

TWENTY TWO

HALF-YEAR REPORT

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Condensed consolidated interim statement of financial position

| in CHF | Notes | 30 June 2022 | 31 December 2021 | 30 June 2021 |
|--|-------|-----------------------|----------------------|----------------------|
| ASSETS | | | | |
| Cash and balances with central banks | | 5,297,491,614 | 5,589,152,222 | 3,420,446,594 |
| Treasury bills and other eligible bills | | 456,136,950 | 242,290,309 | 409,371,382 |
| Due from banks | | 1,690,252,476 | 1,335,970,068 | 2,975,198,277 |
| Derivative financial instruments | | 136,654,912 | 92,688,397 | 151,034,916 |
| Trading assets | | 2,657,529 | 5,856,891 | 6,644,494 |
| Loans | | 951,729,455 | 819,593,923 | 744,642,968 |
| Investment securities | 12 | 1,447,725,099 | 737,203,239 | 626,630,936 |
| Investment in joint venture | | 8,253,000 | 11,159,753 | 11,921,088 |
| Deferred income tax assets | | 2,227,098 | 3,839,967 | 2,353,503 |
| Intangible assets | 13 | 55,975,512 | 44,527,773 | 45,522,459 |
| Information technology systems | 14 | 64,332,137 | 56,764,930 | 56,760,422 |
| Property, plant and equipment | 15 | 68,683,570 | 69,966,293 | 68,785,511 |
| Other assets | | 78,638,005 | 44,821,745 | 58,230,979 |
| Total assets | | 10,260,757,357 | 9,053,835,510 | 8,577,543,529 |
| LIABILITIES AND EQUITY | | | | |
| Liabilities | | | | |
| Deposits from banks | | 298,418,938 | 247,605,557 | 289,003,536 |
| Derivative financial instruments | | 98,081,424 | 53,210,953 | 52,162,918 |
| Financial liabilities designated at fair value | | 12,333,445 | – | – |
| Due to customers | | 9,059,297,295 | 7,955,232,932 | 7,529,387,951 |
| Other liabilities | | 101,922,700 | 151,486,773 | 135,129,083 |
| Current income tax liabilities | | 16,783,748 | 18,160,514 | 15,470,310 |
| Deferred tax liabilities | | 1,347,353 | 1,670,869 | 1,631,719 |
| Provisions | | 9,186,431 | 11,008,579 | 10,714,993 |
| Total liabilities | | 9,597,371,334 | 8,438,376,177 | 8,033,500,510 |
| Equity | | | | |
| Ordinary shares | | 3,065,634 | 3,065,634 | 3,065,634 |
| Share premium | | 57,456,111 | 56,422,625 | 54,840,121 |
| Share option reserve | | 4,205,528 | 3,154,374 | 2,832,679 |
| Other reserve | | (11,349,409) | (18,837,928) | (7,645,577) |
| Treasury shares | | (33,820,810) | (27,656,922) | (30,499,636) |
| Retained earnings | | 643,828,969 | 599,311,550 | 521,449,798 |
| Total equity | | 663,386,023 | 615,459,333 | 544,043,019 |
| Total liabilities and equity | | 10,260,757,357 | 9,053,835,510 | 8,577,543,529 |

Condensed consolidated interim income statement

| in CHF | Notes | 6 months ended 30 June | |
|--|-------|------------------------|--------------------|
| | | 2022 | 2021 |
| Fee and commission income | | 111,869,528 | 164,519,139 |
| Fee and commission expense | | (11,110,471) | (14,163,291) |
| Net fee and commission income | 6 | 100,759,057 | 150,355,848 |
| Interest income | | 21,274,520 | 13,007,804 |
| Interest expense (incl. negative interest on assets) | | (17,150,211) | (13,997,177) |
| Other interest income | | 12,146,931 | 9,789,722 |
| Other interest expense | | (1,335,370) | (752,016) |
| Net interest income | 7 | 14,935,870 | 8,048,333 |
| Net trading income | 8 | 84,788,289 | 105,135,667 |
| Operating income | | 200,483,216 | 263,539,848 |
| Credit loss (expense) / release | 11 | (471,540) | 869,901 |
| Operating expenses | 9 | (106,438,851) | (129,258,393) |
| Net result from investment in joint venture | | (2,906,753) | (509,759) |
| Operating profit | | 90,666,072 | 134,641,597 |
| Income tax expense | | (13,561,465) | (18,290,546) |
| Net profit | | 77,104,607 | 116,351,051 |
| SHARE INFORMATION | | | |
| Earnings per share | 10 | 5.14 | 7.83 |
| Diluted earnings per share | 10 | 5.10 | 7.71 |
| Weighted average number of shares | 10 | 14,986,430 | 14,855,455 |

Condensed consolidated interim statement of comprehensive income

| in CHF | Notes | 6 months ended 30 June | |
|---|-------|------------------------|--------------------|
| | | 2022 | 2021 |
| NET PROFIT | | 77,104,607 | 116,351,051 |
| Other comprehensive income: | | | |
| Gains/(losses) recognised directly in equity | | | |
| Items that may be reclassified to the income statement | | | |
| Investment securities measured at fair value through other comprehensive income (FVOCI): | | | |
| Net realised gains/(losses) reclassified to the income statement from equity | | – | (6,535) |
| Income tax effect | | – | 850 |
| Currency translation differences | | (3,178,406) | 1,226,522 |
| Total other comprehensive income / (loss) that may be reclassified to the income statement | | (3,178,406) | 1,220,837 |
| Items that will not be reclassified to the income statement | | | |
| Investment securities measured at fair value through other comprehensive income (FVOCI equities): | | | |
| Net unrealised (losses)/gains | | (2,153,916) | 1,046,541 |
| Income tax effect | | 284,317 | (136,050) |
| Defined benefit obligation: | | | |
| Remeasurement | 4 | 14,443,000 | 5,954,000 |
| Income tax effect | | (1,906,476) | (774,020) |
| Total other comprehensive income that will not be reclassified to the income statement | | 10,666,925 | 6,090,471 |
| Other comprehensive income for the period (net of tax) | | 7,488,519 | 7,311,308 |
| Total comprehensive income for the period | | 84,593,126 | 123,662,359 |

Condensed consolidated interim statement of changes in equity

| in CHF | Notes | Ordinary shares | Share premium | Share option reserve | Other reserve | Treasury shares | Retained earnings | Total |
|--|-------|------------------|-------------------|----------------------|---------------------|---------------------|--------------------|--------------------|
| BALANCE AS AT 1 JANUARY 2022 | | 3,065,634 | 56,422,625 | 3,154,374 | (18,837,928) | (27,656,922) | 599,311,550 | 615,459,333 |
| Net profit of the period | | – | – | – | – | – | 77,104,607 | 77,104,607 |
| Investment securities FVOCI & FVOCI equities | | – | – | – | (2,153,916) | – | – | (2,153,916) |
| Remeasurement of defined benefit obligation | 4 | – | – | – | 14,443,000 | – | – | 14,443,000 |
| Income tax effect (aggregated) | | – | – | – | (1,622,159) | – | – | (1,622,159) |
| Currency translation differences | | – | – | – | (3,178,406) | – | – | (3,178,406) |
| Total comprehensive income for the period | | – | – | – | 7,488,519 | – | 77,104,607 | 84,593,126 |
| Dividend | | – | – | – | – | – | (33,022,904) | (33,022,904) |
| Employee stock option plan: | | | | | | | | |
| Amortisation of services | | – | – | 1,486,870 | – | – | – | 1,486,870 |
| Stock options exercised, lapsed or forfeited | | – | – | (435,716) | – | – | 435,716 | – |
| Treasury shares: | | | | | | | | |
| Purchase | | – | – | – | – | (8,510,968) | – | (8,510,968) |
| Sale/remittance | | – | 1,033,486 | – | – | 2,347,080 | – | 3,380,566 |
| Balance as at 30 June 2022 | | 3,065,634 | 57,456,111 | 4,205,528 | (11,349,409) | (33,820,810) | 643,828,969 | 663,386,023 |

Condensed consolidated interim statement of changes in equity (continued)

| in CHF | Notes | Ordinary shares | Share premium | Share option reserve | Other reserve | Treasury shares | Retained earnings | Total |
|--|-------|------------------|-------------------|----------------------|--------------------|---------------------|--------------------|--------------------|
| BALANCE AS AT 1 JANUARY 2021 | | 3,065,634 | 54,437,365 | 2,557,489 | (14,956,885) | (31,718,631) | 426,796,466 | 440,181,438 |
| Net profit of the period | | - | - | - | - | - | 116,351,051 | 116,351,051 |
| Investment securities FVOCI & FVOCI equities | | - | - | - | 1,040,006 | - | - | 1,040,006 |
| Remeasurement of defined benefit obligation | 4 | - | - | - | 5,954,000 | - | - | 5,954,000 |
| Income tax effect (aggregated) | | - | - | - | (909,220) | - | - | (909,220) |
| Currency translation differences | | - | - | - | 1,226,522 | - | - | 1,226,522 |
| Total comprehensive income for the period | | - | - | - | 7,311,308 | - | 116,351,051 | 123,662,359 |
| Dividend | | - | - | - | - | - | (22,327,073) | (22,327,073) |
| Employee stock option plan: | | | | | | | | |
| Amortisation of services | | - | - | 904,544 | - | - | - | 904,544 |
| Stock options exercised, lapsed or forfeited | | - | - | (629,354) | - | - | 629,354 | - |
| Treasury shares: | | | | | | | | |
| Purchase | | - | - | - | - | (2,808,059) | - | (2,808,059) |
| Sale/remittance | | - | 402,756 | - | - | 4,027,054 | - | 4,429,810 |
| Balance as at 30 June 2021 | | 3,065,634 | 54,840,121 | 2,832,679 | (7,645,577) | (30,499,636) | 521,449,798 | 544,043,019 |

Condensed consolidated interim statement of cash flows

| in CHF | Notes | 6 months ended 30 June | |
|---|-------|------------------------|----------------------|
| | | 2022 | 2021 |
| Cash flow from/(used in) operating activities: | | | |
| Fee and commission received | | 106,952,453 | 170,018,904 |
| Fee and commission paid | | (9,684,560) | (13,460,375) |
| Interest received | | 23,606,435 | 18,189,716 |
| Interest paid | | (18,150,449) | (17,086,672) |
| Net trading income received | | 84,750,982 | 106,738,917 |
| Income tax paid | | (16,164,997) | (9,871,875) |
| Payments to employees | | (69,542,550) | (54,072,106) |
| Payments to suppliers | | (73,738,736) | (34,974,600) |
| Cash flow from operating profit before changes in operating assets and liabilities | | 28,028,578 | 165,481,909 |
| Net change in operating assets and liabilities: | | | |
| Treasury bills and other eligible bills (above 3 months) | | (153,087,585) | (24,069,422) |
| Due from banks (above 3 months) | | (103,419,322) | 17,414,255 |
| Derivative financial instruments (assets) | | (43,966,515) | (37,631,792) |
| Trading assets | | 2,325,731 | (179,050) |
| Loans | | (118,844,423) | (193,246,080) |
| Derivative financial instruments (liabilities) | | 44,870,471 | (15,286,200) |
| Issuance/repayment of financial liabilities designated at fair value | | 13,183,919 | – |
| Due to customers | | 770,266,512 | 962,954,455 |
| Net cash from operating activities | | 439,357,366 | 875,438,075 |
| Cash flow from/(used in) investing activities: | | | |
| Purchase of property, plant and equipment and information technology systems | 14/15 | (20,435,875) | (15,362,700) |
| Proceeds from sale and reimbursement of investment securities | | 84,105,351 | 57,250,771 |
| Purchase of investment securities | | (794,419,506) | (193,453,446) |
| Purchase of subsidiary, net of cash acquired | 13 | 299,844,443 | – |
| Purchase of joint venture | | – | (5,500,000) |
| Net cash used in investing activities | | (430,905,587) | (157,065,375) |
| Cash flow from/(used in) financing activities: | | | |
| Repayment of lease liabilities | | (1,877,123) | (1,559,208) |
| Purchase of treasury shares | | (8,510,968) | (2,808,059) |
| Sale of treasury shares | | 3,163,024 | 4,298,555 |
| Dividend and reimbursement from reserves | | (33,022,904) | (22,327,073) |
| Net cash used in financing activities | | (40,247,971) | (22,395,785) |
| Net increase/(decrease) in cash and cash equivalents | | (31,796,192) | 695,976,915 |
| Cash and cash equivalents as at 1 January | | 6,354,966,064 | 5,122,953,383 |
| Exchange difference on cash and cash equivalents | | 1,340,637 | 10,711,095 |
| Cash and cash equivalents as at 30 June ¹ | | 6,324,510,509 | 5,829,641,393 |
| Cash and cash equivalents: | | | |
| Cash and balances with central banks | | 5,297,491,614 | 3,420,446,594 |
| Treasury bills and other eligible bills (less than 3 months) | | 151,742,739 | 115,499,557 |
| Due from banks (less than 3 months) | | 1,173,695,094 | 2,582,698,778 |
| Deposits from banks | | (298,418,938) | (289,003,536) |
| Total as at 30 June ¹ | | 6,324,510,509 | 5,829,641,393 |

¹ CHF 378.0 million and CHF 335.8 million of cash and cash equivalents were restricted as at 30 June 2022 and 30 June 2021, respectively.

Notes to the condensed consolidated interim financial statements

1 Scope of operations and general information

Swissquote Group Holding Ltd (the "Company") and its subsidiaries (together the "Group") provide a comprehensive suite of online financial services to a broad spectrum of customers, ranging from retail investors, affluent investors to professional and institutional customers. The Group operates in Switzerland through Swissquote Bank Ltd (the "Bank") and globally under the Swissquote brand with offices located in the United Arab Emirates (Dubai), Europe (United Kingdom, Luxembourg, Malta and since 2022 Romania), the Republic of China (Hong Kong) and Asia Pacific (Singapore). The Group's headquarters are located in Gland (Canton of Vaud), Switzerland.

The following changes occurred during the first half year 2022. Firstly on 19 January 2022, a new subsidiary named Swissquote Tech Hub Bucharest S.R.L. was incorporated in Romania. This fully owned subsidiary is active in computer programming, with the aim to provide software development services to the Group. Secondly on 29 April 2022, the Group acquired Keytrade Bank Luxembourg SA, which was subsequently merged with another group entity. Reference is made to Note 13.

At the Annual General Meeting held on 6 May 2022, the shareholders resolved on the payment of dividend of CHF 2.20 per share (6 May 2021: dividend of CHF 1.50 per share).

2 Accounting policies and presentation matters

The condensed consolidated interim financial statements are prepared in accordance with IAS 34 "Interim Financial Reporting". The condensed consolidated interim financial statements should be read in conjunction with the 2021 consolidated financial statements. The accounting policies used in the preparation of the Interim Financial Statements are consistent with those used in the Annual Financial Statements, with the exception of:

Financial liabilities designated at fair value: the Group has become in 2022 an issuer of structured products. All issued products are designated as "Financial liabilities designated at fair value". The fair value option is applied to these issued products to reduce the accounting mismatch between the recognised assets (mainly investment securities at fair value through profit or loss) and the offsetting liabilities.

3 Adoption of new and revised international financial reporting standards

3.1 Standards, amendments and interpretations effective on or after 1 January 2022

There are no IFRS or IFRIC interpretations, effective for the first time for the financial year beginning 1 January 2022, with a material impact on the Group.

3.2 Standards and interpretations issued but not yet effective

The Group did not early adopt new or amended standards in 2022.

4 Critical accounting judgements and key sources of estimation uncertainty

In preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2021 (Section V: Critical accounting judgement and sources of estimation uncertainty, pages 43-44).

As at 30 June 2022, the Group believes the assumptions that have been made are appropriate under the circumstances and that these interim financial statements are fairly presented in all aspects.

Key assumptions are described below (to be read in conjunction with the Section V of the 2021 consolidated financial statements):

Impairment test in respect of goodwill: during the period under review, the Group acquired Keytrade Bank Luxembourg SA, whose goodwill was allocated to the existing cash-generating unit of Swissquote Bank Europe SA. The acquired company was valued using a dividend discount model for which a discount rate specific to Keytrade was determined (10.2%). The transaction is described in Note 13.

Employee benefits: during the period under review, the discount rate used in the determination of the net defined benefit obligation increased from 0.25% to 2.20%. This change required the Group to decrease the pension plan liability by CHF 14.4 million down to a total amount of CHF 14.4 million.

Measurement of the expected credit loss and impairment allowance: reference is made to Note 11.

Notes to the condensed consolidated interim financial statements

5 Reportable segments

The analysis of reportable segments for the 6-month period ending 30 June 2022 and 2021 is as follows:

| in CHF | 6 months ended 30 June | |
|--------------------------------------|------------------------|--------------------|
| | 2022 | 2021 |
| OPERATING INCOME BY GEOGRAPHY | | |
| Securities trading | | |
| Switzerland | 133,174,954 | 184,006,839 |
| Europe | 8,229,063 | 8,903,912 |
| Middle East | 4,021,370 | 6,641,861 |
| Asia Pacific | 708,625 | 985,941 |
| Subtotal securities trading | 146,134,012 | 200,538,553 |
| Leveraged forex | | |
| Switzerland | 44,076,357 | 53,104,928 |
| Europe | 1,317,251 | 1,202,765 |
| Middle East | 5,117,628 | 5,318,618 |
| Asia Pacific | 3,837,968 | 3,374,984 |
| Subtotal leveraged forex | 54,349,204 | 63,001,295 |
| Total operating income | 200,483,216 | 263,539,848 |
| Total unallocated expenses | (109,817,144) | (128,898,251) |
| Operating profit | 90,666,072 | 134,641,597 |

The geographical split reflects the location of the office that manages the client relationship.

| in CHF | 6 months ended 30 June | |
|-------------------------------------|------------------------|--------------------|
| | 2022 | 2021 |
| OPERATING INCOME BY PRODUCT | | |
| Securities trading | | |
| Cash and foreign exchange | 46,071,565 | 49,797,134 |
| Shares | 33,842,586 | 51,369,310 |
| ETFs and investment funds | 9,191,685 | 9,028,103 |
| Structured products and derivatives | 12,754,017 | 15,210,356 |
| Crypto assets | 19,453,580 | 63,238,421 |
| Fixed income and others | 24,820,579 | 11,895,229 |
| Subtotal securities trading | 146,134,012 | 200,538,553 |
| Leveraged forex | | |
| Foreign exchange | 31,189,510 | 30,885,139 |
| Contracts-for-difference | 13,739,148 | 20,270,438 |
| Precious metals | 9,420,546 | 11,845,718 |
| Subtotal leveraged forex | 54,349,204 | 63,001,295 |
| Total operating income | 200,483,216 | 263,539,848 |
| Total unallocated expenses | (109,817,144) | (128,898,251) |
| Operating profit | 90,666,072 | 134,641,597 |

Notes to the condensed consolidated interim financial statements

6 Net fee and commission income

| in CHF | 6 months ended 30 June | |
|--|------------------------|--------------------|
| | 2022 | 2021 |
| Brokerage and related income | 76,273,481 | 143,596,939 |
| Custody and account fees | 11,830,886 | 9,855,120 |
| Other commission income | 11,110,707 | 7,364,145 |
| Advertising and subscription fees | 12,654,454 | 3,702,935 |
| Total fee and commission income | 111,869,528 | 164,519,139 |
| Fee and commission expense | (11,110,471) | (14,163,291) |
| Total net fee and commission income | 100,759,057 | 150,355,848 |

7 Net interest income

| in CHF | 6 months ended 30 June | | | |
|---|-------------------------------|--------------------|---------------------|---------------------|
| | Activities excluding FX swaps | FX swaps | 2022 | 2021 |
| Interest income | | | | |
| Investment securities | 6,150,418 | – | 6,150,418 | 2,367,071 |
| Loans and due to customers | 12,913,909 | – | 12,913,909 | 9,512,495 |
| Due from banks | 2,210,193 | – | 2,210,193 | 1,128,238 |
| Total interest income | 21,274,520 | – | 21,274,520 | 13,007,804 |
| Interest expense | | | | |
| Cash and balances with central bank, treasury bills and loans | (5,005,561) | (9,546,437) | (14,551,998) | (11,787,985) |
| Due to banks and due from banks | (1,844,971) | – | (1,844,971) | (1,753,098) |
| Investment securities | (682,978) | – | (682,978) | (370,702) |
| Due to customers and others | (70,264) | – | (70,264) | (85,392) |
| Total interest expense | (7,603,774) | (9,546,437) | (17,150,211) | (13,997,177) |
| Other interest income | | | | |
| Derivative financial instruments | – | 12,146,931 | 12,146,931 | 9,263,472 |
| Loans | – | – | – | 526,250 |
| Total other interest income | – | 12,146,931 | 12,146,931 | 9,789,722 |
| Other interest expense | | | | |
| Derivative financial instruments | (433,019) | (902,351) | (1,335,370) | (752,016) |
| Total other interest expense | (433,019) | (902,351) | (1,335,370) | (752,016) |
| Total net interest income | 13,237,727 | 1,698,143 | 14,935,870 | 8,048,333 |

Notes to the condensed consolidated interim financial statements

7 Net interest income (continued)

As at 30 June 2022, negative interest impact is as follows:

| in CHF | 6 months ended 30 June | |
|--|------------------------|---------------------|
| | 2022 | 2021 |
| Negative interest on liabilities | 3,110,666 | 1,754,124 |
| Negative interest on assets | (16,744,429) | (13,406,466) |
| Total | (13,633,763) | (11,652,342) |
| Cost of negative interest rates (excluding FX swaps) | (4,087,326) | (2,405,892) |

Negative interest on liabilities is included in interest income and negative interest on assets is part of interest expense.

On 16 June 2022, the Swiss National Bank raised its reference interest rate by 50bps up to -0.25%. Consequently, the Group decided to adapt the negative rate conditions for clients' accounts exceeding CHF 0.5 million.

8 Net trading income

| in CHF | 6 months ended 30 June | |
|---|------------------------|--------------------|
| | 2022 | 2021 |
| Foreign exchange revenues: | | |
| From leveraged forex | 54,349,204 | 63,001,295 |
| From other foreign exchange income | 30,751,572 | 41,106,277 |
| Unrealised fair value gains/(losses): | | |
| From trading assets | (515,898) | 394,498 |
| From others | (180,712) | (8,927) |
| Realised gains: | | |
| From trading assets and investment securities | 384,123 | 642,524 |
| Net trading income | 84,788,289 | 105,135,667 |

9 Operating expenses

| in CHF | 6 months ended 30 June | |
|-------------------------------|------------------------|--------------------|
| | 2022 | 2021 |
| Payroll and related expenses | 51,917,882 | 70,257,456 |
| Other operating expenses | 28,123,031 | 27,023,003 |
| Marketing expenses | 11,960,449 | 14,191,356 |
| Depreciation and amortisation | 15,622,913 | 14,974,726 |
| Provisions | (1,185,424) | 2,811,852 |
| Total | 106,438,851 | 129,258,393 |

Payroll and related expenses comprise an amount of CHF 3.1 million related to variable remuneration (2021: CHF 20.5 million).

During the first half-year 2022, the Group could release a provision for litigation.

Notes to the condensed consolidated interim financial statements

10 Earnings per share

Basic

Basic earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year, excluding

the average number of ordinary shares purchased and held as treasury shares.

| | 6 months ended 30 June | |
|---|------------------------|-------------|
| | 2022 | 2021 |
| Net profit (CHF) | 77,104,607 | 116,351,051 |
| Weighted average number of ordinary shares in issue | 14,986,430 | 14,855,455 |
| Earnings per share (CHF) | 5.14 | 7.83 |

Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Share options are the only type of dilutive potential ordinary shares: a calculation is performed to determine the number of shares that could have been acquired at fair value

(determined at the average annual market share price of the Group's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

| | 6 months ended 30 June | |
|---|------------------------|-------------|
| | 2022 | 2021 |
| Net profit (CHF) | 77,104,607 | 116,351,051 |
| Weighted average number of ordinary shares | 14,986,430 | 14,855,455 |
| Adjustments for share options | 130,865 | 233,848 |
| Weighted average number of ordinary shares for diluted earnings per share options | 15,117,295 | 15,089,303 |
| Diluted earnings per share (CHF) | 5.10 | 7.71 |

Notes to the condensed consolidated interim financial statements

11 Impairment loss allowance (IFRS 9)

The following tables explain the changes in the impairment loss allowance during the period:

| in CHF | Stage 1 | Stage 2 | Stage 3 | Total | 6 months ended 30 June | |
|---|------------------|----------------|-------------------|-------------------|------------------------|----------------|
| | | | | | 2022 | 2021 |
| MOVEMENTS, GROSS OF TAX, THAT DO REDUCE THE CARRYING AMOUNT OF FINANCIAL ASSETS: | | | | | | |
| Impairment allowance under IFRS 9 as at 1 January 2022 | 1,176,398 | 108,452 | 48,474,823 | 49,759,673 | – | – |
| Addition through acquisition | 410,636 | – | 992,517 | 1,403,153 | – | – |
| Transfers from stage 1 to stage 3 | – | – | 1,130,654 | 1,130,654 | (1,130,654) | (13,584) |
| Transfers from stage 1 to stage 2 | – | – | – | – | – | (49,223) |
| Derecognitions and new purchases | 382,735 | – | – | 382,735 | (382,735) | (122,770) |
| Changes in assumptions (PD, EAD and LGD) | 272,437 | (11,280) | – | 261,157 | (261,157) | 285,874 |
| Write-offs | – | – | (871,342) | (871,342) | – | – |
| Recoveries and other movements | – | – | (842,277) | (842,277) | 1,303,006 | 769,270 |
| Impairment allowance under IFRS 9 as at 30 June 2022 | 2,242,206 | 97,172 | 48,884,375 | 51,223,753 | – | – |
| MOVEMENTS, GROSS OF TAX, THAT DO NOT REDUCE THE CARRYING AMOUNT OF FINANCIAL ASSETS: | | | | | | |
| Impairment allowance under IFRS 9 as at 1 January 2022 | – | – | – | – | – | – |
| Derecognitions | – | – | – | – | – | 334 |
| Changes in assumptions (PD, EAD and LGD) | – | – | – | – | – | – |
| Total as at 30 June 2022 | 2,242,206 | 97,172 | 48,884,375 | 51,223,753 | – | – |
| Total as at 1 January 2022 | 1,176,398 | 108,452 | 48,474,823 | 49,759,673 | – | – |
| Credit loss (expense) / release | | | | | (471,540) | 869,901 |

During the period under review, the Group could recover part of stage 3 balances (CHF 1.1 million), but was offset by transfers from stage 1 to stage 3 for CHF 1.1 million. At the same time, changes in IFRS 9 assumptions (mainly changes in probability of default of counterparties) and new purchases of investment securities impacted the impairment allowance for CHF 0.6 million. In that context, the credit loss expense amounted to CHF 0.5 million (2021: credit loss release of CHF 0.9 million).

Notes to the condensed consolidated interim financial statements

12 Investment securities

| in CHF | 30 June 2022 | |
|----------------------------|----------------------|----------------------|
| | Carrying value | Fair value |
| FVTPL | 28,283,247 | 28,283,247 |
| FVOCI equities | 18,418,692 | 18,418,692 |
| Amortised cost | 1,401,023,160 | 1,361,841,962 |
| Total as at 30 June | 1,447,725,099 | 1,408,543,901 |

| in CHF | 31 December 2021 | |
|--------------------------------|--------------------|--------------------|
| | Carrying value | Fair value |
| FVTPL | 10,101,608 | 10,101,608 |
| FVOCI equities | 19,623,083 | 19,623,083 |
| Amortised cost | 707,478,548 | 712,639,307 |
| Total as at 31 December | 737,203,239 | 742,363,998 |

The increase in investment securities was driven by purchases of high credit quality bonds with a duration of 2 to 5 years.

13 Intangible assets and business combination

| in CHF | Goodwill | Customer relationships | Total |
|---|-------------------|------------------------|-------------------|
| 6 MONTHS ENDED 30 JUNE 2022 | | | |
| Opening net book amount | 44,527,773 | – | 44,527,773 |
| Addition | 11,940,800 | – | 11,940,800 |
| Currency translation differences | (493,061) | – | (493,061) |
| Closing net book amount as at 30 June 2022 | 55,975,512 | – | 55,975,512 |
| 6 MONTHS ENDED 30 JUNE 2021 | | | |
| Opening net book amount | 44,760,816 | 767,961 | 45,528,777 |
| Addition | – | – | – |
| Amortisation/depreciation | – | (88,610) | (88,610) |
| Currency translation differences | 82,292 | – | 82,292 |
| Closing net book amount as at 30 June 2021 | 44,843,108 | 679,351 | 45,522,459 |

The addition of CHF 11.9 million is due to the acquisition of Keytrade Bank Luxembourg SA (see next page).

Notes to the condensed consolidated interim financial statements

13 Intangible assets and business combination (continued)

Acquisition of Keytrade Bank Luxembourg SA

On 29 April 2022, the Group completed the acquisition of 100% of the share capital of Keytrade Bank Luxembourg SA ("Keytrade"). Keytrade was subsequently merged with Swissquote Bank Europe SA ("SQBE"), an existing Group entity also incorporated in Luxembourg. At the same time, Keytrade's customers were migrated to Swissquote's platform.

The business combination was carried out as part of the European growth strategy of the Group. With approximately 8,000 customers and total client assets of CHF 1.7 billion, this acquisition enabled the Group to establish its regional footprint and gain market share in the European Union.

Consideration agreed for the acquisition was EUR 35.2 million (CHF 36.1 million) and was paid fully in cash at closing date. The result of the acquisition is detailed as follows:

| in CHF | Fair value |
|--|--------------------|
| Cash and balances with central bank | 235,472,767 |
| Due from banks | 100,511,541 |
| Loans | 15,173,537 |
| Deferred income tax assets | 152,339 |
| Other assets | 103,488 |
| Due to customers | (325,594,228) |
| Other liabilities | (690,926) |
| Current income tax liabilities | (720,525) |
| Provisions | (208,928) |
| Net assets acquired | 24,199,065 |
| Goodwill (intangible assets) | 11,940,800 |
| Total consideration | 36,139,865 |
| of which satisfied by cash | 36,139,865 |
| Purchase consideration settled in cash | 36,139,865 |
| Cash and cash equivalents in subsidiary acquired | 335,984,308 |
| Cash inflow on acquisition | 299,844,443 |

The Group measured separately the recognisable identified assets acquired and the liabilities assumed as of the acquisition date in accordance with the requirement of IFRS 3. The total identifiable net assets of Keytrade were measured at CHF 24.2 million and the goodwill was valued at CHF 11.9 million (EUR 11.6 million). None of the goodwill recognised is expected to be deductible for income tax purposes.

For the purpose of impairment testing, the goodwill related to Keytrade business combination was allocated to the existing cash-generating unit of SQBE, which is expected to benefit from the synergies of the corresponding business combination.

Acquisition-related costs amounted to approximately CHF 1.2 million and were recognised in operating expenses (CHF 0.4 million in 2021 and CHF 0.8 million in 2022).

Notes to the condensed consolidated interim financial statements

14 Information technology systems

| in CHF | Software third-party licences | Proprietary software | Hardware & telecom systems | Total |
|---|-------------------------------------|-------------------------|-------------------------------|-------------------|
| 6 MONTHS ENDED 30 JUNE 2022 | | | | |
| Opening net book amount | 4,008,605 | 48,421,112 | 4,335,213 | 56,764,930 |
| Addition | 54,636 | 17,467,473 | 2,005,224 | 19,527,333 |
| Amortisation/depreciation | (623,281) | (9,883,532) | (1,453,313) | (11,960,126) |
| Closing net book amount as at 30 June 2022 | 3,439,960 | 56,005,053 | 4,887,124 | 64,332,137 |
| 6 MONTHS ENDED 30 JUNE 2021 | | | | |
| Opening net book amount | 4,653,236 | 51,828,823 | 4,310,591 | 60,792,650 |
| Addition | 357,889 | 12,324,067 | 2,059,028 | 14,740,984 |
| Sale/contribution to joint venture | – | (6,930,847) | – | (6,930,847) |
| Amortisation/depreciation | (689,674) | (9,880,537) | (1,272,154) | (11,842,365) |
| Closing net book amount as at 30 June 2021 | 4,321,451 | 47,341,506 | 5,097,465 | 56,760,422 |

Proprietary software comprises software development costs and purchased software in connection with the design and improvements of the products, services and systems of the Group. As at 30 June 2022, additions to information technology systems include an amount of CHF 11.7 million (2021: CHF 7.4 million) representing own costs capitalised according to IAS 38.

15 Property, plant and equipment

| in CHF | Land and building | Right-of-use assets | Leasehold improvements | Equipment | Total |
|---|----------------------|------------------------|---------------------------|------------------|-------------------|
| 6 MONTHS ENDED 30 JUNE 2022 | | | | | |
| Opening net book amount | 49,852,462 | 15,072,456 | 2,904,637 | 2,136,738 | 69,966,293 |
| Addition | 16,555 | 1,471,522 | 468,836 | 423,151 | 2,380,064 |
| Amortisation/depreciation | (1,130,605) | (1,848,413) | (391,917) | (291,852) | (3,662,787) |
| Closing net book amount as at 30 June 2022 | 48,738,412 | 14,695,565 | 2,981,556 | 2,268,037 | 68,683,570 |
| 6 MONTHS ENDED 30 JUNE 2021 | | | | | |
| Opening net book amount | 53,061,532 | 13,560,083 | 2,562,278 | 1,786,351 | 70,970,244 |
| Addition | 42,881 | 237,304 | 378,705 | 200,130 | 859,020 |
| Amortisation/depreciation | (1,130,605) | (1,480,519) | (290,664) | (141,965) | (3,043,753) |
| Closing net book amount as at 30 June 2021 | 51,973,808 | 12,316,868 | 2,650,319 | 1,844,516 | 68,785,511 |

Notes to the condensed consolidated interim financial statements

16 Fair value of financial assets and liabilities

| in CHF | Level 1 | Level 2 | Level 3 | Fair value | Carrying amount |
|---|--------------------|--------------------|----------|----------------------|-----------------------|
| AS AT 30 JUNE 2022 | | | | | |
| Assets measured at fair value | | | | | |
| Derivative financial instruments | 58,766,812 | 77,888,100 | – | 136,654,912 | 136,654,912 |
| Trading assets | 2,657,529 | – | – | 2,657,529 | 2,657,529 |
| Investment securities | 23,127,104 | 23,574,836 | – | 46,701,940 | 46,701,940 |
| Other assets (precious metals) | 30,688,778 | – | – | 30,688,778 | 30,688,778 |
| Total assets measured at fair value | 115,240,223 | 101,462,936 | – | 216,703,159 | 216,703,159 |
| Assets not measured at fair value | | | | | |
| Cash and balances with central banks | | | | | 5,297,491,614 |
| Treasury bills and other eligible bills | | | | | 456,136,950 |
| Due from banks | | | | | 1,690,252,476 |
| Loans | | | | | 951,729,455 |
| Investments securities | 473,614,809 | 888,227,153 | – | 1,361,841,962 | 1,401,023,159 |
| Investment in joint venture | | | | | 8,253,000 |
| Deferred income tax assets | | | | | 2,227,098 |
| Intangible assets | | | | | 55,975,512 |
| Information technology systems | | | | | 64,332,137 |
| Property, plant and equipment | | | | | 68,683,570 |
| Other assets | | | | | 47,949,227 |
| Total assets not measured at fair value | 473,614,809 | 888,227,153 | – | 1,361,841,962 | 10,044,054,198 |
| Total assets | 588,855,032 | 989,690,089 | – | 1,578,545,121 | 10,260,757,357 |
| Liabilities measured at fair value | | | | | |
| Financial liabilities designated at fair value | – | 12,333,445 | – | 12,333,445 | 12,333,445 |
| Derivative financial instruments | 13,472,013 | 84,609,411 | – | 98,081,424 | 98,081,424 |
| Total liabilities measured at fair value | 13,472,013 | 96,942,856 | – | 110,414,869 | 110,414,869 |
| Liabilities not measured at fair value | | | | | |
| Deposits from banks | | | | | 298,418,938 |
| Due to customers | | | | | 9,059,297,295 |
| Other liabilities | | | | | 101,922,700 |
| Current income tax liabilities | | | | | 16,783,748 |
| Deferred tax liabilities | | | | | 1,347,353 |
| Provisions | | | | | 9,186,431 |
| Total liabilities not measured at fair value | – | – | – | – | 9,486,956,465 |
| Total liabilities | 13,472,013 | 96,942,856 | – | 110,414,869 | 9,597,371,334 |

Notes to the condensed consolidated interim financial statements

16 Fair value of financial assets and liabilities (continued)

Level 2 investment securities comprise mainly foreign currency bonds that are traded through over-the-counter market and therefore do not qualify as level 1. Reference is made to Note 12.

Assets measured at fair value

Investment securities measured at fair value comprise financial assets at fair value through profit or loss (30 June 2022: CHF 28.3 million of which CHF 17.6 million is classified as level 2) and financial assets at fair value through other comprehensive income equities (30 June 2022: CHF 18.4 million of which CHF 5.9 million is classified as level 2).

Assets and liabilities not measured at fair value

Investment securities not measured at fair value comprise investment securities classified as amortised cost. For all other assets and liabilities not measured at fair value, the carrying amount is assessed to be a reasonable approximation of fair value.

Notes to the condensed consolidated interim financial statements

16 Fair value of financial assets and liabilities (continued)

| in CHF | Level 1 | Level 2 | Level 3 | Fair value | Carrying amount |
|---|--------------------|--------------------|----------|--------------------|----------------------|
| AS AT 31 DECEMBER 2021 | | | | | |
| Assets measured at fair value | | | | | |
| Derivative financial instruments | 44,301,852 | 48,386,545 | – | 92,688,397 | 92,688,397 |
| Trading assets | 5,856,891 | – | – | 5,856,891 | 5,856,891 |
| Investment securities | 13,991,763 | 15,732,928 | – | 29,724,691 | 29,724,691 |
| Other assets (precious metals) | 26,759,776 | – | – | 26,759,776 | 26,759,776 |
| Total assets measured at fair value | 90,910,282 | 64,119,473 | – | 155,029,755 | 155,029,755 |
| Assets not measured at fair value | | | | | |
| Cash and balances with central banks | | | | | 5,589,152,222 |
| Treasury bills and other eligible bills | | | | | 242,290,309 |
| Due from banks | | | | | 1,335,970,068 |
| Loans | | | | | 819,593,923 |
| Investments securities | 302,155,982 | 405,322,566 | – | 712,639,307 | 707,478,548 |
| Investment in joint venture | | | | | 11,159,753 |
| Deferred income tax assets | | | | | 3,839,967 |
| Intangible assets | | | | | 44,527,773 |
| Information technology systems | | | | | 56,764,930 |
| Property, plant and equipment | | | | | 69,966,293 |
| Other assets | | | | | 18,061,969 |
| Total assets not measured at fair value | 302,155,982 | 405,322,566 | – | 712,639,307 | 8,898,805,755 |
| Total assets | 393,066,264 | 469,442,039 | – | 867,669,062 | 9,053,835,510 |
| Liabilities measured at fair value | | | | | |
| Derivative financial instruments | 7,042,897 | 46,168,056 | – | 53,210,953 | 53,210,953 |
| Total liabilities measured at fair value | 7,042,897 | 46,168,056 | – | 53,210,953 | 53,210,953 |
| Liabilities not measured at fair value | | | | | |
| Deposits from banks | | | | | 247,605,557 |
| Due to customers | | | | | 7,955,232,932 |
| Other liabilities | | | | | 151,486,773 |
| Current income tax liabilities | | | | | 18,160,514 |
| Deferred tax liabilities | | | | | 1,670,869 |
| Provisions | | | | | 11,008,579 |
| Total liabilities not measured at fair value | – | – | – | – | 8,385,165,224 |
| Total liabilities | 7,042,897 | 46,168,056 | – | 53,210,953 | 8,438,376,177 |

Notes to the condensed consolidated interim financial statements

16 Fair value of financial assets and liabilities (continued)

Assets measured at fair value

Investment securities measured at fair value comprise financial assets at fair value through profit or loss (31 December 2021: CHF 10.1 million of which CHF 8.7 million is classified as level 2), financial assets at fair value through other comprehensive income (31 December 2021: CHF 19.6 million of which CHF 7.1 million is classified as level 2).

Assets and liabilities not measured at fair value

Investment securities not measured at fair value comprise investment securities classified as amortised cost. For all other assets and liabilities not measured at fair value, the carrying amount is assessed to be a reasonable approximation of fair value.

Report on the Review of condensed consolidated interim financial statements to the Board of Directors of Swissquote Group Holding Ltd, Gland

Introduction

We have reviewed the condensed consolidated interim financial statements (statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes) (pages 2 to 20) of Swissquote Group Holding Ltd for the period from 1 January 2022 to 30 June 2022. The Board of Directors is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with Swiss Auditing Standard 910 and International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Swiss Auditing Standards and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers SA



Christophe Kratzer



Jonathan Derungs

Lausanne, 9 August 2022

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