2019

HALF-YEAR-REPORT

flatex
AKTIENGESELLSCHAFT

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Group Key Performance Indicators

Group Key Performance Indicators

		First Half-Year 2019	First Half-Year 2018	Change in %
Operating business				
Transactions executed	number	5,791,626	6,628,374	-12.6
Number of customers	number	313,273	274,830	+14.0
Transactions per customer / year	number	36.97	48.24	-23.4
Customer assets under management	mEUR	12,813	12,120	+5.7
of which: securities in custody	mEUR	11,869	11,166	+6.3
of which: cash deposits	mEUR	945	954	-0.9
Financials				
Revenues	kEUR	64,350	58,498	+10.0
EBITDA	kEUR	19,740	18,401	+7.3
EBIT	kEUR	13,779	14,874	-7.4
Net profit	kEUR	8,547	9,381	-8.9
Earnings per share (undiluted)	EUR	0.46	0.54	-14.8
Earnings per share (diluted)	EUR	0.45	-	-
Equity (06/30/2019 vs. 12/31/2018)	kEUR	183,226	167,225	+9.6
Total assets (06/30/2019 vs. 12/31/2018)	kEUR	1,213,986	1,227,738	-1.1
Equity ratio (06/30/2019 vs. 12/31/2018)	in %	15.1	13.6	+11.0
Cash flow from operations before banking operations	kEUR	30,765	14,411	+113.5
Cash flow from banking operations	kEUR	-71,035	233,291	-130.4
Cost-income-ratio	in %	55.2	57.7	-4.3
Employees (average)	number	524	474	+10.5
Segments				
	Revenues kEUR	55,667	52,256	+6.5
Financial Services (FIN)	EBITDA kEUR	12,594	15,123	-16.7
	Revenues kEUR	17,627	16,378	+7.6
Technologies (TECH)	EBITDA kEUR	7,147	3,278	+118.0
	Revenues kEUR	-8,945	-10,136	+11.8
Consolidation	EBITDA kEUR	-	-	-
	Revenues kEUR	**64,350**	**58,498**	**+10.0**
TOTAL	**EBITDA kEUR**	**19,740**	**18,401**	**+7.3**

Half-Year Group Management Report

Basis of presentation

The Half-Year consolidated management report of flatex AG and its subsidiaries (hereinafter either ‘flatex Group‘ or ‚Group‘) was prepared in accordance with Section §§ 315 and 315a HGB and with the German Accounting Standard (DRS) 20. All the information, statements and figures contained within the Report relates to the reporting date 30 June 2019 or the reporting period from January 01, 2019 to June 30, 2019.

In this consolidated management report, ‚we‘, ‚us‘ or ‚our‘ refers to flatex AG, together with its subsidiaries.

Forward-looking statements

This management report may contain forward-looking statements and information, which may be identified by formulations using terms such as ‚expects‘, ‚aims‘, ‚anticipates‘, ‚intends‘, ‚plans‘, ‚believes‘, ‚seeks‘, ‚estimates‘, ‚shall‘ or similar terms. Such forward-looking statements are based on our current expectations and certain assumptions, which may be subject to a variety of risks and uncertainties. The results actually achieved by flatex AG may substantially differ from these forward-looking statements. flatex AG assumes no obligation to update these forward-looking statements or to correct them in case of developments which differ from those anticipated.

1 Economic report

1.1 Earnings position

Revenues increased by kEUR 5,852 comparing to the first half-year 2018 from kEUR 58,498 to kEUR 64,350. Main revenues are gross commission income, revenues from the IT services, gross interest income and other operating income, which developed in the first half-year 2019 as following:

Gross commission income in the period from January 01, 2019 to June 30, 2019 amounted to kEUR 46,458 (first half-year 2018: kEUR 45,303); net commission income – after deducting commission expenses – was kEUR 30,634 (first half-year 2018: kEUR 32,962). The increase in gross commission income is due to acquired new customers. This development was also supported by the introduction of new more profitable brokerage products mainly ETPs, among other things.

Revenues from the provision of IT services amounted to kEUR 9,462 (first half-year 2018: kEUR 6,337, +49.3%). After deducting expenses, reported under cost of materials, the remaining amount was kEUR 8,108 (first half-year 2018: kEUR 5,167, +59.9%). Revenues are mainly generated with customers in Germany. The increase in gross revenue results in several advanced project phases for the implementation of FTX:CBS in the B2B business and the increase in sales to existing customers. The sold services are subject to a constant price/volume structure.

Gross interest income was kEUR 6,546 (first half-year 2018: kEUR 5,453). Net interest income was kEUR 6,032 (first half-year 2018: kEUR 4,959). In comparison to the first six months of the previous year, net interest income rose in particular through the further expansion of the collateralized loan portfolio by 21.6% to kEUR 270,985.

Other operating income amounted to kEUR 1,885 (first half-year 2018: kEUR 1,405), other operating expenses were kEUR 2,567 (first half-year 2018: kEUR 980).

Personnel expenses in the reporting period amount to kEUR 12,546 (first half-year 2018: kEUR 12,229). Other administrative expenses decreased to kEUR 11,804 (first half-year 2018: kEUR 12,884). The other administrative expenses were mainly influenced by increased marketing expenses for the european expansion of the flatex business and the impact of the first-time application of IFRS 16.

All Group revenues were generated from customers and products and services provided in Europe, mostly Germany, and were realised in euro. Inflation and the movement of foreign exchange rates have not significantly impacted earnings.

In the reporting period, EBITDA increased by 7.2% to kEUR 19,740 (first half-year 2018: kEUR 18,401).

EBITDA margin for 2019 was raised up in first half-year 2019 from 27% to 29% and adopted to 31% in August 2019. Further forecasts were made in the previous management report remain unchanged.

1.2 Financial position

Capital

The capital structure of the Group looks as follows:

In %	06/30/2019	12/31/2018	Change in percentage points
Equity ratio	15.1	13.6	1.5
Debt ratio	84.9	86.4	-1.5

Liabilities

There were long-term (non-current) liabilities in the amount of kEUR 34,140 (12/31/2018: kEUR 30,395). This included mainly lease-liabilities of the first time application of IFRS 16, loan liabilities concerning the financing of the XCOM AG acquisition and pension obligations. In addition, there are deferred tax liabilities amounting to kEUR 10,660 (12/31/2018: kEUR 8,316).

The liabilities compromise the following:

In kEUR	06/30/2019	12/31/2018	Change in %
Total liabilities	**1,030,760**	**1,060,513**	**-2.81**
Current liabilities	**996,619**	**1,030,118**	**-3.25**
Customer deposits	917,234	955,489	-4.00
Non-current liabilities	**34,140**	**30,395**	**12.32**
Non-current liabilities to banks	6,790	9,874	-31.23
Pension obligations	6,092	6,253	-2.57
Liabilities from finance leasing (1-5 years)*	10,598	5,952	78.05
Defered tax liabilities	10,660	8,316	28.18
Contingent liabilities	199,130	193,812	2.74

*Change from first-time application of IFRS 16

1.3 Liquidity

The cash flow statement of flatex Group - here in condensed form – shows the cash flows generated during the first half-year 2019:

Cash flow

In kEUR	First Half-Year 2019	First Half-Year 2018
Cash flow from operations before banking operations	30,765	14,411
Cash flow from banking operations	-71,035	233,291
Net cash flow from operations	**-40,270**	**247,646**
Net cash flow from investments	**-15,165**	**-6,562**
Cash flow from financing activities	**7,666**	**-2,018**
Change in cash and cash equivalents	-47,769	239,066
Cash and cash equivalents at the beginning of the period	655,046	397,002
Cash and cash equivalents at the end of the period	607,277	636,068

The net cash flow from operations is mainly influenced by the changes in customer deposits at flatex Bank AG. The significance of the cash flow statement is limited for flatex Group, and it is therefore not being used as are financial management tool.

flatex Group was able to meet their financial obligations at all times. No liquidity shortages occurred in the first half-year 2019, nor are any liquidity shortages expected in the foreseeable future. The flatex Group´s own freely available liquidity amounted to kEUR 57,512 as of 30 June 2019.

1.4 Assets

Following is the consolidated balance sheet in condensed form:

In kEUR	06/30/2019	12/31/2018
Assets	**1,213,986**	**1,227,738**
Non-current assets	139,596	132,493
Current assets	1,074,390	1,095,245
Liabilities and Shareholders‘ Equity	**1,213,986**	**1,227,738**
Equity	183,226	167,225
Non-current liabilities	34,140	30,395
Current liabilities	996,619	1,030,118

The total assets decreased by EUR 13.8 million to EUR 1,214 million. The decline is mainly due to a short-term decline in customer deposits as of the balance sheet date. Inflation and the movement of foreign exchange rates have not significantly impacted the financial position.

1.5 General statement on the performance and situation of the Group

flatex Group successfully continued its course of profitable growth during the first half-year of 2019. The Group was able to realise net revenues of kEUR 64,350 (+10.0%) as well as an EBITDA margin of 30.7% (-2.5%, including growth investments). Management's expectations as documented in the previous Management Report is confirmed.

The total amount of customers in the Financial Services (FIN) segment increased by 14.0% while the number of transactions decreased by 12.6% in the first half year 2019, compared to the first half year 2018 especially due to the decline in less-profitable CFD transactions. Nevertheless the financial key figures of this segment show a strong development. Positive business developments were also recorded in the Technologies (TECH) segment as a result of the advanced project phases.

2 Forecast, opportunities and risks

2.1 Forecast

The forecasting period covers six months of second half-year 2019. The forecast from the previous management report, relating to the full year 2019, can be confirmed. The forecast only includes continuing activities and business processes of extraordinary importance.

Expectations for the Financial Services (FIN) segment

The first half of the year confirmend expectations regarding customer growth and the number of transactions processed for both the German and Austrian markets. The market launch in the Netherlands in June 2019 was successful. Accordingly, preparations are underway for the market launch in Spain for the fourth quarter of 2019, which will be even more cost- and time-efficient.

While activities in low-margin CFD and FX trading declined as expected, trading via our premium ETP partners in particular has shown a strong development. Ongoing strong growth can be expected for the second half of the year.

Expectations for the Technologies (TECH) segment

In the second half of 2019, the FTX:CBS will be optimised in particular for the Spanish market. The translation of the front office as a significant time and cost factor has already been successfully completed. Thus, the FTX:CBS is already available in five languages. The introduction of FTX:CBS at Vallbanc in Andorra, whose Going Live in imminent, has a high synergy potential. Selected customers of the institute already use the optically modern and intuitive user interface in the FTX:CBS frontend.

At the same time, further market entries in the FTX:CBS platforms are being prepared and implemented accordingly using a localization kits. flatex AG's partnership with SAP SE, entered into in 2018, will be further intensified in the second half of the year in order to deepen the integrations in the FTX:CBS control platform.

Due to the steadily increasing number of customers in the Financial Services segment, the utilization of FTX:CBS will continue to be optimized. Our new data center, which has already been expanded, guarantees the high perfomance and best possible availability of the systems.

The focus this year will also be on expanding sales to existing B2B customers.

Forecast of key performance indicators

The positive performance as of 30 June 2019 exceeds the expectations for the company as a whole. The continuation of the positive business development is also expected for the second half of the year. The forecast for 2019 as a whole – adjusted for growth investments – can therefore be summarised as follows:

	Consolidated		FIN		TECH	
in units / in kEUR / in %	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Number of customers	-	-	significantly increasing	290,288	-	-
Number of accounts	-	-	significantly increasing	366,487	-	-
Number of transactions	-	-	significantly increasing	12,483,344	-	-
Revenues	slightly increasing	125,100	-	-	-	-
EBITDA margin	moderately increasing	33.9	moderately increasing	26.5	moderately increasing	35.3

Description	Amount of change
moderately	+/- 0.1 to 5.0%
slightly	+/- 5.1 to 10.0%
significantly	+/- 10.1 to 20.0%
strong	+/- 20.1%

For the Group, the forecast of perfomance indicators in the previous management report can be confirmend for the year 2019.

2.2 Opportunities and risks

The statements made in the previous management report regarding opportunities and risks remain unchanged.

3 Statement of Responsibility

We hereby affirm that, in accordance with the applicable accounting principles, the consolidated financial statements give a true and fair view of the assets, financial and earnings position of the Group and that the consolidated management report includes a fair view of the development and performance of the business and the position of the Group corresponding to the actual situation of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Frankfurt am Main, August 26, 2019

flatex AG

Frank Niehage
CEO, Chairman of the Management Board

Muhamad Said Chahrour
CFO, Member of the Management Board

Half-Year Consolidated Financial Statements

Half-Year-Consolidated Balance Sheet - IFRS

as of 30 June 2019

In kEUR	Note	06/30/2019	12/31/2018
Assets		**1,213,986**	**1,227,738**
Non-current assets		**139,596**	**132,493**
Intangible assets		86,977	82,664
Goodwill		36,555	36,555
Internally generated intangible assets		39,024	35,128
Customer relationships		7,546	7,960
Other intangible assets		3,852	3,021
Property, plant and equipment		12,480	7,593
Financial assets and other assets		1,384	1,126
Non-current loans due to customers	10	38,755	41,110
Current assets		**1,074,390**	**1,095,245**
Inventories and work in progress		100	188
Trade receivables		10,300	15,512
Other receivables		3,910	7,156
Other current financial assets		452,802	417,342
Financial assets measured at fair value through other comprehensive income (FVOCI)	10	68,111	57,374
Financial assets measured at fair value through profit or loss (FVPL)	10	1,024	893
Cash loans due to local authorities	10	24,540	18,900
Current loans due to customers	10	232,230	217,244
Equity instruments measured at fair value through other comprehensive income (FVOCI-EK)	10	84,449	82,465
Other receivables due to banks	10	42,447	40,466
Cash and cash equivalents	10	607,277	655,046
Cash - cash on hand		12,023	11,564
Cash - balances with banks		3,999	5,367
Cash - balances with central banks		469,198	550,079
Receivables due to banks (on demand)		122,057	88,036

In kEUR	Note	06/30/2019	12/31/2018
Liabilities and Shareholders' Equity		**1,213,986**	**1,227,738**
Equity		**183,226**	**167,225**
Subscribed capital		19,556	18,737
Additional paid-in capital		106,690	101,406
Retained earnings		56,480	46,592
Noncontrolling interests		500	490
Liabilities		**1,030,760**	**1,060,513**
Non-current liabilities		**34,140**	**30,395**
Non-current liabilities to banks		6,790	9,874
Non-current liabilities to non-banks	9	10,598	5,952
Pension obligations		6,092	6,253
Deferred tax liabilities		10,660	8,316
Current liabilities		**996,619**	**1,030,118**
Trade payables		1,034	2,780
Liabilities to customers		917,234	955,489
Liabilities to banks		56,235	57,259
Other financial liabilities	7	9,485	2,219
Tax provisions		6,810	5,541
Other provisions	8	5,822	6,830

Half-Year-Consolidated Statement of Income - IFRS

as from 01 January to 30 June 2019

In kEUR	**Note**	**First Half-Year 2019**	**First Half-Year 2018**
Total net revenues	11	64,350	58,498
thereof interest income from financial instruments measured at amortized cost		6,157	5,265
Raw materials and consumables	11	20,259	14,985
thereof impairment losses		1,586	1,313
Personnel expenses	11	12,546	12,229
Other administrative expenses	11	11,804	12,884
Consolidated earnings before interest, taxes, depreciation and amortisation (EBITDA)	**11**	**19,740**	**18,401**
Depreciation, amortisation and write-downs	11	5,962	3,527
Consolidated earnings before interest and income tax (EBIT)	**11**	**13,779**	**14,874**
Net financial income/finance costs	11	-1,153	-957
Consolidated earnings before income tax (EBT)	**11**	**12,625**	**13,917**
Income tax expense	11	4,079	4,442
Consolidated net profit from continuing activities	**11**	**8,547**	**9,475**
Loss from discontinued operations	11	-	-94
Consolidated net profit	**11**	**8,547**	**9,381**
Minority shareholders' share of income		9	-
Majority shareholders' share of income		8,538	9,381

Half-Year-Consolidated Statement of Comprehensive Income - IFRS

as from 01 January to 30 June 2019

In kEUR	Note	First Half-Year 2019	First Half-Year 2018
Consolidated net profit	**11**	**8,547**	**9,381**
Income and expense items recognised directly in equity			
Pensions		**-**	**-**
Actuarial gains/losses		-	-
Remeasurement of plan assets		-	-
Reimbursement rights		-	-
Adjustment previous year		-	-
Securities			
Change in value reported in equity		1,350	-561
Deferred tax		**-432**	**180**
Pensions		-	-
Securities		-432	180
Total other loss/earnings		**918**	**-381**
Comprehensive income		**9,465**	**9,000**

Half-Year-Consolidated Cash Flow Statement - IFRS

as of 30 June 2019

In kEUR	First Half-Year 2019	First Half-Year 2018
Net income from continuing activities	**8,547**	**9,475**
Depreciation and amortisation/appreciation on property, plant and equipment and intangible assets	5,899	3,527
Increase/decrease in trade receivables	5,225	-5,427
Increase/decrease in other receivables, act. def. taxes, coverage	3,054	-193
Increase/decrease in inventories	89	-410
Increase/decrease in trade payables	-1,759	370
Increase/decrease in other financial liabilities	7,266	5,906
Increase/decrease in provisions, changes in def. taxes, pension obligations	2,445	792
Other non-cash transactions	-	371
Cash flow from operations - before banking operations	**30,765**	**14,411**
Increase/decrease in receivables from customers	-12,631	6,884
Increase/decrease in receivables from cash loans due to local authorities	-5,640	180,635
Increase/decrease in receivables from banks	-1,982	-6,979
Increase/decrease in liabilities to customers	-38,255	46,065
Increase/decrease in liabilities to banks	-1,025	-1,931
Increase/decrease in financial assets measured at FVOCI	-12,722	9,341
Increase/decrease in financial assets measured at FVPL	-131	-162
Other non-cash transactions	1,350	-562
Cash flow from banking operations	**-71,035**	**233,291**
Cash flow from operations - continuing activities	**-40,270**	**247,702**
Cash flow from discontinued operations	-	-56
Cash flow from operations	**-40,270**	**247,646**

In kEUR	First Half-Year 2019	First Half-Year 2018
Purchase of investments in intangible assets	-7,457	-4,630
Proceeds from the disposal of fixed assets	22	-
Purchase of fixed assets	-7,460	-1,932
Inflow from disposals from the group of consolidated companies	-66	-
Non-cash changes in fixed assets (merger)	-204	-
Cash flow from investments	**-15,165**	**-6,562**
Cash flow from investments in discontinued operations	-	-
Net cash flow from investments	**-15,165**	**-6,562**
Increase/decrease in non-current liabilities to banks (loans)	-3,083	-3,083
Increase/decrease in non-current liabilities to non-banks	4,645	1,158
Inflow from capital increase by the parent company's shareholders	6,104	-
Outflows for increase of shares without change of control	-	-93
Cash flow from financing activities	**7,666**	**-2,018**
Change in cash and cash equivalents	**-47,769**	**239,066**
Cash and cash equivalents at the beginning of the period	655,046	397,002
Cash and cash equivalents at the end of the period	**607,277**	**636,068**

Additional information according to IAS 7

In kEUR	As of 01/01/2019	Cash changes	Non-cash changes					As of 06/30/2019
			Acquisitions	Currency effects	Fair values	Reclassifications	Other	
Non-current liabilities								
Liabilities to banks	9,874	-3,084	-	-	-	-	-	6,790
Liabilities to non-banks	5,952	4,645	-	-	-	-	-	10,598
Total	**15,826**	**1,562**	**-**	**-**	**-**	**-**	**-**	**17,388**

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Half-Year-Consolidated Statement of Changes in Equity - IFRS

as of 30 June 2019

In kEUR	Subscribed capital	Additional paid-in capital	Consolidated paid-in capital	Actuarial gains / losses	Unrealised net gains /losses from financial assets, measured at fair value through other comprehensive income (FVOCI)	Total	Noncontrolling interests	Total Equity
As of 12/31/2017	**17,506**	**67,540**	**25,866**	**1,787**	**24**	**112,724**	**-**	**112,724**
Issue of new shares	5	-	139	-	-	144	-	144
Contributions to / withdrawals from reserves	-	190	-	-	-	190	-	190
Changes in the group of consolidated companies not involving a change of control	-	-230	-6	-	-	-236	-	-236
Dividend distribution	-	-	-	-	-	-	-	-
Other earnings	-	-	-	-	-381	-381	-	-381
Consolidated net profit	-	-	9,381	-	-	9,381	-	9,381
As of 06/30/2018	**17,511**	**67,500**	**35,380**	**1,787**	**-357**	**121,821**	**-**	**121,821**
As of 12/31/2018	**18,737**	**101,406**	**47,042**	**2,085**	**-2,536**	**166,734**	**490**	**167,225**
Issue of new shares	819	-	-	-	-	819	-	819
Contributions to / withdrawals from reserves	-	5,284	-	-	-	5,284	-	5,284
Changes in the group of consolidated companies not involving a change of control	-	-	-	-	-	-	-	-
Dividend distribution	-	-	-	-	-	-	-	-
Other earnings	-	-	-	-	1,350	1,350	-	1,350
Consolidated net profit	-	-	8,538	-	-	8,538	10	8,548
As of 06/30/2019	**19,556**	**106,690**	**55,580**	**2,085**	**-1,186**	**182,726**	**500**	**183,226**

Notes to the Half-Year Consolidated Financial Statement as of 30 June 2019

This interim report does not include all the disclosures in the notes that are usually included in the consolidated financial statements. Therefore, this report should be read in conjunction with the consolidated financial statements for the year ended December 31, 2018 and all public pronouncements made by the Group during the interim period.

NOTE 1 About the Company / the Group

The Half-Year consolidated financial statements presented here are those of flatex AG and its subsidiaries.

flatex AG is headquartered in Frankfurt am Main, Germany; its Frankfurt commercial register number is HRB 103516. The registered business address is Rotfeder-Ring 7, 60327 Frankfurt am Main, Germany.

The registered no-par-value shares of the company are traded on the regulated open market (ISIN DE000FTG1111 / German securities code FTG111).

These condensed interim financial statements were authorized for publishing by the Management Board on September 06, 2019.

The Group's business activities are the supply of innovative technologies for the financial sector in general and for online brokerage in particular, as well as the provision of financial services and IT services.

flatex AG's immediate parent company is GfBk Gesellschaft für Börsenkommunikation mbH, Kulmbach. The ultimate parent company of the Group is BFF Holding GmbH, Kulmbach.

NOTE 2 Basis of preparation

The Half-Year consolidated financial statements are in full compliance with IFRS as applicable within the European Union, and with the supplementary provisions of Section 315e HGB. The Half-Year consolidated financial statements of flatex AG are based on the going concern assumption of accounting.

This Half-Year consolidated financial statements were not audited or reviewed by an external auditor.

flatex AG presents information in thousands or millions of currency units. Generally, the information is expressed in millions of units. Detailed information in the income statement is presented in thousands of units. The presentations in thousands and millions of units are rounded. When calculating with rounded numbers, slight rounding differences may occur.

The presentation currency is euro.

NOTE 3 Group of consolidated companies

In the first half-year of 2019, there was no change in the group of consolidated companies.

NOTE 4 Estimates and assumptions

The preparation of the half-year consolidated financial statements in compliance with IFRS implies the adoption of assumptions and the use of estimates which have an impact on the amounts and the disclosure of assets and liabilities and/or revenues and expenses. All available information has been taken into account in this regard. The assumptions and estimates relate mostly to the stipulation of useful lives in a consistent manner throughout the Group, the determination of recoverable amounts for impairment testing of individual CGUs, and the recognition and measurement of provisions. The currently strained interest rate scenario in the financial markets provides a particular example for uncertainty in estimates, specifically as it relates to the measurement of reported pension provisions. As a consequence, values actually realised in the future may deviate from the estimates made now. New information is taken into account as soon as it becomes available. The assumptions and estimates are deemed not to have changed significantly between the reporting date and the presentation of these Half-Year consolidated financial statements.

The impairment test of non-financial assets (in particular goodwill, capitalised development costs and customer relationships) is based on assumptions regarding future cash flows during the planning period and, if necessary, beyond, as well as the discount interest rate to be used.

The fair values of assets and liabilities assumed in the course of a business combination are determined using recognised measurement methods (e.g. license price analogy method, residual value method), provided there are no observable market values.

The estimation of useful life on which depreciation on depreciable fixed assets is generally based on past experience and is reviewed regularly.

Determining the recoverability of financial assets requires estimates of the amount and probability of occurrence of future events. In this context, we refer to the comments in the annual report 2018 on financial instruments under Note 12.

The accounting for and measurement of provisions requires an estimate of the amount and probability of occurrence of future events as well as estimates of the discount rate. These estimates are usually based on past experience or external expertise.

The calculation of deferred tax assets involves an estimate of future taxable income and the date of realisation.

With the exception of the changes in accounting and valuation methods described in the following note, the preparation of the half-year consolidated financial statements is based on the same assumptions and estimates as the previous consolidated financial statements.

NOTE 5 Significant changes in accounting policies

Newly applied standards and interpretations in the current reporting period (2019)

The following standard became mandatory in 2019 and was newly applied by flatex AG:

Impact of IFRS 16 on the Half-Year consolidated statements of the Group

With the first application of IFRS 16, the previous classification of finance and operating leases for the Group as a lessee no longer applies. On January 1, 2019, the Group adopted IFRS 16, “Leases”, while electing to apply the modified retrospective approach in IFRS 16. Comparative figures from prior periods have not been restated. The Group has made use of the following practical expedients:

- applying an interest rate linked to a portfolio of similarly structured leases
- the recognition of leases that, at the commencement date, has a lease term of 12 months or less are defined as short-term leases
- the cost of the right-of-use assets do not comprise any initial direct costs in the (initial) measurement of right-of-use asset at the commencement date
- the retrospective determination of the lease term for contracts with the options to extend the lease or the options to terminate the lease

At the commencement date, lease assets and lease liabilities are initially measured at the present value. The lease payments included in the measurement of the lease liability comprise the following lease payments:

- fixed payments (including faction-substance fixed (in-substance fixed), less any lease incentives receivable)
- variable lease payments linked to an index or (interest) rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- payments of penalties for termination of the lease, if the lease term reflects the lessees exercising an option to terminate the lease

Lease payments are discounted to their present value using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, they are using the lessee’s incremental borrowing rate.

Rights of use are measured at cost, as follows:

- the amount of the initial measurement of the lease liability
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs incurred by the lessee and
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or returning the underlying asset to the condition required by the lease agreement

In the course of first-time application of IFRS 16, the Group recognised lease liabilities for leases previously classified as operating leases under IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted at the lessee's incremental borrowing rate, as of January 1, 2019. The lessee's weighted average incremental borrowing rate, which is applied to the lease liabilities, as of January 1, 2019, is approximately 9.52%. Lease liabilities under rental leases are discounted at the respective interest rates of the suppliers.

The associated right-of-use assets for property leases are measured retrospectively as if IFRS 16 had always been applied. Other right-of-use assets are recognised in the amount of the related lease liabilities, adjusted by the amount of any lease payments made or accrued in advance reported in the balance sheet as at 31 December 2018. The right-of-use assets recognised in the balance sheet are reported in the balance sheet items in which the assets would have been reported if they had been owned by the Group.

As of January 1, 2019, the following effects arose from the first-time recognition of right-of-use assets and lease liabilities:

- Right-of-use assets amounting to EUR 8.3 million were recorded in the opening balance sheet. Other right-of-use assets recognised, EUR 2.1 million had already been recognised in the balance sheet as of December 31, 2018 under finance leases
- Lease liabilities of EUR 10.5 million were recognised in the opening balance sheet
- There were no changes in equity from the first-time application

The effect of the application of the new standard on earnings after taxes for the first half of 2019 was less than EUR 0.1 million. EBITDA increased by EUR 1.4 million as a result of operating lease payments; amortisation of right-of-use assets and interests on the lease liability, however, are not included in this ratio. The recognition of right-of-use assets resulted in additional amortisation of EUR 1.2 million and additional interest expenses of EUR 0.2 million in the first half of the year.

The changed recognition of expenses from operating leases in the cash flow statement resulted in an improvement of EUR 1.2 million in the cash flow from financing activities.

The Group does not apply IFRS 16 to agreements classified as non-leased under IAS 17 and IFRIC 4 „Determining whether an Arrangement contains a Lease". The Group also waives the application of IFRS 16 to intra-group leases and applies the adjusted management approach (allocation of the head lease to the Group entities).

NOTE 6 Stock option plan

Description of stock option plans

flatex AG has set up stock option plans to ensure that the total compensation package paid to its managers is competitive. The first stock option plan was launched in 2014. Rights from this programme were first issued in 2015.

Each right issued pursuant to the stock option plan gives the holder the right to acquire one bearer share of flatex AG against payment of the stipulated strike price. The strike price is determined on the basis of the average closing price of the stock over a fixed period of time preceding the adoption of the relevant resolution by the annual general meeting, minus a discount.

The maturity of these rights is six years from the date of issuance; they may only be exercised upon the expiration of a waiting period (vesting period) of four years. The right to exercise is conditional upon the stock price having risen by at least 100%, on any stock exchange trading day, during a period of two years from the date of issuance of such pre-emptive right (trigger - 2014 stock option plan). Only in the event of a change of control as defined in the authorisation and, if applicable, in subsequent amendments to the option terms, or in the event of a delisting, may flatex AG pay, or may the holders of rights demand, a cash settlement in lieu of shares (in some cases also before the end of the vesting period).

A second stock option plan was launched in 2015 by another resolution of the annual general meeting (2015 stock option plan). In light of the development of the stock price, the terms of this second plan were modified in regard to the condition for exercise, in that the stock price must now have risen by at least 50%, on any stock exchange trading day, during a period of two years from the date of issuance of such right (trigger – 2015 stock option plan). The other terms remain the same as those applicable to the first program.

In the first half of 2019 819.000 stock options were exercised. As of June 30, 2019 further 105.000 stock options were excerisable.

In relation to the stock option plans kEUR 125 was recognised as an expense in the income statement and transferred to additional paid in capital in the first half-year of 2019.

NOTE 7 Other financial liabilities

Other financial liabilities comprise the following:

In kEUR	06/30/2019	12/31/2018
Tax liabilities	7,907	1,409
Accruals and deferrals	418	657
Other financial liabilities	1,160	153
Total	**9,485**	**2,219**

Other financial liabilities in the amount of kEUR 9,485 (12/31/2018: kEUR 2,219) mainly comprise tax liabilities of capital gain tax which is withheld from customer transactions to be transferred to the fiscal authorities.

NOTE 8 Other provisions

Other accruals and provisions as of June 30, 2019 are at kEUR 5,822 (12/31/2018: kEUR 6,830). They comprise mainly accruals for contribution costs, audit and professional fees, outstanding invoices and staff cost.

NOTE 9 Non-current liabilities to non-banks (leases)

The Group rents various properties, equipment and vehicles. Rental agreements are generally concluded for fixed periods of two to five years. A number of the Group's real estate and equipment leases contain renewal and termination options. Such contractual terms are used to provide the Group with maximum operational flexibility with respect to the portfolio of contracts. The majority of the existing renewal and termination options can only be exercised by the Group and not by the respective lessor. The rental terms are individually negotiated and include a variety of different conditions. The leases do not contain credit terms, but leased assets may not be used as collateral for borrowings.

The Group has entered into commercial leasing agreements for motor vehicles as a lessee. These leases have an average term of between one and five years. The Group is not subject to any restrictions when concluding these leasing agreements.

The long-term financial lease liabilities are as the follows:

In kEUR	06/30/2019	12/31/2018
Long-term liabilities to non-banks		
liabilities from finance leasing (1 - 5 years)	10,598	5,952

The leased assets recognised in the balance sheet under finance leases relate to long-term rental agreements for office equipment and IT hardware for the IT infrastructure.

In the previous year, the Group only recognised lease liabilities in connection with leases classified as finance leases in accordance with IAS 17. These were reported as part of the Group's borrowings.

NOTE 10 Financial instruments

The following table presents the carrying amounts and the fair values of each financial asset and liability depending on the nature of the business model and the measurement category:

In kEUR	06/30/2019	12/31/2018
Business Model 'hold until maturity'		
Amortised cost [1]		
Long-term loans to customers	38,755	41,110
Cash loans due to local authorities	24,540	18,900
Current loans due to customers	232,230	217,244
Other receivables due to banks	42,447	40,466
Cash and cash equivalents	607,277	655,046
Business Model 'hold to collect and sell'		
Financial assets measured at fair value through other comprehensive income (FVOCI)	68.111	57,374
Business model 'hold to sell'		
Financial assets (FVPL) recognised at fair value through profit or loss (FVPL)	1,024	893
Equity instruments without held for trading		
Financial assets measured at fair value through other comprehensive income (FVOCI-EK)	84,449	82,465
Total financial assets	**1,098,834**	**1,113,498**
Financial liabilities		
Financial liabilities measured at amortized cost (including trade payables) [1]	1,001,375	1,016,718

[1] The carrying amounts represent a reasonable approximation of fair values.

The majority of the receivables have a term of less than one year, so there is no material difference between the carrying amount and fair value. Furthermore, long-term loans to customers have a maximum term of up to 3 years. The carrying amount of these loans is also an appropriate approximation of their fair value.

Financial instruments measured at fair value

flatex AG carries out fair value measurements of selected financial instruments on a regular/recurrent basis.

Fair values for the instruments of these three categories are based on quoted prices in active markets that the entity can access on the measurement date (level 1 of the measurement techniques for the fair value hierarchy according to IFRS 13). This includes fixed income securities, mutual funds, and equities.

The fair value of financial instruments listed in active markets accessible to the Group is determined on the basis of observable market price quotations, insofar as these represent prices used in regular and current transactions, and is primarily to be recognised as a fair value on the measurement date (market to market).

The fair value disclosed for these instruments is to be categorised as level 3 input in the fair value hierarchy. The inputs for the fair value measurement of loans and receivables as well as financial liabilities are the prices which were agreed between the Group companies and their counterparties for individual transactions. This relates to receivables from long-term loans from the area of special financing as well as long-term loan liabilities.

The Group did not measure any financial liabilities at fair value on June 30, 2019.

Collateral held

flatex AG does not hold any financial or non-financial collateral according to IFRS 7.15.

Collateral provided

The Group has provided collateral with the clearing and depositary agents of flatex Bank AG for the processing of the bank's financial commission business. The collateral is largely provided in the form of deposited securities. As of 30 June 2019, the carrying amount of collateral provided amounts to kEUR 51,916 (12/31/2018: kEUR 45,201).

In addition, flatex Group has provided collateral for the financing of an owner-occupied business property in the German federal state of North Rhine-Westphalia. Collateral is provided in the form of a registered mortgage in the amount of kEUR 1,500 against the owner-occupied business property, in favour of the lender of the instalment loan. The loan amount as of 30 June 2019 is kEUR 792 (12/31/2018: kEUR 875).

NOTE 11 Segment reporting in accordance with IFRS 8

flatex Group is required by IFRS 8 to report on its operating segments. The manner of segmentation is based on the so-called management approach. Segments are subdivisions of the business for which separate financial information is available that is regularly evaluated by the Management Board and other managers as they allocate resources and evaluate performance.

The division of flatex Group's activities into the two following segments remains unchanged from the previously published consolidated financial statements.

The Financial Services (FIN) segment includes the products in B2C online brokerage, B2B white-label banking, as well as electronic securities settlements, securities custody, and other banking services. The segment is derived from flatex Bank AG, factoring.plus.GmbH and brokerport finance GmbH.

The Technologies (TECH) segment includes all IT-services; among other things it develops and operates the Group's core banking system (FTX:CBS). In addition, this segment includes activities in research and development. The segment consists of the Group companies of flatex AG and Xervices GmbH.

Services provided between the segments are undertaken at arm's length based on existing contracts. For all transactions between the reporting segments, the basis of recognition is in compliance with IFRS provisions. There is corresponding segment reporting to the Management Board of flatex AG.

The Group generates income from the transfer of goods and services on a time-related basis exclusively from the Group companies based in Germany. In the first half-year 2019 flatex AG did not realise any material revenues (> 10%) with just one customer.

Segment reporting for continuing activities in first half-year 2019

In kEUR	FIN	TECH	Consolidation	Total
Total net revenues	55,667	17,627	-8,945	64,350
Raw materials and consumables	24,071	1,750	-5,562	20,259
Personnel expenses	4,578	10,116	-2,148	12,546
Other administrative expenses	4,152	8,887	-1,235	11,804
EBITDA	**12,594**	**7,147**	-	**19,740**
Depreciation				5,962
Consolidated earnings before interest and income tax (EBIT)				**13,779**
Net financial income/finance costs				-1,153
Consolidated earnings before income tax (EBT)				**12,625**
Income tax expense				4,079
Consolidated earnings from continuing activities				**8,547**
Consolidated net profit				**8,547**

Segment reporting for continuing activities in first half-year 2018

In kEUR	FIN	TECH	Other and consolidation	Total
Total net revenues	52,256	16,378	-10,136	58,498
Raw materials and consumables	14,060	1,834	-909	14,985
Personnel expenses	8,578	6,205	-2,554	12,229
Other administrative expenses	14,495	5,061	-6,673	12,884
EBITDA	**15,123**	**3,278**	-	**18,401**
Depreciation				3,527
Consolidated earnings before interest and income tax (EBIT)				**14,874**
Net financial income/finance costs				-957
Consolidated earnings before income tax (EBT)				**13,917**
Income tax expense				4,442
Consolidated earnings from continuing activities				**9,475**
Earnings from discontinued operations				-94
Consolidated net profit				**9,381**

NOTE 12 Related party relationships and transactions

There have been no significant changes regarding to transactions between the group companies and other related companies and persons, nor in the composition of the set of such companies and persons. Please refer to Note 27 in our 2018 annual report.

NOTE 13 Events after June 30, 2019

FinTech Group becomes flatex

At the annual general meeting on August 12, 2019, the management's proposal to rename the parent company FinTech Group AG to flatex AG was adopted with 99.99% approval. The change of name was entered in the commercial register B of Franfkurt am Main local court on August 15, 2019.

flatex AG checks strategic options

At the beginning of July 2019, the Mangement Board of flatex AG decided to examine strategic options together with the investment bank Lazard regarding the future orientation of the company in order to take advantage of growth opportunities. This examination will include possible strategic partnerships, a possible (partial) sale of the company and the acquisition of any new investors. To this end, the group will enter into discussions with various potential partners and interested parties.

Preparation for Spain market entry

Within the european growth strategy the start of flatex in Spain in Q4 2019 gets prepared.

NOTE 14 Earnings per share

The result per share for the first half-year 2019 is EUR 0.46 (undiluted) and EUR 0,45 (diluted).

The number of average shares outstanding during the first half-year 2019 were 18.938.582 (undiluted) and 19.004.214 (diluted).

NOTE 15 Dividends

No dividends were distributed during the reporting period.

Frankfurt am Main, August 26, 2019

flatex AG

Frank Niehage
CEO, Chairman oft he Management Board

Muhamad Said Chahrour
CFO, Member of the Management Board

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