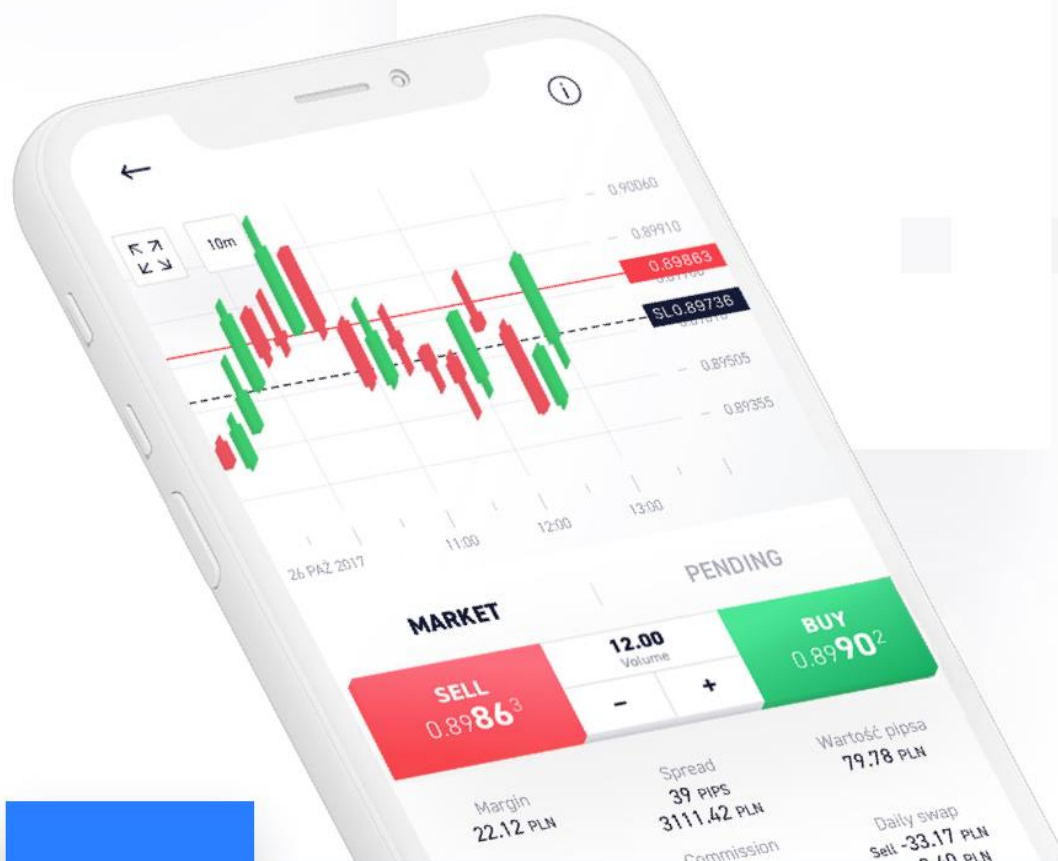
Preliminary financial and operating results for the I quarter 2023

The Management Board of the XTB S.A (the „Issuer“, “Company“, “XTB”) hereby announces that on 26 April 2023 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 2023 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 2023 will be submitted in the extended consolidated report of the Issuer’s Group for the I quarter of 2023, publication of which was planned for 8 May 2023.

Legal basis:

Article 17 paragraph 1 MAR – inside information.



Appendix to the current report

No. 5/2023 dated 26 April 2023

Preliminary financial and operating results
for the I quarter of 2023



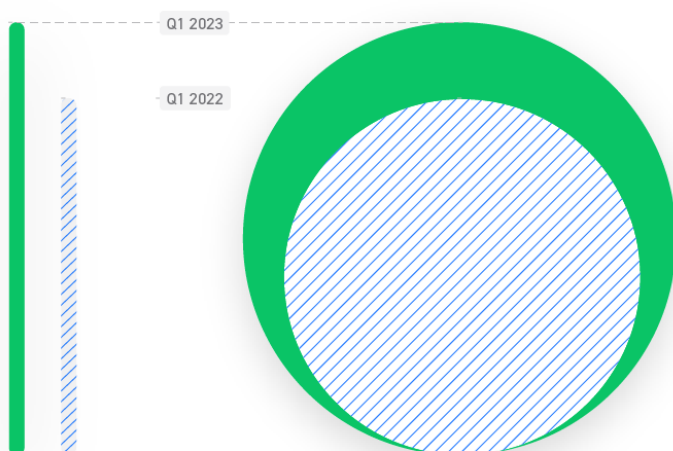
XTB KEY PERFORMANCE INDICATORS Q1 2023



NET PROFIT

302.8 MM
PLN

▲ +19.9% y/y



OPERATING INCOME

531.6 MM
PLN

▲ +20.9% y/y



EBIT

347.4 MM
PLN

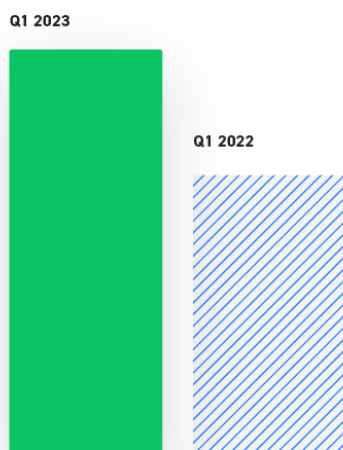
▲ +12.5% y/y



NUMBER OF ACTIVE CLIENTS

215 703

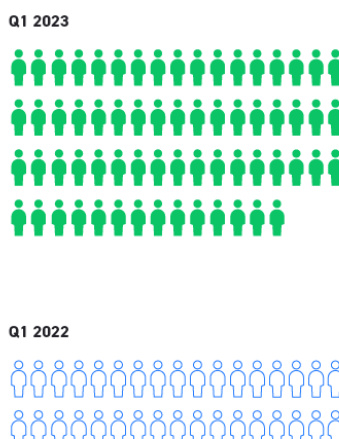
▲ +44.1% y/y



NEW CLIENTS

104 206

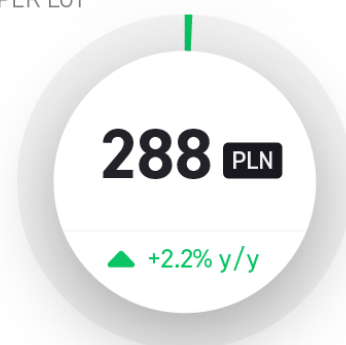
▲ +88.3% y/y



CFD PROFITABILITY PER LOT

288 PLN

▲ +2.2% y/y



CFD VOLUME

1 845 160

▲ +18.2% y/y





Selected consolidated financial data

(in PLN'000)	THREE-MONTH PERIOD ENDED		
	31.03.2023	31.12.2022	31.03.2022
Total operating income	531 607	216 746	439 804
Total operating expenses	(184 219)	(158 235)	(131 036)
Profit on operating activities (EBIT)	347 388	58 511	308 768
Finance income	27 400	761	1 437
Finance costs	(7 776)	(208)	(1 558)
Profit before tax	367 012	59 064	308 647
Income tax	(64 198)	(8 757)	(56 008)
Net profit	302 814	50 307	252 639

(in PLN'000)	AS AT		
	31.03.2023	31.12.2022	31.03.2022
Own cash	1 535 160	1 222 499	937 314
Own cash + bonds	1 906 612	1 584 573	1 271 573
Equity	1 808 373	1 506 069	1 169 316

Selected consolidated operating data (KPI)

	THREE-MONTH PERIOD ENDED		
	31.03.2023	31.12.2022	31.03.2022
New clients ¹	104 206	51 038	55 333
Clients in total	703 928	614 934	481 931
Number of active clients ²	215 703	160 995	149 726
Average number of active clients ³	215 703	160 995	149 726
Net deposits (in PLN'000) ⁴	1 025 147	676 737	1 104 974
Average operating income per active client (in PLN'000) ⁵	2,5	1,3	2,9
Transaction volume in CFD instruments in lots ⁶	1 845 160	1 720 381	1 560 739
Profitability per lot (in PLN) ⁷	288	126	282
Transaction volume in CFD instruments in nominal value (in USD'000000)	596 645	548 781	631 255
Profitability for 1 million USD transaction volume in CFD instruments in nominal value (in USD) ⁸	204	87	167
Turnover of shares in nominal value (in USD'000000)	1 091	721	1 166

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

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

⁸⁾ Total operating income 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

The first quarter of 2023 was another period of dynamic business development and building a client base for XTB. The group acquired a record 104,2 thousand new clients, an increase of 88,3% y/y, while the number of active clients increased by 44,1% y/y from 149,7 thousand to 215,7 thousand. This also contributed to the increase in the trading volume of clients on CFD instruments expressed in lots – an increase from 1,6 million to 1,8 million, i.e. 18,2% y/y.

XTB's dynamic operational growth, coupled with favourable market conditions, translated into record-breaking financial results in the first quarter of 2023. Consolidated net profit amounted to PLN 302,8 million compared to PLN 252,6 million a year earlier. This is an increase of PLN 50,2 million. Consolidated revenues amounted to PLN 531,6 million (Q1 2022: PLN 439,8 million) with operating expenses of PLN 184,2 million (Q1 2022: 131,0 million).

Revenues

In the first quarter of 2023, XTB recorded a record level of revenue. They increased by 20,9% y/y, i.e. by PLN 91,8 million, from PLN 439,8 million to PLN 531,6 million. Significant factors determining their level were high volatility in the financial and commodity markets and the constantly growing number of active clients (increase by 88,3% y/y), connected with their high transaction activity expressed in the number of CFD contracts concluded in lots. As a consequence the transaction volume in CFD instruments amounted to 1 845,2 thousand lots (Q1 2022: 1 560,7 thousand lots), and a profitability per lot amounted to PLN 288 (Q1 2022: PLN 282).

	THREE-MONTH PERIOD ENDED							
	31.03.2023	31.12.2022	30.09.2022	30.06.2022	31.03.2022	31.12.2021	30.09.2021	30.06.2021
Total operating income (in PLN'000)	531 607	216 746	391 289	396 410	439 804	183 567	200 029	55 302
Transaction volume in CFD instruments in lots ¹	1 845 160	1 720 381	1 594 606	1 489 917	1 560 739	1 073 549	1 044 329	871 300
Profitability per lot (in PLN) ²	288	126	245	266	282	171	192	63
Transaction volume in CFD instruments in nominal value (in USD'000000)	596 6459	548 781	539 879	539 673	631 255	482 097	502 650	366 257
Profitability for 1 million USD transaction volume in CFD instruments in nominal value (in USD) ³	204	87	152	168	167	94	102	40

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

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

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

XTB has a solid foundation in the form of constantly growing client base and the number of active clients. In the first quarter of 2023 Group reported another record in this area, acquiring 104 206 new clients compared to 55 333 a year



earlier, which means an increase of 88,3%. Similarly to the number of new clients, the number of active clients was also record high. It increased from 149 729 to 215 703, i.e. by 44,1% y/y.

	PERIOD ENDED							
	31.03.2023	31.12.2022	30.09.2022	30.06.2022	31.03.2022	31.12.2021	30.09.2021	30.06.2021
New clients ¹	104 206	51 038	44 796	45 697	55 333	42 760	38 573	40 623
Clients in total ²	703 928	614 934	567 387	525 287	481 931	429 157	388 973	352 946
Number of active clients ³	215 703	258 799	224 339	190 088	149 726	190 452	160 608	133 415
Average number of active clients ⁴	215 703	153 082	150 444	149 824	149 726	112 015	106 961	105 005

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

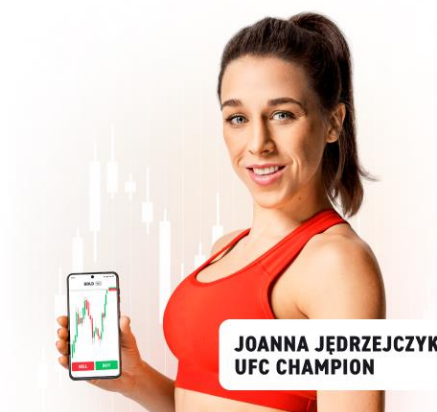
²) Number of clients at the end of individual quarters.

³) Number of active clients respectively in the 3 months of 2023 and 12, 9, 6 and 3 months of 2022 and 12, 9 and 6 months of 2021 respectively. An active client is a client who carried out at least one transaction in a period.

⁴) The average quarterly number of clients respectively for 3 months of 2023 and 12, 9, 6 and 3 months of 2022 and 12, 9 and 6 months of 2021.

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 by reaching the mass client with its product offer. The ambition of the Management Board in 2023 is to acquire, on average, at least 40-60 thousand new clients quarterly. As a result of the implemented activities, the Group acquired in the first quarter of this year 104,2 thousand new clients, while in the first 25 days of April 2023, 17,6 thousand new clients were acquired.

In order to strengthen its market position and worldwide recognition, XTB cooperates with titled athletes who are the ambassadors of the XTB brand. In February 2022, an advertising campaign was launched with the participation of the titled martial arts competitor, the first Polish woman in the UFC organization and the champion of this organization, as well as the three-time world champion in Thai boxing – Joanna Jędrzejczyk.



In September 2022, promotional activities were launched with the participation of Conor McGregor, another XTB brand ambassador – Irish mixed martial arts (MMA) and the UFC fighter. Conor McGregor is the biggest martial arts star in the world and the best rewarded athlete according to Forbes list. Conor is not only a fighter, but also a successful person in business as an investor in many interesting projects.



The face of the XTB brand is also Jiří Procházka, a Czech fighter, one of the leading MMA fighters, UFC champion. Thanks to this cooperation, XTB plans to continue its intense promotional activities.



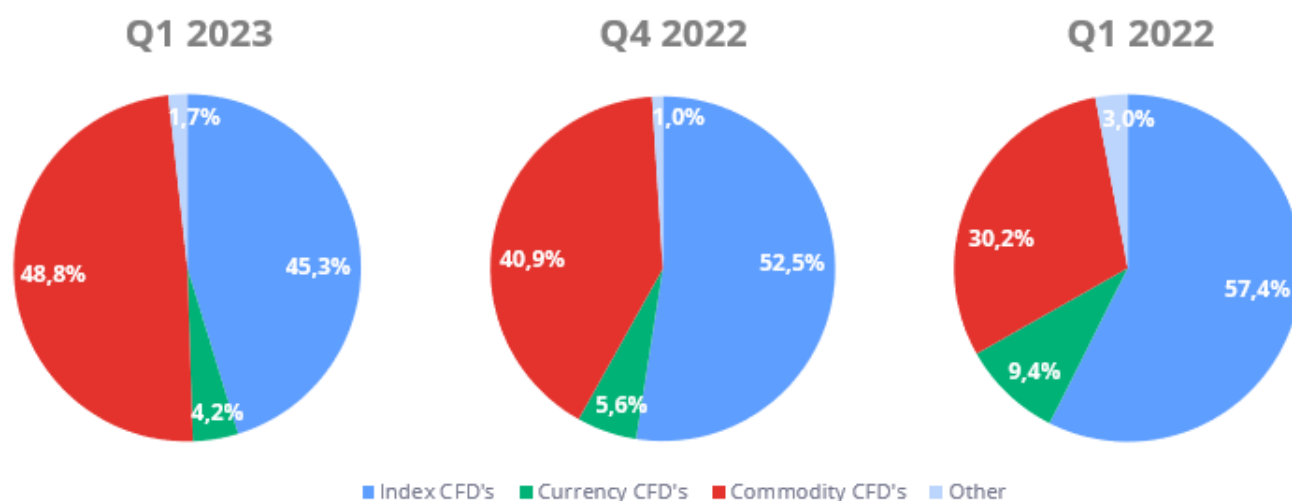
The team of XTB ambassadors was also joined in 2022 by Iker Casillas, a former Real Madrid footballer, considered one of the best goalkeepers of all time. He is currently the Deputy Director General of the Real Madrid Foundation.

Thanks to the cooperation with such personalities as Joanna Jędrzejczyk, Conor McGregor, Jiří Procházka or Iker Casillas, XTB 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 quarter of 2023 CFDs based on commodities. Their share in the structure of revenues on financial instruments reached 48,8% compared to 30,2% a year earlier. The most profitable instruments in this class were CFDs instruments based on quotations of natural gas and gold. The second most profitable asset class was CFD based on index. Their share in the revenue structure in the first quarter of 2023 was 45,3% (Q1 2022: 57,4%). The most profitable instruments in this class were CFDs instruments based on the German DAX index (DE30), the US 100 index and the US 500 index. Revenues on CFDs based on currencies accounted for 4,2% of all revenues compared to 9,4% year earlier, where the most profitable instruments in this class were CFDs on currency pairs EURUSD.



The structure of revenue by asset class (in%)



(in PLN'000)	THREE-MONTH PERIOD ENDED		
	31.03.2023	31.12.2022	31.03.2022
Commodity CFDs	264 713	92 403	135 079
Index CFDs	245 812	118 636	256 907
Currency CFDs	22 852	12 739	41 847
Stock CFDs and ETFs	6 943	1 117	12 130
Bond CFDs	177	248	(1 379)
Total CFDs	540 497	225 143	444 584
Shares and ETFs	2 398	902	2 723
Gross gain on transactions in financial instruments	542 895	226 045	447 307
Bonuses and discounts paid to clients	(2 598)	(1 487)	(1 183)
Commission paid to cooperating brokers	(11 751)	(10 082)	(7 999)
Net gain on transactions in financial instruments	528 546	214 476	438 125

The business model used by XTB combines the features of the agency model and the *market maker* model, in which the Company is a party to transactions concluded and initiated by clients. XTB does not engage, in the strict sense, in transactions carried out on its own account in anticipation of changes in prices or values of underlying instruments – proprietary trading.

The hybrid business model used by XTB also uses the agency model. For example, on most CFD instruments based on cryptocurrencies, XTB secures these transactions with external partners, practically is not to be the other party to the transaction (of course, from a legal point of view, it is still XTB). The fully automated risk management process adopted by the Company limits exposure to market changes and forces the Group to hedge its positions in order to maintain appropriate levels of capital requirements. In addition, XTB executes all transactions on shares and ETFs as well as on CFD instruments based on these assets directly on regulated markets or in alternative trading systems. XTB is not a market maker for this class of instruments.

XTB's business model includes high volatility of revenues from period to 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

The operating costs in the first quarter of 2023 amounted to PLN 184,2 million and were PLN 53,2 million higher compared to the same period a year earlier (Q1 2022: PLN 131,0 million). The most important changes occurred in:

- marketing costs, an increase by PLN 30,8 million resulting mainly from higher expenditure on online and offline marketing campaigns;
- costs of remuneration and employee benefits, an increase by PLN 16,9 million, mainly due to an increase in employment and higher provisions for variable remuneration components (bonuses);
- other external services, an increase by PLN 2,7 million as a result of mainly higher expenditure on: (i) support database systems (increase by PLN 1,2 million y/y); (ii) market data delivery services (increase by PLN 0,6 million y/y) and (iii) legal and advisory services (increase by 0,5 million y/y);
- commission costs, an increase by PLN 1,8 million resulting from higher amounts paid to payment service providers through which clients deposit their funds in transaction accounts.



(in PLN'000)	THREE-MONTH PERIOD ENDED		
	31.03.2023	31.12.2022	31.03.2022
Marketing	81 435	68 478	50 650
Salaries and employee benefits	63 367	50 013	46 492
Commission expenses	15 079	13 780	13 267
Other external services	14 062	14 865	11 373
Amortization and depreciation	3 746	3 262	2 867
Taxes and fees	3 004	969	1 532
Costs of maintenance and lease of buildings	1 926	1 745	2 048
Other costs	1 600	5 123	2 807
Total operating expenses	184 219	158 235	131 036

In q/q terms, operating costs increased by PLN 26,0 million, mainly due to PLN 13,4 million higher costs of salaries and employee benefits resulting mainly from an increase in employment and an increase in provisions for variable remuneration components (bonuses), higher by PLN 13,0 million of marketing costs related mainly to higher expenditures on online marketing campaigns.

	THREE-MONTH PERIOD ENDED							
	31.03.2023	31.12.2022	30.09.2022	30.06.2022	31.03.2022	31.12.2021	30.09.2021	30.06.2021
Total operating expenses including: (in PLN'000)	184 219	158 235	132 546	136 750	131 036	100 715	84 771	76 384
- Marketing	81 435	68 478	48 579	54 662	50 650	37 201	24 772	25 078
New clients	104 206	51 038	44 796	45 697	55 333	42 760	38 573	40 623
Clients in total ¹	703 928	614 934	567 387	525 287	481 931	429 157	388 973	352 946
Number of active clients ²	215 703	258 799	224 339	190 088	149 726	190 452	160 608	133 415
Average number of active clients ³	215 703	160 995	151 685	149 922	149 726	127 174	110 875	106 563
Average client acquisition cost ⁴	0,8	1,3	1,1	1,2	0,9	0,9	0,6	0,6

¹⁾ The total number of the Group's clients at the end of individual periods.

²⁾ Number of active clients respectively in the 3 months of 2023 and 12, 9, 6 and 3 months of 2022 and 12, 9 and 6 months of 2021, respectively. An active client is a client who carried out at least one transaction in a period.

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

⁴⁾ Marketing costs in the period divided by the number of new clients.

Due to the dynamic development of XTB, the Management Board estimates that in 2023 the total costs of operating activities may be even higher by about a one-fourth to the level we observed in 2022. 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, expenditures on marketing may increase by about one-fifth 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.



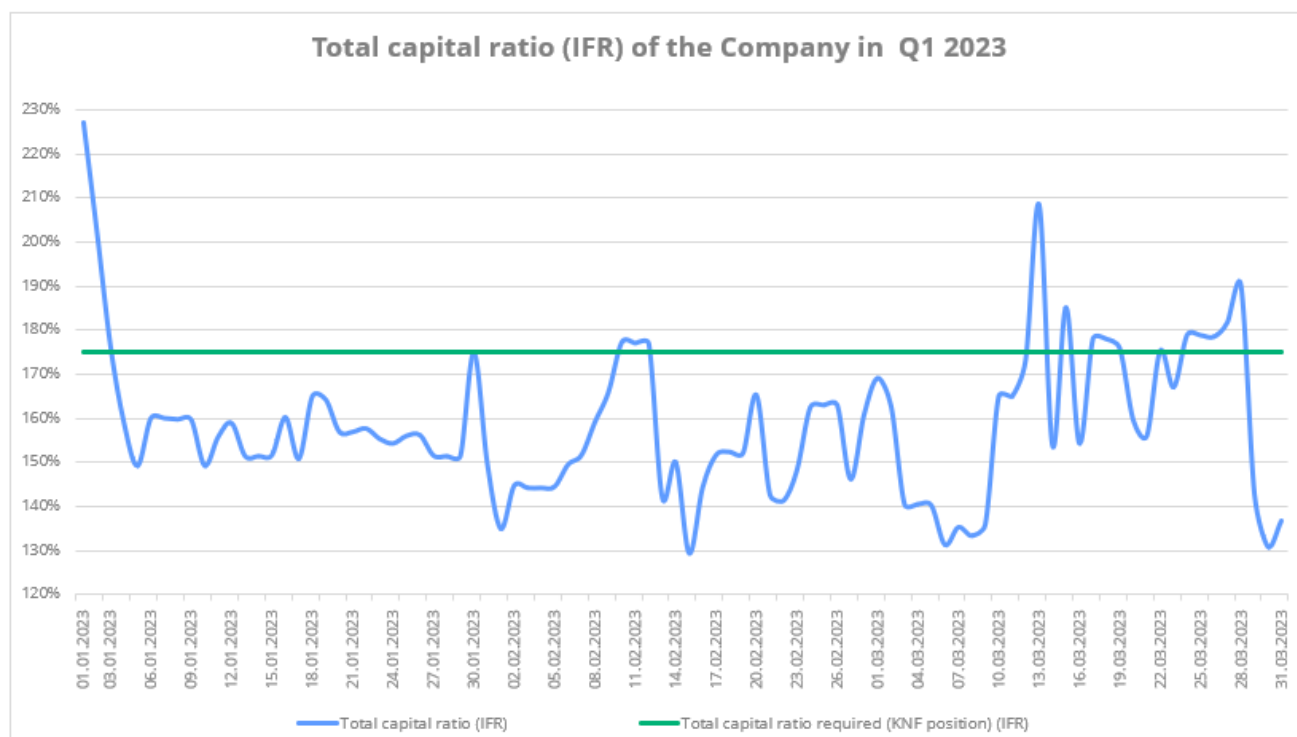
The level of marketing expenditures depends on their impact on the Group's results and profitability, the rate of foreign expansion and the degree of client responsiveness to the actions taken. The employment growth in the Group will be driven by its dynamic development, both on the existing and new 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 the General Meeting in the future to adopt resolutions on the payment of dividend, taking into account the factors indicated above, in the amount of 50% to 100% of the Company's standalone net profit for a given financial year. The standalone net profit for the first quarter of 2023 amounted to PLN 299,8 million.

The levels of the total capital ratio (IFR) of XTB on individual days in Q1 2023 are presented in the chart below.



At the end of the first quarter of this year the total capital ratio in the Company amounted to 136,7%. 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

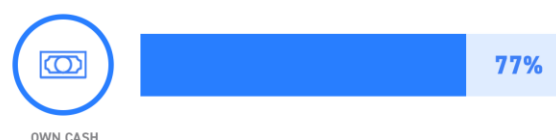
XTB invests part of its cash in bank deposits and in financial instruments with a 0% risk weight, i.e., in treasury bonds and bonds guaranteed by the State Treasury. As at March 31, 2023 the total value of own cash and bonds in the XTB Group was PLN 1 906,6 million, which PLN 1 535,2 million was cash and PLN 371,5 million for bonds.

OWN CASH AS AT

31.03.2023



31.12.2022



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.

The development of XTB is also possible through mergers and acquisitions, especially with entities that would allow the Group to achieve geographic synergy (complementary markets). Such transactions will be carried out, only when they will bring measurable benefits for the Company and its shareholders.

Currently, the Management Board's efforts are focused on reaching mass clients with the offer. This is crucial for further dynamic development of XTB and building a global brand. This goal is to be served by new products added to the offer in 2023 and in the consecutive years. The Management Board estimates that the effects of these works will give a much higher output than if the available resources were invested in launching operations in South Africa. For this reason, the start of operations of XTB Africa (PTY) Ltd. has been postponed at least until 2024.