

**Report on Operations of the Supervisory Board of XTB S.A.
(hereinafter: "Company", "XTB") in 202w**

I. Composition of the Supervisory Board and its committees

1. In 2022 there were no personal changes to the Supervisory Board. During the whole 2022 the Supervisory Board met in the following composition:

- a) Mr. Jan Byrski – Chairperson of the Supervisory Board;
- b) Mr. Jakub Leonkiewicz - Member of the Supervisory Board;
- c) Mr. Grzegorz Grabowicz - Member of the Supervisory Board;
- d) Mr. Łukasz Baszczyński - Member of the Supervisory Board;
- e) Mr. Bartosz Zabłocki - Member of the Supervisory Board;

II. Supervisory Board Committees

The Supervisory Board includes Remuneration Committee and Risk Management Committee. The functions of the above committees are performed by all Members of the Supervisory Board collectively, under a resolution adopted by the Supervisory Board.

Until August 16, 2022, the Company also had a Nominating Committee, which was dissolved by the Board's decision due to the repeal of the provision requiring brokerage houses to have a Nominating Committee. The Company established an Audit Committee, which functions as a separate committee.

The Company appointed the Audit Committee which functions as a separate committee.

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III. Members of the Supervisory Board satisfying the criterion of independence and knowledge of accounting and auditing.

According to the Articles of Association, at least two Members of the Supervisory Board shall satisfy the criteria of independence specified in Article 20(1) of the Articles of Association ("**Independent Member**").

According to the Articles of Association, as long as the Company is a public interest entity within the meaning of the Act on Registered Auditors, at least one Member of the Supervisory Board shall have knowledge and skills in the scope of accounting or audit of financial statements (Article 20(2) of the Articles of Association). The same Member of the Supervisory Board can satisfy the criteria provided for in Article 20(1) and Article 20(2) of the Articles of Association.

The Supervisory Board assessed the relations and circumstances having potential effect on satisfaction of independence criteria by the Members of the Supervisory Board. The assessment showed that: Jan Byrski, Grzegorz Grabowicz and Jakub Leonkiewicz satisfied the criteria provided for in Article 20(1) of the Articles of Association.

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

IV. Basic tasks of the Supervisory Board

In compliance with the commonly governing law, including the Code of Commercial Companies of 15 September 2000 and Regulations of the Supervisory Board, in 2022 the

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Supervisory Board performed supervisory and control activities, which could have included, among others:

- a) review of the financial statements for the prior year and review of the Management Board's report on Company's operation for the prior year in terms of their compliance with the books and documents as well as the factual status, and review of the Management Board's requests regarding distribution of profit or coverage of loss;
- b) submitting to the General Assembly of the annual written report on the results of the review referred to in point a);
- c) determination of terms of remuneration and employment of the members of the Management Board;
- d) approval of annual budgets, which included the budgets of the Company, Subsidiaries and the consolidated budget of the Company's capital group;
- e) appointment of an independent external registered auditor for the Company and Subsidiaries;
- f) performance of the Remuneration Committee's tasks which include, without limitation:
 - issue of opinions on the variable remuneration components policy, including the value and components of remuneration;
 - reviewing the policy regarding variable remuneration components;
 - supervising the payment of variable remuneration components of persons performing activities related to risk management, internal control, internal audit and control of compliance of operation of the brokerage house with the law;
 - determination of the value and components of remuneration of the Management Board;
- g) performance of the Risk Management Committee's tasks which include, without limitation:
 - preparation of the draft document regarding the risk appetite of the brokerage house;
 - issue of opinions on the strategy of the brokerage house prepared by the Management board, including risk management aspects;

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- supporting the Supervisory Board in supervision of implementation of the strategy of the brokerage house in the scope of risk management by the management board;
- verification of the remuneration policy and rules of its implementation in terms of adjustment of the remuneration system to the risk the brokerage house is exposed to, its capital, liquidity as well as likelihood and time limits of earning income;
- h) granting consent to appointment and dismissal of persons managing the internal audit units as well as ensuring compliance with the law;
- i) review and issue of opinions on matters to be the subject of the resolutions of the General Assembly.
- j) other formal and legal matters related to the activity of the Supervisory Board.

V. Activities taken by the Supervisory Board

The activities taken by the Supervisory Board aimed at streamlining of cautious and stable management of the Company, both in terms of finance and compliance of its business with the governing law, decisions, recommendations and guidance issued by the competent supervisory authorities. The actions taken and analyzed by the Board aimed at maximization of the financial results generated by the Company, increasing its value, ensuring long-term development and a stable position on the market as well as ensuring an effective internal system for monitoring of potential threats and potential prevention of occurrence of such threats.

In 2022, the Supervisory Board held 9 meetings:

1.	February 17th 2022	Supervisory Board's Meeting
		Remuneration Committee's meeting
2.	March 7th 2022	Supervisory Board's Meeting

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3.	March 18th 2022	Supervisory Board's meeting
		Remuneration Committee's meeting
4.	June 2nd 2022	Supervisory Board's meeting
		Remuneration Committee's meeting
		Nominating Committee's meeting
5.	August 16th 2022	Supervisory Board's Meeting
6.	September 30th 2022	Supervisory Board's Meeting
7.	October 26th 2022	Supervisory Board's Meeting
		Remuneration Committee's meeting
		Risk Management Committee's meeting
8.	November 15th 2022	Supervisory Board's meeting
		Remuneration Committee's meeting
9.	December 13th 2022	Supervisory Board's meeting
		Remuneration Committee's meeting

According to the Regulations of the Supervisory Board, each year the Supervisory Board must hold at least four meetings and, thus, in 2022 the Supervisory Board held meetings in compliance with the internal regulations adopted by the Company.

In 2022, the Supervisory Board adopted 61 resolutions at its meetings and by way of circulation. The most important adopted resolutions regarded:

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1. Evaluation of the Company's separate and consolidated financial statements for 2021, the Management Board's report on the Group's and the Company's operations for 2021, and the XTB S.A. Group's report on non-financial information for 2021 in terms of their compliance with the books and documents, as well as with the facts, and the Management Board's proposal for the distribution of profit for 2021; Assessment of the activity of the Management Board and its individual Members in 2021 as well as recommendation to be submitted to the General Assembly with regard to granting discharge to the members of the Management Board;
2. Establishment of a new term of the Company's Board of Directors and appointment of Members of the Company's Board of Directors for a new term;
3. Approval and Recommendation to the General Meeting of Shareholders on the adoption of the updated Remuneration Policy for Members of the Management Board and Members of the Supervisory Board of XTB S.A.;
4. Expressing an opinion on the draft resolutions brought by the Management Board to the agenda of the General Meeting of Shareholders;
5. Selection of auditors to audit financial statements of subsidiaries;
6. Discussing the Reports on the System of Legal Compliance (SLC), the System of Internal Control (SIC), the Report on the Operation of the Risk Management System and the Report on the Operation of the Internal Audit System for the second half of 2021 and the first half of 2022;
7. Approval of the establishment and acquisition of shares in new subsidiaries in the Republic of Seychelles and the Republic of Cyprus;
8. Approval of the Company's budget and the Company's group for 2023.

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Concurrently, the following issues were discussed at the selected meetings of the Supervisory Board:

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

VI. Review of the Management Board's report on operations off the Group and Company in financial year 2022, financial statements for 2022 and the Management Board's request regarding distribution of profit for 2022

The Supervisory Board presents the report on the results of review of the following reports, statements and requests of the Company for financial year 2022:

VII. Separate and consolidated financial statements of XTB for 2022

Having familiarized with the opinion and report of the auditor regarding the course and results of audit of the financial statements of the Company for 2022 and having reviewed the said statements, the Supervisory Board agrees with the auditor's opinion and states that the financial statements for financial year 2022 have been prepared on the basis of properly kept books of accounts, comply in terms of form and content with the governing law and present all information material for evaluation of profitability and profit/loss in the analyzed period as well as economic and financial standing of the Company and Group. Therefore, the Supervisory Board applies to the General Assembly for approval of the separate and consolidated financial statements of XTB for financial year 2022.

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VIII. Management Board's report on the operations of the Group and Company for 2022 and non-financial statement of XTB S.A. Capital Group for 2022

Having analyzed and reviewed the Management Board's report on the operations of the Group and Company for 2022 and the non-financial statement of XTB S.A. Capital Group for 2022, the Supervisory Board finds them compliant with the books and documents of the Company. Therefore, the Supervisory Board accepts the above reports and statement and applies to the General Assembly for their approval.

Concurrently, having familiarized itself with the Management Board's report on the operations of the Group and Company for 2022, the Supervisory Board applies to the General Assembly or granting discharge to the President of the Management Board - Mr. Omar Arnaout and to the Members of the Management Board: Mr. Paweł Szejko, Mr. Filip Kaczmarzyk, Mr. Jakub Kubacki and Mr. Andrzej Przybylski in relation to fulfilment of their duties in financial year 2022.

IX. Assessment of the Management Board's request regarding distribution of the Company's profit for 2022

After reviewing the separate and consolidated financial statements of XTB S.A. and the Management Board's proposal on the distribution of profit for 2022, and based on the discussion held on the impact of the profit distribution proposed by the Management Board, the Supervisory Board approved the Management Board's recommendation of May 23, 2023, on the distribution of profit, which amounted to PLN 761,564,340.63, by paying shareholders a dividend of PLN 570,484,466.10, equivalent to a dividend of PLN 4.86 per share, and allocating the remaining part of the profit earned, i.e. an amount estimated at PLN 191,079,874.53 to be retained at the Company's disposal by allocating it to reserve capital. The Board's recommendation is in line with the Company's dividend policy. In addition, the Supervisory

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Board positively evaluates the proposal to designate July 10, 2023, as the dividend date and July 21, 2023, as the dividend payment date.

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

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

In 2022 the Supervisory Board did not exercise its authority to order audits pursuant to Section 382(1) of the Commercial Companies Code, and therefore the Company did not incur costs in connection therewith.

XI. Assessment of the Company's standing, including assessment of effectiveness of functioning of the following systems: risk management, compliance, internal control and internal audit.

XTB's dynamic operational growth with favorable market conditions translated into record financial results in 2022. Consolidated net profit amounted to PLN 766,096 thousand, compared to PLN 237,830 thousand a year earlier. Operating profit (EBIT) amounted to PLN 885,682 thousand versus PLN 276,823 thousand last year. Consolidated revenues reached PLN 1,444,249 thousand versus PLN 625,595 thousand a year earlier, with operating expenses of PLN 558,567 thousand (2021: PLN 348,772 thousand).

In 2022, the retail business segment generated about 87% of the Group's total turnover volume, while the institutional business segment generated about 13%.

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XTB has a solid foundation in the form of a steadily growing customer base and number of active clients. In 2022, The Group recorded another record in this area by acquiring 196,864 new clients compared to 189,187 a year earlier, an increase of 4.1%. Similarly, to the number of new customers, the number of active customers was also a record. It rose from 190,452 to 258,799, up 35.9% year-on-year.

In 2022, XTB recorded a record increase in revenues from PLN 625,595 thousand to PLN 1,444,249 thousand, up 130.9% y/y. The important factors determining their level were high volatility in the financial and commodity markets and the steadily growing number of active clients (up 35.9% y/y), combined with their high trading activity expressed, among other things, in the number of CFD contracts concluded in lots (up 55.1% y/y). As a result, derivative trading amounted to 6,365.6 thousand lots (2021: 4,104.6 thousand lots), and profitability per lot reached PLN 227 (2021: PLN 152).

Operating expenses in 2022 stood at PLN 558,567 thousand and were PLN 209,795 thousand higher than those a year earlier (2021: PLN 348,772 thousand). The most significant changes occurred in:

- marketing costs, an increase of PLN 102,268 thousand resulting mainly from higher expenditures on online and offline marketing campaigns;
- costs of salaries and employee benefits, an increase of PLN 60,765 thousand mainly due to an increase in employment and higher provisions for variable components of salaries (bonuses);
- commission expenses, an increase of PLN 18,178 thousand resulting from higher amounts paid to payment service providers through which customers deposit their funds in transaction accounts;
- other third-party services, an increase of PLN 11,533 thousand following mainly higher expenses for: (i) IT systems and licenses (up PLN 4,166 thousand year-on-year); (ii) market data provision services (up PLN 2,807 thousand year-on-year); (iii) legal and consulting services (up PLN 2,762 thousand year-on-year); and (iv) recruitment costs (up PLN 1,967 thousand year-on-year).

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The Supervisory Board assesses the Group's situation and emphasizes that operations are conducted in an adequate and efficient manner, and the financial results achieved place the Group at a satisfactory level.

In accordance with the requirement set forth in §10 (a) of the Regulations of the Supervisory Board of XTB S.A. dated November 19, 2021, and the Good Practices of the WSE, the following is an assessment of the effectiveness of the following systems and functions: risk management, supervision of legal compliance, internal control and internal audit.

1. Risk management system

The Board carries out continuous supervision over specific types of risks, approves the internal procedures connected with the functioning of the risk management system and regularly familiarizes itself with the periodical Risk Management System reports submitted to it by the Director for Risk Management who, as of 1 May 2019, acts also in the capacity of the Management Board Member for Risk Management. The reports received so far allow to state that the risk management system is effective. Furthermore, on-going cooperation with the Director for Risk Management enables correct assessment of the functioning of the Risk Control Department and, therefore, the Risk Management System model adopted by the Company. Also, the ongoing cooperation with the Supervision Inspector allows to correctly assess the functioning of the compliance system adopted in the Company. Therefore, the Supervisory Board assesses the functioning of the risk management system in the Company as adequate and effective.

2. Compliance system

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Responsibility for the Company's compliance lies with the Compliance Supervision Team functioning in the Legal and Compliance Department, reporting to the Management Board Member for Legal Affairs and managed by the Supervision Inspector. The Supervisory Board receives reports regarding the Compliance System regularly and approves changes of internal procedures regulating the functioning of the compliance unit in the Company. Therefore, the Supervisory Board assesses the functioning of the compliance system in the Company as adequate and effective.

3. Internal control system

Responsibility for proper functioning of the Company's internal control system lies with the Internal Control Team functioning within the Legal and Compliance Department.

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

4. Internal audit system

The internal audit function is performed by the Internal Audit Department that is subordinate to the President of the Management Board in organizational terms and to the Supervisory Board in functional terms. Responsibility for the functioning of the Department lies with the Internal Auditor. The Supervisory Board carries out continuous supervision over the issues of internal audit, approves the Audit Plan and Program and regularly receives reports regarding the Internal Audit System. Therefore, the Supervisory Board assesses the functioning of the internal audit system in the Company as adequate and effective.

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XIII. Assessment of fulfilment of information obligations by the Company with regard to application of the principles of corporate governance provided for in the Regulations of the Stock Exchange and laws regarding current and periodical information supplied by the issuers of securities.

Considering the Company's obligation to fulfil the information obligations regarding application of the principles of corporate governance resulting from the Regulations of the Stock Exchange and Regulation of the Minister of Finance of 29 February 2018 on current and periodical information supplied by the issuers of securities and conditions of considering as equivalent information required under the law of a non-member state, the Supervisory Board presents the assessment of the Company's fulfilment of the said obligation to the General Assembly.

On the website of XTB S.A., in the Investor Relations section, XTB published Information on the status of compliance by the Company with recommendations and rules prescribed in the Best Practice for WSE Listed Companies 2016 and the Best Practice for WSE Listed Companies 2021.

In 2022, XTB S.A. complied with the principles presented in the Best Practice for WSE Listed Companies 2021, except for three principles: 2.1., 2.2. and 2.11.6.

In relation to the detailed principle worded:

"2.1. The company should have a diversity policy for the management board and supervisory board, adopted by the supervisory board or general assembly, respectively. The diversity policy determines the objectives and criteria of diversity, including but not limited to such areas as sex, education, expertise, age and professional experience, and specifies the time frames and methods of monitoring of these objectives. In the scope of diversity in terms of sex, the

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condition to ensure diversity of the corporate bodies is ensuring that the share of minority in the given body is not lower than 30%."

The Company has the "Diversity Policy for Members of the Management Board of XTB S.A." in place, as adopted by the Supervisory Board, but it does not provide for the share of the minority in the body at the level of at least 30%. The General Assembly did not adopt a diversity policy for the Company's Supervisory Board. It must be noted that the members of the Company's governing bodies specialize in various areas of knowledge and have diversified industry-related experience corresponding with their current function. The Company is committed to hiring employees based on diversity of skills and competences in terms of education, professional experience and skills of the selected management staff in order to ensure comprehensive and reliable performance of entrusted tasks.

In relation to the detailed principle worded: "2.2. The persons making decisions on selection of the members of the management board or supervisory board of the company should ensure comprehensiveness of these bodies through selection of persons ensuring diversity, enabling, inter alia, reaching the target minimum ratio of the share of minorities at the level of at least 30%, according to the objectives provided for in the adopted diversity policy referred to in principle 2.1."

The personal composition of the Company's Supervisory Board is a result of decisions made by the General Assembly, and determination of the personal composition of the Company's Management Board lies within the competences of the Supervisory Board. When selecting the members of the management board or supervisory board of the Company, the decision-makers focus on the current needs of the enterprise, applying substantive criteria and taking into consideration the need to ensure comprehensiveness of these bodies through selection of persons ensuring diversity. The basic condition set for all candidates is their substantive preparation to act in the given capacity, relevant professional experience as well as selection of competences and education. The individual competences of the members of the Company's

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governing bodies are complementary in order to ensure the appropriate level of collective management in the organisation.

In relation to the detailed principle worded: "2.11. In addition to the activities resulting from the law, the supervisory board prepares the annual report and presents it to the general assembly for approval. The report referred to above contains at least: 2.11.6. information on the degree of implementation of the diversity policy in relation to the management board and supervisory board, including accomplishment of the objectives referred to in principle 2.1." This principle is not applied since principle 2.1. is not applied.

Except for the above specified exceptions, the Supervisory Board finds no breaches of the principles of "Best Practice for WSE Listed Companies 2016" or "Best Practice for WSE Listed Companies 2021". Therefore, the fulfilment of information obligations by the Company with regard to application of the principles of corporate governance is assessed as proper.

XIII. Assessment of reasonability of the Company's sponsoring policy

In 2022 the Company did not conduct any significant sponsoring or charity activity.

XIV. Self-assessment of work of the Supervisory Board

In 2022, the Company's Supervisory Board held nine meetings at which the current activities of the Management Board and financial activity of the Company were assessed.

The compositions of the members of the Supervisory Board present at all convened meetings enabled adoption of valid resolutions. During its meetings, the Supervisory Board reviewed matters resulting from the provisions of the Code of Commercial Companies, other commonly governing laws as well as the current needs of the Company's business.

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In the analyzed period the Supervisory Board was in continuous contact with the Management Board, analyzing and consulting material aspects of the Company's business and assessing the Company's situation on a current basis, and presenting the relevant conclusions or remarks.

The Supervisory Board finds the course of cooperation with the Company's Management Board appropriate. Additionally, the Management Board provided technical and organizational measures enabling the Supervisory Board to properly perform its tasks, fulfilled its reporting obligations and the information submitted by it was prepared reliable and completely.

Therefore, the Supervisory Board is of the opinion that it performed its duties effectively in 2022.

Jan Byrski

President of the Supervisory Board

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