

H1 2019 RESULTS PRESENTATION

22 AUGUST 2019



AGENDA



- ✓ Financial data
- ✓ Operational data
- ✓ Market environment
- ✓ Regulatory environment
- ✓ Appendix

FINANCIAL

DATA





FINANCIAL DATA

Financial consolidated highlights



(in PLN'000)	H1 2019	H2 2018	Change	H1 2018
Result of operations on financial instrument	85 437	87 157	(1 720)	194 316
Other income	3 344	3 207	137	3 621
Total operating income	88 781	90 364	(1 583)	197 937
Salaries and employee benefits	(40 530)	(39 362)	1 168	(39 116)
Marketing	(18 759)	(16 547)	2 212	(16 775)
Amortization and depreciation	(3 238)	(1 677)	1 561	(2 254)
Other operating expenses	(21 061)	(32 113)	(11 052)	(24 648)
Total operating expenses	(83 588)	(89 699)	(6 111)	(82 793)
Operating profit (EBIT)	5 193	665	4 528	115 144
Finance income	3 232	(1 236)	4 468	10 319
Finance costs	(1 312)	3 235	(4 547)	(3 456)
Profit before tax	7 113	2 664	4 449	122 007
Income tax	(1 957)	(1 595)	362	(21 605)
Net profit	5 156	1 069	4 087	100 402

(in PLN'000)	30 June 2019	31 December 2018	Change	30 June 2018
Own cash and cash equivalents	433 861	467 987	(34 126)	499 189
Total equity	437 852	455 156	(17 304)	499 290
Standalone capital adequacy ratio (%)	14,7	20,0	(5,3)	14,0
Aggregated capital adequacy ratio (%)	14,0	19,1	(5,1)	13,5



FINANCIAL DATA continued

Quarterly consolidated financial and operational data

(in PLN'000)	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017
Total operating income	47 891	40 890	42 786	47 578	84 200	113 737	75 460	73 063
Total operating expenses	(42 490)	(41 098)	(40 862)	(48 837)	(41 750)	(41 043)	(38 234)	(34 725)
Operating profit (loss)	5 401	(208)	1 924	(1 259)	42 450	72 694	37 226	38 338
Net profit (loss)	4 393	763	3 973	(2 904)	40 915	59 487	32 273	31 342

	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017
Total operating income (in PLN'000)	47 891	40 890	42 786	47 578	84 200	113 737	75 460	73 063
Transaction volume in CFD instrument in lots	385 317	394 421	458 869	345 118	616 082	675 344	618 893	523 769
Profitability per lot (in PLN)	124	104	93	138	137	168	122	139

The revenues in the first half of 2019 decreased by 1.8% h/h, i.e. PLN 1.6 million from PLN 90.4 to PLN 88.8 million. Significant factors which determined the level of revenues in this period were:

- the product intervention of the European Securities and Markets Authority (ESMA) coming into force in August 2018, which in case of the retail clients limited maximum permitted level of leverage.

This had a direct impact on lower volume of transaction carried out by XTB clients. As a consequence the transaction volume in CFD instruments amounted to 779.7 thousand lots (H1 2018: 1 291.4 thousand lots, H2 2018: 804.0 thousand lots) and profitability per lot reached PLN 114 (H1 2018: PLN 153, H2 2018: PLN 112).



FINANCIAL DATA continued

Result of operations on financial instruments by classes

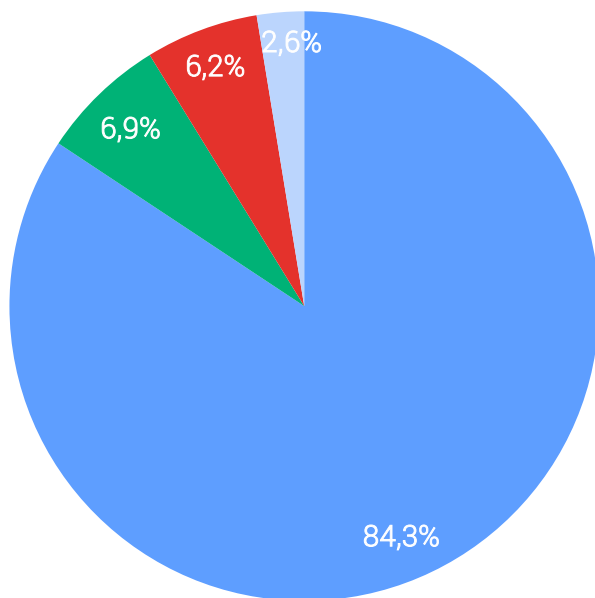
(in PLN'000)	H1 2019	H2 2018	Change	H1 2018
Index CFDs	72 595	41 696	30 899	100 228
Commodity CFDs	5 950	37 181	(31 231)	32 318
Currency CFDs	5 336	9 571	(4 235)	57 621
Stock CFDs	1 162	610	552	2 268
Bond CFDs	663	267	396	322
Total CFDs	85 706	89 325	(3 619)	192 757
Total options	-	-	-	3 947
Shares and listed derivative instruments	400	133	267	(34)
Gross gain on transactions in financial instruments	86 106	89 458	(3 352)	196 670
Bonuses and discounts paid to customers	(89)	(1 781)	1 689	(1 582)
Commission paid to cooperating brokers	(580)	(520)	(60)	(772)
Net gain on transactions in financial instruments	85 437	87 157	(1 723)	194 316

FINANCIAL DATA continued

Result of operations on financial instruments by classes

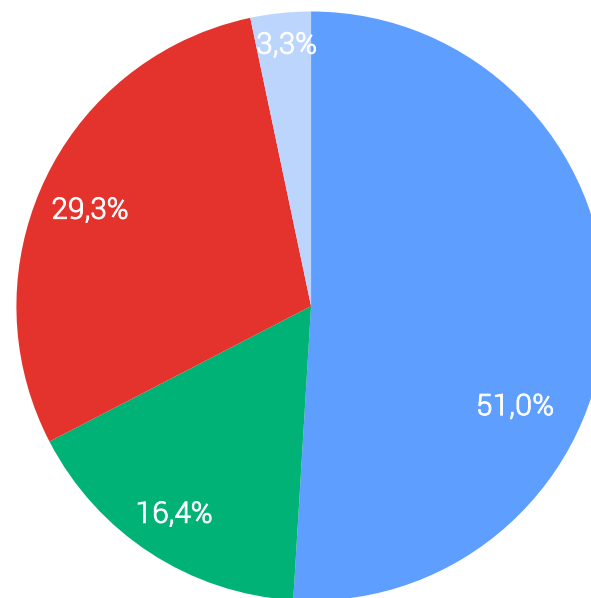


Revenue by class of instrument
H1 2019



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

Revenue by class of instrument
H1 2018



FINANCIAL DATA continued

Revenue by geographical area and segments

(in PLN'000)	H1 2019	H2 2018	Change	H1 2018
Central and Eastern Europe	44 703	35 776	8 924	104 718
- including Poland	36 212	8 526	27 686	63 999
Western Europe	36 936	41 355	(4 419)	83 133
- including Spain	21 187	12 635	8 552	29 725
Latin America	7 142	13 233	(6 091)	10 086
Total operating income	88 781	90 364	(1 586)	197 937

- Diversification of revenues in geographical terms:
 - Poland: 40,8% (H1 2018: 32,3%) and Spain: 23,9% (H1 2018: 15,0%).
 - The share of other countries does not exceed in any case 15%.

(in PLN'000)	H1 2019	H2 2018	Change	H1 2018
Retail segment	78 151	82 543	(4 395)	186 943
Institutional segment (X Open Hub)	10 630	7 821	2 809	10 994
Total operating income	88 781	90 364	(1 586)	197 937

FINANCIAL DATA continued

Operating expenses by type

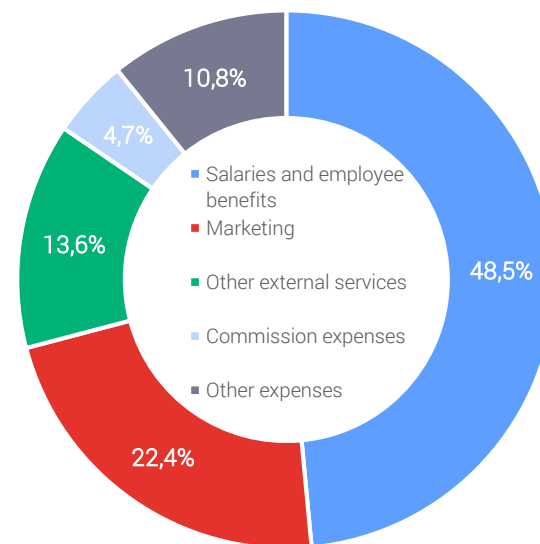
(in PLN'000)	H1 2019	H1 2018	Change	H2 2018
Salaries and employee benefits	40 530	39 116	1 414	39 362
Marketing	18 759	16 775	1 984	16 547
Other external services	11 361	12 729	(1 368)	12 180
Costs of maintenance and lease of buildings	1 532	3 915	(2 383)	3 900
Amortisation and depreciation	3 238	2 254	984	1 677
Taxes and Statutory Fees	1 530	923	607	1 417
Commission expenses	3 904	4 034	(130)	3 593
Other costs	2 734	3 047	(313)	11 023*
Total operating expenses	83 588	82 793	795	89 699

* administrative fine imposed by PFSA (one-off event)

Operating expenses structure H1 2019

Operating expenses in the first half of 2019 amounted to PLN 83.6 million and were higher by PLN 0.8 million to comparative period year earlier. The most important changes y/y occurred in:

- marketing costs, an increase of PLN 2.0 million due to higher expenditures on marketing online campaigns;
- salaries and employee benefits costs, an increase by PLN 1.4 million due to new employment and employee severance payments;
- costs of maintenance and lease of buildings, a decrease of PLN 2.4 million and consequently an increase in depreciation costs by PLN 1.0 million, mainly due to a change in the recognition of lease rent costs since 2019 due to entry into force IFRS 16 Leasing;
- other external services, a decrease of PLN 1.4 million as a result of lower expenditure on other external services (decrease of PLN 1.4 million y/y).

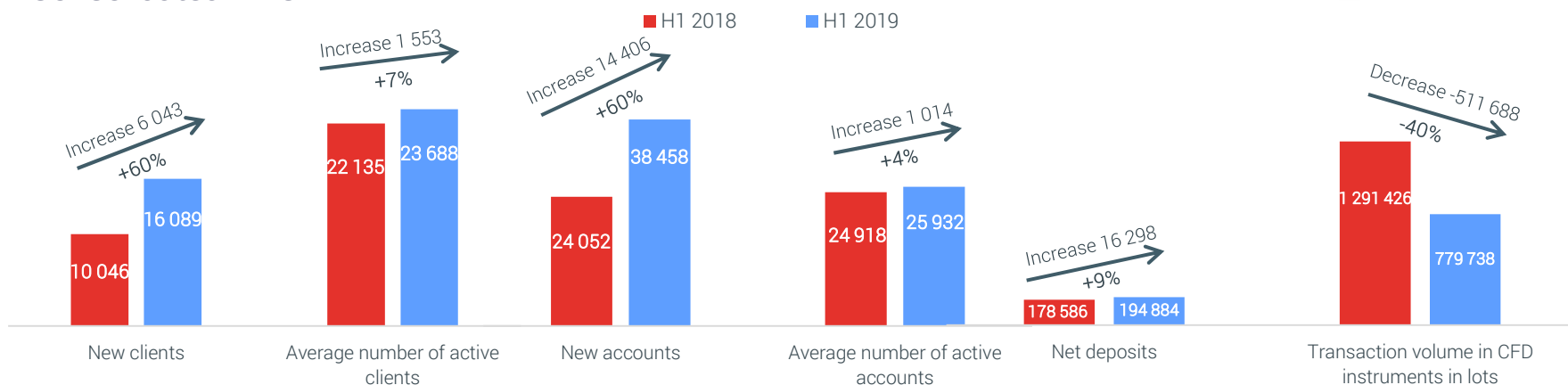


OPERATIONAL DATA



OPERATIONAL DATA

Consolidated KPIs



	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017
New clients	9 246	6 843	5 742	4 884	4 734	5 312	6 582	4 201
Average number of active clients ¹	23 688	22 245	21 279	21 515	22 135	22 317	18 667	17 920
Clients in total	128 266	122 645	116 517	111 401	107 214	103 907	105 662	99 542
New accounts	22 215	16 243	13 930	11 758	11 321	12 731	16 530	11 278
Average number of active accounts ¹	25 932	24 386	23 656	24 032	24 918	25 279	21 088	20 194
Accounts in total	274 867	253 978	238 980	225 784	215 237	205 997	204 064	188 380
Net deposits (in PLN'000)	102 564	92 320	78 702	75 619	91 617	86 969	84 911	56 779
Average operating income per active client (in PLN'000) ²	3,7	1,8	13,5	11,4	8,9	5,1	14,7	11,1
Average operating income per active account (in PLN'000) ²	3,4	1,7	12,2	10,2	7,9	4,5	13,0	9,8
Transaction volume in CFD instruments in lots	385 318	394 421	458 869	345 118	616 082	675 344	618 893	523 769
Profitability per lot (in PLN)	124	104	93	138	137	168	122	139

1) Average quarterly number of clients/accounts respectively for 6 and 3 months of 2019 and 12, 9, 6 and 3 months of 2018, and 12 and 9 months of 2017.

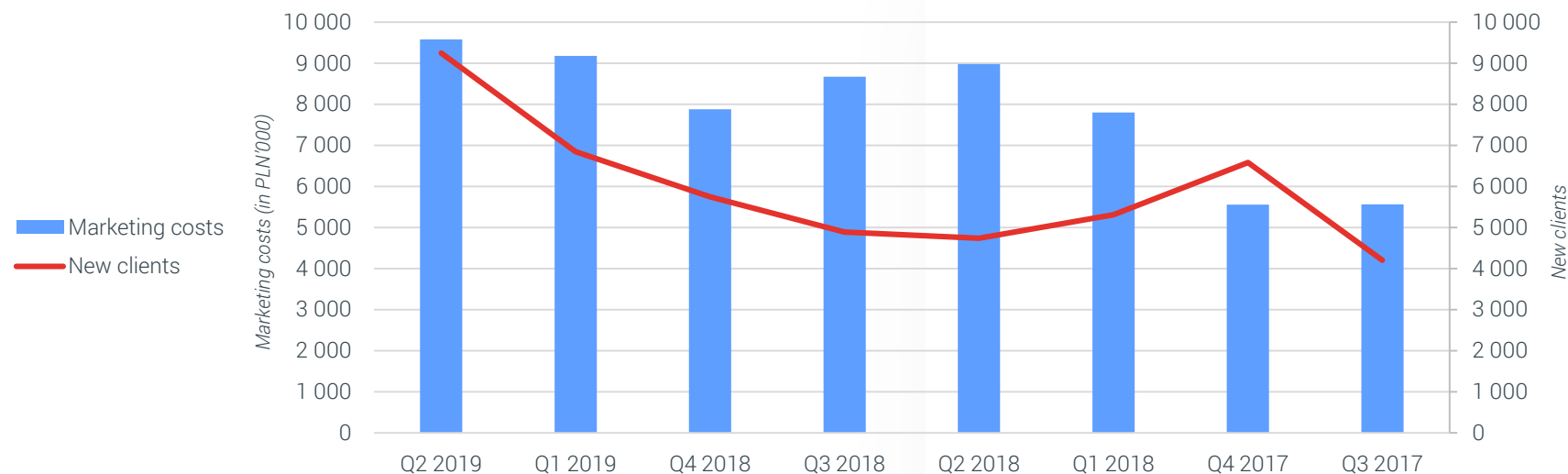
2) Average operating income for the active clients/account respectively for 6 and 3 months of 2019 and 12, 9, 6 and 3 months of 2018, and 12 and 9 months of 2017.

OPERATIONAL DATA continued

Marketing costs vs new clients

	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017
Total operating expenses (in PLN'000), including:	42 490	41 098	40 862	48 837	41 750	41 043	38 234	34 725
- Marketing (in PLN'000)	9 581	9 178	7 878	8 669	8 976	7 799	5 558	5 563
New clients	9 246	6 843	5 742	4 884	4 734	5 312	6 582	4 201

- In the first half of 2019 operating expenses increased by PLN 1.4 million q/q, mainly due to higher by PLN 1.0 million salaries and employee benefits costs and marketing expenditures by PLN 0.4 million.



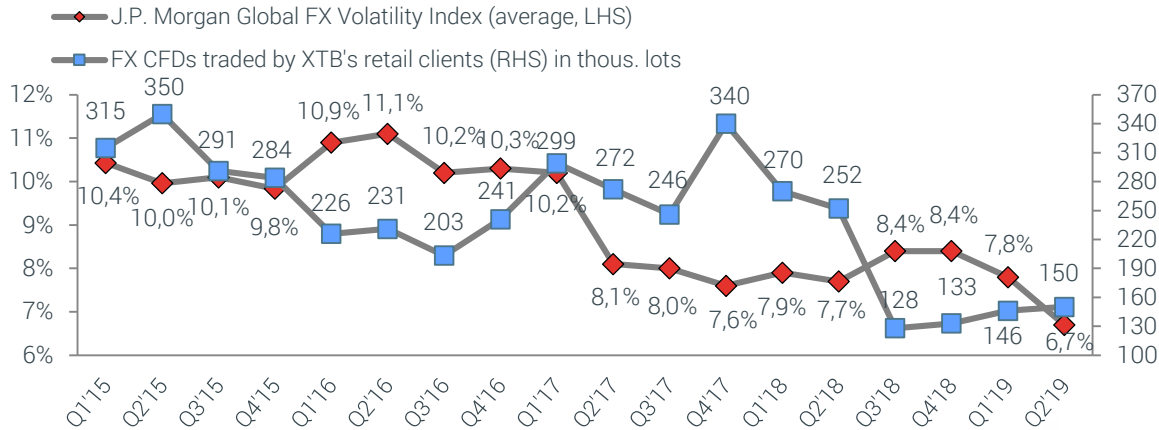
MARKET

ENVIRONMENT

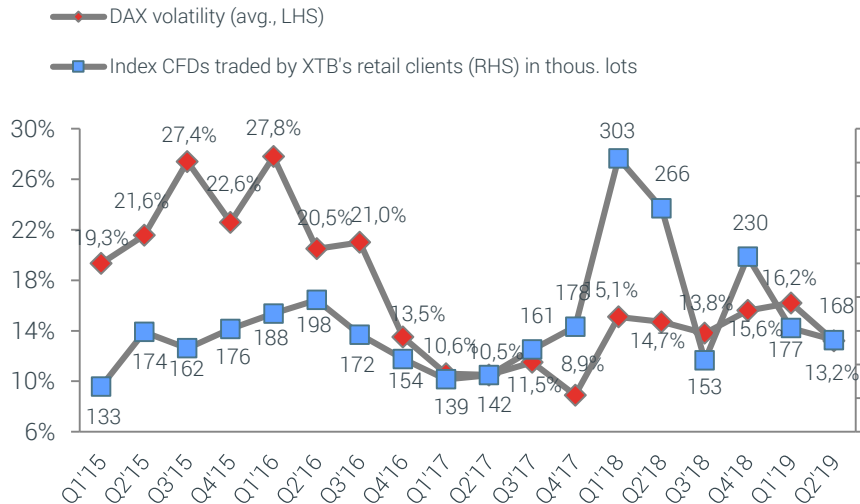


MARKET ENVIRONMENT

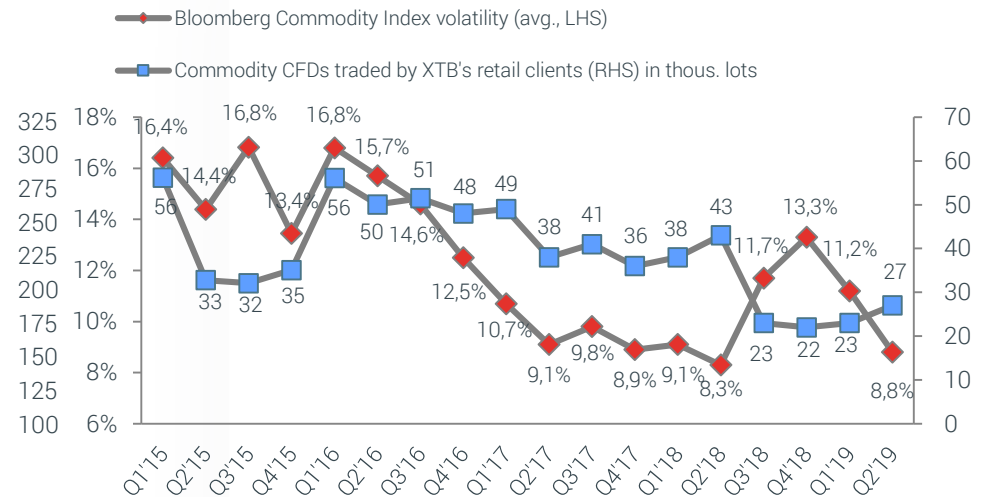
FX volatility on the market



Volatility of equity market¹



Volatility of commodity market¹



Source: Bloomberg, XTB

¹Volatility of German blue chip index DAX 30 and Bloomberg Commodity Index is calculated as an annualized historical daily volatility based on 30-days period standard deviation.



REGULATORY ENVIRONMENT



Regulatory changes in industry

Activity of the European Securities and Markets Authority (“ESMA”)

The measures of product intervention announced on 27 March, 2018 by ESMA became effective for three-months periods from 1 August, 2018 regarding CFDs and 2 July, 2018 for binary options and were in force till 1 August 2019.

- Agreed measures regarding CFDs included:
 - leverage limits on the opening of a position by a retail clients between 30:1 and 2:1, which is subject to changes according to changes of the basic instrument, including:
 - 30:1 for major currency pairs,
 - 20:1 for non-majors currency pairs, gold and major indices,
 - 10:1 for commodities other than gold and non-major equity indices,
 - 5:1 for individual equities and other reference values,
 - 2:1 for cryptocurrencies;
 - a margin close out rule on a per account basis;
 - negative balance protection on a per account basis;
 - restriction on the incentives offered to trade CFDs;
 - standardised risk warning.
- A measure relating to binary options included prohibition on the marketing, distribution or sale of those instruments to retail clients.

After 1 August 2019, i.e. after the end of the last ESMA decision, product intervention measures identical to the existing rules set out in previous decisions were introduced by the relevant regulators in Spain, Portugal, Germany, the Czech Republic and France. Different intervention measures have been implemented in Cyprus and Poland.

The Cyprus supervisory authority CySec has determined that for customers belonging to the target market, the restrictions will be smaller than for ESMA product interventions, while for the gray market there are plans to tighten the restrictions.



REGULATORY ENVIRONMENT continued



Regulatory changes in industry

Poland – product intervention

On 1 August 2019, the Polish Financial Supervision Authority (PFSA) decided to introduce additional requirements while offering contracts for difference to retail clients. The restrictions introduced by the PFSA are that the CFD supplier is required to provide retail clients with:

- protection of the initial margin, i.e. the leverage limits for the type of investment;
- protection against closing the position – the CFD supplier is obliged to close the most loss client transactions in the event of a reduction in the value of funds deposited to an account below a certain level;
- protection against negative balances, i.e. prevented the client from incurring losses exceeding the value of paid cash;
- access only to CFD materials and advertising that will include an appropriate warning about the risks associated with investing in CFD and;
- will not provide any financial or non-financial bonuses to encourage customers to invest in CFDs;
- in addition, the decision taken by the Commission introduces the category of an experienced retail client who will be able to offer CFDs with a higher level of leverage while applying the remaining restrictions.

APPENDIX





APPENDIX

Consolidated statement of financial position

(in PLN'000)	30 June 2019	31 December 2018
Own cash and cash equivalents	433 861	467 987
Clients' cash and cash equivalents	443 576	363 908
Financial assets at fair value through P&L	109 146	114 279
Financial assets at amortised cost	7 047	5 005
Income tax receivables	5 419	3 068
Intangible assets	624	716
Property, plant and equipment	14 614	2 517
Deferred income tax assets	9 066	9 545
Other assets	4 215	3 049
Total assets	1 027 568	970 074
Amounts due to clients	522 153	447 841
Financial liabilities held for trading	22 232	28 227
Liabilities due to lease	11 749	37
Income tax liabilities	285	232
Deferred income tax provision	13 791	12 857
Other liabilities	19 506	25 724
Total liabilities	589 716	514 918
Equity attributable to the owners of the Parent Company	437 852	455 156
Total equity and liabilities	1 027 568	970 074

APPENDIX continued

Consolidated cash flow statement

(in PLN'000)	H1 2019	H1 2018
Profit before tax	7 113	122 007
Amortization and depreciation	3 238	2 254
Foreign exchange (gains) losses from translation of own cash	949	(2 796)
Change in balance of financial assets at fair value through P&L and financial liabilities held for trading	(862)	(12 917)
Change in financial assets at amortised cost	(2 042)	(2 610)
Change in balance of restricted cash	(79 668)	41 718
Change in balance of amounts due to clients	74 312	3 555
Other adjustments and changes	(9 545)	(3 688)
Cash from operating activities	(6 505)	147 523
Income tax paid	(2 842)	(17 876)
Interests	206	-
Net cash from operating activities	(9 141)	129 647
Expenses relating to payments for property, plant and equipment	-	43
Expenses relating to payments for tangible and intangible assets	(1 776)	(346)
Net cash from investing activities	(1 776)	(303)
Payments of liabilities and interest under lease	(2 305)	(47)
Dividend paid to owners	(19 955)	-
Net cash from financing activities	(22 260)	(47)
Increase (Decrease) in net cash and cash equivalents	(33 177)	129 297



DISCLAIMER

Neither this presentation (the "Presentation") nor any copy of it nor the information contained herein is being issued or may be distributed directly or indirectly to or into the United States, Canada, Australia or Japan. By attending this meeting where this Presentation is being made, or by reading the Presentation slides, you agree to be bound by the following limitations. The following applies to the Presentation, the oral presentation of the information in the Presentation by the Company or any person on behalf of the Company, and any question-and-answer session that follows the oral presentation (collectively referred to as the "Presentation").

The Presentation has been prepared by X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw (the "Company") solely for use at the investor presentation being given in connection with the publication of the Report for the I half 2019.

The Presentation does not constitute or form a part of, and should not be construed as, an offer, solicitation or invitation to subscribe for, underwrite or otherwise acquire, any securities of the Company or any member of its group (the "Group"), nor should it or any part of it form the basis of, or be relied on in connection with, any contract to purchase or subscribe for any securities of the Company or any member of its Group, nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever. The Presentation does not constitute a recommendation or investment advice regarding any securities of the Company or its Group.

The information contained in the Presentation does not purport to be comprehensive and has not been independently verified. No representation, warranty or undertaking, expressed or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or the opinions contained in the Presentation.

The information, opinions and forward-looking statements contained in the Presentation speak only as at the date of the Presentation and are subject to change without notice. The Company is under no obligation to update or keep current the information contained in the Presentation. To the extent permitted under the applicable provisions of law the Company shall have no liability whatsoever (in negligence or otherwise) for any loss however arising from any use of the Presentation or its contents or otherwise arising in connection with the Presentation.

The Presentation contains certain statistical and market information. Such market information has been sourced from and/or calculated based on data provided by third-party sources identified in the Presentation or by the Company, if not attributed exclusively to third-party sources. Because such market information has been prepared in part based upon estimates, assessments, adjustments and judgments that are based on the Company's or third-party sources' experience and familiarity with the sector in which the Company operates and has not been verified by an independent third party, such market information is to a certain degree subjective. While it is believed that such estimates, assessments, adjustments and judgments are reasonable and that the market information was prepared appropriately to reflect the sector and the market in which the Company operates, there is no assurance that such estimates, assessments, adjustments and judgments are the most appropriate for making determinations relating to market information or that market information prepared by other sources will not differ materially from the market information included herein.

Matters discussed in the Presentation may constitute forward-looking statements. Forward-looking statements are those other than statements of historical facts. Statements that include the words "expect", "intend", "plans", "believe", "project", "anticipate", "will", "target", "aim", "may", "would", "could", "continue" and similar statements of a future or forward-looking nature indicate such forward-looking statements. Forward-looking statements may include statements regarding financial performance, business strategy, plans and objectives of the Company for future operations (including development plans relating to the Company). All forward-looking statements included in the Presentation address matters that involve known and unknown risks, uncertainties and other factors that could cause the Company's and/or the Group's actual results, performance or achievements to differ materially from those indicated in these forward-looking statements and from past results, performance or achievements of the Company and/or the Group, respectively. Such forward-looking statements are based upon various assumptions of future events, including numerous assumptions regarding the Company's and/or the Group's present and future business strategies and future operating environment. Although the Company believes that these estimates and assumptions are reasonable, they may prove to be incorrect. The Company and its respective agents, employees or advisors do not intend to, and expressly disclaim any duty, undertaking or obligation to make or disseminate any supplement, amendment, update or revision to any of the information, opinions or forward-looking statements contained in the Presentation to reflect any change in events, conditions or circumstances.

The Presentation and any materials distributed in connection with the Presentation are not directed to, nor are they intended for distribution to or use by, any person or entity that is a citizen or resident of, or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or applicable regulations or that would require any authorisation, registration, notification or licensing within such jurisdiction. Persons into whose possession any document or other information referred to herein comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.



X-Trade Brokers Dom Maklerski S.A.

Ogrodowa 58

00-876 Warsaw, Poland

www.xtb.pl

Investor relations:

relacje.inwestorskie@xtb.com

