H1/2023

HALF-YEAR REPORT

MAIN SPONSOR
BORUSSIA MÖNCHENGLADBACH

flatexDEGIRO

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Group Key Performance Indicators

Group Key Performance Indicators

		1st HY 2023	1st HY 2022	Change in %
Brokerage key figures				
Transactions settled	number	29,543,631	38,111,725	-22.5
Customer accounts as of 06/30	number	2,560,406	2,288,042	+11.9
Customer accounts on average	number	2,479,404	2,175,103	+14.0
Transactions per customer account/annualized	number	24	35	-32.0
Customers assets under custody	mEUR	47,767	38,045	+25.6
thereof: custody volume	mEUR	44,224	34,870	+26.8
thereof: deposit volume	mEUR	3,544	3,175	+11.6
Employees (average)	number	1,321	1,162	+13.7
Financials				
Revenues	kEUR	189,106	209,649	-9.8
Adjusted Revenues[1]	kEUR	189,106	202,320	-6.5
EBITDA	kEUR	48,464	89,099	-45.6
EBITDA margin	in %	25.6	42.5	-39.7
Adjusted EBITDA[1]	kEUR	63,864	81,770	-21.9
Adjusted EBITDA margin[1]	in %	33.8	40.4	-16.4
EBT	kEUR	31,128	69,053	-54.9
EBT margin	in %	16.5	32.9	-50.0
Adjusted EBT[1]	kEUR	46,527	61,724	-24.6
Adjusted EBT margin[1]	in %	24.6	30.5	-19.3
Adjusted cost-income-ratio[1]	in %	59.9	51.4	+16.5
Balance sheet and cash flow statement				
Equity (06/30/2023 vs. 12/31/2022)	kEUR	627,463	550,306	+14.0
Total assets (06/30/2023 vs. 12/31/2022)	kEUR	4,417,382	3,871,724	+14.1
Equity ratio (06/30/2023 vs. 12/31/2022)	in %	14.2	14.2	-0.1
Operating cash flow	kEUR	4,797	70,459	-93.2
Segments				
Financial Services (FIN)	Adj. Revenues[2] kEUR	175,224	195,122	-10.2
	Adj. EBITDA kEUR	39,080	69,054	-43.4
Technologies (TECH)	Adj. Revenues[2] kEUR	45,918	33,547	+36.9
	Adj. EBITDA kEUR	24,784	12,716	+94.9
Consolidation	Adj. Revenues[2] kEUR	-32,035	-26,348	-21.6
	Adj. EBITDA kEUR	-	-	-

[1] The figures for Adjusted Revenues / EBITDA / EBITDA margin / EBT / EBT margin / cost-income-ratio are presented of effects from the recognition / reversal for long-term variable compensation. For better comparability of the key figures for the period, we refer to the interim Group Management Report, Section 1.2 Earnings Position.
[2] Revenues do not include income from the release of provisions for long-term variable compensation.

Interim Group Management Report

Basis of presentation

The interim Group Management Report of flatexDEGIRO AG (hereinafter referred at "flatexDEGIRO" , "Group" or "Group of companies") has been prepared in accordance with Sections 315 and 315a German Commercial Code (HGB) and the German Accounting Standards (DRS 16 Interim Financial Reporting). All report content and details are based on the reporting date of 30 June 2023 or the half-year reporting period from 1 January 2023 to 30 June 2023.

The personal pronouns "we" or "us" used in this interim Group Management Report refer to the flatexDEGIRO AG including its subsidiaries.

Forward-looking statements

This interim Group 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. 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 flatexDEGIRO AG may differ substantially from these forward-looking statements. flatexDEGIRO AG assumes no obligation to update these forward-looking statements or to correct them in the event of developments which differ from those anticipated.

1 Economic Report

1.1 Macro-economic parameters

In the first half of 2023, the overall economic environment and development on the capital markets continued to be characterized by high inflation levels, the rapid rise in interest rates already seen since July 2022 and further interest rate hikes taken by central banks in the first half of the year, as well as the ongoing war in Ukraine and the continuing geopolitical challenges and associated economic effects. Trading activity of retail investors remains at a comparatively low level and continued to decline over the course of the first half year, also driven by typical seasonal trends.

1.2 Earnings position

The main sources of revenue for flatexDEGIRO AG are commission income as well as interest income and, to a lesser extent, other operating income from the IT service business.

Revenues in the first half of 2023 amounted to kEUR 189,106 (1st half of 2022: kEUR 209,649). In the first half of 2022, the reversal of provisions in connection with long-term variable compensation (stock appreciation rights, SARs) resulted in other operating income of kEUR 7,329. The adjusted revenues in the first half of 2022 amounted to kEUR 202,320. After deducting raw materials and consumables of kEUR 29,888 (1st half of 2022: kEUR 34,186) net revenues amounted to kEUR 159,218 (1st half of 2022: kEUR 175,463).

In the first half of 2023 the commission income decreased by kEUR 37,143 to kEUR 120,682 (1st half of 2022: kEUR 157,825). After deducting commission expenses of kEUR 23,170 recognised in raw materials and consumables (1st half of 2022: kEUR 27,282), the net commission income amounted to kEUR 97,512 (1st half of 2022: kEUR 130,543). The lower average trading activity by customers was only compensated to a limited extent by customer growth.

Interest income amounted to kEUR 59,020 (1st half of 2022: kEUR 34,934). Interest expenses in the reporting period amounted to kEUR 3,346 (1st half of 2022: kEUR 3,580). The net interest income has risen accordingly to kEUR 55,674 (1st half of 2022: kEUR 31,354). The growth resulted in particular from the year-on-year increase in the general interest rate level and the simultaneous increase in customer deposits.

Other operating income mainly includes income from IT services and amounted to kEUR 9,404 in the first half of 2023. In the first half of 2022, it totalled kEUR 16,890 and also included income from the release of SARs provisions of kEUR 7,329. Other operating expenses amounted to kEUR 3,372 (1st half of 2022: kEUR 3,323).

Personnel expenses amounted to kEUR 58,085 (1st half of 2022: kEUR 33,668). In addition to an increase in the number of employees and general salary adjustments, this also includes non-recurring inflation compensation payments of kEUR 3,300 in 2023. In the first half of 2023, additions to SARs provisions in the amount of kEUR 15,399 also led to a significant increase in personnel expenses. In the first half of 2022, such provisions were reversed and recognized in other operating income. Capitalised development expenses for intangible assets in accordance with IAS 38 increased to kEUR 12,454 (1st half of 2022: kEUR 11,868). Particular focus of development expenses is on the fulfilment of regulatory requirements, the further development of the core banking system FTX:CBS as well as the Group's own over the counter (OTC) limit order management system (L.O.X.), the development of "next" applications (DEGIRO next and next desktop app), and preparations for the planned integration of partners in the area of crypto trading and digital wealth management.

The overall challenging environment for retail investors is also reflected in the opportunities for customer growth. Accordingly, marketing and advertising expenses were deliberately reduced and amounted to kEUR 25,519 (1st half of 2022: kEUR 30,994).

Other operating expenses increased to kEUR 27,150 in the reporting period (1st half of 2022: kEUR 21,702). This increase mainly results from the penalty of the German Federal Financial Supervisory Authority (BaFin) published in February 2023 resulting from the incorrect calculation of own funds and reporting of regulatory capital instruments, and from addition of fund related to issued shares from option plan 2014 and 2015, as well as the payment of a penalty by the Italian competition authority due to the complaint of a single local competitor. flatexDEGIRO is taking legal action against the penalty of the Italian competition authority.

In the reporting period from 1 January 2023 to 30 June 2023, an EBITDA of kEUR 48,464 (1st half of 2022: kEUR 89,099) was achieved. The half-year net profit amounts to kEUR 20,056 (1st half of 2022: kEUR 51,974). Excluding provisions for long-term variable compensation, adjusted EBITDA amounts to kEUR 63,864 (1st half of 2022: kEUR 81,770)

The financial performance indicators are summarized as follows:

In kEUR	**1st HY 2023**	**1st HY 2022**
Revenues	189,106	209,649
- Adjustment in revenues (-) for long-term variable compensation (release of provisions)	-	-7,329
= Adjusted Revenues	**189,106**	**202,320**
EBITDA	48,464	89,099
+/- Adjustment in personnel expenses (+) / revenues (-) for long-term variable compensation (formation or release of provisions)	15,399	-7,329
= Adjusted EBITDA	**63,864**	**81,770**
Adjusted EBITDA margin	**33.8%**	**40.4%**
EBIT	31,856	71,960
+/- Adjustment in personnel expenses (+) / revenues (-) for long-term variable compensation (formation or release of provisions)	15,399	-7,329
= Adjusted EBIT	**47,256**	**64,631**
EBT	31,128	69,053
+/- Adjustment in personnel expenses (+) / revenues (-) for long-term variable compensation (formation or release of provisions)	15,399	-7,329
= Adjusted EBT	**46,527**	**61,724**
Adjusted EBT Margin	**24.6%**	**30.5%**

1.3 Liquidity

In the first half of 2023, operating cash flow amounted to kEUR 4,797 (1st half of 2022: kEUR 70,459). This includes payments for the SARs program of kEUR 26,370 for the first time in the first half of 2023. Changes in provisions, pension obligations and deferred tax liabilities of kEUR 21,836 further contributed to the decrease compared to the previous year.

In order to increase the informative value of the cash flow statement, the balance sheet changes for the banking operations are shown below the free cash flow. These balance sheet changes relate to customer deposits and investment decisions derived from them.

In kEUR	1st HY 2023	1st HY 2022
Cash flow from operating activities	4,797	70,459
Cash flow from investments activities	-22,584	-20,480
Cash flow from financing activities	192	-14,382
Free cash flow before banking operations	-17,595	35,597
Cash flow from banking operations	286,352	179,536
Non-cash movements in equity	-1,057	-1,373
Cash and cash equivalents at the beginning of the period	2,227,012	1,618,252
Cash and cash equivalents at the end of the period	**2,494,712**	**1,832,013**

flatexDEGIRO AG was able to meet its financial obligations at any time during the reporting period. There were no liquidity shortfalls in the first half-year 2023. In addition, we foresee no liquidity shortfalls going forward.

1.4 Financial position

The following table shows the consolidated balance sheet in condensed form:

In kEUR	**06/30/2023**	**12/31/2022**
Assets	**4,417,382**	**4,095,167**
Non-current assets	565,977	563,906
Current assets	3,849,896	3,529,833
Non-current assets held for sale	1,509	1,428
Liabilities and shareholders' equity	**4,417,382**	**4,095,167**
Equity	627,463	608,272
Non-current liabilities	116,656	124,967
Current liabilities	3,673,263	3,361,927

The increase in total assets of kEUR 322,215 was mainly due to higher customer deposits in connection with strong customer growth and a higher deposit rate on average.

1.5 Asset position

CAPITAL

The capital structure of the Group is as follows:

In %	06/30/2023	12/31/2022	Change in %-points
Equity ratio	14.2	14.9	-0.7
Debt ratio	85.8	85.1	0.7

LIABILITIES

flatexDEGIRO AG's total liabilities amounted to mEUR 3,790 as of 30 June 2023 (31 December 2022: mEUR 3,487). With a total of mEUR 3,673, the vast majority of these liabilities are short-term (31 December 2022: mEUR 3,362) and consisted mainly of customer deposits with flatexDEGIRO Bank AG in the amount of mEUR 3,504 (31 December 2022: mEUR 3,201).

The liabilities are structured as follows:

In kEUR	06/30/2023	12/31/2022
Total liabilities	**3,789,919**	**3,486,894**
Current liabilities	**3,673,263**	**3,361,927**
thereof: Liabilities to customers	3,503,544	3,201,490
Non-current liabilities	**116,656**	**124,967**
Provisions for long-term variable compensation components	25,177	36,147
Non-current liabilities to non-banks	42,359	42,600
thereof: Liabilities from leases	32,190	33,139
Deferred tax liabilities	43,968	40,854
Pension obligations	5,152	5,366
Contingent liabilities	**154**	**1,354**

The decline in provisions for long-term variable compensation components results from the exercise of options at the end of the first half-year of 2023 in the amount of kEUR 26,370. In additions, new SARs provisions in the amount of kEUR 15,399 were recognized in the first half-year.

Contingent liabilities amounted to kEUR 154 (31 December 2022: kEUR 1,354) and include irrevocable, unused credit commitments, which consist primarily of granted but not yet utilised credit lines in the area of receivables-based financing operations, and outstanding capital calls from fund companies. The refinancing of a potential utilisation of loan commitments is ensured at all times by the Group's liquidity.

1.6 General statement on business development and the situation of the Group

In the first half of the 2023 business year, flatexDEGIRO AG continued its growth course and won over 186,000 new customer accounts, despite an overall difficult market environment. At the same time, price adjustments at DEGIRO in the last twelve months laid the foundation for an expansion of commission income per transaction, although this is not yet fully visible due to the lower trading activity of retail investors. The sharp increase of the European Central Bank's (ECB) depository rate from minus 50 basis points at the end of the first half of 2022 to (positive) 350 basis points at the end of the first half of 2023 has led to a significant improvement in interest income. At the beginning of the year, both the flatex and DEGIRO brands adjusted the interest rate for margin loans to reflect this significantly higher interest rate environment. In the first half of 2023, trading activity of retail investors in general fell short of the assumptions communicated at the beginning of the year for the full-year estimation, although this was partially offset by an improvement in interest income.

The revenues of the Group reached kEUR 189,106 and thus fell slightly short of the comparable revenues of the prior-year period adjusted for effects from the release of SARs provision (1st half-year 2022: kEUR 202,320). In an environment that is challenging for many online brokers, flatexDEGIRO is committed to leveraging the additional potential that arises for the Group in a positive interest rate environment to further strengthen its revenue and earnings potential.

In the current market environment, flatexDEGIRO intends to significantly reduce the full-year marketing and advertising expenses compared to the previous year. The majority of marketing and advertising expenses has been allocated to the first half of 2023, in particular to the first quarter. Furthermore, the first half of 2023 saw extraordinary effects of approx. mEUR 9, resulting from the payment of inflation compensation to all employees (approx. mEUR 3), the BaFin penalty published in February 2023 (approx. mEUR 1), payment of success fees of mEUR 0.75 and the payment of a penalty by the Italian competition authority (mEUR 4) due to a complaint by a single local competitor, against which flatexDEGIRO is arising from a complaint and expects to win the legal dispute or to obtain a reduction of the penalty.

The Management Board of flatexDEGIRO AG considers the business performance in the first half of the year to be demanding but, in view of the non-recurring charges in the first half of 2023, expects an improvement in earnings for the second half-year. Accordingly, based on the development of net interest income and higher profitability per trade, the Management Board continues to adhere to the expectations communicated at the beginning of the year and expects – adjusted for the effects from SARs provisions – to generate adjusted revenues of approx. mEUR 380 as well as an adjusted EBITDA margin of over 40 percent and an adjusted EBT margin of over 30 percent.

1.7 Other significant events

In June 2023, the Annual General Meeting of flatexDEGIRO AG approved the expansion of the Supervisory Board to five members and the election of Ms. Britta Lehfeldt as a new member of the Supervisory Board of flatexDEGIRO AG. Ms. Lehfeldt had already been appointed earlier (April 24, 2023) as a member of the Supervisory Board of flatexDEGIRO Bank AG.

The German Federal Financial Supervisory Authority (BaFin) notified flatexDEGIRO in June 2023 that it reduced the bank specific capital requirements for the flatexDEGIRO Group (Supervisory Review and Evaluation Process, SREP) by 75 basis points from 5.00 percent to 4.25 percent based on the relevant specifications of the calculation methodology. The SREP own funds requirements for flatexDEGIRO Bank AG are at 2.25 percent.

With regard to the findings resulting from the BaFin special audit completed in 2022, the focus in the first half of 2023 was on the execution of automated processes in the area of margin loans at DEGIRO. Hereby all technical and organizational measures were implemented in the first half of 2023 and the information required to audit the process was subsequently submitted to the special commissioner appointed by BaFin. The processing of the findings is proceeding according to plan.

1.8 Report on events after the closing date

For events of particular significance that occurred after the end of the reporting period, please refer to our comments in Note 26 of the Half-Year Group Consolidated Financial Statement.

2 Forecast and opportunities report

The period for business development forecasts refers to the second half of fiscal year 2023.

The expected development of activities in 2023 continues to be dominated by the war in Ukraine, the ongoing geopolitical challenges, high inflation levels and changes in the interest rate environment. For the forecast for the second half of the year, the Management Board currently assumes that there will be no significant changes in this environment.

In the area of online brokerage, flatexDEGIRO will continue to focus on winning trading-active new customers in the second half of the year. Due to the price adjustments implemented at DEGIRO in the past twelve months, it can be assumed that the average commissions per transaction will increase in the second half of the year compared to the first half-year. This should compensate for a further slight overall decline in customer trading activity. With “flatex wealth”, flatex is offering its customers in Germany digital wealth management via a partnership with the German provider Whitebox since July 2023. The Management Board sees this as a further rounding out of the product offering, which could be particularly attractive for customers who are indecisive in the current market situation and therefore not active in trading, but does not expect any significant contribution to profits in the short-term.

The margin loan business has already developed positively in the first half-year, despite a 100 basis point adjustment of the interest rates due to the general market conditions at the beginning of the year. Following a further adjustment of the interest rates at DEGIRO in July 2023, the Management Board expects the margin loan business to have higher contribution to revenues and earnings in the second half of the year. The same applies to customer deposits, which are predominantly held directly by the German Federal Bank (Bundesbank) and therefore benefit directly from past and potentially further interest rate steps taken by the ECB.

Overall, the revenues in the second half of the year are expected to be at the level of the first six months. The expected shift within the composition of revenues, with interest income rising compared to commission income, will lead to an improvement in the ratio of raw materials and consumables.

On the cost side, the Management Board expects significant savings in the marketing and advertising area of around mEUR 10 in the second half of the year. The sponsorship of Sevilla FC was terminated as planned at the end of the first half of 2023. In addition, special items that impacted the first half of the year by approx. mEUR 9 should not reoccur in the second half. The decreasing cost base compared to the first half of the year should support an increase of flatexDEGIRO’s profitability in the second half of the year, even if revenues remain relatively constant.

The Management Board remains convinced that flatexDEGIRO Group’s strategy of focusing on the online brokerage business and the directly related margin loan business is proving successful. It is the expressed goal of the Management Board to continue to adhere to the existing strategy and to implement it in a focused manner.

Forecasting performance indicators on an annual basis is generally subject to a degree of uncertainty.

Plan assumption and forecasts for the key performance indicators

The Management Board expects to achieve an adjusted revenue of approx. mEUR 380 in the fiscal year 2023, a slight increase over the comparable figure of mEUR 369 in 2022. The adjusted EBITDA margin is expected to exceed 40 percent, and the adjusted EBT margin is expected to exceed 30 percent.

flatexDEGIRO has set itself the target of exceeding the average growth rates of major peer companies[1] by a factor of 1.5 to 2.0 in terms of customer growth. In the first half of the year, this factor – based on the published figures by the peer companies to date – was 2.1 and thus slightly above the target range.

Within the assumptions used for the financial expectations, the Management Board assumes a total of approx. 58 million settled transactions in 2023, a decrease compared to the 67 million transactions from the previous year. The average commission per transaction is expected to be around EUR 4.15, higher than in the previous year (EUR 4.06) due to the adjustments made. Net interest income will contribute more to revenues and earnings compared to 2022 as a result of the significantly more positive interest rate environment. This applies both to the margin loan business, which had a loan utilization of around mEUR 950 at the end of the first half of the year and, in the opinion of the Management Board, should achieve an average margin of around 5 percent in the second half of the year, as well as to the additional customer funds under custody of approx. EUR 2.5 billion. The vast majority of these are held directly at the Bundesbank and, based on interest rates as of June 2023, are expected to earn interest of 3.50 percent in the second half of the year.

The raw materials and consumables ratio is expected to be around 16 percent, and the operating costs around EUR 165 to EUR 170 million.

[1] Avanza, Fineco, Hargreaves Lansdown, Nordnet, Swissquote

3 Risk report

Risk management system

flatexDEGIRO AG conducts its online brokerage and banking business in a regulated market. As such, in addition to dealing with constant changes in the business environment of the Group, adapting to changes in legal and regulatory frameworks is essential to the Company's success. Current developments are constantly being monitored and carefully analysed. The Management Board incorporates the emerging opportunities and potential threats into its business and risk strategy and adjusts it accordingly if necessary. Monitoring and managing the risks of the Group is a central component of the Company's management tools at flatexDEGIRO AG.

In principle flatexDEGIRO AG promotes a risk culture that ensures compliance with high ethical standards and a pronounced awareness of risks in all relevant business processes, both among management and other employees of the flatexDEGIRO Group. Beyond this, the limitation of risks is one of the key performance targets for all flatexDEGIRO Group managers within their respective areas of responsibility. In this context, each manager should develop effective, task-specific control processes and ensure their ongoing application.

In accordance with Section 2f (1) of the German Banking Act (KWG), flatexDEGIRO AG has been the superordinate institution of the Group since 2022. It is responsible for the Group-wide tasks of risk controlling in accordance with the "Minimum Requirements for Risk Management" (MaRisk) AT 4.4.1. It thereby contributes significantly to the cross-departmental and Group-wide tasks anchored in risk management and risk controlling processes i.e. identification, assessment, management, monitoring and communication of risks. A group-wide risk strategy is intended to ensure uniform risk management procedures and methods for all group companies. In this sense, the look-through procedure is applied in the risk-bearing capacity calculation in order to look through to the level of the individual companies.

The head of the Risk Management department is involved in all important risk policy decisions of the Management Board. In the event of a change in the leadership of the Risk Management department, the Supervisory Board of flatexDEGIRO AG will be informed immediately.

Risk identification and risk assessment

flatexDEGIRO AG conducts a risk inventory on a regular basis, and may also update it on the basis of current events; this identifies the following key types of risks: Counterparty default, market price [including interest rate, credit spread, real estate price, FX] liquidity, operational and other risks.

In the risk inventory process of flatexDEGIRO AG, the risk assessments of all corporate divisions assessed as significant are carried out in a consistent manner. This involves estimates of the financial position (including capital resources), the earnings position, the liquidity position, and risk concentration.

The Management and the Supervisory Board of flatexDEGIRO AG are regularly informed about the development of the main risk types as part of the ongoing risk reporting.

Risk management

The risk-bearing capacity calculation of flatexDEGIRO AG is based on the BaFin / Bundesbank RBC guidelines for the risk-bearing capacity calculation. The normative perspective is based on the capital ratios of Pillar I and takes into account a period of at least three years on the basis of strategic business planning. The economic perspective uses a rolling annual risk horizon and a confidence level of 99.9%. Interactions from and with the economic perspective are also taken in the process.

The objective of the normative risk-bearing capacity is to ensure compliance with regulatory minimum capital requirements and regulatory structural capital/liquidity requirements of flatexDEGIRO AG to ensure the continuation of the Company ("going concern" concept), both in the consideration of the basic planning as well as in deviating adverse scenarios.

flatexDEGIRO AG carries out scenario-based risk capacity calculations (including stress tests) on a regular basis, taking into account possible concentration risks and potential extreme developments in the (market) environment of the Group, to ensure adequate net equity levels of the Group even under unfavourable conditions.

The findings from these risk capacity analyses are used by flatexDEGIRO AG to install risk control and risk management requirements for the Group's operating businesses by way of an adequate risk limitation system. Adjustments to the risk limitation system are made in close coordination between the Group's management and the Risk Management department.

Ongoing monitoring measures and a comprehensively implemented risk communication system (risk reporting) should ensure that the risks taken by flatexDEGIRO AG remain within the strategic specifications and its risk capacity. In addition, they enable rapid reaction to emerging risk control needs. The monitoring and control instruments used in this process, in the form of daily and monthly reports, are presented in more detail below.

Risk monitoring and risk communication

Management is supplied with current figures pertaining to the risk and earnings position at flatexDEGIRO AG by means of daily reports. Such reports also ensure continuous ad-hoc reporting: as a central (risk) management tool, the daily risk cockpit reporting provides daily information on the performance indicators, risk ratios and limit utilisation levels required for management as well as on the development of relevant early warning indicators. It also contains comments on control-relevant issues and, where appropriate, recommendations for necessary adjustments. In addition, for each business area that is significant from a risk perspective, it includes monthly and annual target achievement levels as well as comparisons with the previous year figures.

The cockpit described above is complemented by the Monthly Risk Report (MRR), which contains a month-based detailed presentation and commentary on the Group's risk and earnings position and supplementary additional analyses of the Group's opportunity and risk situation. The MRR is also submitted to the Supervisory Board, among other parties, and discussed in detail with the management team and Supervisory Board in regular finalisation meetings.

Risk report, including risk reporting on the use of financial instruments

The following section describes the key risks flatexDEGIRO AG is exposed to as a result of its operating activities. The probability of occurrence and the degree of risk is categorised according to the following increments:

Probability of occurrence	Description
< 5 %	Very low
≥ 5 to 25 %	Low
> 25 to 50 %	Medium
> 50 %	High

Risk exposure	Description
Low	Limited negative impact on business activities, net assets, financial and earnings position, reputation, < EUR 0.25 million EBITDA individual risk
Medium	Negative impact on business activities, net assets, financial and earnings position, reputation, ≥ EUR 0.25 million EBITDA individual risk
High	Significant impact on business activities, net assets, financial and earnings position, reputation, ≥ EUR 1 million EBITDA individual risk
Very High	Damaging negative impact on business activities, net assets, financial and earnings position, reputation, ≥ EUR 15 million EBITDA individual risk

Managing and limiting counterparty default risks

The counterparty default risk is defined as the risk of losses or missed profits due to unexpected payment default of or unforeseeable deterioration in the creditworthiness of business partners.

Counterparty risks in flatexDEGIRO AG result in the Treasury division on the one hand from security-oriented selected financial investments (including interbank investments, government and German state bonds, bank bonds, covered bonds) and on the other hand from investments in special funds, which supplement the sector diversification of the Group's overall portfolio, such as through infrastructure financing and residential real estate investments in the Financial Services division. The investment/lending strategy and the limits based on it are intended to ensure a wide diversification of individual positions, so that concentration risks remain limited. Along with risk-averse selection of business partners, risks are also limited by means of ongoing monitoring of credit ratings on the basis of publicly available data. Currently, counterparty risks of the treasury portfolio are monitored on a daily basis using CDS prices and rating changes and are communicated daily to the relevant decision-makers. The total amount of counterparty default risks as of 30 June 2023 was kEUR 11,682 (31 December 2022: kEUR 12,195). The decrease in counterparty risks compared to December 2022 is predominantly driven by the reduction of the non-securitized loan portfolio, which was started and consistently continued in the last two years, and by reductions of fund positions in the banking book in the context of maturities in the respective fund assets.

The distribution of counterparty default risk at flatexDEGIRO AG has the following structure in comparison:

	06 / 30 / 2023	12 / 31 / 2022
Total	kEUR 11,682	kEUR 12,195
Loans secured by securities	kEUR 1,377	kEUR 1,264
Loans not secured by securities	kEUR 5,934	kEUR 6,441
Banks	kEUR 3,202	kEUR 3,080
Bonds	kEUR 0	kEUR 57
Funds	kEUR 1,170	kEUR 1,354

For the purpose of the recoverability, especially in the event of a crisis (such as the current one in Ukraine), several possible scenarios and their probability of occurrence are simulated. The scenarios and probabilities are based on assessments, empirical values and publicly available information. In the process, both customer-specific and macroeconomic situations as well as the industry environment are considered with a view to the future. The simulated scenarios include the potential damage to creditworthiness if the rating is downgraded by one or two rating grades. A downgrading of the credit rating by one rating grade would lead to an increase in the counterparty default risk of up to approx. kEUR 633 as of 30 June 2023 (31 December 2022: kEUR 661), and a reduction by two rating grades would lead to an increase in the counterparty default risk of up to approx. kEUR 4,595 as of 30 June 2023 (31 December 2022: kEUR 4,797).

flatexDEGIRO AG estimates the degree of the resulting risk amount as high, but the associated probability of occurrence as very low.

flatexDEGIRO AG is also exposed to counterparty default risk from its lending business. It pursues a strategy of fully collateralised lending in this area:

a) By issuing security-backed loans (Lombard & flatex-flex loans) via the flatex and ViTrade brands and (margin loans) via the DEGIRO brand in the Financial Services segment, flatexDEGIRO AG is exposed to counterparty default risk. Through appropriate requirements pertaining to the security type, credit rating, volatility and liquidity of the securities accepted as security, as well as conservative collateralisation rates and ongoing monitoring of credit lines and securities, the Group ensures that the security-based loans taken up by customers are also sufficiently covered by deposited securities even when prices are falling. Scenario analyses of the collateralised security holdings are carried out monthly on the basis of a VaR simulation (99.9 % confidence level and holding period depending on the respective coverage modality) and are included in the risk-bearing capacity calculation.

   In connection with the market developments surrounding Silicon Valley Bank (especially U.S. regional banks) and in Europe at Credit Suisse, as well as the subsequent global decline in value on all world financial markets, especially in bank securities, there were no defaults on securities-backed loans at the Bank due to the conservative lending values.

   Furthermore, stress tests with significant market distortions are carried out here on an ongoing basis to ensure adequate securities collateralization.

   The bank still rates the probability of the remaining risks occurring as very low and the possible degree of loss as high.

b) In the half-year under review, the Bank implemented its risk structure as part of the credit strategy streamlined in the previous year by reducing loan portfolios that were no longer strategic (factoring, other asset-based) by a total of mEUR 3.6. The remaining portfolio is expected to be reduced in the course of 2023. Only the portfolios already in liquidation can be reduced with the final liquidation/realisation.

In the future, the credit strategy will focus on the fundamentally lower-risk securities-backed lending business, which should be further promoted.

For the calculation of counterparty risks, flatexDEGIRO AG uses the IRB formula with a uniform confidence level of 99.9 % for a one-year observation horizon. The VaR calculated in this way is taken into account as an unexpected loss (“UL”) in the economic perspective. The expected loss (EL) is calculated by multiplying the probability of default (PD) of the rating grade with the corresponding exposures at default (EAD) and a loss given default (LGD). Historical PDs and LGDs are used for all items with unsecured portions. Furthermore, no diversification effects are applied to reduce risk.

The investment strategy pursued by the Group currently mandates diversification of counterparty-risk-bearing positions (primarily by geographic spread, publicly available ratings, and the maturity of the investments) and thereby effectively limits concentration risks.

The bank’s total counterparty default risk amounted to mEUR 11.7 as of 30 June 2023 (31 December 2022: mEUR 12.2). The expected loss (EL), which is also used in internal management, of a total of mEUR 0.13 Mio as of 30 June 2023 (31. Dezember 2022: mEUR 0.19)[2] was applied for the risk provisioning (PWB) of the business affected by credit risks.

[2] IFRS 9 Stage 1 & 2.

Managing and limiting market price risks

Market price risks are understood by flatexDEGIRO AG as loss risks due to changes in market prices (share prices, exchange rates, real estate prices, interest rates) and due to price-influencing parameters (e.g. volatilities, credit spreads).

Similarly to the counterparty default risk, the market price risk is controlled with the Value at Risk. The VaR model does not represent the maximum possible loss potential that can occur in extreme market situations but is based on a historical period. For the economic perspective of risk-bearing capacity, a holding period of one year with a confidence level of 99.9 % is also assumed for the sake of consistency. When limits are exceeded, countermeasures are initiated immediately.

The Group only takes limited market risks, focusing in particular on generating stable earnings that contribute to a diversification of the earnings profile and therefore to a reduction of earnings concentrations. None of the companies belonging to the Group operates a trading book.

The following existing sub-risk types are considered here:

Interest rate risk

In the Financial Services segment, flatexDEGIRO AG has had stable and sizeable customer deposits over the course of time (flatexDEGIRO Bank AG). Due to these funds not being invested at the exact same time on the market, and the resulting limited term transformation, flatexDEGIRO AG is exposed to additional market risks in the form of interest risks. The Group handles these risks through fundamentally conservative asset/liability management. An ongoing calculation of interest rate risks on the basis of a VaR calculation (99.9 % confidence level; one-year observation horizon) ensures that negative developments in interest rate risk are recognised early on and countermeasures can be initiated. Furthermore, flatexDEGIRO AG has expanded its stress tests in the area of interest rate risk in the context of the interest rate turnaround in Q4 2022 to include additional scenarios.

flatexDEGIRO AG rates the probability of occurrence of corresponding losses as very low, but calculates a high degree of risk. The loss estimate based on value at risk is in the magnitude of kEUR 7,879 (31 December 2022: kEUR 8,737). The decline is mainly due to a reduction in the fixed interest rate period in the bank's banking book, in particular as a result of the non-Renewal of maturing bonds and a reduction in the fixed interest rate period of the remaining banking book portfolio.

Generally, flatexDEGIRO AG counters the interest rate risk by making short- to medium-term investments in the banking book in the treasury and by being able to adjust interest rates in the lending business (especially securities-backed) at short notice; customer deposits are generally not subject to positive interest rates. This creates additional earnings opportunities for flatexDEGIRO AG.

flatexDEGIRO Bank AG also determines possible interest rate risks for the banking book in accordance with BaFin requirements (Circular 06/2019). This is subject to the proviso that, as a result of a sudden and unexpected change in interest rates, the cumulative change in present value is less than 20 % of the Group's liable equity capital.

The ratio as of 30 June 2023 for a parallel shift in the yield interest curve of:

+/- 200 basis points -/+ 1.35% (31 December 2022: -/+ 3.12 %)

The ratio was maintained throughout the year.

Credit spread risk

The Group is vulnerable to losses due to an increase in credit spreads through investments in bonds in the treasury. The investment is limited to German government and federal state bonds, USD and CHF treasuries. The risk is accepted from a strategic point of view, especially due to the excellent credit rating and short-term duration of these investments. The Bank uses a VaR approach (99.9 % confidence level; one-year observation horizon) for measuring the credit spread risk.

The loss estimate made on the basis of the value at risk for the interest rate risk is in the order of mEUR 1.1 for the first-time introduction as of the reporting date of 30 June 2023 (31 December 2022: mEUR 2.76). The declining effect results mainly from the reduction of the capital commitment in the banking book.

Property price risk

The Group is invested in a diversified German residential property portfolio through two special fund constructions. The focus is on residential properties in the medium rental price segment, with investments in economically strong, regional German cities and their respective metropolitan areas. This involves a risk of loss due to changes in property market prices. The Group uses a VaR approach (99.9 % confidence level; one-year observation horizon) for measuring property price risk.

The loss estimate for property price risk based on value at risk is in the order of mEUR 10.7 as of 30 June 2023 (31 December 2022: mEUR 11.1).

FX risk

Within the scope of financial commission business in brokerage, FX risks arise from peak regulations (corporate actions, maturities, income) in clearing and settlement in securities processing; corresponding positions arising from peaks are closed on the following day. The Group uses a VaR approach (99.9 % confidence level; one-year observation horizon) for measuring FX risk.

The loss estimate for the FX risk made on the basis of the value at risk is in the order of mEUR 0.8 for the first-time introduction on 30 June 2023 (31 December 2022: mEUR 1.3).

The Group cockpit is updated on a daily basis with control-relevant information concerning flatexDEGIRO AG's market price risks, meaning that the Group's management team receives this information daily. The market price risks are also reflected in the MRR of the Group, in such a way that detailed presentations and comments on the current risk situation are ensured and, if necessary, adjustments may be initiated.

flatexDEGIRO AG estimates the degree of the resulting risk amount as very high, but the associated probability of occurrence as low.

Managing and limiting liquidity risks

flatexDEGIRO AG defines its liquidity risk as the risk that it cannot fully and/or in a timely manner meet its current or future payment obligations from the available financial resources. As a consequence, refinancing resources may need to be raised at higher interest rates, or existing assets may need to be liquidated at a discount to provide additional (temporary) financial resources. Additionally, flatexDEGIRO AG generally subsumes the refinancing risk and the market liquidity risk under the term liquidity risk.

Consistent with the other risk types, the liquidity risk is simulated on the basis of a liquidity VaR approach (99 % confidence level; one-year observation horizon) for potential outflow rates. In liquidity risk management, more than 50 % of the assets are due daily and are immediately available. Consequently, no refinancing costs are applied. The liquidity VaR was kEUR 0 as of 30 June 2023 (31 December 2022: kEUR 0). Both types of liquidity risk specified above only play a subordinate role in the current business model of flatexDEGIRO AG and are therefore assigned to the lowest risk categories used, both with regard to the probability of occurrence ("very low") and the possible extent of losses ("low").

In order to initiate countermeasures immediately, daily liquidity forecasts are used to identify liquidity gaps at an early stage; these can arise from cash outflows on the customer side or from the securities business, among other things.

Efficient management of the liquidity reserves to be held and successive diversification of the available refinancing sources are pursued as part of liquidity planning.

To limit the remaining liquidity risk (liquidity risk in the narrower sense), flatexDEGIRO AG pursues a conservative investment strategy in which customer deposits with daily maturities are reinvested predominantly in short-term instruments, and where there are substantial investments in ECB-eligible securities which may be pledged for short-term funding through the central bank when needed. In addition to very conservative short-term minimum liquidity buffers/limits (daily, weekly, monthly liquidity bands) which must be maintained, management is also conducted by means of ongoing duration measurement across all relevant investments of flatexDEGIRO AG, which are within the average target corridor of less than 24 months.

Finally, flatexDEGIRO Bank AG carries out ongoing liquidity monitoring and appropriate financial planning / liquidity planning in the Group's financial accounting department. The measures implemented, in combination with a "liquidity business continuity plan", ensure a comfortable liquidity level with adequate reserves for the Group's payment obligations, also and particularly in the case of unforeseen events such as unfavourable market developments or payment deferrals and customer defaults.

In light of the comfortable liquidity level on the reporting date (approximately 56 % (31 December 2022: approximately. 53 %) of assets with daily maturities, average capital commitment of 36 days) (31 December 2022: 54 days) and the measures implemented to limit risk, flatexDEGIRO AG classifies the probability of occurrence of its remaining liquidity risks (in the narrower sense) as being very low and also assesses the associated degree of loss as low.

Control and limitation of operational and other risks

flatexDEGIRO AG defines operational risk as the risk of loss due to human error, the inadequacy of internal processes and systems, and external events. Legal and reputational risks are also included in this category.

flatexDEGIRO AG uses a multi-year time series of actually incurred losses for its operational risk inventory. These losses are categorised according to the type of damage, the cause of the loss, the time of occurrence, etc., and documented in a database. The operational risks are internally managed by assigning each loss case to a risk strategy (avoidance, reduction, transfer, etc.) and implementing defined measures. In addition to the standard approach for Pillar I, an internal assessment approach from the loss history using a Monte Carlo simulation (99.9 % confidence level; one-year observation horizon) for Pillar ÎI is used internally to determine an amount for the regulatory capital to be held from operational risks. In addition to the identification of operational risks from historical data, flatexDEGIRO AG uses expert assessments to identify potential losses as part of risk assessments with all specialist departments of flatexDEGIRO AG, in order to map quantifiable risks where a sufficient loss data history is not available. The value for operational risks simulated on the basis of the approach explained above amounts to kEUR 35,774 as of 30 June 2023 (31 December 2022: kEUR 33,386). The increase compared to the period under review is mainly determined by the published penalty of BaFin in February 2023 in the amount of approximately mEUR 1.1 in Q1 2023 and the payment of a fine to the Italian competition authority in Q2 2023 in the amount of mEUR 4.

Dependency on software and other EDP risks

For flatexDEGIRO AG, operational risk arises particularly from the dependency on IT infrastructure and associated services which is typical for banking operations. This also includes dependency on the flawless provision of services which have been outsourced to external service providers. The operational risks in IT can be divided into hardware, software and process risks. There are comprehensive EDP and Internet-based systems used Group-wide, which are essential for the proper conduct of business. The Group is highly dependent on these systems working without issues. Despite comprehensive measures for data backup and the bridging of system disruptions, malfunctions and/or complete failures of EDP and internet systems may not be precluded. Deficiencies in data availability, errors or functional problems in the software used and/or server failures due to hardware or software flaws, accident, sabotage, phishing or other reasons, could also have a significant negative impact on the Group's reputation or market position, or lead to possible obligations to pay damages.

Significant Group-wide EDP and IT investments are made to ensure, on the one hand, that the significantly expanded business volume can be executed accordingly and on the other hand, that sufficient safeguarding against disruptions is provided. The probability of software and other EDP risks is rated to be very low, and the possible degree of loss is rated to be low.

Personnel risks

The comprehensive restructuring of flatexDEGIRO AG, which was completed in 2018, resulted in changes to the organisational structure and processes, including communication processes, which may initially lead to an increased potential for error and loss. flatexDEGIRO AG has established monitoring and communications processes to limit these risks, which are primarily HR-related. Nevertheless, individual employee mistakes or errors can never be completely ruled out. We estimate the probability of occurrence of a loss event arising from personnel risks to be very low, and the possible degree of loss from such an event to be low.

Legal risks

The flatexDEGIRO-Group acts as a regulated provider of financial services in an environment with rapidly changing (regulatory) legal framework conditions. Legal violations can result in fines or litigation risks. flatexDEGIRO AG contains these legal risks by permanently monitoring the legal environment, keeping legal expertise available internally, and by consulting legal expertise externally where needed.

Outsourced processes

Outsourcing within the meaning of Section 25b (1) of the German Banking Act (KWG) and MaRisk (AT 9) occurs when a non-Group company is entrusted with such activities and processes, in connection with the provision of financial services or other institution-specific services, that would otherwise be performed by flatexDEGIRO AG itself.

Increased regulatory requirements apply in such cases. The Group has outsourced various activities from its operations to external companies.

flatexDEGIRO AG has set up outsourcing controlling, which aims to take stock of all relevant outsourcing contracts and initiates management activities as needed. All outsourcing contracts are taken into account in the Group's risk management system. Non-material outsourcing contracts are subject to lesser control intensity requirement than material outsourcing contracts.

Service level agreements (SLAs) have been agreed as part of the concluded outsourcing contracts for all material outsourcing. Moreover, liability rules which allow a transfer of damages have also been agreed.

Reputational risk

The reputational risk for flatexDEGIRO AG is the risk of negative economic effects that arise from the Company's reputation being damaged.

In principle the Group companies strive to ensure a high level of customer loyalty by having a good reputation, in order to gain a competitive advantage over their competitors. In addition to immediate financial implications, many of the risks discussed above pose a risk that the Group's reputation may be damaged, and that a decline in customer loyalty may result in financially adverse consequences for the Group. flatexDEGIRO AG puts particular emphasis on reputational risk in its strategic guidelines and continually uses its risk-controlling processes to monitor the relevant environment. Associated risk estimates are made as part of the estimates for the Group's operational risks.

In order to limit its operational risks flatexDEGIRO AG fundamentally promotes a risk culture which ensures that both the management and the other employees of flatexDEGIRO AG observe high ethical standards and a pronounced risk awareness in all relevant business processes. Beyond this, the limitation of risk is one of the key performance targets for all flatexDEGIRO AG managers within their respective areas of responsibility. In this context, each manager develops task-specific control processes and should ensure their ongoing application. In addition flatexDEGIRO AG conducts a risk inventory on a regular basis, and may also update it on the basis of current events – in particular to ensure an ongoing analysis and assessment of the operational risk in existing business processes.

flatexDEGIRO AG assigns a low probability of occurrence to the operational risks outlined above and cautiously estimates a very high level of risk.

Other risks

flatexDEGIRO AG currently includes general business risks in other risks.

General business risk exists due to the dependence on technical developments and customer behaviour. General business risks arise from changes in the framework conditions. These include, for example, the market environment, customer behaviour, and technological progress.

Technological developments and changing customer behaviour can significantly influence the market conditions for financial services. They may open up opportunities for flatexDEGIRO AG's financial products, but they may also negatively impact demand for the Group's products and services and so reduce its financial success.

flatexDEGIRO AG pays particular attention to changes in the legal and regulatory environment, as well as to changes in customer behaviour and technological progress, and reviews the resulting strategic implications on an ongoing basis. The Group considers the probability of occurrence of a loss event due to dependencies on technical developments and customer behaviour to be low, and the potential loss impact to be high.

With regard to business operations, functioning Business Continuity Management (BCM) means that no restrictions have arisen. Extensive measures have been implemented to protect employees (working from home, avoidance of business trips, use of digital infrastructure for meetings, etc.). Measures were also implemented for those areas of responsibility that do not permit working from home (physical separation, shift work, avoidance of group formation and establishment of emergency workstations), via which the risk of infection was minimised as much as possible.

Furthermore the economic impact on the ongoing military conflict in Ukraine is difficult to estimate. As well as associated risks, the situation may also result in opportunities for the economic environment.

Overall risk of the financial holding group

The risk-bearing capacity concept of flatexDEGIRO AG considers the „Normative Perspective" and „Economic Perspective" (with a uniform confidence level of 99.9 %) in accordance with the BaFin's RTF Guideline dated 24 May 2018.

This dual control approach is based on both complementary control circles. The new ICAAP framework is designed to ensure that the Group's capital adequacy is sufficient at all times: i.e. compliance at all times with all Pillar 1 regulatory capital requirements and ancillary conditions in the normative perspective from the perspective of a 3-year planning horizon, and ensuring risk-bearing capacity at all times in the economic, present-value perspective from the perspective of a rolling 1-year horizon.

flatexDEGIRO Bank AG assesses its economic risk-bearing capacity on the basis of a comparison of loss/risk potential (in particular due to counterparty default risks, market risks [interest rate risks, real estate price risks, FX risks, credit spread risks], liquidity risks, operational risks) and the risk coverage potential: "Common Equity Tier 1 capital (CET1) minus hidden charges", which – despite comprehensive risk management – is needed as a buffer (free risk cover) against unforeseeable capital burdens.

For the bank, compliance with the requirements is a strict secondary condition for the implemented risk management processes. Compliance with the free risk coverage capital (ICAAP ratio: Ratio RP/RDP < 90 %) is set as a strict secondary condition for further utilisation as part of the allocated limits of the main risk types.

The allocation of the risk coverage funds and the amount of the limits as well as the upstream early warning thresholds of the individual risk types and the ICAAP as a whole define the risk appetite of the Group. The risk appetite is determined on the basis of the business strategy, the strategic business planning and the risk inventory and is intended to ensure the consistency of the risk and income targets as well as appropriate capital and liquidity within the framework of the overall bank management.

The free risk coverage capital amounts to kEUR 178,361 as of 30 June 2023 (31 December 2022: kEUR 111,521) with an ICAAP ratio of 27.57% as of 30 June 2023 (31 December 2022: 38.40 %). The change in the free risk coverage capital amount results from the retained annual result from the first half of the previous year.

No immediate risks that could jeopardise the continued existence of the Company, including with respect to potential concentration risks, were discernible at the time of preparation of this risk report. In addition, flatexDEGIRO Bank AG has prepared a restructuring plan according to simplified specifications. This is updated at regular intervals and as required.

As expected in the 2022 consolidated financial statements, the capital ratio developed positively due to the recognition of the net income generated in 2022. After recognition, the regulatory requirements were met.

The total capital ratio as of 30 June 2023 is 18.38 % (31 December 2022: 19.94 %) with liable capital of kEUR 249,652 (31 December 2022 after determination: kEUR 261,158). The decrease in the total capital ratio is due to regulatory deductions in the liable core capital (in particular increasing intangible assets).

In terms of internal management (going concern or economic perspective), the risk-bearing capacity was fully given in the course of the first half of 2023.

The disclosure statement of flatexDEGIRO AG pursuant to Section 26a KWG in conjunction with Part 8 CRR provides detailed documentation of the risk positions of the banking group.

Management Board assessment of the overall risk situation

The Group views the assessment of the overall risk situation in the form of a consolidated analysis of all material risk categories and individual risks. The overall risk has increased in the first half of 2023 compared to the same period of the previous year due to market developments, in particular around the US regional banks and the war in Ukraine and the subsequent global decline in value on all world financial markets. However all relevant material risks have been mitigated as far as possible through appropriate measures. flatexDEGIRO AG is convinced that, at the balance sheet date and also at the time of preparation of the consolidated financial statements, neither any of the above-stated individual risks, nor the consolidated risks, pose a threat to the Group as a going concern.

Furthermore, flatexDEGIRO AG is confident that it will be able to continue to seize opportunities that arise in the future without having to expose itself to disproportionately high risks. Overall, the aim is to strike a healthy balance between risks and opportunities.

4 Collateralisation of the legal representatives (responsibility statement)

„We hereby affirm that, in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair view of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the fiscal year.“

Frankfurt am Main, 02 August 2023

flatexDEGIRO AG

Frank Niehage

CEO, Chairman of the Management Board

Dr. Benon Janos

CFO, Member of the Management Board

Stephan Simmang

CTO, Member of the Management Board

Interim Consolidated Financial Statements

Half-Year IFRS Consolidated Balance Sheet

as of 30 June 2023

In kEUR	Note	06/30/2023	12/31/2022
Assets		**4,417,382**	**4,095,167**
Non-current assets		**565,977**	**563,906**
Intangible assets	6	408,073	402,047
Goodwill	7	181,087	181,087
Internally generated intangible assets		83,279	74,010
Customer relationships		102,520	106,583
Other intangible assets		41,187	40,367
Property, plant and equipment	6	48,013	47,182
Financial assets and other assets		3,167	3,045
Equity instruments measured at fair value through profit or loss (FVPL-EQ)	8	77,891	81,943
Financial assets measured at fair value through profit or loss (FVPL)	8	27,888	28,729
Non-current loans due to customers	8	944	961
Current assets		**3,849,896**	**3,529,833**
Inventories and work in progress		56	6
Trade receivables		29,142	25,194
Other receivables	9	16,493	9,912
Other current financial assets	8	1,309,492	1,267,709
Financial assets measured at fair value through other comprehensive income (FVOCI)	8	291,319	311,015
Financial assets measured at fair value through profit or loss (FVPL)[1]	8	32,027	29,898
Current loans due to customers[1]	8	963,015	914,644
Other receivables due to banks	8	23,132	12,151
Cash and cash equivalents	8	2,494,712	2,227,012
Balances with central banks	8	2,293,303	2,067,489
Cash assets	8	17	40
Receivables due to banks (on demand)	8	201,393	159,483
Non-current assets held for sale		**1,509**	**1,428**

[1] Compared to the 2022 consolidated financial statements, on credit engagement was retrospectively reclassified from the position “Current loans due to customers” to the position “Financial assets measured at fair value through profit or loss (FVPL)” (see Note 8).

In kEUR	Note	06/30/2023	12/31/2022
Liabilities and shareholders' equity		**4,417,382**	**4,095,167**
Equity		**627,463**	**608,272**
Subscribed capital		109,953	109,893
Additional paid-in-capital		230,819	230,687
Retained earnings		286,037	267,033
Shares of minority shareholders		654	660
Liabilities		**3,789,919**	**3,486,894**
Non-current liabilities		**116,656**	**124,967**
Non-current liabilities to non-banks	13	42,359	42,600
Pension obligations		5,152	5,366
Provisions for long-term variable compensation components	18	25,177	36,147
Deferred tax liabilities	12	43,968	40,854
Current liabilities		**3,673,263**	**3,361,927**
Trade payables		3,540	3,696
Liabilities to customers	14	3,503,544	3,201,490
Liabilities to banks	15	74,854	82,795
Other financial liabilities	10	35,384	6,271
Tax provisions	12	39,487	46,152
Other provisions	11	16,454	21,522

Half-Year IFRS Consolidated Statement of Income

for the half-year from 1 January to 30 June 2023

In kEUR	Note	1st HY 2023	1st HY 2022
Revenues	16	**189,106**	**209,649**
thereof commission income	16	120,682	157,825
thereof interest income	16	59,020	34,934
thereof interest income from financial instruments (amortised cost)		53,560	32,041
thereof other operating income	16	9,404	16,890
Raw materials and consumables	17	29,888	34,186
Net revenue		**159,218**	**175,463**
Personnel expenses	18	58,085	33,668
Current personnel expenses	18	42,686	33,668
Personnel expenses for long-term variable compensation components	18	15,399	-
Marketing and advertising expenses	19	25,519	30,994
Other administrative expenses	20	27,150	21,702
EBITDA[1]		**48,464**	**89,099**
Depreciation		16,608	17,139
thereof impairment losses		798	1,976
EBIT[1]		**31,856**	**71,960**
Financial result		-728	-2,907
EBT[1]		**31,128**	**69,053**
Income tax expenses		11,072	17,078
Half-Year consolidated net profit		**20,056**	**51,974**
thereof: Majority shareholders' share of income		**20,055**	**51,926**
thereof: Minority shareholders' share of income		**1**	**48**
Earnings per share (undiluted) in EUR	24	**0.18**	**0.47**
Earnings per share (diluted) in EUR	24	**0.18**	**0.47**

[1]For better comparability of the key figures for the period using the adjusted EBITDA / EBIT, we refer to the interim Group Management Report 2023, Section 1.2 Earnings Position

Half-Year IFRS Consolidated Statement of other Comprehensive Income

for the half-year from 1 January to 30 June 2023

In kEUR	Note	1st HY 2023	1st HY 2022
Half-Year consolidated net profit		**20,056**	**51,974**
Income and expense items recognised directly in equity, which are not reclassified into profit or loss			
Pensions		**-**	**-**
Actuarial gains/losses		-	-
Remeasurement of plan assets		-	-
Reimbursement rights		-	-
Income and expense items recognised directly in equity, which are reclassified into profit or loss			
Securities		**-423**	**187**
Change in value reported in equity		-423	187
Deferred taxes		**132**	**-71**
Pensions		-	-
Securities		132	-71
Total other income[1]		**-291**	**116**
Comprehensive income		**19,765**	**52,090**

[1]Minority shareholders do not participate in other comprehensive income.

Half-Year IFRS Consolidated Cash Flow Statement

as of 30 June 2023

In kEUR	Note	1st HY 2023	1st HY 2022
Half-Year consolidated net profit		**20,056**	**51,974**
Depreciation and amortisation/appreciation on property, plant and equipment and intangible assets		15,485	14,511
Increase/decrease in inventories		-50	-141
Increase/decrease in trade receivables		-3,948	-101
Increase/decrease in trade payables	8	-156	4,616
Increase/decrease in other receivables, financial investments, and other assets	9	-6,785	-6,074
Increase/decrease in provisions, pension obligations and deferred taxes	11, 12	-8,833	13,003
Increase/decrease in provision for long-term variable compensation components	18	-10,971	-7,329
Cash flow from operations		**4,797**	**70,459**
Cash outflow/inflow for the investment/disposal in/from intangible assets	6	-14,645	-13,667
Cash outflow/inflow for investment/disposal in/from property, plant and equipment	6	-4,887	-4,850
Cash outflow/inflow for investments in rights of use		-3,052	-1,963
Cash flow from investments		**-22,584**	**-20,480**
Inflow from equity injections by shareholders of the parent company		192	320
Payment of purchase price components of DeGiro B.V.		-	-14,702
Cash flow from financing activities		**192**	**-14,382**
Free cash flow prior to accounting changes to the banking business		**-17,595**	**35,597**
Increase/decrease in long-term loans to customers	8	16	13,565
Increase/decrease in financial assets measured at FVOCI	8	19,697	-138,497
Increase/decrease in financial assets measured at FVPL	8	2,764	-17,470
Increase/decrease in cash loans to local authorities	8	-	18
Increase/decrease in short-term loans to customers	8	-48,371	182,573
Increase/decrease in other receivables due from banks	8	-10,981	10,385
Increase/decrease in liabilities to customers	14	302,054	200,005
Increase/decrease in liabilities to banks	15	-7,941	-74,557
Increase/decrease in other financial liabilities	10	29,113	3,514
Other non-cash movements		-	-
Cash flow from accounting changes to the banking business		**286,352**	**179,536**
Non-cash movements in equity		-1,057	-1,373
Change in cash and cash equivalents		**267,700**	**213,761**
Cash and cash equivalents at the beginning of the period		**2,227,012**	**1,618,252**
Cash and cash equivalents at the end of the period		**2,494,712**	**1,832,013**

[1] Compared to the 2022 consolidated financial statements, one credit engagement was retrospectively reclassified from the position "Current loans due to customers" to the position "Financial assets measured at fair value through profit or loss (FVPL)".

Half-Year IFRS Consolidated Statement of Changes in Equity

as at 30 June 2023

In kEUR	Subscribed capital	Additional paid-in capital	Retained earnings	Actuarial gains/losses	Unrealized gains/losses from financial instruments measured at fair value through other comprehensive income	Total	Minority interests	Total equity
As at 12/31/2021 and 01/01/2022	**109,793**	**230,323**	**162,407**	**-2,614**	**-1,059**	**498,850**	**536**	**499,385**
Issue of shares	100	220	-	-	-	320	-	320
Contributions to / withdrawals from reserves	-	-	-	-	-	-	-	-
Changes in the scope of consolidation not involving a change of control	-	-	-1,490	-	-	-1,490	-	-1,490
Dividend distribution	-	-	-	-	-	-	-	-
Other earnings/losses	-	-	-	-	117	117	-	117
Half-Year consolidated net profit	**-**	**-**	**51,926**	**-**	**-**	**51,926**	**48**	**51,974**
As at 06/30/2022	**109,893**	**230,543**	**212,843**	**-2,614**	**-942**	**549,723**	**584**	**550,306**
As at 12/31/2022 and 01/01/2023	**109,893**	**230,687**	**266,987**	**2,977**	**-2,923**	**607,621**	**653**	**608,272**
Issue of shares	60	132	-	-	-	192	-	192
Contributions to / withdrawals from reserves	-	-	-104	-	-	-104	-	-104
Changes in the scope of consolidation not involving a change of control	-	-	-662	-	-	-662	-	-662
Dividend distribution	-	-	-	-	-	-	-	-
Other earnings/losses	-	-	-	-	-291	-291	-	-291
Half-Year consolidated net profit	**-**	**-**	**20,055**	**-**	**-**	**20,055**	**1**	**20,056**
As at 06/30/2023	**109,953**	**230,819**	**286,276**	**2,977**	**-3,214**	**626,810**	**654**	**627,463**

Notes to the interim Consolidated Financial Statement as at 30 June 2023

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 31 December 2022 and all public pronouncements made by the Group during the interim period.

NOTE 1 About the Group

The interim consolidated financial statements presented here are those of flatexDEGIRO AG and its subsidiaries.

flatexDEGIRO is headquartered in Frankfurt am Main, Germany, and is registered in the trade register at Frankfurt am Main under the company number HRB 103516. The registered business address is: Omniturm, Große Gallusstraße 18, 60312 Frankfurt am Main.

The registered no-par value shares are traded in the SDAX index (prime standard, ISIN DE000FTG1111/WKN FTG111).

The Group's business activities include the provision of innovative technologies in the financial sector and on the online brokerage market, as well as the provision of financial services and IT services.

flatexDEGIRO AG is the parent company of the flatexDEGIRO Group and the parent financial holding company in accordance with Section 2f (1) KWG.

These interim consolidated financial statements were authorised for publication by the Management Board on 02 August 2023.

NOTE 2 Basis of presentation

flatexDEGIRO AG is currently obliged to prepare consolidated interim financial statements because it is listed on an organised market (prime segment) and is therefore a capital-market-oriented parent company and must apply the rules set out in Section 115 of the German Securities Trading Act (WphG).

These consolidated interim financial statements are based on the International Financial Reporting Standards ("IFRS") as they are published by the International Accounting Standards Board ("IASB") and adopted into European law by the European Union ("EU"). The consolidated interim financial statements of flatexDEGIRO AG are based on the going concern assumption and in particular also take into account the requirements of IAS 34 for interim reporting. With the exception of the changes listed in Note 5, the same accounting policies and calculation methods were applied as in the consolidated financial statements of flatexDEGIRO AG as of 31 December 2022.

flatexDEGIRO AG presents information in thousands or millions of currency units. The information is generally expressed in thousands of units. As information presented in thousands and millions of units is commercially rounded up or down, slight differences may arise in calculations using rounded numbers.

The presentation currency is the Euro.

NOTE 3 Scope of consolidation

There were no changes in the scope of consolidation in the first half of 2023. The company flatexDEGIRO UK Ltd., London, which was founded in the last financial year, was not consolidated due to its immaterial nature.

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 disclosures of the assets and liabilities and/or revenues and expenses. All available information has been taken into account in this regard. The estimates and assumptions relate mostly to the stipulation of useful lives in a consistent manner throughout the Group, the determination of the recoverable amounts for impairment testing of individual cash-generating units, and the recognition and measurement of provisions.

The estimation uncertainties arising from the current interest rate situation and the still high inflation. These lead to corresponding estimation uncertainties. In particular, there are effects on the amount of pension provisions recognized, estimates of future cash flows, the determination of impairment indicators and the performance of impairment tests.

Also of extraordinary importance are the effects of the war in Ukraine. The resulting estimation uncertainties relate in particular to the valuation of credit commitments and the recognition of risk provisions. The actual values may therefore differ from the estimates. New information is taken into account as soon as it becomes available.

With the exception of the changes in accounting policies described in the following note, the preparation of the interim consolidated financial statements is based on the same assumptions and estimates as the preceding consolidated financial statements.

NOTE 5 Significant changes in accounting and valuation methods

The following changes of standards became mandatory for flatexDEGIRO AG to apply for the first time in the financial year 2023. Compared to the financial statements for the last fiscal year, there were no changes for flatexDEGIRO AG.

Changes to IAS 1 „Disclosures of Accounting Policies“

IAS 1 requires entities to disclose all significant accounting policies rather than the relevant accounting policies. The changes define what is to be declared as a significant accounting method and how they are to be identified. In addition, it is pointed out that immaterial information on accounting methods is not to be disclosed.

Changes to IAS 8 „Accounting Estimates“

The changes to IAS 8 are intended to clarify the distinction between changes in accounting policies and accounting estimates. This means that changes in estimates are to be applied prospectively to future transactions and events, while changes in accounting policies are to be applied retrospectively to past transactions and events in the current period.

New standard IFRS 17 „Insurance Contracts“

IFRS 17 serves as a replacement for IFRS 4 “Insurance Contracts” and the valuation model is based on the determination of the current settlement values of the insurance contracts, so that their valuations must be adjusted in each reporting period due to changes in estimates. Insurance contracts are measured using a “building block approach“. Accordingly, the following building blocks are taken into accounts in the valuation:

- discounted probability-weighted expected cash flows
- an explicit risk adjustment and
- a contribution margin, which represents the unearned earnings on the contract is recognized as revenue over the period for which the entity provides insurance coverage.

Changes to IAS 12 „Deferred Taxes arising from a single transaction“

The change to IAS 12 serves to clarify how deferred taxes on transactions such as leases and decommissioning obligations are to be accounted for. The content of the change is an additional re-exception from the first-time adoption exception provided in IAS 12.15(b) and IAS 12.24. Accordingly, the first-time adoption exception does not apply to transactions that give rise to deductible and taxable temporary differences of equal amounts on initial recognition. This is also explained in the newly inserted by IAS 12.22A.

NOTE 6 Intangible assets & property, plant and equipment

As of 30 June 2023, intangible assets came to kEUR 409,473 (31 December 2022: kEUR 403,338) and includes mainly goodwill, internally generated assets from development activities, and customer relationships and trademarks. The increase results primarily from the capitalisation of ongoing development costs in the amount of kEUR 12,454.

As of 30 June 2023, property, plant and equipment came to kEUR 48,123 (31 December 2022: kEUR 47,318). The increase results mainly due to additions to IT hardware amounting of kEUR 4,065 to kEUR 15,147.

NOTE 7 Impairment of derivative goodwill

Testing for impairment of goodwill

The Group performed a goodwill impairment test (IAS 36.12) due to indications of a potential impairment of the derivative goodwill based on the changed interest rate environment caused by the European Central Bank's interest rate decision of 15 June 2023.

As at 30 June 2023 and also at 31 December 2022, impairment of derivative goodwill had to be recognised for the FIN and TECH CGUs as a result of impairment testing.

The carrying amount including goodwill of the FIN CGU as at 30 June 2023 is kEUR 742,858 (31 December 2022: kEUR 718,739). The recoverable amount of this CGU is kEUR 803,349 (31 December 2022: kEUR 879,410). The derivative goodwill allocated to this CGU has an amount of kEUR 175,331 as at 15 June 2023 (31 December 2022: kEUR 175,331).

The carrying amount including goodwill of the TECH CGU amounts to kEUR 147,311 as at 30 June 2023 (31 December 2022: kEUR 79,098). The recoverable amount of this CGU is kEUR 378,339 (31 December 2022: kEUR 314,975). The derivative goodwill allocated to this CGU amounts to kEUR 5,756 as at 30 June 2023 (31 December 2022: kEUR 5,756).

The pre-tax discount rate used for the cash flow projections is 11.83% (31 December 2022: 11.60%). The long-term growth rate is 1.5 % (31 December 2022: 1.0 %).

Sensitivity of assumptions

Management believes that no reasonably practicable change in any of the basic assumptions used to determine the respective value-in-use of the FIN CGU and the TECH CGU could cause the book value of the CGU to materially exceed its recoverable amount.

The DCF value of a CGU is sensitive to the estimate of future earnings, to the discount rate and, to a lesser extent, to the long-term growth rate. The discount rates applied were determined and discounted using the present value factor return on equity (ROE). For the TECH CGU, an increase in ROE to 24.83 % would result in the book value of the TECH CGU exceeding its recoverable amount. Similarly, a decrease in revenue of more than 26.36 % and a decrease in free cash flow to equity of 63.02 % would cause the book value of the TECH CGU to exceed its recoverable amount.

For the FIN CGU, an increase in ROE to 12.47 % would cause the book value of the FIN CGU to exceed its recoverable amount. Similarly, a decrease in revenue of more than 2.00 % and a decrease in free cash flow to equity of 7.64 % would cause the book value of the TECH CGU to exceed its recoverable amount.

The management considers the above scenarios to be extremely unlikely based on reasonable judgment.

NOTE 8 Financial instruments

The following table presents the carrying amounts and fair values (see Note 6 Explanation of significant accounting policies in the 2022 consolidated financial statements) of the individual financial assets and liabilities depending on the nature of business model and measurement category:

In kEUR	06/30/2023	12/31/2022
Business model "hold until maturity"		
Amortised cost		
Non-current loans due to customers	944	961
Current loans due to customers	963,015	914,644
Other receivables due to banks	23,132	12,151
Cash and cash equivalents	2,494,712	2,227,012
Financial assets measured at fair value through profit or loss (FVPL)[1]	32,027	29,898
Business model "hold to collect and sell"		
Financial assets measured at fair value through other comprehensive income (FVOCI)	291,319	311,015
Financial assets measured at fair value through profit or loss (FVPL)	27,888	28,729
Equity instruments without trading intent		
Equity instruments measured at fair value through profit or loss (FVPL-EQ)	77,891	81,943
Financial liabilities		
Financial liabilities measured at amortised cost (including trade payables)	3,659,681	3,337,324

[1] Compared to the 2022 consolidated financial statements, one credit engagement was retrospectively reclassified from the position “Current loans due to customers” to the position “Financial assets measured at fair value through profit or loss (FVPL)".

The majority of the receivables and liabilities have a term of less than one year, so there is no material difference between the carrying amount and the fair value.

Significant changes in the area of financial instruments

Loans to customers increased in total to kEUR 963,959 (31 December 2022: kEUR 915,605). The increase relates to the portfolios of securities-backed loans, which increased by kEUR 67,200 to kEUR 954,958 (31 December 2022: kEUR 887,758), whereas a credit engagement from non-compliance with the SPPI criterion in the amount of kEUR 32,027 (31 December 2022: kEUR 29,898) was retroactively reclassified from current loans due to customers to financial assets measured at fair value through profit or loss. The retrospective change did not have any material effects on the income statements.

Due to the strategic focus in the lending segment, both the share of asset-based financing decreased to kEUR 34,647 (31 December 2022: kEUR 35,098) and other financing decreased from kEUR 15,082 to kEUR 14,351.

Cash and cash equivalents increased by kEUR 267,700 to kEUR 2,494,712 (31 December 2022: kEUR 2,227,012). As at 30 June 2023, there are still no significant restrictions on the disposal of cash and cash equivalents.

Financial assets measured at fair value through other comprehensive income include public-issuer bonds and non-public issuers in the amount of kEUR 291,319 (31 December 2022: kEUR 311,015). The decrease is due to the final maturity of bonds.

Equity instruments measured at fair value through profit or loss of kEUR 77,891 (31 December 2022: kEUR 81,943) primarily relate to shares in residential investment and infrastructure funds in the corporate form of a SICAV. The change in the residential investment fund results from the reduction of the market value in the amount of kEUR 2,016. For the infrastructure fund, the change results from the redemption of shares in the amount of kEUR 2,128 and the increase of the market value by kEUR 92.

Financial assets measured at fair value through profit or loss of kEUR 59,915 (31 December 2022: kEUR 58,627) mainly relate to a credit engagement of kEUR 32,027 (31 December 2022: kEUR 29,898)[3] as well as shares in a real estate fund of kEUR 24,111 (31 December 2022: kEUR 22,298) and a football fund of kEUR 3,588 (31 December 2022: kEUR 5,101).

[3] Compared to the consolidated financial statements, one credit engagement was retrospectively reclassified from the position "Current loans due to customers" to the position "Financial assets measured at fair value through profit or loss (FVPL)"

The following table summarises the financial instruments measured at amortised cost and at fair value according to their measurement hierarchy levels:

	Level 1		Level 2		Level 3	
In kEUR	**06/30/2023**	**12/31/2022**	**06/30/2023**	**12/31/2022**	**06/30/2023**	**12/31/2022**
Business model "hold until maturity"[1]						
Amortised cost						
Non-current loans due to customers	-	-	-	-	944	961
Cash and cash equivalents	2,494,712	2,227,012	-	-	-	-
Current loans due to customers[2]	-	-	-	-	963,015	914,644
Other receivables due to banks	-	-	-	-	23,132	12,151
Financial assets measured at fair value through profit or loss (FVPL)[2]	-	-	-	-	32,027	29,898
Business model "hold to collect and sell"						
Financial assets measured at fair value through other comprehensive income (FVOCI)	291,319	311,015	-	-	-	-
Financial assets measured at fair value through profit or loss (FVPL)		-	-	-	27,888	28,729
Equity instruments without trading intent						
Equity instruments measured at fair value through profit or loss (FVPL-EQ)	-	-	-	-	77,891	81,943
Financial liabilities						
Financial liabilities measured at amortised cost (including trade payables)	-	-	-	-	3,659,681	3,337,324

[1] The carrying amount is a reasonable approximation of the fair value for the following financial instruments, which are predominantly current.

[2] Compared to the 2022 consolidated financial statements, one credit engagement was retrospectively reclassified from the position “Current loans due to customers” to the position “Financial assets measured at fair value through profit or loss (FVPL)".

Financial instruments of level 2 of the valuation hierarchy did not exist as at the reporting date.

Financial instruments that are recognised at fair value

Regular or recurring fair value measurements are carried out at flatexDEGIRO AG for selected financial instruments.

The fair value of financial instruments allocated to one of the categories is determined on the base of quoted prices in active markets that are accessible to the company at the end of the reporting period (Level 1 valuation technique for the fair value measurement hierarchy according to IFRS 13). This concerns fixed income securities, mutual funds, and shares.

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 the context of regular and current transactions (Level 2 of the fair value hierarchy), 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 within the fair value hierarchy. The input factors for the fair value measurement of loans and receivables as well as financial liabilities are the prices agreed between flatexDEGIRO AG and its contractual partners for the individual transactions.

The shares of the SICAV companies measured at fair value through profit or loss as well as the football fund, the FG Wohnen Deutschland fund and a credit engagement are not traded on an active market. There are also no input factors that can be derived from market parameters and are relevant for the measurement. The measurement is based on input factors classified as level 3 under IFRS 13. The shares are determined using a net asset value method. The "net asset value" is used to determine the purchase or redemption values.

Held collateral

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

Provided collateral

The Group has provided collateral with the clearing and depository agents of flatexDEGIRO Bank AG for the processing of the bank’s financial commission. This collateral is largely provided in the form of cash and securities collateral. As at 30 June 2023, the carrying amount of the collateral provided is kEUR 246,944 (31 December 2022: kEUR 196,832).

Net gains /losses from financial instruments

In kEUR	Net gains 06/30/2023	Net losses 06/30/2023
Financial assets measured at fair value through profit or loss	2,198	909
Financial assets measured at amortised cost	1	484
Equity instruments whose changes in fair value upon exercise of the fair value OCI option (FVOCI-EQ) for equity instruments are to be recognised in OCI, i.e. in equity	-	-
Financial assets measured at fair value through other comprehensive income (FV-OCI for debt instruments)	91	1,851
Interest income and interest expense for financial assets measured at amortised cost	58,893	1,494
Fees recognised as income or expense	-	-

The increase in net gains is mainly due to the rise in the general interest rate level. In addition, the item financial assets measured at fair value through profit or loss has increased due to the reclassification of a credit engagement.

Development of risk provisions

The development of risk provisions in the first half of 2023 was as follows:

In kEUR	12-month ECL	Total ECL maturity - unimpaired financial instruments	Total ECL maturity - impaired financial instruments	Total
Risk provision at the beginning of the reporting period	**149**	**42**	**15,491**	**15,682**
Changes in the provision for losses of financial assets including newly issued or acquired financial assets	-40	330	-6,206	-5,916
Changes due to disposals of financial instruments (including repayments, disposals)	-	-	-	-
Changes due to modifications without derecognition of assets	-	-	-	-
Reclassifications due to changes in credit quality				
at 12-month ECL	-	-	-	-
at total maturity ECL - non-impaired loans	-	-	-	-
at total maturity ECL - impaired loans	-	-	-	-
Changes in impairment for irrevocable loan commitments	-	-	-	-
Risk provision at the end of the reporting period	**110**	**372**	**9,285**	**9,766**

The decrease in risk provisions in the first half of 2023 of kEUR 5,916 results mainly from the derecognition of loans and the corresponding use of risk provisions.

In kEUR	12-month ECL	Total ECL maturity - unimpaired financial instruments	Total ECL maturity - impaired financial instruments	Total
Risk provision as at 01/01/2022	**449**	**163**	**13,636**	**14,248**
Changes in the provision for losses of financial assets including newly issued or acquired financial assets	56	127	1,783	1,965
Changes due to disposals of financial instruments (including repayments, disposals)	-	-	-	-
Changes due to modifications without derecognition of assets	-	-	-	-
Reclassifications due to changes in credit quality				
at 12-month ECL	-	-	-	-
at total maturity ECL - non-impaired loans	-	-	-	-
at total maturity ECL - impaired loans	-42	-	42	-
Changes in impairment for irrevocable loan commitments	-10	-	-	-10
Risk provision as at 06/30/2022	**454**	**289**	**15,460**	**16,204**

NOTE 9 Other receivables

Other receivables amounted to kEUR 16,493 as at 30 June 2023 (31 December 2022: kEUR 9,912). The change of kEUR 6,581 results mainly from receivables from the tax office from prepayments of kEUR 10,508, which comprise corporate income tax of kEUR 6,852 and trade tax in the amount of kEUR 3,656, as well as a reduction in receivables from the tax office of kEUR -3,531.

In addition, there are receivables from non-banks in the amount of kEUR 2,395 (31 December 2022: kEUR 1,421).

NOTE 10 Other financial liabilities

Other financial liabilities break down as follows:

In kEUR	06/30/2023	12/31/2022
Tax liabilities	32,170	5,329
Accruals and deferrals	2,615	921
Other financial liabilities	599	21
Total	**35,384**	**6,271**

Other financial liabilities amount to kEUR 35,384 as at 30 June 2023 (31 December 2022: kEUR 6,271). Tax liabilities mainly include liabilities to the tax authorities arising from transaction taxes of customer transactions in the amount of kEUR 9,842 (31 December 2022: kEUR -2,554), from capital gains tax kEUR 8,282 (31 December 2022: kEUR 1,910) and from payroll tax kEUR 14,557 (31 December 2022: kEUR 2,119).

The increase in other financial liabilities by kEUR 578 to kEUR 599 (31 December 2022: kEUR 21) is mainly due to the deferred income of contractual liabilities in the amount of kEUR 578.

NOTE 11 Other provisions

Other provisions amount to kEUR 16,454 as at 30 June 2023 (31 December 2022: kEUR 21,522) and mainly comprise provisions for outstanding invoices of kEUR 6,514, legal and consulting costs of kEUR 2,891, contribution costs of kEUR 2,390, audit and financial statements costs of kEUR 2,773 and personnel costs of kEUR 1,885.

The decrease of kEUR 5,068 results from the utilisation of provisions for bonuses of kEUR 3,995 and for outstanding invoices of kEUR 4,304. The corresponding allocations amount to kEUR 623 for bonuses and kEUR 4,422 for outstanding invoices.

NOTE 12 Tax provisions

Provisions for taxes mainly consist of corporate income tax and trade tax. As at 30 June 2023, tax provisions decreased by kEUR 6,666 to kEUR 39,487 (31 December 2022: kEUR 46,152). The decrease results from the lower taxable income and the tax payments made.

Income taxes (current and deferred taxes) were calculated over the interim reporting period on the basis of the actual result of the period and taking into account one-off effects of the interim reporting period. The tax rate determined in this way was checked for plausibility both with regard to the interim reporting period and with regard to the year as a whole. The procedure chosen for the reporting period to determine income taxes was based on the processes used in the preparation of the Group's annual financial statements.

Deferred tax liabilities

Deferred tax liabilities increased by kEUR 3,114 to kEUR 43,968 (31 December 2022: kEUR 40,854). The increase is mainly due to the utilisation of SARs from provisions for the Stock Appreciation Rights Plan and the associated decrease in deferred tax assets (see Note 18).

NOTE 13 Non-current liabilities to non-banks

Non-current financial liabilities to non-banks comprise as follows:

In kEUR	06/30/2023	12/31/2022
Non-current financial liabilities to non-banks		
Liabilities from leases	32,190	33,139
Liabilities from hire purchasing	10,169	9,461
Total	**42,359**	**42,600**

Non-current liabilities to non-banks include leases in accordance with IFRS 16:

In kEUR	06/30/2023	12/31/2022
Leasing liabilities	32,190	33,139
Total	**32,190**	**33,139**

There are no non-current financial liabilities to banks.

NOTE 14 Liabilities to customers

Liabilities to customers amount to kEUR 3,503,544 as of 30 June 2023 (31 December 2022: kEUR 3,201,490). The liabilities to customers are predominantly customer deposits with flatexDEGIRO Bank AG, which are essentially attributable to customer cash account balances held by the flatex, DEGIRO and ViTrade brands. The increase in customer deposits results primarily from customer growth and a higher average deposit ratio.

NOTE 15 Current liabilities to banks

As of the end of the first half of 2023, the current financial liabilities to banks were kEUR 74,854 (31 December 2022: kEUR 82,795) and included kEUR 65,367 (31 December 2022: kEUR 69,154) of liabilities from securities settlement processing from customer transactions and foreign currency holdings from customer transactions in the amount of kEUR 9,487 (31 December 2022: kEUR 13,641).

NOTE 16 Revenues

Revenues for the first half of 2023 and 2022 breaks down as follows:

In kEUR	1st HY 2023	1st HY 2022
Commission income	120,682	157,825
Interest income	59,020	34,934
Other operating income	9,404	16,890
thereof: Provision of IT services	5,391	5,662
Total	**189,106**	**209,649**
Timeline of revenues recognition		
at a specific point in time	189,106	209,649
over a period of time	-	-

Overall, revenues decreased by kEUR 20,543 to kEUR 189,106 in the reporting period (1st half of 2022: EUR 209,649). The main driver of the decline was commission income, which could not be fully compensated by the increase in interest income.

Commission income of kEUR 120,682 (1st half 2022: kEUR 157,825) was generated in the reporting period, primarily from the processing of securities transactions under the flatex, DEGIRO and ViTrade brands as well as the B2B services provided by flatexDEGIRO Bank AG. The decline results from extraordinary strong trading activity in the previous year's period and a normalisation to this in the first half of 2023.

flatexDEGIRO AG fulfils its performance obligations as part of its online brokerage services by executing the respective orders. The corresponding payments are due at the time of fulfilment of the performance obligation.

Interest income of kEUR 59,020 (first half of 2022: kEUR 34,934) is up on the same period of the previous year, in particular due to several increases in the deposit facility by the ECB, with a simultaneous increase in customer funds under custody.

Other operating income mainly includes income from the provision of IT services in the amount of kEUR 5,391 (1st half of 2022: kEUR 5,662). The main items here are IT services in connection with FTX:CBS, flanked by other IT services for customers from the Technologies segment. Furthermore, income from the reversal of provisions in the amount of kEUR 850 is included (1st half 2022: kEUR 9,719). The decrease compared to the previous year is mainly due to the reversal of provisions for stock appreciation rights (SARs) in the amount of kEUR 7,329, which was included in the previous year.

Revenues from commission and interest income in the banking business are allocated to the Financial Services segment. Revenues for the provision of IT services relate exclusively to the Technologies segment.

NOTE 17 Raw materials and consumables

Raw materials and consumables for the first half of 2023 and the first half of 2022 are as follows:

In kEUR	1st HY 2023	1st HY 2022
Commission expense	23,170	27,282
Interest expense	3,346	3,580
Other operating expense	3,372	3,323
thereof: IT business expenses	833	554
Total	**29,888**	**34,186**

The raw materials and consumables decreased by kEUR 4,298 in the reporting period total as of kEUR 29,888 (1st half of 2022: kEUR 34,186). The decline results in particular from lower commission expenses.

Commission expenses of kEUR 23,170 (1st half of 2022: kEUR 27,282) were recognised in the reporting period. They mainly consist of external costs incurred in connection with the settlement of securities transactions with counterparties (stock exchange fees, custody fees, etc.). Similarly to the commission income, the decline compared to the same period for the previous year, results primarily from the decreased processing fees in the context of securities trading and due to the normalisation of trading activity compared to the previous year.

Compared to the same period of the previous year, interest expenses decreased by kEUR 234 to kEUR 3,346 in the area of refinancing customer loans (1st half of 2022: kEUR 3,580).

The other operating expenses of kEUR 3,372 (1st half of 2022: kEUR 3,323) consist primarily of expenses for the provision of IT services in the amount of kEUR 833 (1st half of 2022: kEUR 554).

NOTE 18 Personnel expenses

The personnel expenses incurred break down as follows:

In kEUR	1st HY 2023	1st HY 2022
Wages and salaries	34,461	28,186
Social security contributions and discretionary benefits	8,539	5,813
Income/expenses for pension obligations and employee benefits	-314	-331
Personnel expenses for long-term variable compensation components	15,399	-
Expenses in the personnel area in connection with business combinations	-	-
Total	**58,085**	**33,668**
Activation of development services	12,454	11,868

Wages and salaries in the first half of 2023 amount to kEUR 34,461 (1st half of 2022: kEUR 28,186). The increase mainly results from one-time payments, salary increases and the increase in the number of employees.

Capitalised development costs for intangible assets in accordance with IAS 38, which increased to kEUR 12,454 (1st half of 2022: kEUR 11,868). The focus of the development was in particular on the further development of the FTX:CBS core banking system as well as L.O.X., the development of internal applications (collaboration tools) and the preparations for the planned connection of partners in the area of crypto trading and digital asset management.

In the first half of 2023, personnel expenses for long-term variable compensation were incurred of kEUR 15,399 (first half of 2022: EUR 0). This effect results from adjustments to the provisions for stock appreciation rights.

Expenses from the 2014 and 2015 stock option plans

The exercise of options under 2015 stock option plans resulted in an increase in subscribed capital of kEUR 60 and in additional paid capital of kEUR 132. In the first half of 2023, expenses in the amount of kEUR 0 (1st half-year 2022: kEUR 0) arose.

In the reporting period, 100,000 stock options were exercised.

Development of Stock Appreciation Rights 2020 (SARs plan 2020)

In the first half of 2023, a total of 317,719 SARs were granted to employees of the flatexDEGIRO Group. In the first half of 2023 86,000 SARs were granted to the members of the Management Board. As at 30 June 2023, the provision for long-term variable compensation was adjusted to kEUR 25,177 (31 December 2022: kEUR 36,147) due to the utilisation of kEUR 26,370 from the exercise of SARs and the addition of kEUR 15,399. In the first half of 2023, there was no income from the reversal of provisions for long-term variable compensation (31 December 2022: kEUR 38,441).

The intrinsic value of SARs already vested amounts to kEUR 17,708 as at 30 June 2023 (31 December 2022: kEUR 9,775).

For detailed information on the valuation of the stock option plans and the SARs, please refer to Note 36 in the 2022 consolidated financial statements.

NOTE 19 Marketing and advertising expenses

Marketing and advertising expenses for the first half of 2023 and the first half of 2022 are as follows:

In kEUR	1st HY 2023	1st HY 2022
Marketing and advertising expenses	25,519	30,994
Total	**25,519**	**30,994**

The marketing and advertising activities are focused in particular on acquiring new customers with an increased focus on brand awareness of flatex in German and Austrian markets and of DEGIRO in the international markets. The reduction of marketing and advertising expenses of kEUR 5,475 was related to a direct reaction of the change in the market environment.

NOTE 20 Other administrative expenses

Other administrative expenses for the reporting period are as follows:

In kEUR	1st HY 2023	1st HY 2022
IT expenses	7,277	5,444
Other expenses	6,707	702
Legal and consulting fees	4,642	5,250
Bank-specific contributions	3,843	5,190
Rental expenses	1,812	1,504
Travel	921	457
Insurance, contributions and official fees	657	2,313
Entertainment	637	233
Vehicle expenses	342	254
Postage and office supplies	310	355
Total	**27,150**	**21,702**

The increase of kEUR 1,833 by IT costs includes primarily expenses for maintenance, consultancy, and support services.

The increase in other expenses by kEUR 6,005 is mainly due to the penalties from the Italian competition authority AGCM (kEUR 3,500) and the BaFin (kEUR 1,050).

The decrease in legal and consulting fees by kEUR 608 is mainly the result of lower expenses for various auditing services and external consulting services.

The significant decrease in expenses for insurance, contributions and official fees of kEUR 1,656 results in particular from the termination of the Cash Management business area and the termination of football financing in 2022.

The increase in travel costs in the amount of kEUR 464 is essentially due to the increased travel activity compared to the same period of the previous year.

NOTE 21 Additional disclosure in accordance with IAS 7

Income tax payments

In kEUR	1st HY 2023	1st HY 2022
Income tax payments	20,891	4,163
Total	**20,891**	**4,163**

The operating cash flow includes income tax payments of kEUR 20,891 (1st half of 2022: kEUR 4,163).

NOTE 22 Segment reporting in accordance with IFRS 8

As in the 2022 consolidated financial statements, flatexDEGIRO AG divides its activities into the two segments of FIN and TECH:

Segment report for continuing activities in the first half of 2023

In kEUR	FIN	TECH	Consolidation	Total
Revenues[1]	175,224	45,918	-32,035	189,106
Raw materials and consumables	43,447	2,458	-16,017	29,888
Personnel expenses	42,354	5,956	-5,625	42,686
Marketing and advertising expenses	25,429	5,038	-4,948	25,519
Other administration expenses	24,914	7,682	-5,447	27,150
Adjusted EBITDA	**39,080**	**24,784**	**-**	**63,864**
Personnel expenses for long-term variable compensation components				15,399
EBITDA				**48,464**
Depreciation				16,608
EBIT				**31,856**
Financial result				-728
EBT				**31,128**
Income tax expense				11,072
Half-Year Consolidated net profit				**20,056**

Segment report for continuing activities in the first half of 2022

In kEUR	FIN	TECH	Consolidation	Total
Revenues[1]	195,122	33,547	-26,348	202,320
Raw materials and consumables	44,660	1,401	-11,875	34,186
Personnel expenses	29,804	8,994	-5,130	33,668
Marketing and advertising expenses	31,743	4,799	-5,548	30,994
Other administration expenses	19,860	5,637	-3,795	21,702
Adjusted EBITDA	**69,054**	**12,716**	**-**	**81,770**
Personnel expenses for long-term variable compensation components				7,329
EBITDA				**89,099**
Depreciation				17,139
EBIT				**71,960**
Financial result				-2,907
EBT				**69,053**
Income tax expense				17,078
Half-Year Consolidated net profit				**51,974**

[1]The revenues do not include any income from the release of provisions for long-term variable compensation components.

NOTE 23 Related party relationships and transactions

In accordance with IAS 24, related parties include the members of the governing bodies of the parent company and their families, as well as the members of the Management Board and Supervisory Board of other essential subsidiaries and subsidiaries and legal entities related to related parties.

Legal transactions and other transactions with related parties

In the reporting period, Group companies of flatexDEGIRO AG conducted legal transactions with related parties or companies with a total volume of kEUR 160 (31 December 2022: kEUR 334), primarily concerning contractual services.

In addition, some related persons or companies maintain accounts and securities accounts with flatexDEGIRO Bank AG. All transactions (securities transactions and lending/deposit business) are conducted at standard market conditions for customers.

NOTE 24 Earnings per share

Earnings per share were EUR 0.18 (undiluted) and EUR 0.18 (diluted) during the first half of 2023.

During the reporting period, the average number of shares outstanding was 109,871,326 (undiluted) and 110,193,326 (diluted).

NOTE 25 Dividends

No dividends were paid to shareholders by flatexDEGIRO AG during the reporting period.

NOTE 26 Events after the balance sheet date

Muhamad Chahrour, Deputy CEO and COO, is leaving by best agreement as of 31 December 2023

Muhamad Chahrour (37), Deputy CEO and COO of flatexDEGIRO AG, informed the Supervisory Board on 25 July 2023 that he wishes to leave the company pre-maturely and at his own request in order to take on new responsibilities. By mutual agreement, the parties agreed that he will leave the company on 31 December 2023. As of the end of 28 July 2023, Muhamad Chahrour has resigned from his positions as Board Member at flatexDEGIRO AG and flatexDEGIRO Bank AG.

Frankfurt am Main, 02 August 2023

flatexDEGIRO AG

Frank Niehage
CEO, Chairman of the Management Board

Dr. Benon Janos
CFO, Member of the Management Board

Stephan Simmang
CTO, Member of the Management Board

Review Report

To flatexDEGIRO AG

We have reviewed the condensed interim consolidated financial statements, comprising the balance sheet, the income statement, the statement of cash flows, the statement of comprehensive income, the statement of changes in equity and selected explanatory notes, together with the interim group management report of flatexDEGIRO AG, Frankfurt am Main, for the period from 1 January to 30 June 2023, that are part of the half-year financial report pursuant to Sec. 115 WpHG ("Wertpapierhandelsgesetz" German: Securities Trading Act). The preparation of the condensed interim consolidated financial statements in accordance with IFRSs on interim financial reporting as adopted by the EU and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports is in the responsibility of the management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and the interim group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and of the interim group management report in compliance with German Generally Accepted Standards for the Review of Financial Statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the review to obtain a certain level of assurance in our critical appraisal to preclude that the condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU and that the interim group management report is not prepared, in all material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to making inquiries of the Company's employees and analytical assessments and therefore does not provide the assurance obtainable from an audit of financial statements. Since, in accordance with our engagement, we have not performed an audit of financial statements, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that causes us to believe that the condensed interim conslidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU or that the interim group management report in not prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports.

Frankfurt am Main, 02 August 2023

BDO AG

Wirtschaftsprüfungsgesellschaft

[Original German version signed by]

Rist	Gruchott
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]